

# Market Insights on the Internal Audit Profession 2023

## Welcome to the Barclay Simpson 2022/23 Internal Audit Market Insights report.

Welcome to the Barclay Simpson 2023 Internal Audit, Controls and Assurance Market Insights report. It was no surprise that 2023 would see a more moderate level of activity compared to the extraordinarily active recruitment market conditions seen in late 2021 and throughout 2022.

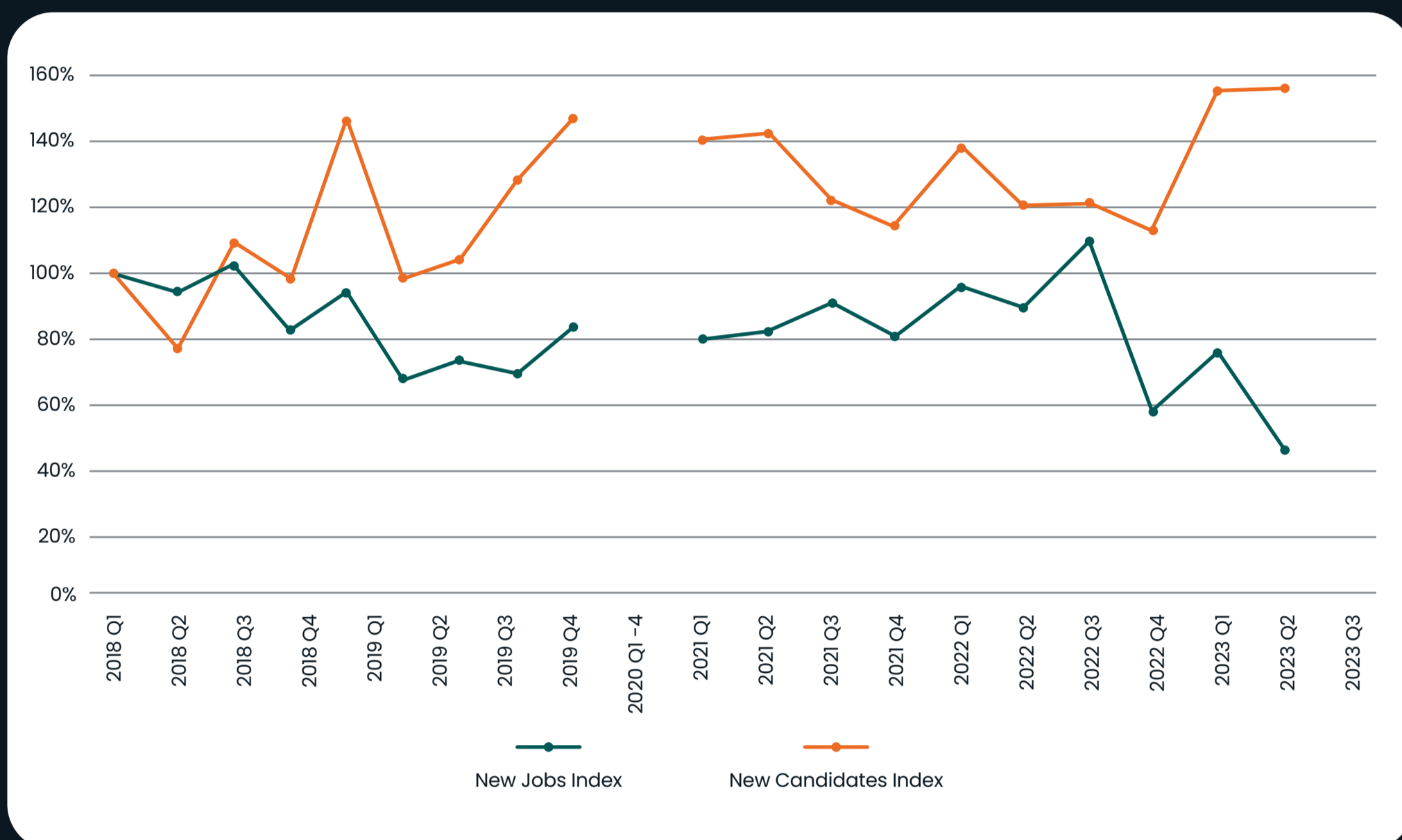
The impact of the COVID-19 pandemic and the subsequent bounce back really has been a rollercoaster. But it's probably fair to say that now, at least in terms of vacancy creation, market conditions are being driven by more traditional economic factors. The disruption caused by the mini-budget, war in Ukraine, persistent inflation, rapidly rising interest rates and sluggish growth have combined to create the one thing that recruitment markets dislike most, uncertainty.



Source: KPMG/REC, UK Report on Jobs

A variety of factors are shaping the current landscape of Internal Audit recruitment. A shift towards more in-office work, particularly for junior candidates, is impacting recruitment dynamics. International companies are taking a variety of approaches from the strict to the flexible. Companies like Citi are implementing tracking measures for office attendance, others are seeking to return to pre-2020 staffing levels. Both of which are affecting the willingness of candidates to consider positions in the banking and financial services sector. The geography plays a role here. London-based employers are finding long-term office leases necessitating a push for in-office work where regional employers facing a shortage of candidates, are compelled to offer greater flexibility, as they struggle to compete with larger institutions in terms of compensation and benefits.

## Supply & Demand of Audit Professionals and Jobs

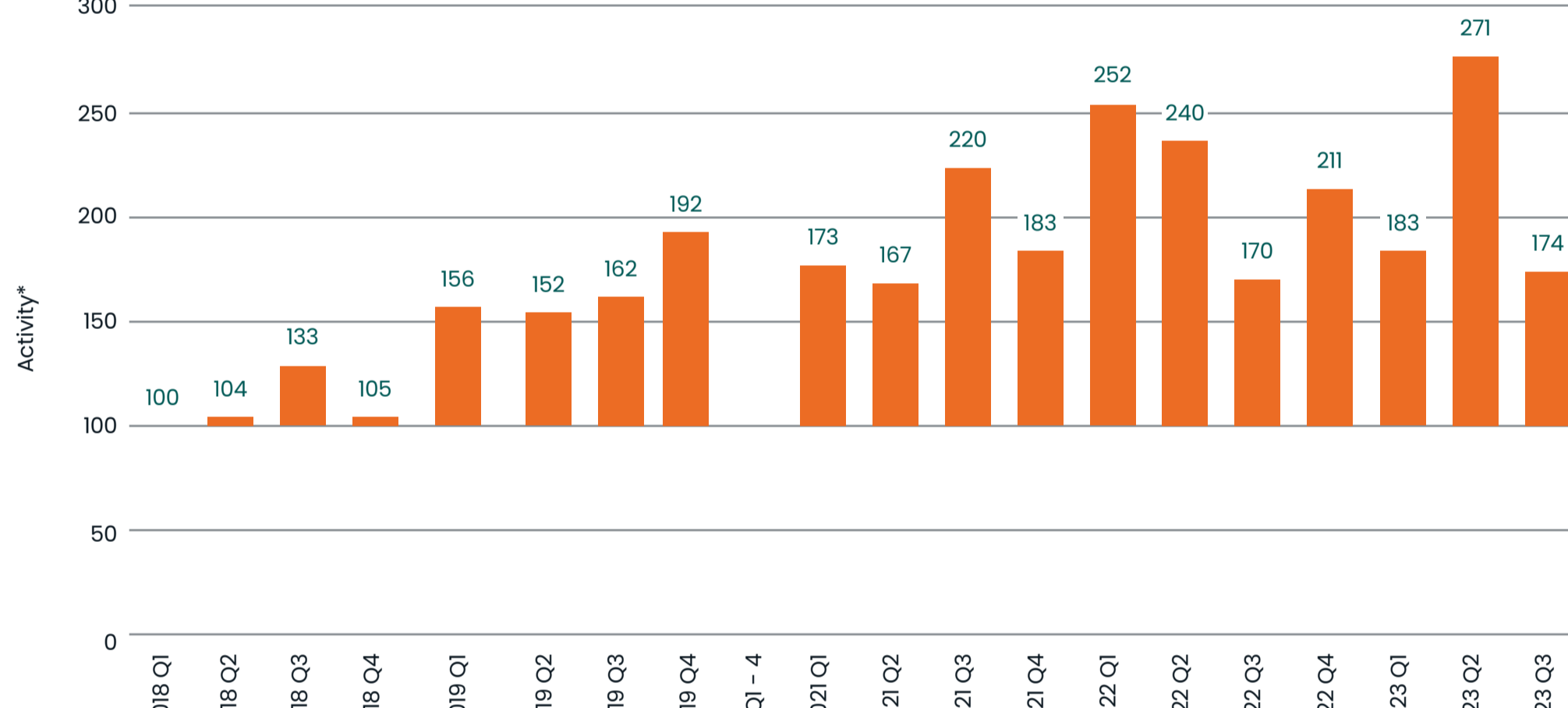


Demand for Internal Audit jobs is slowing down in 2023 thanks to economic uncertainties fuelled by inflation and interest rate fluctuations. Organisations, under pressure to cut recruitment budgets are relying more on internal hiring to plug gaps. Reduced job openings within the financial services sector contribute to this slowdown, with a noticeable decline in the number of available positions compared to previous years.

Staff turnover has decreased as individuals seek job security amid uncertainty, and over-hiring in 2021 and 2022 has led some companies to reduce headcounts. The creation of shared-service centres in lower-cost locations and the migration of some financial services jobs from London due to Brexit have further impacted the supply and demand dynamics.

The decline in recruitment activity appears evident, but it is worth noting that the data might not paint the full picture. As the market emerges from an unprecedented period of record hiring the audit sector is showing signs of rebalancing back to pre-2021 norms.

## Audit Recruitment Activity Index



\*Composite measure of recruitment process activities

An increase in candidate registrations in 2022-23 has been driven by rising living costs, with candidates seeking higher-paying opportunities to combat inflation and increased mortgage expenses. Many Internal Audit professionals have moved to contract roles for the flexibility and higher pay, partly due to the impact of IR35 and COVID-19.

The movement of candidates out of the UK to regions like the Middle East, offering tax-free salaries, has contributed to the increased demand for Internal Audit talent. The bottleneck effect caused by Big4 and Top10 firms hiring overseas staff with visa constraints has also impacted the flow of candidates into Internal Audit roles.

The market is evolving in response to economic, regulatory, and demographic shifts, creating both challenges and opportunities for internal audit recruitment.

## In-Demand Roles Businesses are Looking For:

**1**

**Delivery Focused Audit Staff**

**2**

**Audit Managers**

**3**

**Senior Auditors**

**4**

**IT Auditors**

## Drivers Impacting Candidate Movement

**Working Arrangements**

**Remuneration**

**Better Benefits**

**Career Development**

**Job Security**

Data taken from the 2022 Barclay Simpson Internal Audit Salary & Recruitment Trends Guide

Employers hold a lot of power in the current market however with a surplus of candidates available, finding the right fit has become more challenging. Emerging skills are shaped by increasing digitisation and a focus on project delivery. Many small to medium-sized audit departments are venturing into their first IT and Technology audits. This shift has created a rising demand for IT Auditors who possess the expertise to assess and ensure the integrity of digital systems and data.

## Greatest Recruitment Challenges



With many businesses reticent to overspend in an uncertain economy, employers need to find new ways to attract top talent that takes advantage of candidate desires for increased flexibility and work-life balance. In a candidate market where technical, IT-driven skills are few and hard to come by, alternative recruiting solutions or recruitment support should be considered to ensure access to the widest and highest-calibre talent market.

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

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