Deloitte Risk & Financial Advisory
Agile Internal Audit
Deloitte, San Francisco IIA, Dec. 6th

Chris Pattillo cpattillo@Deloitte.com
Learning objectives

Review the concepts of Agile Internal Audit and its characteristics

Audit Canvas review and exercise

POV iterative reporting review and exercise

Agile Pizza – Understanding the process
Agile overview
Showing stakeholders how Agile compares to traditional IA

**Traditional Internal Audit**

- PLANNING
- FIELDWORK
- REVIEW
- REPORTING

- Do I have all the answers
- Where are we in the audit process

**Agile Internal Audit**

- PLANNING
- FIELDWORK
- REVIEW
- REPORT

- 2 Weeks
- 2 Weeks
- 2 Weeks
- 2 Weeks

- POV
- POV
- REPORT

- More informed
- React modify plan based on the interim point of views.
- Collaboration with the right individuals.
Being Agile

- Go small
- Limit work in progress
- Listen to feedback
Why bring Agile to Internal Audit?

Better  Faster  Happier
Scrum
From software development to Internal Audit

End to end (high level)

4 Events
- Sprint Planning
- Daily Scrum
- Retrospective
- Sprint Review

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

5 Artifacts
- Audit Canvas
- Story Mapping
- Audit & Sprint Backlog
- Work papers
- POVs (Sprint & Final)
Agile IA end to end
4 Roles • 4 Events • 5 Artifacts

Why are we doing this audit?
How do we scope this?

Audit Canvas

Story Mapping & Initial Audit Backlog
How do we prioritize the backlog?

Backlog Refinement

Sprint Planning

Sprint
Planning
Backlog
User Stories

Sprint Review

1–2 Weeks

Daily Scrum

Sprint POV

Final Report

Work papers

Retrospective

Execution (Sprints 1, 2, N)
Audit Canvas
How do we know we’re building the right thing?

- How the customer explained it
- How the Project Leader understood it
- How the Analyst designed it
- How the Programmer wrote it
- How the project was documented
- What operations installed
- How the customer was billed
- How it was supported
- What the customer really needed
Audit Canvas

Business Highlights / Concerns

- How does the business area align with the Corporate Strategy?
- What are the business' objectives?
- What are the risks to the business achieving its objectives?
- Relevant business metrics?
- **Concerns raised by the business?
- **Issues identified by the business?
- Business initiatives to resolve

Guidance:
- Interviews with Executive Accountable and key business area stakeholders to agree on the “so what”
- Business process narratives /flowcharts
- Internal management reports
- Revenue/Expenses; Costs to Operate
- Geographical Distribution
- Prior internal/external reports
- Self reported issues of business and current initiatives

Project Drivers

- Why is this project important to the business?
- Why is it on the audit plan? Drivers from the risk assessment?
- What is going on within the business?
- What is the value-add (relevance) to the enterprise?
- What are we solving for?
- What questions will be answered at the end of the review?

Guidance:
- Understanding of the control environment.
- Internal /External influences
- Qualitative and/or Quantitative

Cross-Functional Impact

- Key IT systems/reports supporting and/or monitoring the business process?
- Implications of change
- Compliance considerations?
- Financial Reporting/Impact?

Guidance:
- Compliance elements
- Data Available/Reports Used
- Exception Reports
- Financial Impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact

Value Proposition

- What is the business value of doing an audit in this area?
- How does this audit bring value to the business?

Guidance:
- Interviews with Executive Accountable and key business area stakeholders to agree on the “so what”
- Business process narratives /flowcharts
- Internal management reports
- Revenue/Expenses; Costs to Operate
- Geographical Distribution
- Prior internal/external reports
- Self reported issues of business and current initiatives

Key Stakeholders

- Executive Accountable - Who is most concerned about the value of the project?
- Cross functional Executive(s) - What other functions will be most impacted?
- Internal Audit Market Leader

Guidance:
- Executive Accountable ** (Officer 1 person removed from the EC)
- Internal Audit Market Leader (CAE Direct Report)

Project Team

- Product Owner
- Scrum Master
- Scrum Team

Guidance:
- Finance / Operations / IT / Compliance
- Global Functional Team
- Business area Subject Matter Expertise

Additional Information

- Key call outs
- Comments from business
- Parking lot

Guidance:
- Applicable business areas (sub-processes)
- Business Policies & Procedures
- Laws & Regulations
- Data/Transactions
- Timing
- Locations

Project Objectives & Scope

- What will this project accomplish?
- What is needed to achieve the project objectives?
- What are the concludeable areas for the project?

Guidance:
- Hierarch of Sprint backlog based on risk and value/importance to the business and achieving the audit objectives.
- Additional Sprints resulting from audit results and sprint retrospective

Backlog

- Identify and prioritize the sprint backlog.
- Define project sprint timeframe?

Guidance:
- Sprint Time-box
- Audit Timeline
- Other Target Dates

Guidance:
- Timing of Sprints
- Roadmap & Release Plan Highlights
- Final project deliverable date

Audit Timelines

- Sprint Time-box
- Audit Timeline
- Other Target Dates

Guidance:
- Compliance elements
- Data Available/Reports Used
- Exception Reports
- Financial Impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact

Additional Information

- Key call outs
- Comments from business
- Parking lot

Guidance:
- Applicable business areas (sub-processes)
- Business Policies & Procedures
- Laws & Regulations
- Data/Transactions
- Timing
- Locations

Project Objectives & Scope

- What will this project accomplish?
- What is needed to achieve the project objectives?
- What are the concludeable areas for the project?
Audit Canvas

### Business Highlights / Concerns
- How does the business area align with the Corporate Strategy?
- What are the business’ objectives?
- What are the risks to the business achieving its objectives?
- Relevant business metrics?
- **Concerns raised by the business?**
- **Issues identified by the business?**
- Business initiatives to resolve

### Project Drivers
- Why is this project important to the business?
- Why is it on the audit plan? Drivers from the risk assessment?
- What is going on within the business?
- What is the value-add (relevance) to the enterprise?
- What are we solving for?
- What questions will be answered at the end of the review?

### Cross-Functional Impact
- Key IT systems/reports supporting and/or monitoring the business process?
- Implications of change
- Compliance considerations?
- Financial Reporting/Impact?

### Value Proposition
- What is the business value of doing an audit in this area?
- How does this audit bring value to the business?

### Key Stakeholders
- Executive Accountable - Who is most concerned about the value of the project?
- Cross functional Executive(s) - What other functions will be most impacted?
- Internal Audit Market Leader

### Project Objectives & Scope
- What will this project accomplish?
- What is needed to achieve the project objectives?
- What are the concludeable areas for the project?

### Project Team
- Audit Product Owner
- Audit Scrum Master
- Audit Scrum Team Members

### Additional Information
- Key call outs
- Comments from business
- Parking lot

### Project Objectives & Scope
- Identify and prioritize the sprint backlog.
- Define project sprint timeframe?

### Audit Timelines
- Sprint Time-box
- Audit Timeline
- Other Target Dates

### Cross-Functional Impact
- Compliance elements
- Data Available/Reports Used
- Exception Reports
- Financial Impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact

---

Guidance:
- **Executive Accountable** *(Officer 1 person removed from the EC)*
- Internal Audit Market Leader (CAE Direct Report)

Guidance:
- **Applicable business areas (sub-processes)**
- Business Policies & Procedures
- Laws & Regulations
- Data/Transactions
- Locations

Guidance:
- **Alignment with business strategy, goals and/or objectives.**
- **Alignment with business area risk.**

Guidance:
- **Understanding of the control environment.**
- Internal /External influences Qualitative and/or Quantitative

Guidance:
- **Hierarchy of Sprint backlog based on risk and value/importance to the business and achieving the audit objectives.**
- **Additional Sprints resulting from audit results and sprint retrospective**

Guidance:
- **Alignment with business area risk.**

Guidance:
- **Compliance elements**
- Data Available/Reports Used
- Exception Reports
- Financial Impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact
### Business Highlights / Concerns
- How does the business area align with the Corporate Strategy?
- What are the business’ objectives?
- What are the risks to the business achieving its objectives?
- Relevant business metrics?
- "Concerns raised by the business?
- "Issues identified by the business?
- Business initiatives to resolve

### Project Drivers
- Why is this project important to the business?
- Why is it on the audit plan? Drivers from the risk assessment?
- What is going on within the business?
- What is the value-add (relevance) to the enterprise?
- What are we solving for?
- What questions will be answered at the end of the review?

### Cross-Functional Impact
- Key IT systems/reports supporting and/or monitoring the business process?
- Implications of change
- Compliance considerations?
- Financial Reporting/Impact?

### Value Proposition
- What is the business value of doing an audit in this area?
- How does this audit bring value to the business?

### Key Stakeholders
- Executive Accountable - Who is most concerned about the value of the project?
- Cross functional Executive(s) - What other functions will be most impacted?
- Internal Audit Market Leader

### Project Team
- Product Owner
- Scrum Master
- Scrum Team

### Backlog
- Identify and prioritize the sprint backlog.
- Define project sprint timeframe?

### Project Objectives & Scope
- What will this project accomplish?
- What are the concludable areas for the project?

### Additional Information
- Key call outs
- Comments from business
- Parking lot

### Audit Timelines
- Sprint Time-box
- Audit Timeline
- Other Target Dates

---

**Guidance:**
- Interviews with Executive Accountable and key business area stakeholders to agree on the "so what?
- Business process narratives/flowcharts
- Internal management reports
- Revenues/Expenses; Costs to Operate
- Geographical Distribution
- Prior internal/external reports
- Self-reported issues of business and current initiatives

**Guidance:**
- Executive Accountable **(Officer 1 person removed from the EC)
- Internal Audit Market Leader (CAE Direct Report)

**Guidance:**
- Applicable business areas (sub-processes)
- Business Policies & Procedures
- Laws & Regulations
- Data/Transactions
- Timing
- Locations

**Guidance:**
- Agility of Sprint backlog based on risk and value/importance to the business and achieving the audit objectives.
- Additional Sprints resulting from audit results and sprint retrospective

**Guidance:**
- Compliance elements.
- Data Available/Reports Used
- Exception Reports
- Financial impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact

---

**WHO?**

---

### Agile IA Bootcamp

---
Audit Canvas

Business Highlights / Concerns
- How does the business area align with the Corporate Strategy?
- What are the business' objectives?
- What are the risks to the business achieving its objectives?
- Relevant business metrics?
- Concerns raised by the business?
- Issues identified by the business?
- Business initiatives to resolve

Project Drivers
- Why is this project important to the business?
- Why is it on the audit plan? Drivers from the risk assessment?
- What is going on within the business?
- What is the value-add (relevance) to the enterprise?
- What are we solving for?
- What questions will be answered at the end of the review?

Cross-Functional Impact
- Key IT systems/reports supporting and/or monitoring the business process?
- Implications of change
- Compliance considerations?
- Financial Reporting/Impact?

Value Proposition
- What is the business value of doing an audit in this area?
- How does this audit bring value to the business?

Key Stakeholders
- Executive Accountable - Who is most concerned about the value of the project?
- Cross functional Executive(s) - What other functions will be most impacted?
- Internal Audit Market Leader

Project Objectives & Scope
- What will this project accomplish?
- What is needed to achieve the project objectives?
- What are the concludeable areas for the project?

Backlog
- Identify and prioritize the sprint backlog.
- Define project sprint timeframe?

Audit Timelines
- Sprint Time-box
- Audit Timeline
- Other Target Dates

Guidance:
- Interviews with Executive Accountable and key business area stakeholders to agree on the "so what".
- Business process narratives/flowcharts.
- Internal management reports.
- Revenue/Expenses; Costs to operate.
- Geographical Distribution.
- Prior internal/external reports.
- Self reported issues of business and current initiatives.

Guidance:
- Understanding of the control environment.
- Alignment with business strategy, goals and/or objectives.

Guidance:
- Compliance elements.
- Data Available/Reports Used.
- Exception Reports.
- Financial Impact.
- Operational Impact.
- Global Functional Team Involvement.
- Cross Business Area Impact.

Guidance:
- Executive Accountable ** (Officer 1 person removed from the EC).
- Internal Audit Market Leader (CAE Direct Report).

Guidance:
- Applicable business areas (sub-processes).
- Business Policies & Procedures.
- Laws & Regulations.
- Data/Transactions.
- Timing.
- Locations.

Guidance:
- Hierarchy of Sprint backlog based on risk and value/importance to the business and achieving the audit objectives.
- Additional Sprints resulting from audit results and sprint retrospective.

Guidance:
- Timing of Sprints.
- Roadmap & Release Plan Highlights.
- Final project deliverable date.
**WHY:** Enterprise objectives and strategy; audit drivers and impact

---

**Business Highlights / Concerns**
- How does the business area align with the Corporate Strategy?
- What are the business’ objectives?
- What are the risks to the business achieving its objectives?
- Relevant business metrics?
- **Concerns raised by the business?**
- **Issues identified by the business?**
- Business initiatives to resolve

**Guidance:**
- Interviews with Executive Accountable and key business area stakeholders to agree on the “so what”
- Business process narratives/flowcharts
- Internal management reports
- Revenue/Expenses; Costs to Operate
- Geographical Distribution
- Prior internal/external reports
- Self reported issues of business and current initiatives

---

**Project Drivers**
- Why is this project important to the business?
- Why is it on the audit plan? Drivers from the risk assessment?
- What is going on within the business?
- What is the value-add (relevance) to the enterprise?
- What are we solving for?
- What questions will be answered at the end of the review?

**Guidance:**
- Understanding of the control environment.
- Internal/External influences
- Qualitative and/or Quantitative
- Alignment with business strategy, goals and/or objectives.
- Alignment with business area risk.

---

**Value Proposition**
- What is the value of doing an AGILE audit in this area?
- How is an AGILE audit going to bring value to the business?

---

**Cross-Functional Impact**
- Key IT systems/reports supporting and/or monitoring the business process?
- Implications of change
- Compliance considerations?
- Financial Reporting/Impact?

**Guidance:**
- Compliance elements
- Data Available/Reports Used
- Exception Reports
- Financial Impact
- Operational Impact
- Global Functional Team Involvement
- Cross Business Area Impact

---
### Key Stakeholders
- Executive Accountable - Who is most concerned about the value of the project?
- Cross functional Executive(s) - What other functions will be most impacted?
- Internal Audit Market Leader

**Guidance:**
- Executive Accountable ** (Officer 1 person removed from the EC)
- Internal Audit Market Leader (CAE Direct Report)

### Project Teams
- Product Owner
- Scrum Master
- Scrum Team

### Additional Information
- Key call outs
- Comments from business
- Parking lot

### WHO: Audit participants
**WHAT**: Audit objectives, scope, and timeline

<table>
<thead>
<tr>
<th>Project Objectives &amp; Scope</th>
<th>Backlog</th>
<th>Audit Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What will this project accomplish?</td>
<td>• Identify and prioritize the sprint backlog.</td>
<td>• Sprint Time-box</td>
</tr>
<tr>
<td>• What is needed to achieve the project objectives?</td>
<td>• Define project sprint timeframe?</td>
<td>• Audit Timeline</td>
</tr>
<tr>
<td>• What are concludable areas for the project?</td>
<td></td>
<td>• Other Target Dates</td>
</tr>
</tbody>
</table>

**Guidance:**
- Applicable business areas (sub-processes)
- Business Policies & Procedures
- Laws & Regulations
- Data/Transactions
- Timing
- Locations

**Guidance:**
- Hierarchy of Sprint backlog based on risk and value/importance to the business and achieving the audit objectives.
- Additional Sprints resulting from audit results and sprint retrospective
Audit Canvas creation involves all members of a project

The team should make sure that stakeholders are involved as well

**Involvement includes but is not limited to:**
- Audit Product Owner
- Audit Scrum Master
- Audit Scrum Team

**Success factors**
- Increased collaboration and agreement on initial scope
- Identification and prioritization of key risks
- Living document that continues to evolve as the project continues and more risks are identified

**Logistics:**
- Audit Canvas framework should be drawn up in person when possible
- All team members should be involved in some capacity
- A physical Audit Canvas is created through collaboration and discussion
- Lots of sticky notes

**Business outcomes**
# Audit Canvas

<table>
<thead>
<tr>
<th>Business Highlights / Concerns</th>
<th>Project Drivers</th>
<th>Cross-Functional Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Project Team</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Objectives &amp; Scope</th>
<th>Backlog</th>
<th>Audit Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Point of View
Point of View (POV)

A summary of the relevant insights gained from observations and stories. An audit POV is a condensed understanding of the area with highlights of key insights of the state of risk and controls within the area.

- Short and concise (e.g., similar to a 30-second elevator speech)
- Ties back to strategy
- Auditor’s factual opinion on current state
- Insights to relevant risks and exposures

Why do we need a point of view?

- A POV provides focus and articulates the relevance of the work performed
- Fuels brainstorming and obtains buy-in from various audiences
- Articulates the “so what” of our audits

The goal is to develop a concise point of view by aggregating from a concrete set of observations and stories to extract relevant insights.
Developing a POV mindset

**POV Analysis**

**Step Back Analysis (Top Down)**
- How are they aligned with the business strategy?
- What are the business objectives?
- Do we agree with the business objectives?
- Are the objectives being achieved?

**Focus Analysis (Bottom Up)**
- Are there any trends/commonalities amongst the findings?
- Did we find anything we did not expect? (results of hypothesis)
- Are there characteristics within the “culture” that should be called out or impacts the business’ ability to achieve its strategic objectives?

**POV Influencers**

- Threats
- Competition
- Benchmarks
- Laws and regulations

- Spend to Value
- Effort to Value

- Advancements
- Opportunities

- Sources
- Availability

- Business Priority
- Value Drivers
- Technology
- Data
- External
Sample 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.

---

### Sample format

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

<table>
<thead>
<tr>
<th>Observation</th>
<th>Impact</th>
<th>MAP</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary sentence of the issue (including applicable control breakdown) based on the results of the review</td>
<td>Summary sentence of realistic impact/risk if the issue noted persists.</td>
<td>Summary sentence capturing the essence of management’s planned action.</td>
<td>Sept 2019</td>
</tr>
<tr>
<td>Summary sentence of the issue (including applicable control breakdown) based on the results of the review</td>
<td>Summary sentence of realistic impact/risk if the issue noted persists.</td>
<td>Summary sentence capturing the essence of management’s planned action.</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Summary sentence of the issue (including applicable control breakdown) based on the results of the review</td>
<td>Summary sentence of realistic impact/risk if the issue noted persists.</td>
<td>Summary sentence capturing the essence of management’s planned action.</td>
<td>Nov 2019</td>
</tr>
</tbody>
</table>

---

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

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

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

---

**Identify applicable strategic objective**
Connect the POV to Strategic Objective

---

**Rating:** ⚫ High  ⚫ Moderate
### Identify applicable strategic objective

Connect the POV to Strategic Objective

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

<table>
<thead>
<tr>
<th>Observation</th>
<th>Impact</th>
<th>MAP</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td><img src="true" alt="High Rating" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><img src="false" alt="Moderate Rating" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><img src="false" alt="Moderate Rating" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><img src="false" alt="Moderate Rating" /></td>
</tr>
</tbody>
</table>
Bringing it to life with pizza
Questions?
This presentation contains general information only and Deloitte is not, by means of this presentation, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This presentation is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this presentation.

**About Deloitte**
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.