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12 months. To address this risk, leaders and executives need to put mitigation plans into place. With the increased integration of emerging technologies into business functions, organizations anticipate that next-gen cyber threats pose the most significant risks over the next two to three years.

2. AI is an emerging risk with significant gaps in organizational preparedness and internal audit proficiency.

Only 28% of respondents indicate the use of AI (including generative AI) and machine learning (ML) as posing significant threats over the next 12 months. However, while AI may not be perceived as an immediate threat, it is rising rapidly on the risk horizon. Specifically, 54% of our survey participants believe advanced AI systems, including generative AI, present substantial risks in the coming two to three years. As the technology becomes more widely accepted and integrated into business operations, the complexities and uncertainties it introduces will become more pressing. Few organizations believe their level of preparedness or the proficiency of their technology audit group in handling AI/GenAI and ML risks are at acceptable levels.

3. The talent gap in IT is a growing concern.

For companies to address cyber- and AI-related risks, they need to hire talent with a deep understanding of these spaces at a time when such talent and skills are scarce. Companies must focus on hiring the leaders and team members they need as well as retaining and upskilling the existing talent pool. Companies with insufficient talent and intellectual capital in areas like cyber and AI will find themselves exposed when these risks become reality.

Other areas that the audit function identifies as significant threats over the next twelve months include third parties/vendors (60%), data privacy and compliance

(58%), and transformations and system implementations (55%).

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of the long-term talent gap, which is why we're seeing more CAEs and auditors recognize this challenge.”

“IT auditors play a critical role in helping their companies see around corners when it comes to technology risks across the enterprise,” said Brad J. Monterio, IIA EVP of Member Competency and Learning. “This survey offers valuable insights to CAEs and their teams on where they may need to concentrate their efforts in the coming years as they shape their audit plans. It also helps identify the areas where organizations should consider strategically investing in talent to bolster their risk preparedness.”

This report is based on a survey, fielded from June through July of 2023, of 559 chief audit executives (CAEs) and IT audit professionals, representing a wide range of industries globally. The survey was conducted in collaboration with The IIA.

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