

Challenges & Opportunities

Building a Stronger Texas
Government Internal Audit Workforce



Agenda

1. Introduction
2. About the Survey
3. Key Takeaways
4. Results
5. Strategies to Consider
6. Conclusion
7. Questions & Answers



Introduction

The study reviewed the professional development activities of internal auditors of the Texas Government, specifically their pursuit of industry certifications.

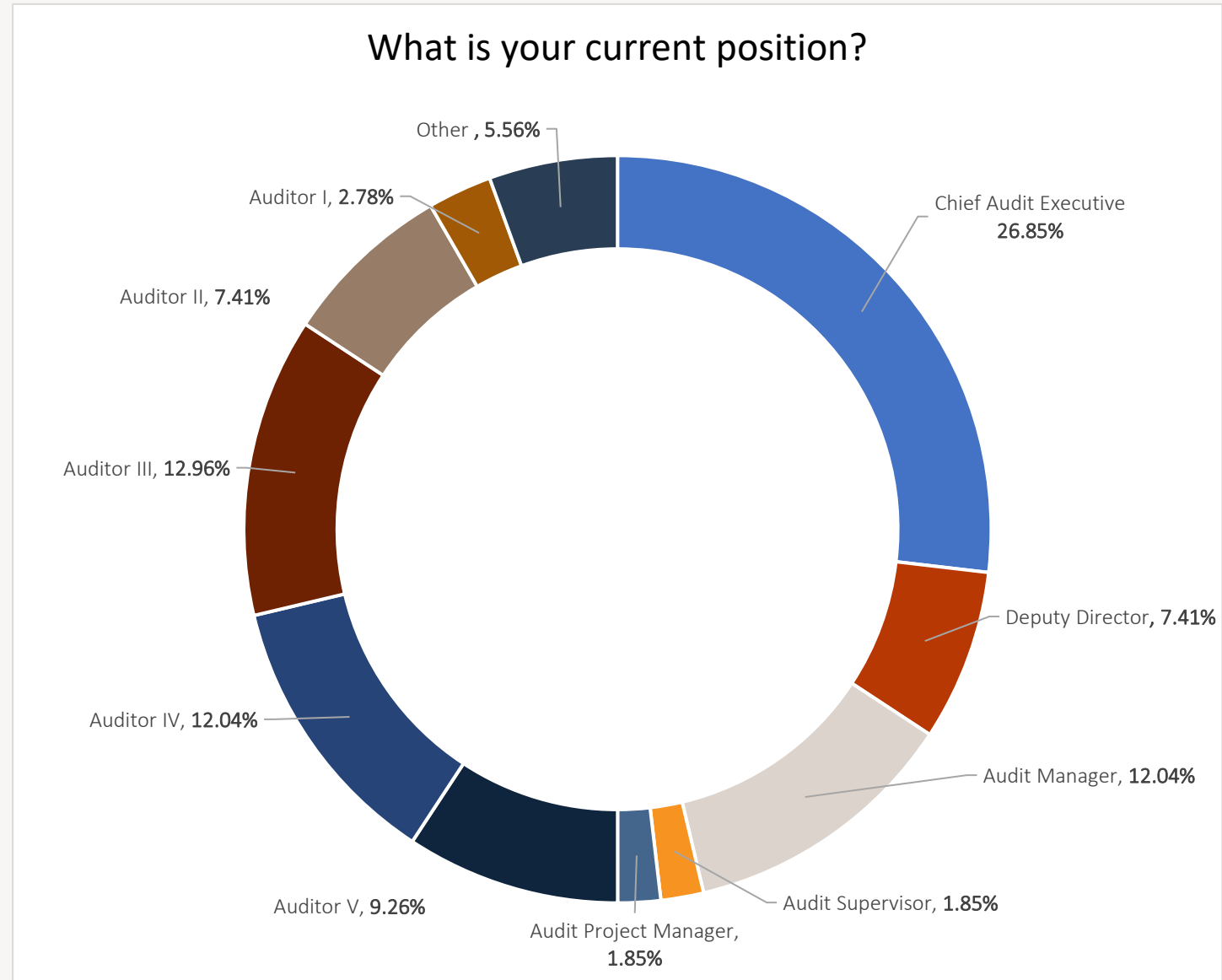
Objectives:

1. Examine the factors associated with pursuing the Certified Internal Auditor (CIA) certification
2. Identify potential reasons for the declining number of CIAs within the Texas Government Internal Audit workforce
3. Propose strategies to address this issue



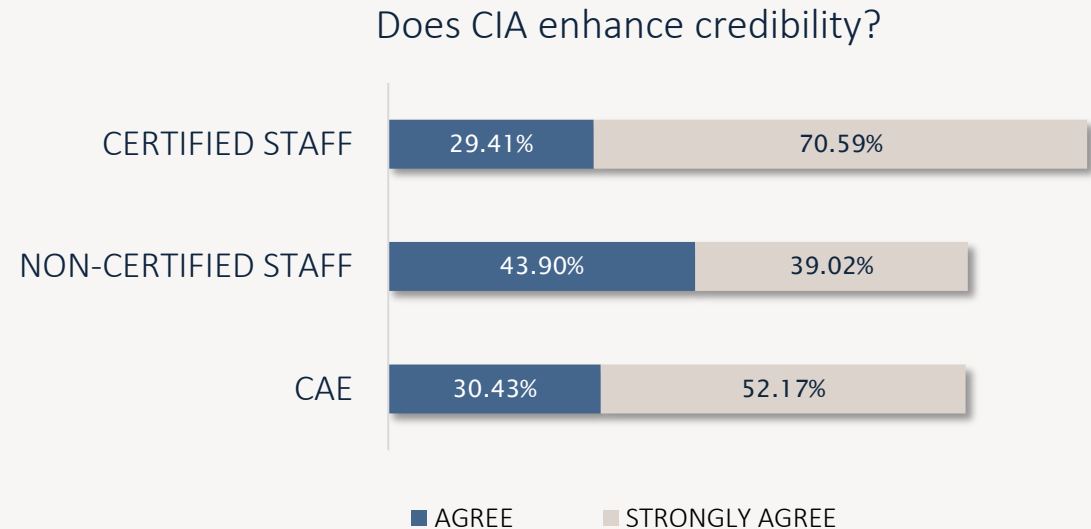
About the Survey

- Surveys were conducted during March 2023.
- There were 108 respondents, with 81 completing the survey.
- The most common position held amongst survey respondents was Chief Audit Executive.
- Respondents had to provide at least one answer for each question to participate in the survey.
- Respondents were also given the opportunity to participate in a follow-up interview to provide additional feedback.



Key Takeaways

- The Texas Government Internal Audit workforce perceives the CIA as important and valuable for the professional development of internal auditors.
- Survey respondents generally agreed that a CIA could enhance credibility, increase skills and knowledge, and provide career advancement opportunities.



Source: Analysis of Survey Data

Key Takeaways

- There is a mixed perception of a CIA certification's actual value and benefit. Specifically:
 - The Chief Audit Executives (CAEs) expressed varying views regarding the importance of staff obtaining CIA certification to achieve their departmental objectives and have differing stances for requiring the CIA for career advancement opportunities.
 - Some non-certified audit staff do not see the outcomes and benefits of obtaining a CIA certification as aligned with their personal and professional goals.
 - Some certified staff believe that obtaining a CIA certification did not provide them with career advancement opportunities.

Texas Government Internal Audit departments should collaborate to develop and implement individualized training that emphasizes the value of the CIA certification to employees.

A decorative graphic on the left side of the slide. It features a large orange hexagon at the top left, a light blue hexagon at the bottom left, and a white hexagon with a thin orange outline to its left. In the center, there is a cluster of overlapping white hexagons containing various data charts, including bar graphs and line graphs, with a pen resting on top of them.

Results

Analysis of survey data from respondents suggests that the perceived value and benefits of obtaining a CIA certification do not match their personal and professional aspirations. Factors include:

- Organizational support and resources
- Career prospects
- Exam content and cost
- Alternative career options

Observation 1: **Organizational Support and Resources**

The absence of well-defined employee development plans and insufficient organizational resources may lead to decreased employee participation in professional development programs.

Responses from audit staff indicate that there may be a need for more management support to encourage employees to obtain the CIA.

Although most audit staff believe their agency values and promotes obtaining the CIA, many are uncertain about their plans to pursue it.

Observation 1: Organizational Support and Resources



While 88% of staff feel that their management promotes professional development and values certifications such as the CIA, additional responses suggest that some employees feel that the support and incentives provided are inadequate to motivate them to pursue the CIA.

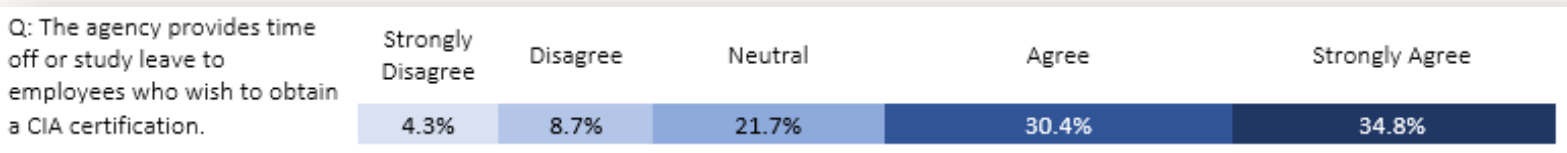
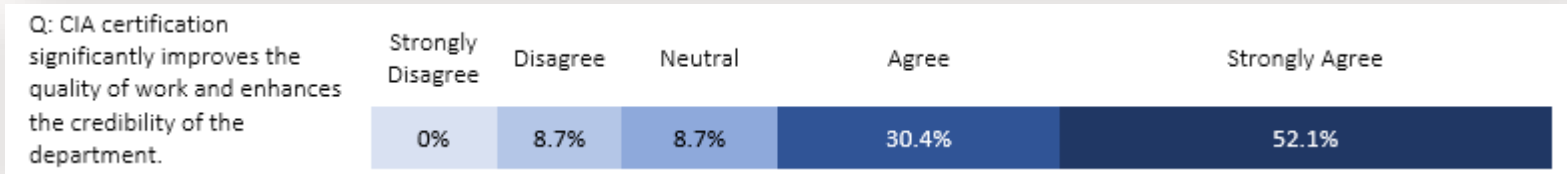
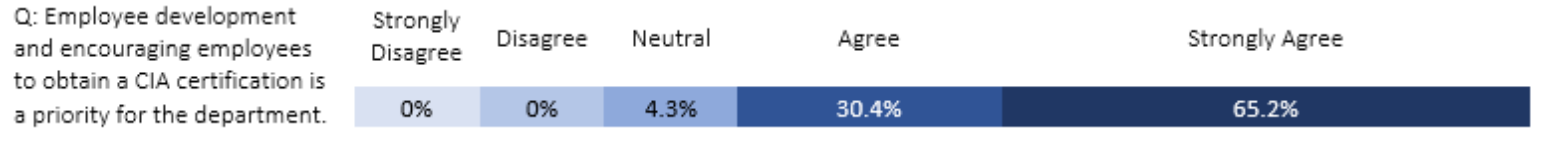
Table 1: Audit Staff Results - Departmental Support

Q: My department values and promotes professional development, including obtaining certifications like the CIA.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	0%	4.8%	7.3%	31.7%	56.1%
	87.8% feel department values and promotes certifications				

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q: My agency immediately rewards CIA certification.	12.2%	19.5%	36.5%	24.3%	7.3%
	68.2% feel there is no immediate return for obtaining certification				
Q: I am motivated by seeing my colleagues rewarded immediately after obtaining their CIA certification.	4.8%	19.5%	48.7%	12.2%	14.6%
	73.0% don't see colleagues immediately rewarded after obtaining certification				

Observation 1: Organizational Support and Resources

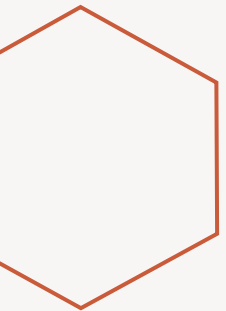
- CAEs consider employee development and CIA certification to be a priority for their department.
- However, some CAEs are uncertain or disagree that obtaining a CIA certification improves the quality of work.
- While the majority of CAEs agree that financial support is provided, some are neutral on the subject of time off and incentives.



Without sufficient organizational support, resources, and requirements, some employees may not see the necessity or value of obtaining the CIA, especially if it is not a requirement for their current position, or if the organization does not provide sufficient support for the certification.

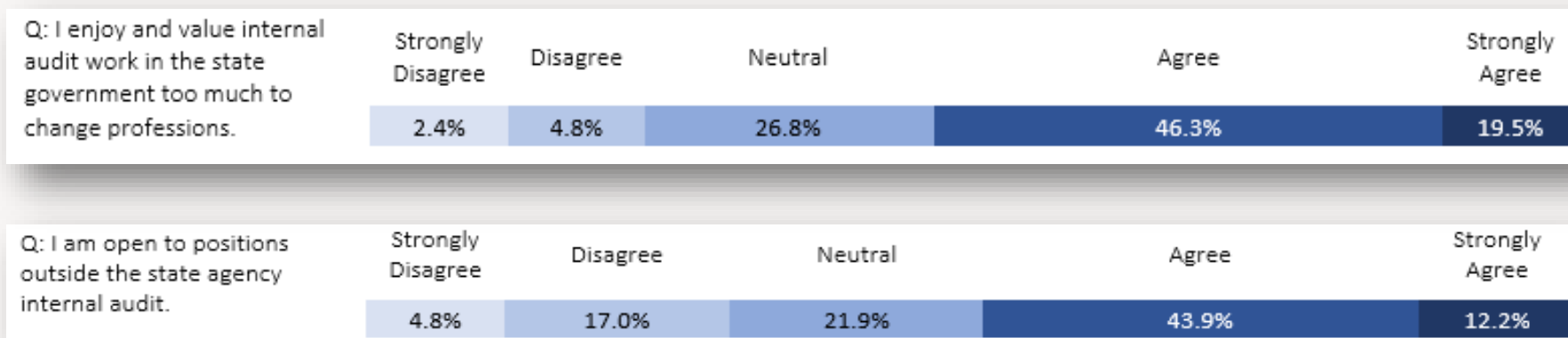
Observation 2: Career Prospects

- Employees are likely to engage in professional development programs that have the potential to enhance their career prospects.
- Factors such as an employee's career goals, future plans, and the objectives of their current position also shape their interest and motivation for professional development.
- Employees may not obtain the CIA if they do not envision a long-term future in internal audit, do not see the relevance of the certification to their career goals, or do not view it as essential for career advancement opportunities.



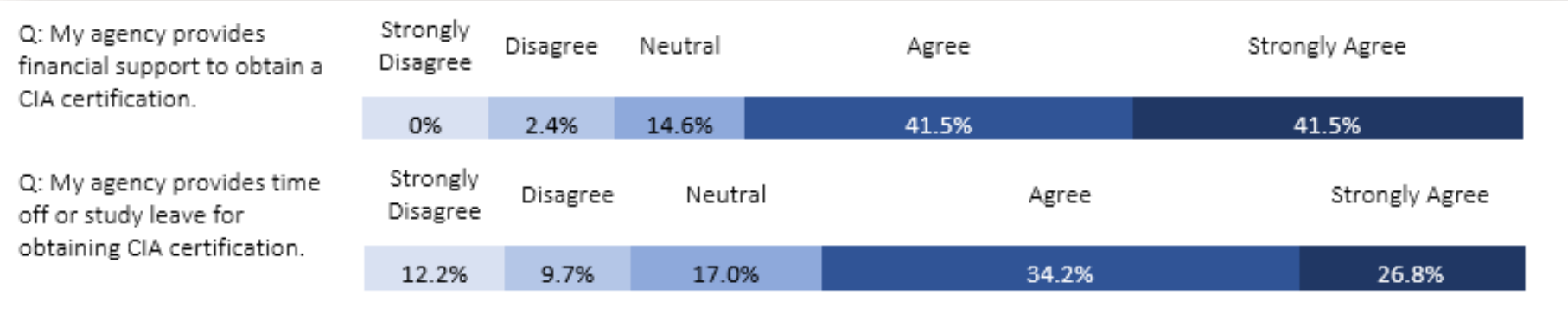
Observation 2: Career Prospects

- Employees who are close to retirement do not see the value or benefit of obtaining a CIA certification.
- While the data suggests that most respondents seem to enjoy working in Texas Government Internal Audit, it also indicated that some employees would consider positions outside of Texas Government, including opportunities in different professions or industries.



Observation 3: Exam Cost and Content

- The cost and structure of the CIA exam may be a significant barrier for some Texas Government internal auditors.
- The total cost of exam fees and study materials can be prohibitively expensive for some individuals, making it difficult to justify the investment. This is particularly true for internal audit staff working in departments with limited budgets to assist with certification expenses.



Observation 3:

Exam Cost and Content

Exam content, low passing rates, and perceived exam difficulty may discourage some employees, many of whom may opt to pursue other audit-related certifications or abandon their professional certification aspirations.

CIA Exam Facts

Exam	Exam Content	Pass Rate
CIA Part 1: Essentials of Internal Auditing	Tests knowledge, skills, and abilities related to the foundation of internal auditing; independence and objectivity; proficiency and due professional care; quality assurance and improvement programs; governance, risk management, and control; and fraud risk.	45%
CIA Part 2: Practice of Internal Auditing	Tests knowledge, skills, and abilities particularly related to managing the internal audit activity, planning the engagement, performing the engagement, and communicating engagement results and monitoring progress.	50%
CIA Part 3: Business Knowledge for Internal Auditing	Tests knowledge, skills, and abilities related to business acumen, information security, information technology, and financial management.	54%

Observation 4:

Alternative Career Opportunities

- Employees may consider external job opportunities or alternative professions as more attractive and financially rewarding, resulting in a decreased interest in the CIA certification.
- Non-internal audit departments offer comparable career opportunities with similar, or sometimes greater, pay for positions that do not adhere to professional standards or require certifications.

Auditor Classification Codes

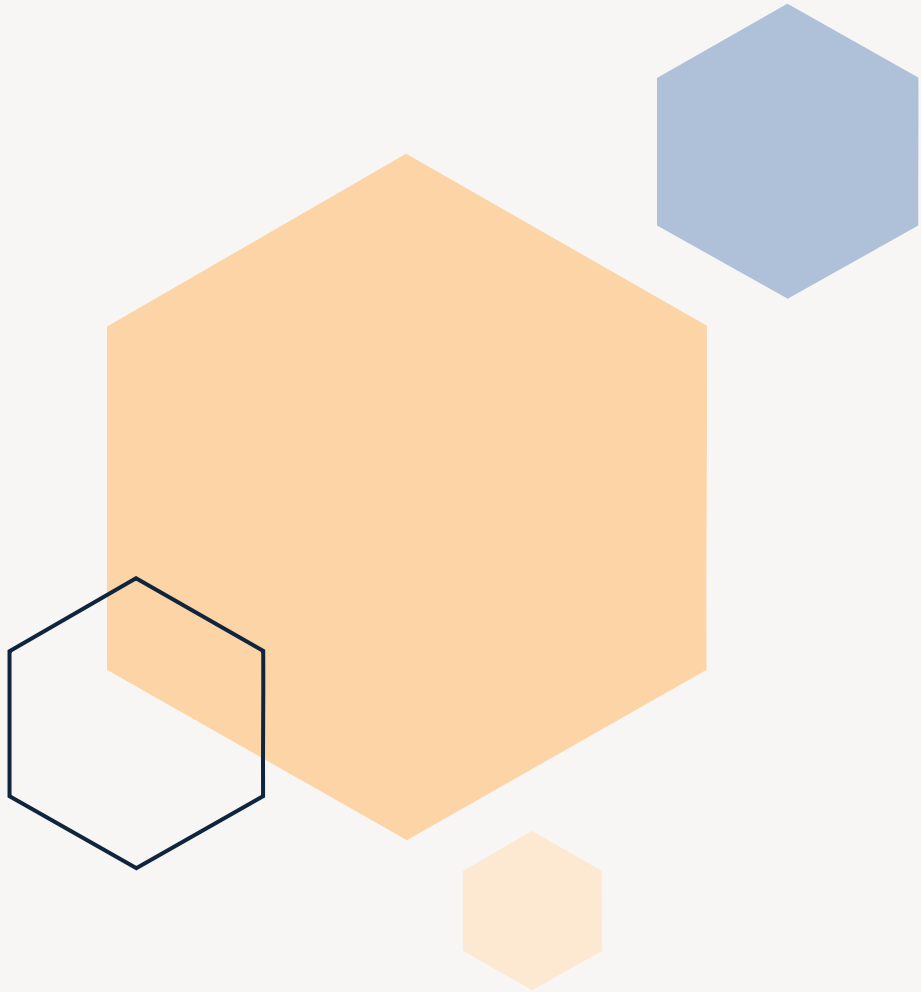
Occupational Category	Class Title	Salary Group
Information Technology	Information Technology Auditor I, II, III, IV	B21, B23, B25, B27
Accounting, Auditing, and Finance	Auditor I, II, III, IV, V	B17, B19, B21, B23, B25
Accounting, Auditing, and Finance	Internal Auditor I, II, III, IV, V	B17, B19, B21, B23, B25
Accounting, Auditing, and Finance	Tax Auditor I, II, III, IV, V, VI	B18, B20, B22, B24, B25, B26
Accounting, Auditing, and Finance	Tax Auditor Supervisor	B27
Accounting, Auditing, and Finance	Tax Auditor Manager	B28
Accounting, Auditing, and Finance	Independent Audit Reviewer I, II, III, IV	B25, B26, B27, B28
Information and Communication	Management Analyst I, II, III, IV, V	B18, B20, B22, B24, B26
Program Management	Project Manager I, II, III, IV, V	B20, B22, B24, B26, B28



Observation 4: **Alternative Career Opportunities**

- Internal Audit has historically faced challenges in achieving public recognition and establishing a distinct role separate from an internal monitor or external auditor.
- Resulting in some employees pursuing other professional certifications (CPA, CFE, CISA) to be more relevant and valuable for their personal and professional development. Employees with a CISA certification may receive higher compensation in Information Technology occupation salary groups.
- The smaller exam content and lower costs associated with the CFE and CISA certifications may make them more attainable.





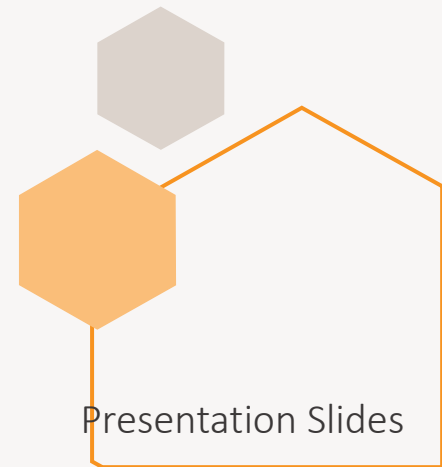
Strategies to Consider

Based on the survey results there is an opportunity for Internal Audit departments to address issues related to low employee engagement and the declining pursuit of the CIA certification.

Statewide and Departmental initiatives may be implemented to increase interest in the CIA.

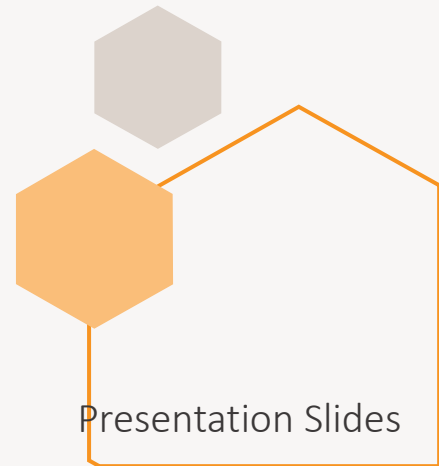
Statewide Initiatives

1. Develop a statewide initiative to promote professional development programs identified through periodic assessments of the internal audit community.
2. Assess the talent needs and gaps of the Texas Government Internal Audit departments and consider establishing consistency in professional certification requirements for career advancement opportunities.
3. Develop a CIA certification task force that promotes programs and activities to assist staff pursuing the CIA. Possible task force activities include:
 - a. Encouraging internal audit departments to create professional certification training programs incentivizing staff to pursue the CIA.
 - b. Creating a mentorship program to pair internal auditors pursuing the CIA with experienced CIAs who can provide guidance and support.
 - c. Conducting CIA exam preparation workshops to help prepare for the exam.
 - d. Partnering with the local IIA chapter to offer CIA exam preparation resources, training, and networking opportunities.



Statewide Initiatives (continued)

4. Advocate for an increase in the current salary group for the Internal Auditor state classification to differentiate Internal Auditors from Auditors. This suggested enhancement is based on Internal Audit's requirements to adhere to professional standards in conducting audit work and to hold professional certifications.
5. Establish metrics to measure the success of the CIA certification task force, such as the number of CIAs in Texas Government Internal Audit departments, employee satisfaction, and career growth.



Departmental Initiatives

1. Consider including audit staff in select SAIAF activities, such as the CIA certification task force.
2. Communicate and highlight the benefits of the CIA to employees, considering each individual's ability, motivation, and opportunity factors.
3. Discuss the significance of the CIA in career advancement during performance reviews.
4. Develop a CIA certification program that aligns with the needs, gaps, and resources available to the department.

Additional Items for Consideration

1. Increase engagement within the Internal Audit community to better communicate and demonstrate the value, meaning, and purpose alignment of the IA departments and workforce.
2. Strategic Plan for the Future of Texas Governmental Internal Audit Departments.
3. Promote internal audit function to inform the purpose, function, and next steps of the profession.
4. Knowledge, information, and resource sharing within the departments.
5. Assess, evaluate, and update the staff requirements (certifications, education, etc.) to align with the current industry needs.

Conclusion

1. The survey suggested that the CIA certification is perceived as valuable and important for professional development.
2. Collaborative efforts should be taken to develop and implement needs-based employee training and development resources that effectively communicate the value of CIA certification.
3. By showing how the CIA aligns with the objectives of the agency and the employees, they can be motivated to obtain the certification to enhance their internal audit competencies, credibility, and career advancement opportunities.
4. Continuous reinforcement of value, meaning, and purpose may help all agencies foster a culture of high employee engagement.



Thank You

2023 IALDP – COHORT X

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