Is Burnout Causing Turnover in Your Audit Team?

employees management

Summary: How can a CFI make sure their audits are accurate, but also that they aren't overburdening their audit team to the point of chasing them out the door? Here are some best practices you may want to consider implementing.

According to one legend, a French town called St. Calais was suffering from an epidemic in the 17th century. The lady of the town, or the Chatelaine, brought the sick townspeople flour, butter, and apples. As a result, the town used the ingredients to bake the first ever apple turnovers. While not quite an epidemic, we are hearing time and again how auditing firms of all stripes have been hit hard with staffing turnover.

Even community financial institutions (CFIs) that don't completely outsource their internal audits may be finding that their auditing staff turnover is greater than they'd like. One of the biggest factors in accounting staff turnover is actually burnout. In partnership with the University of Georgia, FloQast released a guidebook this year based on a survey of 204 professionals in the accounting industry. Their results showed that 99% of accountants reported experiencing burnout, with a shocking 24% reporting a high degree of burnout. It's not difficult to connect the dots between the overworked audit teams and their high rates of resignation.

Audits, while already stressful, can be more difficult when the audit team changes significantly from year to year. Research by a Florida State University professor shows that continuity is one of the key elements in the quality of an audit. Audits have the potential to help CFIs tell a more holistic story about procedures, results, and customer compliance, as well as the efficacy of any corrections that might be indicated.

How can a CFI make sure their audits are accurate, but also that they aren't overburdening their audit team? Here are some best practices you may want to consider implementing to make the auditing process as smooth as possible for your team:

- **Clearly define everyone's role.** As with many large projects, it's important to delegate and assign specific tasks to specific people for any audit. Preparation should include putting an internal auditor in charge of audit management. It's this person's job to preview the policies, procedures, and control evidence that the audit team will need, identify potential gaps or failures in the control evidence, and determine whether the audit's scope is appropriate. This prevents an "all hands on deck" approach, where there are many working on the same task simultaneously, while other tasks are put on the backburner. With clearly defined duties, your team eliminates duplicate efforts and ensures all areas of the audit are making progress. That also gives your team more notice to pull files and reach out to other collaborators with questions, if you discover something that needs extra scrutiny. If everyone knows what their tasks are and is working on them independently, they'll be more comfortable and efficient with their outlined duties and less likely to suffer burnout.
- **Avoid excessive working hours.** The internal auditor is also in charge of figuring out if the audit team can do the job in the time provided. Florida State University research revealed that audit errors spike dramatically among staff members who work more than 55 hours in a week. If your audit schedule would involve team members working significantly more hours than usual, then you'll need more time, a narrower audit scope, or a bigger team to complete your audit accurately.

- **Use samples of data.** A second look at everything might seem like the best way forward. In reality, auditors should use a smaller data set that's still big enough to act as a microcosm of the whole. Auditors will need data, files, employee interviews, policies, procedures, and other information from every part of the CFI and from third parties that act on the institution's behalf. Include Paycheck Protection Program (PPP) loans in the sample.
- **Communicate findings.** It's easy to get so head-down in an audit that you forget to maintain open communication between bank management and the audit committee. Audits help CFIs achieve goals. The greater the communication between the audit committee and CFI management, the more targeted and useful the information the audit generates can be.
- **Consider outside help.** If you have many new staff members who aren't up to speed on your organization's processes or your team isn't at its full strength for another reason, it might be valuable to look for an independent firm to assist. Knowing whether your team could use the outside help could be key to avoiding burnout for both your most seasoned staff and your new team members, and allow for a better mentoring process. If the budget allows and would lessen the workload for CFI employees, consider bringing in a vendor for now, and your internal team can observe in preparation to take over the reins for the next audit.
- **Remember that an audit is not an emergency.** During the pandemic, many CFIs pulled employees from all over the bank to work on issuing PPP loans. That was necessary work and helped many commercial CFI customers survive the worst of pandemic lockdowns. But audits happen regularly, so CFIs have time to fold them into the normal course of business.

Since audits guide budgets and aid with strategic planning, it's essential to the business for the reports to be timely and accurate. The best way to ensure a quality audit is to take steps now to reduce the risk of burnout for your existing team, so that you can foster their skills and have continuity from year to year, rather than more resignation letters.

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ECONOMY & RATES

Rates As Of: 12/09/2022 08:43AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.28	-0.09	4.22
6M	4.71	0.01	4.52
1Y	4.69	-0.03	4.30
2Y	4.30	-0.01	3.56
5Y	3.74	0.00	2.48
10Y	3.55	-0.06	2.03
30Y	3.52	-0.22	1.62

FF Market	FF Disc	IORB
3.83	4.00	3.90
SOFR	**Prime**	**OBFR**
3.80	7.00	3.82