Agile Internal Audit

White paper on working Agile within Internal Audit Functions

Part II: Concrete guidance for the set-up of the Agile Internal Audit Function and the execution of Agile audits

October 2020

Agile
Internal Audit

Challenging, valuable and innovative...

... are key words used by their stakeholders to describe Agile Internal Audit Functions (IAFs). "Agile is also about showing guts", said a major international bank, which is already applying this innovative way of working.

In 2019, KPMG conducted an international survey[1] among more than 120 organizations about the application of Agile principles within different departments. Eighty per cent of the organizations has started to work in a more Agile way in the past three years and the remaining twenty per cent had already been doing so for a longer period. This shows that organizations, and therefore IAFs, are working more and more Agile.

Based on our international client exposure and experiences with Agile auditing, we further elaborate on the theoretical knowledge and practical insights of part 1 and provide concrete guidance in applying the Agile principles in this second white paper.

Part 1

The first publication (January 2019) had the goal of **providing insight** in the added value of Agile method and principles for an IAF.

Part 2

This publication offers **concrete guidance** on how the IAF can apply the principles of Agile auditing in its positioning and the performance of the audits. In addition, a number of leaders in the field of Agile auditing share their main lessons and experiences in this fields.

Part 1

— Origin of Agile
— Traditional Waterfall vs Agile auditing
— Agile and Internal Audit
— Main Agile concepts
— Agile and the IPPF
— Agile Internal Audit Maturity Model

Part 2

— Mindset and the Agile application
— Impact of Agile working on the IAF
— Impact of Agile on the design of the IAF
— Case Study 1
— Performing an Agile Internal Audit
— Case Study 2
— Challenges in Agile Internal Audit
— Traditional versus Agile audit approach
— Case Study 3

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[1] The complete results of the survey can be found here.

Mindset and the Agile application

Agile working is becoming increasingly important within the organizations according to **71%** of the respondents

Source: survey conducted under 120 organizations globally (KPMG, 2019)

Mindset of the IAF

Agile working helps an IAF respond in a timely and effective manner to internal and external developments. Also in times of crisis (like the current COVID-19 crisis), the Agile mindset proves to be valuable. Agile working offers IAFs flexibility to reprioritize audits and perform them in a changed and/or disrupted environment. The following limitations can be considered here: the risk landscape that changes completely for topics such as business continuity management or business resilience or fieldwork that must be arranged differently, because physical access to locations is no longer possible for a period.

An IAF can apply the Agile principles in its own way. After all, it is not a 'one size fits all' approach. The IAF must continuously ask itself: how can the Agile principles be applied effectively within the team and the organization?

Agile working has the greatest effect within IAFs where:
— audits must be finalized in a short period in order to satisfy the expectations from the stakeholders or the annual audit plan is executed more flexibly following a recent and changed risk analysis;
— the expectations and relationship with the stakeholders have to be improved by creating more contact and alignment moments and increasing the involvement of team members within the audit team.

Current situation

The KPMG survey shows that Agile working is becoming increasingly important at 71% of the organizations and that more than 60% of the companies have formulated Agile working as a strategic priority for various departments.

Within individual organizations, large differences exist between the departments in the extent to which they work Agile. The results show 90% of the IT teams indicate they are working Agile, while for other departments this often is around 30%. The differences provide opportunities to exchange knowledge between the departments to learn from each other. Due to the growing interest in Agile and the benefits of working Agile this only increases.

In 2019, KPMG Netherlands facilitated three round table sessions on Agile auditing. These sessions were focused on sharing best practices and challenges around this theme. In addition, there was focus on 'having an open conversation about the application of Agile methods in audits'.

The key takeaways from these conferences are:
— Short cycles and continuous evaluation are essential in applying the Agile method.
— For more frequent interactions with the auditee, you also need courage as an IAF.
— Although the implementation differs, an audit remains an audit, in other words it remains important to continue to pay attention to formal documentation and the IIA Standards.
— Use experts who can translate between the Agile principles and internal audit.

In addition, the sessions showed the maturity levels of implementing Agile principles vary between the IAFs. Furthermore, there are currently few publications about the implementation of Agile principles within IAFs.

Impact of Agile working on the IAF

Agile auditing has a significant impact on the design and structure of an IAF. This white paper explains the effects of Agile audits based on the *Positioning*, *Professionals* and *Processes* of an IAF.

Compared to the 'traditional' structure (hierarchical and structured) the set-up of the IAF must allow it to work Agile. The differences between the 'traditional' and 'Agile' structure are described on the next page based on the elements of the *Positioning* and the *Professionals* of the IAF. The effects on the Process are further explained in the section 'Performing an Agile Internal Audit'.

Is the IAF strategically positioned to contribute to the performance and objectives of the organization?

Positioning

Mission, vision and objectives

Products and services

KPIs and performance

Does the IAF have the right competencies and skills to fulfil its role and perform Agile auditing?

Professionals

Competencies and skills

Behaviour and culture

Department- and team composition

Are the processes of the IAF structured in such a way that they make Agile working possible?

Processes

Planning & Preliminary research
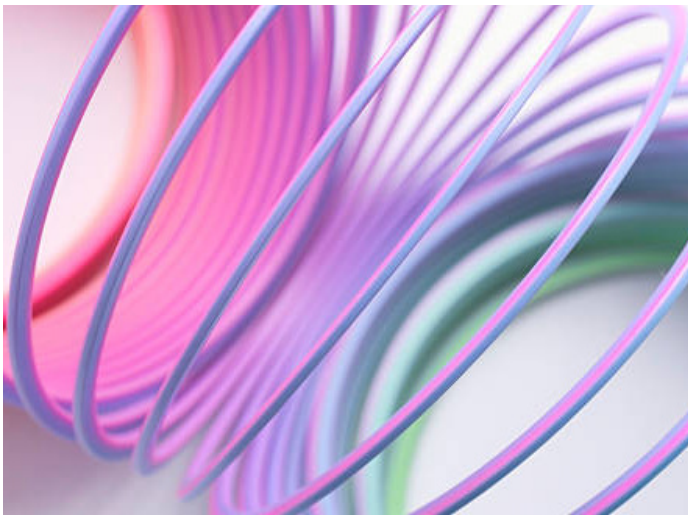
Audit execution

Completion and evaluation

Impact of Agile on the design of the IAF

Positioning

— **Mission, vision and objectives:** Traditionally, IAFs have been involved in providing retrospective assurance about processes and objects in the organization. In addition to providing assurance, an Agile IAF also aims to provide ongoing advice and insight on a short-cyclical basis. This Agile IAF is able to respond more flexibly and swiftly to the changing needs of the organization and acts as an advisor and sparring partner to the organization.

— **Products and services:** In addition to performing full-scope audits that look at complete processes, an Agile IAF has a broader product portfolio, such as audits with a shorter turnaround time and quick scans. This allows the IAF to adapt its products and services to the changing needs of the stakeholders of the IAF.

— **KPIs and performance:** Traditionally, an IAF is assessed on its productivity, the percentage of the annual audit plan completed or the results of the (external) quality assessment. With an Agile IAF, these KPIs shift towards customer satisfaction, the number of interaction moments with the auditee and the turnaround time of the audits.

Professionals

— **Competencies and skills:** Within an Agile IAF, the audit team is more than ever composed based on the required competences and experience with Agile for the various sprints and activities to perform. A multidisciplinary audit team, in which team members have (basic) knowledge of applying the Agile principles, plays an important role. The team structure depends on the audit object as opposed to the traditional approach where audits are often performed in fixed teams.

— **Behaviour and culture:** The Agile method does not only require auditors to learn a different way of working, it also asks auditors to adjust their mindset. This will help to provide iterative advice and insights in addition to assurance, in order to be able to respond quickly to the needs of the organization. The IA team and the auditee enter into discussion through transparency in the communication about the interim (sprint) results. This frequent communication during the execution of an Agile audit contributes to the added value for the organization.

— **Department and team composition:** In contrast to a traditional hierarchical structure with the Head of IA, audit managers and (senior) auditors, an Agile IAF has flat organizational structure. How tasks are divided is highly dependent on the work to be performed and the knowledge and background of the auditor working with Agile. The Scrum Master ensures that the team remains focused, makes progress and meets the deadlines in an Agile way. The Product Owner who is also part of an Agile IAF team and often the Head of IA, is responsible for the implementation and results.

CASE STUDY

Design of Agile Internal Audit at a Global Bank

Set-up of the Agile IAF at Bank X

The IAF of a global bank has implemented several key Agile principles and instruments in the daily performance and execution of audits. Among other things, daily stand-up meetings are organized within the audit teams to be able to assess whether the execution and performance is in line with planning, whether there are any bottle necks, and whether the right prioritization is given. These stand-ups also provide an opportunity for mutual feedback.

Additionally, every two weeks a 'market place' is organized, in which the sprints for the upcoming two weeks are reviewed and discussed with all teams within the department. During these meetings, the progress of the total audit plan is discussed and employees think about possible solutions for issues in the planning and how these can be solved. Furthermore, interdependencies among audits are discussed and upcoming audits are considered. Finally the finished audits are celebrated as successes within the team.

Current and future audits are controlled by a combination of Agile principles and project management aspects. Each audit agreements are made in terms of budget, lead times and audit products. The different elements of the audit are performed as Sprints supported with Scrum boards, daily stand-ups, and regular feedbacks with the business and evaluations (retrospectives). The Scrum Master circulates the tasks around the team members.

What are the lessons learned/challenges?

Determining why the IAF should work Agile, and providing insight into which changes need to occur are important. When the decision has been made to work Agile, the drive, dedication and feedback culture among the auditors are critical success factors. The challenge is to get everyone on board to see the added value of the Agile approach.

What are the takeaways for organizations willing to incorporate an Agile way of working within their IAF?

From a theoretical perspective, an analysis is needed to identify possible improvement points and how these may be solved by working in an Agile way. In addition, there are practical challenges, such as the size and availability of expertise of the IAF's resources. The premise of Agile is the creation of independent, multidisciplinary teams, in which all expertise needed for the performance of the audits (e.g., IT, credit risk management, compliance) is available. These teams are supported by Agile coaches (red. Scrum Masters).

Start with the most important elements from the Agile approach, and not with the 'big bang' of a complete implementation.

Performing an Agile Audit
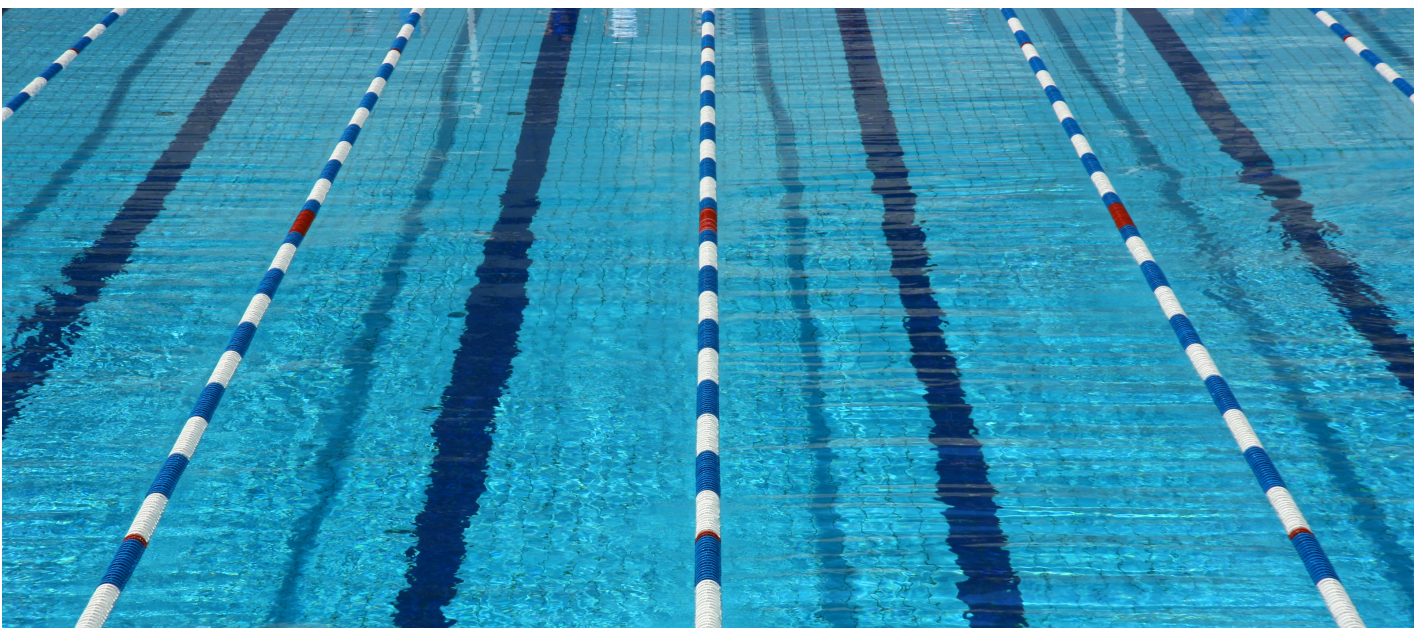# Planning & Preliminary Research (1/2)

The execution of an Agile audit is visually shown on the next page. The audit topic is determined from the audit backlog[1], which is subsequently split into several sprints. The sprint results are used as input for the audit product.

The Agile audit process can be divided into the following three main phases:
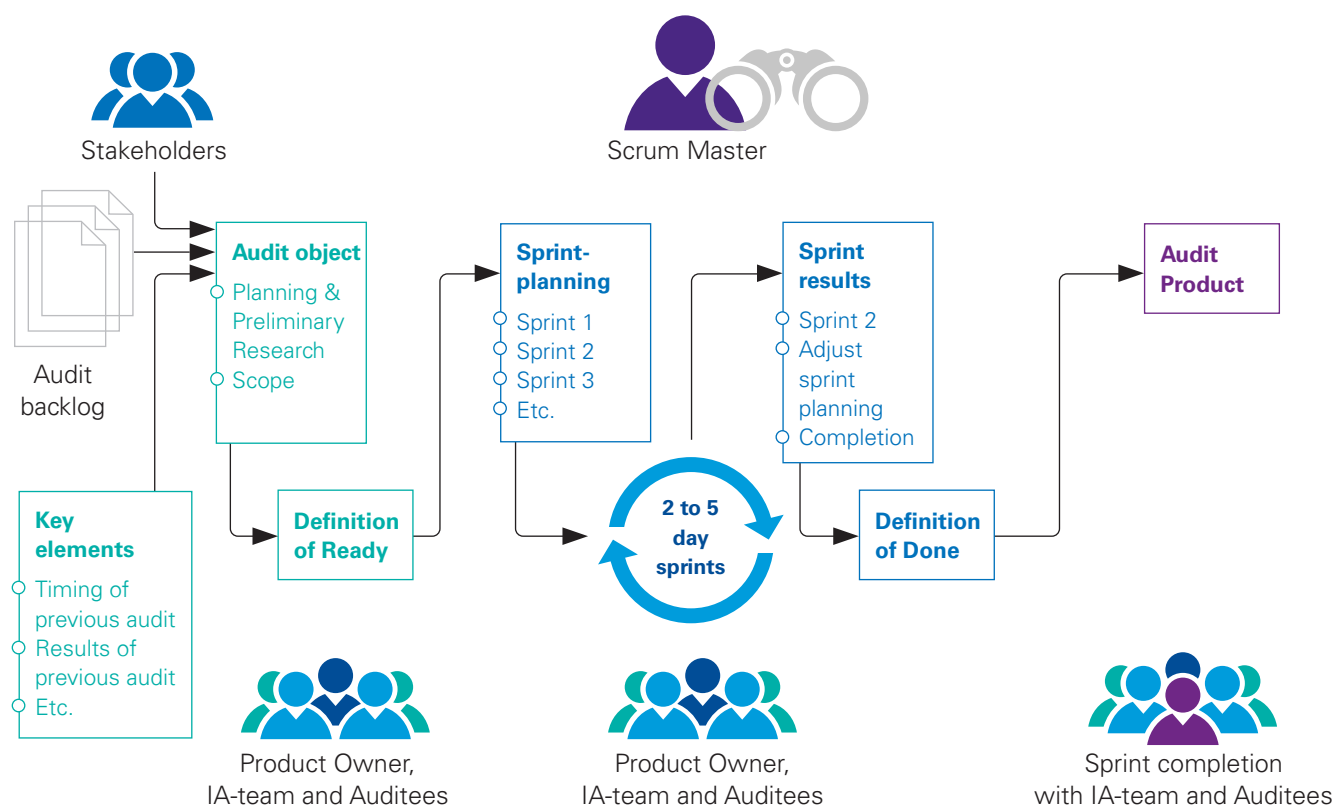
1. **Planning and preliminary research**
2. **Audit execution**
3. **Completion and evaluation**

In all phases of an Agile audit, the Scrum Master is the facilitator of a successful Agile process. The IA team can ask the Scrum Master all questions about applying the Agile principles. At the same time, the Scrum Master ensures that the team is able to successfully execute the audit. This means that the Scrum Master does not have to be a part of the IAF, he/she may also work in another department in the organization.

The **Scrum Master** is not responsible for the execution and the audit result; this responsibility lies with the Product Owner. The role of the Product Owner will be fulfilled by the Head of IA. Depending on the maturity of the Agile organization, the knowledge about the Agile method of the Product Owner, the complexity and the size of the audit, the Product Owner can also act as a Scrum Master. In this case, the Product Owner has various roles in which he/she is responsible for the execution of the audit in an Agile manner and the audit result.

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[1] An overview with commonly used terms and definitions in the field of Agile auditing can be found in part 1 of this series

Stakeholders

Scrum Master

Audit backlog

Audit object
- Planning & Preliminary Research
- Scope

Key elements
- Timing of previous audit
- Results of previous audit
- Etc.

Definition of Ready

Product Owner, IA-team and Auditees

Sprint-planning
- Sprint 1
- Sprint 2
- Sprint 3
- Etc.

2 to 5 day sprints

Product Owner, IA-team and Auditees

Sprint results
- Sprint 2
- Adjust sprint planning
- Completion

Definition of Done

Audit Product

Sprint completion with IA-team and Auditees

Planning & Preliminary Research
- — Determine audit object under the responsibility of the Product Owner, based on audit backlog, stakeholder input, and key elements
- — Planning and preliminary research to include the relevant aspects in the audit
- — Pre-defining the added value / purpose of the audit in the Definition of Ready

Audit execution
- — Distribution of work to be performed, based on different sprints which have to be performed. Depending on the sprint results (Definition of Done) determine what the next steps of the audit are
- — Stand-ups with auditee to discuss progress and new insights

Completion and evaluation
- — Formally completing sprint activities and tasks through Audit Product, which is shared with auditee and stakeholders
- — Audit Product contains objective, scope, conclusion, recommendations and action plans

Performing an Agile Audit
Planning & Preliminary Research (2/2)

Planning and preliminary Research

The execution of an Agile Internal Audit starts from the **audit universe**, i.e., all possible audit topics in the organization and the audit backlog (formerly the annual audit plan). The audit universe is used as a basis to determine what will actually be audited via various sprints.

The **audit backlog**, containing the relevant audit objects, is determined from the audit universe. This starts with the (traditional) strategic risk analysis. Dynamic Risk Assessments can help to identify, connect and visualize the main risks in four dimensions (probability, impact, speed, interconnectivity)[1]. This will identify which risks the organization is exposed to and which may become the subject of an audit. The output of this risk analysis is the audit backlog containing all audit objects that can be audited in the coming period. This also takes into account key elements, such as the date of the last audit on the object (with a view to periodically covering the audit universe) and these previous audit results.

Contrary to a static internal audit annual plan (or multi-year plan), the items in the audit backlog are evaluated on a regular basis (for example every quarter) with the stakeholders (including the board and the Audit Committee), and adjusted where necessary.

The Product Owner makes the planning of the actual audits on the **audit object**. He/she ranks the audit backlog based on predefined criteria, and the object with the highest score is selected as the audit object. This way, WHAT will be audited is determined by the IA-team.

With regard to this audit object, a set of agreements is made between the IA team, the Product Owner and the auditee. These agreements concern at least the purpose of the audit, its expected added value and the requirements of the auditee. Together these agreements form the Definition of Ready (DoR). The DoR helps to formulate the purpose of the audit using a hypothesis. An example of such a hypothesis is: 'Process X is effective' or 'The principles of theme Y are adhered to within the organization'.

After alignment on the DoR, the audit team can begin to determine the sprint planning. The audit object can be divided into different sprints. Definition of Done (DoD) describes the criteria which the results of a sprint must meet. Examples are the outcomes of the procedures in a list of findings, or a level of certainty about the operation of the controls. As soon as the DoD is achieved, the sprint is completed.

There are several ways to divide the audit object into sprints. This is explained in more detail in the following paragraphs.

Audit Universe		
Audit Backlog		
Audit Object		
Sprint 1	**Sprint 2**	**Sprint 3**

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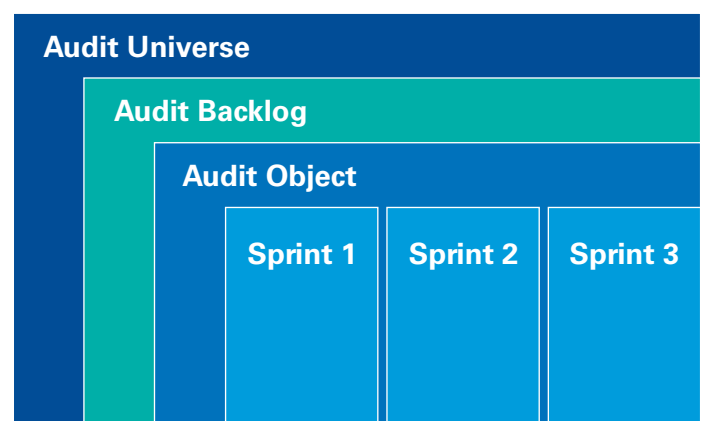
[1] Read more about applying Dynamic Risk Assessment in this publication

Performing an Agile Audit
Audit execution (1/2)

After determining the WHAT (the audit object) and the set of agreements in the DoR, the team starts with the HOW of the audit. The execution of an Agile audit takes place in two steps, (1) drafting the sprint planning and (2) actually performing the sprints until the objective of the audit has been met.

1. Drafting the sprint planning
The purpose of the audit provides direction for the sprint planning. Below, two examples are given of how a sprint planning can be made. It is recommended to continuously search for the 'perfect fit' together with the stakeholders and the auditee, to determine the method that fits the audit object and the DoR as an IAF.
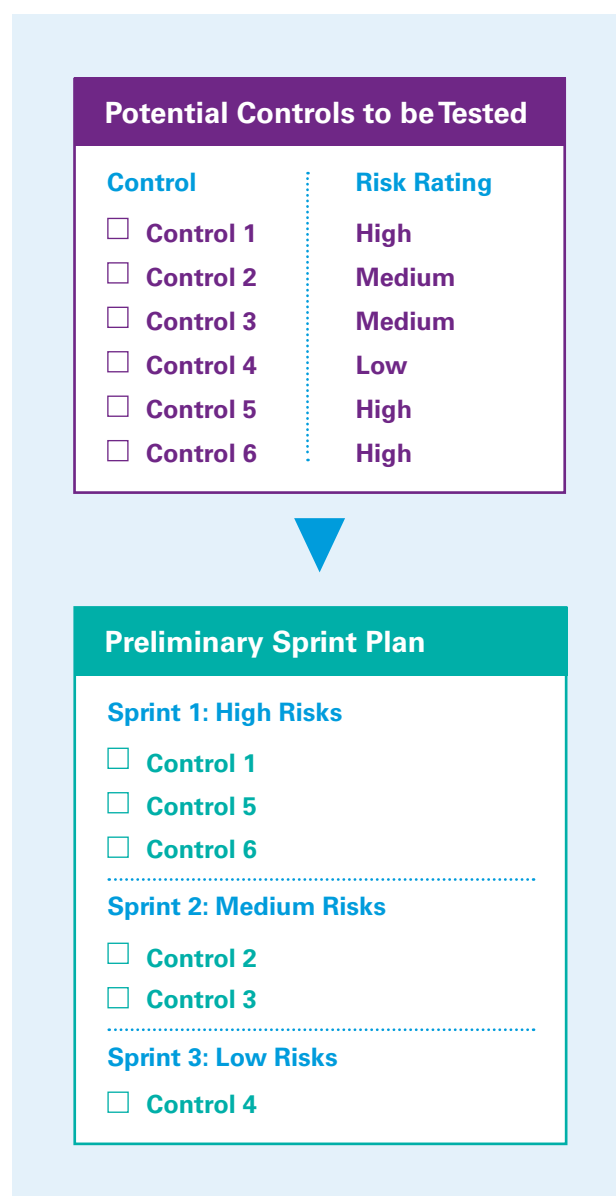
Example a - Risk-based approach
A first method is to choose an approach based on the risks identified in the audit object. Controls aimed at mitigating the greatest risks in the process form *sprint 1*, controls aimed at a medium risk *sprint 2*, and the remaining risks are included in *sprint 3*.
In this way, attention is first paid to the most important controls and elements within the audit object.

Example b - Topic-based approach
A second method is to divide the audit object into different topics that affect the object.
This could include legislation and regulations, IT, governance, etc. Controls related to these topics together form a sprint in this case. The main advantage of this approach is that it is clear which knowledge and expertise is required for the implementation of the individual sprint. In the field of IT, for example, the specific knowledge of an IT auditor may be required.

Potential Controls to be Tested

Control	Risk Rating
☐ Control 1	High
☐ Control 2	Medium
☐ Control 3	Medium
☐ Control 4	Low
☐ Control 5	High
☐ Control 6	High

▼

Preliminary Sprint Plan

Sprint 1: High Risks
☐ Control 1
☐ Control 5
☐ Control 6

Sprint 2: Medium Risks
☐ Control 2
☐ Control 3

Sprint 3: Low Risks
☐ Control 4

Performing an Agile Audit
Audit execution (2/2)

2. Executing sprints

Sprints are performed by the IA team based on the sprint planning. After completing an individual sprint, an evaluation of the results is performed to determine the extent to which the objective of the audit has been met. The central question here, is whether sufficient evidence has been gathered with the work performed so far to answer the hypothesis. In an evaluation after the sprints the next steps for the audit are determined. The following distinction can be made here:

a. Continue with the next sprint in accordance with the sprint planning
This will be done if the purpose of the audit has not been fully met yet, and it is not necessary to adjust the activities in the sprints.
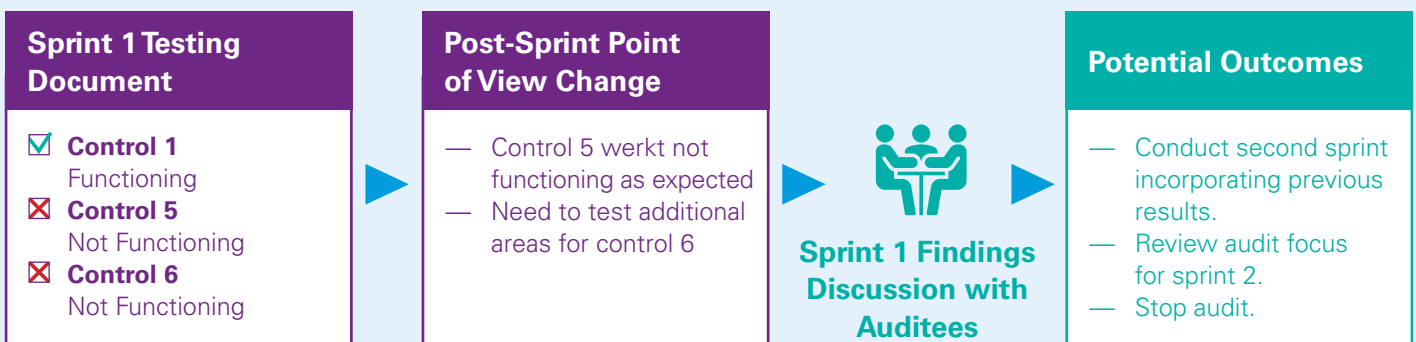
b. Adjusting the sprint planning
If the purpose of the audit has not been fully met yet, it may be necessary to adjust the sprint planning based on the insights obtained in the previous sprints.
For example, it may be decided to perform work initially scheduled in a later sprint earlier, in order to complete the audit in an efficient and effective manner.

c. Complete and report activities
If sufficient evidence has been gathered to answer the hypothesis, the execution of the audit can be stopped. The audit team will proceed with the audit completion and evaluation phase. This phase is further explained on page 13. Further performing work in accordance with the sprint planning will add little / no value, making it better to report and proceed to the next audit object in the audit backlog.

In this retrospective, the IA team also discusses the progress of the audit in periodic stand-ups together with the auditee. The frequency of these stand-ups depends on the audit lead time and the needs of the IA team

Within these stand-ups, a **sprint demo** is held to review the work performed since the previous stand-up, and to discuss the results with those involved. In addition, the planning and possible obstacles and risks of the audit are discussed in this stand-up.

Sprint 1 Testing Document	Post-Sprint Point of View Change		Potential Outcomes
☑ **Control 1** Functioning ☒ **Control 5** Not Functioning ☒ **Control 6** Not Functioning	— Control 5 werkt not functioning as expected — Need to test additional areas for control 6	**Sprint 1 Findings Discussion with Auditees**	— Conduct second sprint incorporating previous results. — Review audit focus for sprint 2. — Stop audit.

Performing an Agile Audit Completion and evaluation

After sufficient evidence has been gathered to achieve the objective of the audit, the finalization and evaluation phase of the Agile audit method starts. In this phase, the audit product is drawn up consisting of the results of the audit. The results of the sprints are used as input for that audit product. This audit product is shared with the auditee and stakeholders, and can be communicated in various forms. The IIA Standards do not explicitly prescribe the IAF to use a fixed reporting format. Discussing the audit product in a sprint demo can also provide input for the audit backlog.

The IA team can simply report via a traditional report. Another example of a practical audit product is a 'Gallery walk'. In a 'Gallery walk' the audit results are presented to the stakeholders in a joint meeting and recorded on a brown paper. In this way, the audit team will have the opportunity to further clarify the observations and propose follow-up actions, and the auditee and stakeholders will be given the opportunity to discuss the results together. Presenting the results via a 'Gallery walk' creates a dialogue between the audit team and the auditee.

In addition, reporting via visual communication gives the audit results and the message extra power.
In accordance with the IIA Standards, these results must at all times contain the objectives and scope of the audit conclusions (and, where appropriate, recommendations and action plans).

After the delivery of the audit product, the next audit object is determined and the audit is again performed in an Agile manner. The follow-up of the implementation of the follow-up actions is included as an item in the audit backlog.

Do's and Don'ts in Agile Internal Audit

Do: Continuously take the objective of the audit into account to determine if the results provide sufficient evidence to achieve this objective

Don't: Perform an audit at once on a complete function or process with all controls in scope

Do: Focus on the result: complete a sprint and (re)consider the next steps (are all steps relevant?)

Don't: Focus on the audit process: complete the full test procedures instead of starting reporting.

Do: Use a flexible schedule: continue with prioritization of audit areas, problems and risks together with the stakeholders.

Don't: Use a fixed detailed schedule for a long period without updating it.

Do: Provide regular updates on the progress of the audit and adjust the audit if necessary.

Don't: Do not schedule meetings between the IA team and the auditee to discuss and reconcile progress and adjust as necessary.

CASE STUDY

Agile auditing at DBS

As one of the first practitioners in Asia, DBS started their Agile journey over years ago. As early adopters, DBS have successfully incorporated the Agile principles in their audit methodology, fostering a 'digital-mindset' across the whole team. DBS Internal Audit kindly shared their leading practices:

What prompted DBS to become an Agile Internal Audit Function?

With the fast-changing environment caused by digital disruption, DBS was early in going digital. As an internal audit function, DBS Internal Audit (Internal Audit) had to be ahead. We identified the challenges early on and made changes in the way we work to be nimbler and to deliver better assurance in the more uncertain and complex environment. We identified principles from the digital world itself, which was responsible for this change, and adopted them in Internal Audit. We took on board Agile, the values and principles of which are adopted in tandem with frequent collaboration with auditees with a focus on delivering working products and responding at the speed of risk.

What were the key success criteria in your Agile implementation?

We would never have been able to roll out Agile Auditing at the scale and pace that it was adopted without the vision of our CEO Piyush and the DBS leadership team who understood and supported this culture change. This tone from the top at the outset of implementation paved the way for wider acceptance of Agile Auditing by the auditees and facilitated their collaboration with Internal Audit in the hunt for risk.

Second, was driving the culture change within Internal Audit. For Agile Auditing to be successfully implemented, it was important that the auditors fully embraced Agile. Senior staff were the first to adopt the mindset change and provided the support, tools and skills required. Templates, tools (e.g. e-kanban) and training courses were made available to auditors facilitating the transition.

Finally, auditees had to be equipped with the knowledge of Agile. Introduction of Agile Auditing was provided during Sprint 0 (the opening meeting of the planning stage), helping auditees understand the values and benefits of Agile. This was a driving force for auditees to collaborate with auditors. The close collaboration between auditors and auditees during the early Agile audits enabled auditees to experience first-hand the benefits of collaboration when identifying risks and increasing the level of audit assurance provided to the Board and senior management.

What was your training and certification approach?

At the initial stage, experienced auditors were identified from Internal Audit to champion the adoption of Agile Auditing and were trained in the Scrum approach. To reinforce the training, a Scrum Coach from DBS Group Transformation was engaged to guide them in Scrum practices during Sprints. All Scrum Masters are expected to coach and guide their team members in Agile Auditing practices.

On an ongoing basis, we also run in-house Agile Auditing courses and refreshers:
1. The Agile Way of Auditing
All auditors will have to attend this course which covers the values, principles and application of Agile Auditing and will be certified after successful completion of the training and assessment.

2. Scrum Master
Auditors who have been trained on Agile and who are identified as established practitioners will be identified to undergo training on the Scrum approach and will be certified as Scrum Masters after successful completion of the training and assessment.

Does your Agile approach impact your audit universe, risk assessment and annual audit planning?

When performing the risk assessment of an individual audit, auditors will collaborate with auditees to identify the key risks during Sprint 0 / opening meeting in planning stage. Notwithstanding this, Internal Audit will not compromise its independence. The audit scope remains entirely Internal Audit's prerogative.

On an ongoing basis, during the life of an audit project, we embrace the Agile value of "Responding to change over following a plan", by reassessing the project (e.g. schedule and scope) should there be a material change in the risk landscape.

The adoption of Agile auditing has brought multiple benefits, most notably a virtuous cycle of identifying and finding risks. Agile auditing has brought about an increase in the number and severity of risks found, raising the level of audit assurance we provide to the Board and senior management. These risks are fed in turn into our annual audit planning and dynamic risk assessment which better focus our efforts on areas to target for future audits. The audit universe does not change but knowing where to look harder does.

Was there any impact on audit teams' organizational structure?

There was no impact on the organisational structure within Internal Audit as Agile Auditing was rolled out throughout all functional and location teams. However, in the implementation of an Agile project team members will take on the key roles of Product Owner, Scrum Master and Team Members.

Challenges in Agile Internal Audit

Change is often accompanied by discomfort, to which we naturally turn against as we want to avoid this. Practice shows that there are various challenges in the Agile way of working. As previously mentioned, the application of Agile auditing requires a different set-up of the IAF; but also a different way of carrying out the work.

1. Challenges in designing an Agile IAF

IAFs are confronted with various challenges in the design-phase. These challenges mainly relate to the mindset and experience of the audit team. To make the Agile way of working a success, 'wanting' and 'being able to' are two important conditions.

The challenges of 'wanting' can be solved by emphasizing the need for internal auditors. This can be done by introducing the team to Agile principles early on, and sharing Agile best practices. Management support is also important to bring about these changes. 'Being able' is an important challenge, because knowledge and experience with Agile working is (often) lacking. This challenge can be mitigated by using an (experienced) Scrum Master to provide intensive and early guidance to the IA team. In addition, it is important that the execution of Agile audits is facilitated by means of training courses or by deploying experienced Agile *guest auditors*.

2. Challenges in the execution phase

Practice shows that most IAFs experience major challenges in performing an Agile audit.

One of these challenges relates to documentation standards. In the IA world, there is sometimes, incorrectly, the assumption that documentation is unnecessary when working Agile. An IAF must substantiate the results of the audit by adequately documenting it, as stipulated in the IIA Standards. Working Agile requires an internal auditor to take a critical look at the relevance and necessity of the documentation to be submitted. Consider, for example, only recording the findings, and not recording test activities that do not contribute to the final audit results.

The second challenge concerns the flexible planning (audit backlog). Because the auditee and the IA team need time to prepare for an audit, changing the schedule is not always convenient. To prevent surprises, flexible planning requires a lot of clear interaction between the stakeholders, an auditee and the IA team.
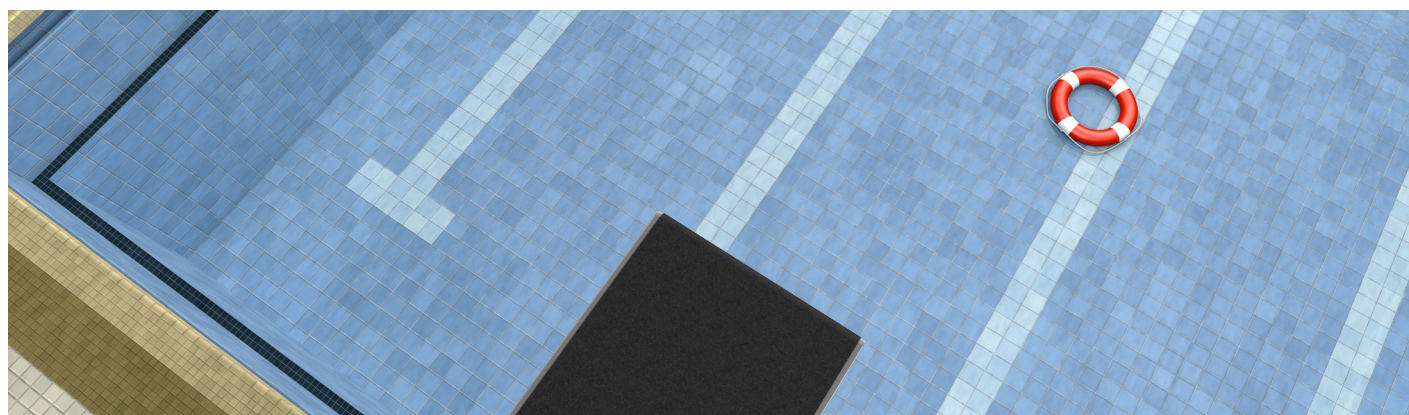
Traditional versus Agile audit approach

The characteristics of the shift from the traditional to the Agile audit method can be described as follows:

Traditional	Agile
Independent operating audit teams organized according to the structure of the organization. These teams are usually fixed and have a hierarchical structure. The audit teams are managed by senior auditors or audit managers.	Collaboration between multidisciplinary teams, supplemented with Agile experts per sprint, so that all the necessary knowledge for the execution of the sprints is available. These teams are determined per sprint, whereby the division of tasks depends on the work to be performed (instead of the job level).
Established annual plan and planning for a long period (year or multi-year plan) which is not, or hardly, updated based on relevant developments.	Flexible planning with regular (for example quarterly) coordination moments with the Executive Board or Audit Committee. The risk analysis is carried out more frequently, resulting in an Agile audit plan.
Focus on the (waterfall) process of the audit. The audit steps should be completed before proceeding to the next step and audit. Within the audit team itself and with the auditors, there are few interim coordination moments.	Focus on the result of the audit. Frequent stand-ups to discuss together what everyone is doing and whether there are requests for help. There is a lot of iterative contact, and more coordination moments with the auditee.
Audit products consist of audits that look at complete processes or topics with relatively long lead times. The focus here is mainly on providing assurance. An audit must be carried out according to the planning.	The audits, including the sprints, generally have a shorter lead time. The Agile IAF has an important sparring partner and advisory role. If the objective of the audit is achieved earlier, the results will be immediately reported. Additionally, if the audit no longer provides any added value, the audit is stopped more quickly.
Fixed written reporting format.	In addition to full-scope audits, the IAF has other audit products, such as quick scans. There is a flexible form of reporting in which at least objectives and scope of the audit, conclusions, recommendations and action plans are reported.

CASE STUDY

A leading international Insurer's Internal Audit Agile Journey

What prompted the your IAF to start the Agile journey?
We wanted to develop an Agile audit approach with an aim to increase audit effectiveness, provide more stakeholder value, and make our IAF a destination of choice for talent.

What were the key success criteria in your Agile journey?Senior staff to start empowering the team, attracting the right talent, and management buy-in on the Agile approach are crucial. In addition, the implementation needs some flexibility, pertaining to team size and existing knowledge in teams. Agile has resulted in a faster turnaround in reporting issues to management. In the past, audits generally took 2-3 months - now every sprint is 2 weeks including discussion of issues. This has also increased early collaboration with the audit client.

What was your training and certification approach?
All audit staff received a basic Agile training. In addition, a number of employees have achieved Agile/Scrum certifications. Importantly, the first time through, an Agile Coach supports the overall Agile transformation journey.

Does your Agile approach impact your audit universe, risk assessment and annual audit planning?
Not much, as existing audit planning and risk assessment is not static and gets re-assessed regularly throughout the year. Potentially more audit coverage can be achieved under the Agile approach, as the audit department would be expected to become more efficient in audit delivery and the team can now revisit risks and re-prioritize testing as part of a continual process throughout the audit. There is also no plan to change the final audit report format at the time being.

Was there any impact on audit team's organizational structure?
No formal impact is expected. However, more training and increased empowerment to the more junior colleagues is visible. Of the changes, this is among the most significant where all members of the team work closer together with opportunity for all to provide input.

What is your view on alignment of the Agile approach with the IIA standards?

Agile is overall aligned with IIA standards. There are some changes in documentation in order to cater for the change of audit process from Waterfall to Agile approach. The organization's IA Professional Practices team should map the organization-specific Agile approach to the standards to confirm alignment.

At last, why Agile Internal Audit for IAFs?

Focus on continuous **prioritization** of focus areas and in that way providing **relevant insights**

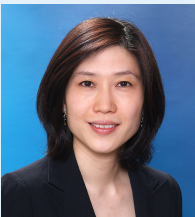**Shorter audit cycles** and faster delivery of (partial) products

Increased **audit quality**

More **interaction** between audit team and auditee

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