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Internal Audit – Key Considerations for Businesses in 2026

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As organizations across East Africa plan for 2026, the risk environment continues to grow in complexity. Financial institutions, manufacturing entities, and service organizations are facing increasing pressure from economic volatility, accelerated digitalization, regulatory scrutiny, and operational disruption. In this context, Internal Audit functions are expected to evolve beyond traditional assurance roles and act as strategic partners in strengthening governance, resilience, and risk management.

The Institute of Internal Auditors (IIA) Risk in Focus 2026, identifies the risks most cited by Chief Audit Executives (CAEs) across the world and breaks them down into major regions i.e., Africa and subregion i.e., East Africa.

This means that the risks are not theoretical, they are already impacting financial performance, customer trust, operational continuity, and regulatory standing.

Why East Africa Requires a Distinct Risk Lens?

While many risks are global, their impact in East Africa is amplified by foreign exchange volatility, dependence on external funding, infrastructure constraints, climate shocks, and accelerated adoption of digital financial services. According to the IIA Africa report, financial and liquidity risks, fraud, and governance challenges are reported at higher levels in Africa than the global average, while cybersecurity remains the single most significant risk facing organizations. This context requires Internal Audit functions to reassess priorities and ensure audit plans are aligned with the realities of the region.



The Role of Internal Auditors In Emerging Risks

Key Internal Audit Risks for 2026 in East Africa

1. Cybersecurity

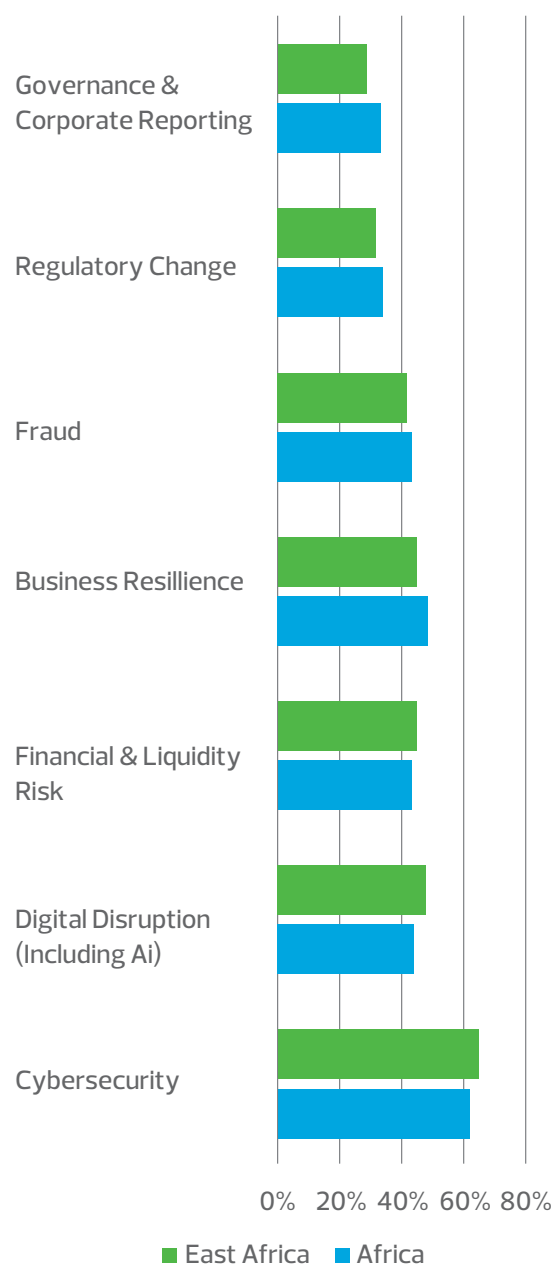
Cybersecurity is ranked as the number one risk in Africa and remains the most significant risk in Eastern Africa. The increasing use of digital platforms, online banking, mobile money, and interconnected systems has significantly expanded the exposure of organizations to cyber threats.

As organizations become more digital, cyber incidents can quickly escalate into financial losses, service disruptions, regulatory sanctions, and reputational damage.

Role of Internal Audit:

- To assess the adequacy of cybersecurity governance and oversight structures
- To review user and privileged access management controls
- To evaluate incident response and recovery plans, including testing and escalation
- To review third-party and vendor technology risks
- To confirm that cybersecurity risks are clearly reported to senior management and the board

Internal Audit Key Risks for 2026



2. Digital Disruption (Including Automation and AI)

Digital disruption is ranked among the top three risks in Africa and the second-highest risk in Eastern Africa. Organizations are rapidly adopting new systems, automation tools, and data-driven technologies to improve efficiency and customer experience. However, digital initiatives often progress faster than controls, governance frameworks, and skills required to manage the associated risks.

Role of Internal Audit:

- To review governance and ownership of digital transformation initiatives
- To assess system, change management and configuration controls
- To evaluate data governance, integrity, and reliability of system outputs
- To review segregation of duties and access controls within automated systems
- To assess whether emerging technologies are aligned with the organization's risk appetite

3. Business Resilience

Business resilience is ranked as the second-highest risk in Africa and remains a top-tier risk in Eastern Africa. Organizations in Tanzania continue to face disruptions arising from extreme weather events,

infrastructure challenges, supply-chain interruptions, system outages, and periods of political or socio-economic instability.

Weak resilience frameworks can result in prolonged downtime, inability to sustain critical operations during crises, and delayed recovery when disruptions occur.

Role of Internal Audit:

- To evaluate the adequacy and effectiveness of business continuity and disaster recovery plans
- To assess whether continuity plans are regularly tested and updated
- To review crisis management structures, roles, and escalation procedures
- To confirm alignment between recovery objectives and critical business processes
- To assess lessons learned from previous disruptions and their incorporation into plans

4. Financial and Liquidity Risk

Financial and liquidity risk is ranked higher in Africa than the global average and remains a top five risk in Eastern Africa. Economic volatility, foreign exchange pressures, and funding constraints can place significant strain on organizations, particularly in regulated sectors such as banking and insurance. Weak liquidity management can quickly undermine operational stability and stakeholder confidence.

5. Fraud

Fraud continues to be a top five risk across Africa and Eastern Africa. As transaction volumes increase particularly through digital and automated channels, the opportunity for fraud also grows. Weak controls, inadequate segregation of duties, and ineffective monitoring expose organizations to financial losses and reputational harm.

Role of Internal Audit:

- To assess the effectiveness of fraud risk management frameworks
- To review procurement, revenue, claims, and payment controls
- To evaluate segregation of duties and management override risks
- To assess whistleblowing and investigation mechanisms
- Use data analytics to identify unusual trends and emerging fraud risks

6. Governance, Regulatory Change, and Corporate Reporting

Governance and regulatory change continue to feature prominently in the Africa risk landscape. Organizations face increasing expectations for strong governance, transparent reporting, and compliance with evolving regulatory requirements. Weak governance structures can undermine accountability, decision-making, and confidence in reported information.

Role of Internal Audit:

- Provide assurance over governance structures and oversight arrangements
- Review compliance frameworks and regulatory reporting processes
- Assess the effectiveness of internal controls over financial and operational reporting
- Evaluate clarity of roles, responsibilities, and accountability
- Confirm the integrity and reliability of information reported to stakeholders

How RSM Tanzania Can Support

As organizations navigate the evolving risk landscape in 2026, Internal Audit plays a critical role in providing assurance and strategic insight. RSM Tanzania supports businesses through flexible Internal Audit delivery models, including fully outsourced, co-sourced, managed functions, and independent Internal Audit reviews.

To ensure that Internal Audit effectively addresses emerging risks and supports informed decision-making, Audit Committees should consider key questions such as:

- Are our most significant risks aligned with Tanzania's evolving regulatory and economic environment?

- Does Internal Audit have the skills and capacity to provide credible assurance over technology, cybersecurity, and data risks?
- Are our business continuity and disaster recovery arrangements adequate for realistic local disruption scenarios and regulatory expectations?
- Is management receiving reliable, timely, and independent information to monitor financial performance, liquidity, and fraud risks?
- How is Internal Audit providing insight, not just compliance assurance, to support strategic decision-making?

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