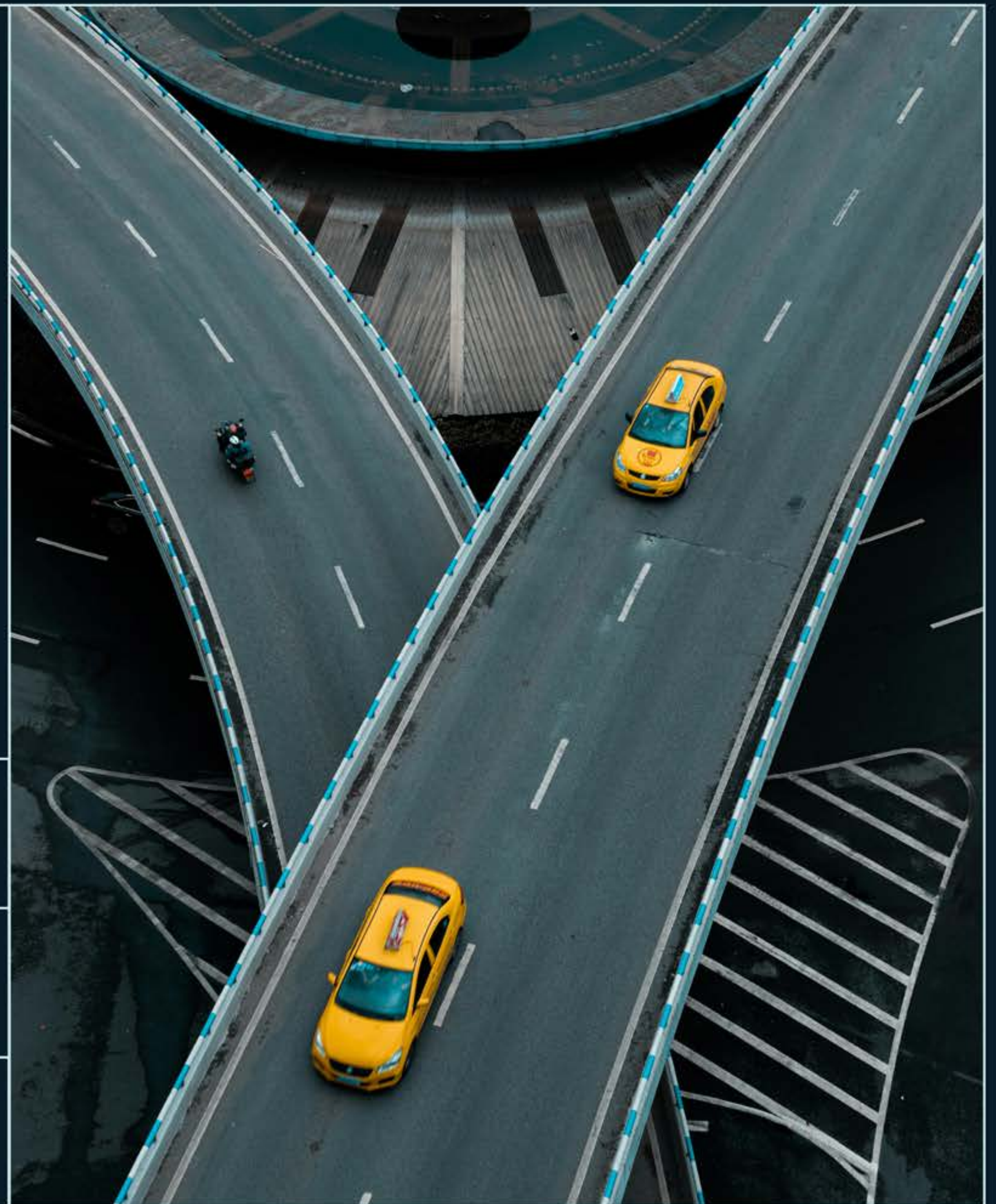


Focus on the future 2026

New risks for internal audit in a hypervolatile decade



RICHARD CHAMBERS

Executive summary

Richard Chambers, in collaboration with Optro, has chronicled internal audit's evolution through some of the most turbulent years in recent memory in the Focus on the Future series.

2023

The era of permacrisis – a world of unending disruption.

2024

Strategic agility – adaptability as survival.

2025

AI and human skills – the rise of a dual transformation.

Now, in 2026, the story continues in an environment of what practitioners aptly describe as **hypervolatility**. Disruptions are not only constant; they are accelerating, interdependent, and self-reinforcing. They present both risks and opportunities for a profession at a crossroads.

According to the 2026 Optro Focus on the Future survey¹ (n = 213 internal audit leaders), the profession faces three simultaneously converging pressures:

- 1. Tight resources:** Budgets and staffing remain largely flat while new risks emerge and expectations rise.
- 2. AI transformation:** Only 39% of internal audit leaders say AI will significantly transform the profession within five years, and fewer than 30% feel confident auditing AI-related risks today.
- 3. Role redefinition:** A majority (54%) aspire to be recognized as trusted advisors, but most still feel confined by a compliance-driven identity.

The convergence of these three pressures is creating unprecedented risk and uncertainty for the profession. Internal audit's future depends on how it reconciles these tensions. Thriving amid hypervolatility will require internal auditors to harness **AI as a capacity multiplier** while doubling down on **human judgment, courage, and communication**, the “superhuman” skills that no algorithm can replace.

¹Source: Panterra survey of 213 internal audit leaders across North America and Europe, commissioned by Optro (2025). Full methodology in appendix.

The AI imperative

Capacity multiplier and existential risk

The adoption of AI in internal audit is increasing, but remains uneven. While most functions acknowledge AI's potential, many are still in the early stages of experimentation. In 2025, only a small fraction reported integrating AI tools into regular audit processes, and **fewer than four in ten respondents (39%) expect AI to have a transformative impact on their work by 2030.**

Expectations for AI in 2030

39%

expect AI will have a transformative impact on their work

Gaps in AI risk readiness

28%

express confidence in their teams' ability to audit AI risks effectively

63%

have not defined a risk appetite or governance framework for AI use

At the same time, readiness to provide assurance over AI lags behind adoption. **Only 28%** of leaders express confidence in their teams' ability to audit AI risks effectively, and **63%** of organizations have not yet defined a formal risk appetite or governance framework for AI use, leaving internal auditors with little structure for monitoring.

This paradox of high expectations and low readiness fuels the 2026 AI imperative. Other enterprise functions, such as finance, operations, and compliance, are already embedding AI-enabled workflows into daily processes. Internal audit must keep pace, or it risks falling behind the functions over which it is designed to provide assurance.

Leading internal audit teams are moving decisively:

- Automating transactional testing and sampling.
- Using machine learning to identify anomalies and perform continuous risk monitoring.
- Employing generative AI to summarize findings and enhance reporting clarity.

AI is both an assurance subject and an assurance enabler. The future of the profession hinges on mastering both roles. As one survey participant observed, "AI will take over, and internal audit will have to adapt."

Key takeaways

1. AI is both a resource and an assurance subject; mastering both is essential.
2. Readiness lags far behind expectations. Confidence and governance must catch up.
3. Cross-functional collaboration is critical to responsible AI adoption.

Next steps

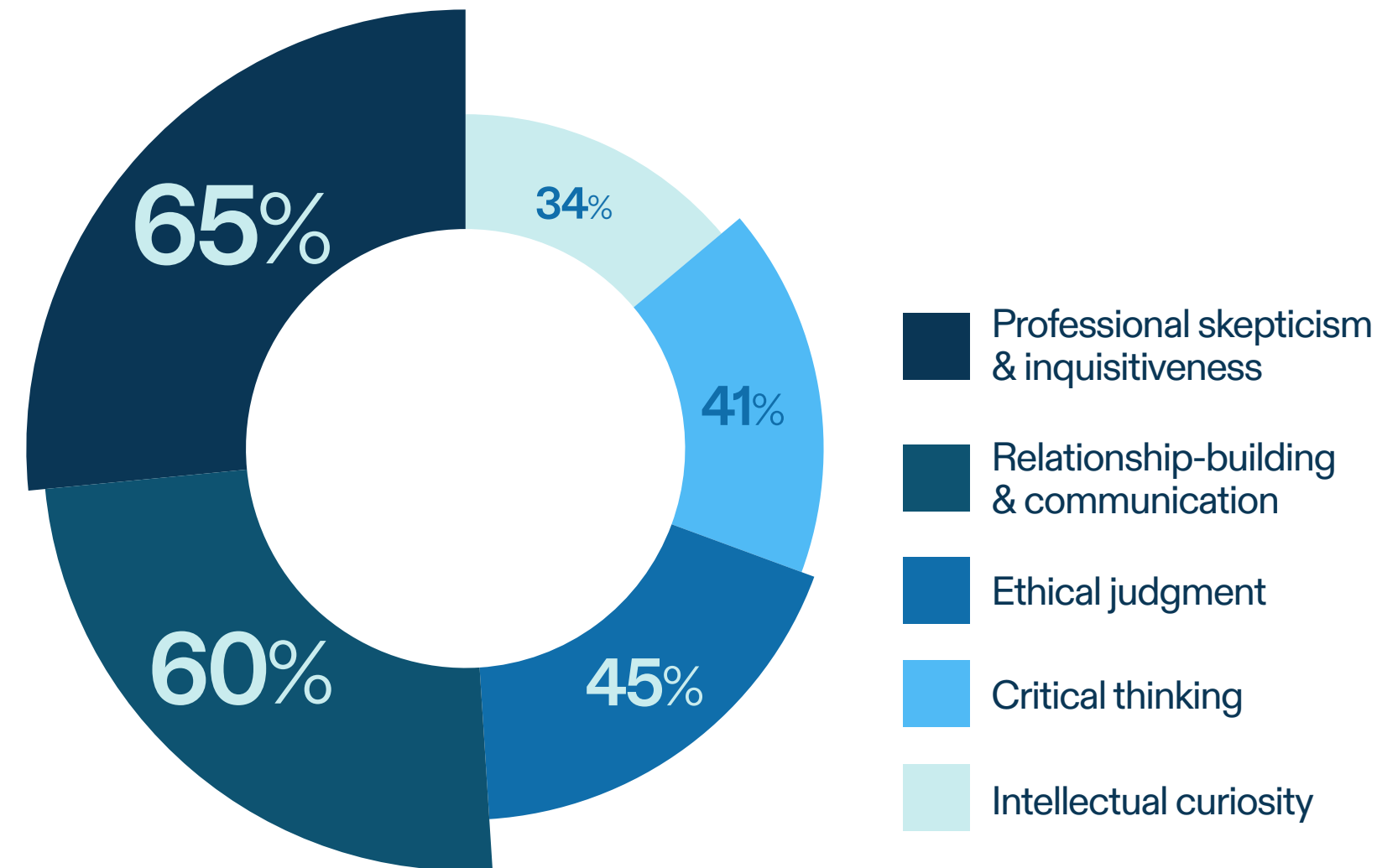
1. Develop and execute an AI adoption roadmap, moving from pilots to scalable use.
2. Build audit capability to assess AI risks, governance, and ethics.
3. Partner with IT and data science to co-create governance and assurance frameworks.

The human edge Making your team superhuman

While AI can enhance efficiency, it cannot replicate the deeply human qualities that distinguish outstanding auditors. The 2026 survey identified the top human skills that technology is not currently capable of replacing:

- Professional skepticism and inquisitiveness (65%)
- Relationship-building and communication (60%)
- Ethical judgment (45%)
- Critical thinking (41%)
- Intellectual curiosity (34%)

These are not ancillary traits; they must become the profession's defining competencies in the AI age. As has been said before, AI can crunch data, but it can't earn trust².



Internal auditors must leverage these human “superpowers” to translate data into insight and insight into influence. AI can tell us what is happening; internal auditors must interpret why it happened, why it matters, and persuade leaders to act.

This emphasis represents a return to and elevation of the principles articulated in our 2024 edition of *Trusted Advisors: Key Attributes of Outstanding Internal Auditors: courage, communication, and credibility*³. In 2026, those same qualities are not just desirable to becoming trusted advisors; they are indispensable to remaining relevant in the AI era.

²Adapted from themes in Chambers, R. F. (2025). *Focus on the Future 2025: Focus on the Future: Inflection Point for Transformation at Mid-Decade*. Optro.

³Chambers, R. F. (2024). *Trusted Advisors: Key Attributes of Outstanding Internal Auditors*, 2nd Edition.

Key takeaways

1. Human skills, like judgment, communication, and curiosity are the new core competencies.
2. Technology amplifies, not replaces, human influence and trust.
3. Ethical leadership and trust-building define internal audit's future value.

Next steps

1. Embed “superhuman” skills into hiring, training, and evaluation frameworks.
2. Create cross-learning between digital specialists and relational leaders.
3. Recognize and share stories that demonstrate impact through trust and insight.

Resource constraints

The old challenge, sharpened

Internal audit's resource challenges have become chronic. The 2026 survey shows that **43%** of functions reported no change in their 2025 budgets compared to 2024, and **18%** actually reported reductions. Staffing levels followed a similar pattern, with **57%** maintaining flat full-time equivalents (FTEs) despite expanding mandates.

From 2024 to 2025

43% **18%**
no change in budgets budget reductions

At the same time, internal audit leaders report that shifting expectations from boards and management have directly influenced recent budget adjustments. Among those noting changes, 35% cite cost-cutting measures, 30% point to expansions or changes in audit scope, and 22% attribute shifts to evolving strategic priorities. Together, these dynamics illustrate a **widening gap between what internal audit is resourced to do and what it is being asked to deliver**. As one survey participant observed, "I hope manual menial tasks will be automated by software or AI...the list of menial tasks that have to be done today by auditors is very large."

This imbalance reinforces the urgent need to embrace technology and prioritize strategically. AI and automation are no longer "nice to have;" they are essential capacity multipliers for the profession's sustainability. Yet, as historical survey data consistently show, optimism about future budgets rarely materializes. For nearly two decades, projections of "modest growth" have routinely outpaced reality, underscoring the importance of innovation over expectation.

Internal audit leaders must therefore adopt a dual strategy: **augment capacity through automation** while **investing in human development** that multiplies the impact of every auditor-hour.

Key takeaways

1. Flat budgets and rising expectations are fueling a perilous risk exposure gap and demand smarter prioritization.
2. Leveraging technology is now essential for maintaining capacity and coverage.
3. Innovation, not expectation, will bridge the resource gap.

Next steps

1. Automate rudimentary and repetitive tasks to free time to expand internal audit's scope and value.
2. Adopt flexible resources and audit portfolio planning tied to risk impact.
3. Quantify and communicate projected ROI from automation to justify technology investment.

Emerging risks

The old challenge, now compounding

Volatility is no longer episodic; it is continuous. Moreover, it is omnidirectional and chaotic. The 2026 survey underscores this reality:

- **41%** of respondents said their audit plans were revised midyear due to external shocks—a surprisingly low figure given the volume of new risks that emerged in the first half of the year.
- The top emerging risks cited were macroeconomic or geopolitical instability (40%), workforce transformation and talent risks (41%), change in industry regulatory requirements (34%), third-party and ecosystem risks (34%), and cyber incidents or data breaches (34%).
- Only about four in ten audit leaders **expect AI to significantly reshape how they work within five years**, and 28% see the risk of internal audit becoming irrelevant to business strategy if it **fails to adapt**.

These risks do not exist in isolation; they intersect and amplify one another. Geopolitical instability can disrupt supply chains and intensify third-party exposure. Workforce transformation heightens cyber vulnerabilities. Regulatory change compounds reputational risk. In short, the risks internal auditors face today are layered, interconnected, and compounding, demanding continuous monitoring and agile planning rather than static annual approaches. Technology itself has become a source of volatility, as rapid advances in AI continuously reshape business models, controls, and risk exposures faster than governance frameworks can adapt. This accelerating change reinforces the need for real-time risk intelligence and continuous monitoring to stay ahead of emerging threats.

For internal audit, keeping pace will mean rethinking traditional planning models and embracing rolling, data-driven approaches that can adjust as conditions evolve. Traditional annual audit plans can no longer keep pace. The leading functions are adopting **rolling, risk-based planning** and investing in **continuous risk monitoring** to maintain alignment with rapidly shifting enterprise exposures.

AI will be central to this evolution. By automating data gathering and enabling predictive analytics, internal auditors can anticipate emerging threats rather than simply react to them. This transition from static assurance to continuous insight and foresight marks one of the profession's most profound turning points since the introduction of data analytics two decades ago.

Key takeaways

1. Risks are now continuous, compounding, and interconnected.
2. Static annual audit plans can't keep pace. Rolling, AI-driven continuous monitoring is required.
3. Continuous insight and foresight, not periodic assurance, will define leading teams.

Next steps

1. Implement rolling risk assessments and continuous monitoring dashboards.
2. Use AI analytics to anticipate shifts and detect early warning signals.
3. Conduct targeted “risk sprints” and scenario testing for dynamic exposures.

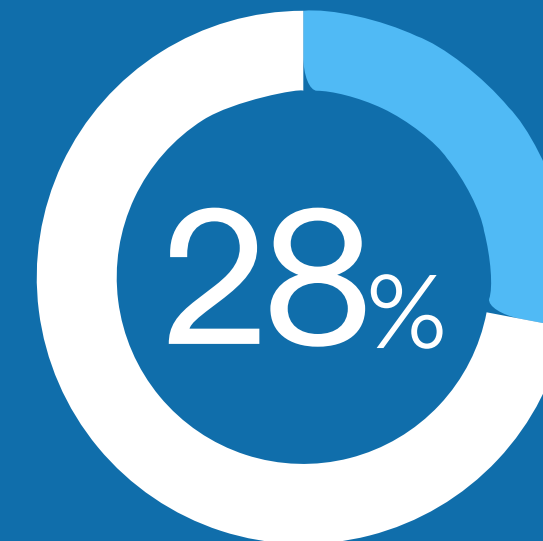
The top emerging risks cited

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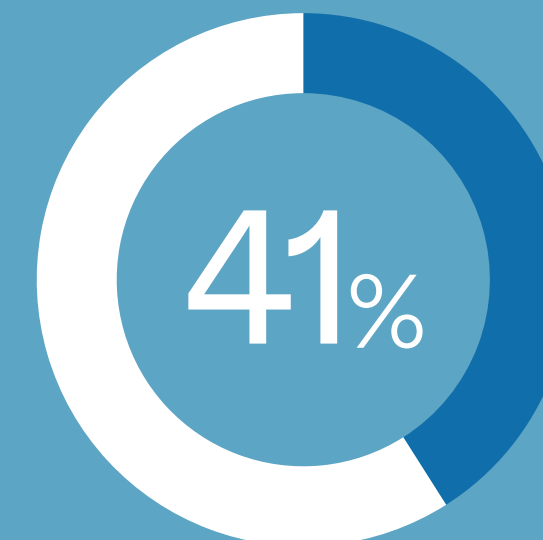
Audit leaders expect

4/10 

AI to significantly reshape how they work within five years



Risk of internal audit becoming irrelevant to business strategy if it fails to adapt



Audit plans were revised midyear due to external shocks

Identity tension

The old challenge, still unresolved

The question of internal audit's **organizational identity** continues to be a defining issue for the profession. The survey results highlighted once again, the gap between aspiration and reality:

This enduring gap suggests that while internal audit's aspirations are evolving, external perceptions have not kept pace. In an AI-driven environment, this misalignment carries greater risk. Compliance-focused functions will be first to be automated or outsourced; those recognized as strategic partners will remain highly relevant and maybe even indispensable.

The profession's challenge, then, is not just to **add technology**, but to **redefine value** and demonstrate how the insight internal auditors can provide strengthens decision-making, strategy, and resilience.

Internal audit's identity gap:
PERCEPTION
vs **ASPIRATION**



Key takeaways

1. A persistent gap remains between how internal audit sees itself and how it's perceived.
2. Functions viewed as compliance enforcers risk being rendered irrelevant by AI; strategic partners endure.
3. Influence and perception are as critical as technical performance.

Next steps

1. Redefine and communicate internal audit's strategic value and mission.
2. Engage proactively with executives on business risks and priorities, not just compliance.
3. Measure perception regularly and adjust engagement strategies to strengthen trust.

Strategic recommendations for 2026 and beyond

Drawing on the survey findings and historical analysis from this series, four strategic imperatives emerge for internal audit leaders:

- 1. Redefine the narrative.** Position internal audit as a foresight-driven strategic force rather than a backward-looking control function. Emphasize contributions to enterprise resilience and decision quality.
- 2. Seize the AI agenda.** Move decisively from pilot projects to operational use. Pilot technologies that automate transactional testing and continuous monitoring while building competence in auditing AI-driven processes.

- 3. Make agility the default.** Replace static annual plans with rolling, data-informed audit planning that can pivot as risks evolve. Build processes that prize adaptability over rigidity.
- 4. Invest in the human advantage.** Prioritize development of human capabilities — judgment, influence, ethical reasoning, and communication — that complement and elevate technology’s analytical power. These are no longer “soft skills” but survival skills in an AI-powered profession.

Four strategic imperatives emerge for internal audit leaders

01 REDEFINE THE NARRATIVE

02 SEIZE THE AI AGENDA

03 MAKE AGILITY THE DEFAULT

04 INVEST IN THE HUMAN ADVANTAGE

The tipping point for internal audit

Conclusion

From **permacrisis** to **hypervolatility**, the pace of change has only accelerated. The old challenges, such as limited resources, shifting risks, identity tension remain, but each has intensified.

The profession now stands at a tipping point. Richard Chambers, in collaboration with Optro, has chronicled internal audit's evolution through some of the most turbulent years in recent memory in the Focus on the Future series.

- **AI and automation** as capacity multipliers; and
- **Human judgment and influence** as differentiators of trust and foresight.

Those who act now will define the next era of internal audit – one in which technology amplifies human capability rather than replaces it.

Learn more about [Optro's AI-powered connected risk platform](#) or [book a demo](#) today.

Appendix

RESEARCH METHODOLOGY

The survey included 213 respondents who were self-selected from Optro's proprietary customer panel. They were invited to participate in the survey based on demographic questions that included their role in audit and compliance, decision making role, company size, and how long they have been in their audit role.

ROLE QUOTAS

The survey divided respondents into three broad roles: C-suite / Executive 55%, Director / Sr. 31%, Practitioner / Operational 14%. Respondents were asked to select which role – from a list of 15 options – most closely described their primary responsibility, even if none were quite right or even if they performed more than one of these roles. Answers were consolidated into those three broad roles.

GEOGRAPHIC QUOTAS

The survey included respondents from the U.S., Canada, Germany, the UK, and elsewhere in Europe.

PRIMARY INDUSTRY

The final breakdown of respondents by industry is as follows: Industrial and Manufacturing 21%, Technology 12%, Finance and Insurance 29%, Services 19%, Public Sector and Education 19%.

OTHER DEMOGRAPHICS

Role: All respondents were required to work in Internal Audit and Controls roles.

Number of full-time auditors in organization: In total, the survey includes 9% of companies with 1-2 full-time auditors, 27% with 3-6 full-time auditors, 21% with 7-15 full-time auditors, 19% with 16-30 full-time auditors, and 24% with more than 30 full-time auditors.

Publicly or privately traded: Respondents indicated whether their organization was publicly or privately traded. In total, 48% were publicly traded for profit, 24% were privately held for profit, 11% were Not-for-profit, and 17% were Public sector.