

**The strategies
being adopted by
the top UK
accounting firms
to meet their audit
talent challenges**

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Acolyte is an award winning talent and technology company that has been guiding the world's leading organisations for over a decade.

Our model combines human experience and artificial intelligence to deliver transformative hiring solutions through our intuitive platform.

With an award winning pedigree from technology, strategy, staffing and advisory, Acolyte delivers unparalleled insight that informs workforce strategies & drives recruitment success.



THE **FDs'**
EXCELLENCE
AWARDS



ADVISORY FIRM OF THE YEAR
WINNER



Talent Partner

Background

Hiring good quality
audit & assurance
professionals is
tough...



Audit is a candidate short market.



The talent pool is frequently presented with many competing (often better paid) opportunities.



Competition is fierce & it is sometimes hard to stand out as a potential employer.



The role is commonly seen as a gateway to other roles in finance.



Retention challenges mean that demand for talent is consistently high.

...So, what strategies are being adopted by the top accounting firms to meet their audit & assurance talent challenges?

Acolyte, have reviewed the UK audit & assurance talent market.

We have located qualified accountants currently working as audit associates, assistant managers & managers at Deloitte, KPMG, EY, PWC, GT, BDO & RSM.

To understand how these organisations are sourcing their audit & assurance talent, the Acolyte platform is able to review where each qualified individual worked prior to their current position.

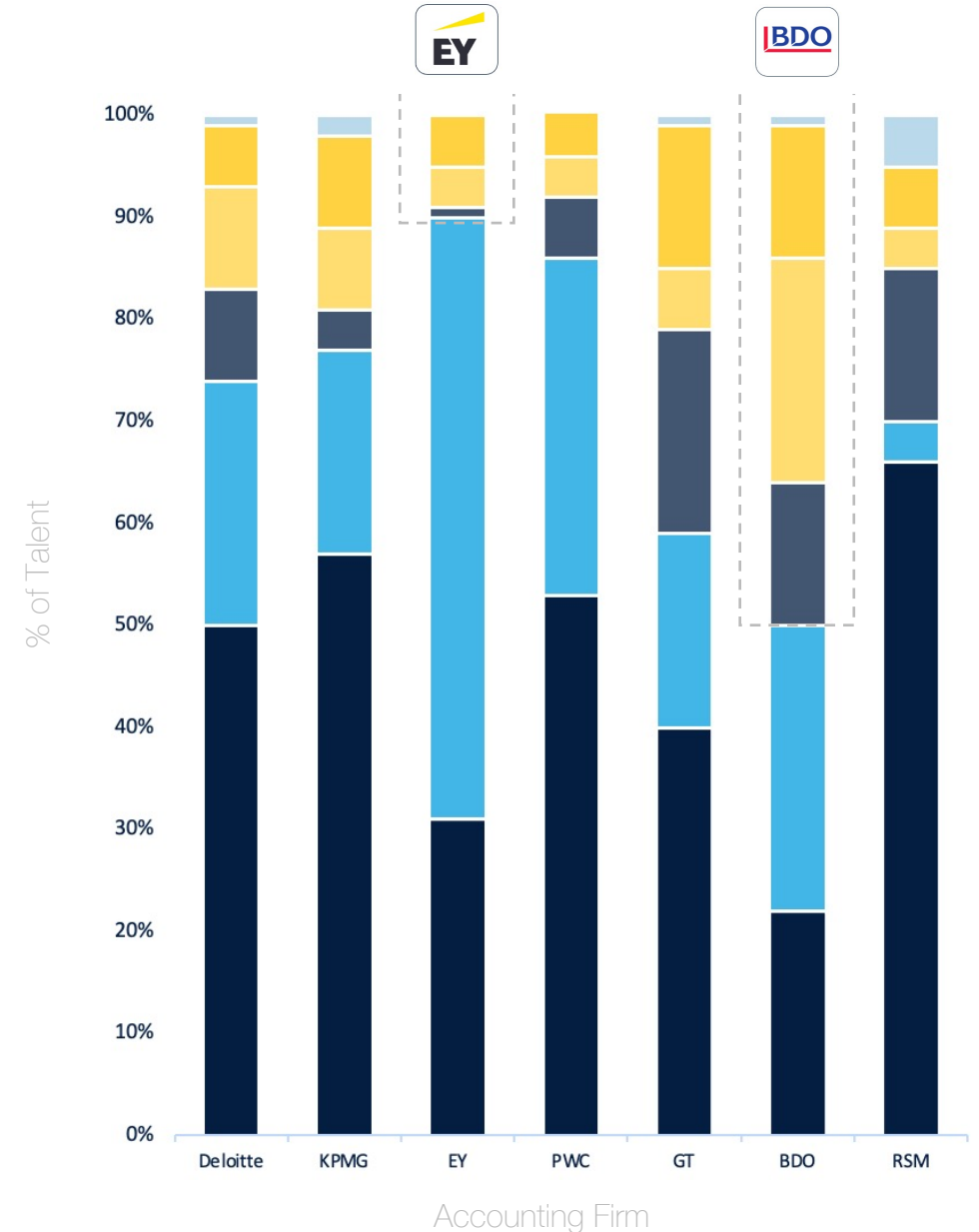
Strategies currently being employed to manage audit talent challenges include:

- Focusing on talent retention post-qualification
- Building strategies to recruit talent directly from Big 4 competitors
- Aggressively targeting rival top 20 & other top tier accounting firms
- Attracting qualified talent from local accounting firms & from industry
- Sourcing and relocating audit talent from rivals overseas
- Leveraging global networks to train staff offshore & relocate to the UK

Executive Summary

BDO is the most successful at sourcing talent domestically (51%)

In contrast, EY sources nearly 60% of it's qualified audit talent from overseas



Detailed Insights

How is the sector meeting shortfalls of qualified auditors?



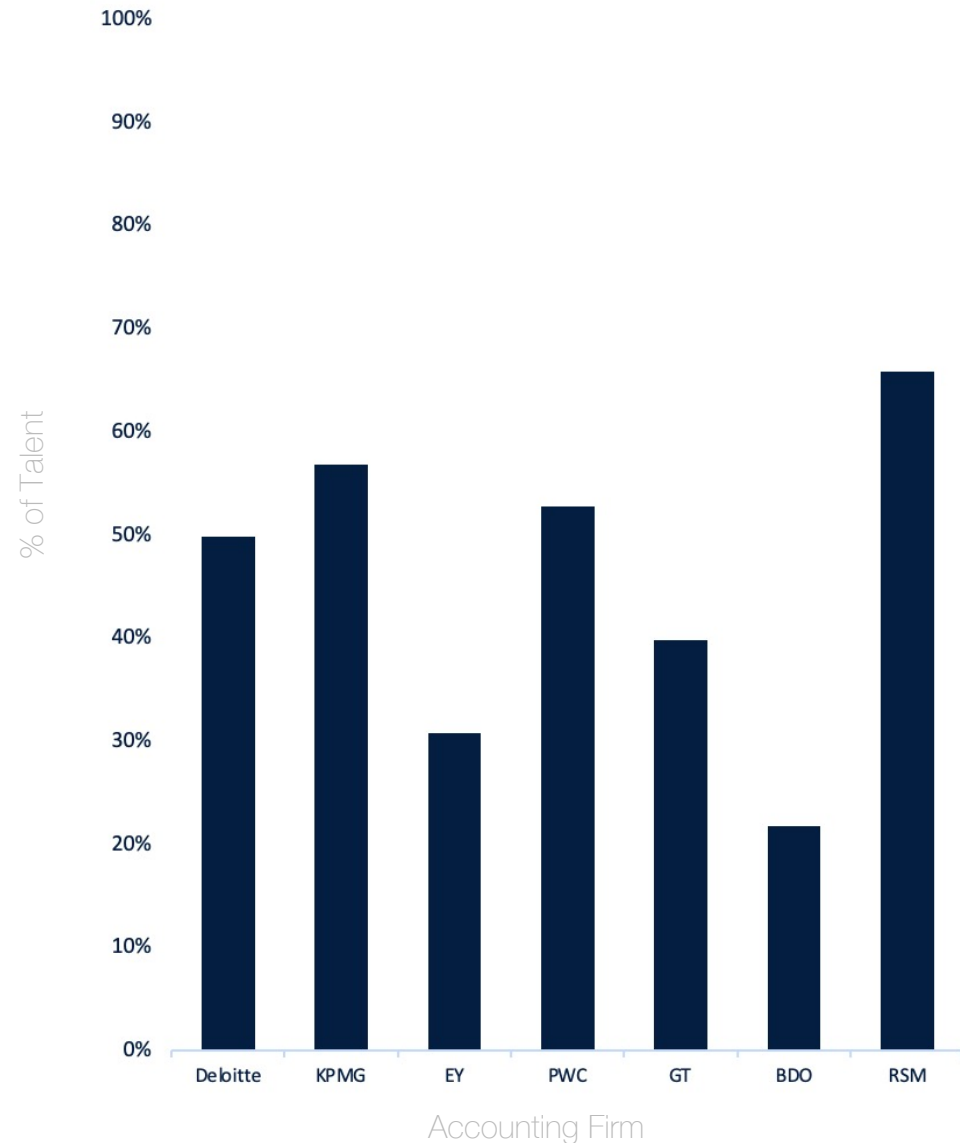
Talent retained in audit post qualification (& internal transfers)

Some attrition of audit staff is expected post qualification, however, retaining talent remains key to ensuring that there are sufficient qualified auditors available to meet demand. Poor retention increases pressure on the organisation to find other sources of talent to meet talent shortages.

RSM have the strongest talent retention of all firms reviewed (66%), KPMG has the strongest retention of the Big 4 (57%).

BDO has the highest attrition rate of all firms reviewed, they retain just 22% of their talent, EY has the lowest retention of the Big 4 at just 31%.

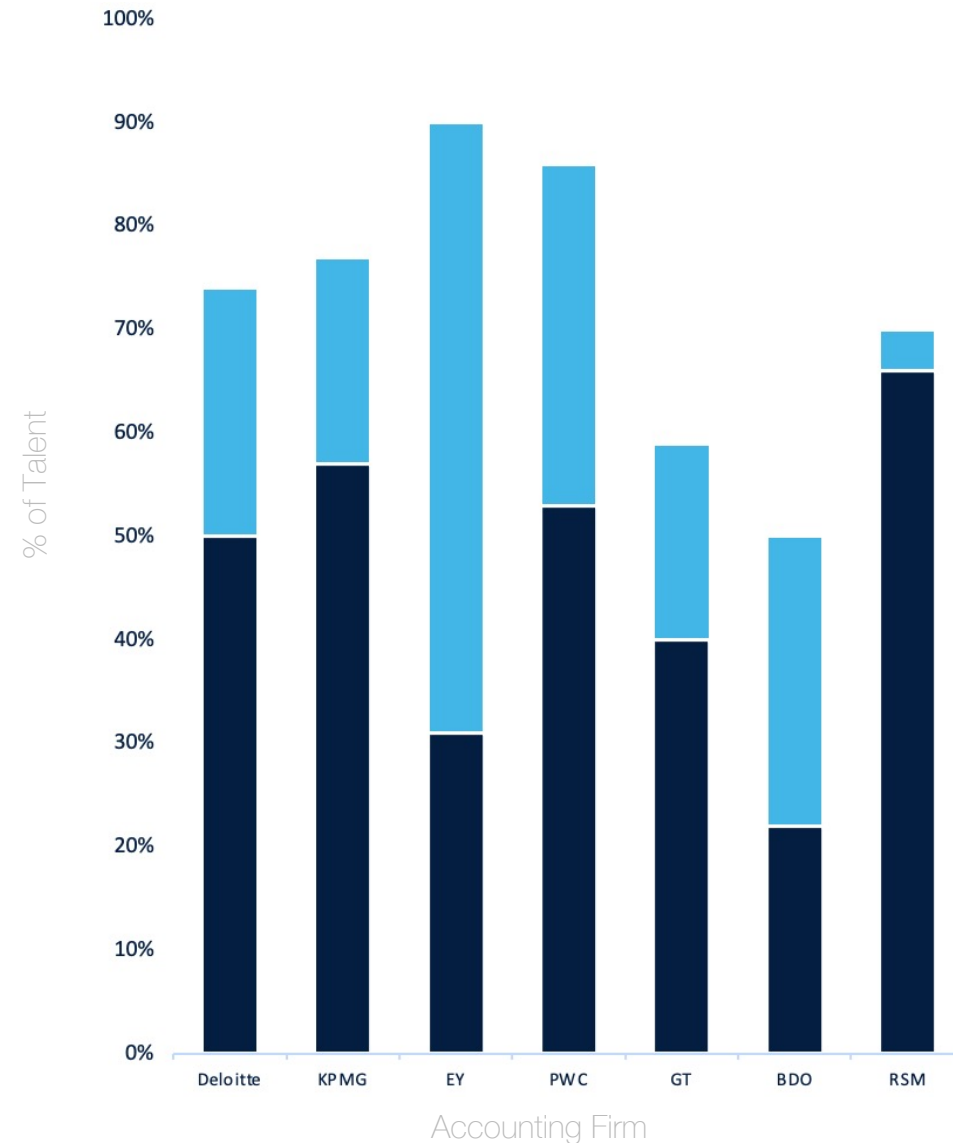
Audit Talent by Channel





Talent sourced from overseas

- All of the firms reviewed in this report rely on audit talent from overseas to some extent.
- This reliance is particularly pronounced in EY where 59% of their audit workforce have been recruited from abroad and at PWC, where one third of their staff have been sourced from overseas. With the exception of RSM, all of the other firms reviewed have sourced at least c.20% of their current audit staff from overseas in response to the talent short audit market.
- Talent acquisition strategies in the overseas environment vary depending on location and employer. For example, most firms actively recruit in South Africa, but there is little evidence of targeting specific firms. In Pakistan, it appears that both Deloitte and PWC are pro-actively targeting local EY staff. There is evidence of some firms, particularly EY, establishing 'feeder' locations in countries like India and the Philippines are acting as reliable, ongoing sources of talent



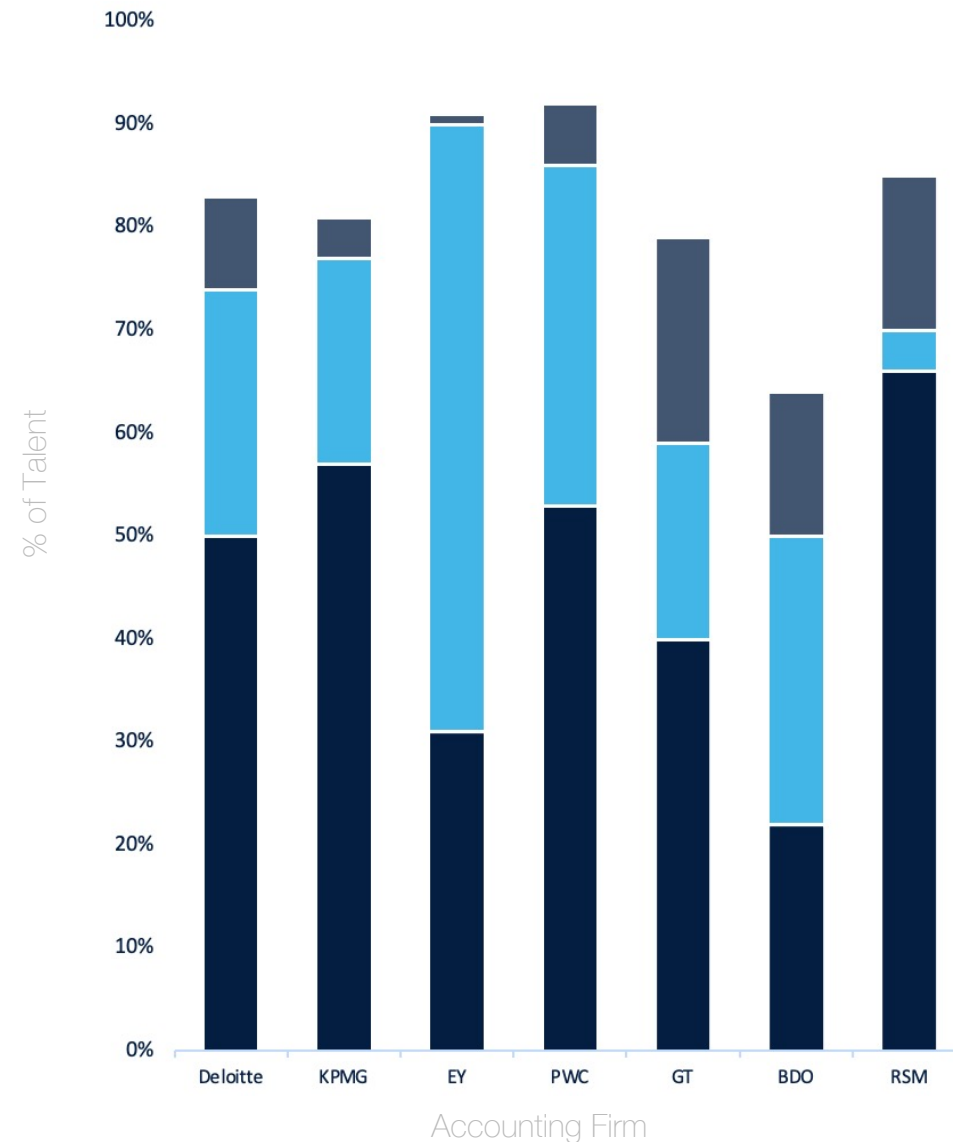
How is the sector meeting shortfalls of qualified auditors?



Talent sourced from rivals in the Big 4

- There is little movement of audit talent between Big 4 firms.
- The most success has been achieved by Deloitte. 9% of their auditor staff pool has come from the Big 4, sourced more or less equally from KPMG, EY & PWC
- For Grant Thornton, BDO & RSM, auditors from the Big 4 are an important source of talent. At GT, 20% of their current audit workforce in the are from the Big 4. At BDO this figure is 14% and at RSM, 15%.
- Further investigation demonstrates little preference from these three firms over which Big 4 firm they are able to attract talent from.

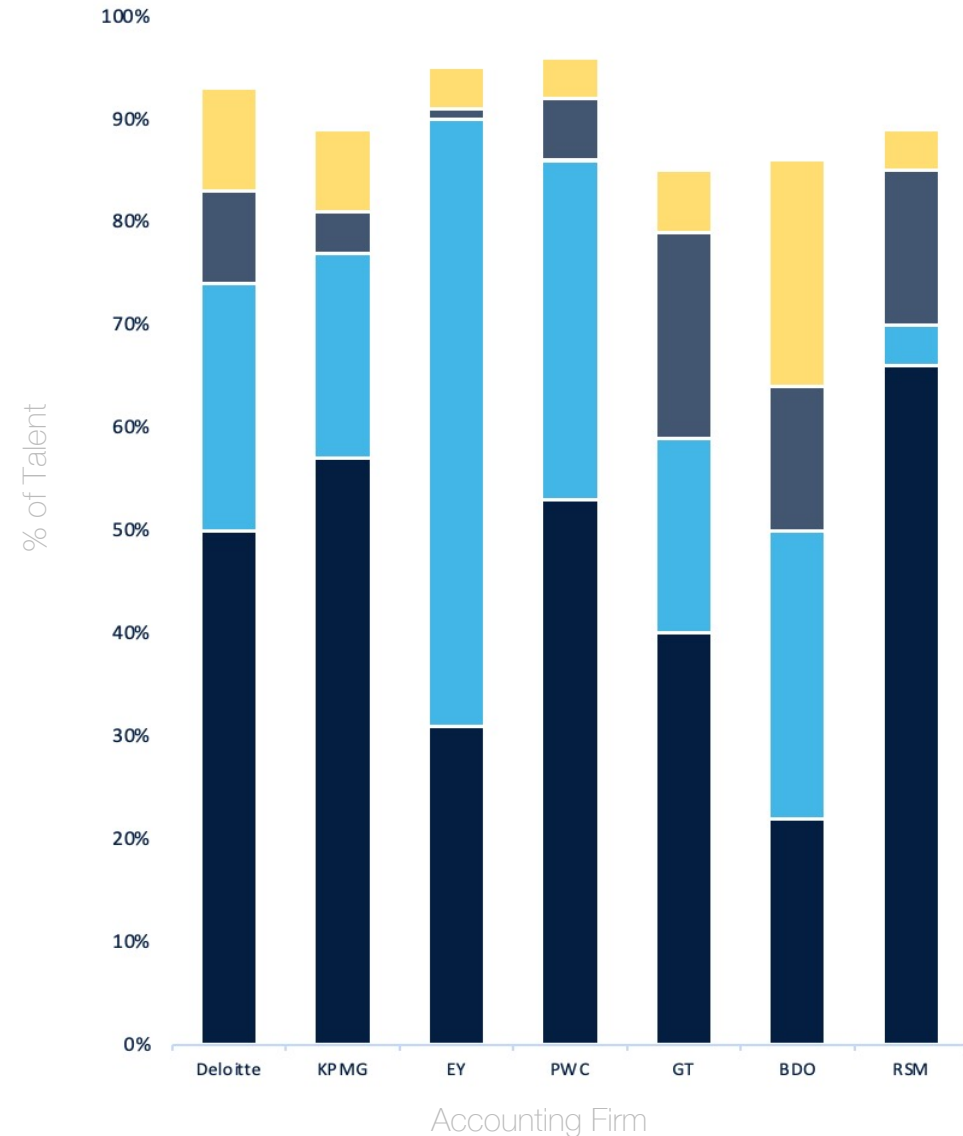
Audit Talent by Channel





Talent sourced from rivals in the Top 20

- All of the firms reviewed in this report rely on audit talent from Top 20 practices to some extent.
- This is a particularly important source of talent for BDO. 22% of their qualified audit talent has been sourced directly from 10 of the other Top Tier accounting firms. BDO has had particular success attracting talent from GT, Moore UK & Haines Watts.
- The Top 20 is a source of talent for the Big 4. Further examination of auditors currently working at Deloitte, KPMG, EY & PWC sourced from this channel demonstrates their strong preference for auditors from Grant Thornton, BDO & RSM specifically.



How is the sector meeting shortfalls of qualified auditors?

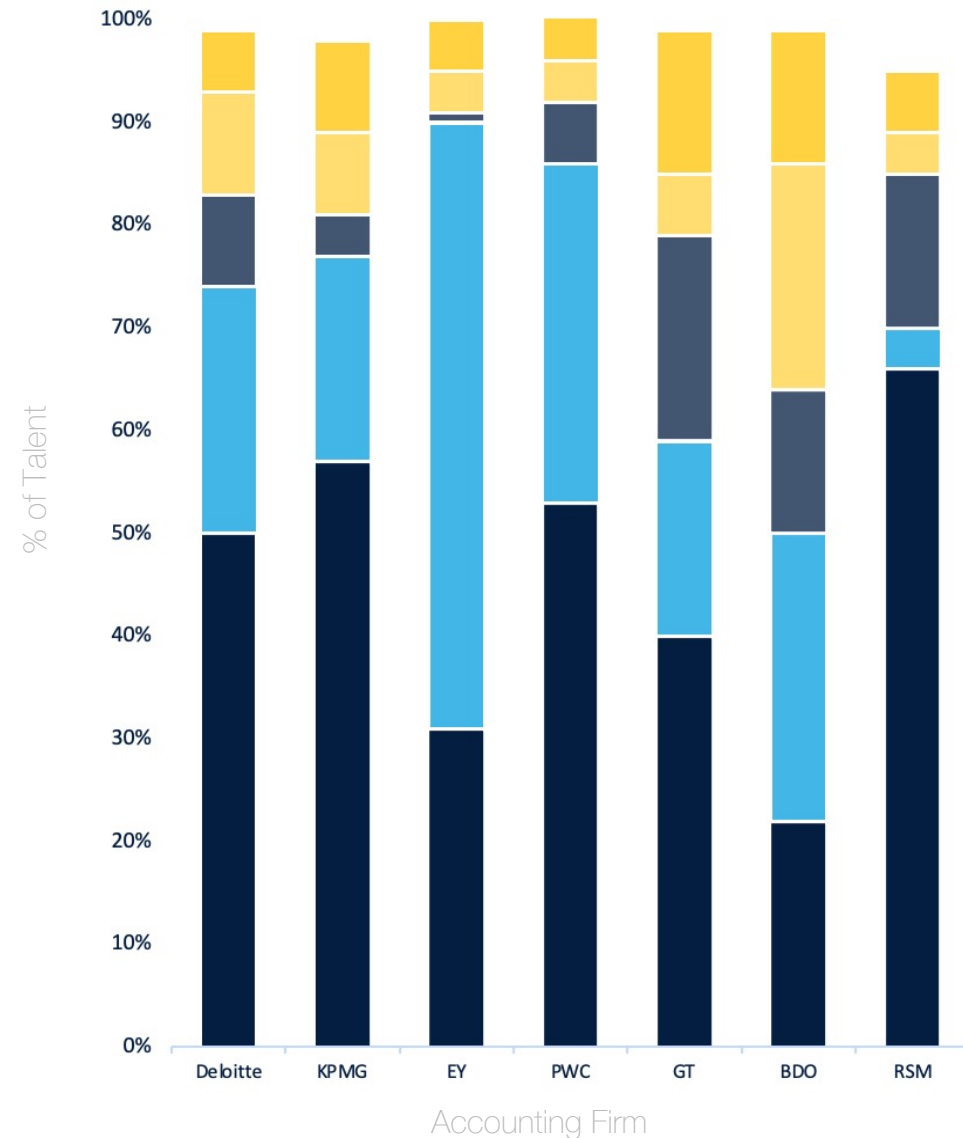


Practice (Local)

Talent sourced from local accounting practices

- All of the firms reviewed in this report rely on talent from local practices to some extent. This is in line with expectations, given this analysis is specifically exploring shortages of qualified auditors
- For GT, BDO & KPMG, talent that has come from local practice forms a notable proportion of their existing audit staff (14%, 13% & 9% respectively). At KPMG, this is largely driven by 36% of their staff being recruited through this channel in Edinburgh.
- For the rest of the Big 4 and RSM, the proportion of talent hired from local practice ranges is consistently between 5% & 6%.

Audit Talent by Channel



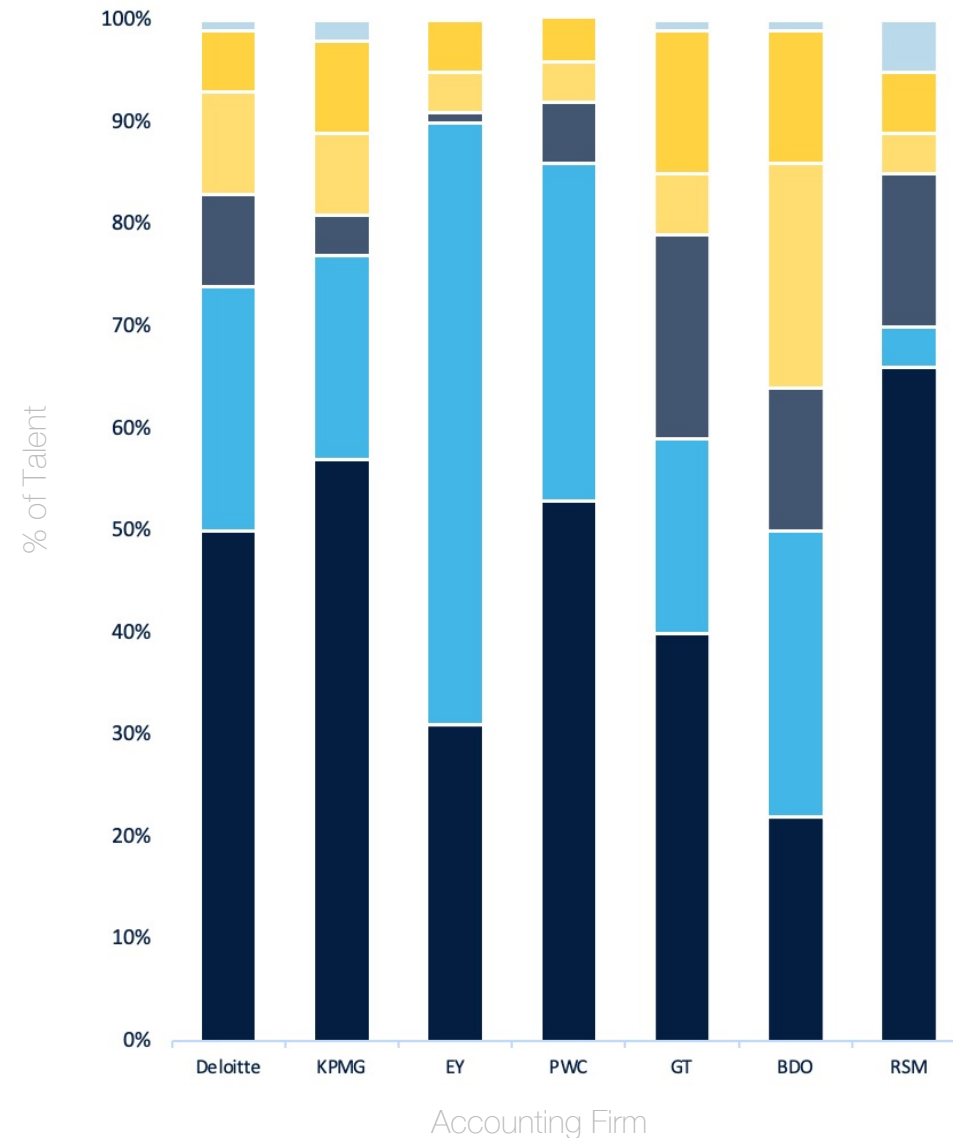
How is the sector meeting shortfalls of qualified auditors?



Talent sourced from industry

- Talent returning to audit from industry is not a significant source of staff for any of the firms reviewed in this analysis.
- While this does occur, there are very few examples recorded in the data reviewed.
- The only exception to this is RSM, who appear to have had some specific success at recruiting talent from industry in their Milton Keynes office

Audit Talent by Channel





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