



The millennial internal auditor



One of the greatest challenges facing internal audit is a skills shortage. Our [Risk In Focus 2018 report](#) found that evolving the function's skills and capabilities was, in the minds of chief audit executives (CAEs), a key topic for the profession, with many audit executives expressing concern that hiring to meet the changing demands of internal audit work was becoming more difficult. This skills and talent gap is supported by various other research, including from IIA Global.

This is compounded by a demographic pressure. By some estimates, millennials, the generation born between the early 1980s to the early 2000s, are already the majority generation in the workplace and by 2025 their share will rise from 33% to 75%.

This generation has been the subject of more debate and research than any before it, mainly in measuring and forecasting the potential impact on labour forces and how organisations should best hire these workers and accommodate their needs.

Little of this research has extended to the internal audit profession, but understanding how to staff an effective audit function with millennials (and soon Generation Z) that meets the assurance and risk mitigation needs of the board and audit committee, is no less pressing. And it will only become more likely that an CAE's next hire comes from the millennial talent pool.

While there is plenty of research into this generation's behaviours, traits and preferences, some of this does appear to be presumptuous. The conventional wisdom is that this cohort are less hardworking, less committed and require diligent appraisal. The extent to which this is actually borne out in the workplace is arguable and much research is limited in its interpretation.

For instance, it's commonly reported that millennials 'job hop'. While this may be true, it could be as much a function of their age and modern convention as it is a generational trait. People are expected to move around early in their career these days; indeed recruitment professionals advise this, in order for people to understand what they are good at, what they enjoy and to gain varied yet complementary experience before they settle into a career path.

Ultimately, CAEs must understand how best to attract talent into internal audit; manage, develop and make best use of that talent; and keep auditors satisfied in their jobs in order to deliver long-term value to the board and audit committee.

A sense of purpose

IBM's Institute of Business Value conducted research challenges a number of millennial myths and bears consideration. The survey found that, in many respects, this generation is not unlike those that came before it. For instance, Millennials, Gen X (the preceding generation) and baby boomers (the preceding generation before that) value in roughly equal measure making a positive impact on their organisations. Similarly, there appears to be no generational divide in desires to help solve social and environmental challenges, which remains a priority.



Source: IBM

From an audit perspective, it's important to give staff a sense of purpose. As an integral part of strong governance and the mitigation of risks that could damage a company's reputation and revenues, internal audit is a force for good. The function can help companies to operate more efficiently, safely and ethically by testing the effectiveness of controls and offering a fresh perspective on how the organisation is delivering in these aspects.

Millennials prefer to do business with corporations and brands with pro-social messages, sustainable manufacturing methods and ethical business standards. This is prompting businesses to think more carefully about their values, as well as supply chains and how they source goods and services. In turn, there is an expectation from many boards that internal audit should evaluate the extent to which these values and

policies are upheld in practice.

As such, there is a strong case to be made that internal auditors can help organisations to improve their governance around ethics, both externally and internally, and contribute to a fairer society. CAEs should be able to articulate this, nurture their team's sense of purpose and consider delegating to younger talent assignments from the audit plan that have an ethical or cultural angle in order to more fully engage them and make their work feels meaningful.

Lateral thinking and new audit applications

Ensuring younger staff feel valued doesn't have to stop at ethics, culture and making the corporate world a better place. Millennials are bringing a whole new skill set and mindset to the workforce that arguably meets the changing needs of audit functions.

Perhaps unsurprisingly, in an era where the likes of Facebook and Amazon have rapidly made billionaires of their founders, research indicates that millennials aspire to be entrepreneurs.

This is supported by the record number of start-ups that are being launched in recent years and there are plenty of examples of millennials solving problems and satisfying unmet demand in business through innovation.

CAEs should harness this enterprising spirit and lateral thinking, especially in light of the growing expectations of internal audit and the evolving nature of risk. For example, there is a case for making risk assessments and 'horizon scanning' exercises as collaborative as possible by including all audit team members; younger staff are likely to have insights into how newer, less familiar risks (e.g. the reputational risk of poorly conceived social media strategies) have damaged organisations. As the risk environment changes, fresh perspectives are hugely valuable in bringing to light potential pitfalls that may not have previously been considered.

Data, data, data

From a skills perspective, millennials are broadly considered to be technology- and data-savvy. Various forecasts project demand for data science capabilities and skills to soar over the coming years as organisations come to rely upon, and seek value from, data. As business operations become more data-centric (customer buying behaviours, granular cash flow analysis, predictive analytics in sales forecasting etc.), there is an increasing expectation that internal auditors are data-literate and can use analytics to improve assurance.

We have found evidence of best practice by institute members whereby data analytics have transformed audits from traditional judgement-based, sample-driven, manually intensive and reactionary processes to truly risk-based, real-time assessments. Indeed, data analytics has the potential to free up the time of internal audit by automating routine tasks, enabling more resources to be directed towards strategic and emerging risks that may otherwise be overlooked. Combining millennials' capacity for lateral, innovative thinking with their data prowess has the potential to make internal audit more effective and efficient, and assurance provision broader and deeper.

One common observation is that, since auditors have traditionally come from accountancy backgrounds,

their skill sets may be too narrow to be applied to internal audit's increasingly diverse remit. Therefore, it may be beneficial when hiring to take a 'skills-first approach'. Rather than seeking to hire a data-proficient auditor, for example, it may be more effective to advertise for candidates with the data skills that are currently missing in the organisation's internal audit function. Accordingly, the profession may be able to draw talented individuals with valuable skills who can undertake professional training in order to learn the ins-and-outs of auditing post-employment. Given the unique, holistic perspective that internal auditors have, with access to all areas of an organisation, a role in internal audit is ideal for younger candidates eager to apply their skills while also gaining diverse business experience.

In this way, there is a significant opportunity for internal audit to 'up its game' by making best use of the skills and expertise that not only millennials possess, but that the organisation's internal audit function may be lacking.

Further reading

[Risk in focus: Hot topics for internal audit 2018](#)

[IBM Institute of Business: Myths, exaggerations and uncomfortable truths - The real story behind Millennials in the workplace](#)