

Survey Report

Impact of Artificial Intelligence on Corporate Governance, Risk Management and Internal Audit 2025



AI

Foreword

By Stephen Ching, President of The Institute of Internal Auditors Singapore

The swift rise of Artificial Intelligence (AI) is significantly reshaping organisational operations, governance structures, and risk management practices. In Singapore, this transformation is gaining momentum due to the nation’s strategic technological investments, exemplified by the Smart Nation Initiative and the National AI Strategy 2.0. These initiatives are designed to foster digital innovation, improve public service delivery, and promote sustainable economic growth. As AI becomes increasingly integrated into business processes and decision-making frameworks, it is crucial for governance, risk management, and internal audit functions to adapt concurrently. This evolution will enable organisations to capitalise on the opportunities presented by AI while effectively addressing the novel complexities and associated risks.

The Institute of Internal Auditors (IIA) Singapore’s “**Impact of AI on Corporate Governance, Risk Management and Internal Audit 2025**” survey aims to gauge the approaches taken by organisations in Singapore regarding the adoption, oversight, and assurance of AI technologies. The survey’s findings are intended to provide insights into existing maturity levels, identify capability gaps, and clarify stakeholder expectations. Furthermore, the research seeks to underscore the vital role that governance bodies must fulfil as facilitators of trust, custodians of ethical AI implementation, and strategic guides in this era of digital transformation.

Looking ahead, this report is intended to be both a helpful guide and a catalyst for organisations and internal audit professionals. It urges all of us to enhance our preparedness, adjust our methodologies, and actively contribute to Singapore’s goal of leveraging AI to improve lives, generate economic opportunities, and establish a reliable digital future.

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A. Executive Summary

Artificial Intelligence (AI) reshapes organisations' operations, decisions, and risk management. The transformation of business models redefines traditional roles across governance, risk management, and internal audit.

The Institute of Internal Auditors (IIA) Singapore conducted a survey examining the “**Impact of AI on Corporate Governance, Risk Management and Internal Audit 2025**” to better understand these evolving roles. The survey was designed to assess how AI influences decision-making and risk assessment, how internal auditors adapt their skills, and whether AI is redefining the relevance of traditional risk-based audit approaches. It also explored changes in how audit reports are communicated and the extent to which stakeholders expect internal audit to assure AI governance, ethics, and accountability.

This report presents the key findings and insights from the survey, highlighting the opportunities and challenges as the profession navigates the AI-driven future.

The following key insights emerged from the survey:

- Although the AI adoption rate by organisations is slow, there is generally a consensus on the positive impact on corporate governance and risk management processes.
- Internal audit functions are lagging behind in their AI adaptation: a significant portion have not yet audited AI systems, received AI-specific training, or incorporated AI into their audit work.
- While traditional risk-based audit approaches remain widely regarded as effective, there is an increased recognition of the need to adjust these approaches for an AI-driven environment.

- AI has had a limited impact on the communication of audit results, though those using it noted increased productivity in generating audit communications.
- Stakeholder expectations regarding AI assurance are evolving. Understanding how AI shapes stakeholder expectations is crucial for aligning internal audit functions' direction with organisational needs, including engaging internal audits during AI implementation.

AI Adoption and Impact on Corporate Governance and Risk Management

The survey results indicate that respondents generally perceive AI as having a positive impact on corporate governance and risk management, noting improvements in decision-making accuracy and speed, as well as a more efficient risk assessment process. AI has equipped boards and senior management with improved data and insights for risk oversight, although there is room to further enhance their understanding of AI and its implications for risk management. Notably, there is a degree of uncertainty regarding AI's impact on regulatory compliance.

Internal Audit's Adaptation

The results show a mixed picture regarding internal audit's adaptation to AI. Internal audit functions are mostly in the initial phases of AI adaptation, with most not yet auditing AI systems, though future plans for this exist. There is an obvious need for internal auditors to acquire AI-related skills and knowledge, only a small minority indicated they received training in AI auditing. Respondents indicated that training in data analytics is more prevalent. The impact of AI on internal audit budgets and resources also vary.

Risk-Based Audit Approach

The survey revealed that only a few respondents use AI tools for risk assessment and audit planning. The results suggest that AI tools can increase efficiency, improve accuracy and promote better risk identification.

Internal Audit Reporting

AI has a limited impact on communicating internal audit results. However, some respondents noted that AI has led to more frequent or real-time audit reports. Using data visualisation and dashboards to present audit findings is standard, with benefits such as automated report generation and improved data visualisation for more impactful communication being cited.

Stakeholder Expectations

Finally, the survey explored stakeholder expectations of internal audit concerning AI. The findings reveal an evolution in these expectations, with a heightened emphasis on the ethical implications of AI and the reliability and potential bias of AI algorithms. Addressing these evolving demands presents notable challenges for internal audit functions, particularly in relation to the requisite skills and knowledge, the need to keep abreast of rapid advancements in the field, and to provide assurance on AI governance, ethics and emerging risks.

Conclusion

Overall, the survey results provide valuable insights into AI's impact on corporate governance, risk management, and internal audit. The survey highlights the opportunities and challenges associated with AI adoption and underscore the need for internal audit to adapt and evolve to meet stakeholders' changing expectations in an AI-driven environment.

B. Survey Background and Design

The rapid advancement and adoption of AI technologies are transforming businesses across industries, affecting all aspects, from decision-making processes to risk management strategies.

The survey was designed with the following objectives:

- Assess the impact of AI on corporate governance and risk management practices. This includes understanding how AI is influencing decision-making, compliance, and risk assessment.
- Investigate how internal audit professionals are adapting their skill sets in response to the integration of AI in organisations. This includes identifying the new competencies that auditors need to effectively audit AI-related processes.
- Examine whether the traditional risk-based audit approach is becoming less relevant due to the use of AI in risk management. This includes exploring whether AI-powered risk assessment tools are changing how auditors prioritise and conduct audits.
- Determine how the use of AI is changing how internal audit reports are communicated and utilised. This includes investigating whether AI is leading to more real-time reporting, data visualisation, and interactive audit reports.
- Understand how stakeholder expectations of internal audit are evolving due to AI's impact on business. This includes exploring whether stakeholders expect internal audit to provide more assurance on AI governance, ethics, and the reliability of AI-driven decisions.

To achieve these objectives, the survey was structured into seven sections:

- 1 Demographics and AI Adoption**
 Collected information about the respondents' roles, industries, and the extent of AI adoption within their organisations.
- 2 AI's Impact on Corporate Governance and Risk Management**
 Focused on understanding how AI has affected decision-making processes, risk identification, and compliance.
- 3 Internal Audit's Adaptation**
 Investigated how internal audit functions are adapting to the challenges of auditing AI systems and processes.
- 4 Risk-Based Audit Approach**
 Explored the continued relevance of the traditional risk-based audit approach in an AI-driven environment.
- 5 Internal Audit Reporting**
 Examined how AI is changing the way internal audit results are communicated and utilised.
- 6 Stakeholder Expectations**
 Focused on understanding how stakeholder expectations of internal audit are evolving due to AI adoption.
- 7 Final Thoughts**
 Provided an opportunity for respondents to share any additional comments or insights.

The survey was distributed online to a diverse group of professionals across industries. The responses were analysed to identify key trends and insights related to AI's impact on corporate governance, risk management, and internal audit. The findings will inform future research and guidance in this area.

C: Survey Results

The survey has 37 questions, 21 of which are close-ended and 16 are open-ended. 190 responses were received for the survey.

Respondent Demographics:

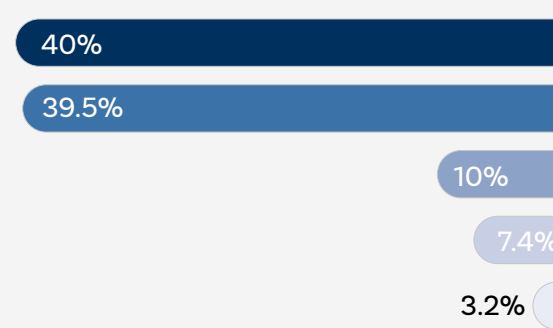
- 91.7% of the respondents are from Singapore.
- 50.5% of the respondents work in large organisations (>500 employees).
- 55.5% of the respondents are from the Internal Audit function, while 20.6% are from the Risk Management/Compliance function.

AI Adoption and Impact:

- Many organisations have either limited (40%) or moderate (39.5%) AI adoption.
- 53.7% of respondents indicated improvement in how AI has impacted decision-making processes, primarily through increased accuracy, automation, and speed. A further 34.9% indicated “Don’t know” about the impact of AI on decision-making processes.
- There is a mixed response on whether AI has changed how organisations identify and assess risks, with 34.7% indicating “Don’t know”. Among the 33.7% of respondents who answered “Yes”, many noted that AI has enabled more efficient and comprehensive risk assessment by automating data analysis and identifying patterns. Some highlighted the use of AI for continuous monitoring and real-time risk identification. However, concerns were also raised regarding potential bias in AI algorithms and the need for human oversight.

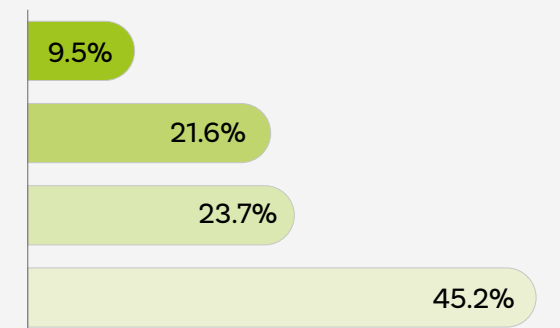
AI Adoption Levels

To what extent has your organisation adopted AI technologies?



- Limited use
- Moderate use
- Extensive use
- Not at all
- Don't know

Has your internal audit team received training on AI auditing?



- Yes
- Planning to
- Don't know
- No

- Many internal audit functions have not started auditing AI systems and processes (39.5%), with a further 30.5% planning for it. For those who have started (8.9%), the most commonly audited AI-related areas are cybersecurity, data privacy, and algorithmic bias. Some respondents also mentioned auditing AI systems for compliance with regulations and ethical considerations.
- There is a notable lack of training in AI auditing, with 45.2% of the respondents indicating no training was received. Training in data analytics

is more prevalent (44.2%). Respondents emphasised the need for internal auditors to develop skills in data analytics, AI auditing techniques, and an understanding of AI risks and controls. Some also highlighted the importance of domain knowledge in AI and its applications.

- Internal auditors appear to be somewhat receptive to incorporating AI in auditing, with 48.4% reporting “Challenges faced but manageable” and 15.8% indicating “Very receptive”.

New Skills and Knowledge Required Due to the Rise of AI



Data Analytics



AI Auditing Techniques



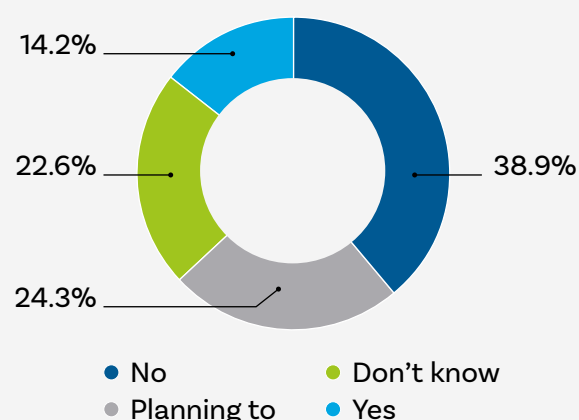
AI Risks and Controls



AI Domain Knowledge

Usage of AI Tools

Does your organisation use AI tools for risk assessment or audit planning?



Commonly Used AI Tools

Data Analytics Platforms

AI-powered Audit Management Software

Natural Language Processing (NLP) Tools

Experiences Using AI Tools



Generally positive

- Increased efficiency
- Improved accuracy
- Better risk identification



Some challenges

- Integrating AI tools with existing systems
- Need for training and upskilling

Risk-Based Audit Approach:

- 54.2% of the respondents believe that the traditional risk-based audit approach remain effective in an AI-driven environment. Respondents who disagreed highlighted the lack of AI-specific risk identification capabilities in traditional approaches, as well as the need for continuous monitoring and adaptive auditing in an AI-driven environment. Suggestions for adapting a risk-based audit approach for AI-related risks include incorporating AI-specific risk factors, continuous auditing and monitoring, and leveraging AI tools for risk assessment and audit planning.
- Only 14.2% of the respondents indicated using AI tools for risk assessment or audit planning. The most commonly used tools are data analytics platforms, AI-powered audit management software, and natural language processing (NLP) tools. Experiences using AI tools in internal audit are generally positive, with respondents highlighting increased efficiency, improved accuracy, and better risk identification. However, some mentioned challenges in integrating AI tools with existing systems and the need for training and upskilling.

Internal Audit Reporting

- The survey results indicated that AI's impact on the communication of internal audit results is still evolving. Only 14.7% have actively adopted AI, while 36.3% of the respondents reported no change in how results are communicated. A significant 33.7% were unsure, with 15.3% planning to do so, indicating that while interest grows, adoption remains gradual. Those using AI cited benefits such as automated report generation, real-time updates, and improved data visualisation, making audit findings more accessible and impactful. Additionally, 43.7% of the respondents already use data visualisation or dashboards, with another 11.6% planning to implement them, signalling a shift toward more dynamic and visually engaging audit reporting.

- Stakeholder expectations are also changing, with 23.7% of the respondents noting increased demand for more frequent or real-time reports, though a significant portion (38.4%) remain uncertain about these expectations. Respondents underscored the importance of focusing on AI-related risks and controls to enhance the insightfulness and actionability of audit reports, deliver clear and concise recommendations, and employ data visualisation techniques for complex information. As AI shapes business processes, internal auditors must adapt their reporting methods to enhance clarity, speed, and strategic value.
- Respondents who noted that expectations have changed highlighted the increased expectations for assurance on the ethical implications of AI, the reliability and bias of AI algorithms, and the overall governance and control of AI systems.
- Internal auditors' key challenges in meeting stakeholder expectations in an AI-driven landscape include staying updated with rapid AI advancements, understanding complex AI technologies, and providing assurance on emerging AI risks.
- Stakeholders rarely engaged internal audit for advice and insights when developing AI projects, with only 11.6% being involved and 16.3% partially involved. When internal audit is involved, opportunities included providing valuable insights and advice on AI governance and risk management. Challenges included navigating the evolving regulatory landscape and addressing ethical concerns.

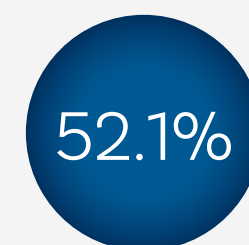
Stakeholder Expectations:

- There is uncertainty about stakeholder expectations of internal audit regarding AI. A large proportion of respondents answered "Don't know" regarding changes in expectations (52.1%), the need for assurance on AI's ethical implications (42.6%), and the expectation for internal audit to assess AI algorithms (38.4%).

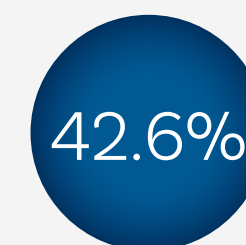
Stakeholder Expectations

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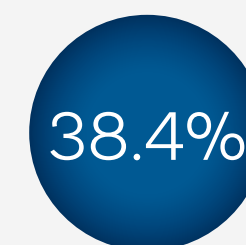
Percentage of respondents selecting "Don't know"



Whether expectations of internal audit have changed due to AI



The need for assurance on AI's ethical implications



The expectation for internal audit to assess AI algorithms

D. About IIA Singapore and Acknowledgements

About The Institute of Internal Auditors Singapore

Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

As the only professional body dedicated to advancing the internal audit profession in Singapore, The Institute of Internal Auditors Singapore has been advocating for the interests of the profession for over 40 years. We remain committed to raising its profile, standing, and developing the knowledge, skills, and expertise of internal auditors. Representing more than 2,700 members, we enhance technical excellence through The IIA's new International Professional Practices Framework and Global Internal Audit Standards.

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About the Contributors and Acknowledgements

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