

# Agile Auditing

Presented by:

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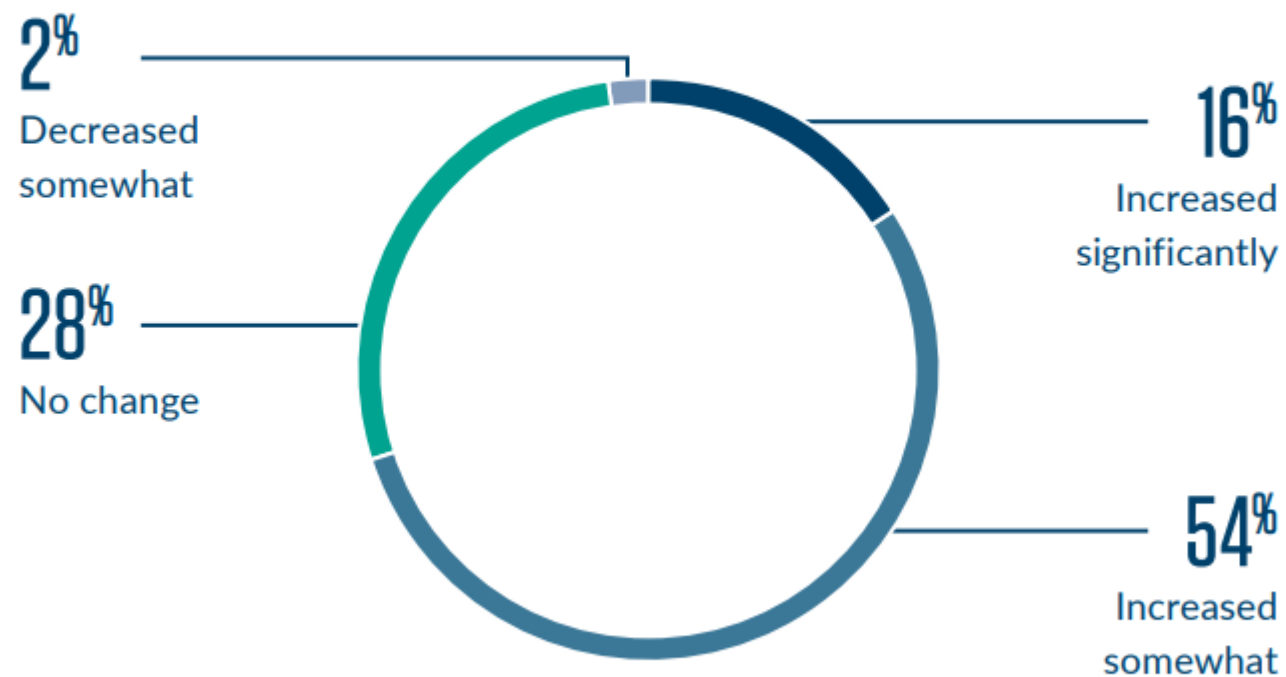
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**Has your internal audit department completed or is your internal audit department currently undertaking any transformation or innovation initiatives?**

	All respondents	CAE/Director of Auditing
Yes	67%	74%
No	28%	25%
Don't know	5%	1%

## How has the focus on internal audit innovation and transformation changed in the past year?\*



\* Respondents: CAE/Director of Auditing

## How would you rate the return on investment (ROI) of innovation and transformation activities within your internal audit organization?\*

	All respondents	CAE/Director of Auditing
High level of ROI	12%	14%
Medium level of ROI	36%	38%
Low level of ROI	14%	16%
No ROI	17%	12%
Don't know	21%	20%

\* Internal audit departments that have completed or are currently undertaking innovation or transformation activities.

# Polling Question

Is your internal audit department currently undertaken any transformation or innovation initiatives?

- a) Yes
- b) No
- c) I don't know



# What is Agile Auditing?

- Originally a software development methodology, agile aims to reduce costs and time while improving quality.
- An agile approach builds in clear direction and ongoing communication.
- Adopting agile auditing will focus on stakeholder needs, drive timely insights, reduce wasted effort, and generate less documentation.

# Agile Auditing Definition

- ✓ agile (little “a”): a verb used to describe process improvement efforts (exclusive of a specific methodology) employed by internal audit functions to achieve a more nimble, less wasteful internal auditing process.
- ✓ For example, a chief audit executive is looking for opportunities that will make audit processes more agile so that internal auditing services are more capable of addressing the dynamic risk environment





# Agile Auditing Definition

- ✓ Agile (big “A”): a noun used to describe the use of specific agile software development methodologies and an associated mindset shift to achieve more value and agility from the internal auditing process.
- ✓ For example, an internal audit function is using Agile software development approaches to innovate the internal auditing process in an effort to better address the dynamic risk environment



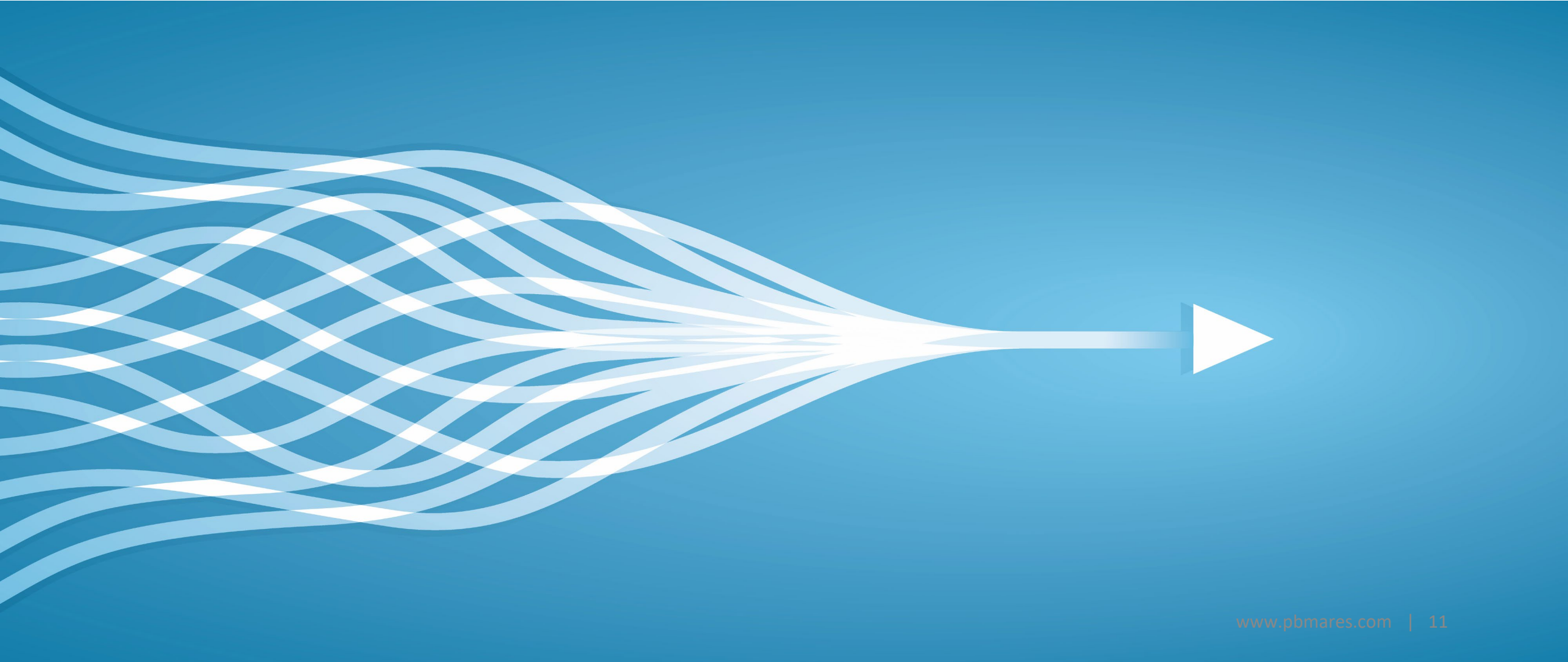


# Agile Auditing Origination





# Why is Agile Auditing Becoming Popular Now?



# Polling Question

How familiar are you and your credit union with Agile Auditing?

- a) Frequently
- b) Sometimes
- c) Rarely
- d) Agile auditing? Never heard of it.



# Basic Elements

- ✓ Rapid planning processes
- ✓ Sprints
- ✓ Daily scrum meetings
- ✓ Regular pauses for reflection

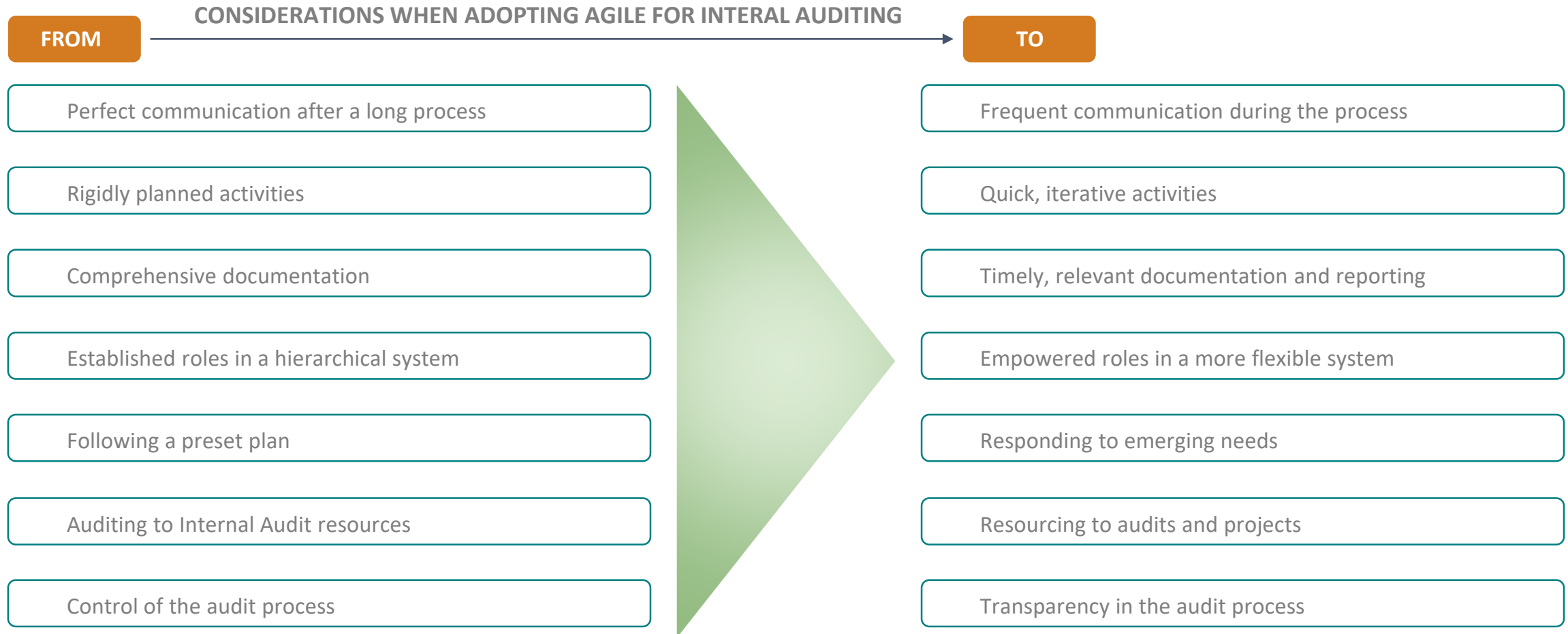


# Four Main Priorities

- ✓ Individuals and interactions over processes and tools
- ✓ Working software over comprehensive documentation
- ✓ Customer collaboration over contract negotiation
- ✓ Responding to change over following a plan



# The Difference Between Agile and Waterfall



# The Difference Between Agile and Waterfall

## TRADITIONAL AUDIT APPROACH

## AGILE AUDIT APPROACH

- Prescriptive
- Hierarchical socialization process - many reviews
- Internal audit does not consistently solicit feedback of business owners on audit scope

- Flexible, allowing broader coverage
- Value-added focus
- Active business owner's involvement

### Audit Fieldwork

### Audit Fieldwork

- Preassigned team members - focus area
- Fieldwork/testing in scope with limited exceptions
- Project lead accountable - budget and project timeline
- Independent scope area performance
- "Findings" validated through status meetings

- Integrated fieldwork execution
- Assign focus area by sprint backlog
- Discussing roadblocks via daily scrum
- Focused sprint - efficient delivery
- Feedback and reconsideration post every sprint

- Hierarchical audit report writing process - various levels and reviews
- Robust and detailed audit report
- Business owner review almost finalized report
- Audit opinion basis facts and activities during scope period

- Sprint retrospectives - consolidation of previous insights
- Review completed work with stakeholders
- Streamlining and drafting report collaboratively
- Consolidation of viewpoints and future insights in audit report



Is This Approved By The IIA? YES!



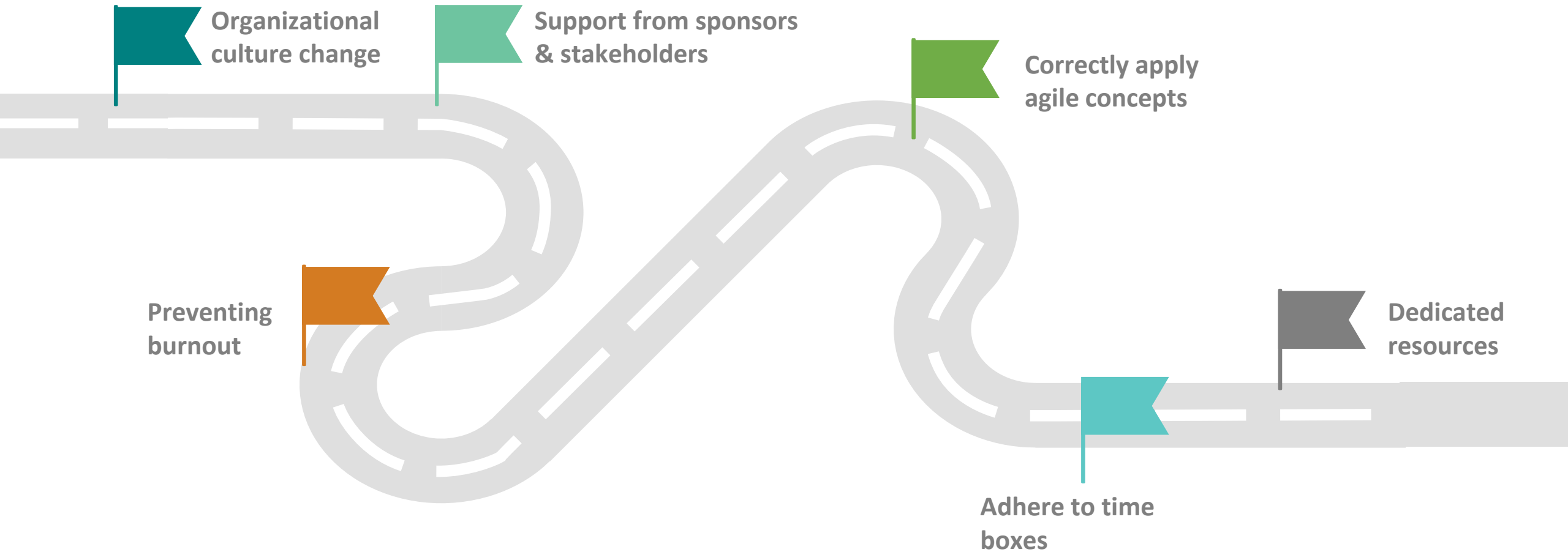
# Advantages - Benefits to IA Audit Function



# When Is Agile Auditing Appropriate?



# Pitfalls/Challenges



# Polling Question

Would you rather spend the rest of your life without?

- a) Without music
- b) Without movies



# Agile Auditing Frameworks

- ✓ Scrum
- ✓ Kanban





# Scrum

- ✓ Backlog
- ✓ Sprint planning meeting
- ✓ Sprint
- ✓ Daily scrum meetings
- ✓ Reporting



# Kanban

- ✓ Backlog
- ✓ Planned
- ✓ In progress
- ✓ Testing
- ✓ Reporting





# What Is the Role of Internal Auditing?

- ✓ Planning
  - Replace audit plans with backlogs
- ✓ Fieldwork
  - Introducing sprints
- ✓ Reporting
  - Move to iterative reports



# Audit Plan Development



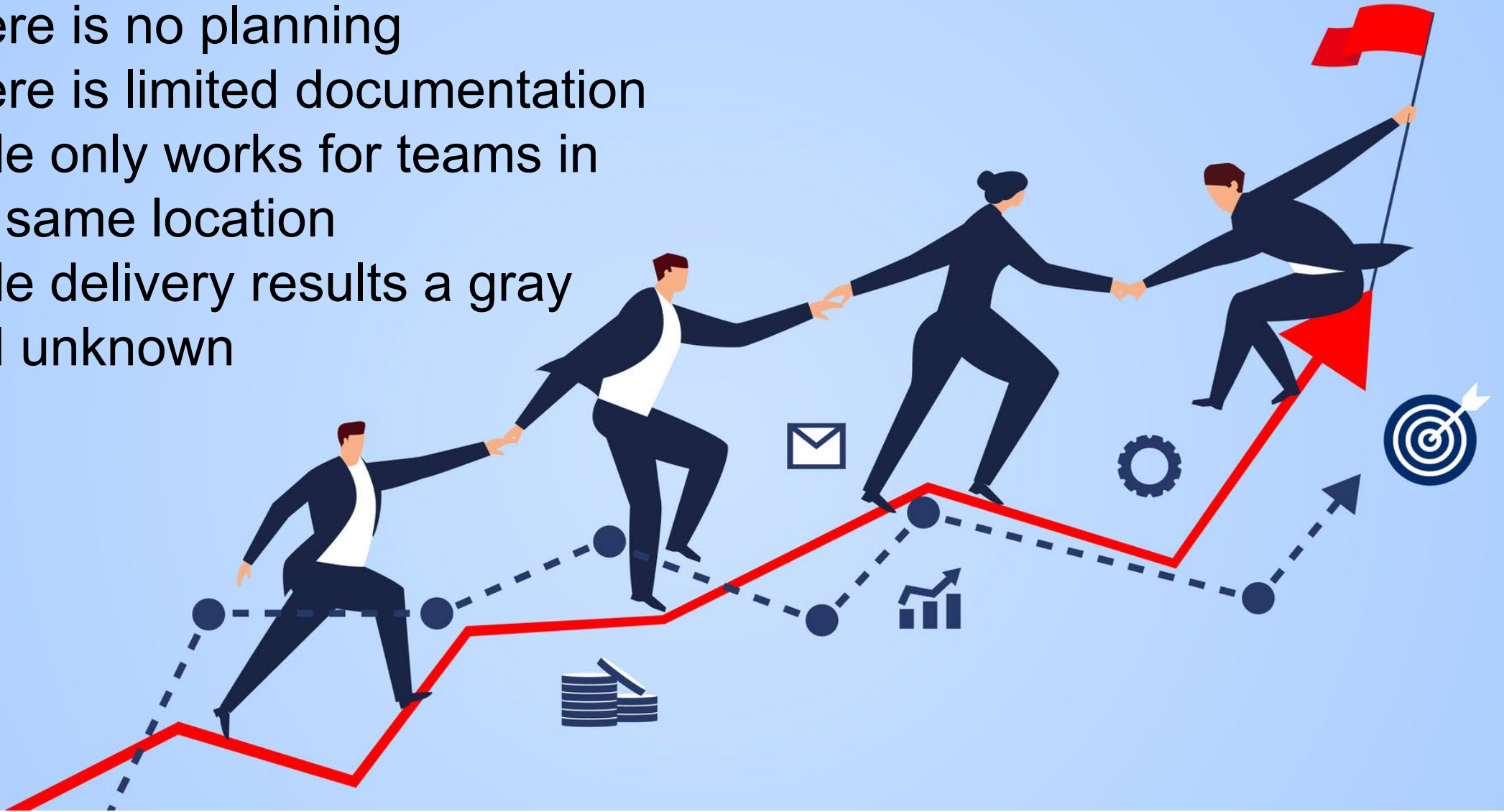


# Audit Execution



# Agile Auditing Myths

1. There is no planning
2. There is limited documentation
3. Agile only works for teams in the same location
4. Agile delivery results a gray and unknown



# Where Should an Organization Start Implement Agile Auditing?

- Agile coach or internally
- Audit or pilot
- Experiment with sprints
- Educate management
- Develop incremental roadmap
- Measurements of Success
  - Total time spent on audits
  - Speed of responsiveness
  - More open communication and collaboration



# Contact



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# Questions





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