Talent Management

Recruiting, Developing, Motivating, and
Retaining Great Team Members

The Institute of Internal Auditors | *Global*

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Executive Summary

Recruiting, motivating, and retaining great team members is recognized as one of 10 imperatives that will enable internal audit to drive success in a changing world. According to The IIA's 2015 Global Internal Audit Common Body of Knowledge (CBOK) study, internal audit departments need to cast their nets wider to attract, motivate, and retain team members who are able to understand and anticipate the rapidly changing business environment. Professional development also plays an important role, and internal auditors should share responsibility for their professional development with the internal audit activity.[1]

The internal audit activity's ability to address high-priority risks and drive business value is as much affected by the right talent mix as the right staff size.

The first steps toward managing talent are to:
1. Assess stakeholder needs and expectations.
2. Develop an audit plan to meet stakeholder needs and expectations, with consideration for organizational objectives, strategies, and risks.
3. Leverage the Global Internal Audit Competency Framework (Competency Framework)[2] to identify competencies required to execute the audit plan.
4. Perform a competency gap analysis.
5. Develop a talent management strategy.
6. Periodically reassess internal audit's collective competencies and address key gaps.

After assessing stakeholder needs and expectations, chief audit executives (CAEs) and internal audit managers are involved in four key activities: recruiting, developing, motivating, and retaining talent.

Collaborating with the organization's human resources department, CAEs may recruit internal and external candidates. Internal recruits bring organizational knowledge into the internal audit activity but may lack internal audit core competencies. External recruits may enhance internal audit's collective competencies and bring a fresh perspective, but they may require more time for onboarding, training on policies and procedures, and adapting to the organization's culture. Filling the gaps with outsourced or cosourced arrangements is an option when specific skills are required. CAEs and internal audit managers should consider having outsourcing and cosourcing plans and arrangements in place to facilitate execution.

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[1] Larry Harrington and Arthur Piper, *Driving Success in a Changing World: 10 Imperatives for Internal Audit,* The IIA Research Foundation (IIARF), 2015.

[2] *The IIA's Global Internal Audit Competency Framework,* The Institute of Internal Auditors, Inc. (IIA), 2013.

CAEs and internal audit managers should motivate team members and develop talent on a continuous basis to address gaps identified during the assessment process. E-learning may provide more flexibility and lower costs than traditional classroom training. On-the-job training is a traditional approach in internal auditing and provides practical experience to individuals with diverse backgrounds. Mentoring programs, and financial and nonfinancial rewards and incentives complement training and further motivate team members.

Investment in recruiting, developing, and motivating talent should lead to higher levels of retention. To further strengthen these talent management activities, CAEs and internal audit managers should consider implementing a talent management "plan, do, check, act"[3] continuous improvement process, and ensure best practices are included in internal audit's quality assurance and improvement program (QAIP).

The purpose of this practice guide is to help CAEs and internal audit managers better understand how to recruit, develop, motivate, and retain competent team members.

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[3] http://balancedscorecard.org/Resources/Articles-White-Papers/The-Deming-Cycle

Introduction

Business Significance and Related Risks

The collective competencies of the internal audit staff directly influence the efficiency and effectiveness of the internal audit activity. Recognizing this, The IIA Research Foundation (IIARF) released The IIA's Global Internal Audit Competency Framework in 2013 to define the core competencies needed to meet the requirements of the International Professional Practices Framework (IPPF). In turn, competent internal auditors can better help the internal audit activity and the organization at large achieve their objectives.

Talent management shortcomings may potentially expose the internal audit activity to the following risks:

- Having insufficient resources to implement the audit plan, as agreed to by the board.
- Having insufficient skills to perform an engagement with the necessary level of proficiency and due professional care.
- Not being able to conform with The IIA's *International Standards for the Professional Practice of Internal Auditing* (*Standards*), adversely affecting internal audit's brand and reputation.

Definition of Key Concepts

Board – The highest level of governing body responsible for directing and overseeing the activities and management of the organization. Typically, this comprises an independent group of directors, such as a board of directors, a supervisory board, or a board of governors or trustees. If such a group does not exist, the "board" may refer to the head of the organization. The "board" also may refer to an audit committee to which the governing body has delegated certain functions.[4]

Competency – Refers to the knowledge, skills, and experience needed in the performance of internal audit services.[5]

Talent management – Refers to recruiting, developing, motivating, and retaining competent team members.

The IIA's Global Internal Audit Competency Framework – A tool that defines core competencies needed to meet the requirements of the IPPF for the success of the internal audit profession. The framework outlines 10 core competencies to be demonstrated by each of

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[4] The IIA's *International Standards for the Professional Practice of Internal Auditing* (*Standards*).

[5] Kurt F. Reding *et al.*, *Internal Auditing: Assurance & Advisory Services, Third Edition* p. 2-8 (IIARF, 2013).

three broad job levels — internal audit staff, internal audit management, and the CAE. Core competencies include[6]:

I. Professional ethics: Promotes and applies professional ethics.

II. Internal audit management: Develops and manages the internal audit function.

III. IPPF: Applies the International Professional Practices Framework (IPPF).

IV. Governance, risk, and control: Applies a thorough understanding of governance, risk, and control appropriate to the organization.

V. Business acumen: Maintains expertise of the business environment, industry practices, and specific organizational factors.

VI. Communication: Communicates with impact.

VII. Persuasion and collaboration: Persuades and motivates others through collaboration and cooperation.

VIII. Critical thinking: Applies process analysis, business intelligence, and problem solving techniques.

IX. Internal audit delivery: Delivers internal audit engagements.

X. Improvement and innovation: Embraces change and drives improvement and innovation.

Related IIA Standards

1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

1210.A1 – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

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[6] The IIA's Global Internal Audit Competency Framework, 2013.

1210.A3 – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.

1210.C1 – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1220 – Due Professional Care

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220.A1 – Internal auditors must exercise due professional care by considering the:

- o Extent of work needed to achieve the engagement's objectives;
- o Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- o Adequacy and effectiveness of governance, risk management, and control processes;
- o Probability of significant errors, fraud, or noncompliance; and
- o Cost of assurance in relation to potential benefits.

1220.A2 – In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.

1220.A3 – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1220.C1 – Internal auditors must exercise due professional care during a consulting engagement by considering the:

- o Needs and expectations of clients, including the nature, timing, and communication of engagement results;
- o Relative complexity and extent of work needed to achieve the engagement's objectives; and
- o Cost of the consulting engagement in relation to potential benefits.

1230 – Continuing Professional Development

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

1300 – Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments

Internal assessments must include:

- o Ongoing monitoring of the performance of the internal audit activity; and
- o Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

2030 – Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Getting Started

Before recruiting talent, the CAE should understand stakeholder needs and expectations, and perform a competency assessment.

Understanding Stakeholder Needs and Expectations

Stakeholder needs and expectations of internal audit are changing.

- External auditors are relying more on the work performed by internal audit.
- Investors are demanding more transparency from organizations.
- Regulators are increasing their scrutiny over governance and risk management practices.

Meeting such needs and expectations requires that internal audit expand its traditional compliance and control evaluation/testing focus to include becoming a strategic adviser to the organization. To serve in this role, internal auditors must demonstrate competence in analytical/critical thinking and communication skills — the top skills that CAEs are seeking for staff.[7]

Assessing Competencies

To meet stakeholders' expectations and requirements, the internal audit activity needs to ensure it has access to the full range of competencies articulated in the Competency Framework. The CAE should assess whether the internal audit activity collectively has the competencies needed to fulfill its mission and meet stakeholder expectations. Focus should be on the competencies needed to address emerging risks, high-priority risks, and primary business value drivers, not solely on the number of auditors needed to staff the activity.

A competency assessment should be based on a systematic and structured process, including the following steps:

1. Assess the needs and expectations of primary stakeholders such as the audit committee, board, senior management, external auditors, investors, and regulators. This step is critical in defining internal audit's organizational structure, deliverables, working practices, communication protocols, and resourcing model.

2. Develop an audit plan that meets stakeholder needs and expectations with consideration of the organization's objectives, strategies, and risks. The audit plan should be aligned with the organization's business objectives and value drivers.

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[7] Larry Harrington and Arthur Piper, *Driving Success in a Changing World: 10 Imperatives for Internal Audit*, IIARF, 2015.

CAEs should leverage information such as organizationwide or business-unit strategic plans to assess internal audit's future role in providing assurance and consulting services, and its need for talent.

3. Leverage the *Standards* and the Competency Framework to identify competencies needed to execute the audit plan, such as having basic fraud and IT knowledge and being able to perform their engagements with due professional care.

4. Assess internal audit's current collective competencies and identify gaps when compared with competencies needed to execute the audit plan and core internal audit competencies.

5. Develop a talent management strategy. The CAE should develop this strategy for the internal audit activity based on the gap analysis. To best serve internal audit's long-term interests, core competencies should be acquired through hiring and professional development. Ad hoc competencies required for specific assurance and consulting engagements could be acquired through alternative strategies such as rotational and guest auditor programs or cosourcing. In addition, the talent management strategy should consider potential constraints such as budget, internal audit brand/reputation, the labor market, and the desirability of the organization's location.

6. Periodically reassess internal audit's collective competencies and address key gaps.

Recruiting Talent

Internal Recruitment

Full-time Permanent Recruitment
Internal recruitment may result in acquiring talent with high-level organizational awareness and strong business knowledge. However, internal recruits may need additional training to develop core audit skills. In addition, impaired objectivity may be a potential concern. Effective training programs, supervision, and thoughtful assignment planning can help to mitigate such concerns.

Rotational Recruitment
Rotational programs provide a training ground for internal candidates from other departments while filling talent gaps in internal audit. Rotational programs can be outbound or inbound:

- Outbound rotational programs rotate internal auditors out of internal audit and into other business units. Rotating out gives internal auditors the opportunity to enhance their business knowledge in other functional areas.
- Inbound rotational programs rotate employees from other business units into internal audit for a limited time. Inbound programs provide an opportunity for high-performing staff members outside of internal audit to learn about governance, risk management, and internal control practices.

Rotational programs also facilitate the sharing of best practices and potentially increase awareness of internal control and the role of internal audit among business-unit staff.

The primary challenges associated with inbound rotational programs are potential impairment to individual objectivity, providing audit skills training to inbound employees, and scheduling. Additional concerns include the possible disruption to career development paths and the lack of organizational support.

Tips to successfully implement an inbound rotational program include:

- Obtain commitment and support from other business units.
- Promote the benefits of the program through the organization's intranet, bulletin boards, and other communication vehicles.
- Coordinate with human resources to identify viable candidates.
- Assess candidates' qualifications against desired competencies. Select a pool of candidates to participate in the program.

- Develop a process to onboard selected candidates. The process should include providing an overview about the program; the internal audit activity's vision, mission, and charter; the *Standards*; and standard operating policies and procedures.

Guest Auditor Program

A guest auditor program can be used to fill competency gaps for specific audit engagements. This provides an opportunity for personnel from other parts of the organization to make a short-term commitment to internal audit. A guest auditor typically serves as a subject matter expert on a unique internal audit engagement, enhancing knowledge sharing within the organization.

Tips for implementing a guest auditor program include:

- Enable the guest auditor to interact with internal audit staff to collaboratively identify mutually beneficial opportunities.
- Provide the guest auditor with preparatory materials before the start of the audit engagement, such as information about the internal audit activity, broad business or market information, inherent risks, and other information applicable to the guest auditor's assignment.
- Solicit feedback from the guest auditor and other internal auditors on the engagement team, during and after the assignment. Evaluate performance and satisfaction with the guest auditor program and share such information with human resources, the guest auditor, the guest auditor's manager, and internal audit management.

External Recruitment

External recruitment finds talent from outside of the organization. External talent may be sourced from public accounting firms, internal audit activities at other organizations, colleges and universities, and areas outside of the traditional internal audit domain.

- Candidates from public accounting firms (external auditors) typically have high-level audit expertise and may have broad industry experience. However, conflicts of interest can arise if candidates are recruited from the organization's public accounting firm. The CAE should be aware of any restrictions on recruiting from the organization's public accounting firm.
- Candidates from internal audit activities at other organizations may have relevant internal audit competencies, but still require onboarding and training to become familiar with the new organization's culture, processes, regulatory requirements, and dynamics.

- Undergraduate or Master of Business Administration candidates may require more focused training, supervision, and on-the-job experiences to reach satisfactory levels of performance. However, college recruits also provide exisiting staff members the opportunity to develop their internal audit management competencies as they train, coach, and supervise entry-level internal auditors.

An organization's internship and co-op programs also could be a beneficial source of talent.

Candidate Selection

Job descriptions should be clearly defined and a standard set of competency-based interview questions should be used consistently with all candidates. This standardization and consistency helps to establish baseline criteria from which to evaluate a pool of candidates.

Tips for candidate selection include:

- Ensure that human resources has a high-level understanding of internal audit's role and need for talent, and that desired competencies are reflected in the job description.
- Coordinate with human resources to leverage the organization's intranet and websites, general job boards, professional association job boards, and recruiting agencies to search for potential candidates.
- Screen candidates by assessing their relevant competencies and alignment with the organization's espoused values. Verify candidate experience and qualifications, and completebackground checks, as applicable.
- Prepare competency-based interview questions, ensure that interviewers are knowledgeable of legal constraints (i.e., types of questions or answers to avoid), and trained in conducting behavioral or competency-based interviews, as appropriate.

Outsourcing and Co-sourcing

Internal audit activities may engage outside personnel to perform tasks that require specialized expertise. Outsourcing and cosourcing require more planning and preparation to help external personnel understand how the organization operates. For more information, see Imperatives for Change: The IIA's Global Internal Audit Survey in Action[8] and the IIA Position Paper, The Role of Internal Audit in Resourcing the Internal Audit Activity.

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[8] See Imperative 9 in Richard J. Anderson and J. Christopher Svare, Imperatives for Change: The IIA's Global Internal Audit Survey in Action, pp. 37-38, IIARF, 2011.

Developing Talent

The CAE should align internal audit's talent development approach with the organization's professional development practices. Efforts to develop talent typically include professional development plans, training and continuing education, and mentoring.

Professional Development Plans

Individual professional development plans require staff members to take ownership of their professional development, and may include formal agreements that outline specific activities, target accomplishments, and time lines. A professional development plan may support a particular career path identified by the organization or by the individual internal auditor. For example:

- Career internal auditor: Career internal auditors pursue internal audit as a long-term profession, often with the goal of achieving a management position within an internal audit activity or developing expertise in a specialized field such as fraud or IT. This career path might include rotating in and out of internal audit as a way to enhance the career internal auditor's organizational knowledge.
- Business operations: Internal auditors may serve in audit to gain a broad and deep understanding of the organization's business operations, risk management, internal controls, and governance. They then leverage this experience to seek operational roles.
- Executive leadership: A rotation through internal audit may be part of an organization's executive leadership development program.

Individual development plans should include a path toward certification so that collectively, internal audit staff certifications form a base level of qualifications for the internal audit department.

One-size-fits-all professional development practices are not effective for all employees. Practices should be customized based on generational differences, professional goals, position, experience, and seniority. Professional development plans should be reviewed and updated as necessary.

Training and Continuing Education

Internal audit can meet its professional development plan goals through various training and continuing education activities, such as on-the-job training, classroom training, e-learning, and other methods. Audit leaders should consider the needs of the individual as well as the internal audit activity. The best result generally can be achieved through a combination of activities.

Internal audit should develop its training plan based on an assessment of staff competencies against the Competency Framework. The plan should meet the collective needs of the internal audit activity as well as the professional development needs of individual internal auditors.

On-the-job Training
On-the-job training can be highly effective, especially for new staff members. It provides them with hands-on experience performing internal audit tasks. In addition, on-the-job training can help new staff members learn about core business processes and tasks performed by second line of defense functions such as risk management and compliance.

Internal audit should define, communicate, and periodically assess its desired on-the-job training outcomes. On-the-job training should include ongoing feedback and coaching from experienced team members.

Classroom Training
Classroom training is a common training method. Many organizations have in-house training programs to provide specific training based on job roles and responsibilities. For example, training may cover the organization and its processes, the regulatory framework governing the organization's business, and other governance structures. Training also could include specific technical skills for internal auditors such as data analytics and fraud control. IIA chapters and institutes often offer or provide technical training to their members.

Workshops are a special form of classroom training that require a higher level of individual and group participation. Depending on participant interaction, this approach may work best when participants already have a certain degree of experience and knowledge.

E-learning
E-learning may be delivered by internal as well as external providers. It provides greater flexibility for scheduling and does not require travel or absence from the office. The main disadvantage is minimal interaction with the facilitator and other participants.

Assessing Training Options
Reading and writing articles for professional publications, attending professional conferences, and networking are other types of ways to gain internal audit knowledge and skills. Different types of training and continuing education activities have varying costs. Mapping professional development plans against the internal audit plan can help the CAE establish a training budget that supports successful talent management.

Mentoring

A mentoring program can be key to developing talent, not only for new hires but also for more experienced staff. Mentoring programs should be largely informal, with consideration given to the following:
- A mentor must be more experienced than the mentee.

- Each auditor may be assigned a mentor.
- It is best if the mentor is not the individual's supervisor.
- Meetings between the mentor and the mentee should be informal, without official documentation.

Succession Plan

Succession planning should start well in advance of any potential employment event. Succession plans should identify potential candidates for existing positions, taking into consideration the needs of the organization and the candidates' career goals, competencies, and potential for development.

Potential candidates could be approached regarding their interest in possible succession opportunities. Interested persons then could be developed for future roles and responsibilities and, where appropriate, could be given the opportunity to fill more senior positions during periods of temporary absence.

Motivating and Retaining Talent

Potential motivators can be mapped against Maslow's hierarchy of needs[9], as illustrated in Figure 1.

Although it is important to find the best combination of motivators for each individual, challenging work, career opportunities, quality of work environment, and recognition — rather than compensation — are leading drivers of staff retention. Rewards and recognition, flexible working practices, and work–life balance all can be potential motivators of retention. Retention also can be affected by other individual and team incentives.

Efforts to motivate individuals may include:

Figure 1

Self-Actualization Needs	• Challenging work • Personal responsibility • Opportunity for creativity • Achievement in work • Recognition & Praise • Promotion & Bonuses
Self Esteem Needs	• Social recognition • Job title • High status of job • Feedback from the job itself
Social Needs	• Work groups / teams • Supervision • Professional associations
Safety Needs	• Health & Safety • Job security • Contract of employment
Physiological Needs	• Compensation • Benefits • Working conditions

- Helping staff members find meaning in their work and establishing a connection to their work. Ensuring that work itself aligns with employees' expectations and needs.
- Helping staff members set and achieve their goals.
- Mentoring and counseling.
- Developing career and performance management plans.
- Using appropriate techniques to improve or change behavior.
- Specifying standards and expectations and designing appropriate performance evaluation tools.
- Explaining the consequences of any mistakes or inappropriate behavior.
- Undertaking regular formal and informal performance evaluations.
- Providing appropriate compensation and benefits.

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[9] A.H. Maslow, "A Theory of Human Motivation," *Psychological Review*, 1943.

Factors that motivate teams may include:

- Shared vision and well-understood strategies.
- Clearly established team goals.
- Clearly defined team roles and responsibilities.
- Clearly understood rules and channels.
- Supportive team behaviors.
- Well-defined ground rules and decision-making processes (e.g., delegating authority, encouraging team empowerment).
- Balanced participation (i.e., proportionate assignment of tasks within the team).
- Awareness of group processes.
- Solid brand/reputation of internal audit within the organization.

Rewards

People should feel recognized for their contributions and supported in their individual aspirations. Transparent processes for rewarding staff members should be established, such as:

- Establishing criteria that define which behaviors or actions will be rewarded/recognized.
- Making recognition eligibility open to all employees.
- Consistent application of rewards to all who qualify.

Recognition should occur as close to the performance as possible, so that it reinforces behavior. A reward should always be preceded by recognition, but recognition can be given without the reward.

Rewards may be financial and be representative of the organization's compensation, bonuses, and incentives scheme. However, not all organizations will be able to grant financial rewards, and some organizations may prefer nonfinancial rewards, such as:

- Increasing responsibilities for the employee who proves potential. However, take care to ensure that additional responsibilities are seen as a reward rather than a burden.
- Appointing the employee to be a team leader.
- Exposing the employee to engagements that require advanced competencies to execute the audit.
- Enrolling the employee in certification programs.

- Inviting the employee to facilitate engagement opening/closing meetings, make a presentation to the audit committee or board, or participate on a special team project.
- Publicly recognizing employee performance in staff/office meetings.

Flexible Work Practices

Flexible work practices can help retain talent. Flexibility can be offered formally or informally, in accordance with the organization's local and national practices. In implementing flexible work practices, CAEs should pay special attention to balancing employee workload with engagement and business needs. They should still expect internal audit staff to comply with internal policies and confidentiality standards, especially when working remotely.

- Occasional flexible work time should be assessed on a case-by-case basis, depending on the internal auditor's role (i.e., manager, team leader, staff) and engagement requirements.
  - Flexible hours – allow employees a temporary variance of starting/ending times, based on a specific need that best fits their schedule.
  - Remote work – different locations may be more suitable for completing tasks and assignments, including working from home. Such requests should be discussed and agreed upon in advance with the team leader or CAE. Working remotely can help internal audit staff balance personal and professional commitments. However, the team leader or CAE must ensure that relevant tools and technology are provided and used appropriately, timely and quality work is produced, and professional standards are observed.
- Long-term flexible hours:
  - Long-term change of starting/ending working times can be beneficial to staff members and provide incentive for talent retention. However, nonstandard working hours should be aligned to the internal audit activity's needs.
  - Long-term remote work, aligned with the internal audit activity's needs, may provide incentive for talent retention.
  - Part-time work – reduction of working hours with corresponding adjustment of compensation and benefits may appeal to some staff members.
  - Reduced work hours for people with care-giving responsibilities – a special type of part-time working arrangement to help staff members care for a member of their immediate family — can be an attractive incentive to stay with an organization.

- Unpaid leave – this incentive, which may be allowed as long as there are no obstacles, could appeal to staff members who value free time or extended time off. Examples include unpaid vacation and sabbatical leave.
- Social responsibility leave — some organizations may grant staff members optional paid days off to perform social responsibility activities such as charitable endeavors.

Talent Management and Quality Assurance and Improvement Program (QAIP)

Talent management is related to The IIA's 1200-series standards on proficiency and due professional care, and should be addressed in the internal audit activity's quality assurance and improvement program (QAIP). As an ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by internal audit,[10] a QAIP promotes continuous improvement.

A continuous improvement model popularized by W. Edwards Deming,[11] is the Deming Cycle, which consists of four steps — plan, do, check, act — as illustrated in Figure 2.

Figure 2

Act   Plan

Check   Do

The Deming Cycle can be applied to talent management as part of the QAIP. Although each CAE should determine how to best assess the quality of the internal audit activity's talent management processes, some examples follow:

Plan: Documentation of talent management objectives.

- Internal audit activity attracts candidates with the necessary skills and talent to complete the audit plan.
- Internal audit staff receives sufficient and appropriate training.
- Internal audit activity develops and retains its staff as needed and at all levels.
- Internal audit meets stakeholder needs and expectations.

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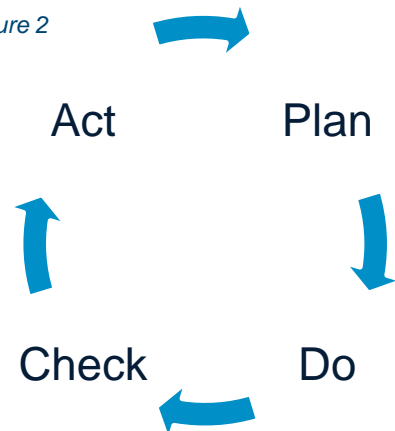
[10] Practice Advisory 1310-1: Requirements of the Quality Assurance and Improvement Program.
[11] http://balancedscorecard.org/Resources/Articles-White-Papers/The-Deming-Cycle

Do: Activities to define quality and build staff awareness.

- All training activities are planned, authorized, and documented. Criteria should be tailored to fit the specific internal audit activity. Factors to consider are size and complexity of the organization, industry, maturity level of the internal audit activity, and specific challenges (e.g., no changes in staff in the last two years, low competency ratings by senior management).

Check: Assessment and reviews to measure quality, including:

- Ongoing monitoring.
- Periodic self-assessment.
- External assessment.

For example, ongoing monitoring might be addressed as follows:

> On a quarterly basis, managers document training activities for all team members by type, content, cost, and number of days. Performance metrics such as the average number of training days per team, and the minimum and maximum number of training days completed, are compared to defined benchmarks.

Ongoing monitoring should be part of internal audit's overall performance management system — for example, in the form of a balanced scorecard. Performance management systems provide a good basis for efficient performance of internal and external assessments.

Act: Improvement initiatives and lessons learned.

The Act step is crucial, as it allows for the continuous improvement of the internal audit activity. This step relies on appropriate implementation of each of the other steps, as illustrated in this example:

> Ongoing monitoring reveals that IT audit staff completed an average of eight days of training in the previous year. Further analysis shows that cost was the determining factor in the number of training days completed. An internal assessment also indicates that IT management is not fully satisfied with IT audit coverage of new technologies such as cloud computing and social media. As a consequence, management of the internal audit activity decided to increase the target IT auditor training requirement to 12 days annually for the next two years. The training budget will remain the same. The IT audit manager will explore possibilities to arrange cost-efficient, in-house training for central and important topics such as Internet security. For cloud computing and social media, high-quality training courses will be identified and IT auditors will be selected to

attend. At the same time, the IT audit manager will organize a workshop with his team to explore possibilities for effective, low-cost professional development (e.g., Web-based training, Internet research, stronger participation at IT-specific IIA chapter activities/meetings).

This example shows not only the diverse improvement activities resulting from the Deming Cycle, but also how they can lead to the next Deming Cycle with improved performance of the internal audit activity. Here, the objectives formulated in the Plan step should be reevaluated but probably do not need to be changed. Certainly there is a need to change the criteria in the Do step. For IT audit, the criterion will be: "On the average, IT audit staff are getting 12 days of training per year." Also, for IT audit, an additional criterion could be added: "IT management is fully satisfied with IT audit coverage of new technologies."

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About the Institute

The Institute of Internal Auditors (The IIA) is the internal audit profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications. Established in 1941, The IIA today serves more than 180,000 members from more than 170 countries and territories. The association's global headquarters are in Altamonte Springs, Fla. For more information, visit www.globaliia.org / www.theiia.org.

About Supplemental Guidance

Supplemental Guidance is part of The IIA's International Professional Practices Framework (IPPF) and provides additional recommended (non-mandatory) guidance for conducting internal audit activities. While supporting the *Standards*, Supplemental Guidance is not intended to directly link to achievement of conformance with the *Standards*. It is intended instead to address topical areas, as well as sector-specific issues, and it includes detailed processes and procedures. This guidance is endorsed by The IIA through formal review and approval processes.

Practice Guides

Practice Guides are a type of Supplemental Guidance that provide detailed guidance for conducting internal audit activities. They include detailed processes and procedures, such as tools and techniques, programs, and step-by-step approaches, as well as examples of deliverables. As part of the IPPF Guidance, conformance with Practice Guides is recommended (non-mandatory). Practice Guides are endorsed by The IIA through formal review and approval processes.

A Global Technologies Audit Guide (GTAG) is a type of Practice Guide that is written in straightforward business language to address a timely issue related to information technology management, control, or security.

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