

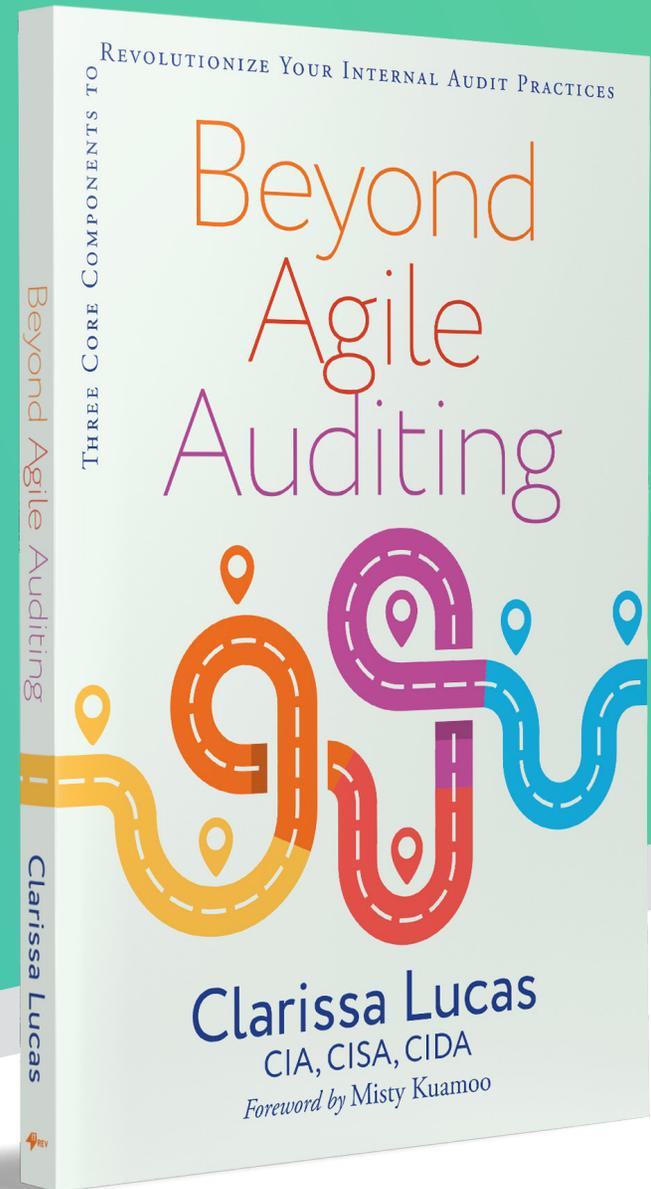


## ► **Beyond Agile Auditing** Reader's Guide

A Companion to *Beyond Agile Auditing: Three Core Components to Revolutionize Your Internal Audit Practices*

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## Overview of *Beyond Agile Auditing*

### ► Synopsis

*Beyond Agile Auditing* shows auditors and audit clients how to revolutionize the audit experience, going beyond traditional collaboration to build a partnership between auditors and audit clients. By doing this, organizations experience more value-added audit work, the delivery of results sooner, and greater engagement from all involved parties.

Building upon the work of the DevOps movement, which revolutionized the way organizations deliver software and brought two historically siloed teams together, *Beyond Agile Auditing* shows organizations how auditors and audit clients can work together (while auditors maintain necessary independence) to achieve incredible results and provide value to stakeholders they never imagined.

Clarissa Lucas, author of *Beyond Agile Auditing*, shares her own experiences with better ways of auditing, as well as those of other leaders from a number of organizations. She uses these experiences and case studies to illustrate the concepts within the book using real-life, relatable examples.

### ► Audience

This book is for auditors and nonauditors alike. It's for internal auditors and other professionals who provide assurance and insight to organizational stakeholders and are tired of the worn-out stereotypes bestowed upon them, like corporate enforcers who are out to get you. It's for auditors who are ready to revolutionize their ways of working and bring more value to their organizations.

It's also for individuals and teams who are subject to audits and want to get more value out of an audit. It's for technology and business teams who are ready to gain valuable insights without having to trudge through unplanned work brought on by traditional audits. Keep an eye out for tips and tricks specifically for audit clients, denoted by "Note for clients" throughout the book. These are extra insights for readers who work with auditors on how to influence a better audit experience.

## Chapter-by-Chapter Breakdown

The following is a chapter-by-chapter breakdown of the book, including a brief synopsis and lists of questions and themes for each chapter. The chapter questions and themes distill the key ideas to help you on your journey to better audit experiences, more value, and greater efficiency through Auditing with Agility.

## ► Introduction

### *Synopsis*

Author Clarissa Lucas begins by painting the picture of the strained relationship between auditors and audit clients caused by traditional and outdated ways of working. She sets the stage for auditors and clients to explore a shift in mentality to bring these two teams together to deliver more value to their organization.

Readers are then invited to picture a better audit experience, one with better response times, greater efficiency, more relevant results, and more fun! Readers are then introduced to Auditing with Agility, which is the key to turning that dream audit experience into reality.

### **DISCUSSION QUESTIONS**

1. What are some of the worst experiences you've had during an audit?
2. What are some of the best experiences you've had during an audit?
3. What were some of the differences in practices that led to these different experiences?

### **THEMES**

1. Auditors and audit clients have not always had the strongest or easiest relationship. In today's environment, auditors and their clients must work together to facilitate achievement of enterprise objectives, rather than getting in each other's way.
2. Auditing with Agility is an outcome-driven way of working.

## PART I: THE PAST, PRESENT, AND FUTURE OF INTERNAL AUDIT

### ► Chapter 1: The Legacy of Internal Audit

#### *Synopsis*

Internal auditors bring a fresh perspective and add value to the organization by providing assurance and insights on processes and controls. This better positions organizations to meet organizational goals and objectives. Internal audit strives to protect and enhance organizational value.

Auditing is traditionally performed using a staged, waterfall process, where one stage (e.g., planning the audit) must be completed and approved before moving to the next stage (e.g., fieldwork/testing). Many times these activities are performed in silos, which result in communication breakdowns, audits focused on noncritical risks, and challenging or adversarial interactions between auditors and audit clients. In addition, the traditional audit approach often fails to accommodate timely response to change, which is imperative in today's business environment.

#### DISCUSSION QUESTIONS

1. What are your experiences with the traditional waterfall approach to auditing? What challenges have you encountered with that approach?
2. What value do internal auditors bring to your organization today? How could they add more value?

#### THEMES

1. Internal auditors are tasked with preserving and enhancing organizational value. They should be partners with their clients, not adversaries.
2. The environment we're operating in has changed, which shines a spotlight on a number of challenges with using a traditional waterfall approach to auditing in every situation.
3. Organizations can no longer cling to outdated audit frameworks.

## ► Chapter 2: Journey toward Agile Auditing

### *Synopsis*

In response to today's fast-paced environment, where risks evolve with increased velocity, internal auditors turned to Agile Auditing. Agile Auditing is a sprint-based audit framework, similar to the Scrum framework for software development. Agile Auditing's primary goals are to increase internal auditors' ability to respond to change and to increase the efficiency of audits. While some organizations successfully implemented Agile Auditing, others have not been as successful. This strict auditing framework presents challenges, such as lack of buy-in, resistance to change, applying the same approach in every unique situation, and lack of clarity around the ultimate goal of Agile Auditing.

### **DISCUSSION QUESTIONS**

1. Have you participated in an Agile Audit? If yes, what did you enjoy about that experience? If you could make it a better experience, what would that look like?
2. Has your organization tried implementing a Scrum or strict sprint-based delivery model outside of internal audit? If yes, what went well, and what didn't go as well?

### **THEMES**

1. While strict frameworks can be effective in some situations, today's environment requires the ability to adapt quickly in order for organizations to succeed.
2. Applying the same approach in every situation doesn't consistently deliver the best results.

## ► Chapter 3: Going beyond Agile Auditing

### *Synopsis*

Rather than replacing one strict framework (waterfall) with another strict framework (Agile Auditing), organizations need to apply a flexible and customizable approach to auditing. Just as DevOps revolutionized the way technology developers and technology operations teams worked, auditors and their clients can change their way of working for the better. Organizations need to focus on being agile, rather than “doing Agile.” Auditing with Agility paves the way for teams to be agile by empowering them to add value through a flexible, customizable audit approach. Auditing with Agility focuses the scope of internal audits on the activities that add the most value to an organization. It also integrates audit work with the audit client’s work and improves the ability to respond to change and adapt as needed during an audit.

### **DISCUSSION QUESTIONS**

1. In what other parts of your organization have you seen previously siloed teams/processes begin to achieve success through greater collaboration? What did those teams do to facilitate increased collaboration and partnership?
2. How do you measure the success of an audit today? How effective are those measures? What changes could you make to those success measures to drive more value and effectiveness in an audit?

### **THEMES**

1. The three core components of Auditing with Agility are value-driven auditing, integrated auditing, and adaptable auditing.
2. Teams who audit with agility experience a number of benefits, including effective response to change, increased efficiency, and delivery of greater value sooner.

## ► Chapter 4: Internal Auditing Problems and Solutions

### *Synopsis*

Using strict or outdated auditing frameworks leads to challenges for both auditors and audit clients.

Those challenges for audit clients include:

- Unplanned work brought on by an audit
- Auditors' lack of deep understanding of your processes or products
- Audit reports that provide little value

Challenges for auditors include:

- Too much context switching and multitasking
- Single points of dependency
- Seemingly unending or unnecessary negotiations on audit report language

Auditing with Agility equips both auditors and audit clients with solutions to these challenges.

### **DISCUSSION QUESTIONS**

1. How does the internal audit process in your organization work today? What challenges do you encounter with that approach?
2. Put yourself in your counterparty's shoes (if you're an auditor, put yourself in your client's shoes; if you're an audit client, put yourself in your auditor's shoes). What challenges do you think your counterparty faces leading up to, during, and after an audit? With this new perspective, what are some things you can do to help alleviate some of those challenges?

### **THEMES**

1. Having empathy and seeking to understand another's perspective start to bridge the gap between two parties in conflict. Auditors and audit clients who intentionally practice empathy and perspective-taking are better positioned to work together and help each other.
2. Auditing with Agility equips both auditors and audit clients with solutions to the problems that outdated, strict audit frameworks create.

## PART II: THE THREE CORE COMPONENTS OF AUDITING WITH AGILITY

### Synopsis

Part II of *Beyond Agile Auditing* explores the three core components of Auditing with Agility in greater detail. Those core components are:

- Value-driven auditing
- Integrated auditing
- Adaptable auditing

### ► Chapter 5: Practices and Principles of Value-Driven Auditing

### Synopsis

The practices and principles associated with value-driven auditing include:

- Valuing actionable insights over extensive documentation
- Satisfying stakeholders through the delivery of value
- Delivering value frequently
- Breaking down the audit scope into manageable pieces
- Measuring progress through the delivery of value
- Increasing visibility
- Constantly optimizing for global goals, rather than individual goals

This chapter dives deep into each of these practices and principles, using detailed explanations, relevant examples, and real-life case studies.

### DISCUSSION QUESTIONS

1. How much lead time is there between when an audit is added to the audit plan and when the results of the audit are delivered?
  - a. What is the impact on the value received with the current amount of time between when the need to provide assurance and insights in a specific area is identified and when results are delivered?
  - b. Which of these activities will you start experimenting with first to reduce that lead time and increase the value of the results you deliver?
2. What are some areas of your work in which you could spend less time perfecting documentation?

### THEMES

1. Audit work should add value to an organization. Focusing audit work on processes, risks, and controls that are key to an organization's success is imperative for auditors, audit clients, and the organization they both support.

## ▶ Chapter 6: Practices and Principles of Integrated Auditing 2.0

### *Synopsis*

Historically, auditors have used the term “integrated auditing” to describe bringing technology, financial, and operational auditing into a single audit, rather than performing the work separately. Integrated auditing 2.0 is one of the three core components of Auditing with Agility and is the practice of integrating audit practices into the client’s work.

Teams accomplish this by:

- Practicing intentional collaboration
- Working together daily
- Working toward a collective goal
- Using integrated planning
- Creating feedback loops

This chapter explores each of these concepts in detail, leaving both auditors and clients ready to start working more closely together and collaborating on a deeper level.

### **DISCUSSION QUESTIONS**

1. Which of these is a quick hit that you could implement on an upcoming audit or activity, without having to make wholesale changes to your existing process?
2. Which of your counterparts (if you’re an auditor, your clients are your counterparts; if you’re an audit client, your auditors are your counterparts) would be most open to one or more of these practices?
3. How do you give/provide feedback to/from your auditors/clients? What is effective about that current feedback loop? What can be improved and how?

### **THEMES**

1. To achieve greater effectiveness and efficiency with the time invested in an audit, leverage practices associated with integrated auditing 2.0.

## ► Chapter 7: Practices and Principles of Adaptable Auditing

### *Synopsis*

One of the primary reasons the auditing profession began searching for better ways of working (and thus turned initially to Agile Auditing) was the need to keep up with (and in some cases stay ahead of) today's rapidly changing environment. This chapter explores the core component of Auditing with Agility that focuses on that responsiveness to change: adaptable auditing.

Activities associated with adaptable auditing include:

- Valuing people over processes
- Responding to change over strictly following a plan
- Leveraging face-to-face conversation
- Promoting sustainable work
- Pursuing simplicity
- Leveraging self-organizing teams
- Organizing stand-ups
- Limiting work in process
- Reducing batch sizes

### **DISCUSSION QUESTIONS**

1. Audit clients: Which of these activities do you currently perform as part of your normal work (outside of an audit)? Which of those will you teach your auditors in preparation for your next audit?
2. Auditors: Think back to the last time you realized you needed to change course in an audit. What did that look like? Which of the practices in this chapter would you implement next time to increase your ability to adapt?

### **THEMES**

1. Adaptable auditing enables teams to keep up with the pace of change in today's incredibly dynamic environment.

## PART III: TOWARD AN AUDIT TRANSFORMATION

### ► Chapter 8: Making the Transition to Auditing with Agility

#### *Synopsis*

Because auditors have used the same audit framework for so long, shifting to a new, flexible approach that isn't driven by a step-by-step framework requires a shift in mindset. Both auditors and audit clients need to shift their thinking about an audit to successfully implement the better ways of working associated with Auditing with Agility.

Start the transformation with highly motivated individuals (again, both auditors and audit clients) who are hungry for a change. Articulate your desired outcomes (e.g., focus audit work on areas of greatest value to the organization, reduce unplanned work, and increase efficiency). Then select the practices and principles from each of the three core components (value-driven auditing, integrated auditing, and adaptable auditing) that will deliver those outcomes. Give the team of motivated individuals a safe space to experiment with and learn from these better ways of working. Finally, be sure to share the learnings from those experiments with the rest of the organization, so they, too, can benefit from what your team has learned.

#### DISCUSSION QUESTIONS

1. Think back to a time when you tried to change your team's way of working. How did it go? What went well, and what didn't go so well?
2. In that last experience trying to change, which of the elements discussed in this chapter were present? Which were missing?
3. What will you do differently in this instance, when you start Auditing with Agility, that will facilitate a more successful transformation?

#### THEMES

1. Today's fast-paced environment demands that organizations stop applying static, outdated audit frameworks to dynamic processes. Continuous improvement is the key to success.
2. Successful transformation requires a mindset shift.
3. Instead of seeking perfection, seek knowledge, growth, and progress.

## ► Chapter 9: Overcoming Challenges to Transformation

### *Synopsis*

The path to a better audit experience through better ways of working will include challenges. It's time to get comfortably uncomfortable. To truly change for the better, auditors and audit clients need to break free from the comfort of rigid, step-by-step frameworks, and that can be a bit uncomfortable. To drive a successful transformation, it's important to prevent teams from becoming overwhelmed and maintain a reasonable and helpful level of discomfort that supports a sustainable pace of change.

This chapter also dives into other challenges, such as having a tool-first mentality, binary thinking (Agile vs. non-Agile), handing down mandates, and lack of buy-in. It equips readers with solutions to overcome these challenges, setting them up for a successful transformation.

### **DISCUSSION QUESTIONS**

1. Which of the pitfalls described in this chapter have you experienced in the past?
2. How will you use the solutions in this chapter to facilitate a successful transformation going forward?

### **THEMES**

1. You will experience challenges on your journey to Auditing with Agility. Don't fret, as there are ways to overcome these challenges.
2. The "people" aspect of things (e.g., getting buy-in, managing expectations, ensuring sustainable pace of change) is crucial and the most important piece of the transformation puzzle. Focus on the people aspect first, and that will increase your chances of success.

## ► Conclusion: A Call to Action

### *Synopsis*

Start today. Knowledge without action does little, if anything, to drive success.

Start small and grow from there. Choose one concept and start with that, expanding as you go. Don't wait until you feel completely ready. Now is the time to start your organization's evolution.

Share with others. Not only does this bring others along and enrich *their* experiences, it also reinforces what you've learned, which helps you even more as well.