



# Agility unleashed: A journey through agile auditing best practices

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**The Institute of  
Internal Auditors**

*Chicago*

# Meet the presenters



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# Agenda

- Agile overview
- Benefits of agile in internal audit
- Challenges of implementing agile
- Breaking the mold
- Illinois Tollway case study
- Post-Presentation Action Items

# Agile overview



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# A visual dichotomy

What picture represents the traditional audit?



What picture represents the agile audit?



# Agile fun facts



Agile methodologies trace their roots back to the Agile Manifesto, which was drafted in 2001 by a group of software developers in Utah.



The term "Scrum" in agile comes from rugby, where it signifies a method of restarting play. In agile, it represents a quick, adaptive approach to project management – tackling challenges head-on.



The largest recorded Scrum event involved over 1,000 participants.



Jeff Sutherland, one of the founders of Scrum, made a bet that a team could double their productivity within a year. The bet was won, and Scrum was born.



Agile methodologies have expanded beyond software development to various industries, including marketing, HR, and manufacturing.



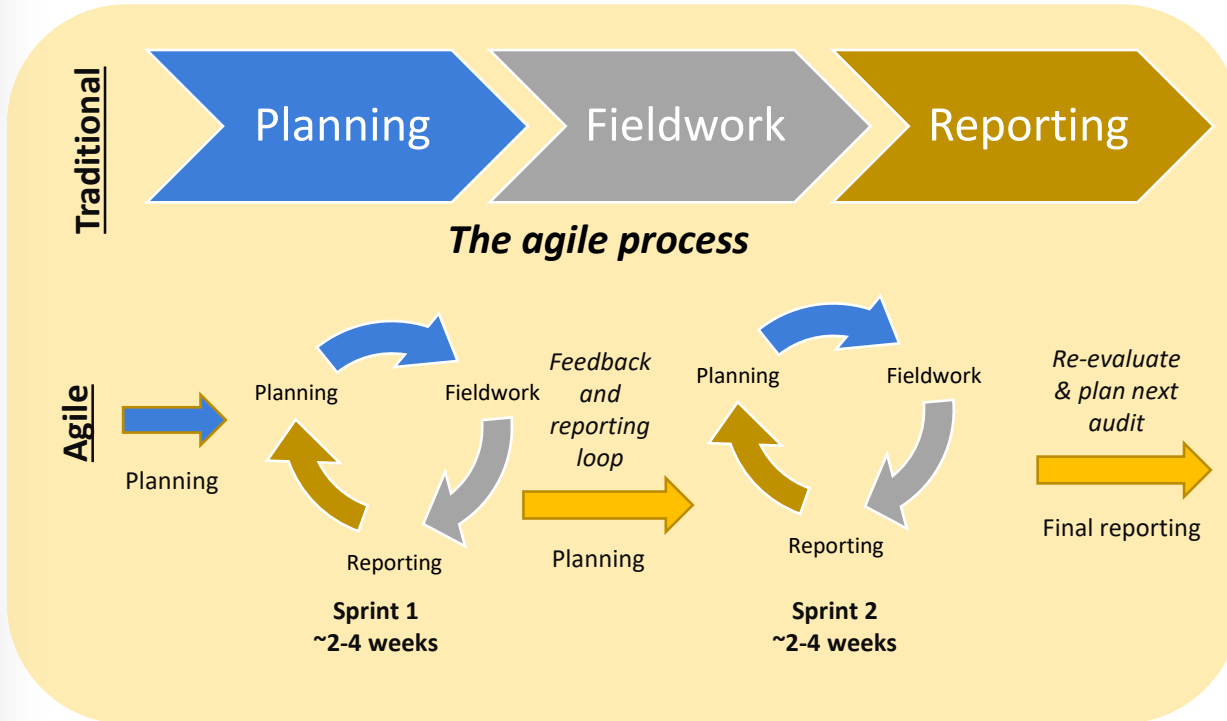
Some agile teams use LEGO bricks as a tool for collaborative problem-solving and brainstorming.



NASA has successfully implemented agile methodologies in various projects, including Mars Rover missions.

# Traditional vs. agile audit

## Traditional vs agile internal audit lifecycles



## The agile process



Originated as an alternative to the traditional linear process of project development.



Has been adopted in other fields to increase efficiency, provide more flexibility, and respond to rapidly changing business environments.



Uses sprints in which planning, fieldwork, review, and reporting are done in a cycle of one to two weeks. Repeats the sprints until the audit is finished.



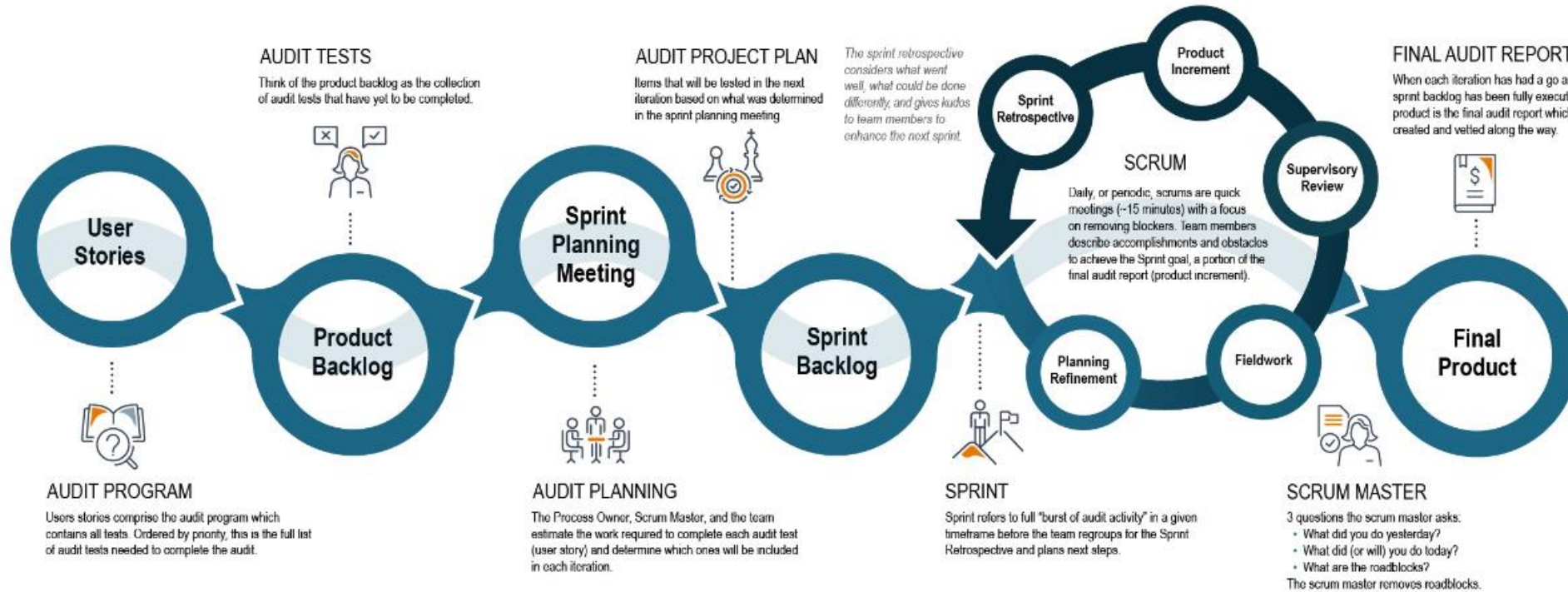
Shares findings (points of view) with the auditee at the end of every sprint.



Is fast-paced, iterative, and emphasizes full transparency and collaboration between stakeholders and self-organized audit teams.



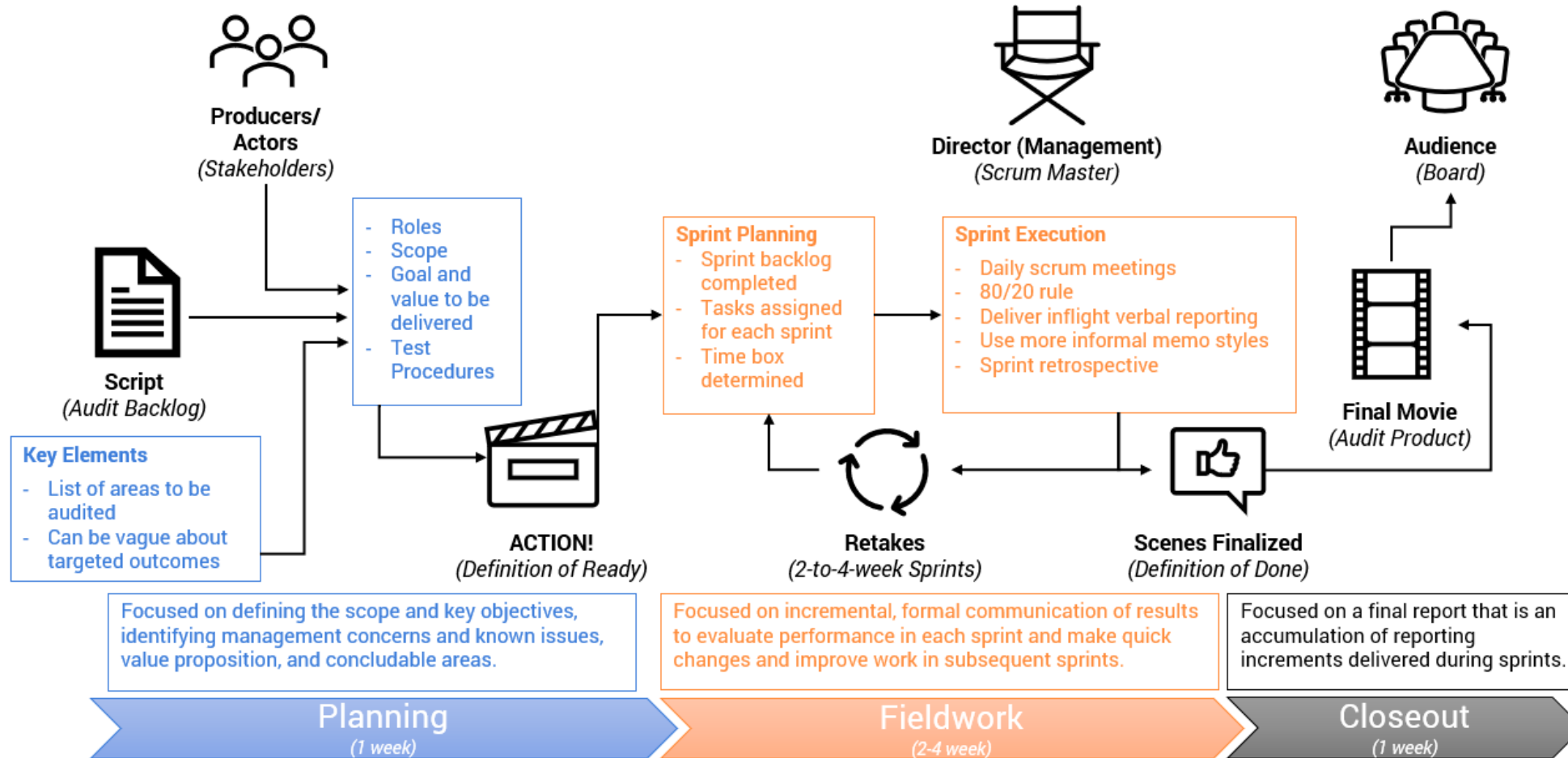
# Illustrated agile audit approach #1





# Illustrated agile audit approach #2

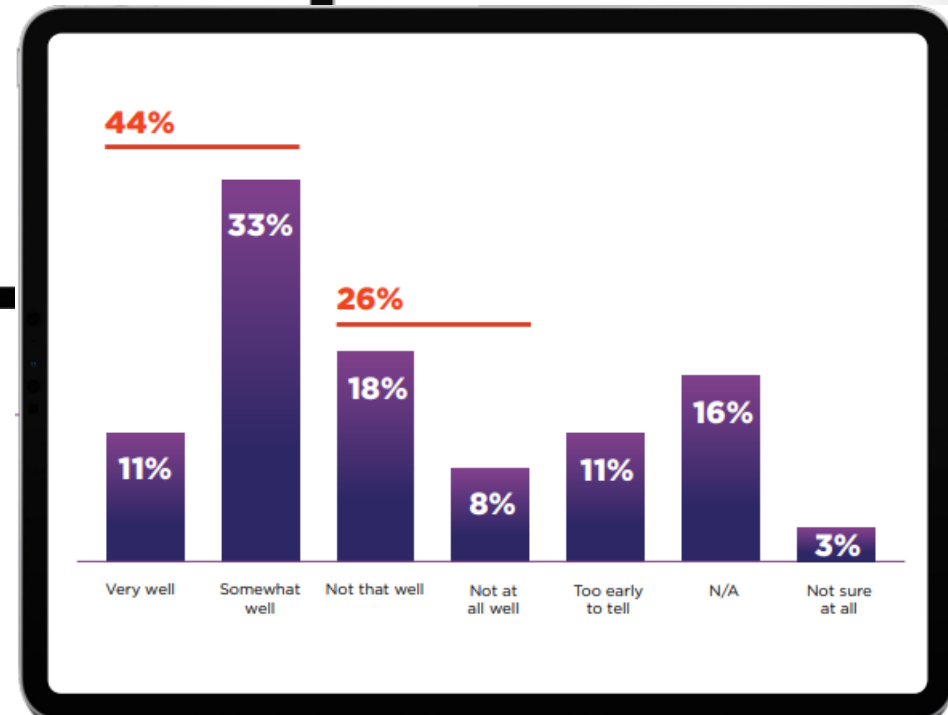
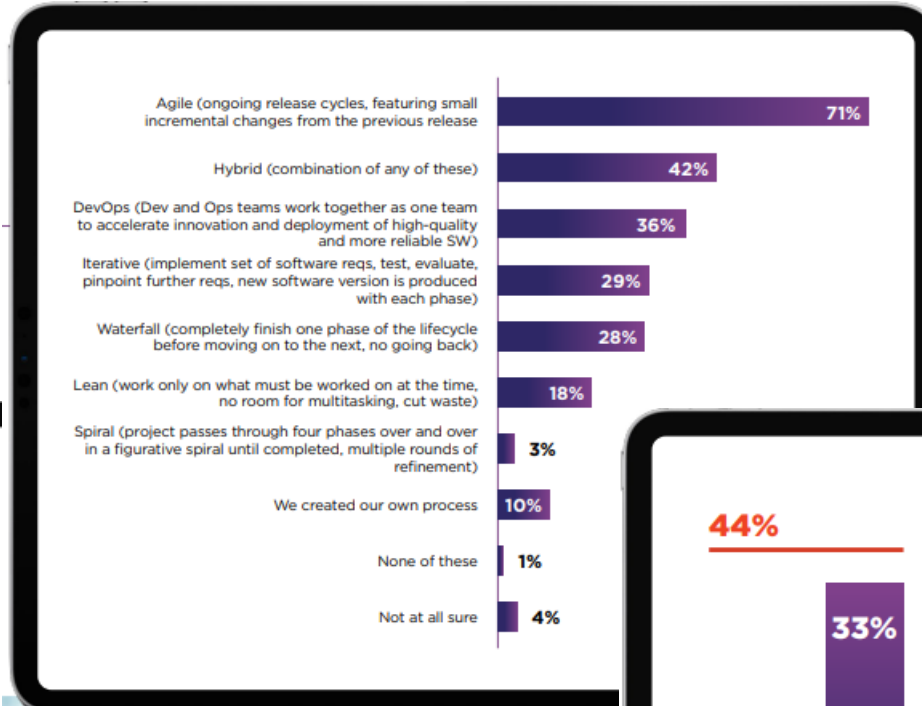
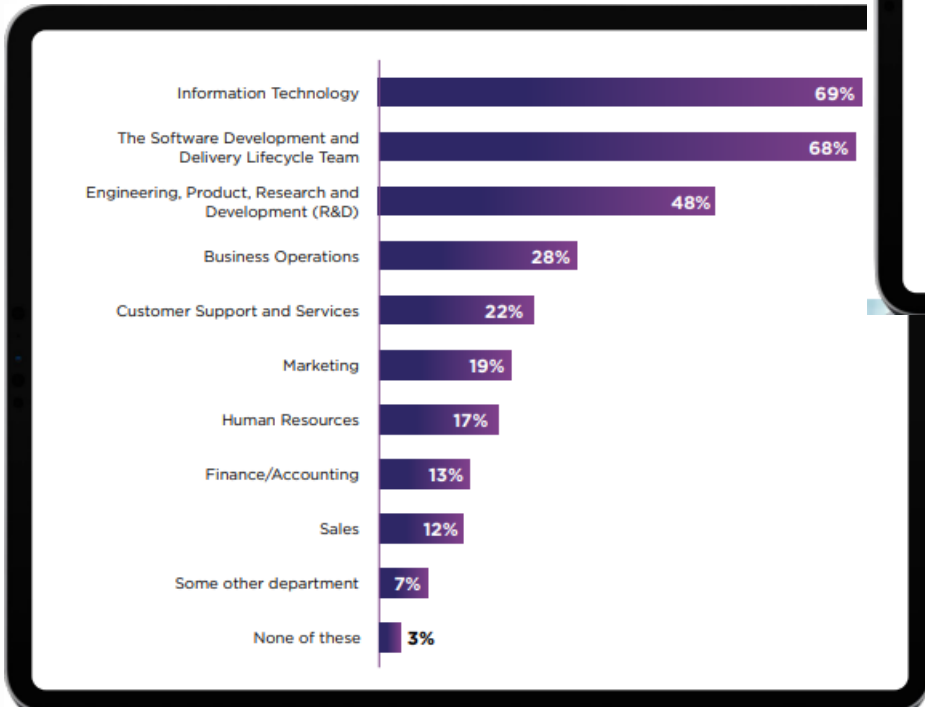
A FILM'S STORY HAS ITS PARALLELISM IN AGILE AUDITING WHERE DESIRED METHOD IN FILM MAKING INCLUDES ITERATIVE PLANNING, TIME-BOXED WORK INCREMENTS, CLOSE COLLABORATION WITH STAKEHOLDERS, AND INFLIGHT VERBAL DIALOGUE AND REPORTING



# Agile In Images



# Agile landscape



# Polling question #1

Have you previously been involved in an agile project?

- 1) Yes
- 2) No
- 3) I'm not sure

# Benefits of agile in internal audit



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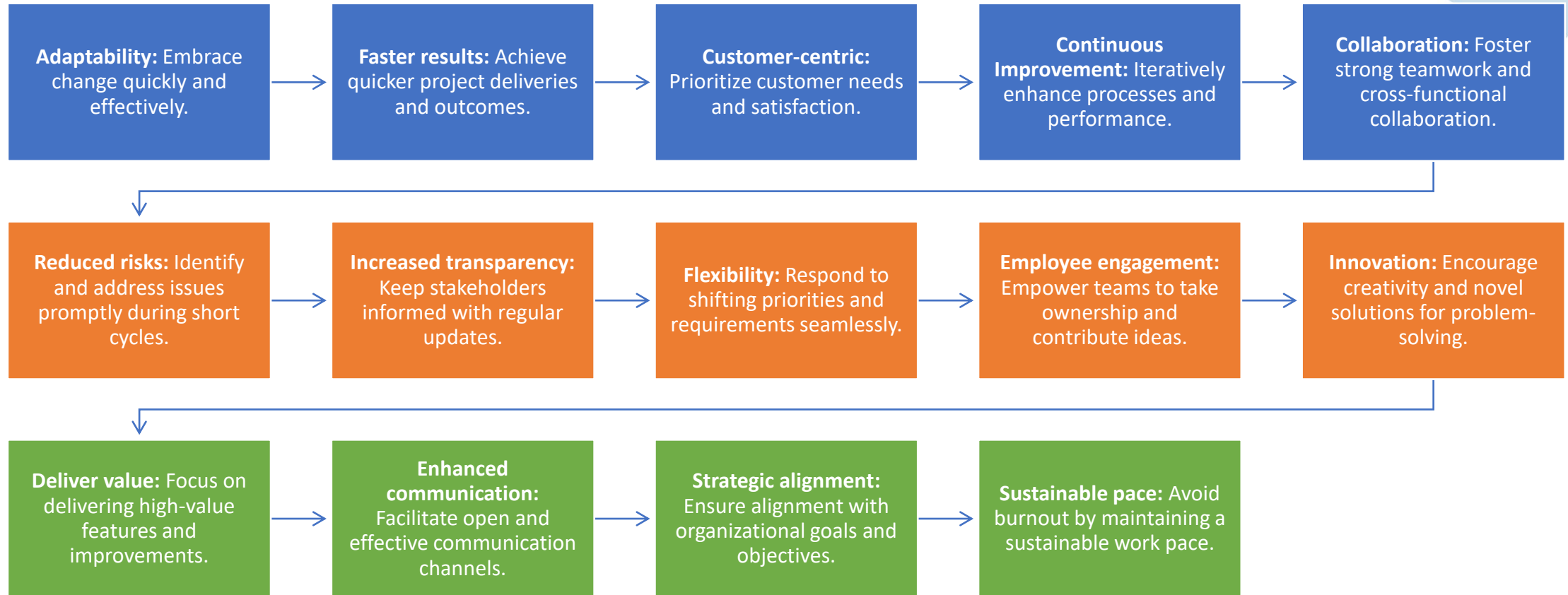


# Polling question #2

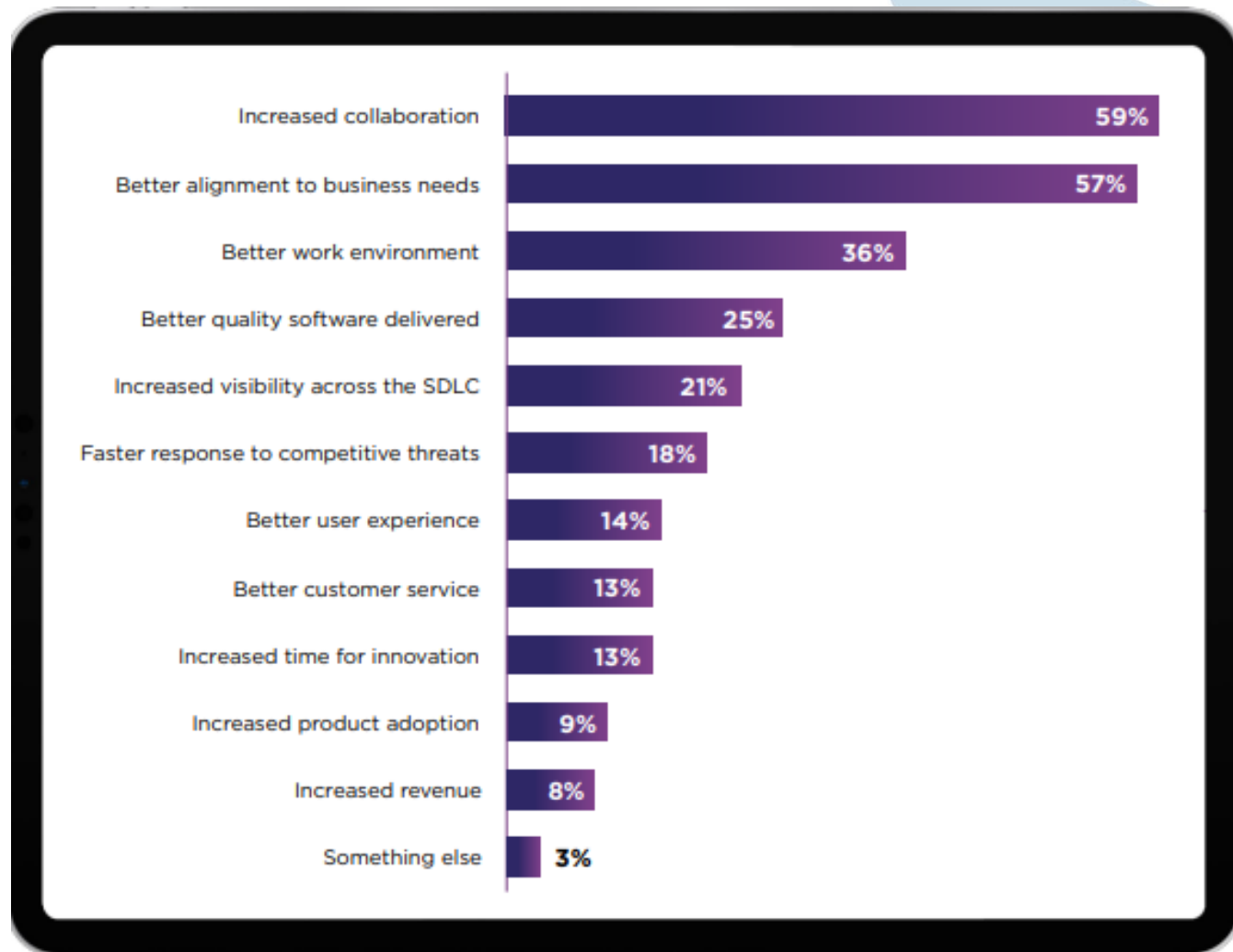
What is the most significant benefit of agile methodologies?

- 1) Faster project delivery
- 2) Improved collaboration
- 3) Enhanced adaptability

# Client outcomes observed



# The survey says?





# Challenges of implementing agile



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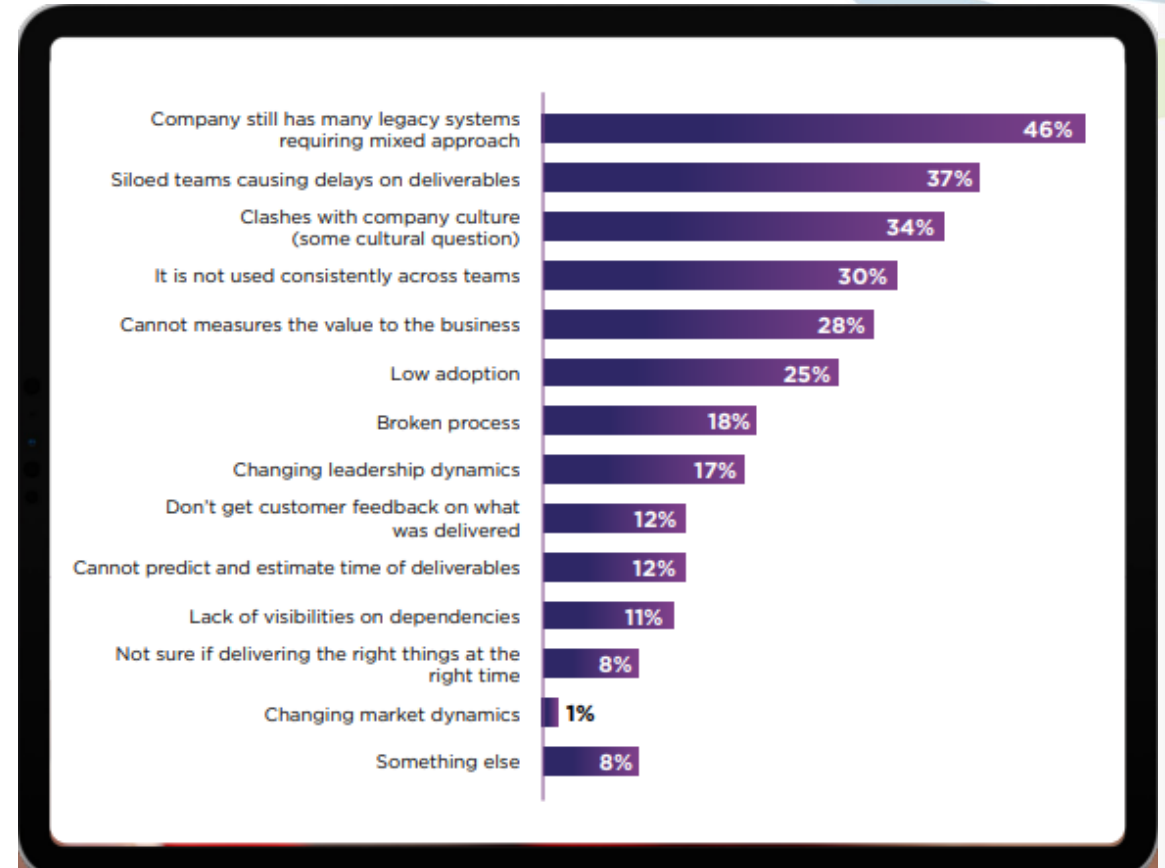
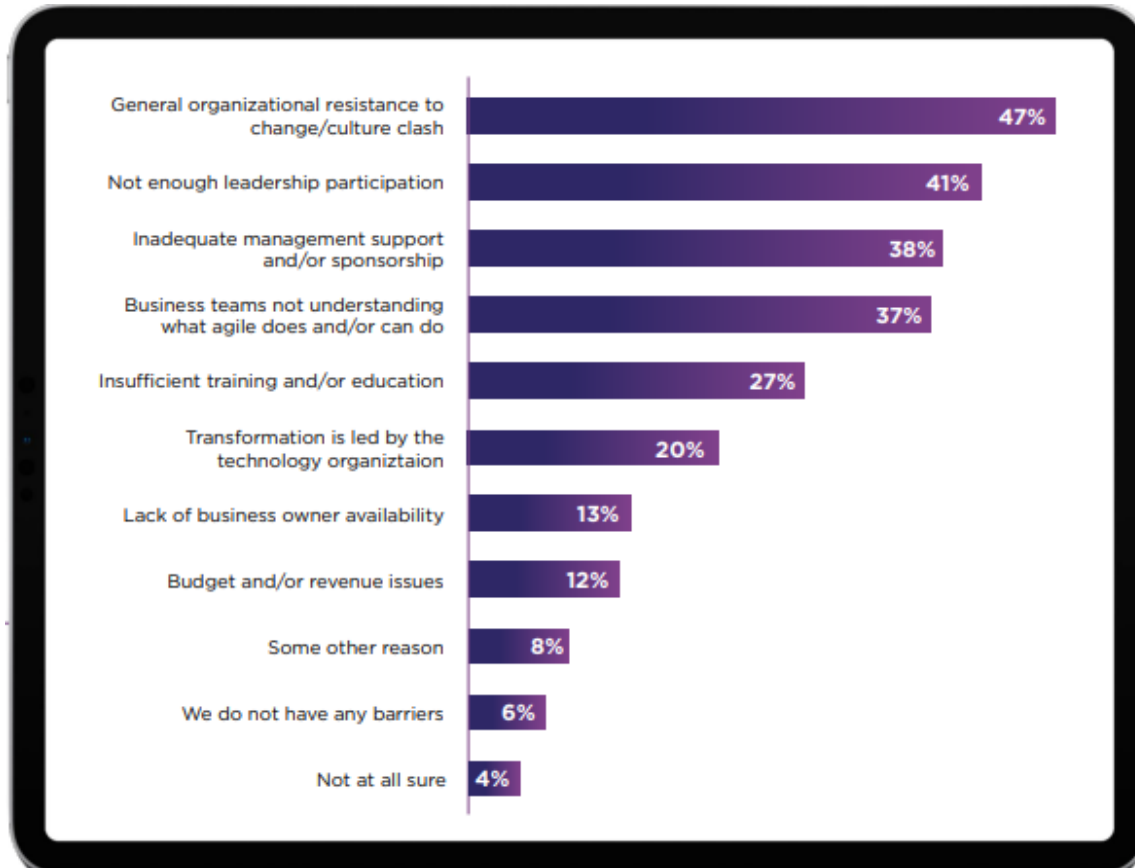


# Polling question #3

What do you think is the most significant challenge in adopting agile practices?

- 1) Lack of management support
- 2) Resistance to change
- 3) Team collaboration issues

# The survey says?



# Breaking the mold



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# Moving toward agile auditing

## Changing mindsets, overcoming cultural inertia

Efficient and timely access to audit support

Dedicated resources

Minimizing employee burnout

Training resources to build agile muscles

Team stability

Incentives to promote agile behaviors

Key performance indicators to measure agile effectiveness/outcomes

Optimized tools and technology

Quality over quantity approach to auditing ("80/20 rule")

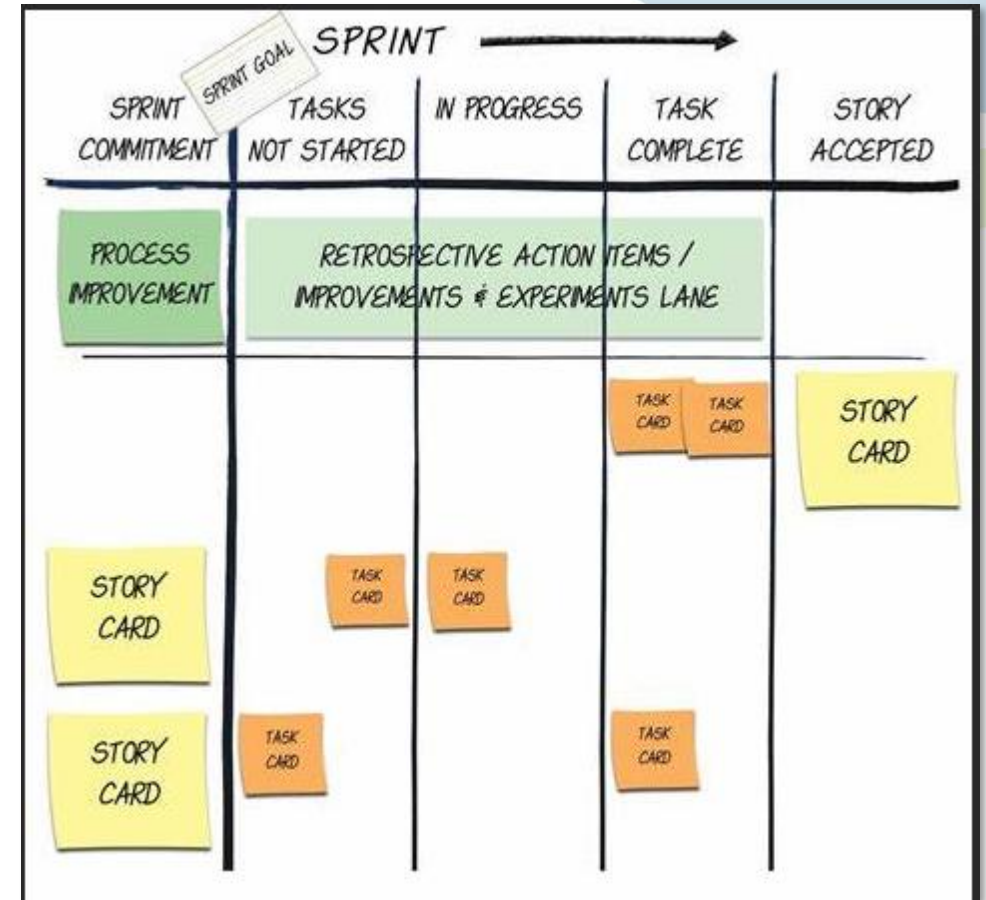
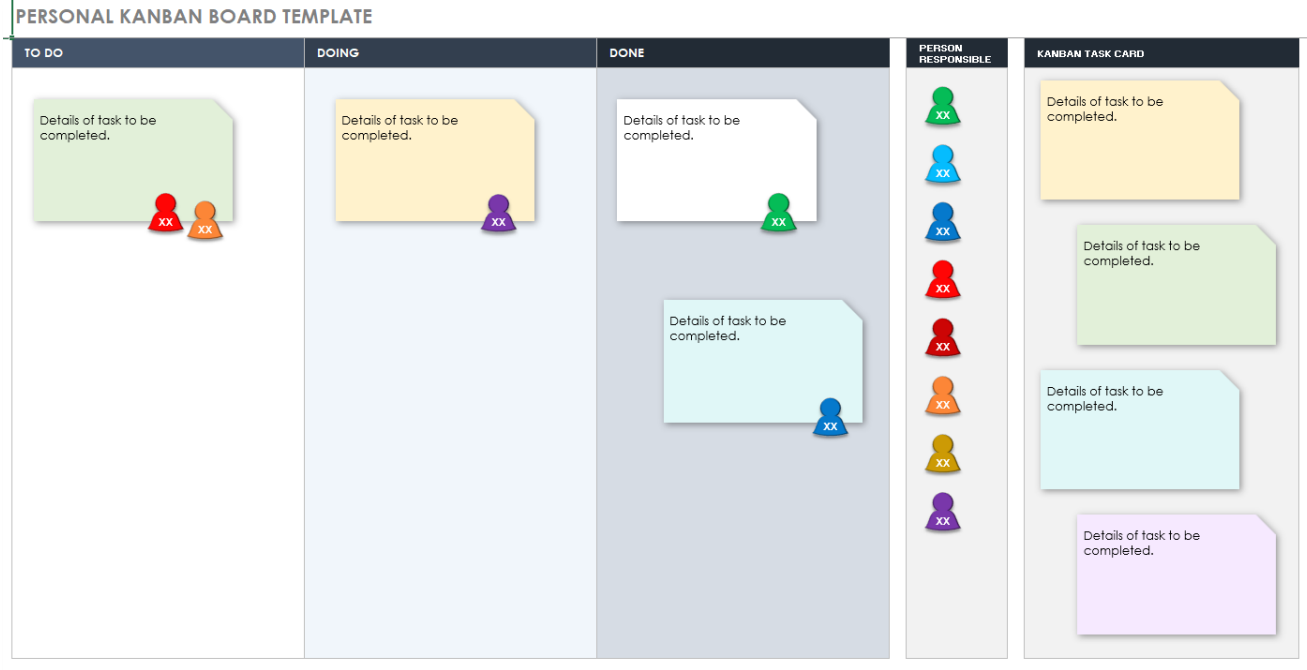


# The journey to agility (next 12 months)

## *Mindset over matter*



# Example Kanban Boards



# Applicability to internal audit processes

1

**Planning**

Replace audit plans with 'backlogs' / adaptable audit plan

Implement a "Kanban" board for task organization and prioritization.

2

**Fieldwork**

Introduce sprints – no more than 4 weeks, on average 2 weeks (desired state)

Introduce daily scrum meetings 5 to 15 minutes long to discuss progress and obstacles

3

**Reporting**

Move to iterative reports

More inflight verbal dialogue on themes, insights, other findings



# Illinois Tollway case study



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# Lessons learned and best practices



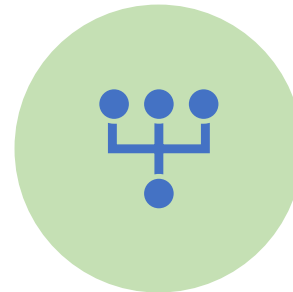
Align sprint fieldwork with auditor/auditee schedules to secure assigned resources for timely audit support.



Implement a comprehensive understanding of data analysis requirements, identify available audit evidence, and streamline efficient data gathering methods to reduce lead times.



Report throughout the sprint, rather until the end, to offer informal assurance as issues or control exceptions arise during the audit.



Establish clear goals that answer the following question: “what it is I am hoping to improve by introducing principles of Agile?”

# What Is changing?

1. Clarifying the objective of agile methodology
2. Prioritizing upfront planning to identify audits suitable for agile methods, considering that agile may not be universally applicable
3. Beginning with smaller, vertically-focused audits for agility
4. Developing an agile audit schedule with scoped activities organized into manageable sprints requiring minimal supervision
5. Scheduling resource sprints throughout the year rather than block time
6. Planning auditor and auditee resources in advance for cooperative engagement
7. Breaking down audit work into weekly or biweekly cycles
8. Ensuring timely execution of audit activities, eliminating delays
9. Adopting incremental report writing and sharing for rapid feedback and prioritizing substance over form
10. Maintaining stable, small teams to prevent context switching and conflicting priorities

# Post-Presentation Action Items



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# Do the following in next 12 months

- Start with a small pilot project (one that is vertical vs horizontal)
- Embrace daily standups
- Plan, plan, plan
- Implement a Kanban Board
- Prioritize backlog items
- Foster open communication
- Provide training
- Celebrate success
- Iterate and improve

# Questions?



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