Applying Agile Principles for Internal Audit

01/30/2025

Virtual Learning Committee

Director
Wendee Shinsato, CPA, CIA
Assistant Vice Chancellor
California State University

Volunteer
Christiana Oppong, CIA, CCSA
Senior Auditor
Princeton University

Volunteer
Brenda Auner, CIA, CFE
Senior Auditor
California State University

Volunteer
Virginia L. Kalil, CIA, CISA, CFE, CRISC
Chief Internal Auditor
University of South Florida

Welcome & Introduction

Presenters

Chris Soskin

Advisory Specialist Master | Agile Coach

Varun Agarwal

Advisory Specialist Master | Agile Coach
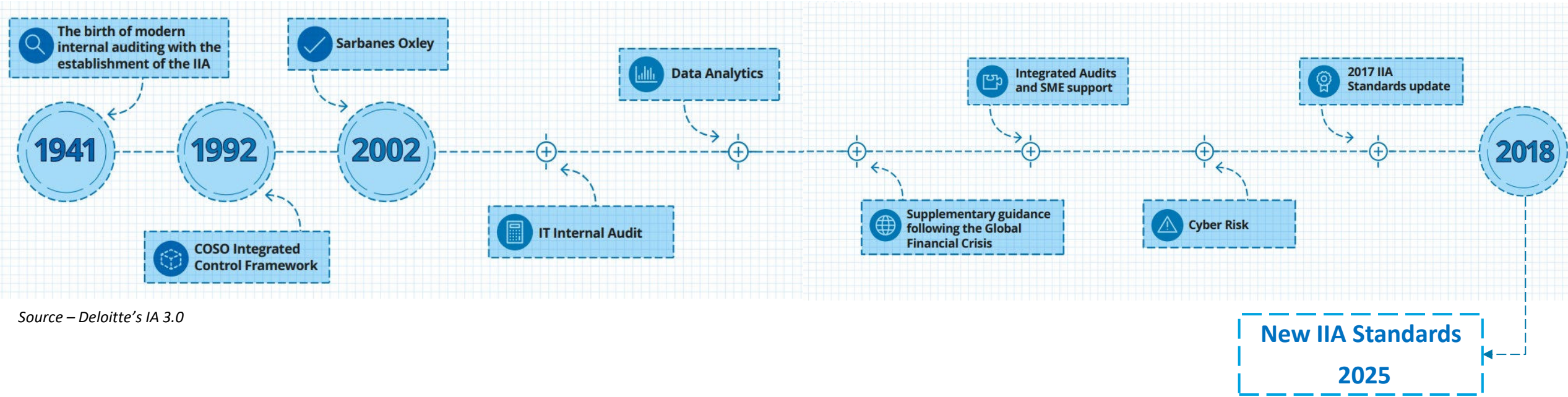
Polling Question - 1

How much do you know about Agile?

a)	I have **hands-on** experience with Agile.

b)	I have **theoretical knowledge** about Agile.

c)	I have **heard the word Agile**, but I know nothing more than that.

d)	I heard about Agile for the **first time** today.
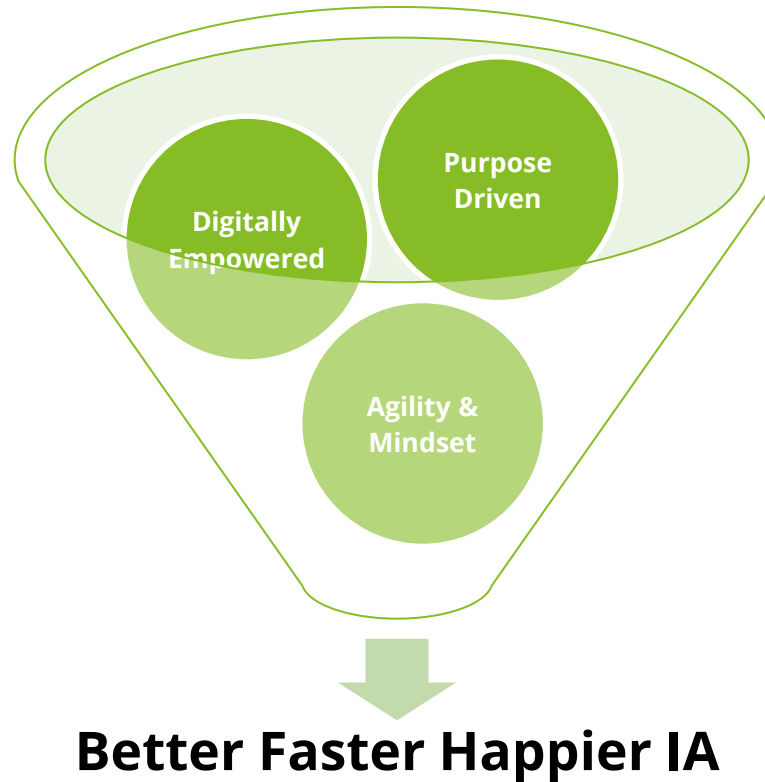
Why Agile..?

Why Agile in Internal Audit?

How Internal Audit evolved…

Source – Deloitte's IA 3.0

Why Agile in Internal Audit?

Lesson learned: "Ongoing disruption is here to stay: We have all moved beyond "change is the only constant" to an environment of ongoing disruption."

Better Faster Happier IA

Why Agile in Internal Audit?

Volatility.
Vision.

Cross-functional
stable teams

Uncertainty.
Understanding.

Frequent delivery
of insights

Complexity.
Clarity.

Increased communication
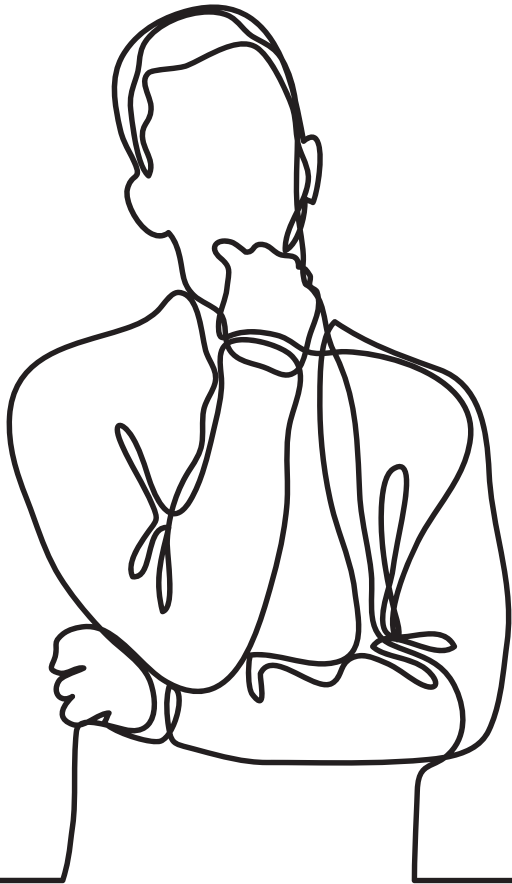with Stakeholders

Ambiguity.
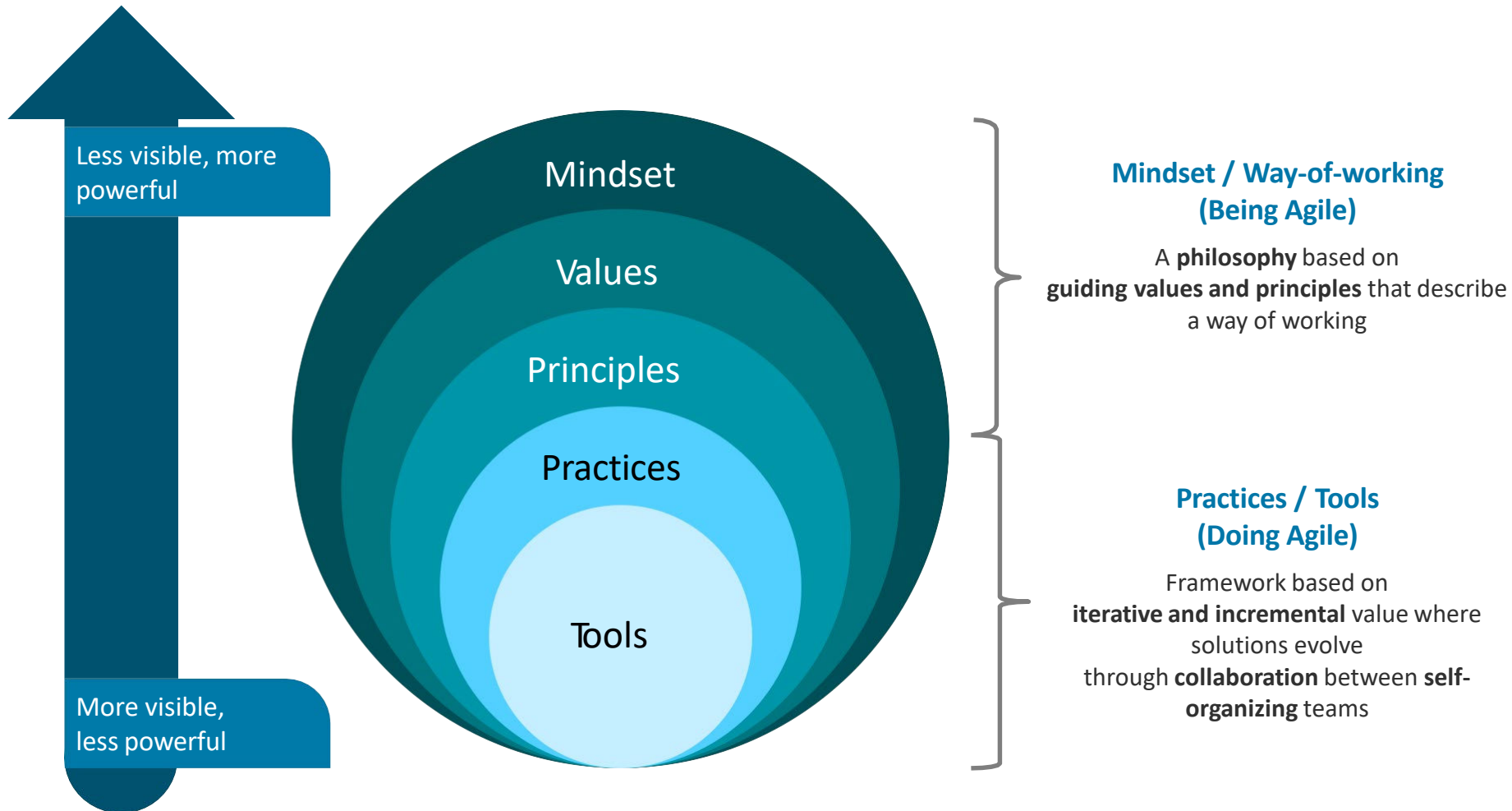**Agility.**

Short time-boxed
iterations

What is Agile..?

What is Agile?

Agile is a way of approaching work based on **iterative development** where requirements and solutions evolve through **collaboration** between **self-organizing, cross- functional** teams, all focused on delivering the most important **business value** and **continually improving**.

Agile Mindset

Focus on value | Go small | Limit WIP | Deliver iteratively | Gather and act on feedback

Less visible, more powerful

More visible, less powerful

Mindset

Values

Principles

Practices

Tools

Mindset / Way-of-working (Being Agile)

A **philosophy** based on **guiding values and principles** that describe a way of working

Practices / Tools (Doing Agile)

Framework based on **iterative and incremental** value where solutions evolve through **collaboration** between **self-organizing** teams

Key Characteristics

- Collaboration
- Increased communication
- Iterative execution
- Frequent delivery of insights
- Short, time-boxed results
- Cross functional & self organizing teams
- Adaptability
- Sustainable delivery
- Continual improvement

Agile 4 Values

"OVER"

Individual & Interactions

Business Impact

Stakeholder Collaboration

Respond to Change

Processes & Tools

Comprehensive Documentation

Audit Mandate

Following a Plan

Agile 4 Values

Agile 4 Values

"OVER"

More Impactful

Lesser Impactful

Individual & Interactions

Business Impact

Stakeholder Collaboration

Respond to Change

Processes & Tools

Comprehensive Documentation

Audit Mandate

Following a Plan

Agile 4 Values
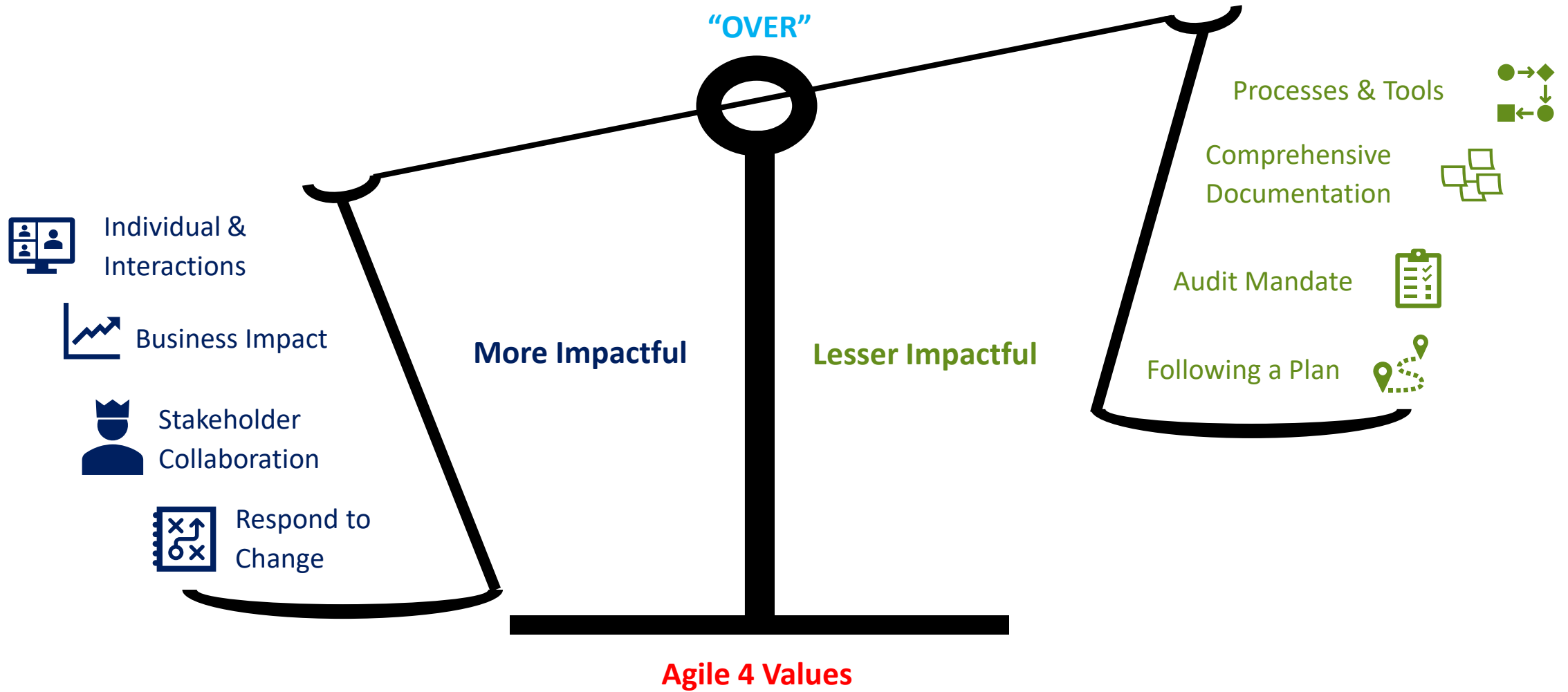
What Does Being Agile Look Like?

The Agile Manifesto outlines the 12 key principles that guide agile today:

Satisfy the Customer	Welcome Change	Deliver Work Frequently	Work as a Team	Work with a Motivated Team	Use Face-To-Face Conversations
Our highest priority is to satisfy the customer through early and continuous delivery of valuable products and services.	Welcome changing requirements at all stages in the process. Agile harnesses change for the customer's competitive advantage.	Deliver products and services frequently for a quick turnaround time.	All key stakeholders must work together daily throughout the project.	Deliver products and services around motivated individuals. Give them the environment and support they need and trust them to get the job done.	Efficient and effective method of conveying information to and within the team is through face-to-face conversations.

Measure of Progress	Maintain a Constant Pace	Focus on Technical Excellence	Keep It Simple	Self-Organizing Teams	Reflect and Adjust
Valued and impactful audits are the primary measure of progress.	Agile processes promote sustainable development. The stakeholders should be able to maintain a constant pace indefinitely.	Continuous attention to technical excellence and good customer service enhances agility.	Simplicity—the art of maximizing the amount of work not done—is essential.	The best architectures, requirements, and quality of work emerge from self-organizing teams.	At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

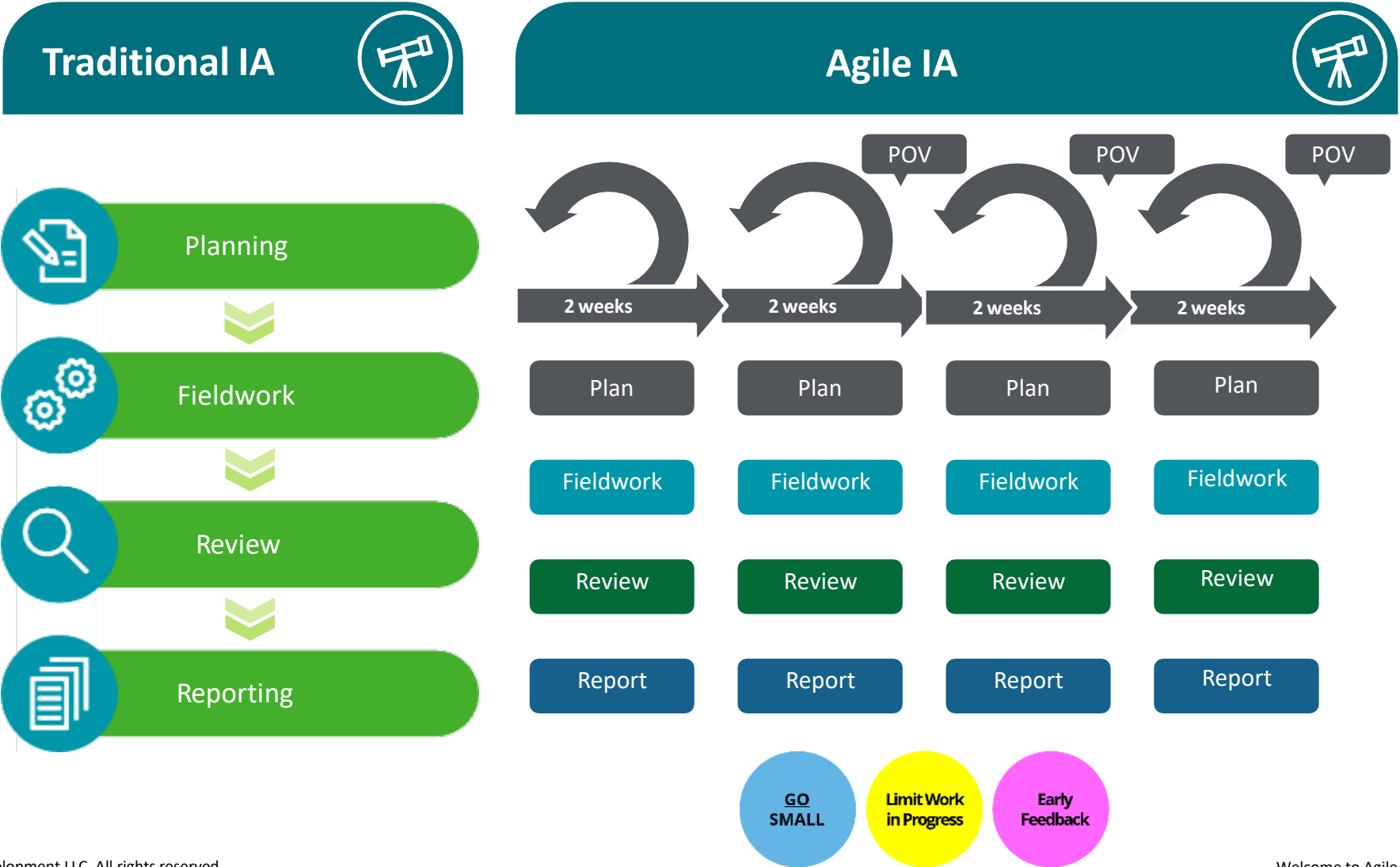Source: http://agilemanifesto.org/

Polling Question - 2

Which of the following is one Agile value out of four values?

a)   Following a plan *over* comprehensive documentation.

b)   Responding to change *over* stakeholder mandate.

c)   Individual & interaction *over* processes & tools.
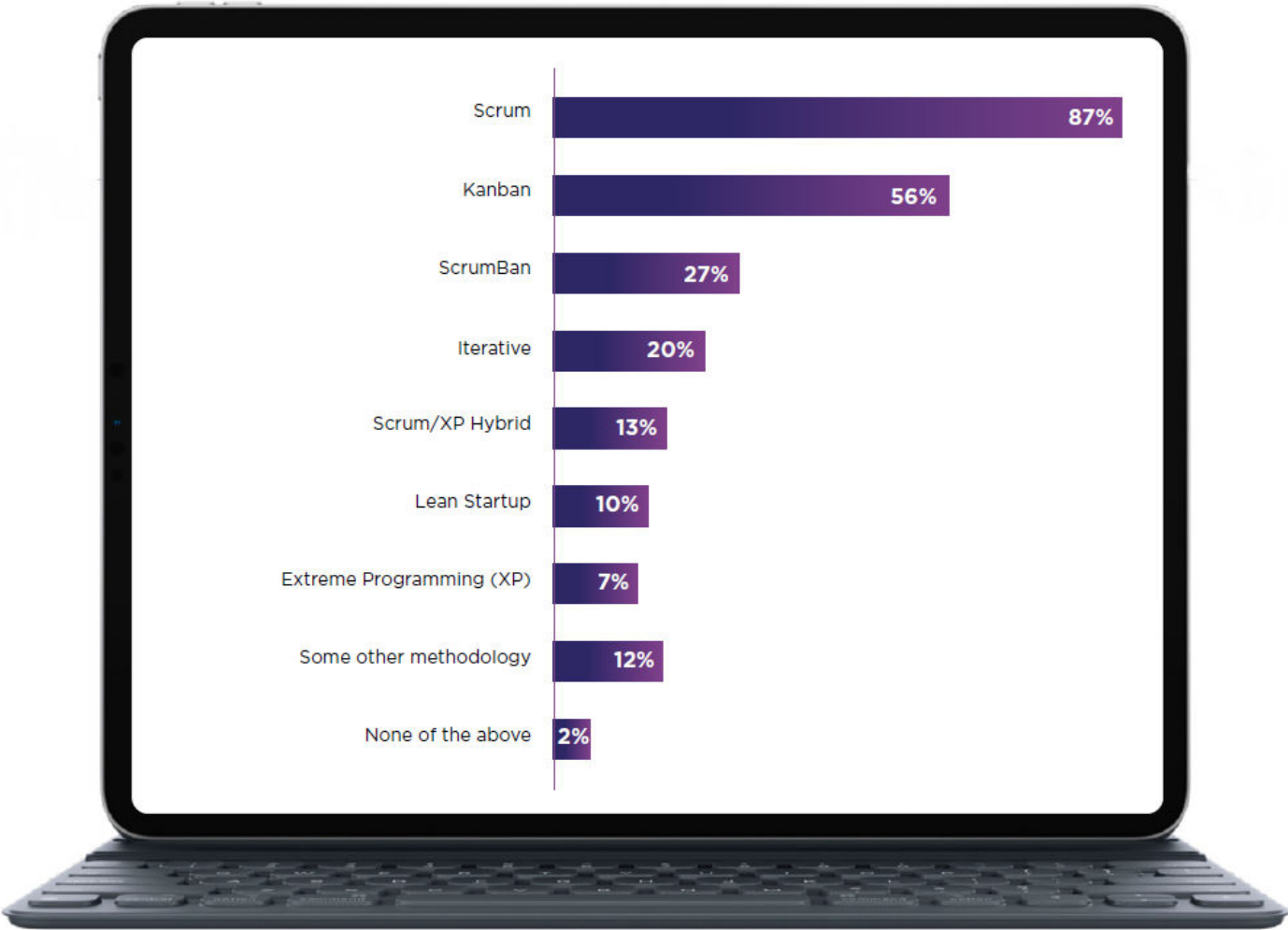
d)   Business impact *over* endless meetings.

Agile Internal Audit

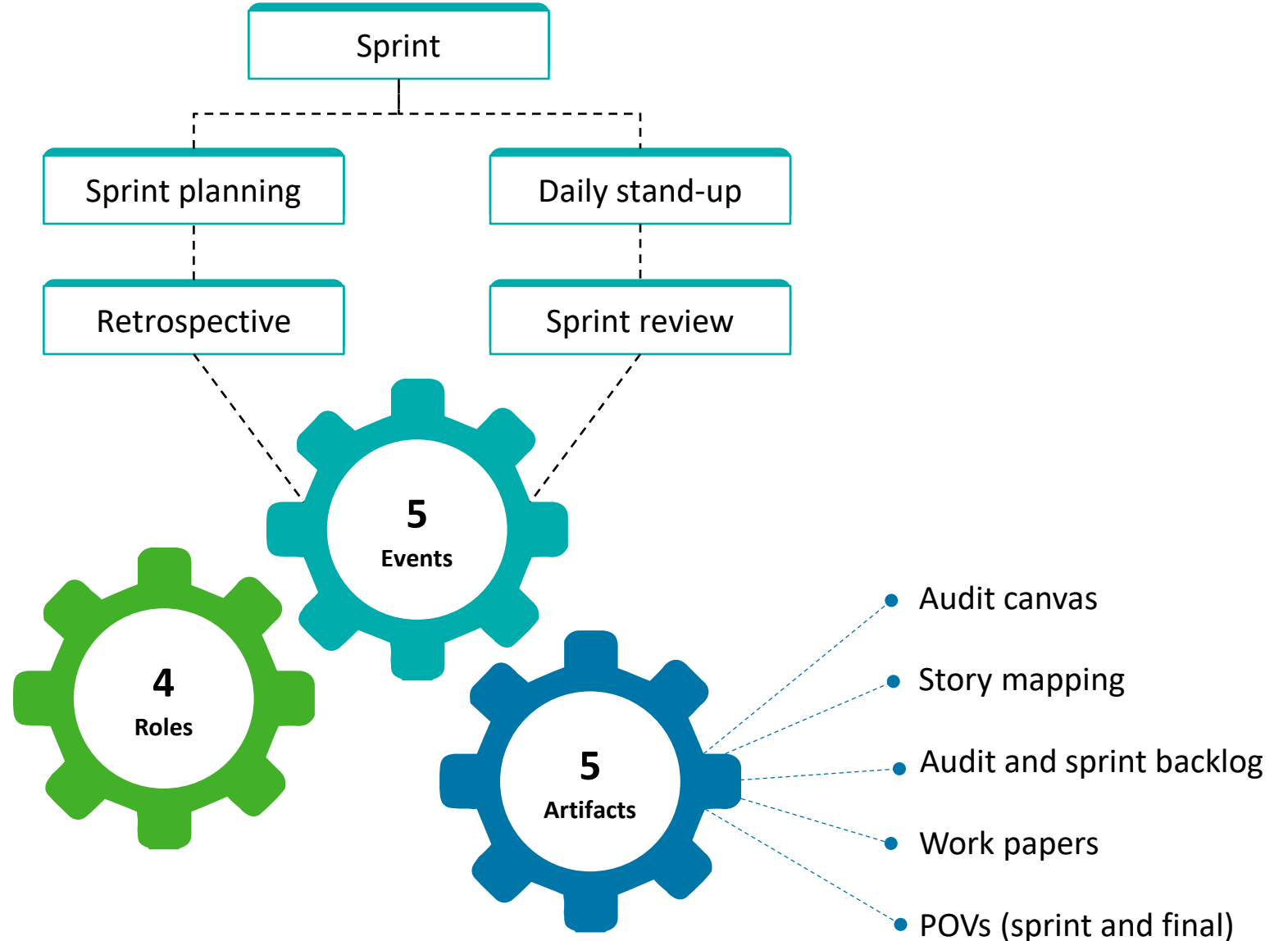# Traditional Internal Audit vs Agile Internal Audit?

Traditional IA

Do I have all the answers?

Where are we in the audit process?

- Planning
- Fieldwork
- Review
- Reporting

Agile IA

POV   POV   POV

2 weeks → 2 weeks → 2 weeks → 2 weeks

Plan	Plan	Plan	Plan
Fieldwork	Fieldwork	Fieldwork	Fieldwork
Review	Review	Review	Review
Report	Report	Report	Report

I am now more informed

I can reflect and revise program based on observations

Collaboration with the right individuals

GO SMALL

Limit Work in Progress
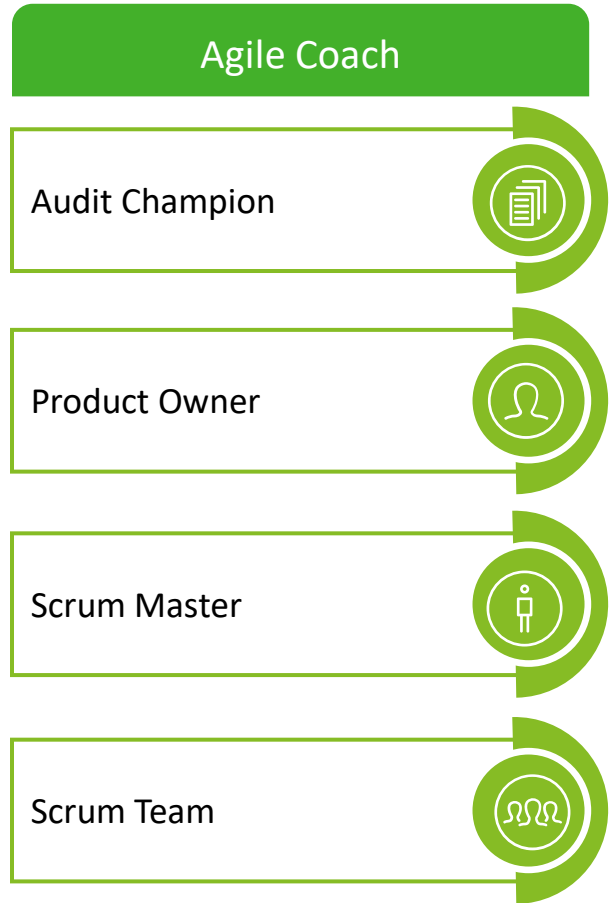
Early Feedback

Agile Frameworks

Agile Frameworks

% Teams globally using frameworks & methods. (One team might use > 1 method around the year)

Source – 15th State of Agile Report
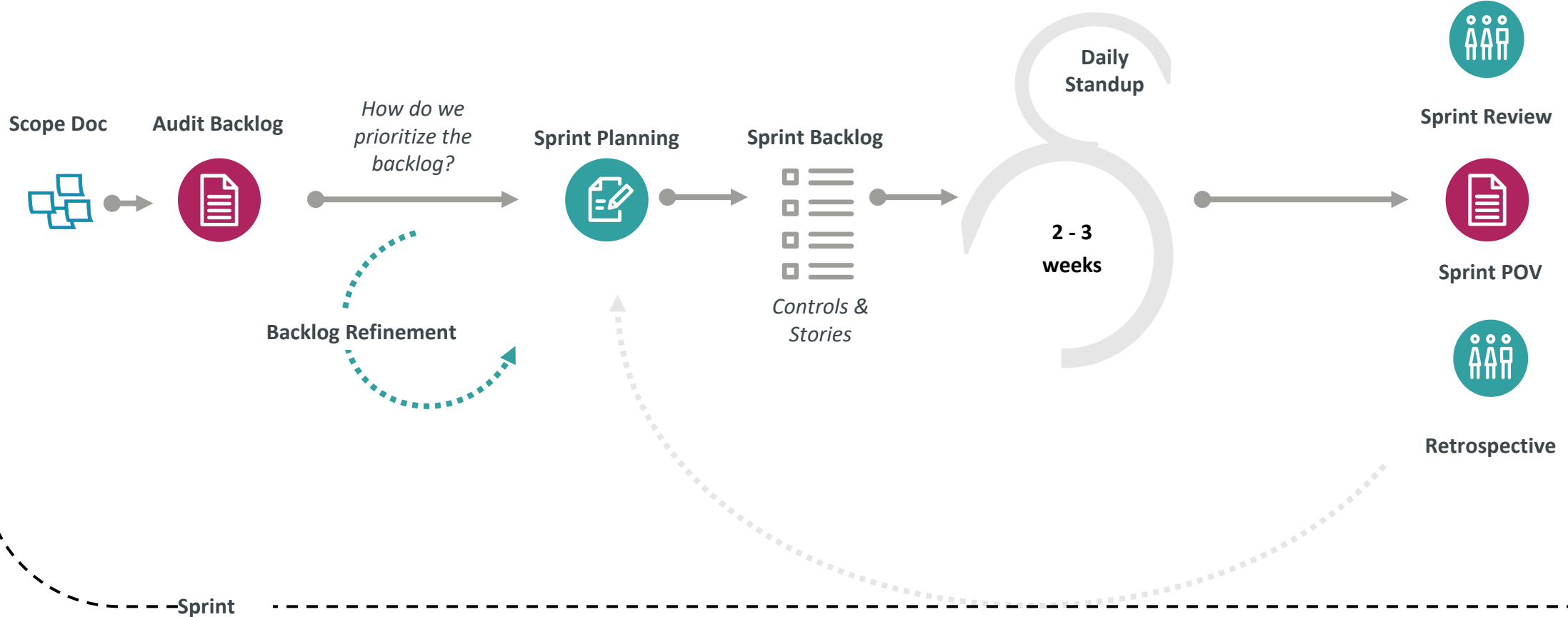
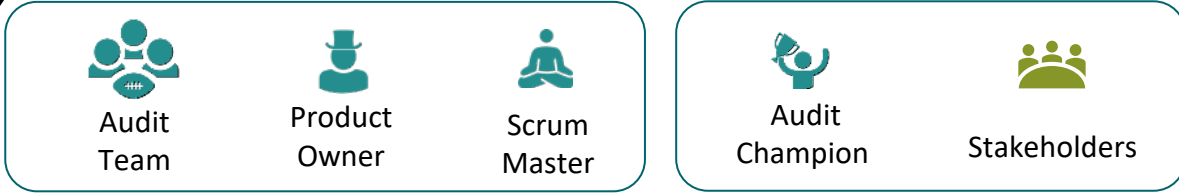# Scrum

Scrum overview
4 Roles | 5 Events | 5 Artifacts

Agile Coach

- Audit Champion
- Product Owner
- Scrum Master
- Scrum Team

Sprint
- Sprint planning
- Daily stand-up
- Retrospective
- Sprint review

5 Events

4 Roles

5 Artifacts
- Audit canvas
- Story mapping
- Audit and sprint backlog
- Work papers
- POVs (sprint and final)

Polling Question - 3

What is pneumonic for Scum roles, artifacts and events?

a)   4, 5, 5

b)   1, 2, 3

c)   4, 4, 6

d)   3, 4, 4

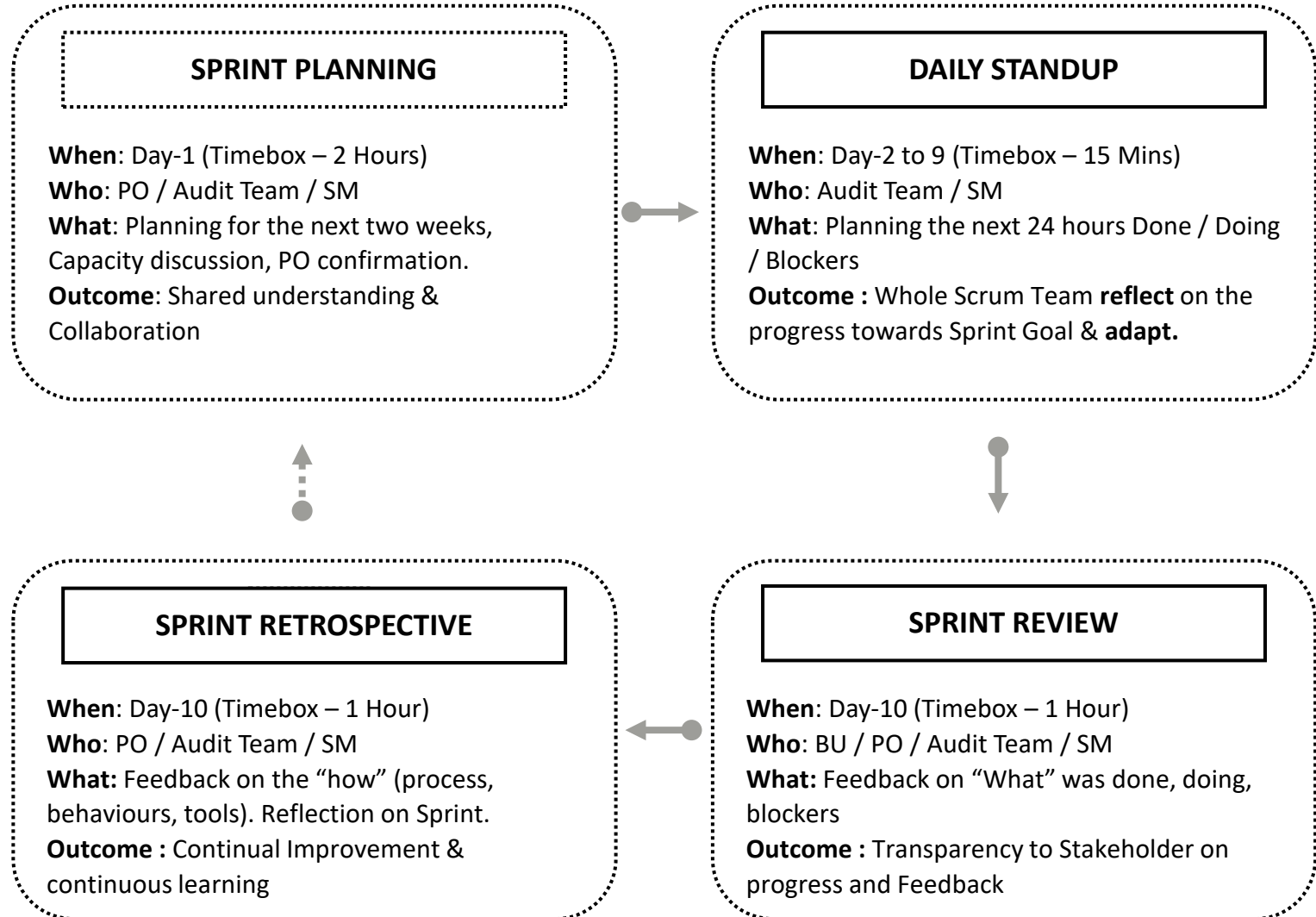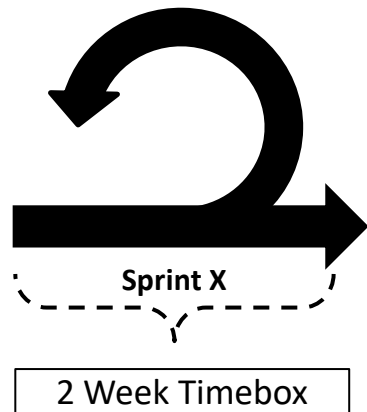# Scrum Framework

Audit Team

Product Owner

Scrum Master

Audit Champion

Stakeholders

Scope Doc

Audit Backlog

How do we prioritize the backlog?

Sprint Planning

Sprint Backlog

Controls & Stories

Daily Standup

2 - 3 weeks

Sprint Review

Sprint POV

Retrospective

Backlog Refinement

Sprint

Scrum Events

Five events specifically designed for transparency, inspection, and adaptation

Sprint X

2 Week Timebox

SPRINT PLANNING

When: Day-1 (Timebox – 2 Hours)
Who: PO / Audit Team / SM
What: Planning for the next two weeks, Capacity discussion, PO confirmation.
Outcome: Shared understanding & Collaboration

DAILY STANDUP

When: Day-2 to 9 (Timebox – 15 Mins)
Who: Audit Team / SM
What: Planning the next 24 hours Done / Doing / Blockers
Outcome : Whole Scrum Team **reflect** on the progress towards Sprint Goal & **adapt.**

SPRINT RETROSPECTIVE

When: Day-10 (Timebox – 1 Hour)
Who: PO / Audit Team / SM
What: Feedback on the "how" (process, behaviours, tools). Reflection on Sprint.
Outcome : Continual Improvement & continuous learning

SPRINT REVIEW

When: Day-10 (Timebox – 1 Hour)
Who: BU / PO / Audit Team / SM
What: Feedback on "What" was done, doing, blockers
Outcome : Transparency to Stakeholder on progress and Feedback
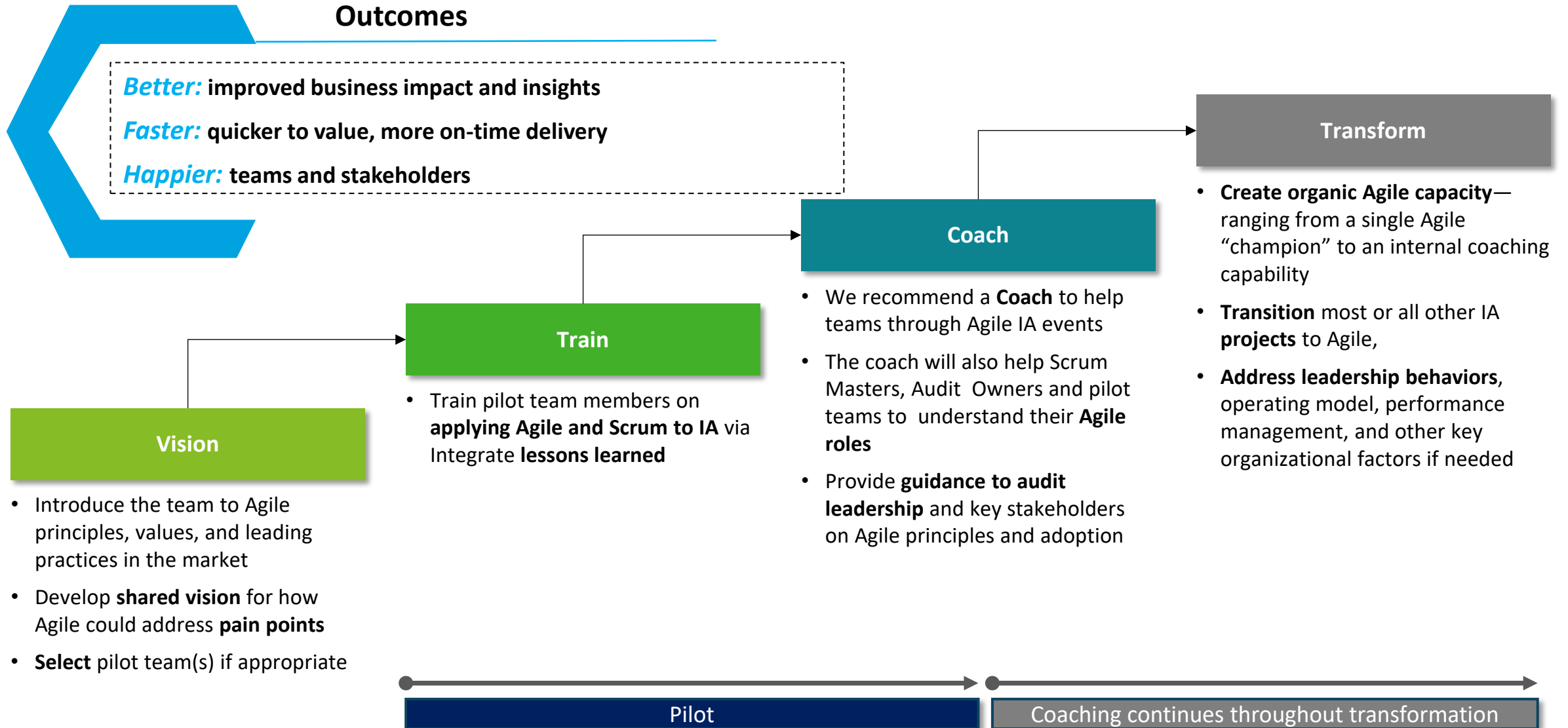
Polling Question - 4

Which of the following is the right sequence of sprint events?

a)   Daily status – Sprint Planning – Sprint Retrospective – Sprint Review

b)   Daily Standup – Sprint Planning – Sprint Review – Sprint   Retrospective

c)   Sprint Planning – Daily Standup – Sprint Review – Sprint Retrospective

d)   Sprint Review – Daily Standup – Sprint Planning – Sprint Retrospective

Steps to initiate Agile Journey

Next Steps

How to start Agile Journey

Outcomes

Better: **improved business impact and insights**

Faster: **quicker to value, more on-time delivery**

Happier: **teams and stakeholders**

Transform

- **Create organic Agile capacity**—ranging from a single Agile "champion" to an internal coaching capability

- **Transition** most or all other IA **projects** to Agile,

- **Address leadership behaviors**, operating model, performance management, and other key organizational factors if needed

Coach

- We recommend a **Coach** to help teams through Agile IA events

- The coach will also help Scrum Masters, Audit Owners and pilot teams to understand their **Agile roles**

- Provide **guidance to audit leadership** and key stakeholders on Agile principles and adoption

Train

- Train pilot team members on **applying Agile and Scrum to IA** via Integrate **lessons learned**

Vision

- Introduce the team to Agile principles, values, and leading practices in the market

- Develop **shared vision** for how Agile could address **pain points**

- **Select** pilot team(s) if appropriate

Pilot

Coaching continues throughout transformation

Questions?

Deloitte.

Announcements

Upcoming ACUA Webinars – Save the Date!

Month	Date & Time	Presenter	Topic
February 2025	2/27/25 – 1:00pm EST	Diligent	Risk Assessment
March 2025	3/27/25 – 1:00pm EST	Baker Tilly	Sponsored Programs
April 2025	4/24/25 – 1:00pm EST	ACUA DEI Committee	Diversity, Equity & Inclusion
May 2025	5/22/25 – 1:00pm EST (90 minute webinar)	Nik Henegar	Data Analytics (Audit Bots, RPA and Macros)

Do you have an idea for a webinar? Contact the VLC director at wshinsato@calstate.edu

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ACUA Webinar

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