



On the CAE Agenda

Connected risk – The interconnection between risk and internal audit

KPMG hosted the latest installment of the *On the CAE Agenda* KnowledgeCast series in May 2025. During the KnowledgeCast, we polled over 1,500 professionals who hold various internal audit (IA) and risk positions at their respective companies.

Here's what we discovered...





Market volatility is driving a growing need for collaboration between risk and IA functions

Participants revealed significant challenges in managing interconnected risks within their respective organizations...

Nearly 44%

believed that **IT, data management, and cybersecurity** are the most **interconnective risk domains** and managing the interconnectivity of them is crucial to organizational success



About 27%

stated that interconnected risk management in their organizations is **mature and effective**



Almost 40%

indicated that the **biggest challenge** in managing interconnected risks within the organization is the **lack of integrated systems and risk data sharing**



Respondents indicated that the top key success factors when partnering across the organization to effectively manage and respond to interconnected risks are:

#1

Clear roles and responsibilities

#2

Common risk language and framework, including rating criteria

#3

Culture of collaboration and trust



What are the main challenges you face in managing interconnected risks within your organization?

Data – Lack of integrated systems and risk data sharing

38%

Accountability – Unclear ownership of cross-functional or emerging risks

18%

Culture – Insufficient communication between different departments

16%

Visibility – Siloed organizational structures

15%

Volatility – Difficulty in identifying and prioritizing risks in a rapidly-changing risk landscape

13%

How mature is your organization in managing risks which are highly interconnected?

Initial – Risks are often missed or underestimated

9%

Developing – Some risks are managed, but gaps remain

34%

Defined – Many interconnected risks are identified and managed, although integration maybe inconsistent

30%

Managed – The organization can anticipate or mitigate interconnected risk effectively

21%

Optimized – Resilient and proactive approach to complex, evolving risks

6%

What is the primary added-value the board expects from connected risk management in your organization?

Confidence – Ensuring risk-informed decision making, including compliance with regulatory requirements

35%

Resilience – Navigating complex risk scenarios to build enterprise resilience

23%

Agility – Integration of interconnected risk management insights into strategic planning to unlock growth opportunities

24%

Visibility – Holistic view of enterprise-wide interconnected risks

18%

In which risk domain or area do you believe that managing the interconnectivity is crucial to organizational success?

IT, data management, and cyber security risk	44%	Third-party and vendor risk	5%
Operational risk	19%	Governance	4%
Financial risk	8%	Human resources	2%
Compliance and regulatory risk	7%	Geopolitics	2%
Strategic risk	7%	Resiliency and business continuity	2%

What are the top key success factors when partnering across the organization to effectively manage and respond to interconnected risks?

Clear roles and responsibilities	23%	Governance and defined escalation pathways	14%
Common risk language and framework, including rating criteria	18%	Clear value and alignment	9%
Culture of collaboration and trust	17%	Prior cross-functional preparation (e.g. tabletops, scenario planning, after action reviews)	3%
Real time information sharing and clear communication	16%		

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