

How to attract high calibre talent into internal audit

People are crucial to the success of any business. The ability to attract top talent is one of the biggest challenges faced by organisations of all sizes in all sectors, and internal audit is no exception.

Yet as the internal audit function evolves, so too must its talent strategies. A modern internal audit department has to deal with issues such as an increasingly complex risk environment, digital innovation, regulatory changes and technological advances, so having the right talent on board to manage this is critical.

The business and risk landscape is changing fast, with new, diverse skill sets emerging as a result. Internal audit teams now need to consist of people with expertise in areas such as technology, data analytics, cyber security and privacy, as well as those with industry-specific knowledge, who are not only analytical and methodical, but also risk-focused and commercially-minded.

According to [KPMG's 2017 Global Audit Committee Pulse Survey](#), almost a third of respondents regarded additional expertise, especially in cyber security and technology, as particularly important, while [PwC's 2017 State of the Internal Audit Profession Study](#) found that 54% of agile internal audit functions have altered the mix of internal talent to place greater emphasis on emerging skill sets such as IT and data analytics.

Finding the best talent with the right mix of skills and experience is therefore critical, and a more strategic and future-focused approach is required if internal audit is to develop a talent pipeline, as well as raise its profile, be trusted advisors to the business, and meet stakeholder expectations.

Skills shortages

However, finding this unique skill set is far easier said than done, as high-performing talent is scarce. A survey by the IIA in 2015 found that 54% of internal audit executives blamed limited talent pools for the skills gaps in their audit teams.

A lack of skills is one of the biggest hurdles to overcome when attracting the right calibre of talent into internal audit. [PwC's 2016 State of the Internal Audit Profession Study](#) revealed that a shortage of talent was the top leadership challenge faced by CAEs, with just 13% of internal audit functions reporting that they perform very well at obtaining, training, and/or sourcing the right talent for their audits.

Meanwhile, recent research by Barclay Simpson found that just under half of CAEs feel under-resourced within the function, whilst almost three-quarters acknowledged difficulties with recruiting people with the right skills and experience.

The financial services sector in particular has been suffering from a critical talent shortage for some time. According to [PwC's 2017 CEO Survey](#), 72% of financial services CEOs view the limited availability of skills as a key threat to business growth.

Internal audit can frequently be under-resourced, partly due to cost constraints, particularly in central and

local government as well as smaller businesses. With increasing demands placed on internal audit departments, and the costs of recruiting internal auditors with the right mix of core and specialist skills also rising, this can present significant challenges.

The **PMI Talent Triangle**, developed by Project Management Institute, sets out the ideal skill set required by companies looking to stay relevant and competitive in today's complex global marketplace. This skill set is a combination of technical, leadership, and strategic and business management expertise, so it's important for CAEs to ensure they cultivate not just technical expertise, but leadership and business management too, if they are to meet long-term strategic objectives.

The PMI Talent Triangle®



The ideal skill set — the Talent Triangle — is a combination of technical, leadership, and strategic and business management expertise.

Source: Project Management Institute

It is therefore vital that CAEs have robust, long-term talent acquisition strategies in place to ensure they attract the right talent with the required skills and expertise to fulfil the department's objectives both now and in the future.

Developing a great reputation

One barrier to attracting top talent could be how internal audit is perceived. Whilst many candidates view a career in internal audit as a great entry point into the industry, giving them the opportunity to develop business acumen and mingle with senior stakeholders, there is also a negative perception that internal audit roles can be limited and stagnant, with long hours and too much travel.

In addition, larger internal audit departments often experience high staff turnover rates, so it's important to create an environment where people want to work. To attract high-calibre talent, the internal audit function must have a good reputation, and be perceived by others as dynamic and modern, with opportunities for career progression.

It's therefore up to CAEs to champion their department by promoting its unique values and opportunities, and sell the function both internally and externally, so that prospective talent recognises that internal audit is a great career, and that internal audit within their business is a great place to be.

To do this, it's important to work on establishing a good reputation and company culture. External candidates can use their networks to gain insight into what it's really like to work in the function, so ensure existing employees are engaged and motivated, as they can become brand ambassadors who will help promote both the department and company.

It's also important to have a great employee value proposition (EVP) so that prospective talent can clearly see the value in working for the business. This could include work-life balance, career development opportunities, competitive salaries, recognition and reward, and so on.

The millennial generation

Another reason why organisations need to think more strategically about acquiring talent is the changing demographics of the workforce. As baby boomers retire, and an increasing influx of millennials step into the roles left behind, organisations must consider how to best recruit and retain the younger generation, taking into account their differing goals, expectations and career aspirations, compared to their older counterparts.

Forward-thinking internal audit functions will therefore be looking to harness the skills and expertise of this tech-savvy generation, whilst meeting their needs for a more flexible working environment with opportunities to grow, learn and progress in their career. As such, it's essential that internal audit functions develop new strategies designed to attract and retain young talent.

Talent strategies for the future

So, how exactly can talent strategies evolve to bridge the skills gap and ensure the internal audit function is forward-focused and aligned to business needs and objectives?

CAEs first need to ensure they have a clear understanding of any new skills required to meet current and future demands. Work with human resources and other business units to ensure talent strategies are aligned and skills gaps are identified.

Next, think about different ways to source talent. Over and above more traditional recruitment methods, such as recruitment agencies, LinkedIn, online job boards and guest audit programmes, consider options such as recruiting from industry rather than practice, encouraging internal moves from within the finance or operations department, or using new technologies and other social media platforms to engage and attract millennials.

It's also worth widening the net beyond traditional internal audit talent to attract more diverse skill sets to match evolving needs and risk areas, especially when it comes to technology skills.

Data analytics must also form part of an CAE's talent strategy. Internal auditors will know that data analytics is one of the major topics currently on the internal audit agenda, and the use of meaningful metrics to provide evidence and assurance to senior stakeholders.

Yet it's also critical when recruiting and retaining top talent. In a recent article in *The Times*, Andre Robberts from SAP stressed the importance of using data analytics to make sound talent decisions and identify the very best talent, to ensure an organisation's people are aligned more closely to business objectives. Data analytics is therefore an important discussion point between both the internal audit and human resources function, to ensure the business attracts high-calibre talent.

Differences between sector, size and location

Each internal audit department will face different talent challenges, depending on the size of the organisation, the sector in which they operate and where they are located.

For instance, larger businesses are more likely to experience ongoing change in the skills needed in internal audit roles, while small firms may find it difficult to compete with large corporate brands that may be more attractive to top talent.

The war for talent may also be felt more distinctly in the private sector, perhaps due to the growing demand for technical skills that are scarce in the labour market. On the other hand, budget cuts and pay freezes in the public sector will present significant challenges when attracting the right talent.

According to a [2017 report by the Chartered Institute of Personnel and Development](#), public sector organisations were more likely to report difficulties filling professional or specialist positions than those in the private sector; while private sector organisations were more likely than those in the public sector to say that they will develop more talent in-house, plus they were more likely to plan increases to their recruitment and talent management budgets in 2017-18.

Geographical location can also make a difference when recruiting top talent. [Recent research by the Higher Education Statistics Agency](#) revealed that London retains 77% of its graduate talent, while Birmingham holds on to just 49% of its graduates, indicating that regional employers outside of London and the south-east may have more difficulties attracting young talent to their organisation. In Scotland, however, there are no tuition fees for Scottish nationals, meaning Scottish universities attract a more local student catchment and retain a higher proportion of graduates.

Yet, whether an audit department has a team of 5 or 500 internal auditors, or is working in the public or private sector, one thing they all have in common is the need to attract the best possible talent to help the function increase its value contribution, become more agile, and address the company's ongoing risks and needs.