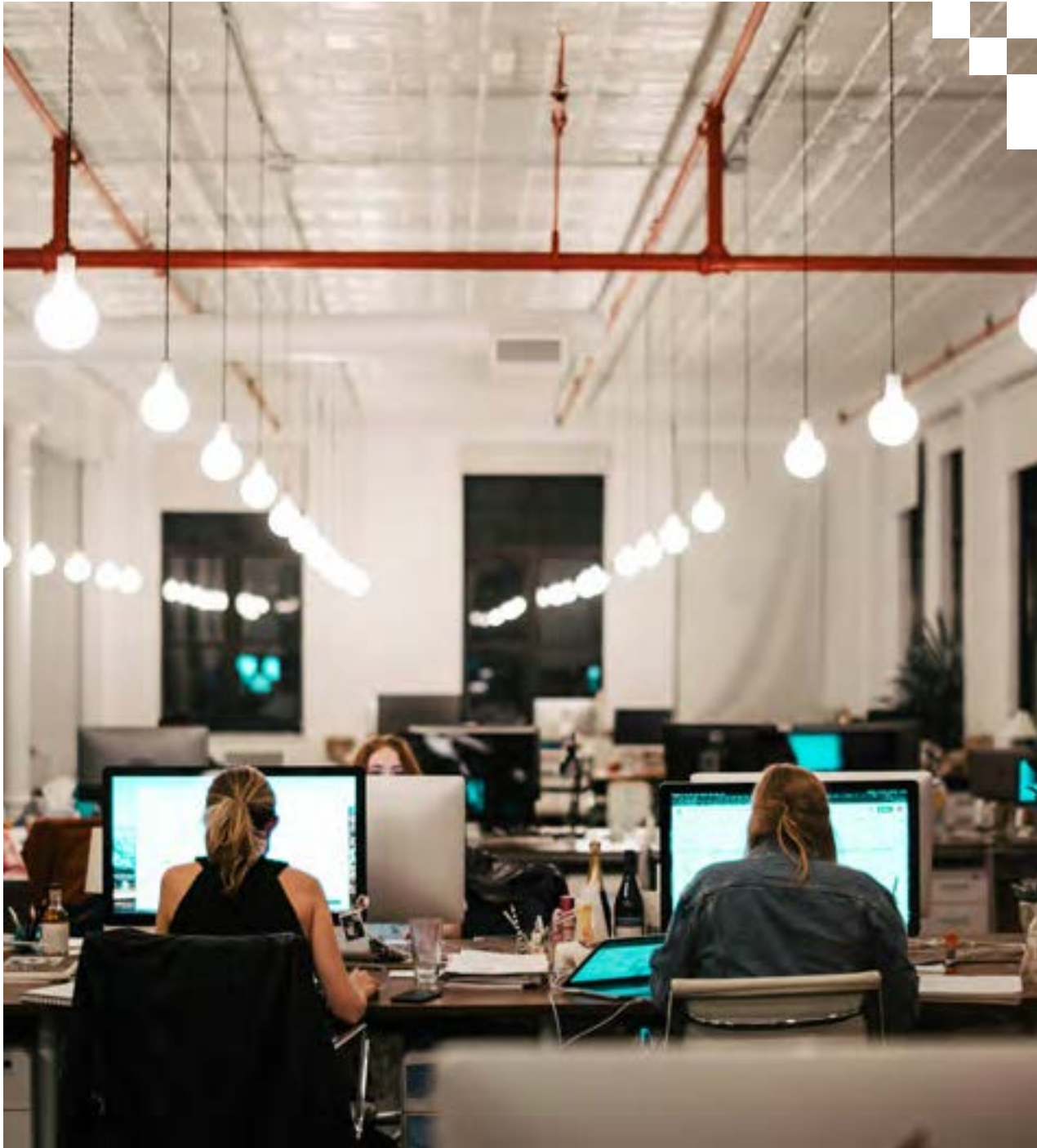




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Recruitment Market Update 2024

Internal Audit & Controls.



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Welcome to Barclay Simpson's 2024 Recruitment Market Update, which provides an overview of current recruitment trends and insights across the internal audit & controls sectors.

Market overview.

Following the trends established in 2023, the internal audit and controls recruitment market remained subdued through the first half of 2024. This is a consequence of the challenging economic and political context in which companies operate and is consistent across nearly all the disciplines Barclay Simpson covers.

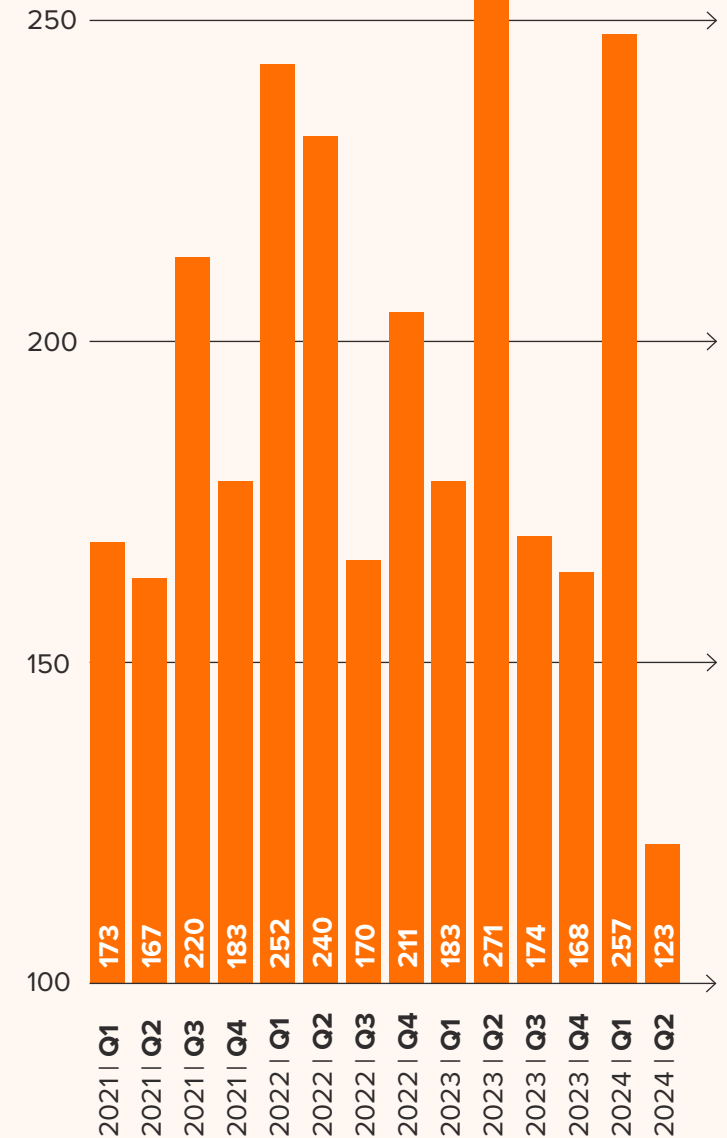
A combination of low economic growth and a lack of investment has generated fewer opportunities for internal auditors. As departments are restructured to cut costs, there have been instances of redundancies, particularly in some of the larger internal audit functions.

Recruitment activity has persisted, mainly within the larger companies, at the more junior delivery grades. Senior recruitment, however, is occurring at relatively low volumes.

Brighter spots have emerged, such as the London speciality insurance market and fund management sector, but these have not been significant enough to affect other industries or had enough impact to change the market's broader performance.

Historically, there would usually be a healthy supply of talent in markets such as this, with many candidates chasing few positions. This has proved not to be the case so far in 2024. At the senior end, internal auditors who have been made redundant or who feel under threat are being proactive in the market, but candidates at more junior levels are tending not to. Given the circumstances, now is a time to be cautious.

Audit Recruitment Activity Index



Source: Barclay Simpson - in-house recruitment activity data indicating the pace of the market.



Looking ahead.

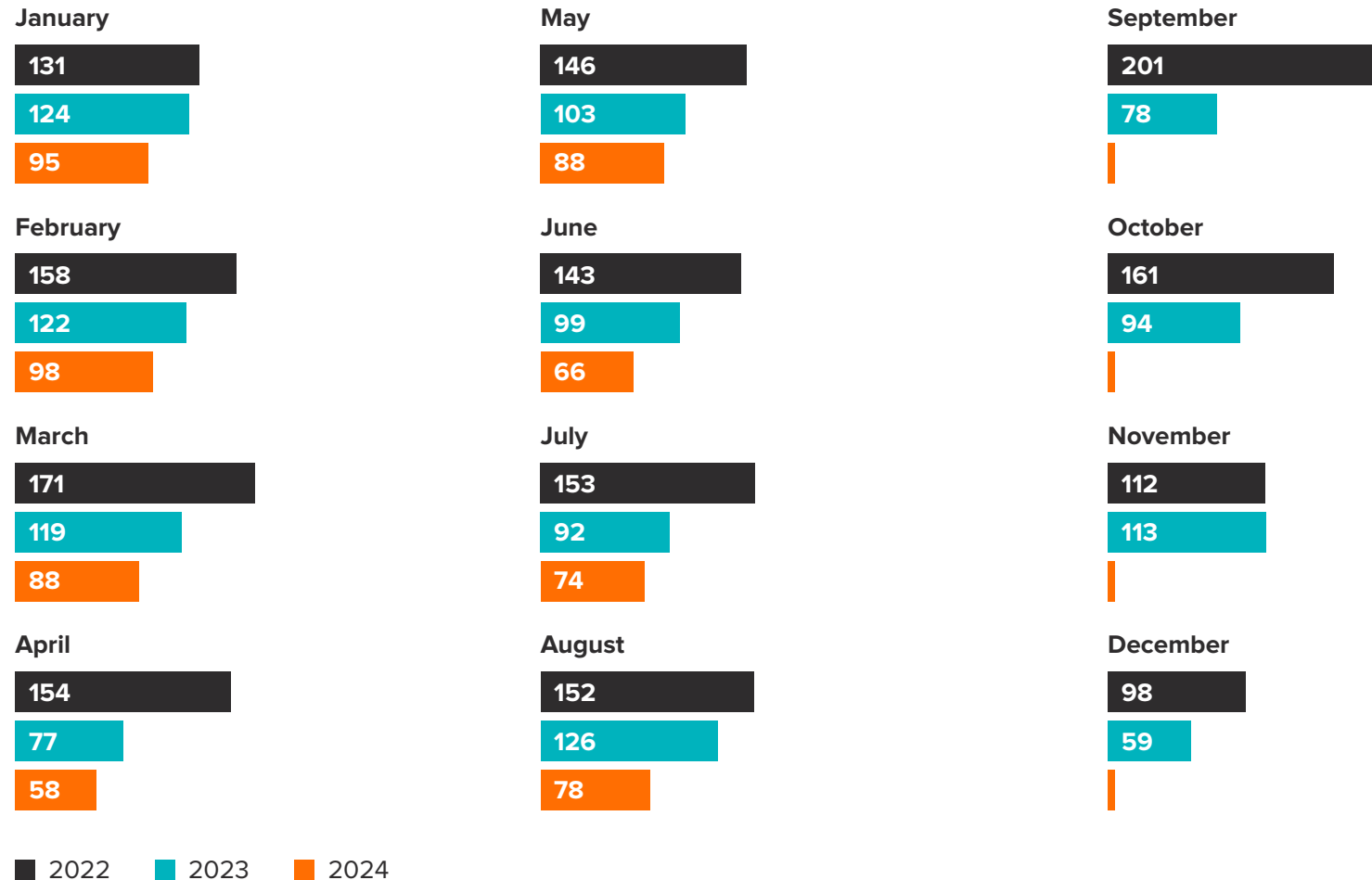
Recruitment has always been, and always will be, cyclical. After the extraordinary highs of 2022 and H1 2023, the internal audit recruitment market has been in decline since the second half of 2023. This downward trend has continued into the first half of 2024. But where will the market go over the next 6-12 months?

The market outlook will depend on a few factors. First, an increase in business investment is crucial to improving opportunities for internal auditors.

Static organisations have relatively straightforward auditing and assurance needs. However, dynamic investing businesses are more likely to have major projects, organisational changes and M&A activity, all of which significantly increase the need for auditors to provide assurance that these activities are being well-managed.

A second, and related, factor is interest rates. These were expected to fall in early 2024, but persistent inflation thwarted those hopes. And while companies accept that the interest cycle has likely peaked, with rates recently declining, business investment is yet to start flowing again.

Supply of internal audit & controls jobs.



Source: Job adverts UK company careers pages

Key themes in internal audit recruitment.

Consistent demand for IT auditors

IT audit recruitment has remained comparatively robust without being exceptional. There has been steady demand for IT auditors, and securing talented professionals is still a challenging proposition.

The landscape for IT auditors is constantly evolving as technology permeates ever more functions of an organisation and new technologies are introduced at ever increasing rates. Over the past decade we have noticed an increase in the sophistication of the skills that IT auditors need as risks become ever more complex, including Resilience, Cybersecurity, Data Privacy Compliance, Cloud Security, IT Governance and Emerging Technologies.

Analytics on the rise

Data analytics has been a topic within internal audit for some time, but until recently, this chatter had not created significant recruitment demand. This is changing, and we are seeing more internal audit jobs that specifically require data analytics skills.

Companies are now investing in analytics skills and technologies, which has led to requirements for data scientists to join internal audit teams. Once there, they provide specialist skills in the processing and analysis of large data sets and develop tools to support internal auditor's interrogations. Python, Power BI, SQL, Tableau, Excel and MATLAB are all skill sets that are increasingly present in job descriptions for internal auditors and related positions.

Subdued contract market

The changes to IR35 rules concerning disguised employment through the use of personal service companies (PSCs) are nothing new, but the effects of these changes on the internal audit contract market are significant and long-lasting. It is now rare for internal auditors to be engaged on a contract basis using a PSC.

One would normally expect that demand for temporary/contract internal audit staff would increase when the permanent market is subdued. This is not currently the case, and there is very little demand for flexible resource using PSC or PAYE contractors. It is currently much more common for internal auditors to be engaged on a fixed-term contract (FTC) basis. HR departments generally favour the FTC route to hire short-term internal audit staff, as it is usually less expensive, but high-calibre career contractors do not typically wish to be engaged in this manner.

The contractor loses the trade-off between flexibility and rate of pay through a contract. While FTCs are called “fixed”, a notice period exists in every contract, so security is reduced, as is the rate of pay. Companies that engage internal auditors on an FTC basis will invariably lose them as soon as that person either finds a permanent role, or they are offered a day-rate gig elsewhere. This creates planning problems for Heads of Internal Audit.

Therefore, Heads of Internal Audit are increasingly attempting to bypass HR functions and engage with consultancies and statement of work service providers to secure the flexible resource or subject matter experts (SMEs) they need to deliver their audit plan. BSS, Barclay Simpson’s service and solutions consultancy arm, has experienced a strong uplift in the use of its services to deliver outsourced and co-sourced internal audit services.

Lack of investment in training

Consultancy firms that provide internal and external audit services were historically a major source of candidates commencing their internal audit careers. This tradition is not as prevalent as it used to be. These firms now hire many staff from overseas utilising the Skilled Worker visa sponsorship route. Doing so enables them to attract relatively experienced staff at a reasonable cost, compared with hiring and developing junior staff to the same level. However, the staff employed on Skilled Worker visas are essentially trapped unless they can find an employer willing to sponsor a visa application, which is rare, or until they obtain the right to remain and work after five years of being sponsored. This creates a bottleneck in the market.

Companies themselves are keen to recruit experienced internal audit staff. They used to hire external auditors and then train them as internal auditors, but the strong preference is now to hire experienced internal and IT auditors. Again, this creates supply-side issues with companies as they chase to recruit from too small a talent pool. These supply-side training and development issues need to be addressed by the profession but there are currently no signs of any concerted efforts to do so.

Salary trends.

From 2022 through to mid-2023, there was an 18-month period of exceptionally high demand for internal auditors, which created intense competition in the recruitment market.

As a result, salaries increased across the board. Those actively seeking new roles saw rises of 20-25% on their previous salary, while those who remained with their current employer were awarded 10-15% increases as companies strove to retain talent. However, the reduction in demand through H2 2023 and into 2024 has changed the supply and demand dynamics, with salary inflation significantly reduced.

In H1 2024, salary increases achieved on the recruitment market have tended to be in the 7.5%-15% range while salary increases by those who have remained with their current employer have averaged around 5%-7%. We have not seen much demand-led pressure on salaries in the short term, but the underlying skills shortages across the internal audit profession suggest this situation could change quickly in response to relatively modest increases in recruitment levels.

Corporate and investment banking

	London	South East	Regional
Internal Auditor 1-3 yrs	£40k — £60k	£35k — £55k	£30k — £40k
Senior Auditor 3+ yrs	£60k — £80k	£55k — £75k	£50k — £70k
Audit Manager 7+ yrs	£75k — £100k	£70k — £100k	£65k — £90k
Senior Manager 10+ yrs	£90k — £130k	£80k — £120k	£85k — £100k
Director 15+ yrs	£120k — £250k+	£100k — £200k+	£90k — £150k+

Consumer and private banking

	London	South East	Regional
Internal Auditor 1-3 yrs	£30k — £60k	£30k — £45k	£25k — £45k
Senior Auditor 3+ yrs	£60k — £85k	£50k — £60k	£50k — £60k
Audit Manager 7+ yrs	£75k — £105k	£60k — £100k	£55k — £75k
Senior Manager 10+ yrs	£90k — £125k	£75k — £115k	£70k — £100k
Director 15+ yrs	£110k — £250k+	£90k — £200k+	£90k — £180k+

Asset and wealth management

	London	South East	Regional
Internal Auditor 1-3 yrs	£30k — £60k	£30k — £45k	£28k — £45k
Senior Auditor 3+ yrs	£60k — £85k	£48k — £65k	£42k — £65k
Audit Manager 7+ yrs	£75k — £105k	£60k — £100k	£52k — £72k
Senior Manager 10+ yrs	£80k — £135k	£75k — £115k	£70k — £100k
Director 15+ yrs	£120k — £250k+	£90k — £170k+	£90k — £150k+

Insurance

	London	South East	Regional
Internal Auditor 1-3 yrs	£30k — £60k	£30k — £45k	£28k — £45k
Senior Auditor 3+ yrs	£60k — £80k	£48k — £65k	£42k — £65k
Audit Manager 7+ yrs	£75k — £100k	£60k — £80k	£52k — £72k
Senior Manager 10+ yrs	£80k — £125k	£75k — £110k	£70k — £100k
Director 15+ yrs	£110k — £250k+	£90k — £180k+	£90k — £150k+

Commerce & industry	London	South East	Regional
Internal Auditor 1-3 yrs	£35k — £55k	£34k — £50k	£30k — £45k
Senior Auditor 3+ yrs	£55k — £70k	£50k — £65k	£48k — £65k
Audit Manager 7+ yrs	£65k — £90k	£60k — £80k	£55k — £80k
Senior Manager 10+ yrs	£85k — £120k	£75k — £110k	£70k — £100k
Director 15+ yrs	£100k — £250k+	£90k — £170k+	£90k — £150k+

Temporary /Interim rates (per day)	London	South East	Regional
Internal Auditor 1-3 yrs	£200 — £400	£200 — £400	£150 — £300
Senior Auditor 3+ yrs	£300 — £500	£300 — £500	£250 — £450
Audit Manager 7+ yrs	£350 — £650	£350 — £650	£350 — £600
Senior Manager 10+ yrs	£500 — £800	£500 — £800	£450 — £700
Director 15+ yrs	£750 — £2000	£750 — £2000	£700 — £1500

Public practice (Big 4, Top 10)	London	South East	Regional
Internal Auditor 1-3 yrs	£30k — £50k	£27k — £45k	£25k — £35k
Senior Auditor 3+ yrs	£50k — £65k	£44k — £60k	£42k — £50k
Audit Manager 7+ yrs	£60k — £80k	£55k — £70k	£50k — £65k
Senior Manager 10+ yrs	£75k — £115k	£65k — £100k	£65k — £90k
Director 15+ yrs	£100k — £200k+	£90k — £140k+	£90k — £120k+

Not for profit	London	South East	Regional
Internal Auditor 1-3 yrs	£32k — £45k	£30k — £45k	£28k — £40k
Senior Auditor 3+ yrs	£48k — £60k	£45k — £60k	£40k — £55k
Audit Manager 7+ yrs	£55k — £70k	£50k — £60k	£50k — £60k
Senior Manager 10+ yrs	£60k — £90k	£55k — £80k	£55k — £80k
Director 15+ yrs	£85k — £120k+	£75k — £110k+	£75k — £90k+

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