

2024

RISK IN FOCUS

Board Briefing

MIDDLE EAST

[Read more](#)



Internal Audit
FOUNDATION



ARABCIIA

الاتحاد العربي لجمعيات المراجعين الداخليين
Arab Confederation for Institutes of Internal Auditors

ABOUT RISK IN FOCUS

Risk in Focus provides practical, data-driven research to help internal auditors and their stakeholders understand today's risk environment and prepare audit plans for the year ahead.

Reports are based on a worldwide survey to identify current and emerging risks for each region, followed up with roundtables and interviews to discover leading practices for internal auditors.

Each of The IIA's six regions will receive two reports:

- **Hot Topics for Internal Auditors** – Detailed reports based on the survey, roundtables, and interviews.
- **Board Briefing** – Summary reports for internal auditors to share with stakeholders.

Global Risk in Focus is a collaborative partnership facilitated by the [Internal Audit Foundation](#) with

generous support from IIA regional bodies, IIA Institutes, and corporate sponsors. 2024 marks the first year the project was conducted worldwide.

The Risk in Focus methodology was originally created in 2016 by the European Institutes Research Group (EIRG), which continues to publish it in Europe through the European Confederation of Institutes of Internal Auditing (ECIIA).

Reports are available free to the public at The IIA's [Risk in Focus resource page](#) and at the websites for IIA regional groups: [ACIIA](#) (Asia Pacific), [AFIIA](#) (Africa), [ARABCIIA](#) (Middle East), [ECIIA](#) (Europe), [FLAI](#) (Latin America).

Contents

Executive summary

Methodology

Key takeaways for boards

Hot topics:

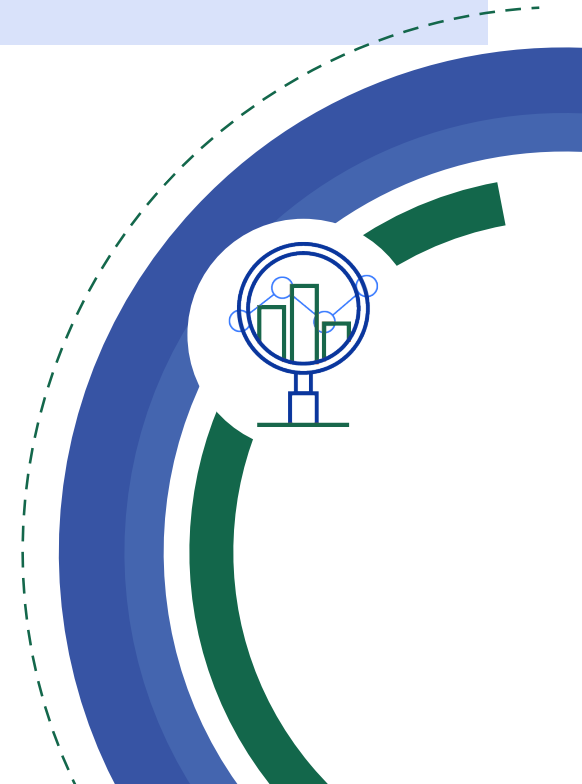
- Cybersecurity
- Business continuity
- Governance/corporate reporting

MIDDLE EAST REPORT SPONSOR



ARABCIIA

الاتحاد العربي لجمعيات المراجعين الداخليين
Arab Confederation for Institutes of Internal Auditors



EXECUTIVE SUMMARY – MIDDLE EAST

Leading the way with professionalism

The Middle East is going through a period of rapid development with huge infrastructure projects and technology advancements attracting unprecedented investment and innovation. The risk landscape is dynamic and fast-moving with interconnected threats that require proactive internal audit involvement.

Middle East Risk in Focus 2024 provides insight into urgent questions facing CAEs and their boards, including:

- What are the top risks organizations face in the region? How will these develop over the next three years?
- Where are internal auditors investing the most time and effort?
- How can internal audit functions help their organizations?

While the Middle East was aligned with most other regions for having cybersecurity, business continuity, and human capital as top risks, the Middle East was unique in having governance/corporate reporting in its top 5 (see Figure 1). In the next three years, CAEs in the Middle East expect digital disruption and climate change to be the fastest climbing risks for their

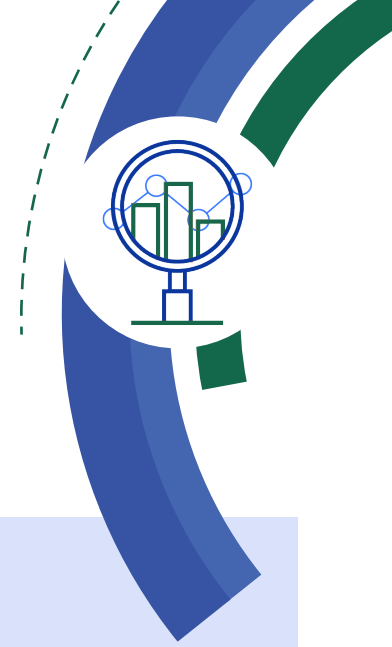
organizations, consistent with responses from CAEs worldwide (see Figures 1 and 2).

The featured topics for the Middle East Risk in Focus reports are:

- Cybersecurity
- Business continuity
- Governance/corporate reporting

Reports describe in detail the challenges and solutions for urgent risk areas and draw on the expertise, experience, and knowledge of multiple internal audit leaders throughout the region.

For more details about survey results and leading practices in the region, see [Middle East Risk in Focus 2024 – Hot Topics for Internal Auditors](#). For reports from other regions, see the [Risk in Focus resource page](#).



Middle East Research Participation

- 166 survey responses from CAEs and directors
- 14 participating countries/territories
- 2 roundtables with 14 participants
- 5 in-depth interviews



METHODOLOGY

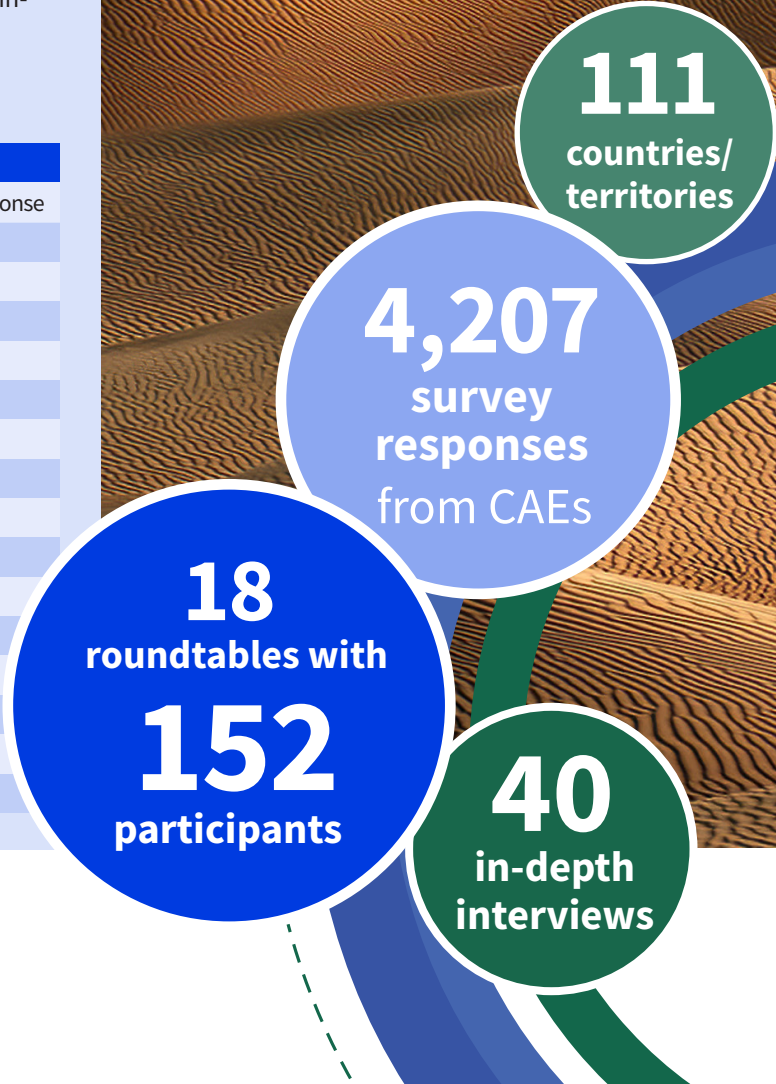
The Risk in Focus methodology starts with a survey of CAEs and heads of internal audit to identify current and emerging risks for each region. The top risks identified in the survey are used in follow-up roundtables and interviews with CAEs, academics, and other industry experts.

The survey presents 16 risk categories, shown below. Respondents are asked to choose the top 5 highest for risk level and the top 5 highest for internal audit time and effort – both for now and three years in the future. In reports, the categories are referenced by their shortened names.

For the Risk in Focus 2024 project worldwide, survey responses were received from 4,207 CAEs and directors in 111 countries/territories from February 15 to July 12, 2023. Eighteen roundtables were conducted with 152 participants, followed by 40 in-depth interviews.

Risk in Focus 2024 Risk Categories

| Risk Topic | Risk Description Used in the Survey |
|--------------------------------|---|
| Business continuity | Business continuity, operational resilience, crisis management, and disaster response |
| Climate change | Climate change, biodiversity, and environmental sustainability |
| Communications/reputation | Communications, reputation, and stakeholder relationships |
| Cybersecurity | Cybersecurity and data security |
| Digital disruption | Digital disruption, new technology, and AI |
| Financial liquidity | Financial, liquidity, and insolvency risks |
| Fraud | Fraud, bribery, and the criminal exploitation of disruption |
| Geopolitical uncertainty | Macroeconomic and geopolitical uncertainty |
| Governance/corporate reporting | Organizational governance and corporate reporting |
| Health and safety | Health, safety, and security |
| Human capital | Human capital, diversity, and talent management and retention |
| Market changes | Market changes/competition and customer behavior |
| Mergers and acquisitions | Mergers and acquisitions |
| Organizational culture | Organizational culture |
| Regulatory change | Change in laws and regulations |
| Supply chain and outsourcing | Supply chain, outsourcing, and 'nth' party risk |



KEY TAKEAWAYS FOR BOARDS

- 1. Cybersecurity: Maximize the value of cybersecurity budgets.** Boards have a key role to play in supporting CAEs in efforts to align investment with their organizations' strategies to automate control processes and professionalize cybersecurity culture.
- 2. Business continuity: Understand the risk universe.** Boards can draw on internal audit knowledge to tackle emerging risks and grasp new opportunities.
- 3. Strengthen organizational governance: Involve internal audit early in projects.** Board can use internal audit to identify risks and monitor them before problems arise.
- 4. Current risk ranking: The Middle East is unique for having governance/ corporate reporting in its top 5 risks, along with cybersecurity, business continuity, and human capital.**
- 5. Future risk expectation: Over the next three years, CAEs in the Middle East and worldwide expect digital disruption and climate change to be the fastest climbing risks.**

For more details about survey results and leading practices in the region, see [Middle East Risk in Focus 2024 – Hot Topics for Internal Auditors](#). For other regions, see the [Risk in Focus resource page](#).



SURVEY RESULTS

How to use survey results

Key findings for the Middle East are summarized below, but readers are encouraged to review the graphs that follow in detail to obtain further insights. Percentages show how many chose an audit area as one of the five highest for risk level or audit effort at their organization. Results for risk levels are colored blue, and results for audit effort are green; current levels are darker shades and future levels are lighter.



Summary

Figure 1: Current risk levels vs. future risk levels – Middle East

- Cybersecurity and business continuity topped the risk rankings in the Middle East for 2024, followed by human capital and governance/corporate reporting.
- In the next three years, risk is expected to ease for business continuity and governance/corporate reporting.

Figure 2: Expected risk change in three years – Global

- Digital disruption is expected to increase from 34% to 55% who see it as a top 5 risk.
- Climate change risk is expected to increase dramatically to fifth place, up from fourteenth place.

Middle East Survey Responses Per Country

| | |
|----------------------------|------------|
| Saudi Arabia | 89 |
| United Arab Emirates | 29 |
| Qatar | 18 |
| Jordan | 7 |
| Lebanon | 7 |
| Egypt | 5 |
| Oman | 3 |
| Algeria | 1 |
| Bahrain | 1 |
| Iran (Islamic Republic of) | 1 |
| Kuwait | 1 |
| Palestine (State of) | 1 |
| Turkey | 1 |
| Yemen | 1 |
| TOTAL | 165 |



Figure 1:

Current risk levels vs. future risk levels – Middle East

- Cybersecurity and business continuity topped the risk rankings in the Middle East for 2024, followed by human capital and governance/corporate reporting.
- In the next three years, risk is expected to ease for business continuity and governance/corporate reporting.



What are the top 5 risks your organization currently faces?

What are the top 5 risks your organization will face 3 years from now?



Note: The IIA's Risk in Focus Global Survey, Middle East, n = 165. Percentage who ranked the area as one of their organization's top 5 highest risks.

Figure 2:

Expected risk change in 3 years – Global

Expected risk change

- Digital disruption is expected to increase from 34% to 55% who see it as a top 5 risk.
- Climate change risk increases dramatically to fifth place, up from fourteenth place.

What are the top 5 risks your organization currently faces?

What are the top 5 risks your organization will face 3 years from now?

| | | | |
|-----------------------------------|------------|------------------------------------|------------|
| 1. Cybersecurity | 73% | 1. Cybersecurity | 67% |
| 2. Human capital | 51% | 2. Digital disruption | 55% |
| 3. Business continuity | 47% | 3. Human capital | 46% |
| 4. Regulatory change | 39% | 4. Business continuity | 41% |
| 5. Digital disruption | 34% | 5. Climate change | 39% |
| 6. Financial liquidity | 32% | 6. Regulatory change | 39% |
| 7. Market changes | 32% | 7. Geopolitical uncertainty | 34% |
| 8. Geopolitical uncertainty | 30% | 8. Market changes | 33% |
| 9. Governance/corporate reporting | 27% | 9. Supply chain and outsourcing | 25% |
| 10. Supply chain and outsourcing | 26% | 10. Financial liquidity | 23% |
| 11. Organizational culture | 26% | 11. Organizational culture | 21% |
| 12. Fraud | 24% | 12. Governance/corporate reporting | 20% |
| 13. Communications/reputation | 21% | 13. Fraud | 20% |
| 14. Climate change | 19% | 14. Communications/reputation | 15% |
| 15. Health and safety | 11% | 15. Health and safety | 11% |
| 16. Mergers and acquisitions | 6% | 16. Mergers and acquisitions | 11% |

Note: The IIA's Risk in Focus Global Survey, n = 4,207. Percentage who ranked the area as one of their organization's top 5 highest risks.



HOT TOPICS

CYBERSECURITY

Maximizing the value of cybersecurity investment

Internal auditors are helping boards strengthen their cybersecurity responses as the region continues to rapidly adopt new technology. As governments implement cutting-edge services and businesses respond to growing demand for mobile services among customers, CAEs at the roundtable agreed that cyber risk would continue to rise.

Leading boards are supporting CAEs to get involved early in tech projects so that cybersecurity is built into the system. “We have recently been assessing our cybersecurity risk to make sure that the three-year strategy is in line with the risk appetite of the organization,” a CAE at a bank in the United Arab Emirates said.

“It is time for us to show management that we are also strategic advisors and are not just there to review policies after the event,” said a CAE at a telecommunications business in Oman.

In addition, investment in internal auditing technologies can help automate controls testing and provide live monitoring tools for management. The benefits can go beyond cybersecurity. “We used to audit procurement, for example, every two years,” said Abdullah Alanizi, CAE at STC, a telecommunications company in Saudi Arabia. “Now we have translated all of the policies into the program, and we use audit analytics to test it every month.”

Because hackers use social engineering attacks to gain access to data, CAEs are focusing on strengthening cybersecurity culture in their organizations, they said. Providing an opinion on cybersecurity culture to identify weak points is an essential strategy.

Providing an opinion on cybersecurity culture to identify weak points is an essential strategy.



HOT TOPICS

BUSINESS CONTINUITY

Prepare proactively before crisis hits

CAEs are supporting boards and management to strengthen organizational resilience after the shock of the pandemic. That is helping businesses become more proactive in tackling emerging risks and better able to grasp new opportunities quickly, said CAEs at the roundtable.

“Internal audit is one of the very few departments in the company that has a holistic knowledge of every single part of the business, which means we can identify areas where the business can capitalize on opportunities,” a CAE from a logistics business in Jordan said.

To make that goal a reality, CAEs have been raising risk awareness among management. “We have been changing the mindset within the business so that management thinks about what could go wrong as a kind of general practice in all decisions,” a CAE at a

telecommunications business in Saudi Arabia at the event said.

The pandemic showed that many organizations had gaps in their risk universes. CAEs said that tackling this problem entails developing a comprehensive map of the dynamic risk landscape and understanding those risks at a deep level. Harnessing the expertise of management is critical.

Talent and competencies related to business continuity are in short supply in the region, CAEs said. Boards have an important role to play in supporting internal audit functions to develop and expand their professional training, qualifications, and skills in this area.

The pandemic showed that many organizations had gaps in their risk universes.



HOT TOPICS

GOVERNANCE/CORPORATE REPORTING

Build governance maturity

The region is investing huge amounts of capital into major infrastructure projects and technology. CAEs can play a decisive role in professionalizing governance to support their success.

Boards have a critical role to play in ensuring internal audit's early involvement in projects so that major risks are identified and monitored before problems arise.

“Management often thinks that at the beginning of a project they do not need an internal auditor because there is nothing to audit,” he said. “But that is totally wrong because the auditor can offer advisory services that help build a solid risk culture and ensure projects go in the right direction.”

In addition, cultures can quickly become resistant to change. “Management and staff get comfortable and do not want to change their behavior to implement new controls, policies, or procedures,” noted Abdullah Al-Harbi, a partner at HCPA audit firm in Saudi Arabia.

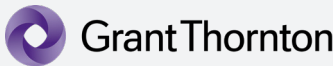
Finally, implementing new technologies such as AI is complex and brings with it additional risks that the organization should consider, said Abdullah Alanizi, CAE at STC, a telecommunications company in Saudi Arabia. “It is not the CAE's job to decide the balance between innovation and risk – but we can assess whether innovation efforts are well-aligned to achieve strategic objectives.”

The region is investing huge amounts of capital into major infrastructure projects and technology.



SPONSORS

FOUNDATION STRATEGIC PARTNERS



Foundation Partners



Gold Partners

Larry Harrington
CIA, QIAL, CRMA

Stacey Schabel
CIA



RISK IN FOCUS PARTNERS

- IIA – Argentina
- IIA – Australia
- IIA – Bolivia
- IIA – Brazil
- IIA – Chile
- IIA – Colombia
- IIA – Costa Rica
- IIA – Dominican Republic
- IIA – Ecuador
- IIA – El Salvador
- IIA – Ghana
- IIA – Guatemala
- IIA – Hong Kong
- IIA – Indonesia
- IIA – Japan
- IIA – Kenya
- IIA – Malaysia
- IIA – Mexico
- IIA – Nicaragua
- IIA – Panama
- IIA – Paraguay
- IIA – Peru
- IIA – Philippines
- IIA – Rwanda
- IIA – Singapore
- IIA – South Africa
- IIA – Tanzania
- IIA – Uganda
- IIA – Uruguay
- IIA – Venezuela



MIDDLE EAST REPORT DEVELOPMENT TEAM

ARABCIIA

Abdullah Alshebeili –

Secretary General, ARABCIIA (Arab Confederation of Institutes of Internal Auditors); CEO, IIA–Saudi Arabia

Middle East regional liaison

Deema Saud Al Hussain –

Business Development Manager, ARABCIIA

Survey analysis and content development

Deborah Poulalion –

Senior Manager, Research and Insights, The IIA

Research writer

Arthur Piper – Smith de Wint, United Kingdom

Graphic designer

Cathy Watanabe

About The IIA

The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 235,000 global members and has awarded more than 190,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

About the Internal Audit Foundation

The Internal Audit Foundation provides insight to internal audit practitioners and their stakeholders, promoting and advancing the value of the internal audit profession globally. Through the Academic Fund, the Foundation supports the future of the profession through grants to support internal audit education at institutions of higher education. For more information, visit theiia.org/Foundation.

Disclaimer and Copyright

The IIA publishes this document for informational and educational purposes. This material is not intended to provide definitive answers to specific individual circumstances and as such is only intended to be used as a guide. The IIA recommends seeking independent expert advice relating directly to any specific situation. The IIA accepts no responsibility for anyone placing sole reliance on this material.

Copyright © 2023 by the Internal Audit Foundation. All rights reserved. For permission to republish, please contact Copyright@theiia.org.



Internal Audit
FOUNDATION

Global Headquarters
The Institute of Internal Auditors
1035 Greenwood Blvd., Suite 401
Lake Mary, FL 32746, USA
Phone: +1-407-937-1111
Fax: +1-407-937-1101
Web: theiia.org

