AFB Practice Roundtable

Priorities for Internal Audit Planning for 2027

14 July 2026

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AFB – Internal Audit Roundtable Post-Session Deliverable

14 July 2026

MAKING AN IMPACT THAT MATTERS since 1845

Agenda for the session

	Introduction and setting the scene	16:00 – 16:10
1	Internal Audit Priorities	16:10 – 16:35
2	IA Topical Requirements	16:35 – 17:00
3	Regulatory Perspective	17:00 – 17:15
4	AI Enablement and Assurance	17:15 – 17:30
	Further opportunities to network	17:30 – 18:00

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Key Session Takeaways

AFB Roundtable 14 July 2026

1. **Operational resilience & TPRM** continue to remain high on the agenda as firms navigate alignment of global frameworks with local regulatory expectations. Intra-group arrangements are often challenging, while AI adoption is elevating third-party risk requiring more robust risk management.

2. **Group, branch & subsidiary models:** Firms face challenges applying global policies to meet local regulatory expectations. Proportionality remains key for branches and subsidiaries, with the UK's principles-based regime requiring greater judgement than more prescriptive rules in other geographies (e.g. European and US).

3. **Financial crime:** Financial crime remains a key IA and regulatory priority, with increased geopolitical risk impact. Firms must monitor the impact of evolving EU requirements, including the new EU AML Authority.

4. **Remuneration:** Remuneration remains challenging, with firms struggling to evidence that arrangements meet regulatory expectations . Key focus areas include independent RemCo structure, MRT identification, risk adjustment and interactions between Head Office framework and local rules.

5. **Non-financial misconduct:** High on the FCA's agenda, including trade & transaction reporting, booking models and market abuse. FCA Market Watch guidance should be strongly considered.

6. **Cost cutting & IA efficiency:** IA functions are exploring innovative ways to identify cost optimisation opportunities within audit areas and communicating them to senior management, while also assessing any increase in the area's risk profile resulting from significant recent cost reductions, to understand how the business manages the heightened risk.

7. **Standards & QA hotspots** include self-assessment against the UK Code of Practice, adequate coverage of subsidiaries and branches, and effective involvement in Group audit planning and reporting. QA reviews continue to focus on local coverage, documentation and traceability of audit decisions, scope rationale, adequacy of resources (skills and technology), and reporting of annual opinions to the Audit Committee.

8. **Remediation & issue closure:** Strong issue-closure governance remains critical, with IA expected to assess whether remediation is embedded, sustainable and addresses root causes - not just completed. Some regulators increasingly relying on IA to ensure remediation activities are adequately challenged and embedded.

9. **Risk culture & organisational behaviour:** The new Topical Requirement coming into effect in December 2026 bring the focus back on how the functions audit behaviour in practice and build a more consistent global approach to auditing risk culture.

10. **Change and Transformation:** IA has a role to play in major change and transformation programmes driven by regulatory, technology and business priorities (including M&A activities).

11. **Artificial intelligence:** As business adoption accelerates, IA must balance AI enablement within the function with independent assurance over AI across the enterprise. The question is no longer whether to audit AI, but when does IA pivot from assessing AI governance to providing continuous assurance and validation of agentic AI models.

Internal Audit Priorities

Mentimeter Q1

What are the top 3 strategic, regulatory, or operational topics currently impacting your bank that Internal Audit is prioritising for 2027?

Financial services Internal Audit Planning Priorities

2026 Priorities and a look ahead to 2027

2027 Cross Sector emerging themes

- The effect of AI across FS
- Managing risk through a cycle of cost cutting
- Future of assurance / three lines model

Cross sector
Banking and capital markets
Expected to remain a priority in 2027
2027 Emerging Priorities

Payments and financial crime	Prudential and credit risk	Governance	Environmental, social and governance	Conduct risk	Digital risk and change	Internal audit innovation and transformation	
Payments	Model risk management	SMCR	Climate risk	Non-financial misconduct	Transformation and change	GenAI across IA lifecycle	Offshore models
Safeguarding	Credit and counterparty risk	Culture & behaviour	Sustainability reporting		Operational resilience	Data analytics	Data sovereignty
Digital assets	Prudential risk	Remuneration			Third party dependency	Standards and QA hotspots	AI and critical thinking
Fraud	Recovery resolution and solvent exit				Cyber	Future auditor skills and capabilities	
Financial crime					Data quality, MI & reporting		
					Cloud		

For discussion purposes only

IA Topical Requirements

IIA Topical Requirements: Cybersecurity & Third-Party

Both Topical Requirements provide a consistent baseline for assessing governance, risk management and controls. Audit teams should apply that baseline, then tailor testing to the specific Cybersecurity or Third-Party risks in scope.

What changes by topic

Cybersecurity

Issued 5 Feb 2025 | Effective 5 Feb 2026

1. **Controls coverage topics**

   Map assurance to cyber control frameworks and threat exposure, rather than treating the requirement as a checklist.

2. **Underpinning Framework**

   NIST, COBIT or equivalent frameworks - show how applicable IIA criteria are addressed.

3. **Documentation & collaboration**

   Retain rationale for scope, exclusions and non-applicability; align early with IT and security

Third-Party Risk Management

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1. **Controls coverage topics**

   Cover the third-party lifecycle end to end: selection, due diligence, contracting, monitoring, issue resolution and exit.

2. **Controls coverage topics**

   PRA SS2/21 and FCA SYSC 8, with NIST or ISO 27001 links where cyber exposure applies.

   .

3. **Documentation & collaboration**

   Retain rationale for scope, exclusions and non-applicability; align early with Third party risk, procurement, etc.

Takeaway: one assurance baseline; cyber maps to control frameworks, TPRM maps to lifecycle controls and regulatory expectations.

Organisational behaviour: why it matters now

Culture becomes auditable when observable behaviour is linked to risk, controls and strategic outcomes.

CIIA Internal Control Failure paper: *"Assess culture and risk appetite in practice, looking for indicators such as exceptions, policy waivers, backlogs, and pressure to accelerate onboarding or growth without commensurate control uplift. More broadly, build the capability to do cultural assurance properly"*

Issued December 2025 | Effective December 2026

Organisational behaviour is the human element of risk.

Misaligned behaviour can prevent organisations from achieving strategic objectives — even when the formal control design looks sound.

The Topical Requirement gives internal auditors a consistent framework to assess and control behavioural risk.

Organisational behaviour: from requirement to readiness

Translate Governance, Risk Management and Controls expectations into audit coverage, evidence and capability before December 2026.

Topical Requirement focus

Internal auditors must assess the governance, risk management and controls of organisational behaviour.

Governance

Define roles and accountability; monitor, evaluate and challenge behavioural alignment; embed policies and protocols.

Risk Management

Set the behavioural-risk framework; monitor behaviour and analyse gaps; resolve root causes to completion.

Controls

Mitigate risk patterns; communicate expectations and reporting routes; align incentives, training and talent.

Takeaway: Audit behaviour early — before culture becomes control failure.

Five actions to prepare

A practical route from behavioural-risk context to assurance coverage and action.

1. **Understand current state**
   Review prior work, frameworks, surveys, data and ownership.
2. **Decide audit coverage**
   Choose pilots, standalone reviews, themes or embedded testing.
3. **Map behavioural evidence**
   Prioritise sufficient, reliable and relevant data.
4. **Strengthen methodology**
   Build tools for interviews, surveys, analytics and root cause.
5. **Build capability and alignment**
   Coordinate skills with HR, Risk, Compliance and Legal.

Operating principle **Evidence first. Proportionate coverage. Action that changes behaviour.**

Regulatory Perspectives

Mentimeter Q2

What are your key regulatory pain points, in terms of responding to evolving expectations and engaging with your primary regulators?

- Transaction reporting
- Sanctions
- Lack of cultural sensitivities
- Regulatory reporting
- Increasing workload on small teams.
- Proportionality for smaller banks
- Not entirely sure the degree of expectation
- Lack of clarity
- Cashering
- Regulatory reporting
- Proportionality
- Regulatory reporting
- Lending
- Disproportionate workload
- Climate Risk

Mentimeter Q3

What are your key regulatory pain points, in terms of responding to evolving expectations and engaging with your primary regulators?

- Proportionality
- Proportionality
- Regulatory requirements
- Data Management
- Economic impact.
- Ignorance
- Operational Resilience
- Systems Access - IAM
- Fraud prevention and control framework (ECCTA)
- They want exclusive policies, risk scoring models and don't like if subsidiaries follow group policies. Especially German Regulators
- Climate Risk
- Third party risk, liquidity risk,

AI Enablement and Assurance

AI Assurance in Action

Strategic Enablers supporting IA's AI assurance capabilities

AI Audit Strategy, Mission, Vision: Defining purpose and scope of AI assurance and role of IA	**AI Assurance Operating Model**: Design an effective operating model for AI auditing.
Agile Audit program for AI systems and use case deployment.	Integrate AI-specific risks into the **audit universe** and **annual planning**.
Talent & Upskilling: Assess IA's talent and upskilling needs for AI auditing capabilities.	**AI Audit methodology, approach and tools**
AI adoption metrics and AI KRIs	**Continuous Monitoring** (approach) for AI risk

AI Assurance focus areas

AI governance and oversight	**Control Framework Design** for ethical, compliant, reliable AI systems	**AI acceptable use cases, digital training and fluency**
AI inventory and risk mapping	**Data policies and standards**	**Compliance with emerging AI-related regulations**
AI deployment / implementation assurance	**Continuous AI Monitoring**	**Agentic AI validation**
Data Quality and Integrity Assessment	**Independent Technical Validation of AI models** *(including exit readiness)*	**Third-party AI risk review**
Model Risk Management	**Data Privacy**	**Security**

Thank you!

Continue the conversation:

IA Planning Priorities 2027 is expected in late August / early September.

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Please scan QR code to provide feedback

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