IIAG GPDG – Agile Auditing Cheat Sheet:

What is Agile?

Below is the original Agile Manifesto, created for software development: https://agilemanifesto.org/

We are uncovering better ways of developing software by doing it *[Agile]* and helping others do it.

Through this work we have come to value:

Individuals and interactions over processes and tools

Working software over comprehensive documentation

Customer collaboration over contract negotiation

Responding to change over following a plan

That is, while there is value in the items on the right, we value the items on the **left** more.

Agile is supported by 12 Principles

The 12 principles can also be found here: https://agilemanifesto.org/principles.html

These are also summarised in this slide:

12 Agile
Principles.pptx

It's important to remember that Agile software development was born from the principles of Lean manufacturing and organizational learning. These ideas weren't based on software to begin with. And, many practices in Agile, like stand-up meetings and visual management, are common and can apply to any industry.

A great website for understanding Agile (including much of the below) is: https://www.atlassian.com/agile/manifesto (and associated sub pages)

What Agile is NOT

- Agile does not mean no documentation. This comes up a lot for auditors, when project/IT teams tell them that the evidence they asked for is unavailable. In reality, Agile should result in strong documentation which is continuously being updated and refined.

- It also does not mean no planning. Agile tasks require planning as much as any other. Perhaps the difference is the flexibility which is applied to this process, with plans open to continuous re-prioritisation and adjustment.

- Agile does not mean less discipline. At times it can seem that Agile is a free for all – but it is not, or if it is, it isn't being used properly. Strong discipline and adherence to the chosen approach in applying Agile is required to ensure success.
- Agile does not mean Scum. There are many ways to apply Agile. Most Auditors will encounter Scrum methodology (see below) but Agile can be achieved using other methodologies too. Don't get fixated on one way.

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Popular Methodologies to Achieve Agile

It is helpful to understand popular methodologies for Agile Software Development **(which could be used easily for Agile Auditing):**

Scrum: https://www.scrum.org/resources/what-is-scrum
- Key Concepts: Sprints, Backlogs, Product Owners, Burndown/Velocity, User Stories

Kanban: https://www.atlassian.com/agile/kanban
- Key Concepts: Kanban Board, Kanban Cards, Flow, Continuous Delivery

SAFe: https://www.scaledagileframework.com/
- Key Concepts: Scaled Agile - i.e. across an entire division/organisation rather than individual project.

Some articles on Agile for Audit

Deloitte: https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/finance/deloitte-uk-putting-agile-ia-into-action.pdf

Barclay Simpson: https://www.barclaysimpson.com/blogs/how-can-agile-methods-add-value-to-internal-audit-82774132037

PWC: https://www.pwc.co.uk/audit-assurance/assets/pdf/agile-auditing.pdf

Why do we want to apply Agile to Audit?

Reduce Audit timelines by increasing efficiency.

Cut down on legacy **administration tasks** – and **streamline audit documentation**.

Increase engagement with auditees.

Respond faster to changes in risk/control environment.

Ability to audit agile activity within the organisation – agile projects and agile software development are now standard in many places.

So, what are the most obvious concepts for applying Agile to Audit Execution

1. Timeboxing / Sprints (from Scrum)
    a. Breaking down fieldwork into set of time limited sprints, delivering assurance conclusions after each sprint either to audit management, or to auditee.
    b. Involving Senior Audit Management in process as 'Product Owner' to decide relative priority of each audit test, and which sprint to include it in.
    c. Maintaining a 'backlog' of possible audit tests, continually updated and prioritised by audit team and 'product owner'.

2. Kanban Boards
    a. Using an interactive physical or digital board to track fieldwork tests as a team – crucially making it 'visible' to all in the team.
    b. Setting limits on work in progress at any given time to avoid overload.
    c. Continuously add new testing requirements to the board (backlog).
    d. https://leankit.com/blog/2012/01/using-kanban-to-improve-audit-management/

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3. 'Stand Ups'

    a. Several agile methodologies (Scrum in particular) make use of frequent (daily) stand ups.

    b. The team working on the project (audit) get together with representatives from the customer (auditee) and go through what is being worked on currently, what will be worked on next, and any blockers that are preventing progress.

    c. These should be quick – teams traditionally stand up to prevent the meeting from goi9ng on too long.

There are also applications of Agile for Audit Planning

In reference to annual audit planning rather than individual audit planning (which would fit into the above).

Rather than setting a fixed plan at the start of each year, the audit department could create a prioritised list of audits (probably larger than could ever be actually achieved).

Work would only ever begin on audits at or near the top of the priority list.

At regular intervals this list would be reviewed, re-prioritised, and potentially new audits added (in response to risk indicators/events in the organisation).

This could be extended into a multi-year (even perpetual process), ensuring that the audit team is always focussed on the highest priority areas, and able to quickly pivot to respond to changes in risk profile.

There are some Agile implications for Audit team culture / behaviours

Agile does require a change in mindset and will always need time to embed and adopt fully.

Two key principles of agile are 'motivated individuals' and 'self-organising teams'. Without these, full realisation of Agile benefits could be hampered.

Empowering staff to decide how to test controls, and how to document these could be a simple step in this direction.

Allowing audit sub-teams to form and self-organise around the required work would be a step further. This would include for example, allowing auditors a degree of autonomy of deciding which of them worked on which audit (with the proviso of course that all prioritised audit work was resourced). The auditors themselves take the decision about who among them is best placed to conduct specific work.

Lessons learned from other Audit teams

We engaged with a few (generally larger) teams who had moved to Agile. We also used our own experiences in this regard.

There were some evident lessons from this engagement:

- If you go too far too fast, you may fail. Trying to go from zero to fully agile overnight will be painful, and counterproductive. Make the move gradually.

- Pick your targets. Select specific audits and auditees to trial your methodology on. Generally, Agile will not work for every audit, so be careful in choosing this.

- Manage your stakeholders. Do not scare the audit committee – i.e. don't go in there saying "we have abandoned audit planning". Make sure everyone understands what is being done – and what the benefits should be.

- Measure your progress. There is no point in doing this if it isn't working. This could be measuring audit efficiency, stakeholder feedback, and audit team happiness (noting the above section on culture / behaviour).

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The GPDG team analysed the 12 Agile Principles, and brainstormed ideas for altering or creating audit processes which might be aligned to these. We further analysed application of the 12 principles in audit and documented the results drilling down into easier wins, and more challenging ideas to apply. We used these to inform our presentation at the IIAG conference.

Our analysis can be seen here:

Application of the
12 Agile Principles ir