

BARCLAY
SIMPSON

2022 Barclay Simpson Salary & Recruitment Trends Guide

Internal Audit

www.barclaysimpson.com



Contents

Factors impacting hiring in Internal Audit	03
Permanent recruitment trends	05
Contract recruitment trends	07
Salary and bonus trends	09
Salaries for Internal Audit	10
About Barclay Simpson Internal Audit Services	13

Key factors affecting internal audit recruitment

UK starting salaries increased at record pace in March 2022, with ongoing candidate shortages being the **only constraint on hiring activity** that remains extremely strong by historic standards.

The internal audit recruitment landscape closely reflects these national trends, but there are also a number of other factors that are influencing hiring decisions within the profession.

Realignment of skillsets

A recent global Gartner study revealed that inadequate IT auditing will be among the top challenges that audit leaders face in 2022. More than half (53%) of chief audit executives cited this as an area of concern, with similar proportions highlighting a **lack of assurance** over cyber security and data analytics applications.

Our consultants are reporting similar trends in the UK. The demand for more technical capabilities within internal audit is therefore leading to a broad realignment in the composition and skillsets of many teams.

For example, we are seeing more small and medium-sized departments recruit their first ever

IT auditor, while others continue to expand their abilities in this area with additional hires. Some firms are also recruiting data scientists directly into the function to support their ever-evolving analytics requirements.

The rise of flexible working

Since the pandemic, candidates have been more reluctant to accept positions where regular travel is required. Our polling suggests that up to a third of internal audit professionals would prefer fully remote, zero-travel roles, while 23% say a better work-life balance is their primary reason for looking to switch jobs.

As such, hybrid working arrangements are beginning to challenge conventional attitudes to commuting for a London-based job. For example, candidates based in regional centres such as Birmingham, Edinburgh, Manchester and Leeds would not usually have considered roles if they had to be in a London office five days a week.

These positions are now far more feasible under hybrid structures where only one or two days in the office might be required. Internal auditors can therefore theoretically earn a London salary living

much further afield, which is already having a ripple effect, creating upward pressure on local market salaries.

Preparing for UK SOx

At the time of writing, we are still awaiting further legislative clarity on a proposed UK version of the US Sarbanes-Oxley (SOx) internal controls reporting regulations.

How closely UK SOx follows in the footsteps of its US counterpart is yet to be seen, and it will likely be finance departments spearheading the transformation projects necessary to comply with any new internal controls regimes.

Nevertheless, internal audit departments are already preparing for how the changes could affect their remit, with employers expressing growing interest in candidates who have experience with US SOx or similar frameworks.

Organisations will need assurance that their new internal controls environments are robust and fit for purpose, and we expect demand for these skillsets to continue to rise as more details emerge of UK SOx.

Diversity and inclusion

Many organisations are on a journey to make their workplaces fairer and more representative, and our research shows that the majority are confident they are succeeding.

Approximately three in four (73%) employers of audit professionals say they have an adequate culture of diversity, equality and inclusion (DEI). Meanwhile, 79% agree their HR processes are effective at ensuring equality of progression and reward for protected characteristics such as gender, ethnicity and disability.

There is always room for improvement, however, and we believe internal audit is in a unique position to not only assess how businesses are performing on DEI, but also advise on ways to improve. In fact, DEI will be a key area of either risk or opportunity for internal audit teams in 2022, according to **Deloitte**.

Internal Audit leaders believe the following would best support their organisation's DE&I efforts



Build an inclusive company culture: **50%**



Increase representation in managerial leadership: **42%**



Pay attention to pay equity: **40%**



Build a fair hiring process: **31%**



Offer DE&I education: **30%**

Source: Barclay Simpson Salary Survey Data

Permanent recruitment trends

Demand for internal auditors is currently at an all-time high, with employers finding it increasingly difficult to attract and retain the right people in an extremely competitive recruitment landscape.

Our data revealed that organisations almost universally (98%) agree that hiring is challenging, with 53% saying it is 'very' challenging. Salaries remain a key hurdle, as two-thirds of respondents cited compensation expectations as a key factor preventing them from hiring. Candidates lacking the necessary technical or regulatory knowledge was another commonly cited issue (51%).

"The level of demand for internal auditors is beyond anything any of us has ever seen. Salaries are therefore escalating at quite a rapid pace, with some candidates receiving base salary increases of 15 to 20% when moving roles,"

says Russell Bunker, Director of Barclay Simpson's Audit Division.

"In truly exceptional cases, this can go as high 30%."

Against this backdrop, an overwhelming 97% of candidates feel confident about the current

state of the market. And with considerable salary increases on offer, it's perhaps no surprise that better remuneration is a prime motivator among jobseekers. More than four in ten professionals ranked this as their main reason for seeking a new role.

Are priorities changing?

Prior to the pandemic, **50% of candidates** we polled said career development was the main reason for seeking a new role. However, our latest survey data shows this figure has nearly halved to 26%.

This suggests a post-pandemic shift in attitudes. There are now almost as many audit professionals prioritising a healthy work-life balance as there are putting career progression first (23% versus 26%, respectively).

Indeed, nine out of 10 candidates say that remote working is a key consideration when thinking about whether or not to accept a job offer.

In a candidate-driven market – where only 15% of employers feel salary expectations are very aligned with their company's bandings – flexible working could become a key battleground in the war for talent.



99% of employers find it challenging to find skilled talent today

97% of candidates are confident in the current job market

Source: Barclay Simpson Salary Survey Data

Top 5 reasons for seeking a new role



1. Remuneration



2. Career development



3. Better benefits



4. Job security



5. Work-life balance

Source: Barclay Simpson Salary Survey Data



Contract recruitment trends

Interim staff continue to be an essential resource for many internal audit departments. Our research shows half of employers supplement their teams with contract or temporary workers.

Of these, 56% rely on interim staff either for specific project work or subject matter expertise. A situation that is becoming more common is organisations utilising contractors to help them with their UK SOx preparations.

They typically want a contractor with US SOx or similar experience who can act as a conduit between their business and any consulting firms they have enlisted to set up their new internal controls environments.

Aside from project work and subject matter expertise, the most commonly cited reasons for needing skilled contractors is absence cover (21%) and BAU assistance to cope with increased workloads (12%).

The impact of IR35

The internal audit contractor market is continuing to adapt to changes in IR35 regulations, which have now been in place for a year.

Employers took various approaches initially, although the most popular choice

(38%) was to deem all contractors as 'inside IR35'. Other businesses preferred to make case-by-case determinations on individual contractors and engagements (32%), while a sizeable minority used umbrella companies to manage the status of interim staff (17%).

When the changes first came into force, some employers sought to hire interim staff on fixed-term contracts. This position has become increasingly untenable as talent shortages deepen and day rates start to climb.

“Candidates see fixed-term contracts as a lose-lose situation. They don't get the security that a permanent position provides or the financial incentive that contracting roles typically offer;”

says Andrew Whyte, Associate Director and Head of Interim at Barclay Simpson.

Ultimately, only 4% of organisations say they have missed out on a desired contractor because of IR35 changes. But our consultants are reporting that skilled professionals have moved into permanent roles due to the reforms, which could have long-term consequences for the market.

How have the new IR35 Regulations impacted candidates?

50% Have increased rates for 'inside' roles

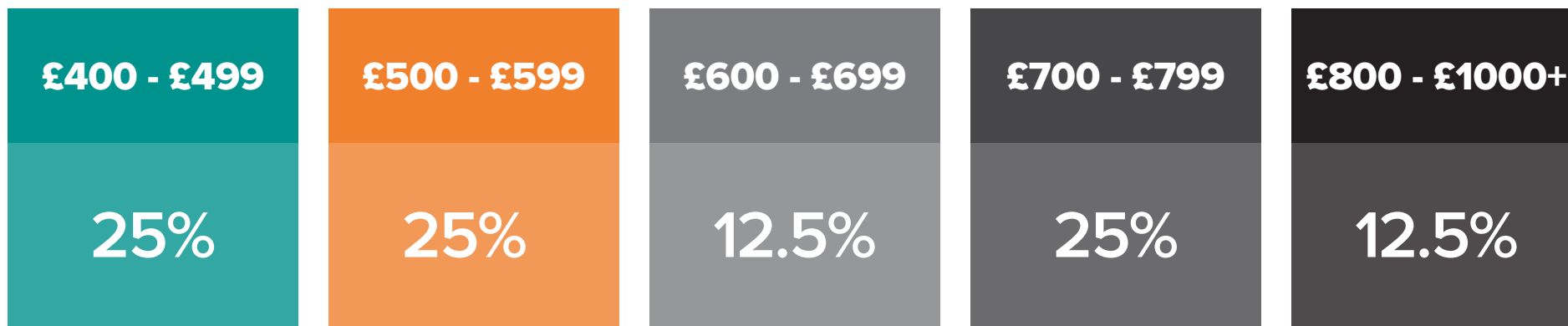
25% Will only consider 'outside' roles

12% Have turned down an 'inside' role

12% Have looked/opted for permanent roles

Source: Barclay Simpson Salary Survey Data

Current daily rates for contract internal audit professionals



Source: Barclay Simpson Salary Survey Data



Salary and bonus trends

Fierce competition within internal audit recruitment is driving up salaries across the board. This is occurring both in London and regionally, as well as at all levels of seniority.

"In the Midlands, for example, we're seeing recently qualified candidates expecting circa £50K a year. That's an uplift of approximately 15%, which is a big shift for an area outside London,"

says Adam Hair, Senior Consultant at Barclay Simpson.

Notably, a number of large financial institutions are also moving jobs from London and other areas in the South of England to Scotland, particularly Edinburgh and Glasgow. This trend has further magnified starting salaries for internal audit candidates in these locations.

And while employers intend to pay existing staff 4% more on average in 2022, it is not uncommon for candidates to secure a starting salary in a new role that is 15% higher than what they previously earned. Offers may even be 25-30% above an individual's existing salary, although this is rare and often due to special circumstances.

In banking, Citigroup's mass hiring of internal auditors over the last year has been a key contributing factor in rising salaries.

"Citi's recruitment drive means that other banks are not only having to increase salaries internally to keep hold of their top talent, but they're also paying much more when they need to bring new people in,"

says Jack Pyle, Senior Consultant at Barclay Simpson.

In terms of bonuses, we are seeing wide variations in what organisations are offering, ranging from zero to full bonus, as well as 'stretch' bonuses.

Sector often plays a key role, with wealth managers and big banks continuing to offer the largest bonuses. However, the impact of Covid-19 on an organisation's performance has also affected bonus packages, irrespective of industry.

Overall, nearly two-thirds (64%) of employers have confirmed they intend to offer bonuses over the coming 12 months.



Salaries

Our salary guide tables provide indicative base salary ranges for positions in our specialist areas across locations which provide enough data to give meaningful figures. They are not comprehensive. If you cannot find a salary for your role, or a role you wish to benchmark, please email bs@barclaysimpson.com or call 020 7936 2601 for specific guidance.

Public practice (Big 4, Top 10)

Area	Internal Auditor 1-3 yrs	Senior Auditor 3+ yrs	Audit Manager 7+ yrs	Senior Manager 10+ yrs	Director 15+ yrs
London	£25,000 - £48,000	£48,000 - £60,000	£55,000 - £75,000	£75,000 - £130,000	£95,000 - £200,000+
South East	£25,000 - £45,000	£40,000 - £55,000	£50,000 - £70,000	£65,000 - £110,000	£87,000 - £140,000+
South West	£22,000 - £40,000	£38,000 - £50,000	£52,000 - £66,000	£61,000 - £84,000	£82,000 - £120,000+
Midlands	£23,000 - £38,000	£36,000 - £53,000	£55,000 - £68,000	£62,000 - £85,000	£83,000 - £130,000+
North West	£22,000 - £36,000	£36,000 - £53,000	£54,000 - £66,000	£62,000 - £85,000	£82,000 - £120,000+
North East	£21,000 - £35,000	£35,000 - £50,000	£53,000 - £65,000	£60,000 - £80,000	£80,000 - £115,000+
Scotland	£22,000 - £36,000	£38,000 - £52,000	£54,000 - £65,000	£62,000 - £84,000	£80,000 - £120,000+

Not for profit

Area	Internal Auditor 1-3 yrs	Senior Auditor 3+ yrs	Audit Manager 7+ yrs	Senior Manager 10+ yrs	Director 15+ yrs
London	£25,000 - £44,000	£40,000 - £55,000	£50,000 - £70,000	£65,000 - £90,000	£80,000 - £110,000+
South East	£25,000 - £42,000	£40,000 - £50,000	£50,000 - £64,000	£60,000 - £85,000	£78,000 - £100,000+
South West	£22,000 - £40,000	£36,000 - £48,000	£52,000 - £65,000	£61,000 - £82,000	£82,000 - £90,000+
Midlands	£23,000 - £40,000	£30,000 - £49,000	£35,000 - £65,000	£50,000 - £85,000	£60,000 - £90,000+
North West	£23,000 - £40,000	£30,000 - £49,000	£35,000 - £65,000	£50,000 - £85,000	£60,000 - £90,000+
North East	£23,000 - £40,000	£30,000 - £49,000	£35,000 - £65,000	£50,000 - £85,000	£60,000 - £90,000+
Scotland	£23,000 - £40,000	£30,000 - £49,000	£35,000 - £65,000	£50,000 - £85,000	£60,000 - £90,000+

Corporate and investment banking

Area	Internal Auditor	Senior Auditor	Audit Manager	Senior Manager	Director
London	£40,000 - £50,000	£60,000 - £80,000	£75,000 - £100,000	£85,000 - £130,000	£120,000 - £250,000+

Insurance

Area	Internal Auditor 1-3 yrs	Senior Auditor 3+ yrs	Audit Manager 7+ yrs	Senior Manager 10+ yrs	Director 15+ yrs
London	£30,000 - £50,000	£58,000 - £80,000	£75,000 - £100,000	£75,000 - £110,000	£100,000 - £250,000+
South East	£30,000 - £50,000	£45,000 - £62,000	£60,000 - £80,000	£70,000 - £110,000	£95,000 - £150,000+
South West	£30,000 - £50,000	£48,000 - £56,000	£58,000 - £76,000	£70,000 - £95,000	£90,000 - £145,000+
Midlands	£32,000 - £50,000	£48,000 - £56,000	£60,000 - £74,000	£70,000 - £90,000	£92,000 - £150,000+
North West	£32,000 - £50,000	£47,000 - £56,000	£55,000 - £68,000	£70,000 - £90,000	£88,000 - £140,000+
North East	£30,000 - £48,000	£45,000 - £54,000	£54,000 - £67,000	£70,000 - £90,000	£86,000 - £125,000+
Scotland	£30,000 - £45,000	£48,000 - £55,000	£55,000 - £68,000	£65,000 - £90,000	£90,000 - £150,000+

Commerce & industry

Area	Internal Auditor 1-3 yrs	Senior Auditor 3+ yrs	Audit Manager 7+ yrs	Senior Manager 10+ yrs	Director 15+ yrs
London	£35,000 - £54,000	£50,000 - £70,000	£65,000 - £90,000	£85,000 - £120,000	£100,000 - £200,000+
South East	£30,000 - £50,000	£45,000 - £62,000	£60,000 - £80,000	£70,000 - £110,000	£95,000 - £150,000+
South West	£28,000 - £47,000	£42,000 - £60,000	£58,000 - £76,000	£65,000 - £95,000	£88,000 - £125,000+
Midlands	£30,000 - £48,000	£42,000 - £60,000	£58,000 - £75,000	£62,000 - £85,000	£86,000 - £135,000+
North West	£29,000 - £46,000	£42,000 - £60,000	£58,000 - £75,000	£62,000 - £85,000	£85,000 - £130,000+
North East	£29,000 - £45,000	£40,000 - £55,000	£54,000 - £70,000	£60,000 - £82,000	£82,000 - £125,000+
Scotland	£30,000 - £43,000	£43,000 - £58,000	£54,000 - £68,000	£65,000 - £85,000	£82,000 - £130,000+

Temporary / Interim rates (per day)

Area	Internal Auditor 1-3 yrs	Senior Auditor 3+ yrs	Audit Manager 7+ yrs	Senior Manager 10+ yrs	Director 15+ yrs
London	£200 - £400	£300 - £500	£350 - £700	£500 - £800	£750 - £2,000
South East	£200 - £400	£300 - £500	£350 - £700	£500 - £800	£750 - £2,000
South West	£150 - £300	£250 - £450	£350 - £600	£450 - £700	£700 - £1,500
Midlands	£150 - £300	£250 - £450	£350 - £600	£450 - £700	£700 - £1,500
North West	£150 - £300	£250 - £450	£350 - £600	£450 - £700	£700 - £1,500
North East	£150 - £300	£250 - £450	£350 - £600	£450 - £700	£700 - £1,500
Scotland	£150 - £300	£250 - £450	£350 - £600	£450 - £700	£700 - £1,500

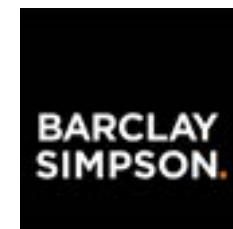


Attract and retain the internal audit professionals you need with Barclay Simpson

Having recruited internal auditors and IT auditors since 1989, we have a deep understanding and extensive network of contacts in this specialist market. Within our audit team we have specialist consultants working in banking, asset management, insurance, commerce and industry, professional consultancy and the not-for-profit sectors.

We can help you create a talent attraction strategy with competitive salary offerings or help you find a role that aligns with your skills and long-term career goals, and support you from interview through to salary negotiations.

Arrange a consultation today to see how Barclay Simpson can support you as you build an internal audit function that's future proof.



Barclay Simpson

3rd Floor, 20 Farringdon Street,
London, EC4A 4AB

Email: info@barclaysimpson.com

Tel: +44 (0) 207 936 2601