

Beyond silos: Collaborating across risk and internal audit to tackle interconnected risk

In today's fast-evolving business landscape, recognizing the interconnectedness of risks and understanding their impact on the organization are more critical than ever. Successfully managing these relationships enhances organizational resilience and performance. Achieving this, however, depends on strong collaboration among key risk functions such as internal audit, enterprise risk management (ERM), compliance, cybersecurity, legal, and others.

In the recent webcast titled "[Connected Risk – The Interconnection Between Risk and Internal Audit](#)," we continued our KPMG *On the CAE Agenda Knowledge Cast* series. We brought together industry experts who provided valuable insights into the evolving meaning of "connected risk."

The discussion emphasized that this concept can be viewed through two distinct yet interdependent dimensions: one focuses on the interrelationships between different types of risks—how one risk can trigger or amplify others—while the other highlights the need for strong, coordinated, and collaborative response by risk and internal audit functions. Importantly, the effective management of interconnected risks often relies on the strength of cross-functional partnerships among these key risk functions.

Challenges in revealing interconnections between risks

While the concept of connected risk is gaining traction across industries, many organizations still struggle to identify and manage the complex web of interdependencies that exists between different risk domains. These challenges are not merely technical or procedural—they are often rooted in structural, cultural, and strategic limitations that hinder visibility and integration.



Fragmented risk ownership – Cross-functional risks often lack clear accountability, making it difficult to understand how one risk may influence or intensify another.



Varied risk frameworks – Varying taxonomies and assessment criteria across the organization, often driven by distinct objectives or regulatory requirements, can hinder alignment and the identification of overlapping or cascading risks.



Limited data integration – Siloed systems and lack of real-time data sharing reduce visibility into enterprise-wide risk patterns and delay detection of emerging interdependencies.



Linear risk thinking – It is a traditional, domain-specific approach to risk management limits recognition of dynamic interactions. Adopting a systems-based mindset requires both cultural and conceptual shifts.



Prioritization in volatile environments – Rapid change makes it difficult to determine which risk interconnections are most critical, increasing the likelihood of blind spots in strategic planning.

Only 27%



Of professionals believe that interconnected risks management in their organizations is mature and effective.

Nearly 40%



Of professionals believe that the biggest challenge in managing interconnected risks within the organization is the lack of integrated systems and risk data sharing.

Over 60%



Of professionals believe that risk interconnectivity is especially critical in operational areas such as IT and cybersecurity, where complex dependencies heighten the potential for cascading impact.

Statistics are based on polling data from our [May 2025 Connected Risk webcast](#). To see the full audience polling results, [download our infographic here](#).

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Key success factors strengthening collaboration between risk management functions

1

Shared purpose and strategic alignment – Establishing a common language and shared objectives across functions such as internal audit, ERM, compliance, cybersecurity, and legal

2

Regular cross-functional engagement – Holding recurring meetings between the CAE, CRO, and CIO to align messaging, identify shared risks, and build trust

3

Clear guardrails and role clarity – Maintaining professional independence while collaborating closely with other functions, supported by formal charters and external reviews

4

Building equity and trust – Being visibly engaged, building personal relationships with stakeholders, and adapting to diverse communication styles (e.g., texts, and one-on-one meetings)

The keys to reveal interconnections between risks

1

Risk governance design for cross-functional collaboration – Design of risk governance that supports collaboration between internal audit and risk management functions to elevate risk insights

2

Integrated risk assessments – Conducting joint risk assessments across ERM, internal audit, compliance, and cybersecurity functions using unified models and taxonomies

3

Real-time data and continuous monitoring – Leveraging analytics and automation to detect emerging risks early and transferring tools to first-line teams for ongoing monitoring

4

Scenario planning and cross-domain exercises – Running joint simulations (e.g., tabletop exercises) to explore how geopolitical or technological events could trigger interconnected risks

Learn how KPMG can help

KPMG Ignition experience: Accelerating strategic transformation to strengthening collaboration risk structure

KPMG Ignition Centers are immersive environments designed to help organizations tackle complex challenges, explore future scenarios, and cocreate innovative methodologies. Through a blend of design thinking, advanced data and analytics, and cross-functional collaboration, Ignition enables clients to reimagine their strategies and accelerate transformation.

The Ignition sessions bring it all together in a way that enables you to interact and chart a course for the future. KPMG is instrumental in guiding internal audit and risk function leaders through this transformative journey, creating a future-ready vision, strategy, ways of working, and roadmap that strengthen the case for change. To learn more, visit the [KPMG Ignition website](#).

Dynamic Risk Assessment: A smarter approach to interconnected risk

In today's complex and fast-evolving risk landscape, traditional risk assessments fall short. KPMG Dynamic Risk Assessment (DRA) introduces a breakthrough methodology that evaluates risk across four dimensions—likelihood, impact, velocity, and connectivity. This approach enables organizations to identify risk clusters and contagion effects, offering a more accurate and actionable view of systemic threats. By leveraging advanced analytics and network theory, the DRA helps leaders uncover hidden vulnerabilities, prioritize resources more effectively, and transform risk into strategic opportunity.

To explore the full methodology and its applications, visit our [website](#).

Scenario planning and wargaming

Organizations prepare for multiple plausible futures. These tools uncover how risks and uncertainties may interact, enabling leaders to test strategies, identify “no-regret” moves, and build resilience across complex risk networks.

Discover more by visiting our [website](#).

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