
Link Risk Assurance to Diversity, Equity, and Inclusion

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1

Agenda

By the end of this session, you will be able to

- Describe trends and expectations of diversity, equity, and inclusion (DEI)
- Explain the value-creating role of internal auditors in facilitating DEI initiatives
- Explain how to assess and monitor DEI risks

2

Practice Polling Question

Would you allow your pet (dog, cat, or ____) freely roam inside your house?

- A. Yes
- B. Yes, certain zone only
- C. No

3

Polling Question #1

What did you want to be when you grew up?

- A. Doctor
- B. Musician
- C. Teacher
- D. Professional Athlete
- E. Other

4

What did you want to be when you grew up?



5

An Unhappy Campus?

November 4, 2022
3:00 Edition

THE SACRAMENTO BEE

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CALIFORNIA

Thousands of UC researchers, teaching assistants authorize strike across 10 campuses

BY MAYA MILLER

UPDATED NOVEMBER 04, 2022 8:31 AM



UAW 2865 published **13 key demands**, including living wage compensation and a diverse workforce, eliminating rent burdens for ASEs, free tuition and fees, limiting class sizes and workloads, and greater job security.

6

Polling Question #2

In the past 12 months, how much attrition have you experienced in your teams?

- A. Less than 25%
- B. 25 – 50%
- C. 51 – 75%
- D. Over 75%

7

Great Resignation

- An unprecedented mass exit from the workforce has been spurred on by recent events.
- A global trend can upend relationships between workers, creating unintended organizational changes.

8

Best Companies to Work For 2022

FORTUNE		RANKINGS	MAGAZINE	NEWSLETTERS	PODCASTS	MORE
RANK	NAME			% WOMEN		% MINORITIES
1	Cisco Systems			29.8%		45.5%
2	Hilton Worldwide Holdings			-		-
3	Wegmans Food Markets			54.4%		26.4%
4	Salesforce			-		-
5	Nvidia			18.6%		55.2%
6	Accenture			-		-
7	Rocket Companies			48.9%		40.3%
8	American Express			-		-
9	David Weekley Homes			43.7%		15.8%
10	Capital One Financial			52%		49.6%

9

Diversity, Equity, and Inclusion

- **Diversity** - recognizing people are different
- **Equity** - offering fair access to opportunities for advancement, feeling like they are integrated in the organization's growth
- **Inclusion** - Creating environments to make individuals and groups feel welcomed, respected, supported, and valued to participate fully.

DEI programs are those initiatives to create meaningful, systemic change toward an equitable environment

10

Employees: the Focal Point of DEI Programs

Employees want an equitable, inclusive workplace where everyone can contribute equally

- Attract and retain talent
- Leverage innovation to capture emerging opportunities
- Meet expectations of customers, suppliers, and stakeholders

11

Stakeholders' Expectations

Stakeholders value DEI transparency & success

- Customers want products and services that work for them as unique individuals across different backgrounds
- Vendors desire stable customers
- Regulators and communities welcome organizations with good reputations

12

Polling Question #3

Which of these current trends are you most concerned about?

- A. Attracting and retaining talent
- B. Budget constraints
- C. Recession
- D. Digital transformation

13

DEI Risks and Controls

Internal auditors provide insights and expertise to evaluate corporate culture to articulate how effective management of culture risks support a successful control environment

- Evaluate how DEI programs are designed and whether they are operating as envisioned
- Assess the organization's current approach to DEI and recommend a path forward
- Independently validate an organization's published DEI statistics

14

Example: Conducting an Employee Survey

Internal auditors apply their knowledge to

- Assess whether the survey has been designed appropriately,
- Examine whether the survey contains relevant questions,
- Review if the survey is distributed appropriately and has controls embedded into the process
- Evaluate the operating effectiveness of the survey by
 - testing the results,
 - examining how leaders use the survey, and
 - assessing whether follow-up action has taken place.

15

Example: Reviewing DEI Initiatives

Internal auditors integrate questions into surveys and interviews across the organization to

- Identify DEI objectives and
- Assess DEI performance data,
- Evaluating whether enterprises are meeting their DEI expectations in
 - hiring,
 - assigning, or promoting personnel, or
 - its approach to succession planning

16

Example: Performing DEI Talent Life Cycle Assessment

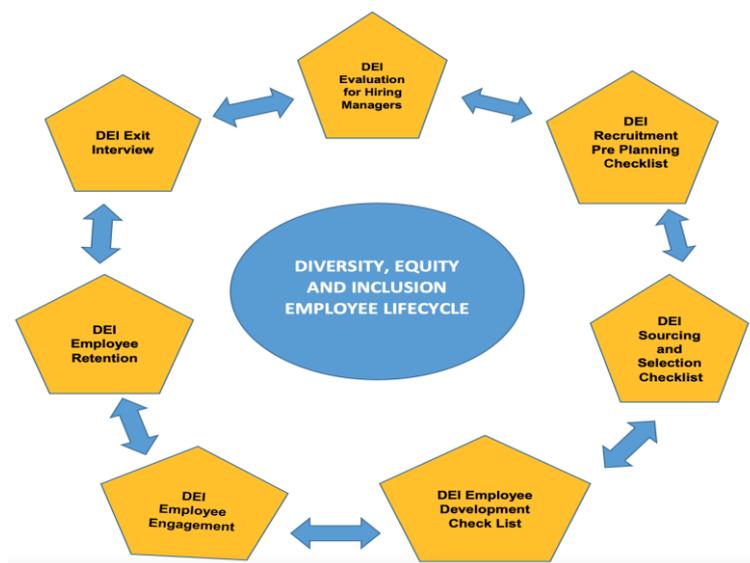
Perform a talent life cycle assessment focused on D&I factors,

- Reviewing criteria applied at the various stages of the employee career cycle to assess the risk of bias and potential inequities

17

DEI Employee Life Cycle Best Practices

Washington State Diversity, Equity and Inclusion (DEI) Council



18

Example: Develop / Prioritize DEI Metrics

Link KPIs to DEI objectives to

- Highlight the organization's priorities and areas of high risks
- Monitor the progress of DEI initiatives
- Evaluate DEI outcomes
- Strengthen DEI commitment
- Showcase the financial return on DEI initiatives to secure additional resources
- Provide accountability
- Create DEI Scorecard

19

Example: Reporting DEI Metrics Women Leadership in the Federal Workforce

Women in the Federal Workforce

897,892 women employed in the government account for **44%** of our total workforce.

70,047 women employed in Federal Government **STEM** career fields (as of September 2015)

16,163 Women Hired between 2012 and 2015

PATHWAYS PROGRAMS

Looking for a Federal Career? Explore our Top 6 Mission Critical Occupations:
STEM (Science, Technology, Engineering and Math)
Cyber Security/IT Economist Contract Specialist
Auditor Human Resources

More Women in Leadership Positions
Being a woman in a leadership role has its unique challenges and concerns. OPM is committed to supporting the career growth for all Federal employees, including women. Acting Director Beth Cobert indicated, "One of my top priorities as Director of OPM is to enhance opportunities for women in Government to participate in decision-making." The good news is that women experience full career growth in the Federal Government. The representation of women in senior executive positions, the highest career positions, has increased 5% between 2008 and 2015.

Interested in becoming a Senior Executive or Federal leader? Please see the [Guide to the SES](#) and the [Executive Core Qualifications](#). Interested in becoming a Federal leader? Please see [OPM's Manager Corner](#) – a site for all Federal leaders, and aspiring leaders that contains tools, training courses, and resources to assist in enhancing HR related technical and leadership competencies for all Federal leadership positions.

Women Experience Higher Intrinsic Work Experiences
Women in the Federal Government experience better intrinsic work experiences, as seen in the Federal Employee Viewpoint Survey (the Intrinsic Work Experience Employee Engagement sub factor). Women's talents are appreciated; they are encouraged to come up with new ways of doing things, and have a sense of personal accomplishment through their work.

LOOKING FOR A FEDERAL CAREER?
EXPLORE THE TOP 6 MISSION CRITICAL OCCUPATIONS:

1. STEM
2. Cyber/IT
3. Economist
4. Auditor
5. Contract Specialist
6. HR

If you are interested in a Federal job, visit www.usajobs.gov.

The number of women in the Senior Executive Service increased **5%** from 2008 to 2015.

71% of the Federal Government's women rate their Intrinsic Work Experience as **POSITIVE**.

20

Example: Reporting DEI Metrics Workplace Flexibility & Work-Life

Women In the Federal Workforce
Workplace Flexibilities & Work-Life Programs

"Attracting and retaining employees who are more productive and engaged through flexible workplace policies is not just good for business or for our economy - it's good for our families and our future." - President Barack Obama

Women in the Federal Government like their work-life programs and flexibilities. 2015 surveys show high satisfaction levels.

90%	79%	81%	77%	72%	68%
Flexible Schedules	Telework	Health & Wellness	Employee Assistance Program	Child Care	Elder Care

The Federal Government offers a wide range of leave and workplace flexibilities for childbirth, adoption, foster care and elder care.

Over the last four years, participation in telework programs has **increased** for women and men in the Federal Government.

Over the last four years, Federal Employees Health Benefits plans have **exceeded** national averages for women receiving timely prenatal care.

Workplace Flexibilities and Work-Life Programs Available to Women

The Federal Government's commitment to workplace flexibilities and employee health makes it an ideal place for women to build their careers and cultivate fulfilling lives outside the workplace. Since the beginning of this Administration, President Barack Obama has focused on how we can create real, lasting security for the middle class by expanding the use of workplace flexibilities and work-life programs.

- On June 23, 2014, the President issued a Presidential Memorandum (PM) on [Enhancing Workplace Flexibilities and Work-Life Programs](#) to promote a workplace culture that would support the Federal Government's ability to attract, empower, and retain a talented and productive workforce. OPM provided cascading guidance to agencies on August 22, 2014 through [CPM 2014-11](#).
- On January 15, 2015, President Obama issued a second PM on [Modernizing Federal Leave Policies for Childbirth, Adoption and Foster Care to Recruit and Retain Talent and Improve Productivity](#) to ensure that, when requested, and to the extent appropriate and permitted by law, Federal employees have access to six weeks of advanced sick leave for purposes of childbirth and adoption and other uses of sick leave, including self-care, elder care, and other caregiving of ill family members. On April 15, 2015, OPM issued [CPM 2015-03](#), providing guidance to agencies.

To support these two directives, OPM issued two comprehensive handbooks and made available an online training for the Federal workforce—

- [Handbook on Leave and Workplace Flexibilities for Childbirth, Adoption, and Foster Care](#)
- [Handbook on Workplace Flexibilities and Work-Life Programs for Elder Care](#)
- [Introduction to Leave, Work-Life, and Workplace Flexibilities Online Course](#)

Participation & Satisfaction

In 2015, 33% women in the Federal Government had a [Flexible Work Schedule \(FWS\)](#); 36% [teleworked](#); 27% participated in [worksite health & wellness programs](#); 18% used the Employee Assistance Program (EAP); 4% used [child care programs](#); and 3% used [elder care programs](#).

Satisfaction with Federal work-life programs is very high among women who participate: 90% of women in the Federal Government are satisfied with their agency's FWS program; 79% with telework; 81% with worksite health & wellness; 77% with EAP; 72% with child care programs; and 68% with elder care programs.

Health Benefits

With our [Federal Employee Health Benefits program \(FEHB\)](#), Federal women have access to comprehensive health insurance for themselves, their spouse, and children under age 26. FEHB has been working with insurance providers to improve access to and use of preventative care services, such as prenatal care and breast cancer screenings, for female employees. Over the last four years, FEHB plans have exceeded national averages with respect to timeliness of prenatal care (receiving prenatal care during the first trimester, or within 42 days of enrolling in a health plan) at 88%. In addition, FEHB plans have performed consistently with national averages for breast cancer screenings (mammograms) among women between ages 50 and 74 at 71%.

21

Example: Reporting DEI Metrics Gender Pay Gap

Women In the Federal Workforce
Gender Pay Gap

The U.S. Government continues to make strides in narrowing the gender pay gap.

— The gender pay gap for the Federal Government's civilian white-collar workforce is smaller than the national gender pay gap.

Nationally, women make \$0.79/\$1 compared to men (2014).

In the Federal Government, women in white collar jobs make \$0.89/\$1.00 compared to men (2015).

Senior Executive Service women are paid equally with their male counterparts (2015).

In the Federal Government's mission-critical occupations, the picture is even better.

STEM	Information Technology	Economist	Contracting	Auditor	Human Resources

Gender Pay Gap

The U.S. Government continues to make strides in narrowing the gender pay gap.

On May 10, 2013, President Obama issued a memorandum "[Advancing Pay Equality in the Federal Government and Learning From Successful Practices](#)" directing the U.S. Office of Personnel Management (OPM) to develop a Governmentwide strategy to address any gender pay gap in the Federal workforce. The President stated that as the nation's largest employer, the Federal Government has a special responsibility to act as a model.

On April 11, 2014, OPM issued a [Governmentwide Strategy on Advancing Pay Equality in the Federal Government](#). OPM developed this strategy based on Federal agency reviews of their pay and promotion policies and practices and an analysis of Federal civilian workforce salary and other data. OPM's study found the attributes of the merit system and transparency of compensation appear to be two important factors in promoting equal pay for equal work within the Federal Government, and ultimately a smaller gender pay gap compared to the national wage gap.

The gender pay gap for white-collar employees in the Federal Government has decreased significantly from about 30 percent in 1992 to about 11 percent in 2015. Over that time period, there were significant changes in the composition of the Federal workforce, including a reduction in the number of clerical employees in the Federal workforce, more employees with a Bachelor degree or higher, and a significant increase in the percentage of women in professional occupations and with Bachelor degree or higher.

Differences in the distribution of males and females across occupational categories appear to explain much of the pay gap. Women tend to be overrepresented in occupations with lower-paying salaries and underrepresented in higher-paying occupations, including STEM-related fields. Within the Senior Executive Service, women are paid equally compared to men and compose slightly more than one-third of these leadership positions.

Initiatives to Narrow the Gender Pay Gap

Since the issuance of the strategy, OPM has taken a number of actions to narrow the gender pay gap in the Federal workforce to include—

- Issued a memorandum to agencies to (1) caution on the use of a job candidate's existing salary to set pay, as it can potentially adversely affect candidates who may have taken time off from their careers or for whom existing salary is not reflective of the candidate's current qualifications or labor market conditions and (2) provide guidance on conducting agency-specific gender pay gap analysis.
- Conducted webinars providing guidance on recruiting and hiring women into STEM and leadership positions—[Best Practices for Recruiting and Hiring Women into STEM Occupations](#) and [Best Practices for Recruiting and Hiring Women into Leadership Positions](#).
- Promoted salary transparency by coordinating with agencies to post their independent salary tables or rate ranges on public websites and added questions and answers on the USAJOBS website to ensure information on pay-setting is readily available to job candidates.
- Conducted numerous [Executive Women in Motion](#) flash-mentoring sessions with a focus on the pathway to the Senior Executive Service.
- Launched [Recruitment Policy Studio](#) on HR University for human resources professionals and hiring officials, which provides information, tools, and best practices on how to attract, recruit, and retain a diverse workforce. This site includes a "Hiring Toolkit" to equip human resources professionals and hiring managers with tools and resources to support effective hiring. The toolkit provides information on the merit system principles, prohibited personnel practices, Federal hiring process, special appointing authorities, assessments, and pay flexibilities.

22

Lessons Learned: Prevent DEI Washing

- Fail to create a sense of belonging in the workplace
- Damage reputations
- Undermine sustainable transformation towards authentic equity and inclusion

23

DEI Audit

The IIA defines as

- A structured assessment of the degree of diversity at all levels of the organization
- Pay equity by race, gender, and ethnicity
- HR policies that ensure a framework supporting DEI
- The diversity of the company's supplier base, and
- Other race and gender-related factors

24



Rob Winter: A change of name could unlock internal audit's potential

11 OCTOBER 2022

25

Bonus Polling Question

To reflect that wider role and help change perceptions, should we internal auditors be called '**Governance Assurance Officers**'?

- A. Yes
- B. No
- C. Not sure

26

References

- [Diversity, Equity, and Inclusion \(DEI\) 101: Internal Audit's Invaluable Role in Creating a Sense of Belonging at Work](#), the IIA, Internal Audit Foundation, Deloitte Development LLC, 2022
- [Opinion: Rob Winter: A change of name could unlock internal audit's potential](#), Local Government Chronicles (UK), 10/11/2022

27

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28