Agile Auditing

In Practice

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Your Agile Audit Presenters

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### Origins of Agile Methodology

The agile process was developed during the 1990’s for software development and resulted in the "Agile Software Development Manifesto." Key principles we can apply to audit:

- **Self-Organized Teams**
- **Collaborate with Clients**
- **Deliver Results throughout Audit**
- **Reduce Audit Time**
- **Improve & Refine Process on Routine Basis**
- **Adjust Audit Plan throughout Process**

**Focus on Value!**

### Traditional vs. Agile Audit

**TRADITIONAL AUDIT**

<table>
<thead>
<tr>
<th>Scoping</th>
<th>Planning</th>
<th>Fieldwork</th>
<th>Reporting</th>
<th>Closure</th>
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**AGILE AUDIT**

- **Sprint 1**
  - Planning
  - Fieldwork
  - Reporting
  - Scoping
  - Closure

- **Sprint 2**
  - Planning
  - Fieldwork
  - Reporting
  - Scoping
  - Closure

- **Sprint 3**
  - Planning
  - Fieldwork
  - Reporting
  - Scoping
  - Closure

- **Final Sprint**
  - Planning
  - Fieldwork
  - Reporting
  - Scoping
  - Closure

- Issues validated sooner
- Findings reported as you go
- Ability to respond to changing risks
- Reduces lengthy reporting and closing phases
Traditional Audit vs. Agile Audit

When adopting Agile, Internal Audit should shift:

From Traditional

- Perfect communication after a long process
- Rigidly planned activities
- Comprehensive documentation
- Established roles in a hierarchical system
- Following a preset plan
- Auditing to Internal Audit resources
- Control of the audit process

To Agile

- Frequent communication during the process
- Quick, iterative activities
- Timely, relevant documentation and reporting
- Empowered roles in a more flexible system
- Responding to emerging needs
- Resourcing to audits and projects
- Transparency in the audit process

Source: "Becoming agile - A guide to elevating Internal Audit’s performance and value - Part 2: Putting Agile IA into action,” Copyright ©2018, Deloitte Development LLC. All rights reserved.

Maricopa County Agile Audit Values

- Together with leaders, identify top 3-5 risks; refine continuously.
- Identify an audit partner to remove obstacles and discuss progress.
- Incorporate regular standup meetings with the audit team.
- Include audit team members from a variety of disciplines.
- Empower decision making closer to the front line where possible.

There’s a way to do it better – find it.
- Thomas Edison
Origin of Our Agile Story

5-Year Roadmap

- Modernized Audit Approach
- Continuous Risk Assessment
- Current Technology
- Agile Auditing
- Timely Reports Targeted Audits
- Continuous Improvement
- Increased Agency Engagement

Our Continuing Agile Audit Journey

- Identify
  - Review Agile audit white papers; get inspired
  - Introduction to Agile as the new way of working
- Explore
  - Leadership mindset shift
  - Develop draft agile auditing processes
  - New reporting format
  - Experiment
- Pilot
  - Pilot #1: Test draft agile auditing processes at one County agency
  - Pilot #2: Incorporate draft agile auditing processes into the audit management system
- Transform
  - Refine draft processes
  - Departmental mindset shift
  - Department training
  - Roles/responsibilities
  - Team design
  - Learn and iterate
- Future State: Sustain
  - Continuous improvement
  - Coaching capabilities
  - Center of Excellence

- July – September, 2018
- October – December, 2018
- January – June, 2019
- July, 2019 – Present
Agile Audit Keys to Success

**Audit Client**
- Support of audit priorities
- Respond to project documentation requests
- Engage business throughout audit

**Internal Audit**
- Narrow scope
- Prioritize risk roster/sprints
- Embrace change
- Learn to fail

*Perfection is not attainable, but if we chase perfection we can catch excellence.*  
- Vince Lombardi

Lessons Learned

- Right-size each sprint
- Test until the objective is answered
- Collaborate - Internally and Externally
- Customize agile to your organization’s requirements

*We may encounter many defeats but we must not be defeated.*  
- Maya Angelou
Benefits We Have Realized

• More collaboration with audit clients
• Increased focus on top risks
• More efficient audit process
• Fewer surprises
• More meaningful and relevant action plans
• More impactful reporting

Unless someone like you cares a whole awful lot, nothing is going to get better. It’s not.
- Dr. Seuss

Resources to Get You Started

You’ve Heard of Next-Gen Internal Auditing: Here’s a Look Inside, Protiviti Inc. [HTML]

Becoming Agile Part 1: Understanding agile internal audit, Deloitte Development LLC [PDF]

Becoming Agile Part 2: Putting Agile Internal Audit into action, Deloitte Development LLC [PDF]

Auditing Agile projects: Your grandfather’s audit won’t work here!, Deloitte Development LLC [PDF]

Getting Comfortable with being Uncomfortable!, Deloitte Development LLC [PDF]

Dynamic Internal Auditing, KPMG LLP [PDF]

Related resources: