



DIVERSITY

WITHIN INTERNAL AUDIT

IAC

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THE DIVERSITY SURVEY

BACKGROUND

It's no secret that internal audit roles have historically been dominated by men, and by individuals from similar backgrounds. According to a study from the Chartered Institute of Internal Auditors (IIA) titled "Women in Internal Audit: Perspectives Around the World," females represent a smaller percentage of the workforce in every single region except North America. In fact, just 42% of Chartered IIA members are women and of FTSE 350 Chief Audit Executives it's believed that only 30% are women.

However, the gender imbalance that exists in the sector is not the only area where the industry is struggling to create a truly inclusive environment. Today, diversity in business requires an approach that encompasses true cognitive diversity - differences in lifestyle, culture, political beliefs and thinking.

IAC has carried out primary research to find out first hand about diversity within the Internal Audit sphere. We surveyed two groups; **IA Teams** and **IA Leaders**. IA Teams are auditors up to Senior Manager Level and IA Leaders are Directors, Heads of Audit and above. The survey was carried out between 7th and 30th October 2020 across our global internal audit network

Please do [get in touch](#) if you have any questions.



SUMMARY

43% of IA Teams think diversity is a barrier to progression vs. 15% of IA Leaders

Within both IA Teams and IA Leaders, there is a Male dominance.
However, within the IA Teams **24-34 age group, Female's out number Males**

Only **15% of IA Leaders** would **relax education requirements** in order to reduce bias

Female IA Leaders are **10% less** likely to be a Mother/Carer vs. Females within IA Teams

There is **wider diversity of different ethnicities within IA Teams** than IA Leaders



RESULTS

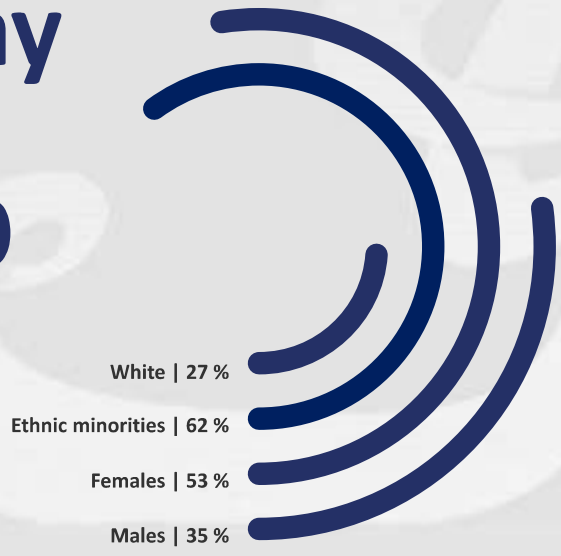
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IS DIVERSITY A BARRIER TO PROGRESSION WITHIN INTERNAL AUDIT?

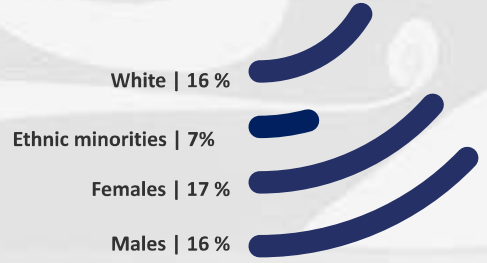
YES say
43%

IA TEAMS
strongly agree/agree
that diversity is a
barrier to progression
within IA



YES say
15%

IA LEADERS
strongly agree/agree
that diversity is a
barrier to progression
within IA



WHAT OUR CONSULTANTS SAY:

Results suggest a disparity between IA team members and IA Leaders with ethnic minorities and Females facing more barriers than Whites or Males in the profession.

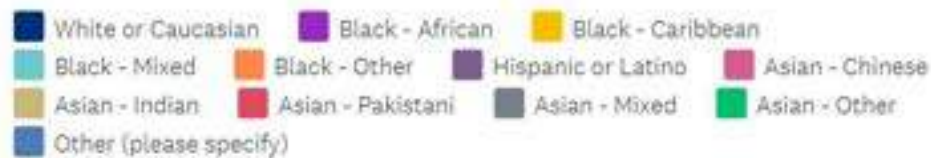
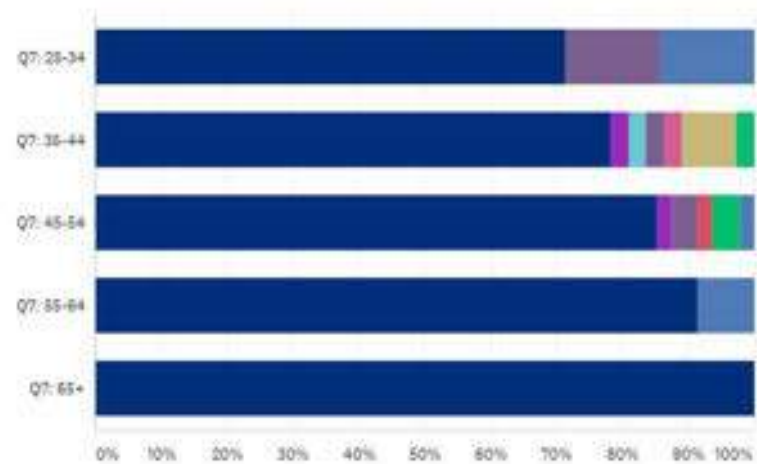
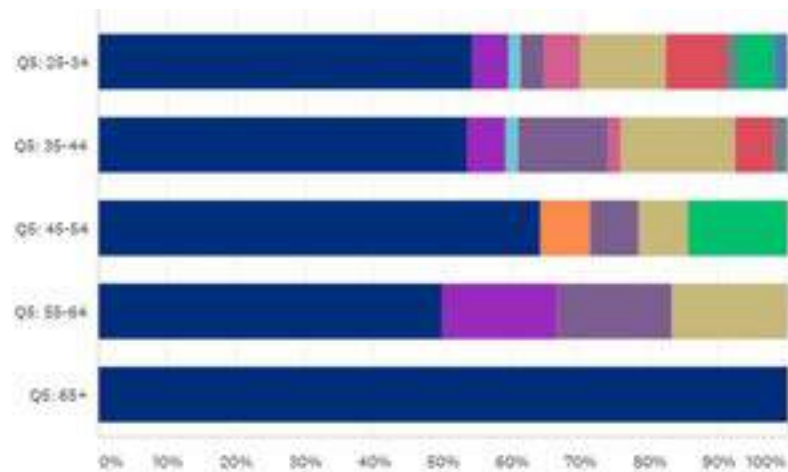
Does this suggest that leaders don't fully understand the challenges that some auditors face today, in regard to their progression?

Should leaders do more to help progress people in their team?

THERE IS WIDER DIVERSITY OF DIFFERENT ETHNICITIES AMONG IA TEAMS THAN IA LEADERS

IA TEAMS

IA LEADERS



WHAT OUR CONSULTANTS SAY:

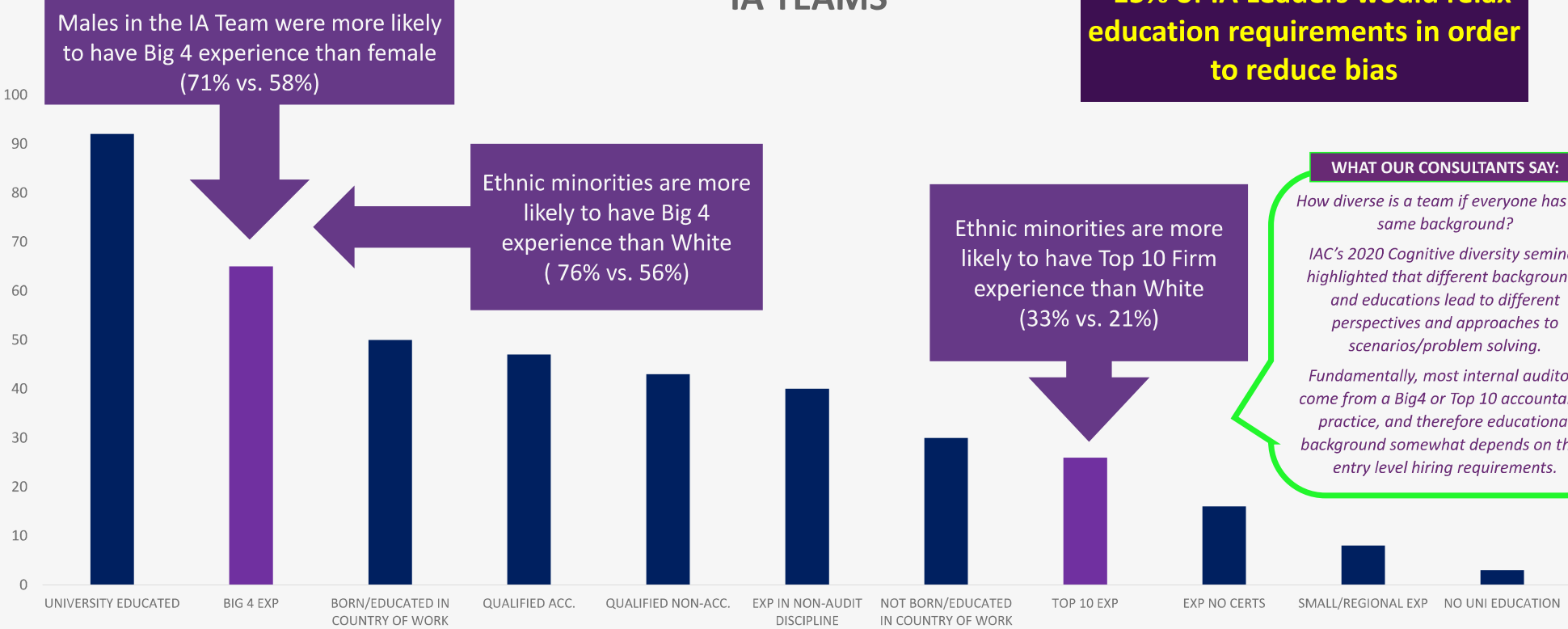
Could this difference between team and leadership ethnic minority representation be a direct impact from the lack of diversity at Board and CFO/ CEO levels?

Is this an issue directly correlated to the Internal audit profession or a wider corporation issue?

WHEN LOOKING AT EXPERIENCE & EDUCATION WITHIN IA TEAMS, 92% HAD A UNIVERSITY EDUCATION AND JUST 3% DID NOT*

IA TEAMS

***15% of IA Leaders would relax education requirements in order to reduce bias**



WHAT OUR CONSULTANTS SAY:

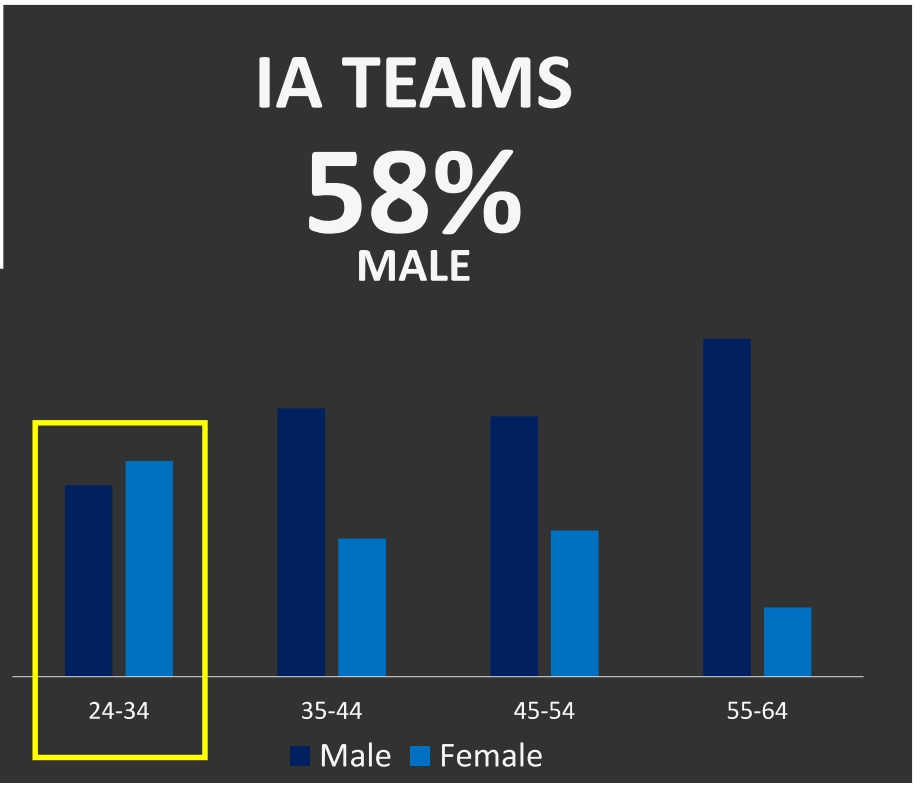
How diverse is a team if everyone has the same background?

IAC's 2020 Cognitive diversity seminar highlighted that different backgrounds and educations lead to different perspectives and approaches to scenarios/problem solving.

Fundamentally, most internal auditors come from a Big4 or Top 10 accountancy practice, and therefore educational background somewhat depends on their entry level hiring requirements.

WITHIN BOTH IA TEAMS AND IA LEADERS, THERE IS A MALE DOMINANCE. HOWEVER, WITHIN THE IA TEAMS **24-34 AGE GROUP**, FEMALES OUT NUMBER MALES

IA LEADERS
67%
MALE



WHAT OUR CONSULTANTS SAY:

Data suggests a decrease in Female representation as age increases.

From talking to candidates about their careers, it's likely this could be due to travel requirements in an audit function, lack of part-time opportunities in the internal audit profession, and perhaps also motherhood.

Is the perception in internal audit still that you must travel, to an extent that juggling career and parenthood is not possible?

Are enough Females asking their leaders for flexibility on travel in order to remain in the profession?

In turn, are leaders supporting this when the request is made?

FEMALE IA LEADERS ARE MUCH MORE LIKELY TO HAVE DIVERSITY IN MIND WHEN THEY ARE LOOKING TO RECRUIT FOR THEIR TEAM THAN MALE COUNTERPARTS.

Ethnic minority IA Leaders less likely to 'always' consider diversity than White counterparts

65%
of IA Leaders 'always' consider diversity when recruiting for their team
86% 'always/usually' consider diversity when recruiting for their team

WHAT OUR CONSULTANTS SAY:
Have more Females than Males witnessed or experienced diversity as a barrier to their careers, and therefore are more aware when recruiting?
We can see the majority of IA Leaders actively consider diversity in their recruitment process, a positive sign of things to come.

87% vs. 85%
ETHNIC MINORITIES vs. WHITE
'always/usually' consider diversity when recruiting for their team.
However, only 53% of IA Leaders within Ethnic minorities 'always' consider diversity vs. 68% of White respondents.

77%
of Female IA Leaders 'always' consider diversity when recruiting for their team vs. 59% of men

FEMALE IA LEADERS ARE MORE LIKELY TO HAVE AN EVEN GENDER SPLIT WITHIN THEIR TEAM THAN MALES

MALE IA LEADERS

SAY THEIR TEAM IS

38%

FEMALE

FEMALE IA LEADERS

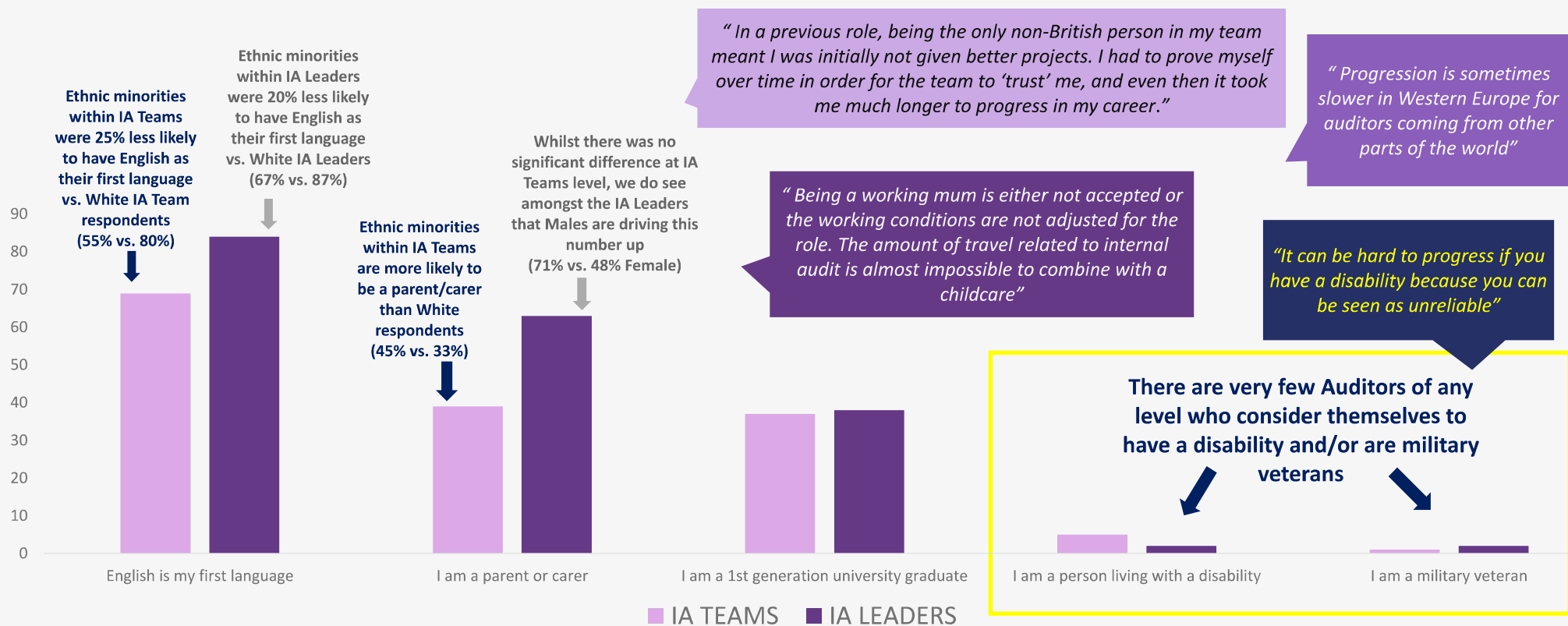
SAY THEIR TEAM IS

52%

FEMALE

71% OF MALE IA LEADERS ARE PARENTS/CARERS VS. 48% OF FEMALE IA LEADERS

(NO SIGNIFICANT DIFFERENCE WITHIN IA TEAMS)





**FEMALE IA LEADERS ARE 10% LESS
LIKELY TO BE MOTHERS/CARERS VS.
FEMALES WITHIN IA TEAMS**

**MALE IA LEADERS ARE 31% MORE
LIKELY TO BE FATHERS/CARERS THAN
MALES WITHIN IA TEAMS**

WHAT OUR CONSULTANTS SAY:

Do findings support the fact that maternity leave and motherhood affects progression for Females, and not for Males?

We are interested to see how this changes in the future, with Males taking more shared parental leave and with fathers being less keen to travel than in previous years.

Is this a wider issue where organisations need to improve paternity leave packages and better support mothers returning to their careers?

Perhaps this is also a societal issue which may change in the future with younger generations taking a different approach to childcare.

25%

OF IA TEAMS DID NOT IDENTIFY WITH ANY RELIGION

TOP 2 RELIGIONS:

CHRISTIANITY 30%
CATHOLICISM 25%

36%

OF IA LEADERS DID NOT IDENTIFY WITH ANY RELIGION

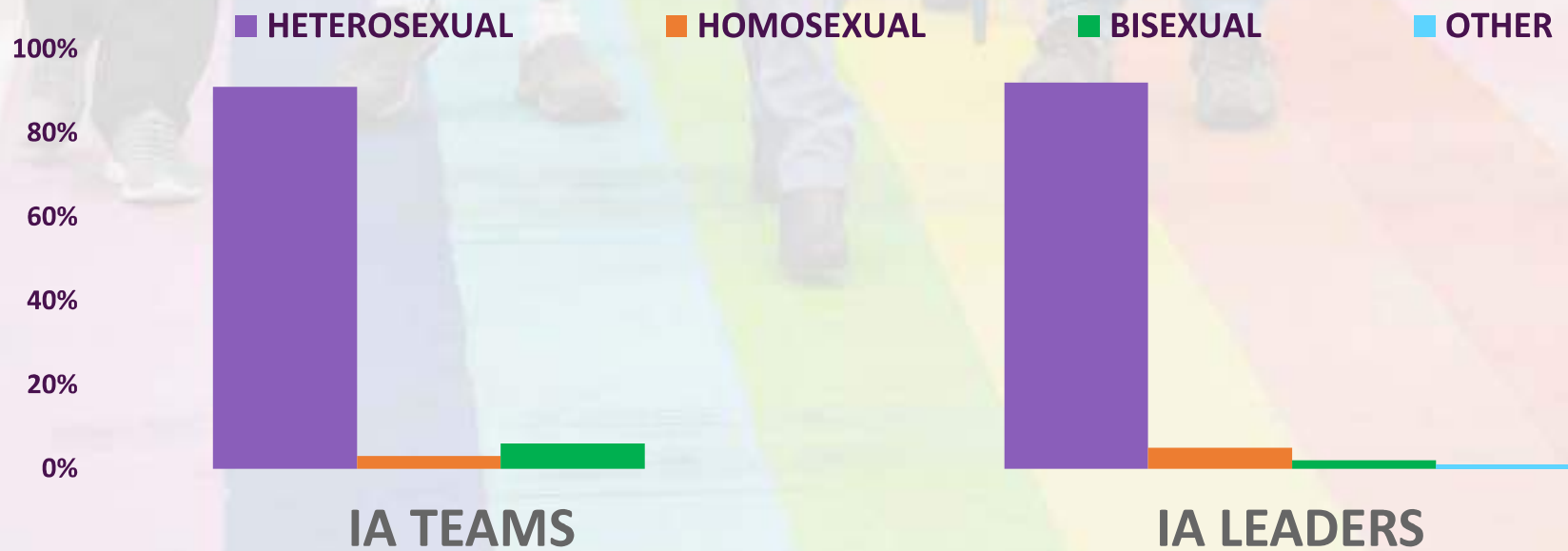
TOP 2 RELIGIONS:

CHRISTIANITY 31%
CATHOLICISM 19%

vs. for example, the national average of England which is 25%*

92% OF INTERNAL AUDITORS SURVEYED IDENTIFY AS HETEROSEXUAL

(V.S FOR EXAMPLE, THE UK NATIONAL AVG. 95%*)



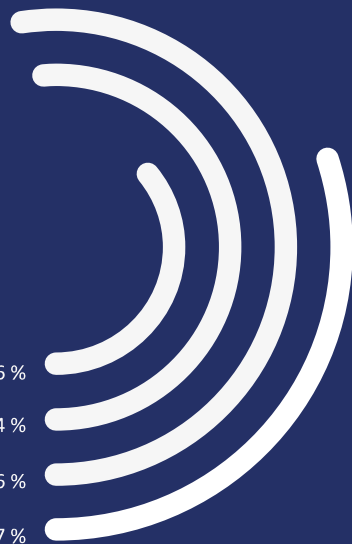
HAVE YOU **WITNESSED** OR HAD **FIRST HAND EXPERIENCE** OF DIVERSITY AS A BARRIER TO PROGRESSION WITHIN INTERNAL AUDIT?

39%

IA Teams say

YES

White | 26 %
Ethnic minorities | 54 %
Females | 56 %
Males | 27 %



13%

IA Leaders say

YES

White | 9 %
Ethnic minorities | 33 %
Females | 17 %
Males | 11 %



WITNESSED EXAMPLES OF DIVERSITY BEING A BARRIER TO PROGRESSION WITHIN INTERNAL AUDIT

IA TEAMS

"I have already witnessed the case of a woman who despite being the best asset within the internal audit department never got promoted over a seven-year period. She happened to be British but she was not native."

"I believe that not being a native English speaker has some level of influence when it comes progress within internal audit departments."

"Old boy network and I have seen people isolated for not drinking alcohol or socialising in a particular way."

"In BiG4 for a female colleagues (who started a family) career progression was slower than for male colleagues."

"In most roles I have worked in, all the people who have been promoted have been white, Born in UK. In some instances, fewer years of IA experience and no certifications. I have worked in many organisations and have witnessed this a lot."

IA LEADERS

"Reluctance in Big4 to accommodate religious practice, reluctance to promote due to language skills"

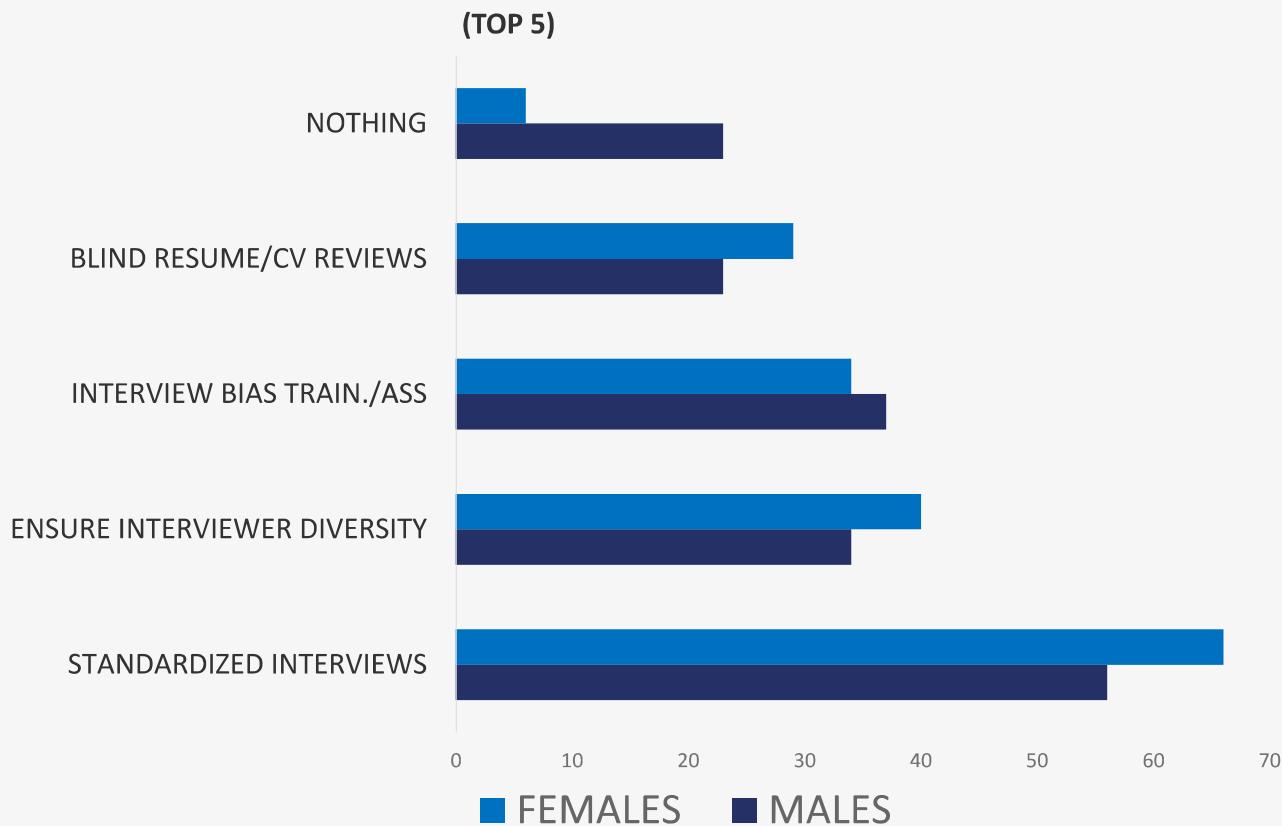
"Bias in favour of Big 4 experience and educational background, regardless of proven career achievements."

"Exposure to Audit Committee and Executive Leadership is preferred to resemble the diversity of Board and Executives and if there is no diversity there it does make it to the IA function either."

"Been discriminated against for being a gay man at both interview stage (told that I would not fit into the team) and for promotion earlier in my career. I was told that gay men were not tough enough to be CAE."

"In previous companies i have often noted that promotions are consistently given to individuals who look, talk and have a similar background to senior staff irrespective of whether they may be lower performing than other capable colleagues."

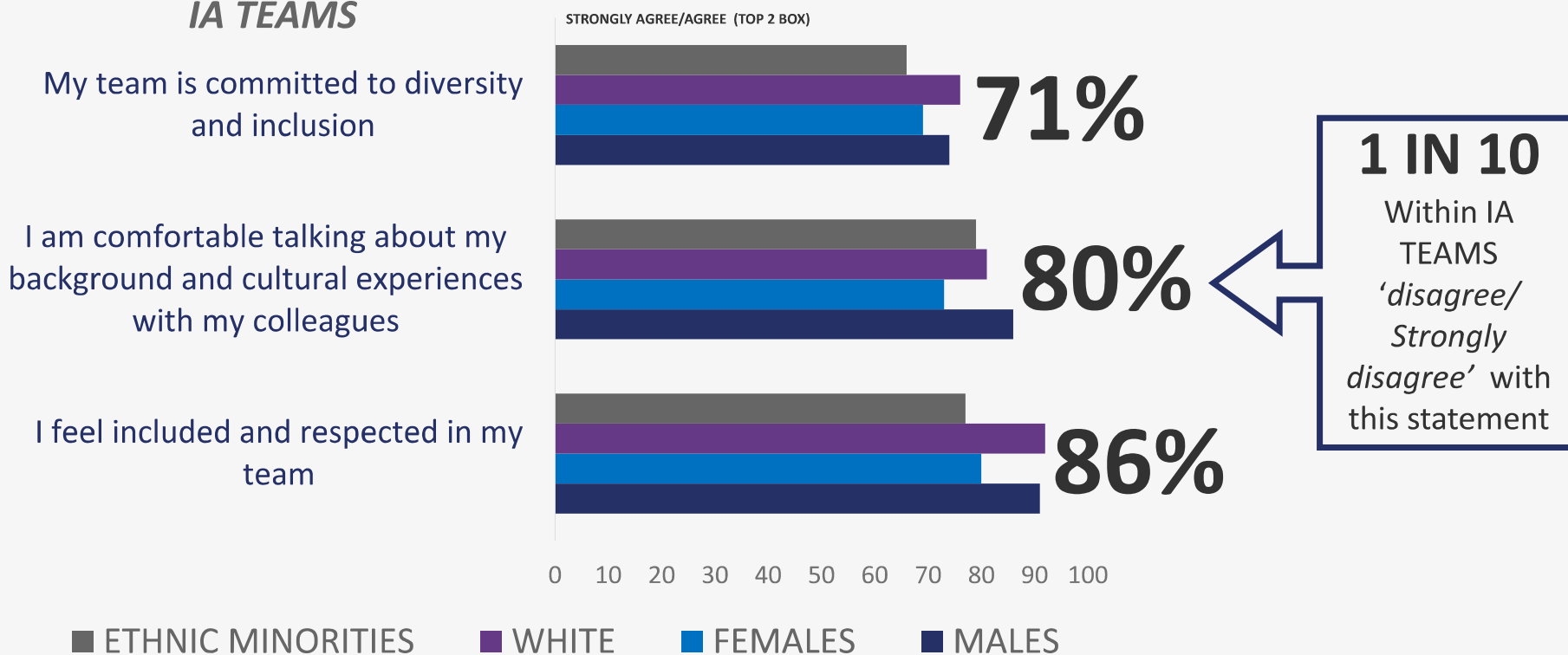
HOW DO IA LEADERS CURRENTLY REDUCE BIAS IN THEIR RECRUITMENT PROCESS?



Overcoming unconscious bias in the workplace, and particularly during recruitment, is crucial to ensure that internal audit roles are fairly represented. Experiments have shown that the brain categorises people by race in less than one-tenth of a second, which is about 50 milliseconds before determining sex. Being aware of this, and understanding how this can influence decisions when it comes to recruitment, promotion or performance management, will ensure that managers are making choices based on skills rather than societal judgements.

WHAT DO IA TEAMS RESPONDENTS THINK AND FEEL ABOUT DIVERSITY IN THEIR WORK PLACE?

IA TEAMS



FIN

WHERE DOES INTERNAL AUDIT GO FROM HERE?

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A person wearing a bright yellow hooded jacket and blue jeans is sitting on a dark, rocky mountain peak. They are looking out over a vast, deep blue fjord that winds through the landscape. The sky is filled with soft, white clouds, and the overall scene is one of a high-altitude, scenic mountain environment.

CONTINUE TO INCREASE DIVERSITY BY...

HAVING FLEXIBLE WORKING PRACTICES

By leveraging the collaborative software now available, businesses can allow their internal auditors to work outside of the office with ease. This enables firms to access more diverse talent pools as they can now offer people with disabilities, caring responsibilities and those who are unable to commute the opportunity to work remotely. Flexible practices such as part-time or the option to work outside of the typical nine-to-five office hours where feasible also allows individuals to have the work-life balance needed, which may be more important to certain groups than others.

CREATING RETURNSHIPS

Back to work schemes which are also known as 'returnships' are another excellent way to ensure that internal auditors from all walks of life have the opportunity to find meaningful roles, and the chance to climb the ladder. Many people, like mothers and those who had to take on caring responsibilities, are forced to take a break. These individuals may need assistance and support to get back into the corporate world, making returnships the perfect bridge.

BEING AN INCLUSIVE EMPLOYER BRAND

Creating and nurturing an inclusive employer brand will help your business attract more interest from varied candidates. You can promote this by sharing your company's values and diversity focussed stories on social media channels, your firm's website and through the engagement you have with employees and potential workers.

Creating a diverse and inclusive workforce is not only the 'right' thing to do, but also the best thing to do for business. Having a team which encompasses a range of skills, capabilities and ways of thinking will allow companies to have a more creative and well-rounded approach to solve problems.

WHY IS CREATING A DIVERSE INTERNAL AUDIT SECTOR IMPORTANT?

Building a diverse and inclusive workforce is now a business priority for a growing number of organisations around the world. This is perhaps unsurprising given the numerous data available now on the impact diversity has on profits.

Over the last few years there have been numerous reports published that detail the correlation between a workforce's make up and bottom line results. For example, McKinsey's "Why diversity matters report," reveals that companies in the top quartile for ethnic diversity at the executive level are 33% more likely to have above-average profitability than those in the bottom quartile. The same goes for gender diversity, with firms in the top quartile for gender diversity being 21% more likely to have above-average profitability than companies in the bottom quartile.

LAST THOUGHT...

We live in a melting pot of different religions, cultures and backgrounds. To truly deliver an excellent service, it's important that internal auditors reflect their diverse clientele. Increasing the number of professionals that represent all walks of lives in internal audit will help the sector evolve, while also delivering better results.

TO FIND OUT MORE ON HOW EMPLOYERS CAN CREATE GREATER DIVERSITY IN AUDIT ROLES, [GET IN TOUCH](#) TODAY.