



## Agile Internal Audit

Elevating internal audit's performance and value

# Overview

Internal Audit groups are continually challenged to provide more value to stakeholders while enhancing organizational influence and impact. Stakeholders are demanding more efficient assurance, better advice on processes and controls, and greater anticipation of risks. In reports, they want deeper insights and stronger points of view. Agile Internal Audit is one such methodology to address the concerns above and, in Deloitte's view, the one most readily applicable to internal auditors' challenges.



## What

- Originally a software development methodology, agile aims to reduce costs and time to delivery while improving quality.
- Agile Internal Audit (IA) 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.



## Why

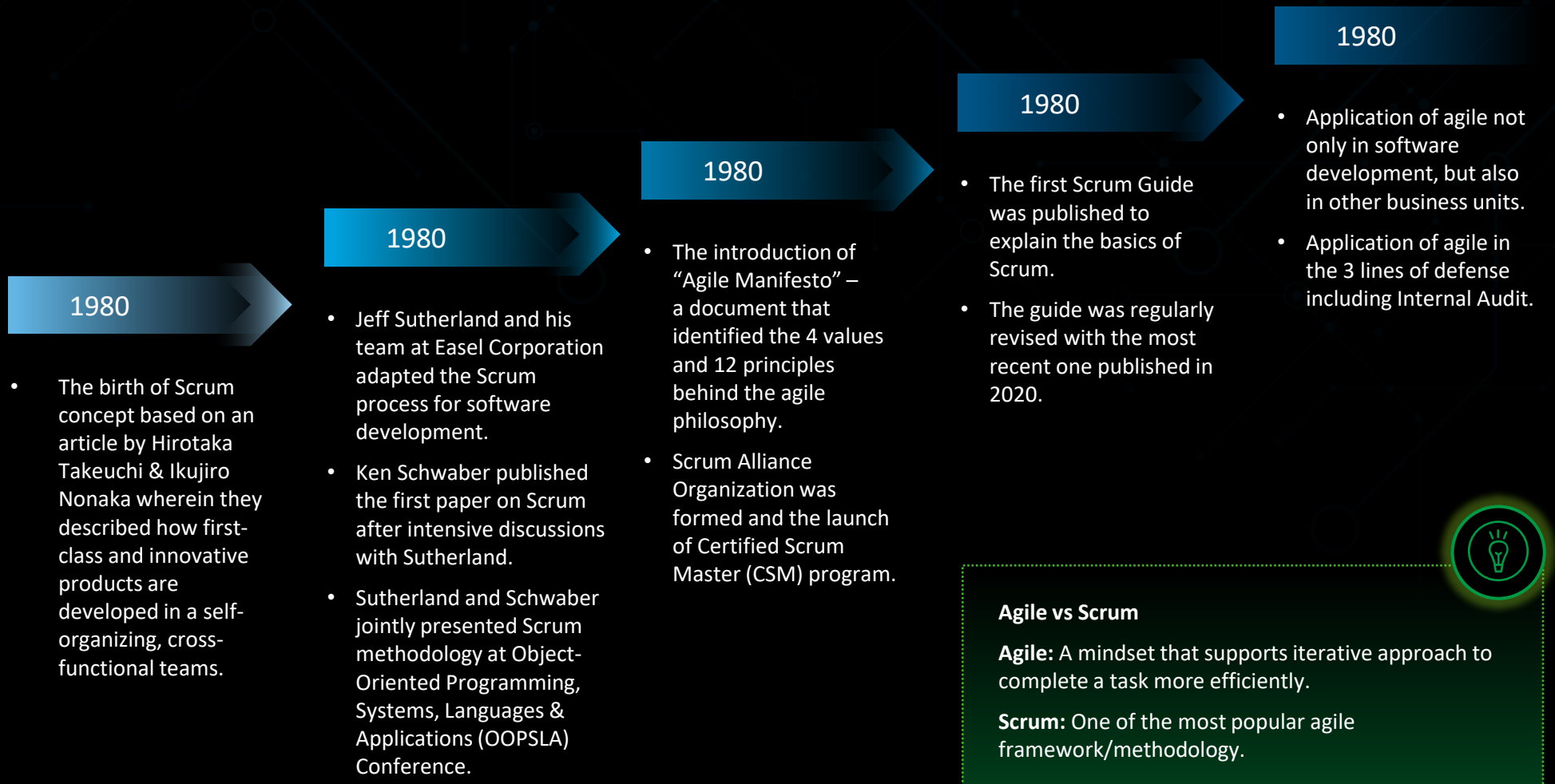
- Promotes alignment with the customer on what is important.
- Allows Internal Audit to move at the same pace of the business.
- Encourages collaboration within the team and with management through iterative communication cycles.



## When

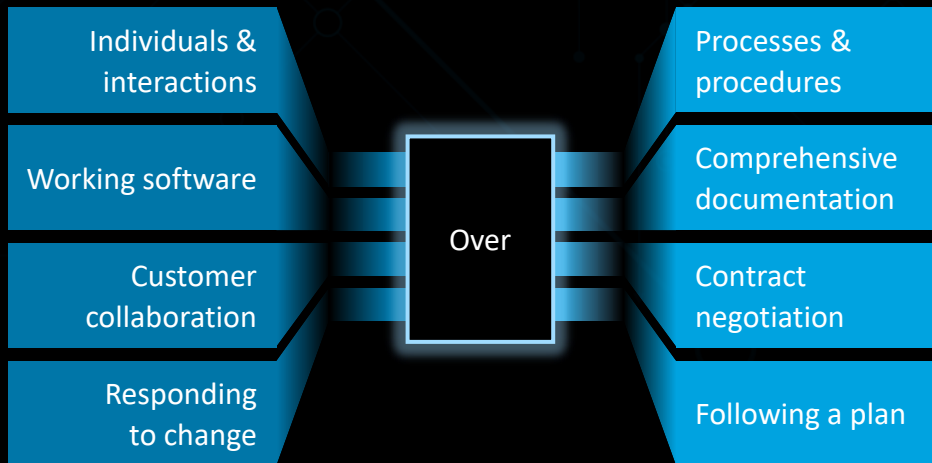
- Cross-functional — meaning more than one “team” will be involved (e.g., Information Technology & Operations; Operations & Accounting).
- Audit area can be reviewed in iterations.
- Audit objective is clear on what we are solving for; assurances to be provided; clarity on questions that will be answered during the project.
- The business area under review is either fast-paced, more agile, or open to alternative approaches to audit.

# Origin & Evaluation of Agile



# Values & Principle of Agile

## 4 Values



## 12 Principles

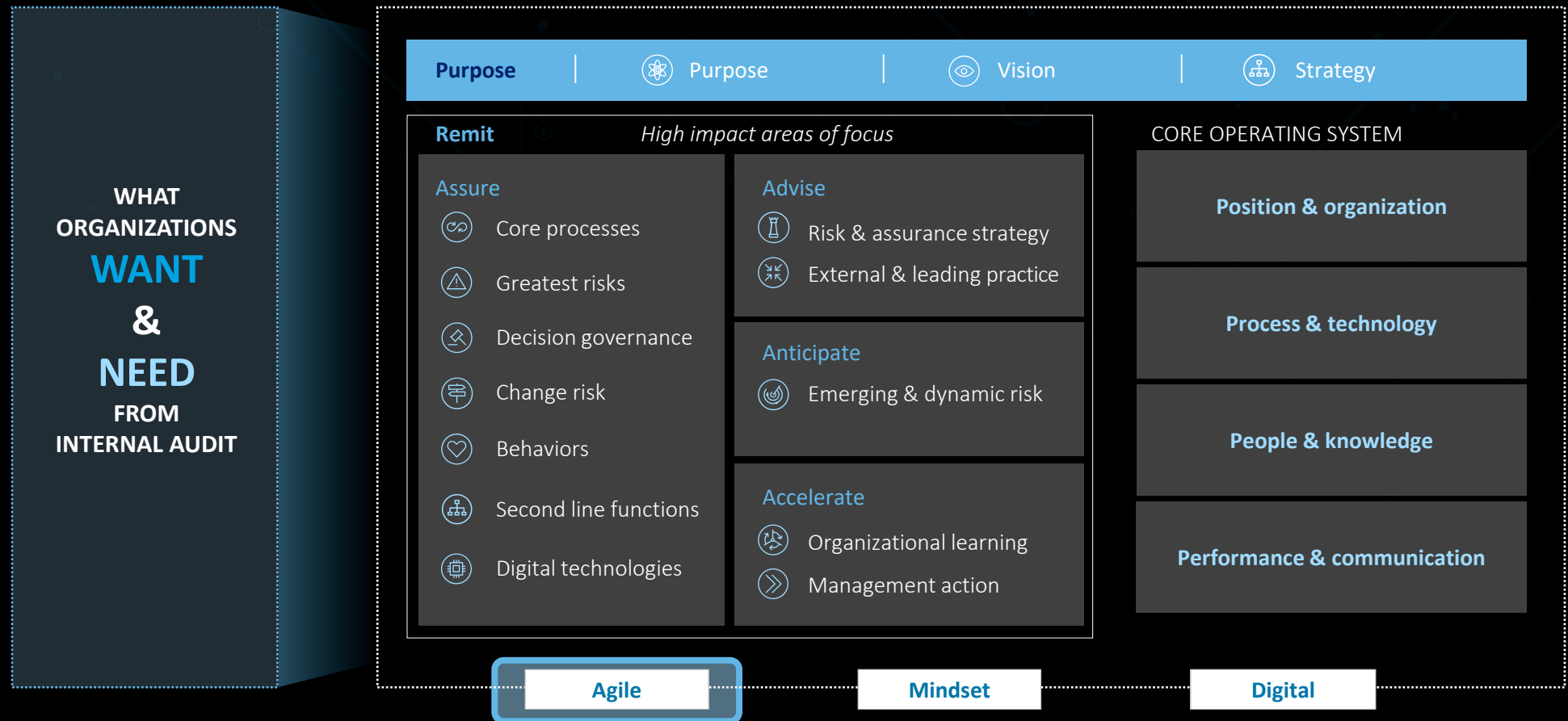


### Deloitte's Agile Internal Audit Methodology

Deloitte's commitment to elevating internal audit is a driver behind the development of a proprietary methodology for applying agile to the work of internal audit. The methodology borrows from—and repurposes—agile principles and practices to meet the needs of internal auditors and their stakeholders. It can be applied to the internal audit function as a change initiative or to specific internal auditing activities, such as audit planning, fieldwork, and reporting.

# Agile Internal Audit

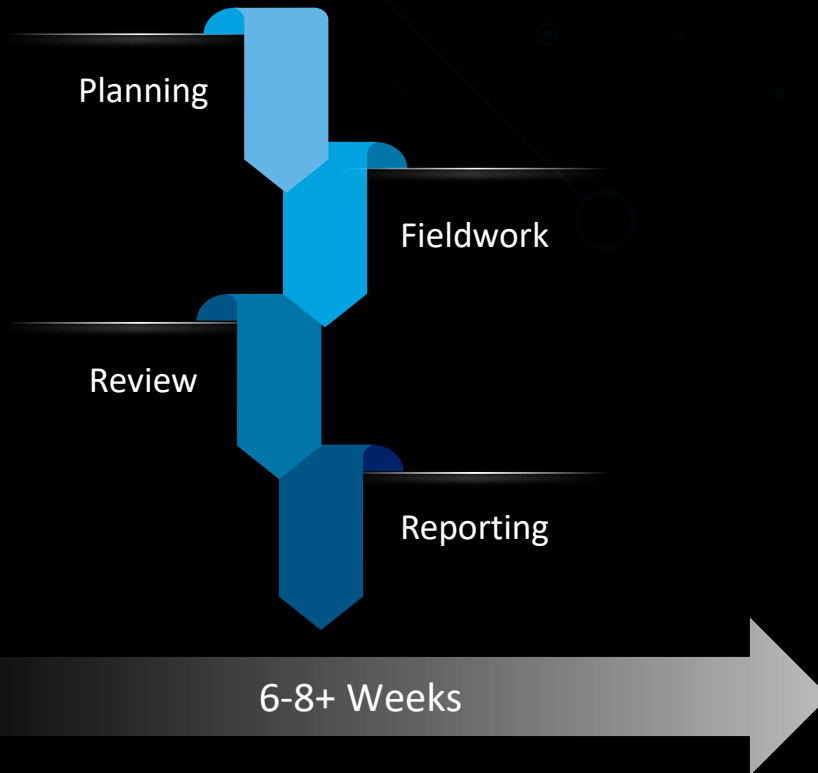
Agile IA is a key enabler to help organisations achieve their objectives.



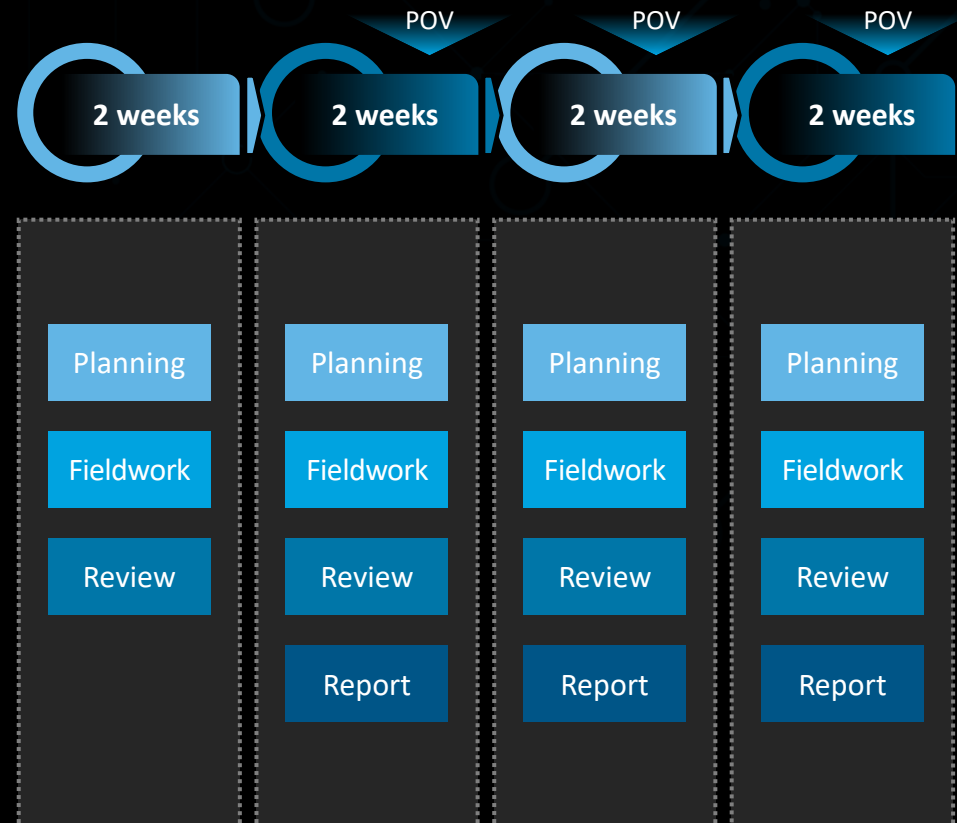
# Agile Internal Audit

Agile IA Agile IA builds in clear direction and ongoing communication to deliver audits that meet stakeholders' actual requirements in a reactive and collaborative manner.

## Traditional Audit System

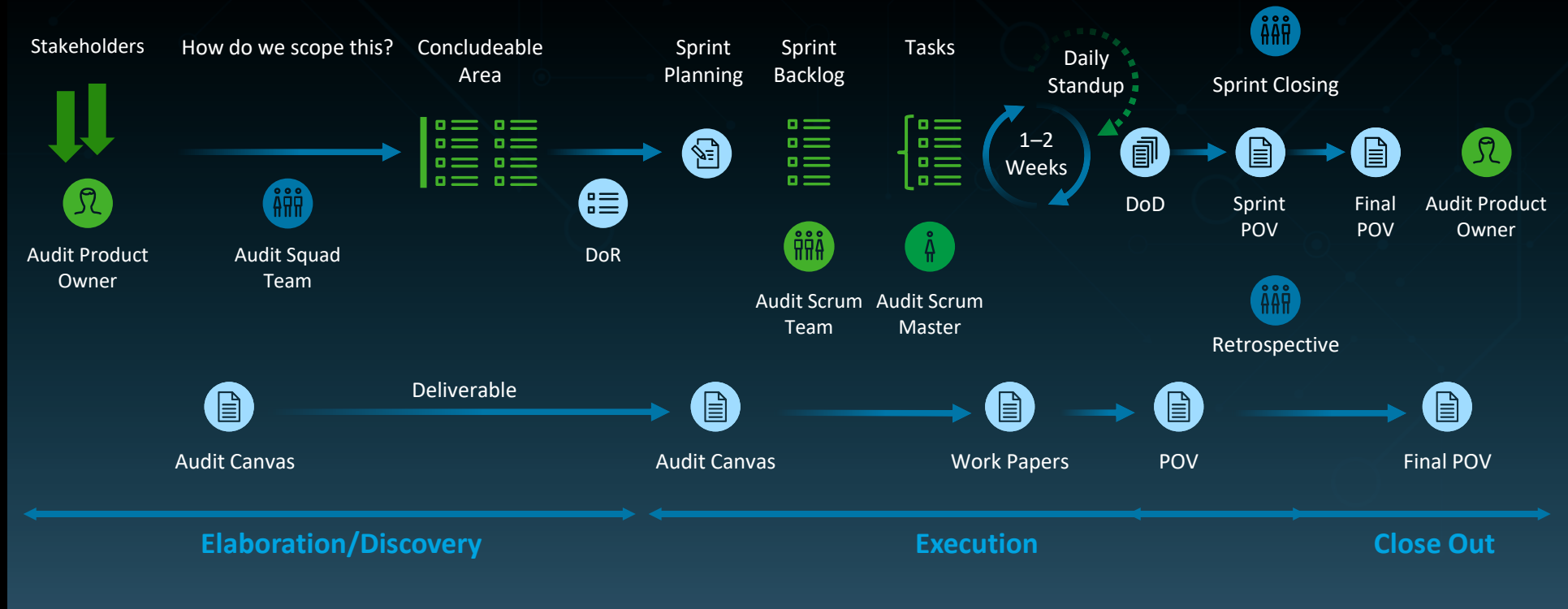


## Agile Internal Audit



# Agile Internal Audit

The Scrum framework would be used to facilitate the end-to-end IA process.



# Agile Internal Audit

A Scrum team is a cross-functional internal audit team who will work together in an iterative manner to execute an audit and develop a POV/audit report.

## Characteristics of a Squad

|                         |  |
|-------------------------|--|
| <b>Cross-functional</b> | Comprised of a team of internal audit individuals  |
| <b>Stable</b>           | Membership of the teams does not change; the team works together full-time throughout the audit. This builds trust and results in efficient delivery |
| <b>Collaborative</b>    | Team works hand-in-hand to define tasks, executes tasks and analyzes results in a time-boxed iteration known as a sprint                             |

### Audit Project Champion

- Strategic Decision Maker
- Relationship Manager
- Socialize and Advocate Internal Audits

### Audit Product Owner

- Set the Direction and Vision for the Team
- Translate Stakeholders Needs into Value/Outcomes
- Accept or Reject Project Iterative Results

### Audit Scrum Master

- Servant Team Leader
- Facilitate Team Ceremonies
- Escalate and Remove Team impediments

### Audit Core Team

- Manage “How the Work” gets completed
- Backlog Prioritization
- Identify, Draft, and Communicate Observations

Agile coach

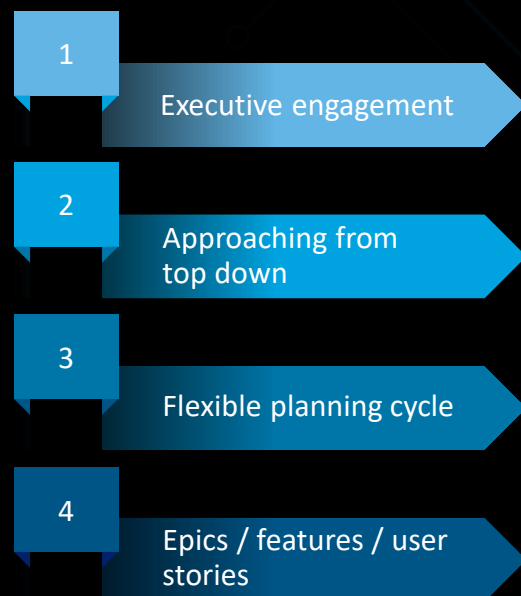
- Works with multiple teams
- Initially externally sourced - goal is FTE

- Permanent roles
- Have career paths

# Agile Internal Audit - Planning

The planning process prompts the IA team and stakeholders to determine, upfront, the value to be delivered by the audit.

## Planning Differently



## Internal Audit canvas

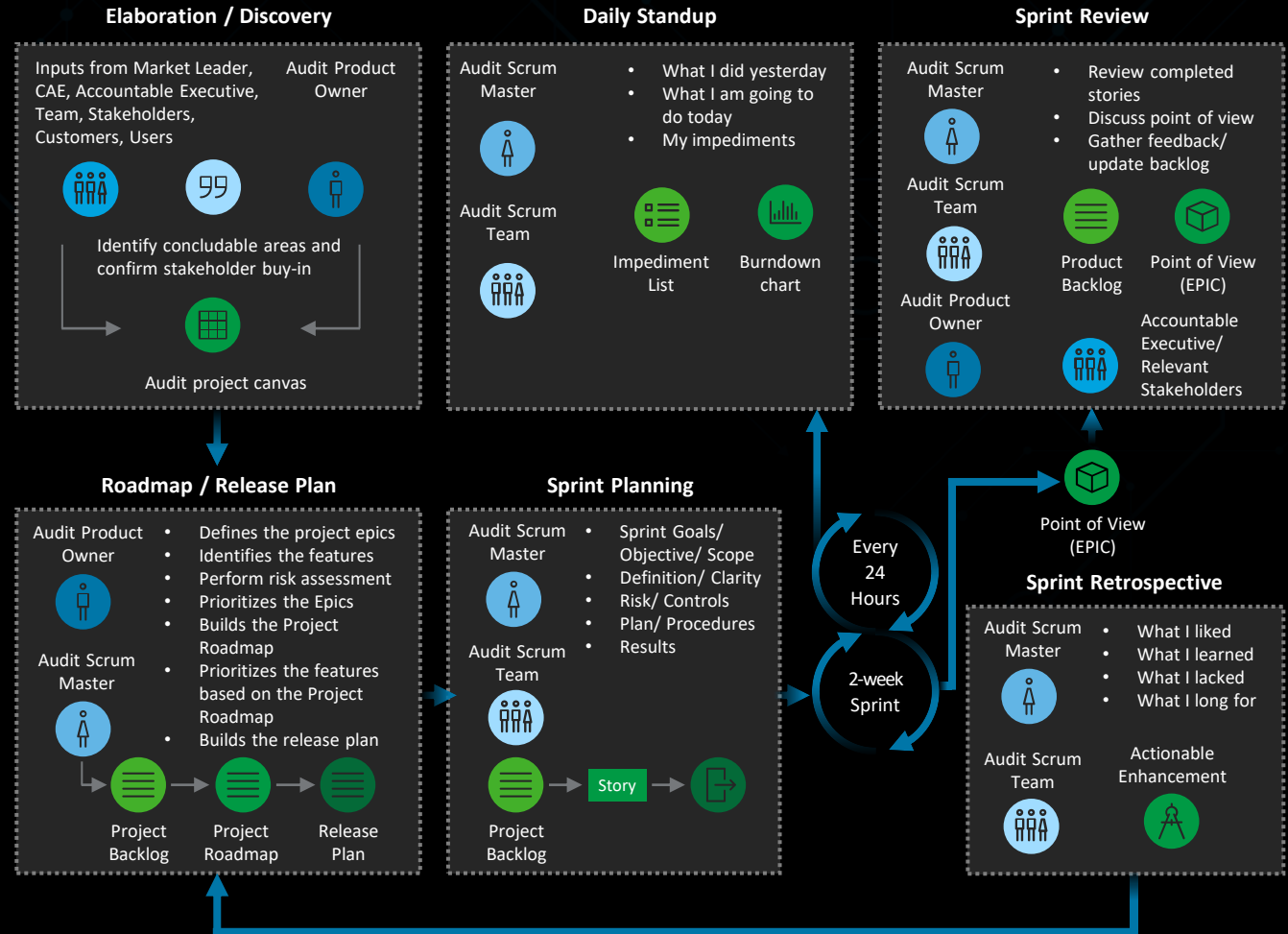
|  |  |   |
|--|--|---|
| <b>Business Highlights / Concerns</b> 3 <ul style="list-style-type: none"> <li>How does the business area align with the Corporate Strategy?</li> <li>What are the business' objectives?</li> <li>What are the risks to the business achieving its objectives?</li> <li>Relevant business metrics?</li> <li>**Concerns raised by the business?</li> <li>**Issues identified by the business?</li> <li>Business initiatives to resolve</li> </ul> | <b>Project Drivers</b> 1 <ul style="list-style-type: none"> <li>Why is this project important to the business?</li> <li>Why is it on the audit plan? /Drivers from the risk assessment?</li> <li>What is going on within the business?</li> <li>What is the value-add (relevance) to the enterprise?</li> <li>What are we solving for?</li> <li>What questions will be answered at the end of the review?</li> </ul> | <b>Cross-Functional Impact</b> 4 <ul style="list-style-type: none"> <li>Key IT systems/reports supporting and/or monitoring the business process?</li> <li>Implications of change</li> <li>Compliance considerations?</li> <li>Financial Reporting/Impact?</li> </ul> |
| <b>Key Stakeholders</b> 5 <ul style="list-style-type: none"> <li>Executive Accountable - Who is most concerned about the value of the project?</li> <li>Cross functional Executive(s) - What other functions will be</li> <li>Most impacted?</li> <li>Internal Audit Market Leader</li> </ul>  | <b>Value Proposition</b> 2 <ul style="list-style-type: none"> <li>What is the value of doing an agile audit in this area?</li> <li>How is an agile audit going to bring value to the business?</li> </ul>  |   |
|  | <b>Metrics/KPI's</b> 6 <ul style="list-style-type: none"> <li>Key metrics used by the business to measure achievement of its objectives? Sales, Markdowns, Throws, Shrink, Profit, OSCA</li> <li>What are the measures of success for the audit? Audit timeline and target dates?/Number of Findings?/Business Acceptance of findings?</li> </ul>  | <b>Additional Information</b> 1 <ul style="list-style-type: none"> <li>Key call outs</li> <li>Comments from business</li> <li>Parking lot</li> <li>Project Risks (i.e. not enough resources, distributed teams, timelines, access to systems)</li> </ul>              |
| <b>Project Objectives &amp; Scope</b> 7 <ul style="list-style-type: none"> <li>What will this project accomplish?</li> <li>What is needed to achieve the project objectives?</li> <li>What are the concludeable areas for the project?</li> </ul>  | <b>Audit Backlog</b> 8 <ul style="list-style-type: none"> <li>Identify and prioritize the audit backlog. Epics/Features/Stories</li> <li>Define project sprint timeframe?</li> </ul>   | <b>Project Team</b> 9 <ul style="list-style-type: none"> <li>Audit Product Owner</li> <li>Audit Scrum Master</li> <li>Audit Team Members</li> <li>Audit Leadership</li> </ul>   |

# Agile Internal Audit - Planning

The execution process is iterative yet reactive to monitor the progress of the audits.

## Executing Differently

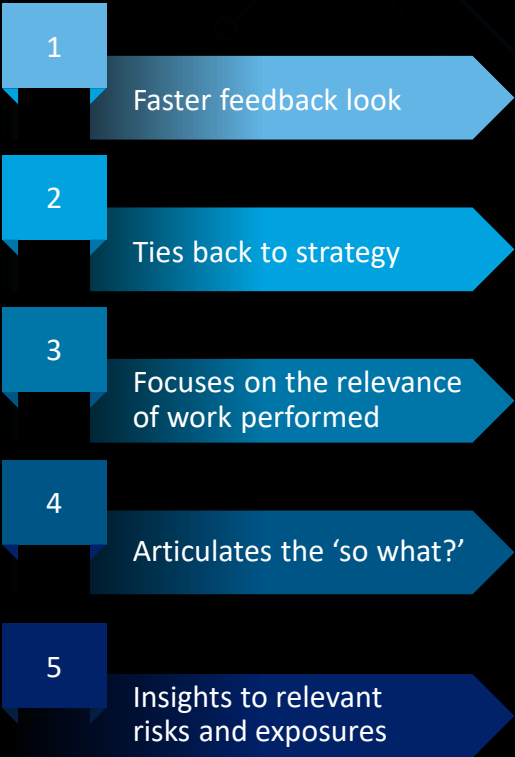
## Agile ceremonies



# Agile Internal Audit - Planning

The execution process is iterative yet reactive to monitor the progress of the audits.

## Reporting Differently



## Point of View (POV)

### Project POV

This is the space for the project-level POV, which is determined at the start of the project, updated throughout, and finalized at the end, based on project learnings. The project-level POV should connect with the strategic objectives.

Rating

Fill in color




Rating:  High

 Moderate

Identify applicable strategic objective

Connect the POV to strategic objective

### Summary Observations, Impact, and Management Action Plans (MAPs)

| Observation   | Impact  | MAP  | Rating  |
|---|---|--|---|
| Summary sentence of the issue (including applicable control breakdown) based on the results of the review | Summary sentence of realistic impact/risk if the issue noted persists | Summary sentence capturing the essence of management's planned action<br><br>Sept 2023 |  |
| Summary sentence of the issue (including applicable control breakdown) based on the results of the review | Summary sentence of realistic impact/risk if the issue noted persists | Summary sentence capturing the essence of management's planned action<br><br>Oct 2023  |  |
| Summary sentence of the issue (including applicable control breakdown) based on the results of the review | Summary sentence of realistic impact/risk if the issue noted persists | Summary sentence capturing the essence of management's planned action<br><br>Nov 2023  |  |

### Sprint POV

- 1 What did we learn based on the hypothesis? How does what you learned influence the project-level POV?
- 2 What did we learn based on the hypothesis? How does what you learned influence the project-level POV?
- 3 What did we learn based on the hypothesis? How does what you learned influence the project-level POV?

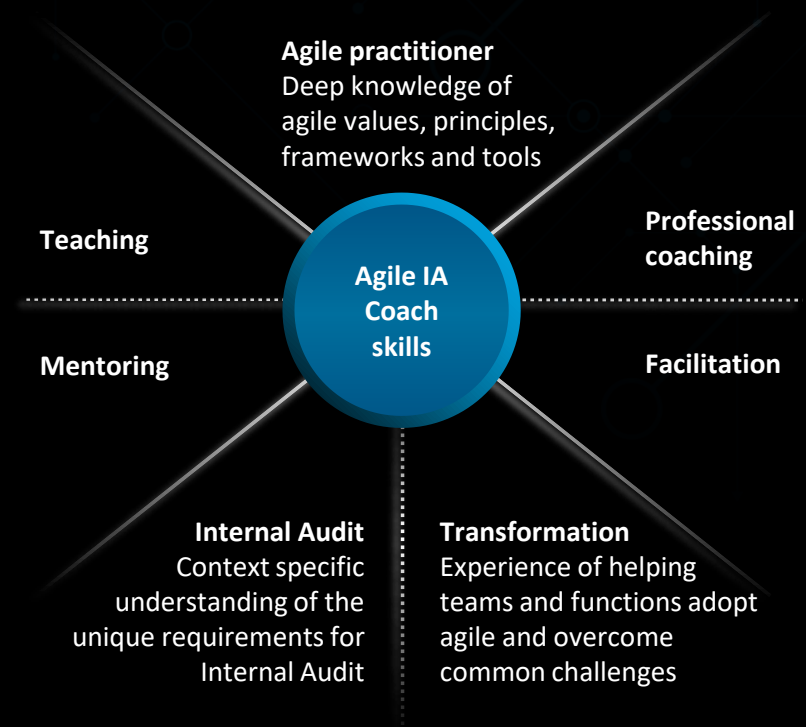
# Agile Internal Audit - Planning

Our coaches will have day-to-day interaction with your teams and leadership during the process, allowing for on-the-job coaching to enable individuals to 'be agile', beyond only 'doing' agile through Scrum events.

## Example areas of support through the Coach



Our coaches provide a range of experiences that make them a critical element of adopting agile successfully. Our coaching framework below outlines the areas of competence which all of our coaches bring.



# Be Agile

Beginning with their origins in software development, Agile methods have been effective in countless initiatives in various business settings. Building on the original Agile approach, Agile Internal Audit uses methods that change both the mindset of internal auditors and their business processes.

As discussed above, Agile is a change methodology for the internal audit group and its stakeholders. This is crucial, because internal auditors' work relates to every business and function that affects the organization's performance and value—and unilateral efforts to change such a function generally fail.

Consider the risks. Consider the benefits. Do connect with us.

## Our Credentials

| Client   | Project                               |
|--|---------------------------------------|
| A statutory board responsible for the delivery of the government's digital services to the public.   | Trial for Agile IT Audit              |
| Largest healthcare group in Singapore that provides a comprehensive range of medical services and care. It is an integrated healthcare cluster that consists of public hospitals, specialty centers, polyclinics, and community hospitals. | Agile IA training, and implementation |
| Multiple organisation including government agencies and financial institutions   | Agile IA training and/or sharing      |

# Get in Touch



**Cheryl Lim**

Executive Director  
Deloitte Risk Advisory  
[cherylim@deloitte.com](mailto:cherylim@deloitte.com)



**Andy Wee**

Director  
Deloitte Risk Advisory  
[awe@deloitte.com](mailto:awe@deloitte.com)



**Pearl See**

Senior Manager  
Deloitte Risk Advisory  
[psee@deloitte.com](mailto:psee@deloitte.com)



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

#### About Deloitte Singapore

In Singapore, risk advisory services are provided by Deloitte & Touche Enterprise Risk Services Pte. Ltd. and other services (where applicable) may be carried out by its subsidiaries and/or affiliates. Deloitte & Touche Enterprise Risk Services Pte. Ltd. (Unique entity number: 197800820D) is a company registered with the Accounting and Corporate Regulatory Authority of Singapore.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2023 Deloitte & Touche Enterprise Risk Services Pte. Ltd

Designed by CoRe Creative Services. RITM 1464291