Chartered Institute of Internal Auditors

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Alliance House
Caxton Street
London, SW1H 0QS

The Rt Hon Jonathan Reynolds MP
Secretary of State for Business and Trade
Department for Business and Trade
Old Admiralty Building, Admiralty Place
London
SW1A 2DY

Wednesday 16 April 2025

Dear Secretary of State,

We welcome your Government's commitment to strengthening the UK's digital resilience, including the proposed Cyber Security and Resilience Act. Given the rising threats posed by cyberattacks, we urge you to ensure your audit and corporate governance reform agenda also keeps pace with these challenges by incorporating measures that require significant employers to implement robust cyber resilience protocols.

Digital transformation - driven by AI, cloud computing, blockchain, and the Internet of Things - has increased business dependence on digital systems, bringing new risks from technical failures, human error, and cyber threats. In 2024, businesses worldwide reported more cyber-attacks for the seventh consecutive year[1], with UK businesses losing at least £44 billion to cybercrime over the past five years[2]. These threats erode business confidence, undermine competitive advantage, and slow the adoption of new technologies—all critical to the UK's economic future.

Major cyber incidents - such as ransomware attacks on the British Library (2023), NHS partner Synnovis (2024), and logistics firm KNP (2024) - demonstrate that vulnerabilities in digital systems can have far-reaching consequences. Like financial reporting failures, these breaches disrupt public services, threaten jobs, and weaken investor confidence.

Strengthening corporate governance to address digital risk is now an economic imperative. In 2019, Sir Donald Brydon recommended broadening the UK's corporate risk framework beyond financial concerns to include digital resilience. Other leading economies - such as the US, EU and key Asian markets - are taking the lead on creating pro-growth digital reporting requirements, recognising that trust in digital infrastructure is fundamental for firms seeking to adopt, innovate, and export new technologies.

It has now been over six years since Sir Donald's report, which built on the CMA and Sir John Kingman's

[1] State of Cybersecurity 2024: Global Update on Workforce Efforts, Resources, and Cyberoperations – ISACA (October 2024)

[2] YouGov research, commissioned by Howden (November 2024)

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findings, and yet these vital reforms remain incomplete. We have long supported your commitment to enacting these changes, including the announcement of an Audit Reform and Corporate Governance Bill in last year's King's Speech.

We are therefore concerned by recent speculation about potential delays and dilutions to this agenda. It is vital that, alongside legislating to give the UK's audit regulator enhanced powers, your Government enacts wider reforms to ensure the UK's largest companies are reporting on their resilience against digital as well as financial risks.

When it comes to the review of non-financial reporting, it is particularly important these reforms take forward Sir Donald's recommendation that large employers be required to regularly publish Resilience Statements, addressing short-, medium- and long-term risks, including cyber; and Audit and Assurance Policy Statements, explaining their approach to auditing these risks and requiring them to report on their internal auditing and other assurance capabilities.

Legislation in this area is long overdue. If designed effectively, reforms will accelerate technology adoption and enhance economic growth, missions we share with your Government. However, with other economies moving forward, delays risk not only economic harm but also reputational damage, making the UK a less attractive place to invest and scale new technologies.

We urge you to bring forward these reforms at speed and would welcome the opportunity to meet with you and your officials to discuss this issue further.

Yours sincerely,

Anne Kiem OBE, Chief Executive, Chartered Institute of Internal Auditors
Erik Prusch, Chief Executive Officer, ISACA
Sir Donald Brydon
Lord Harris of Haringey, Chair, National Preparedness Commission
Ciaran Martin, Professor of Practice, Blavatnik School of Government
Adam Leaver, Director, Audit Reform Lab, Sheffield University
Jean-Philippe Perraud, Chief Executive Officer, NEDonBoard (Institute of Board Members)
Sara Drake, Chief Executive, Chartered Governance Institute
Todd Thibodeaux, Chief Executive Officer, CompTIA
Catherine Howarth OBE, Chief Executive, ShareAction
Emma Philpott, Chief Executive Officer, IASME Consortium
Julia Graham, Chief Executive Officer, Airmic
Rt Hon Baroness Neville-Jones DCMG, Chair, Cyber Security and Business Resilience
Rob Dartnall, Chair, CREST UK Council
Dr Vladlena Benson MBE, Professor and Director, Aston Centre for Cyber Security Innovation
Adrian Jolly, Co-Founder, Institute of Corporate Resilience