

Session 6

“Auditing on the Run” – Developing agility and resilience in the audit function

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Agenda

1. What is Agility?
2. Why Agile?
3. Agile in Non-IT environments?
4. Why Agile in Internal Audits
5. How do we embrace Agility?

What is Agility?



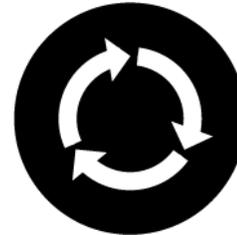
Value Delivery

Emphasises short release cycles, frequent demos or working solution, and continuous business involvement



Collaboration & Empowerment

Recognizes that people, rather than process, often determine success in software development projects, enabling tight integration between solution development, testing, and business functions



Lean Operations

Promotes “Fail Fast” and “Reduce Waste Through Automation” philosophies through practices such as Test Driven Development and Continuous Integration practices



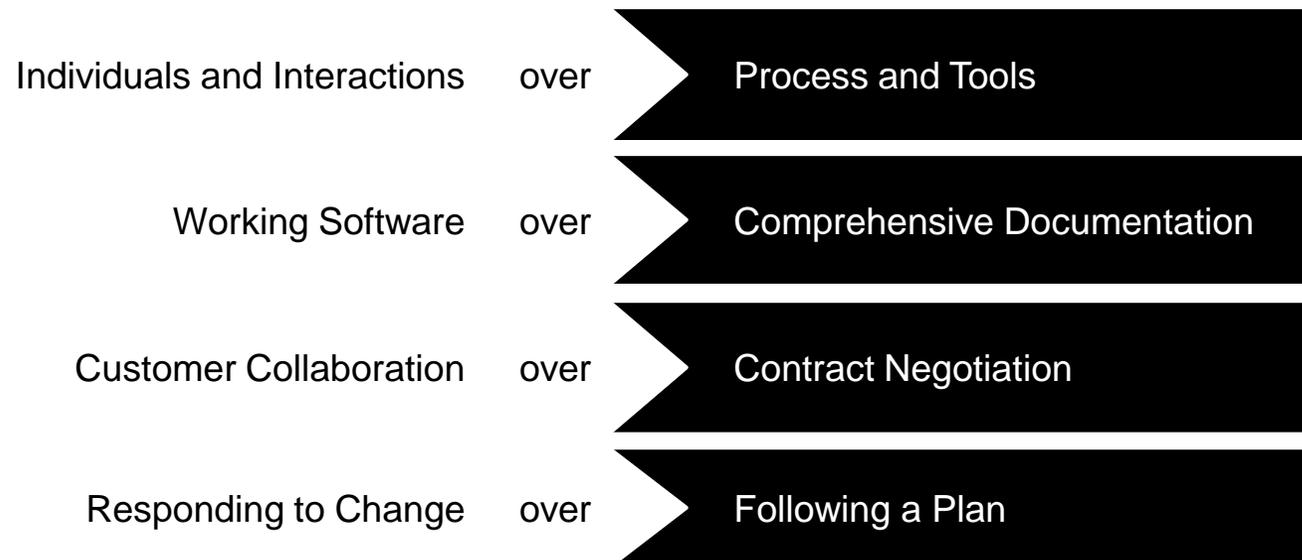
Adaptability

Emphasizes continuous refinement of release planning to increase responsiveness to changing market and business needs

Agile Manifesto

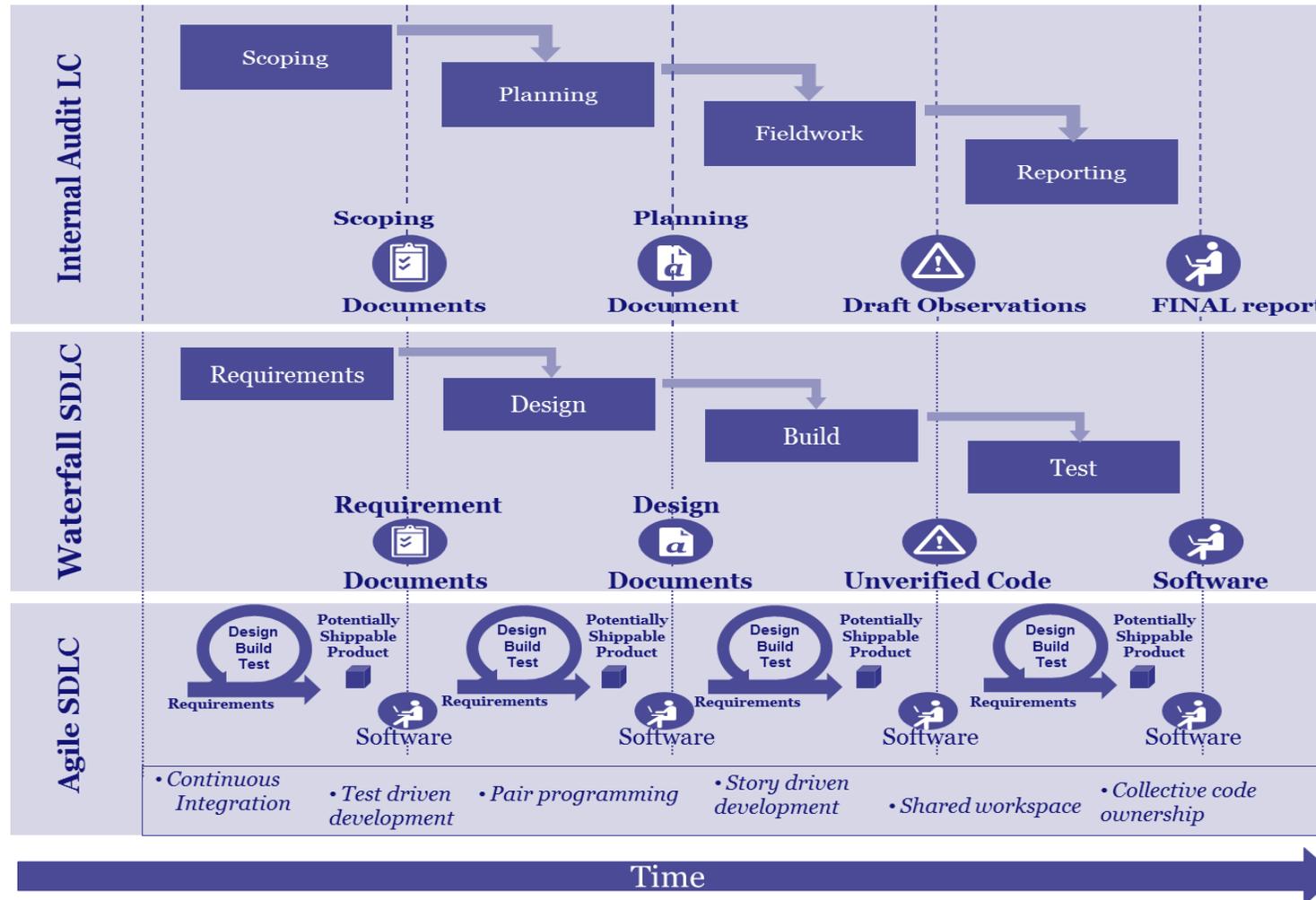
Agile is a pragmatic software development methodology that delivers value quickly through short, incremental cycles of development.

Agile's 4 Values

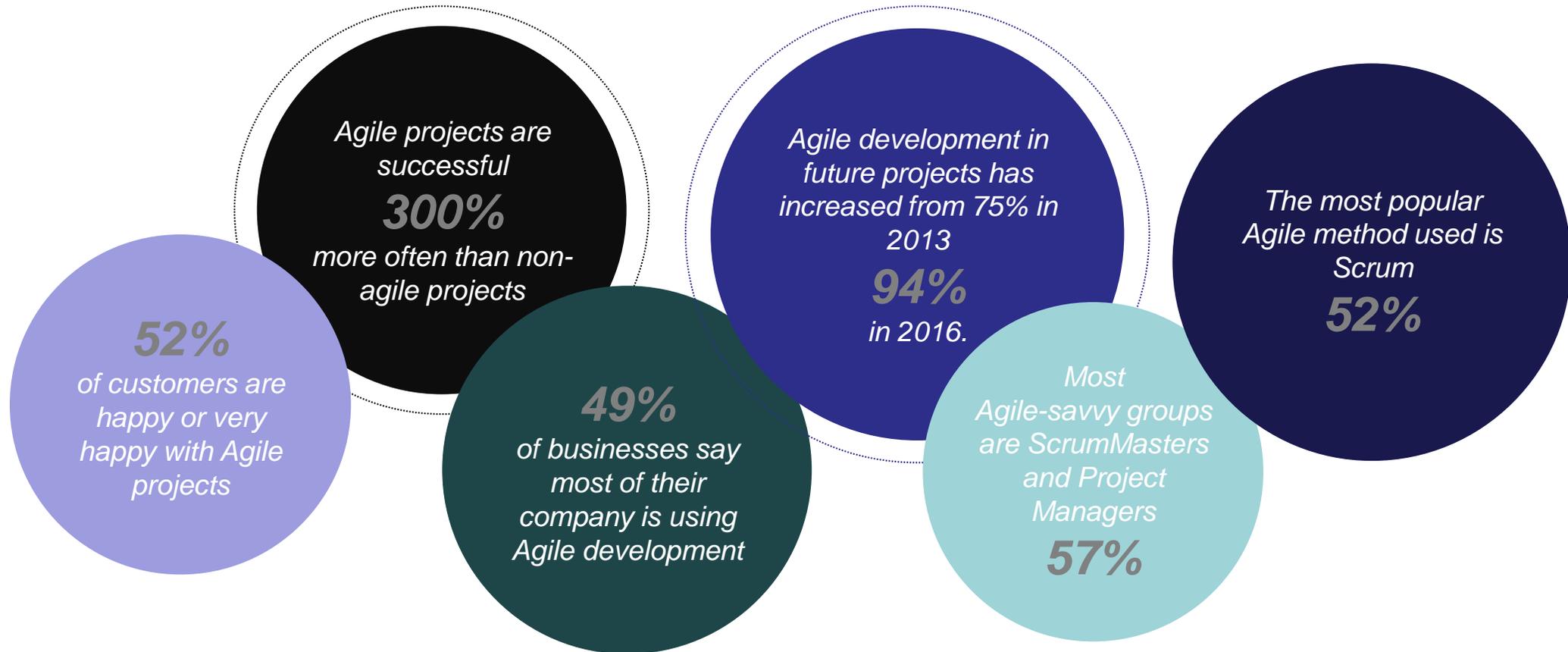


While the values on the left are **prioritised**, the values on the right still provide **value** to a program.

Comparison with traditional methods



Why Agile?

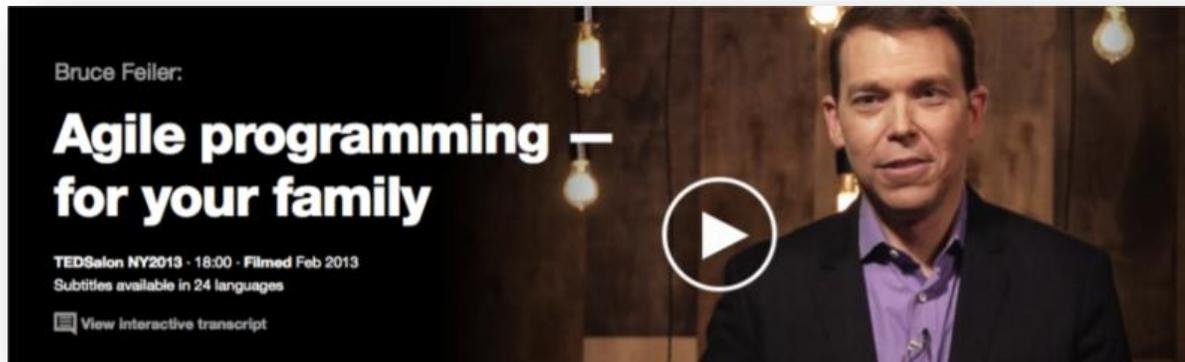


Agile in Non IT environments

- Education – EduScrum
- Family – Scrum your wedding
- Using Agile in Security Upliftment program



SCRUM YOUR WEDDING



Can we use AGILE for Internal Audit?

Why Agile IA is required?

- 80%* of the board and management expect that Internal Audit requires to change course and evaluate risk at the speed required by business, i.e. if they work as **Agile IA functions**
- 88%* of the stakeholders perceive that if Internal Audit is working in an Agile fashion, it is adding significant value

To be truly Agile, Internal Audit will need to **deliver value** to stakeholders early and often via **incremental delivery of audit products and services**. The **opportunity for early and continuous feedback** from stakeholders is what will enable the Audit function to flex and change and **add value** in an environment that is increasingly volatile, uncertain, complex and ambiguous.

Agile = Prepared + Adaptive

* Source: Internal Audit Study report, PwC 2017

Adopting Agile philosophy

What does it mean to be prepared and adaptive
from an agile philosophy point of view?

Aligning with Agile values

Retrospectives

Customer
Collaboration



Individuals and
Interactions



Stand-ups

Showcase

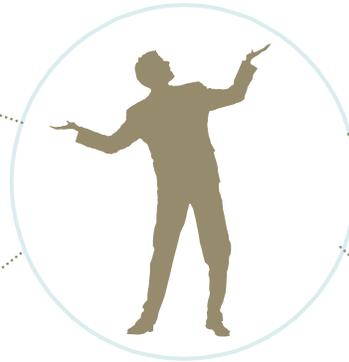
Working Software



Responding to
Change



*Flexible Planning
and Prioritisation*



Stand up meeting – Individuals and Interactions

Agile Concept

- Daily Stand-up (5-15 minutes, Everyone's Invited)
- **Not for Problem Solving**
- Each team member with tasks answers three questions:
 1. What did you work on **yesterday**?
 2. What are you committing to **today**?
 3. Do you have any **impediments**?
- Delivery Team Speaks, Observers Listen

Application to IA

- Periodic stand ups within IA teams (could be weekly, once in 2 days or daily)
- Use technology in case of cross location teams for stand up meetings
- Invite Head of Internal Audit for specific sessions
- Highlight risks, findings and blockers

Kanban – Responding to Change

Agile Concept

- Visual management of flow
- Flexible planning – reprioritise the workflow without disrupting team
- Basic Kanban board has three step workflow:
 1. To Do
 2. In Progress
 3. Done
- Transparency of work, real-time communication of capacity, single source of truth

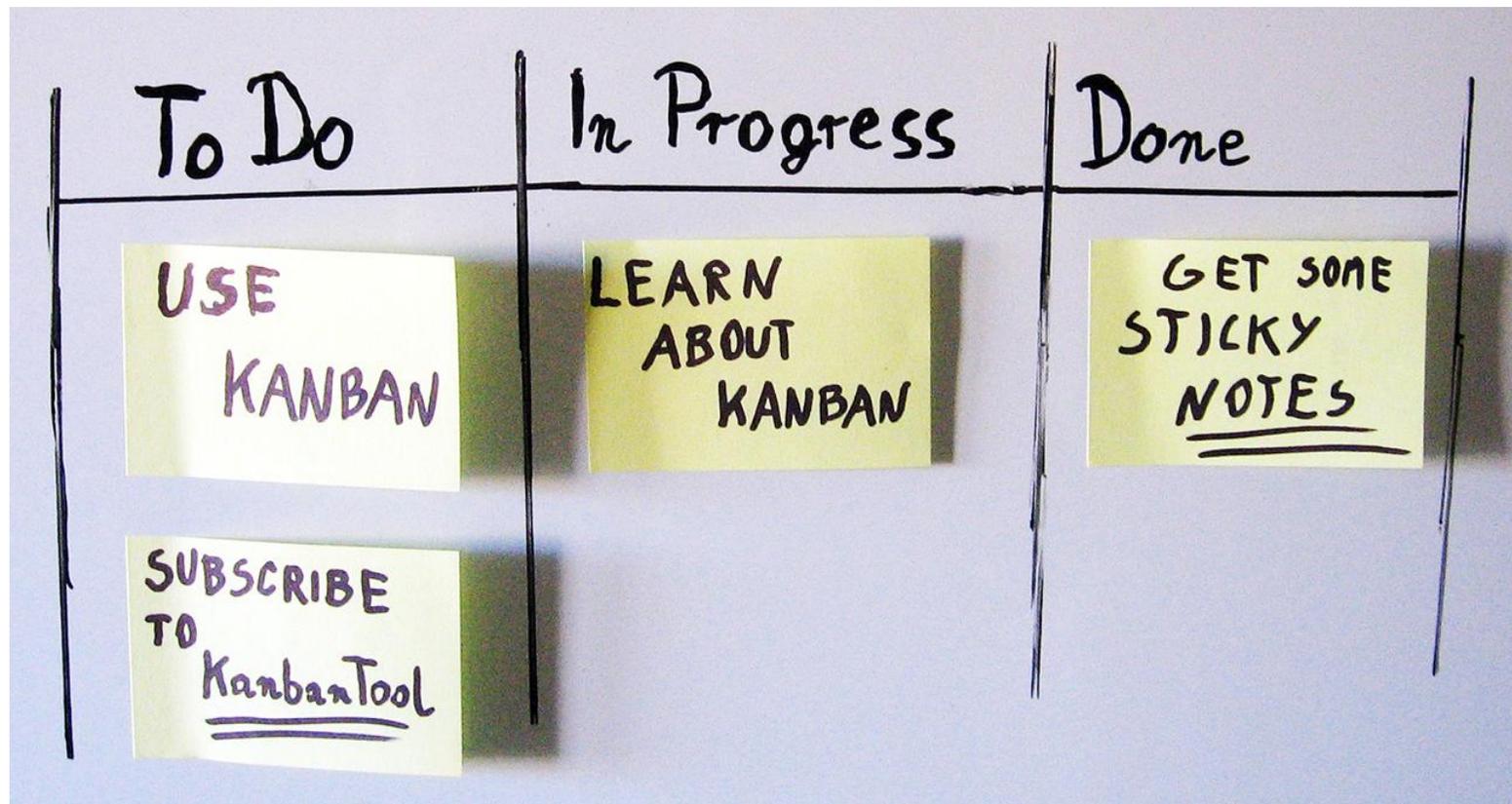
Application to IA

- Used as collaboration tool between IA and stakeholders
- Work breakdown
- Allocate tasks and timing
- Track progress

Kanban – Responding to change

kan = 'card'

ban = 'signal'



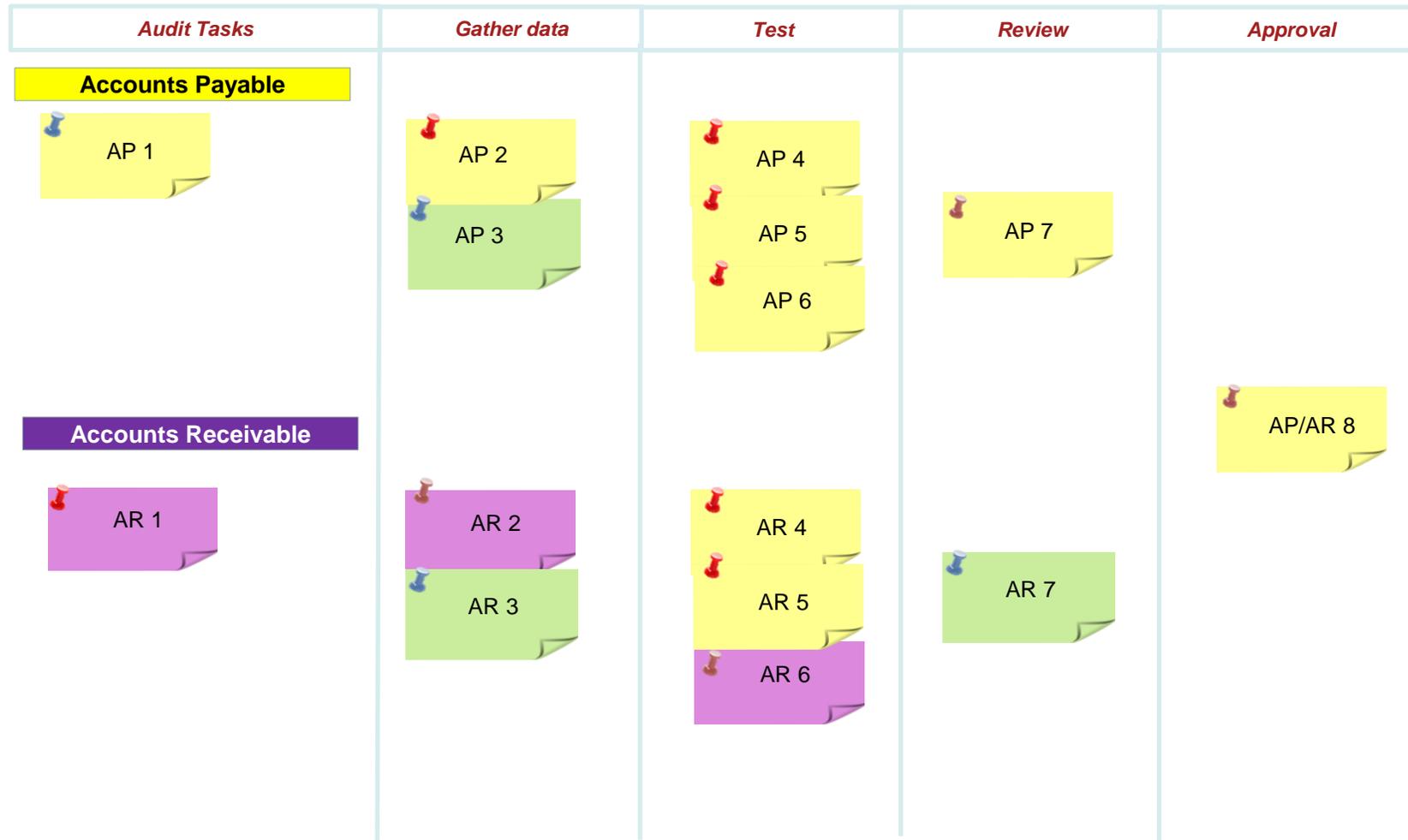
Kanban tool

KanbanFlow Benefits Realisation Administration Ganesh Karthik Jonnalagadda

To-do	In progress 5 / 10	Done	Watch points
Review and discuss DRAFT findings (RF)	Create DRAFT findings	Draft - Scope and Budget	Understand overall approach to new ways of working
Create FINAL report	Discussion with GPO	Kick off meeting for the review	Business case documentation (RF)
Review FINAL report (RF)	Understanding alignment with new ways of working	Approve - Scope and Budget (RF)	Change Requests - Benefits tracking
Discuss and Issue FINAL report	Understand and review Quarterly benefits tracking <input checked="" type="checkbox"/> Obtain quarterly reports <input checked="" type="checkbox"/> Discuss with GPO <input type="checkbox"/> Cross check reports with business cases <input type="checkbox"/> Discuss review findings	Review BRM framework	
DRAFT Findings meeting with project stakeholders	Update internal audit documentation file with findings	Review of sample projects based on BRM framework	
		Review documentation for Sampleproject1	
		Review documentation for Sampleproject2	
		Create preliminary findings	
		Discussion with Project Managers on Benefits Realisation Plan	
		Understand Risk management with Benefits Realisation	
		Understand Financial Business partner sign off process	
		Internal audit documentation file set up	

Illustrative

Sample *Kanban* for an AP/AR Audit



Prioritisation – Responding to Change

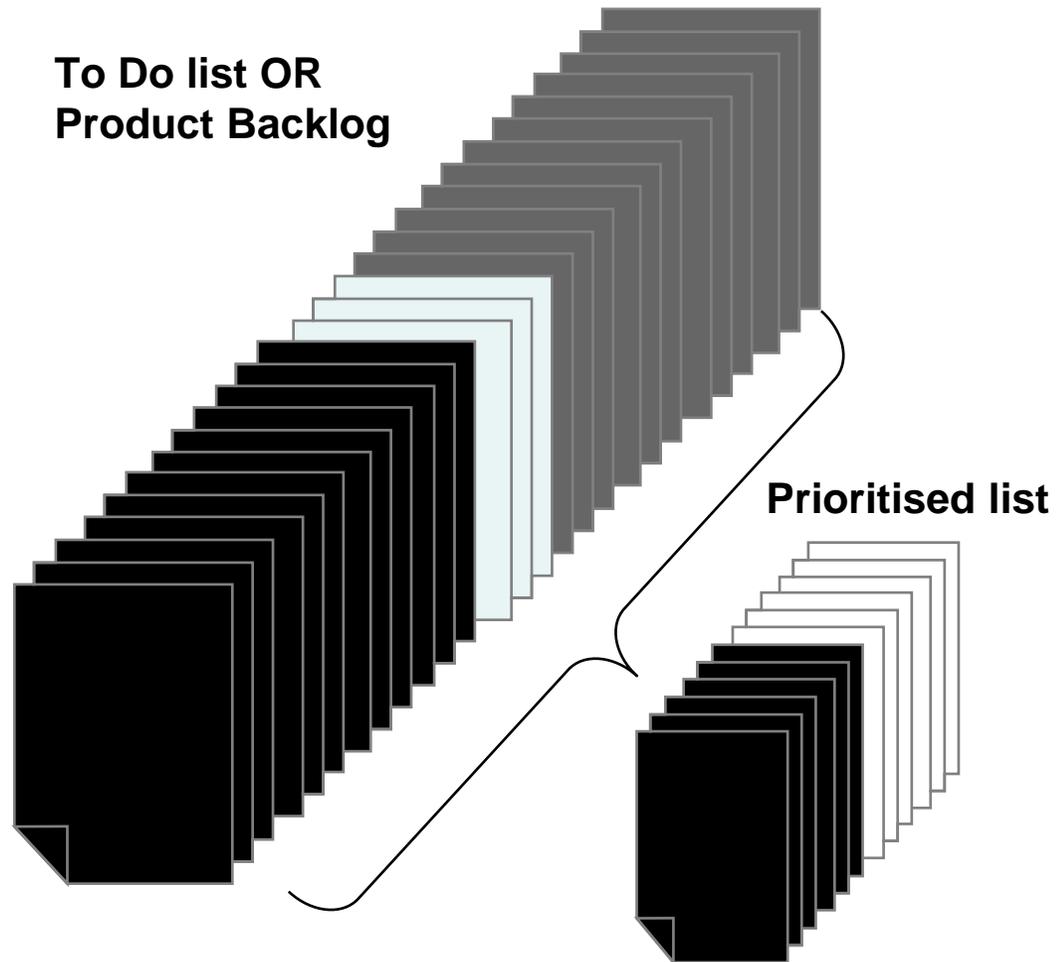
MoSCoW

Must have

Should have

Could have

Wont have/ **Wish** list



Flexible Planning and Prioritisation – Responding to Change

Agile Concept

- The Product Owner prioritizes the stories from the backlog
- Teams use techniques like MoSCoW for arriving at prioritised list
- Team starts working on the order of priority

Application to IA

- Prioritise series of tasks for the internal audit
- Strategic Audit Plan (SAP) - priority of one audit over other based on value to the business/ Executives
- Risk based prioritisation of draft findings (identification of must dos)

Incremental delivery through Showcases – Working Software (Audit deliverables)

Agile Concept

- Allows team to show what team has produced to the Product Owner, business and interested parties
- A chance to see new functionality, ask questions and give feedback
- Demonstration, not training session

Application to IA

- Ongoing discussion on the draft findings internally with team/review lead/co-source partner/ Head of Internal Audit
- Ongoing discussion of draft findings with business to provide early heads up in order to afford them the opportunity to respond or provide more information

Retrospectives – Customer Collaboration

Agile Concept

- “Lessons learned” meeting at the end of every iteration
- Each member answers the questions:
 1. What went well?
 2. What didn’t go well?
 3. What have we learnt?
- Used for team reflection, collaboration, feedback, continuous learning and adjust behaviour

Application to IA

- Periodically conduct a debrief session with business
- Discuss achievements and areas for improvement at all stages of the review
- Agree and document actions to address areas for improvement
- Assign individuals responsible for actions

Retrospectives



Set the Stage	Gather Data	Generate Insights	Agree on Actions	Close the Retro
<ul style="list-style-type: none"> Prepare the Team for the work they are about to do Review the goal, agenda, or working agreements Use activities to help them openly share (post-its, survey, etc.) 	<ul style="list-style-type: none"> Create the shared picture of what happened during the iteration Help the team stay focused on relevant facts rather than speculation 	<ul style="list-style-type: none"> This is a time for evaluating the data and turning into meaningful information Help uncover the implications for change 	<ul style="list-style-type: none"> Focus turns to next iteration Determine the highest priority items Identify experiments to resolve issues Create action items 	<ul style="list-style-type: none"> Allow for reflection on what just happened Time for expressing appreciation (especially if the retrospective was unusually charged or emotional)



Retrospectives are not a “post-mortem” or an opportunity to find fault or assign blame

Auditing on the run



Hold daily 'stand ups' to track team progress and identify any challenges early



Test highest risk areas first to deliver insights as quickly as possible



Share findings with the program as you go, in real time



Regularly reflect on how to improve and seek feedback often

But remember....

Some people think agile ceremonies magically make a team agile.
They're wrong.

Agile is about...

Respect

Communication

Trust

Transparency

Collaboration

Questions and discussion

