

# State Agency Internal Audit Recruitment & Retention Best Practices

2019 State Agency Internal Audit Forum Leadership Development Program

Nick Ballard

Cheryl Foreman

Derrick Miller

Karen Norman

Tammara West

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# Executive Summary

## Project Objective

To develop a long-term strategy to recruit and retain internal auditing talent within state government.

## I. Challenges

### A. Recruitment

1. Attracting qualified candidates, identifying candidates that have crucial skills including the ability to communicate well and synthesize complex information
2. Providing competitive compensation

### B. Retention

1. Employees say they are leaving for higher salary, but the real drivers may be different
2. Indicators that an employee may leave include: poor relationship with supervisor, unclear role, poor job design, poor workgroup cohesion, inability to disconnect after hours, poor work-life balance, and poor transparency

## II. Best Practices

### A. Recruitment

1. Marketing - Promote the Career
  - a. Communicate the benefits of the Internal Audit profession (career growth through exposure across the organization; potential to influence substantive change within the organization)
  - b. Communicate Texas State employment value proposition
2. Process
  - a. Ensure sufficient communication with top candidates during the recruitment process
  - b. Be proactive in recruiting
    - Develop relationships through universities and professional organizations
    - Post positions on non-government job boards
    - Contact potential applicants directly through online professional sites
  - c. Ensure that job descriptions are succinct and are not overly restrictive

- B. Retention
  - 1. Recruitment
    - a. Ensure the right fit by providing candid overview of the role and responsibilities
  - 2. Onboarding
    - a. Ensure successful onboarding process, including helping employees:
      - i. Learn what makes the company unique
      - ii. Learn exactly how their jobs help fulfill the company's mission
      - iii. Experience the mission and values of the company
    - b. Ensure that onboarding is not overly focused on policy orientation
    - c. Provide a clean work station on the first day
  - 3. Increase Employee Commitment
    - a. Links – Connections to the team
    - b. Fit – Employee compatibility with the job, team, and organization
    - c. Sacrifice – Align awards with longevity
  - 4. Increase Employee Engagement through Recruitment and Career Development
  - 5. Increase Employee Engagement through a Supportive Environment

### III. Appendix

- A. Interviews with Chief Audit Executives, and human resources team members
- B. Student Surveys
- C. Articles Researched

# I. Challenges for Recruitment and Retention

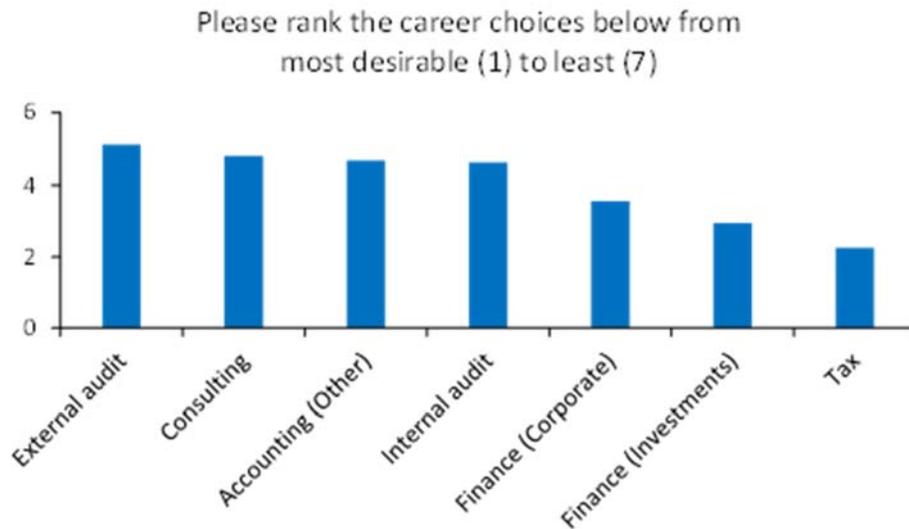
# Challenges for Recruitment

## A. Interviews – Chief Audit Executives and Human Resources Team Members

1. Attracting qualified candidates, including identifying candidates that have crucial skills such as the ability to communicate well and synthesize complex information
2. Providing competitive compensation
3. Based on feedback received, recent candidates reported:
  - a. The hiring process is too long
  - b. Job descriptions are too long and not always clear
  - c. Panel interviews can be intimidating for lower-level candidates
  - d. Onboarding processes can be improved

## B. Student Survey Feedback

1. Students learn about career opportunities primarily through on-campus recruiting, networking, and internships. Only 4 of 17 students surveyed learned about job opportunities through governmental job boards.
2. There is an opportunity to promote the internal audit profession more, as students ranked it as 4<sup>th</sup> out of 7 potential career choices.



3. When asked whether students had considered a career in internal audit, three respondents (out of 17) stated that they were not aware of the industry, and three respondents stated that they had different career goals.
4. When deciding where to begin their careers, eight of nine survey respondents stated that they had committed to an employer by December of the year prior to a planned summer graduation.

## C. Research – Recruitment Challenges

1. Common problems, from a candidate’s perspective of the hiring process<sup>1</sup>
  - a. Careers sites that function poorly on mobile devices.
  - b. Applications that take too long to complete.
  - c. A lack of response from employers during the recruiting process

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<sup>1</sup> SHRM, *Candidate Experience Audits are Core to Recruiting*

# Challenges for Retention

## A. Interviews - Audit Directors and Human Resources Team Members

1. Providing competitive compensation
2. Opportunities for promotion not available
3. State government pace not fast enough

## B. Research – Retention Challenges

### 1. Turnover Background Research<sup>2</sup>

Examples of turnover that is harmful to the organization include the exit of high performers and employees with hard-to-replace skills, departures of women or minority group members that erode the diversity of your company's workforce, and turnover rates that lead to high replacement costs.

Some voluntary turnover is avoidable and some is unavoidable. Avoidable turnover stems from causes that the organization may be able to influence. For example, if employees are leaving because of low job satisfaction, the company could improve the situation by redesigning jobs to offer more challenge or more opportunities for people to develop their skills. Unavoidable turnover stems from causes over which the organization has little or no control. For instance, if employees leave because of health problems or a desire to return to school, there may be little the organization can do to keep them.

However, some turnover may generate important benefits; for example, the new hire turns out to be more productive or skilled than the previous employee. To develop an effective retention plan, you need to consider both the costs and benefits associated with turnover in your organization.

### 2. Why Turnover Matters<sup>2</sup>

- a. Cost – Research suggests that direct replacement costs can reach as high as 50%-60% of an employee's annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary.
- b. Performance - Turnover affects organizational performance
- c. Replacement is Challenging - Talent is scarce

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<sup>2</sup> SHRM Foundation's Effective Practice Guidelines Series, *Retaining Talent A Guide to Analyzing and Managing Employee Turnover*, 2008

### 3. Causes of Turnover

#### a. Identifying Turnover Causes through Exit Interviews

Reliance on exit interviews may not always provide reliable data.<sup>2</sup> Research suggests that departing employees are reluctant to cite negative aspects of the organization that have contributed to their decision to leave (such as dissatisfaction with their supervisor). In addition, departing employees tend to cite positive external factors that lie outside the organization's control (for example, better opportunities elsewhere) as causes for their departure.

In one study of exit interviews, 38% of employees reported leaving because of salary and 4% because of dissatisfactory supervision. In a questionnaire posed to these same individuals 18 months later, only 12% reported leaving because of salary, whereas 24% cited supervision as the cause. This difference may be due to people wanting to avoid doing anything that might end the employment relationship on a negative note, especially if they believe they may need references from the company in the future. They may also find it easier to give the impression that there is little the organization could have done. That way, the interviewer will be less likely to try to retain them.

#### b. SHRM Study Regarding Employee Turnover<sup>2</sup>

Based on an analysis of employee turnover indicators, the SHRM foundation found that pay may not matter in turnover decisions as much as managers may think. The analysis found that compensation and pay satisfaction are relatively weak predictors of employees' decisions to leave. Thus, offering pay increases or bonuses to keep people at your organization may not be the most efficient way to address retention.

Based on this analysis, strong predictors of an intent to leave include:

- Key attitudes of organizational commitment and job satisfaction
- The relationship quality between an employee and their immediate supervisor
- Role clarity (including definition, communication, and reinforcing of performance Expectations)
- Job design (including job scope, promotion opportunities, and opportunities to participate in decision-making)
- Workgroup cohesion

c. Institute of Internal Auditor’s (IIA) Research<sup>3</sup>

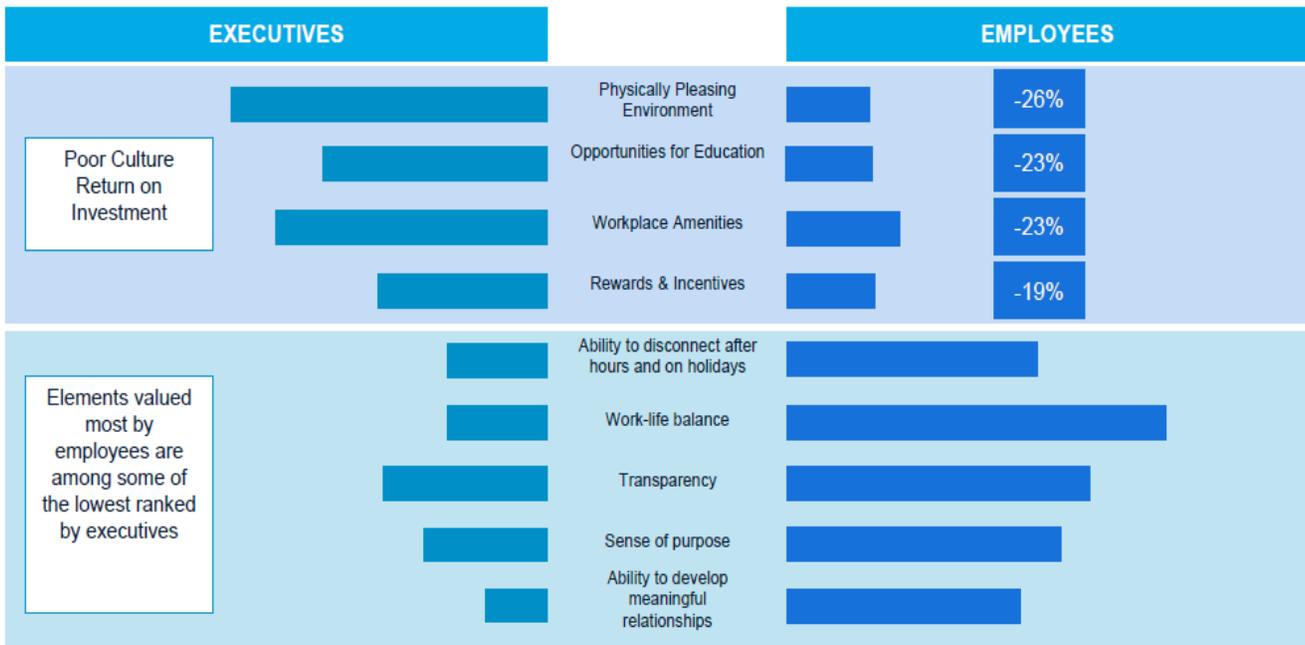
IIA research generated similar findings on the causes of turnover to the results presented by SHRM. The table below shows disconnect between what managers think employees value and what the Employee’s report as important.

Managers participating in the survey believed that employees mostly valued:

- Physically Pleasing Environment
- Opportunities for Education
- Workplace Amenities
- Rewards and Incentives

While employees reported that they value (indicating that management that does not provide these attributes will experience turnover):

- Ability to disconnect after hours and on holidays
- Work-life balance
- Transparency
- Sense of purpose
- Ability to develop meaningful relationships



<sup>3</sup> The Institute of Internal Auditors, *Auditing Culture*, Sue Jex – Grant Thornton

## II. Best Practices for Recruitment and Retention

# Recruitment Best Practices

## A. Identify Target Candidate Characteristics

Before beginning the recruitment process, it is necessary to identify the desired characteristics of potential candidates. MBK has identified 5 desired characteristics when recruiting for an experienced internal auditor<sup>4</sup>:

1. **Industry/Business Knowledge** - How can an auditor possibly evaluate the control environment if he/she does not understand the underlying industry or business? We encourage hiring teams to be highly detailed when defining exactly what type of industry knowledge a candidate must have...be specific;
2. **Ability to Synthesize** - This is the “so what” skill...the successful auditor (and GRC professional more broadly) must have the ability to distill data into a key message that business management will understand (e.g. the “so what” or "why should they care");
3. **Curiosity** - An auditor must be curious, methodical, and always push to gain an understanding as to what the findings/data show. Successful candidates should demonstrate their sense of rigor - we encourage hiring teams to develop interview strategies to bring this out in prospective auditors.
4. **Self-Starter** - Related to curiosity, an audit must be able to operate independently and “own” the audit. The days of “box checking” are in the past and rightly so. Successful auditors need to fully understand the workplan, execute it, and have sufficient flexibility to adapt to anything that may come up; and
5. **Backbone** - As the third line of defense, internal auditors must be able to not only synthesize their findings (e.g. the “so what”) but to stand up to challenges from line managers and the business lines. It is critical to identify thick-skinned candidates who have the ability to navigate challenges, stand up for what is right, but at the same time be open to meaningful input

Additionally, the SHRM Foundation has found that the following personality factors are assessed most frequently in work situations: conscientiousness, extraversion, agreeableness, openness to experience and emotional stability.

Research has shown that ***conscientiousness is the most useful predictor of performance across many different jobs.***<sup>5</sup>

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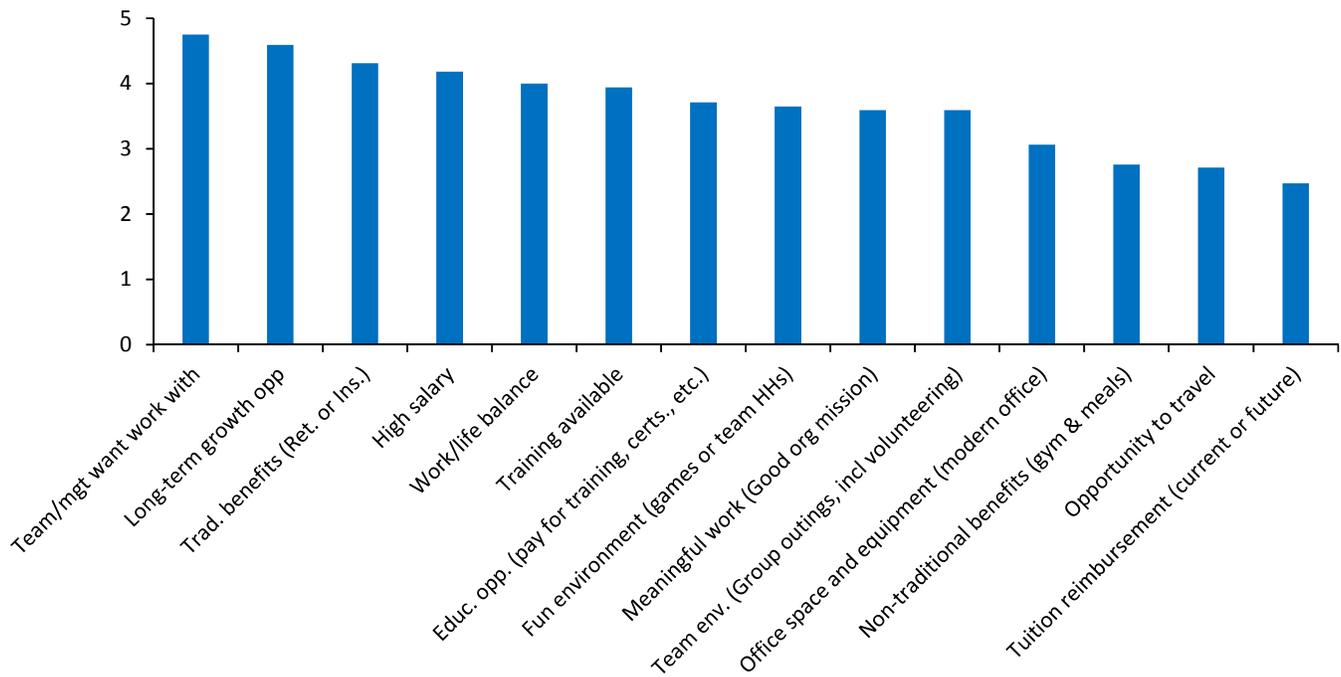
<sup>4</sup> MBK, *Five Things to Look for When Recruiting Internal Auditors*, June 2016

<sup>5</sup> SHRM, *Selection Assessment Methods, A guide to implementing formal assessments to build a high-quality workforce*, 2005

## B. Develop Marketing Strategy

In developing a marketing strategy targeting current students or recent graduates, consider the results of the Student Survey. Students ranked good team, long-term growth opportunities, traditional benefits (including retirement and health insurance), compensation, and work-life balance as being the five most important factors in their determination of where to begin their careers.

Please indicate how important the following is in determining which employer and/or field you want to begin your career



1. The marketing strategy should promote the internal audit career:
  - a. The team and how internal audit makes a difference
  - b. Long-term growth opportunities
  - c. State benefits
  - d. Work-life balance and Flexible work hours
  - e. The organization's mission, and internal audit's role within the organization
2. For smaller organizations, promote the positive attributes of working in a small team (e.g. family atmosphere, greater impact, work variety)
3. Consider attracting talent by having your employees tell their stories (through online videos)<sup>6</sup>

<sup>6</sup> SHRM, *Attract Talent by Telling Your Employees' Stories*, December 2017

4. Provide specific information about the organization and its mission (e.g. our mission is to provide retirement benefits to 1.5 million teachers and education employees in the State of Texas)
5. Mitigate the risk of job disillusionment (i.e. “the job was not what I expected”) by providing a *Realistic Job Preview* (RJP). RJP’s may include an employer providing a candid description of a job opening on its website.<sup>7</sup>
6. Check reviews on job evaluation sites such as Glassdoor.com. Glassdoor, for example, provides numerical ratings of an organization’s culture and values, work/life balance, senior management, compensation and benefits, and career opportunities. If the comments and scores are positive this should help recruiting. If they are negative, if the ratings and comments seem unfair, employers may consider asking current or former employees to add their voices. Some sites allow employers to post rebuttals. If the ratings ring true, though, the employer should consider taking action to address the concerns raised.<sup>7</sup>

## C. Establish Recruitment Process

1. Make timely job offers
2. Ensure regular contact during the recruitment process
3. Ensure the employer’s website grabs the viewer’s attention (uncluttered and effective use of color), is easy to navigate, includes information important to job candidates, provides an easy way to submit an application, notifies applicants that their application has been received, explains the next step in the hiring process.<sup>7</sup>
4. Ensure that job descriptions are succinct and not overly restrictive

## D. Identify Talent Sources

1. General Talent Sourcing
  - a. Seek referrals from high-quality current staff; Employee referrals and former interns were two times more likely to remain with the company for more than two years than individuals coming from other sources.<sup>7</sup> However, diversity should be considered when seeking candidates through referrals.
  - b. Social Media - LinkedIn.com (be proactive in contacting potential recruits) and Indeed.com

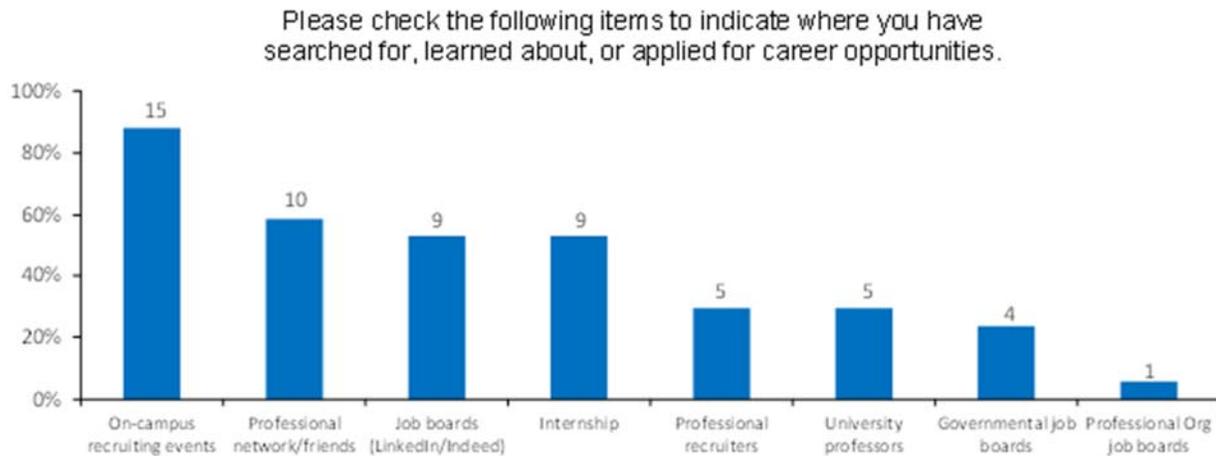
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<sup>7</sup> SHRM Foundation’s Effective Practice Guidelines Series, *Talent Acquisition: A Guide to Understanding and Managing the Recruitment Process*, 2016

- c. Non-traditional audit fields:
  - Computer Science, Public Administration, and Economics Majors
  - Business Unit Subject Matter Experts (Ensure that there is a long-term plan for non-audit team members that join the audit team from a business unit).
- d. Professional Network
- e. Professional Organizations
  - Austin Institute of Internal Auditors
  - Austin Chapter of ISACA
  - Texas Society of CPAs
  - Women in Technology
  - Austin Black, Hispanic, and LGBTQ Chambers of Commerce
  - Veteran’s Job Fairs

2. University Students

Based on results of the student survey conducted for this project, on-campus recruiting is the top method by which students learned about job opportunities.



Below are items to be considered when developing an on-campus recruiting program.<sup>8</sup>

- a. Build, develop, manage, and *maintain* campus relationships - The successful university relations and recruiting program looks at the long haul, not just short-term results, and is built on strong relationships. Consider the University career center as the “base”. These centers typically offer career fairs, job posting services, on-campus recruiting, and other options for connecting with students.

<sup>8</sup> National Association of Colleges and Employers (NACE), *Best Practices for Recruiting New College Graduates*, October 2017

- b. Choose target schools carefully (Consider programs offered, location, and diversity)
- c. Send the right people to campus - Send well-trained professionals who are equipped to answer questions, address concerns, represent your brand, and sell your organization.
- d. Communicate with students about the process - Follow up with students you have talked to at a career fair. Keep in touch with interns after they have returned to campus. Let students know promptly about their status.
- e. Measure and analyze your results - Track how many hires you make, yes, but also track your interview to offer, offer to acceptance, and retention rates. These can help you identify where you're having the most trouble, so you can adjust.
- f. Feed your full-time hiring with an internship program.
- g. Use social media to supplant your on-campus recruiting program

# Retention Best Practices

## A. Recruitment

Provide a Realistic Job Preview (RJP)<sup>2</sup>. An RJP presents accurate information about the positive characteristics and potential challenges associated with any job, as well as clear details about performance expectations and the company's performance management processes.

## B. Onboarding

Retention efforts should start on day one, and this makes the onboarding process crucial to retention success—and, sometimes, a predictor as to whether the employee will be short-term or long-term.

Successful onboarding should help employees:

1. Learn what makes the company unique
2. Learn exactly how their jobs help fulfill the company's mission
3. Experience the mission and values of the company

Companies are often good at telling their own story, but a continual focus on the company makes the employee feel left out—especially younger workers who want to be recognized. Early in the onboarding process, managers should sit down with new employees and discuss their background and previous experiences, and how those may fit in to their current job and the organization's mission.

Managers should sit down with the employee and draft a sample career path, based on the employee's future goals. You can supplement the career path exercise by relating examples of former employees who held the same position as the new employee and went on to have a successful career.

Managers should ensure that common onboarding pitfalls are avoided. For example:

- Orientation sessions should not be overloaded with detailed policy information; Companies should instead try to communicate policy details through online or printed materials and focus on overviews during in-person meetings
- Not having a clean work station ready for the employee on the first day
- Assuming that all new employees are the same; Some new employees prefer a more hands-off "sink-or-swim" approach, while others like to be more actively guided, so managers should tailor their approaches to whichever style will work best for the employee

## C. Increase Employee Commitment

Focus on ways in which employees become *embedded* in their jobs and communities. The more embedded a person becomes, the more that leaving a job would require severing or rearranging connections and relationships.<sup>2</sup>

Three types of connections that foster embeddedness:

1. **Links** – Connections with other people, groups, or organizations. Examples include relationships with co-workers, work groups, mentors, and friends.

**Strengthen Links by:** Providing mentors, designing work in teams, fostering team cohesiveness, encouraging employee referrals.

2. **Fit** – Represents the extent to which employees see themselves as compatible with their job, organization, and community.

**Strengthen Fit by:** Providing realistic information about the job and company during recruitment, incorporating job and organizational fit into employee selection, and providing clear socialization and communication about the organization's values and culture.

3. **Sacrifice** – Represents forms of value a person would have to give up if he or she left a job. Sacrifices include financial rewards based on tenure, a positive work environment, promotional opportunities, and status in the community.

**Strengthen Sacrifice by:** Tying financial incentives to tenure, and providing unique incentives that might be hard to find elsewhere (such as pension participation).

## D. Increase Employee Engagement through Recruitment and Career Development<sup>2,9,10</sup>

1. **Recruitment and Selection** – Use clear communication to achieve person-job and person-organization fit, hire internally where strategically and practically feasible.
2. **Employee Value Proposition** – Be able to define the value proposition; Elements may include offering: interesting work, work an organization with an attractive mission, good team environment, pay for education and certification, work-life balance, flexible hours, work-from-home, retirement and medical benefits, growth opportunities, free parking, and job security.
3. **Job Design** – Increase meaningfulness, autonomy, variety, and co-worker support in jobs.
4. **Training and Development** – Provide orientation that communicates how jobs contribute to the organization’s mission and that helps new hires establish relationship with colleagues; Offer ongoing skills development including encouraging budget and time for training and certifications.
5. **Performance Management** – Define challenging goals; Provide positive feedback and recognition of all types of contributions
6. **Supervision** – Develop better managers by providing training on how to lead and how to develop effective relationships with subordinates; identify and remove abusive supervisors
7. **Staff Conversations** – Conduct one-on-one conversations with staff regularly to create a high feedback environment; Include regular discussions about performance and goals.
8. **Mentorship Programs** - Pairing a new employee with a mentor. New team members can learn the ropes from a veteran with a wealth of resources, and the new hire offers a fresh viewpoint to experience staff. Mentors should not be work supervisors.
9. **Audit Plan** - Ensure that value-add projects are included in the Audit Plan

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<sup>9</sup> Work Institute, *Employee Retention Best Practices*

<sup>10</sup> Harvard Business Review, *Five Ways to Retain Employees*, 2012

## E. Increase Employee Engagement through a Supportive Environment<sup>2,11,12</sup>

1. **Continue to Communicate the Value of Audit** – Continue to promote the benefits of the internal audit profession.
2. **Communicate Culture and Organizational Information** - Continue to communicate the department and organizational culture, and organizational information
3. **Schedule Team-Building Activities** – Activities may include: Enchanted Rock hike, Top Golf, Painting with a Twist, Blue Santa, Park clean-up
4. **Work-Life** – Support healthy work-life balance; Do not contact employees during off hours unless it is truly an emergency
5. **Recognition and Rewards System** - Show employees they are appreciated. Set up reward systems that incentivize great ideas and innovation. Recognize team members for accomplishments (within and outside of the department)
6. **Dealing with Change** – With workplace changes, staff look to leadership for reassurance. Keep staff informed to avoid feeding the rumor mill. Make big announcements face to face.
7. **Fostering Teamwork** – Foster a culture of collaboration.
8. **Team Celebration** – Celebrate major milestones for individuals and for the team.
9. **Expectations** – Ensure that employees know what is expected of them.
10. **Stay Interviews** - Ask: why did you come to work here? Why have you stayed? What would make you leave? What about your managers? What would you change or improve?
11. **Assessment Strategy** - Assess employee retention strategies at least once a year. Stay current on best practices.

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<sup>11</sup> Work Institute, *Employee Retention Best Practices*

<sup>12</sup> Harvard Business Review, *Five Ways to Retain Employees*, 2012

# I. Appendix

## III.A. Summary of Interviews

### Methodology

Conducted interviews with Chief Audit Executives and Human Resources staff at Texas State Agencies and private companies.

### Results

Interviews conducted with 10 participants. The participants provided feedback based on their experiences working at the following organizations:

1. The Office of the Attorney General
2. The Office of the Texas Governor
3. The Teacher Retirement System of Texas
4. The Texas Employees Retirement System
5. The Texas Department of Criminal Justice
6. The Texas Department of Insurance
7. The Texas Department of Motor Vehicles
8. The Texas Department of Public Safety
9. The Texas Department of Transportation
10. The University of Texas at Austin
11. Whole Foods
12. Weaver

The results are summarized in the tables below.

Recruiting		
Question	Response	Count
1. What recruiting efforts do you currently use (e.g. job fairs, recruiters, etc.)?	Post to organization website	12
	Post to external sites and professional organizations (LinkedIn, IIA, ISACA, Handshake)	10
	University outreach (Career Fairs and websites)	6
	In-house recruiting team (use LinkedIn)	4
	Interns	4
	Social Network	3
	Organizational outreach (Austin Hispanic, Black, LGBTQ Chamber; Veterans Job Fairs)	1
2. What are your biggest struggles in recruiting new internal audit staff and what are the primary causes for those?	Attracting qualified candidates with critical thinking skills)	10
	Competitive salary and working within state classification system	8
	Finding talent that want to do compliance work	1
	Austin cost of living/traffic	1
	Attracting diverse candidates	1
	Hiring process too slow	1
	Negative perception of government environment	1
	Unrealistic salary expectations (e.g. \$75k starting out of college)	1
	Slow hiring process (minimum posting of 10 days)	1
3. Do you have any thoughts as to how to solve the issues you have with recruiting?	Provide/communicate value proposition and benefits	5
	Modify job descriptions to allow flexibility (e.g. using Management Analyst (MA) classification or recruiting from non-business school majors) or entry at a higher level based on relevant (non-audit specific) work history	3
	Communicate organization values and mission	2
	Recruit specific individuals using LinkedIn or LinkedIn Groups	2
	Increase speed of hiring process	2
	Communicate the benefits of the profession	1
	Hiring non-traditional auditors (e.g. technology or policy background)	1
	Better marketing of audit at universities	1
	Higher compensation	1
	Internal Audit needs a classification series separate from the SAO classification series	1
	Maintain communication with good candidates during the hiring process	1

Recruiting, continued		
Question	Response	Count
4. Outside of a salary and standard health and pension benefits, what other 'enticements' can/do you offer recruits that make your agency stand out from other choices	Provide work from home and flexible hours	8
	Provide and pay for training/certifications	5
	Opportunity to work with good people, including senior management and Board	5
	Promote work/life balance	4
	Promote organization mission and values (focus for millenials); Meaningful work	3
	Interesting subject matter	2
	Provide casual attire	1
	Promote fun workplace	1
	Promote job security and benefits (focus on Gen X and Baby Boomers)	1
	Promote parking downtown	1
	Professional environment	1
	Promote growth opportunities	1
	5. What shifts have you noticed in the recent graduate applicant pool? And what changes do you foresee occurring	More non-accounting backgrounds (e.g. technology; communication, or economics)
More applicants with masters degrees (broad range, not just MBAs)		2
Hiring from business units (Note: be careful these hires have work for the long-run)		1
Focus on offering interns jobs		1
Lack of critical thinking and writing skills		1
Recruits expect promotion without experience and demonstration of proficiency		1
Directly recruit individuals through sites like LinkedIn.com		1
More tech-focused		1
More focus on office culture, work-life balance, and meaningful work		1
New applicant pool seems less prepared for interviews		1
Young applicant pool seems more prepared for interviews		1
Potential to use intern programs for recruiting		1
Mid to Senior level positions are difficult to hire (less movement)		1
6. What feedback have you received from recent hires on ways to improve the recruitment?	Process is too long/Need better discussion on process timeline)	4
	Job descriptions are too long/not always clear	3
	Need candid discussions with applicants about the challenges of audit	2
	The interview process (panel interview with all team members) was intimidating for lower-level candidates	1
	Onboarding process could be improved	1

Retention		
Question	Response	Count
1. What are your biggest obstacles in retaining staff?	Salary	5
	Not enough promotion opportunities	2
	State government pace not fast enough	1
	Unrealistic expectations for promotion without mastering the skills needed	1
	Decentralized organization	1
	Not sure, but think it is more than just salary	1
	Poaching	1
	Inconsistent use of auditor classification scales among agencies (Results/experience do not match pasce of increased classification level)	1
2. Does your agency have a career track; do you feel in helps	Flexible work hours	12
	Telecommuting	11
3. What non-monetary perks do you have in place for retaining staff (e.g. telecommuting, flexible hours)? Do you feel these help to retain staff? What additional non-monetary perks are currently being considered (when was the last time a new perk was offered)	Yes we have a career path and it has a postive impact on retention	10
	Paid vacation, holidays and compensatory time	2
	Work-life Balance	2
	Gym	2
	Office environment and culture	2
	Wellness leave for working out and meeting fitness goals	2
	Agency uses the classification series rather than a career path	1
	Employee discount	1
	IIA participation (national networking opportunities)	1
	Cafeteria	1
	Free parking downtown	1
	Nice office space	1
	Interesting work	1
	Development opportunities	1
	Offsite team retreats	1
Compacted schedules (4x10s)	1	
Work-place social events (e.g. holidays, birthdays, agency milestones, wellness events)	1	
4. How often do you request and receive feedback from employees on retention at your agency? What shifts have you seen in these responses	Review organizational survey	4
	Periodic meetings with team members to discuss how I can support them (annual, quarterly, monthly)	3
	Review SAO exit surveys	2
	Review agency exit surveys	1
	Quarterly internal audit division training (including feedback on division operations and strategy)	1
	Frequent/informal meetings with staff	1

Retention, continued		
Question	Response	Count
5. What is the biggest complaint you hear from managers throughout your agency, when it comes to retaining talent	Uncompetative salaries	3
	Internal poaching	2
	Organizational change affects morale	1
	Employees not connecting their work to the organization's mission	1
	Difficult to find good talent	1
	Lack of work-life balance	1
	Job classification change process is long, cumbersome, and vague	1
	Difficult to keep talent with critical thinking skills (and figuring out how to incentivize talent to stay)	1
	External poaching (other state agencies)	1
6. Do you have any thoughts as to how to solve issues you have with retaining staff?	Periodic compensation and equity studies	4
	Need to recruit team members that are the right fit (including mature team members)	3
	More discussions around team member needs	3
	Share information you have with staff	2
	Schedule social/team-building activities outside of the office with team (e.g. Enchanted Rock hike, Top Golf, Paiting with a Twist, Blue Santa, Park clean-up)	2
	Have good one-on-one conversations with staff	2
	Provide manager training on mentoring/conflict management	2
	Rotational programs for work in and out of audit	2
	Do team-buliding activities (Blue Santa; Park clean-up)	1
	More discussions around career paths	1
	Implement stay interviews for top talent	1
	Strengthen brand by winning Austin's Best Workplaces	1
	Continue to sell the benefits of audit	1
	Provide time for team to study for examinations	1
	Provide more leadership opportunities	1
	Create IA classification series to distinguish internal audit from other compliance/monitor functions	1
	SAIAF to implement a "New Auditor Training Program" and "New Project Lead" training program - to ensure consistency in skills and expectations	1
	Eliminate bureaucratic processes, including micromanaging controls	1

### III.B. Student Survey

#### Methodology

Surveyed current students in accounting programs at the University of Texas at Austin and St. Edward’s University. Received 17 responses.

#### Results

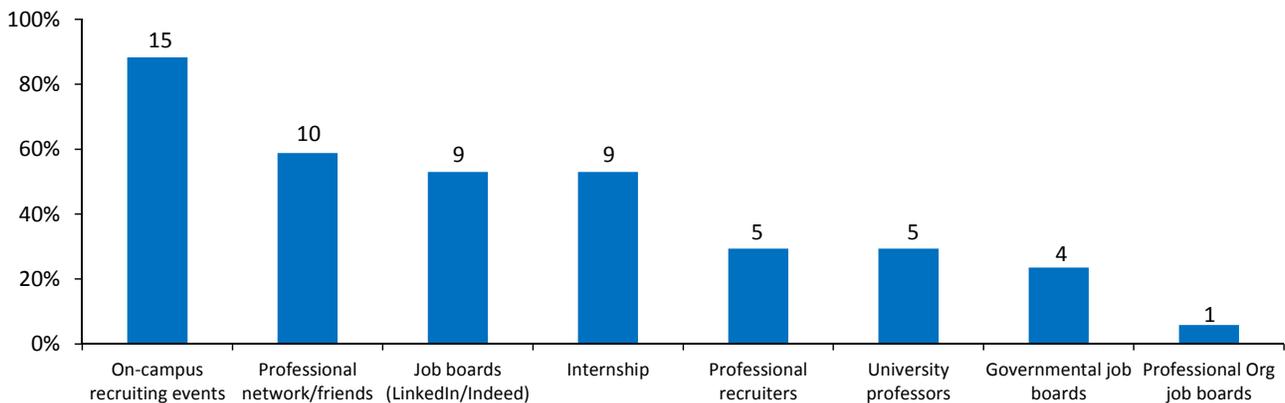
Demographic Information:

What is your age?	
Answer	Count
21 to 24	13
25 to 29	2
30 to 39	1
40 to 49	1
Attended Audit Class?	
Answer	Count
Yes	16
No	1
What school are you attending?	
Answer	Count
The University of Texas at Austin	13
St. Edwards University	4

Are you already committed to a job?	
Answer	Count
Yes	10
No	7
When did you commit?	
Answer	Count
Jan-May 2018	3
Jun-Aug 2018	1
Sep-Dec 2018	4
Jan-May 2019	1
When do you start?	
Answer	Count
Jul-Oct 2019	8

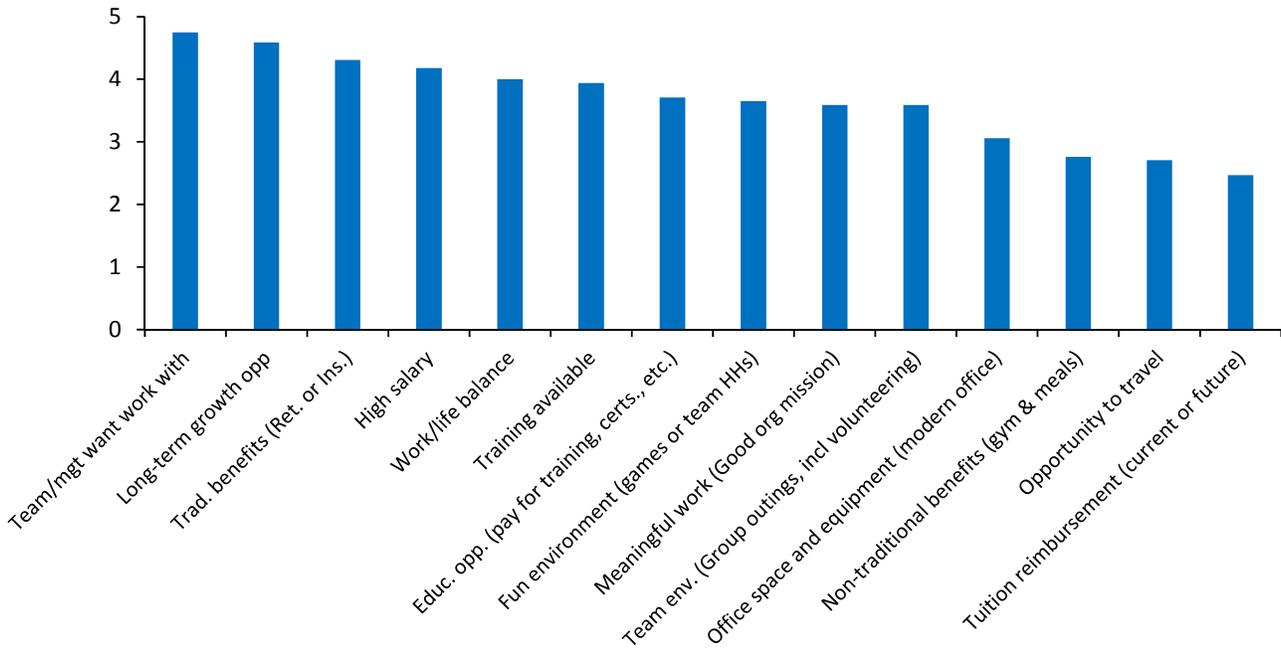
#### Question 1:

Please check the following items to indicate where you have searched for, learned about, or applied for career opportunities.



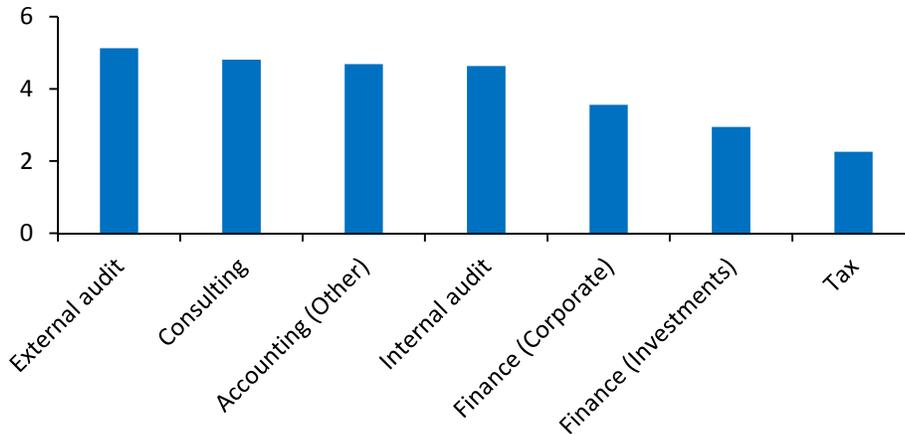
Question 2:

Please indicate how important the following is in determining which employer and/or field you want to begin your career



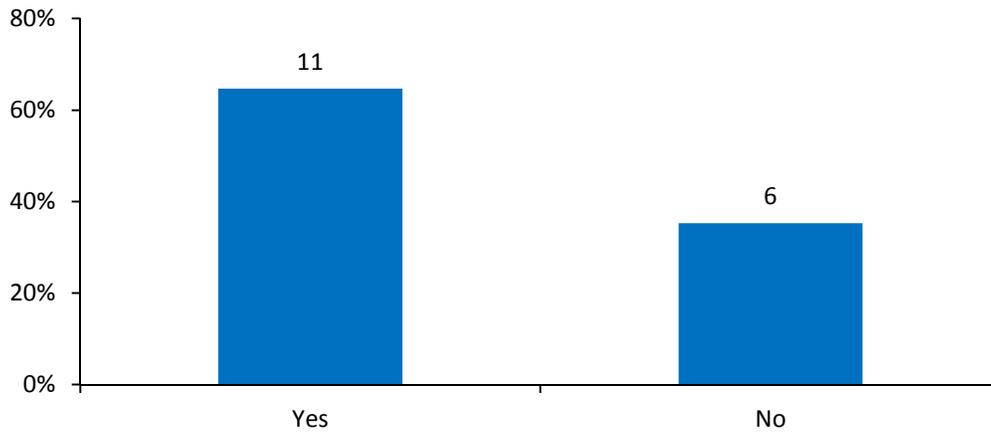
Question 3:

Please rank the career choices below from most desirable (1) to least (7)



Question 4:

### Have you considered a career in internal audit?

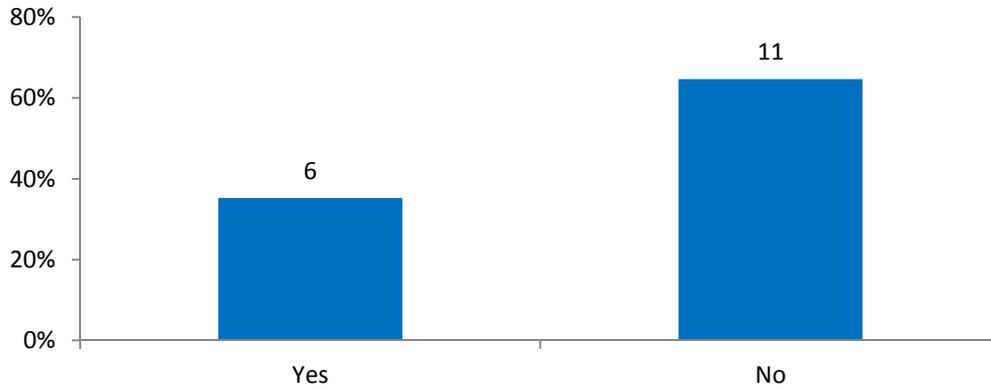


"Yes" answer comments:	
<b>It seems interesting</b>	
	It seems very interesting. I like that I would be able to learn a lot about different area of the company.
	I am interested in alternative career opportunities in accounting
	I think internal audit is a career full of possibilities.
	I enjoy audit and have applied to internal audit positions
	Internal auditing would offer a wide range of projects to work on and help with.
	It seems like a natural progression for my career
	I would like to help better the organization I work for and get a full view of operations
<b>Would possibly consider it</b>	
	I want to start my career in public accounting but would not be opposed to working in internal audit later in life.
	I have considered it, and I do want to work for the government but I am more interested in budget work or political campaigns

"No" answer comments:	
<b>Was not aware of industry</b>	
	I didn't know the industry even existed until graduate school.
	I don't feel UT MPA brings in many people that work in internal audit.
	I was done recruiting before being introduced to the field of internal audit.
<b>Not interested</b>	
	I like the work but I'd rather do traditional consulting.
	Right now I am looking into external audit and advisory
	I'm grad student. I worked in external audit for 2.5yrs at the beginning of my career. I realized that I was checking someone else's work when I'd rather be doing the work (working as an accountant in private) myself. I imagine I'd feel the same about internal audit.

Question 5:

### Have you considered a career in Texas state government?



"Yes" answer comments:
I want to make a difference in the world (x1)

"No" answer comments:
Not a citizen/expect to live somewhere else (x4)
Not interested in government (x2)
I have different career goals (x1)
I haven't seen any representatives or easily available postings/info (x1)

### III.C. Articles Researched

#### A. Recruitment

- MBK, *Five Things to Look for When Recruiting Internal Auditors*, June 2016
- National Association of Colleges and Employers (NACE), *Best Practices for Recruiting New College Graduates*, October 2017
- SHRM, *Attract Talent by Telling Your Employees' Stories*, December 2017
- SHRM, *Candidate Experience Audits are Core to Recruiting*
- SHRM, *Recruiting is Tougher in 2019*, February 2019
- SHRM, *Selection Assessment Methods, A guide to implementing formal assessments to build a high-quality workforce*, 2005
- SHRM, *Selecting Leadership Talent for the 21<sup>st</sup>-Century Workplace*, 2017
- SHRM, *SHRM Foundation Guide Outlines 4-Step Recruitment Process*, May 2016
- SHRM, *Talent Acquisition Tech is Evolving*, September 2017
- SHRM Foundation's Effective Practice Guidelines Series, *Talent Acquisition: A Guide to Understanding and Managing the Recruitment Process*, 2016

#### B. Retention

- The Institute of Internal Auditors, *Auditing Culture*, Sue Jex – Grant Thornton
- Harvard Business Review, *Five Ways to Retain Employees*, 2012
- Harvard Business Review, *To Retain New Hires, Spend More Time Onboarding Them*, December 2018
- SHRM, *How to Reduce Employee Turnover through Robust Retention Strategies*, September 2018
- SHRM, *Building a High-Performance Culture: A Fresh Look at Performance Management*, 2012
- SHRM, *Managing for Employee Retention*, 2019
- SHRM Foundation's Effective Practice Guidelines Series, *Retaining Talent A Guide to Analyzing and Managing Employee Turnover*, 2008
- Work Institute, *Employee Retention Best Practices*