



GLOBAL KNOWLEDGE BRIEF

# Internal Audit in a Post-COVID World

Part 1: Talent Management



The Institute of  
**Internal Auditors**



# Contents

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<b>Introduction .....</b>	<b>4</b>
Redefining work.....	4
<b>Evolving Employee Expectations .....</b>	<b>5</b>
Flexibility is key to work-life balance .....	5
<b>Internal Audit Mirrors Survey Findings.....</b>	<b>6</b>
Overcoming attrition is a priority.....	6
<b>Technology and Talent .....</b>	<b>8</b>
Adding urgency to a familiar challenge.....	8
<b>Diversity, Equity, and Inclusion .....</b>	<b>9</b>
Flexibility includes corporate culture, DEI.....	9
<b>Conclusion .....</b>	<b>11</b>



## About the Experts

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Eric Wilson is the Director of Internal Audit and CAE for Gulfport Energy, overseeing all aspects of the company's audit work and identifying and fostering opportunities for internal audit to consult across the organization. Prior to joining Gulfport Energy, Eric held multiple leadership positions at Chesapeake Energy, including a multi-year rotation through Chesapeake's commodity marketing group. Eric was responsible for overseeing and enhancing the group's operational and financial planning processes, compliance activities, and technology capabilities. He also led internal audit and consulting teams for various domestic and international companies in a wide range of industries, including energy, commercial real estate, and healthcare, among others.

Eric has served on The Institute of Internal Auditors (IIA) Professional Knowledge, Advocacy, and Content Advisory boards; and he is a member of the Board of Governors for The IIA Oklahoma City Chapter. He also is an elected member of the University of Oklahoma's Steed School of Accounting Board of Advisors. In addition to holding Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA) certifications, Eric has attained his Lean Six Sigma Black Belt.

### **Uday Gulvadi, CIA, CPA, CAMS, CISA**

Uday Gulvadi is a Director in the Disputes, Compliance, and Investigations group at Stout. He also co-leads Stout's Regulatory Compliance and Financial Crimes practice. Uday is a recognized industry leader and a board member and past president of The Institute of Internal Auditors (IIA) New York Chapter. He is a frequent speaker at national and international conferences, workshops, and professional events and has authored thought leadership publications in anti-money laundering, financial crimes compliance and sanctions, governance, regulatory compliance, internal audit, enterprise risk, and information technology risks and controls. Uday has led board and C-suite compliance training and workshops for international banks.

Uday has held partner and director positions within the internal audit and risk management practices at leading national and regional accounting and advisory firms. He specializes in advising boards, audit committees, and senior management on varied compliance, governance, and enterprise risk matters. His clients range from some of the world's largest banks and financial institutions to smaller financial services companies. He is a member of The IIA, the Association of Certified Anti-Money Laundering Specialists, and the Information Systems Audit and Control Association (ISACA).

### **Paula Tye, CIA, CCSA, CRMA**

Paula Tye is AVP Model Audit Rule (SOX) Compliance Manager at American Fidelity Corporation, where she is responsible for managing the Model Audit Rule (MAR) readiness action plan, developing cross-organizational communication plans, and serving as a subject matter expert on system developments and control planning with senior management. She previously worked in internal audit for the City of Oklahoma City.

Paula has served on The Institute of Internal Auditors (IIA) North American Board Chapter Relations Committee and as a Southern District representative. She serves on the Board of Governors and is a past president of The IIA Oklahoma City Chapter. She has instructed IIA courses on various subjects, including audit risk approach, internal controls, audit communications, and other audit skills.



# Introduction

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## Redefining work

**After more than 30 months, the COVID-19 pandemic lingers** in varying intensity around the world, and it continues to test organizations and governments on myriad levels. Its impacts add unwanted complexity to vexing risks, from managing climate change and supply-chain disruptions to cybersecurity and a looming global recession. Yet its greatest impact may be on how citizens of the world view work.

Whether manifesting as waves of unprecedented resignations around the world beginning in early 2021 (the Great Resignation), a fundamental rejection of societal pressures to overwork in China's tang ping (lie flat) movement, or the current near-universal expectation of work-from-home options from job seekers, the pandemic has dramatically changed the social contract between employees and employers.

This Global Knowledge Brief, the first of three to examine the pandemic's longer-term impact on risk, looks at talent management in a post-COVID environment. What emerges is a picture of employers struggling to define a new equilibrium that embraces work-life flexibility to attract and retain top talent while maintaining productivity, resilience, and innovation in a rapidly changing world. This will invariably impact internal auditors, both in maintaining effective internal audit functions and delivering high-quality assurance and advisory services over this changing risk area.



# Evolving Employee Expectations

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## Flexibility is key to work-life balance

The world was thrown into isolation in early 2020 as COVID-19 spread its deadly influence. Organizations of all sizes and from all sectors scrambled to find ways to maintain productivity with distributed workforces. While the pandemic had a devastating impact on the global economy — akin to or greater than The Great Depression — the consensus is that most industries fared remarkably well in adapting to the disruption by leveraging technology while recognizing and adapting to heightened or altered risks. Critical to that success was a workforce that embraced working from home.

As the pandemic's devastating impacts began to wane with isolation, development and distribution of effective vaccines, and the passage of time, employers eagerly sought a return to normality by bringing employees back to the office. However, determining just how — and how soon — to bring workers back has created considerable consternation, as survey after survey shows many employees are seeking flexibility from their employers, which includes working from home some or all of the time. This desire for a hybrid work option should not be viewed as synonymous with flexibility. Indeed, human resources experts say work-from-home options are just part of the growing demands from a workforce that is seeking greater understanding and support from their employers for a healthy work-life balance.

What's more, employees are willing to back up those demands by walking away from positions that require working from the office in favor of hybrid or work-from-home options. A [survey](#) by McKinsey & Company of workers in North America, Europe, and Australia found that 71% of those who said they preferred hybrid work are likely to look for such opportunities elsewhere if they are not offered by their current employer. The findings are even starker for organizations seeking to add diversity to their workforce. The McKinsey survey found:

- Younger employees (18-34) were 59% more likely to leave than older ones (55-64).
- Black employees were 14% more likely to leave than their White peers.
- LGBTQ+ employees were 24% more likely to leave than their heterosexual colleagues.
- Employees with disabilities were 14% more likely to leave.
- Women were about 10% more likely to leave than men.<sup>1</sup>

Additional surveys support the notion that the 9-to-5, Monday-through-Friday office routine is quickly becoming a relic.

IT software company Ivanti surveyed 4,510 office workers, and 1,609 IT professionals across the United States, Europe, and Australia for [The 2022 Everywhere Workplace Report](#). It found that nearly 9 out of 10 (87%) survey respondents do not want to work from the office full-time, 42% indicated that they prefer a hybrid model that splits time between home and office, and just 13% want to work from the office full-time.<sup>2</sup>

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<sup>1</sup> McKinsey & Company, [Hybrid work: Making it fit with your diversity, equity and inclusion strategy](#), B. Dowling, D. Goldstein, M. Park, H. Price, April 2022.

<sup>2</sup> Ivanti, [The 2022 Everywhere Workplace Report](#), 2022.



# Internal Audit Mirrors Survey Findings

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## Overcoming attrition is a priority

The experiences of three internal audit leaders interviewed for this report support many of the attitudes and findings reflected in these surveys.

Paula Tye, SOX process manager at American Fidelity, said her company tried a variety of options to find the right balance on who should return to the office, including an initial misguided push to bring everyone back to pre-COVID work schedules. “There was rather a quiet mutiny here on that,” she said.

In contrast, Oklahoma City-based Gulfport Energy Corporation embraced its distributed workforce. Gulfport CAE Eric Wilson said the company has gone to a hybrid model that requires approximately half the company to be in the office at any given time. Indeed, the company has moved to a new location that can accommodate no more than 60% of its workforce.

Uday Gulvadi, a director at global investment bank and advisory firm Stout, said his firm has gone to a “work your way” model where employees have the option to work from fully remote to fully in the office. The only limitation is that Stout expects employees to live within a commutable distance should they need to come into the office for a client meeting or other face-to-face gathering.

Gulvadi, whose comments reflect his personal views and not necessarily those of Stout’s, noted work-from-home also expands the potential labor pool for companies willing to allow workers to work fully remotely.

“At Stout, we now have access to people in many locations we didn’t have access to before. We are increasingly able to tap into new markets,” he said. “Organizations can now tap into people they wouldn’t necessarily have been able to attract such as working mothers, or people with other family responsibilities.”

These internal audit leaders each expressed concerns about how evolving employee demands for workplace flexibility could impact their organizations’ ability to recruit and retain top talent.

Tye’s employer noted sudden pockets of higher-than-average attrition in certain areas of her company. She said people have left American Fidelity, despite it being a well-established company with a history of generous employee benefits, including at one time a traditional pension program and a current 401(k) program. Exacerbating that attrition was a regional challenge for American Fidelity, which is based in Oklahoma City.

“We’re in Oklahoma, and there’s the oil industry, and the oil people will pay more to retain their talent,” Tye said. They’ll give very rich benefits, and you can’t compete with that. I had a position open for probably about six to nine months, and I couldn’t compete from what we were paying. I thought we were very generous. Obviously not in the current market we’re in.”

Fierce competition for talent and finding the right fit for the organization are not the only obstacles to staffing effective internal audit functions. There is a fundamental shift in mindset among younger workers about what every potential employer should offer them, and it’s not just about compensation.

**“I thought we were very generous. Obviously not in the current market we’re in.”**

**— Paula Tye,  
SOX Process Manager,  
American Fidelity**



“If companies think that they are going to be able to go back to status quo pre-pandemic . . . there is an entire generation of people who are coming into the workforce right now you’re just not going to be able to get through the door to work with you,” said Gulfport’s Wilson.

Wilson said he participates in mock interviews for business master’s candidates at several local universities. He has noted that representatives of companies that insist on workers coming to the office full time quickly realize that approach is unsustainable.

“You see the people who are representatives of those businesses walk out of those mock interviews with almost a light-bulb moment of, ‘We can’t continue to operate this way because we are never going to get these employees we want to have.’”

Recognizing this shift is critical to an organization’s future, Wilson said. “We’re definitely going to see a divergence of mentalities for companies; that divergence may well be the make-or-break decision on whether a company makes it or not.”

Gulvadi’s experience at Stout provides an example of how attitudes can change.

“2021 was the best year in the firm’s history, and we were mostly remote,” he said. “That reinforced our management team’s belief that they are able to trust their teams to do the right thing, to be committed to work, committed to client service, committed to deadlines. In my clients as well, I saw a significant shift in the eyes of leaders and their willingness to be more flexible.”

300%

According to job site ZipRecruiter, listings specified as “remote” draw three times the number of applicants.



# Technology and Talent

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## Adding urgency to a familiar challenge

**Numerous surveys and studies have noted the pandemic helped accelerate** adoption of technology to increase efficiency and productivity. That adds a level of complexity to the post-COVID talent management risk. Organizations that fall behind in terms of technology will struggle to bring in top talent.

Wilson teaches several business intelligence courses at the University of Oklahoma, which include lessons on how to build dashboards using software applications, such as Power BI.

“Every time I teach that class there are students who come up and ask me, ‘There are companies that operate without this? How do they even operate?’ Then I imagine those students graduating and going to work for companies that don’t have that. The frustration they are going to feel working for a company that is far behind from a technology, reporting, and automation standpoint is going to be significant,” Wilson said.

Students are extraordinarily savvy when it comes to technology, he continued. “They know what to ask to get a good insight into how a company operates with tech and automation. If you can’t answer that, your top talent is not going to be interested in working for you.”

The same observation applies to internal audit functions that have yet to fully embrace technology. Wilson said leading practitioners have noted that automation won’t put internal audit out of business, but it will put the internal auditor who doesn’t use automation out of business.

“As a profession, there is no longer a need to sit and stare at Excel spreadsheets and go cell by cell and tick things out,” Wilson said.

Internal audit functions should be focusing instead on automating source systems to manage routine and repetitive chores, which then provides the opportunity to step back and identify potential roadblocks to the organization achieving its goals, Wilson said.

“The roadblock is not that we have the wrong number in cell A7 of some form. The roadblock is that we have some strategic or operational fault in what we are doing, and we need to go and identify and tackle that,” he said.

The value of greater understanding of technology is manifesting clearly in the high turnover in financial services, where FinTech — the growing field where technology and innovation are altering delivery of traditional financial services — is drawing new and experienced workers. FinTech includes artificial intelligence, blockchain, cloud computing, and leveraging big data.

Gulvadi noted this provides a significant opportunity to invest in staff development, which in turn can help with talent management.

“The best bet companies have is upskilling or re-skilling some of their people, whether it is digital technology or data analytics,” he said. “I’m seeing a lot more emphasis on learning opportunities in that space. I have seen people sponsoring employees to take these courses on cybersecurity or blockchain.”





# Diversity, Equity, and Inclusion

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## Flexibility includes corporate culture, DEI

As organizations battle to adapt to changing worker demands on work-life balance and meeting new challenges and opportunities offered by technology, a third component to talent management in a post-COVID environment lies in what the organization looks like. Diversity, equity, and inclusion presents a significant opportunity to attract and retain top talent.

A recently published white paper from the Internal Audit Foundation, The Institute of Internal Auditors (IIA), and Deloitte, [Diversity, Equity, and Inclusion \(DEI\) 101: Internal Audit's Invaluable Role in Creating a Sense of Belonging at Work](#), argues that internal audit has not only an opportunity, but an obligation to foster a DEI culture, starting with its own functions. The white paper, the first of a three-part series, states organizations that already had DEI programs before the pandemic “largely recognized they needed to do more — not only to attract talent but also to empower their current employees to be their authentic selves at work.”<sup>3</sup>

While DEI and its goals relating to creating inclusive and equitable work environments can be complex, even disruptive, the benefits are evident. A pre-pandemic study conducted by [BetterUp](#) in 2019 cited in the white paper found that increased workplace belonging can lead to an estimated 56% increase in job performance, 50% reduction in turnover risk, and 75% decrease in employee sick days.<sup>4</sup>

What's more, a strong DEI program is a draw for younger talent. Gulvadi, who is on Stout's DEI campus recruiting pillar, said a good proportion of job candidates he speaks with inquire about DEI efforts at the company.

“And people want to see not just platitudes, or something written on a piece of paper; they're actually asking about some of the initiatives,” he said.

“We're definitely seeing change in the diversity of people we hire,” Gulvadi added. “And similarly, for many of the larger clients I work with, that has been a significant point of attracting new talent. The ones that have been able to demonstrate stronger DEI initiatives have been able to attract a number of good people from diverse backgrounds.”

A growing body of research reflects that DEI and work-life balance increasingly are viewed as inseparable from corporate culture. As noted in the introduction to The 2022 Global Talent Trends report from LinkedIn Talent Solutions, “Gone are the days when companies could lead with perks — think ping-pong tables and endless snacks — designed to make the office a home away from home. Today, forward-thinking organizations are working with employees to make home an office away from office.”<sup>5</sup>

The report, titled [The Reinvention of Company Culture](#), also makes the case that organizations must evolve their cultures if they hope to compete in today's fierce job market:

“For companies to attract, retain, and grow the talent that will bring them sustained success, they need to fine-tune — or overhaul — their culture to meet the expectations of professionals to be seen as human beings first.”<sup>6</sup>

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<sup>3</sup> The Internal Audit Foundation, The IIA, Deloitte, [Diversity, Equity, and Inclusion \(DEI\) 101: Internal Audit's Invaluable Role in Creating a Sense of Belonging at Work](#), 2022.

<sup>4</sup> [BetterUp](#), “[The Value of Belonging at Work: New Frontiers for Inclusion in 2021 and Beyond](#),” pg. 11.

<sup>5</sup> LinkedIn Talent Solutions, [2022 Global Talent Trends: The Reinvention of Company Culture](#), 2022.

<sup>6</sup> *Ibid.*



The elevation of company culture as a significant component for attracting and retaining top talent is widespread, according to LinkedIn research. Globally, 40% of job candidates consider company culture a top priority when picking a job. This ranges from a high of 50% in the Netherlands to 29% in Mexico.<sup>7</sup>

“Workers are now reevaluating what matters most to them in the wake of the COVID-19 pandemic, prompting employers to focus on the well-being and personal satisfaction of their employees. Companies are adjusting their policies to ensure that employees feel cared about as human beings, not just as workers, making flexible work arrangements permanent, investing in wellness programs, and boosting their diversity and inclusion efforts. Employers and employees are building a new, more dynamic relationship based on trust and empathy.”<sup>8</sup>

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid.



# Conclusion

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There is ample evidence that reflects how the employee/employer dynamic is evolving to become more flexible and human-focused in the wake of the COVID-19 pandemic. This includes considerations on the use of technology as well as diversity, equity, and inclusion. From Wilson's perspective, this presents an opportunity for internal audit's evolution.

"I think that the internal audit profession has been riding the crest of a wave," he said. "What's happened over the last couple years has forced us to make a decision of which way we're going. I think that's a really good thing, but it also has injected a lot of confusion and anxiety and angst into internal audit functions."

Knowing how best to support their organizations with assurance and advisory services is challenging for practitioners, particularly as talent management in a post-COVID environment continues to evolve. The DEI 101 white paper offers a list of actions internal audit can take within the DEI realm:

## ASSURANCE PROVIDER

- Assess the current state of DEI within an organization through the three spheres of influence in workforce, marketplace, and society (i.e., human resource audits, third-party management audits, policy and procedure reviews, and regulatory compliance reviews).
- Use quantitative and qualitative approaches to enrich audits by adding DEI considerations into the existing audit plan.
- Confirm that management has established effective processes to attract, recruit, hire, and retain diverse candidates.
- Audit the accuracy of DEI statistics provided to the board, regulators, or external parties.
- Perform "pulse checks" on whether or not the organization is achieving its stated DEI goals.
- Work with human resources professionals to better understand how equity objectives are measured across the business and whether reward practices or programs introduce elements of business risk/bias that should be further investigated.

## TRUSTED ADVISOR

- Incorporate DEI risks into audit programs, reporting on potential impacts to the organization.
- Assist management in analyzing talent processes (recruiting, retention activities, etc.) to identify vulnerabilities to cognitive biases and potentially adverse impacts on specific workforce demographics.
- Determine if DEI objectives across multiple business units, functions, or merger and acquisition (M&A) targets are aligned with the overarching DEI goals of the enterprise.
- Provide a perspective on DEI progress to management and the board.

## AGENT IN CHARGE

- Identify DEI behaviors that inspire the organization and can be tracked for progress.
- Propose changes to promote, support, and activate DEI.
- Assist management in identifying and remediating the root causes of inequitable programs or processes.
- Initiate cross-functional partnerships and external alliances through the leadership of the chief audit executive (CAE).
- "Walk the talk" by modeling DEI leading practices within the internal audit department.<sup>9</sup>

Of course, a robust approach to assurance over DEI efforts is just one component. Internal auditors must be prepared to support the evolution of talent management within their functions and organizations on various factors that influence this risk area.

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<sup>9</sup> The Internal Audit Foundation, The IIA, Deloitte, [Diversity, Equity, and Inclusion \(DEI\) 101: Internal Audit's Invaluable Role in Creating a Sense of Belonging at Work](#), 2022.



## About The IIA

The Institute of Internal Auditors (IIA) is an international professional association that serves more than 215,000 global members and has awarded 180,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized as the internal audit profession's leader in standards, certification, education, research, and technical guidance throughout the world. For more information, visit [theiia.org](http://theiia.org).

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