

Market Update for Audit and GRC – Q4, 2010

The following is a snapshot of current market conditions for the Audit and GRC profession entering Q4, 2010.

We are now two years removed from the tremendous economic upheaval of late 2008 and the subsequent deep recession. Over the past year, we have seen continued, but measured, improvement in the economy and job market. While the national unemployment rate remains relatively high, the market for Audit and GRC professionals has fared more favorably.

2010 Shows Continued Improvement in the Market for Audit and GRC Professionals

While it would not be fair to say the market for Audit and GRC professionals has come roaring back, it has demonstrated consistent improvement over the past 12-18 months.

In the Audit and GRC space, 2010 started strong as companies responded to new budgets and pent up demand with a burst of hiring to start the year. The market remained solid through the first two quarters of 2010 before a seasonal slowdown during the summer months. The weeks after Labor Day have already demonstrated an upswing in activity that suggests a typical Q4 uptick.

There are a number of positive indicators. First, the Big 4 and other Public Accounting and Consulting firms have found bottom and are in steady recovery. By the end of 2009, the two-plus years of repeated RIFs (Reductions in Force) had largely abated. Even more encouraging, their utilization rates remain high across the board, and many of these firms have started actively restocking talent, some aggressively.

At the same time, Internal Audit departments have typically escaped significant budget cuts from prior years. While we have not yet seen a significant growth in the number of industry Audit positions, hiring freezes have subsided in all but the weakest companies and most departments are now at least able to fill their vacant positions.

Related to this, the market surplus of professionals impacted by those public accounting firm RIFs has largely dissipated, as a high percentage of those impacted have been absorbed into the workforce in some capacity.

Outlook for Audit and GRC Professionals

Assuming no major economic setbacks, it seems fair to believe a continuing strengthening of the market for Audit and GRC professionals over the next year. We expect to see a higher volume of openings and more companies actively looking to fill positions, with fewer qualified candidates vying for those positions. Restocking by public accounting firms will put added pressure on the market. Similarly, an improvement in the market at large will create more opportunities for Audit professionals to move out into the business, thus creating additional vacancies and increased demand.

What are companies looking for?

While the market continues to improve, it is clear that companies' expectations for the ideal candidate are also evolving. We continue to see an increasing emphasis on candidates with deep technical skills or subject matter expertise.

There is also a strong paradigm shift to focus on candidates that demonstrate creativity, judgment, and critical thinking skills, including being able to design and execute risk-based audits from scratch. In addition, companies are seeking candidates with excellent communication skills (both oral and written) and polished professional demeanor. A solid understanding of the business and related risks is essential.

At the same time, the bar remains high with regard to credentials (degrees and certifications) and stable work histories (not too many jumps; good progression; minimal gaps in employment).

Market for SOX Auditors will continue to flag

Candidates with primarily testing and documenting experience will have fewer opportunities from which to choose. While there will continue to be hiring in the SOX space, we expect demand for these resources to continue to wane.

Some of these individuals, if they can demonstrate the necessary aptitude, may be able to cross over into the risk-based Audit space. Others may be able to transition into other areas of compliance, though it should be noted that even here we are seeing increase emphasis on specific and deep areas of subject matter expertise. These skills are becoming baseline business requirements, and are moving away from being an audit specialization.

In-demand skills for Audit and GRC Professionals

In the Internal Audit space, we will continue to see increased demand for in-depth knowledge in technical accounting, industry-specific business processes, and in some industries (financial services and healthcare), a deep understanding of the regulatory environments. Similarly, some industries (software entertainment) are requesting expertise in revenue recognition and licensing compliance. We are also beginning to see more companies adopting ERM programs, many times coupled with Internal Audit.

In the IT Audit space, we will continue to see an emphasis on deep knowledge of core technologies: UNIX, Windows, databases and network security. In depth knowledge of ERP packages (SAP, Oracle, and PeopleSoft) will be relevant for some companies, particularly in the manufacturing, retail, and distribution arena.

We also continue to see increasing demand for candidates with deep skills in data analysis (ACL, SAS, SQL, IDEA, or other CAATs), as companies strive to Audit the enterprise more effectively and efficiently. Fraud and Forensic skills are also in higher demand.

In the GRC space, we expect to see increasing demand for GRC tool implementation skills, as well as overall project management skills.

Summary

The job market for professionals in the Audit and GRC field has stabilized and is showing steady signs of improvement. Those candidates with the most marketable skills (risk-based audit experience, deep subject matter expertise, business savvy, and strong communication skills) are already seeing more opportunities. We could see acute shortages of the most in-demand candidates within a year. The market for those with generic SOX skills will be slower to rebound, with some candidates transitioning into related areas.

Todd Weinman is the President and Chief Recruiting Officer of **The Weinman Group**, an executive search firm specializing in Audit and GRC.

Now in his 16th year of recruiting, Todd has become a trusted advisor to the region's top companies seeking to build outstanding teams in the Audit and GRC space, and to talented and motivated Audit and GRC professionals looking to accelerate their careers.

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