# IIA Indonesia

## Agile Auditing

**Sio Naidoo**

**Product Manager, APAC**

Aug 2018

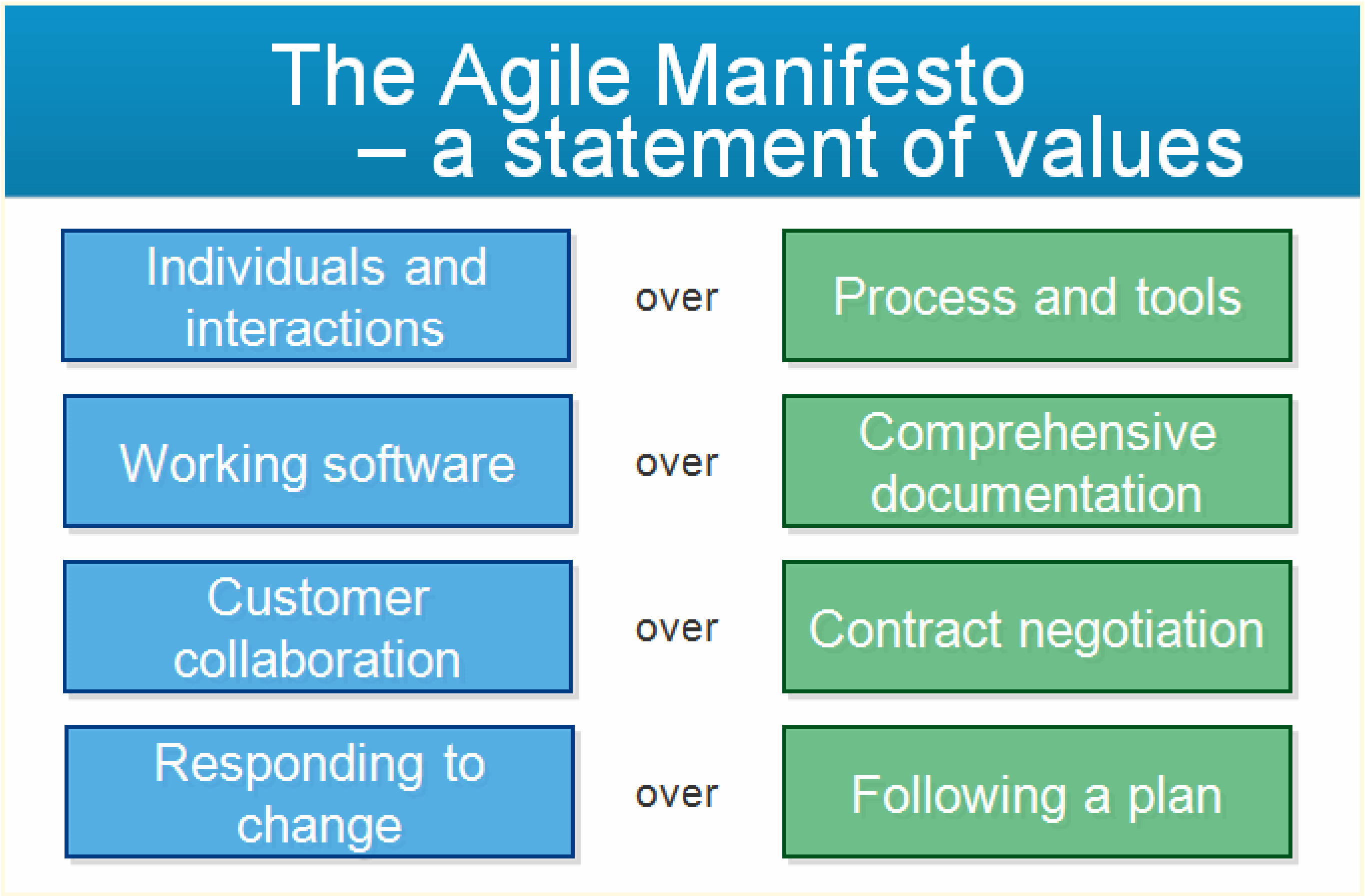
Wolters Kluwer

# What is Agile

- Historical roots extend beyond IT
- Set of values and principles

- "Set to improve innovation processes in nearly every function of every industry" – Harvard Business Review

# Agile Manifesto



## The Agile Manifesto – a statement of values

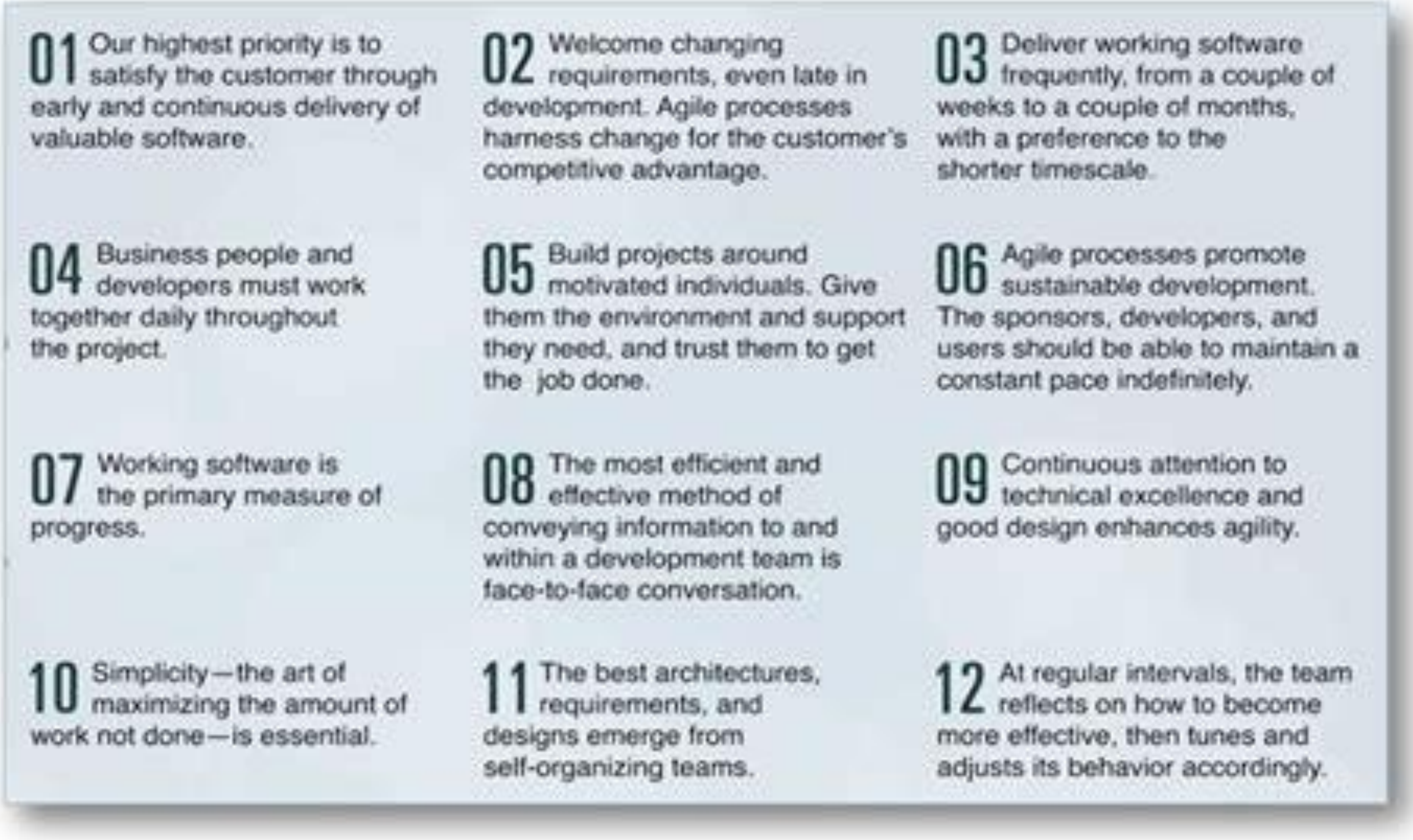
Individuals and interactions over Process and tools

Working software over Comprehensive documentation

Customer collaboration over Contract negotiation

Responding to change over Following a plan

# Agile Principles



01 Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.

02 Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.

03 Deliver working software frequently, from a couple of weeks to a couple of months, with a preference to the shorter timescale.

04 Business people and developers must work together daily throughout the project.

05 Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.

06 Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.

07 Working software is the primary measure of progress.

08 The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.

09 Continuous attention to technical excellence and good design enhances agility.

10 Simplicity—the art of maximizing the amount of work not done—is essential.

11 The best architectures, requirements, and designs emerge from self-organizing teams.

12 At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behavior accordingly.

# Why the need for change ?

- Complexity of business and speed of risk
- Disruption
- Increasing demands of stakeholders
  - Risk
  - Reporting
- Talent Management

# The impacts of Agile

- Stakeholders
- Audit team
- Assurance, Insights

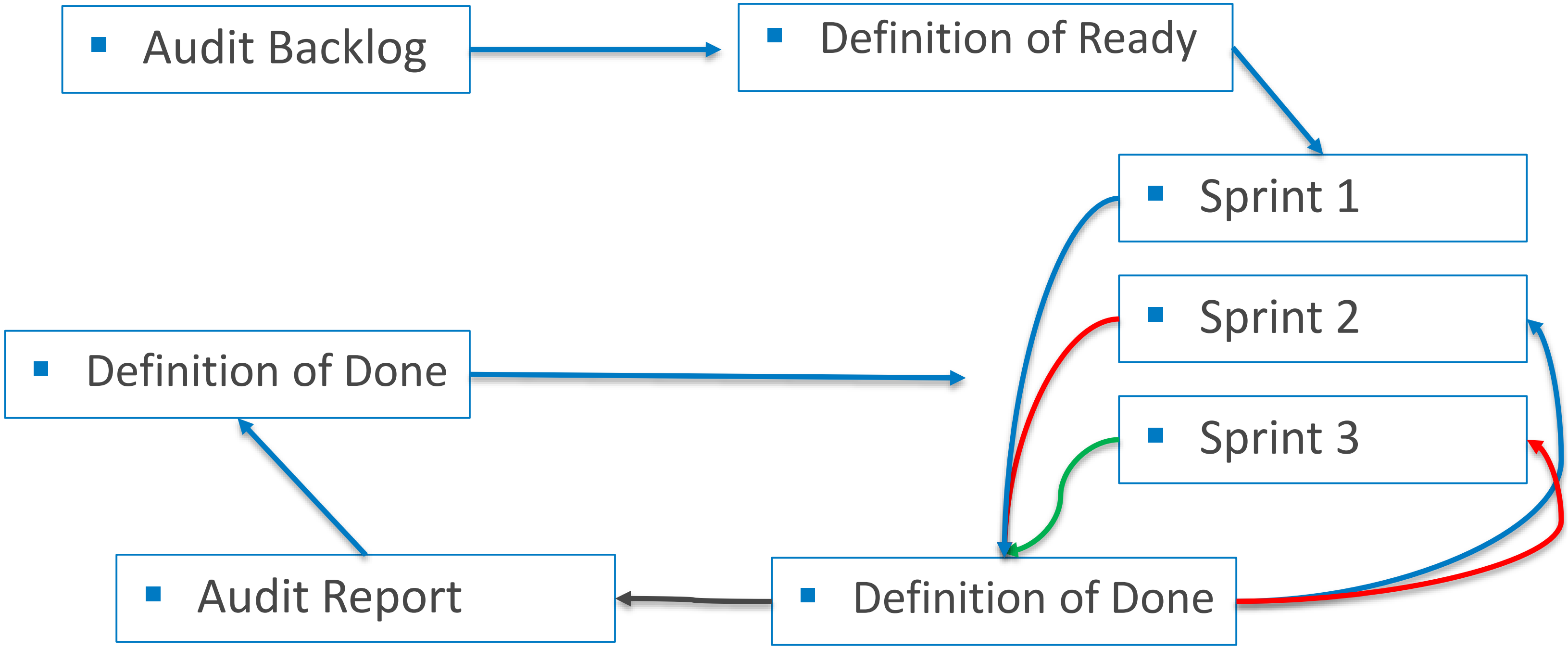
and foresights

# Key concepts : Agile Audit

- Audit Planning
  - Audit Backlog
  - Definition of Ready

- Audit Fieldwork
  - Sprints
  - Definition of Done

# Audit Process Map to show key concepts

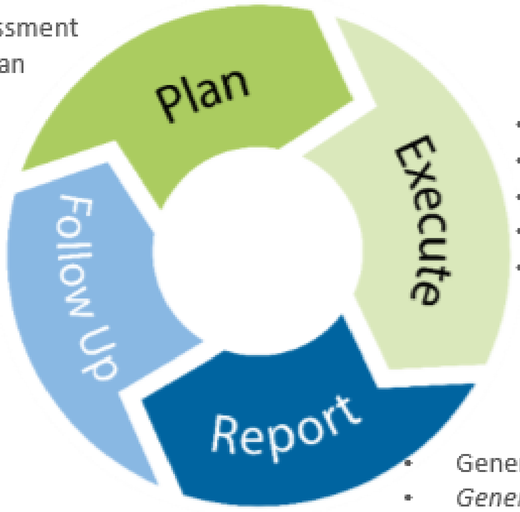


- Audit Backlog
- Definition of Ready
- Sprint 1
- Sprint 2
- Sprint 3
- Definition of Done
- Definition of Done
- Audit Report

# Lessons from others for Agile Auditing to Succeed

- Involved in Disruption
- Technology
- Mindset

# TeamMate+ The future in Audit Management



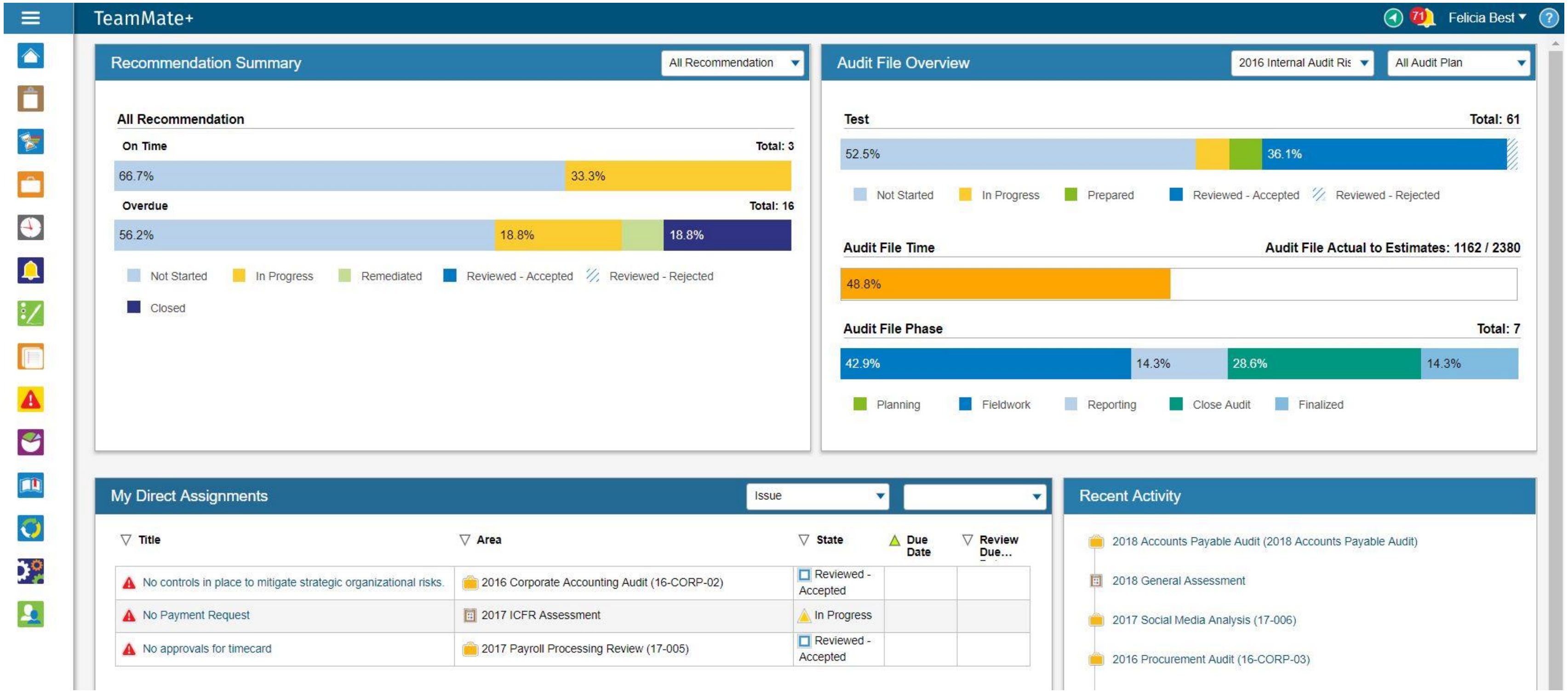
- Perform risk assessment
- Generate audit plan

- Audit project planning
- Documentation of work performed
- Raise issues/findings
- Review of work performed
- Track actual time spent

- Generate and issue audit report
- *Generate management and AC reports*

- Obtain status updates
- Review for closure of issues
- Track progress

# TeamMate+


TeamMate+
71
Felicia Best
Recommendation Summary
All Recommendation
All Recommendation
On Time
Total: 3
66.7%
33.3%
Overdue
Total: 16
56.2%
18.8%
18.8%
Not Started
In Progress
Remediated
Reviewed - Accepted
Reviewed - Rejected
Closed
Audit File Overview
2016 Internal Audit Ris
All Audit Plan
Test
Total: 61
52.5%
36.1%
Not Started
In Progress
Prepared
Reviewed - Accepted
Reviewed - Rejected
Audit File Time
Audit File Actual to Estimates: 1162 / 2380
48.8%
Audit File Phase
Total: 7
42.9%
14.3%
28.6%
14.3%
Planning
Fieldwork
Reporting
Close Audit
Finalized
My Direct Assignments
Issue
Recent Activity

| Title | Area | State | Due Date | Review Due... |
|---|---|---|---|---|
| No controls in place to mitigate strategic organizational risks. | 2016 Corporate Accounting Audit (16-CORP-02) | Reviewed - Accepted | | |
| No Payment Request | 2017 ICFR Assessment | In Progress | | |
| No approvals for timecard | 2017 Payroll Processing Review (17-005) | Reviewed - Accepted | | |

- 2018 Accounts Payable Audit (2018 Accounts Payable Audit)
- 2018 General Assessment
- 2017 Social Media Analysis (17-006)
- 2016 Procurement Audit (16-CORP-03)

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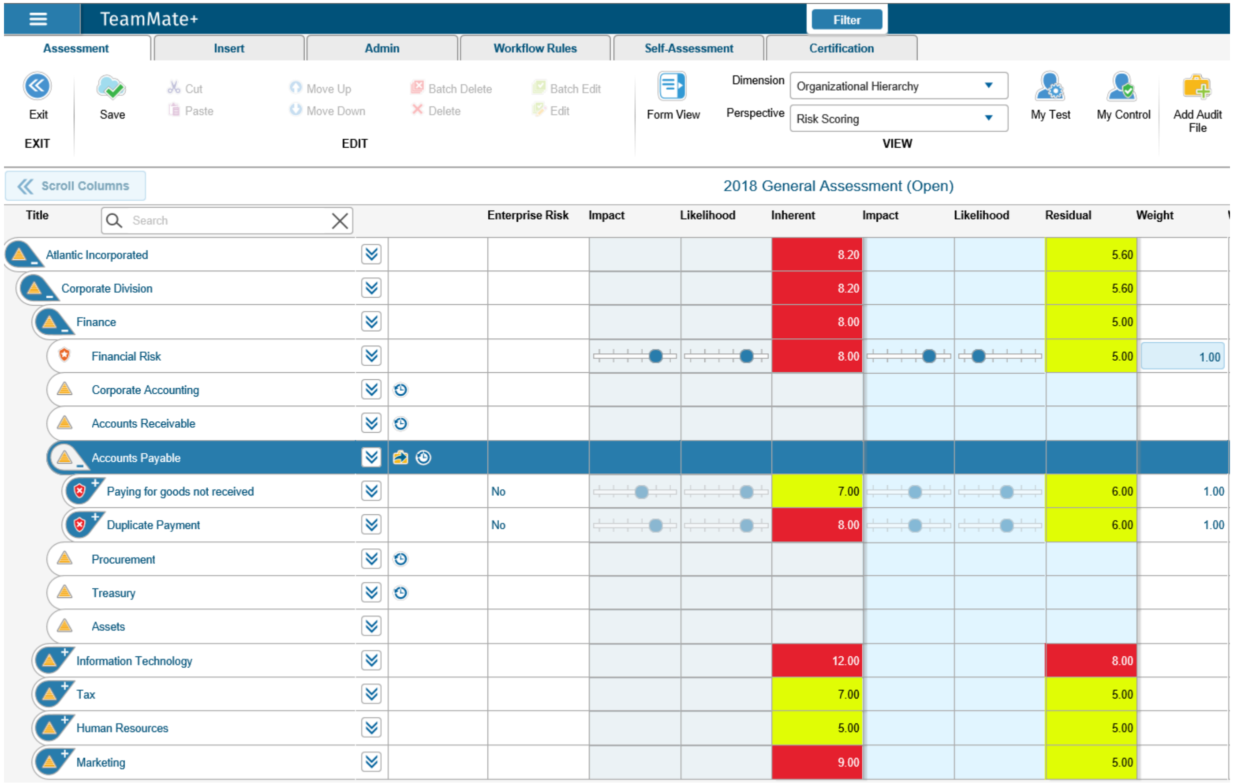
# Backlog : Risk Assessment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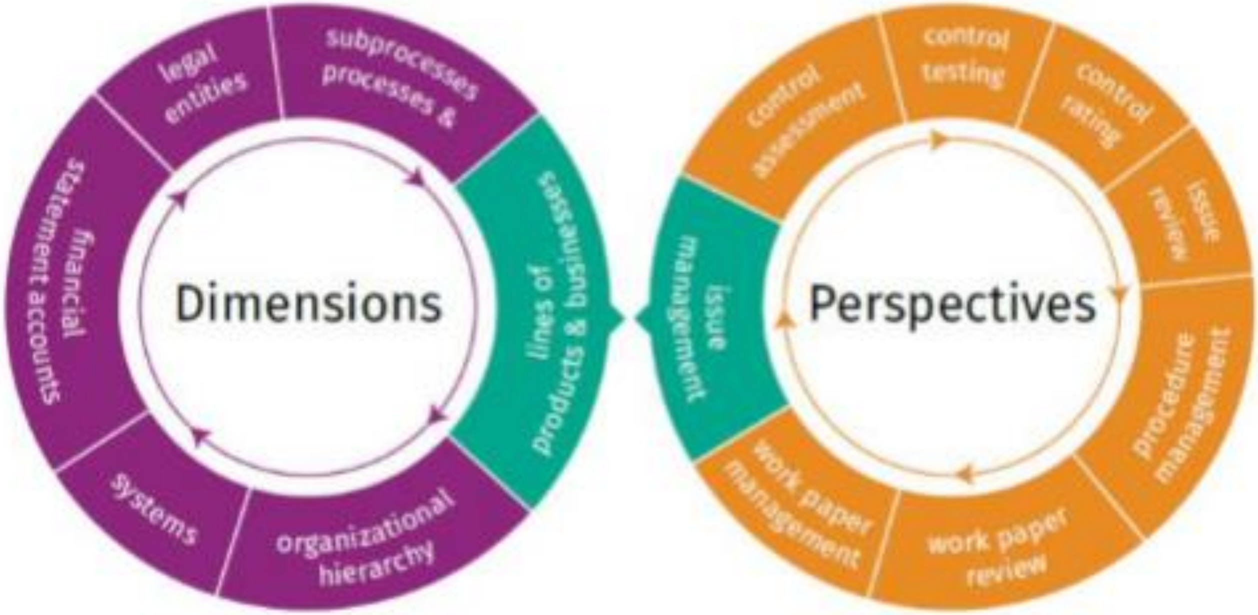
Dimension: Organizational Hierarchy

Perspective: Risk Scoring

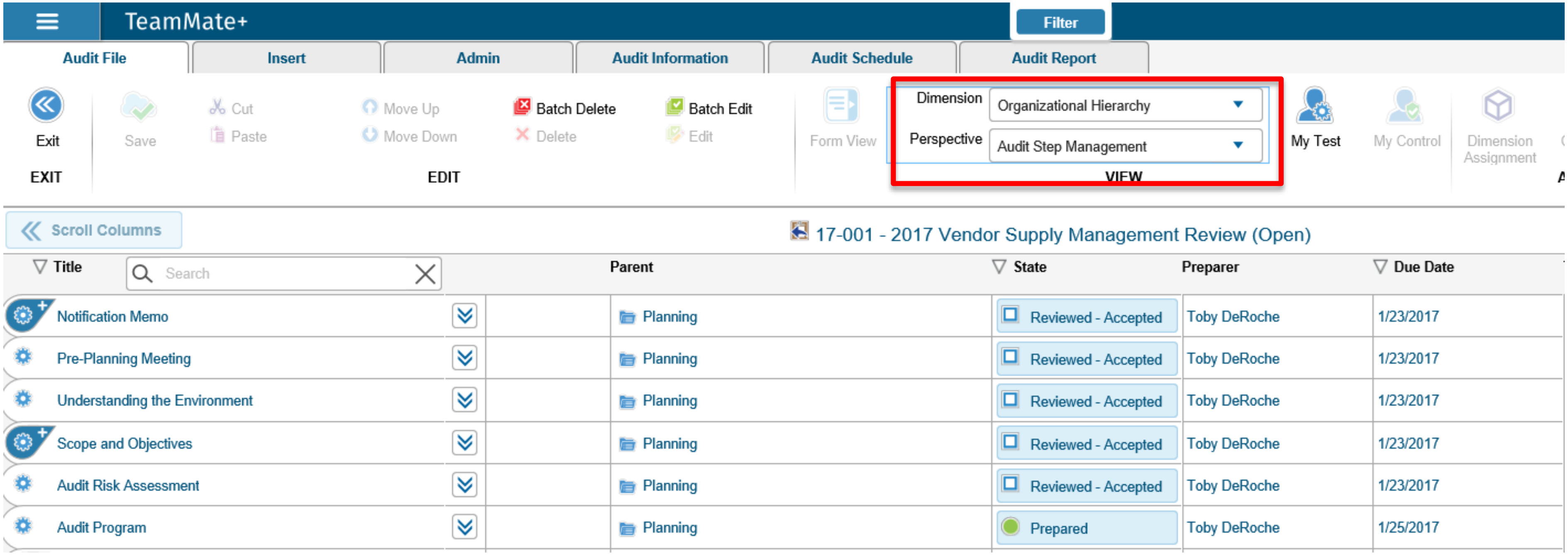
2018 General Assessment (Open)

| Title | Enterprise Risk | Impact | Likelihood | Inherent | Impact | Likelihood | Residual | Weight |
|---|---|---|---|---|---|---|---|---|
| Atlantic Incorporated | | | | 8.20 | | | 5.60 | |
| Corporate Division | | | | 8.20 | | | 5.60 | |
| Finance | | | | 8.00 | | | 5.00 | |
| Financial Risk | | | | 8.00 | | | 5.00 | 1.00 |
| Corporate Accounting | | | | | | | | |
| Accounts Receivable | | | | | | | | |
| Accounts Payable | | | | | | | | |
| Paying for goods not received | No | | | 7.00 | | | 6.00 | 1.00 |
| Duplicate Payment | No | | | 8.00 | | | 6.00 | 1.00 |
| Procurement | | | | | | | | |
| Treasury | | | | | | | | |
| Assets | | | | | | | | |
| Information Technology | | | | 12.00 | | | 8.00 | |
| Tax | | | | 7.00 | | | 5.00 | |
| Human Resources | | | | 5.00 | | | 5.00 | |
| Marketing | | | | 9.00 | | | 5.00 | |

# Dimensions and Perspectives


Dimensions
legal entities
subprocesses processes &
lines of products & businesses
organizational hierarchy
systems
financial statement accounts
Perspectives
control testing
control rating
issue review
procedure management
work paper review
work paper management
issue management
control assessment

# Audit Step Management Perspective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Scroll Columns
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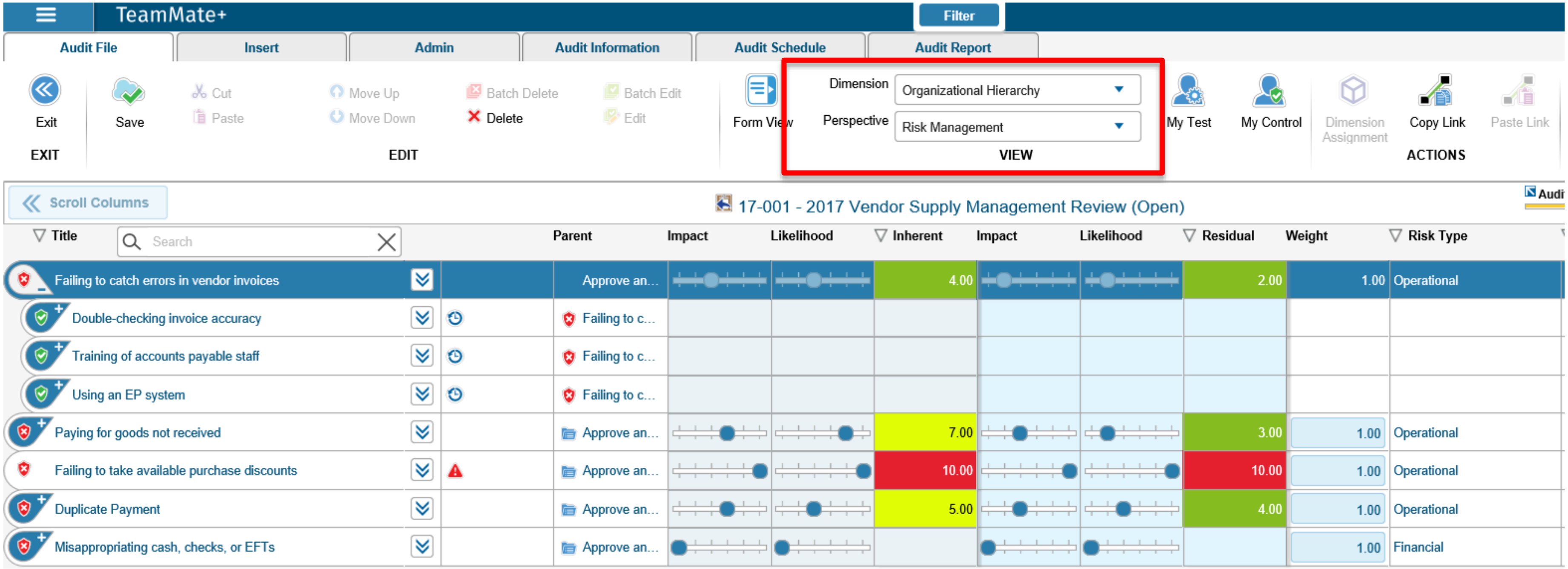
Dimension: Organizational Hierarchy

Perspective: Audit Step Management

17-001 - 2017 Vendor Supply Management Review (Open)

| Title | Parent | State | Preparer | Due Date |
|---|---|---|---|---|
| Notification Memo | Planning | ☐ Reviewed - Accepted | Toby DeRoche | 1/23/2017 |
| Pre-Planning Meeting | Planning | ☐ Reviewed - Accepted | Toby DeRoche | 1/23/2017 |
| Understanding the Environment | Planning | ☐ Reviewed - Accepted | Toby DeRoche | 1/23/2017 |
| Scope and Objectives | Planning | ☐ Reviewed - Accepted | Toby DeRoche | 1/23/2017 |
| Audit Risk Assessment | Planning | ☐ Reviewed - Accepted | Toby DeRoche | 1/23/2017 |
| Audit Program | Planning | ● Prepared | Toby DeRoche | 1/25/2017 |

# Risk Management Perspective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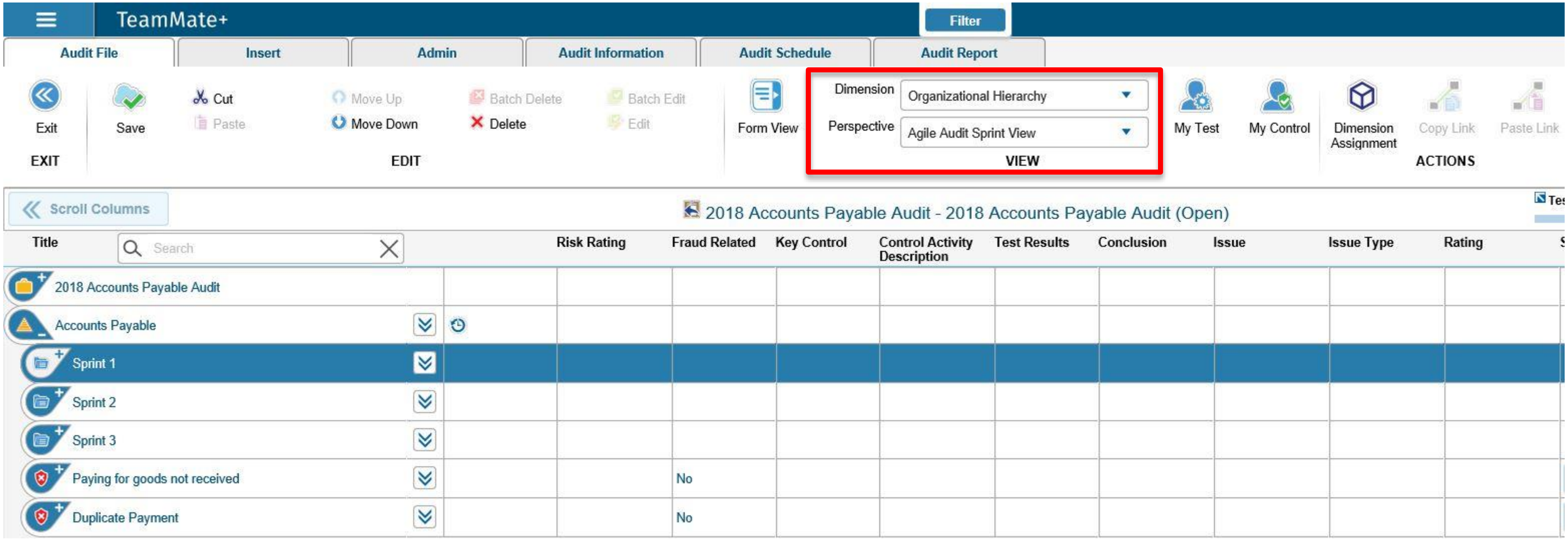
Dimension: Organizational Hierarchy

Perspective: Risk Management

17-001 - 2017 Vendor Supply Management Review (Open)

| Title | Parent | Impact | Likelihood | Inherent | Impact | Likelihood | Residual | Weight | Risk Type |
|---|---|---|---|---|---|---|---|---|---|
| Failing to catch errors in vendor invoices | Approve an... | | | 4.00 | | | 2.00 | 1.00 | Operational |
| Double-checking invoice accuracy | Failing to c... | | | | | | | | |
| Training of accounts payable staff | Failing to c... | | | | | | | | |
| Using an EP system | Failing to c... | | | | | | | | |
| Paying for goods not received | Approve an... | | | 7.00 | | | 3.00 | 1.00 | Operational |
| Failing to take available purchase discounts | Approve an... | | | 10.00 | | | 10.00 | 1.00 | Operational |
| Duplicate Payment | Approve an... | | | 5.00 | | | 4.00 | 1.00 | Operational |
| Misappropriating cash, checks, or EFTs | Approve an... | | | | | | | 1.00 | Financial |

# Agile Audit Sprint View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ACTIONS
Scroll Columns
Search

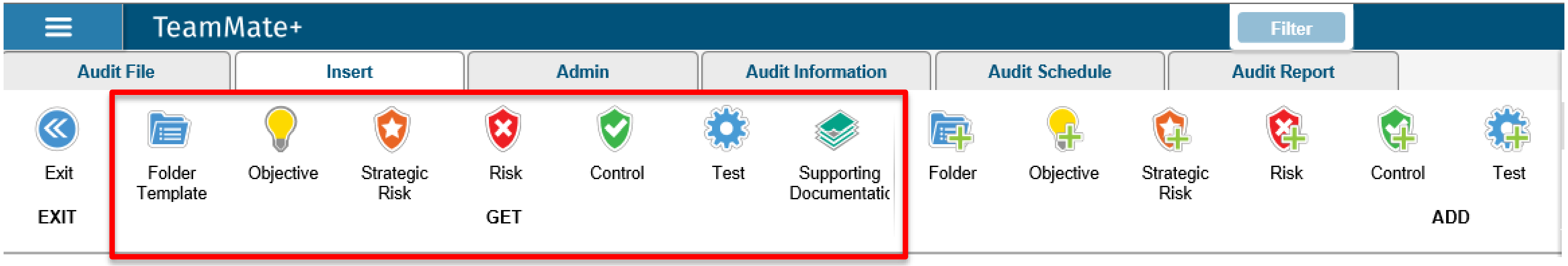
Dimension: Organizational Hierarchy

Perspective: Agile Audit Sprint View

2018 Accounts Payable Audit - 2018 Accounts Payable Audit (Open)

| Title | Risk Rating | Fraud Related | Key Control | Control Activity Description | Test Results | Conclusion | Issue | Issue Type | Rating |
|---|---|---|---|---|---|---|---|---|---|
| 2018 Accounts Payable Audit | | | | | | | | | |
| Accounts Payable | | | | | | | | | |
| Sprint 1 | | | | | | | | | |
| Sprint 2 | | | | | | | | | |
| Sprint 3 | | | | | | | | | |
| Paying for goods not received | | No | | | | | | | |
| Duplicate Payment | | No | | | | | | | |

# TeamStore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Strategic Risk
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Test
Supporting Documentatic
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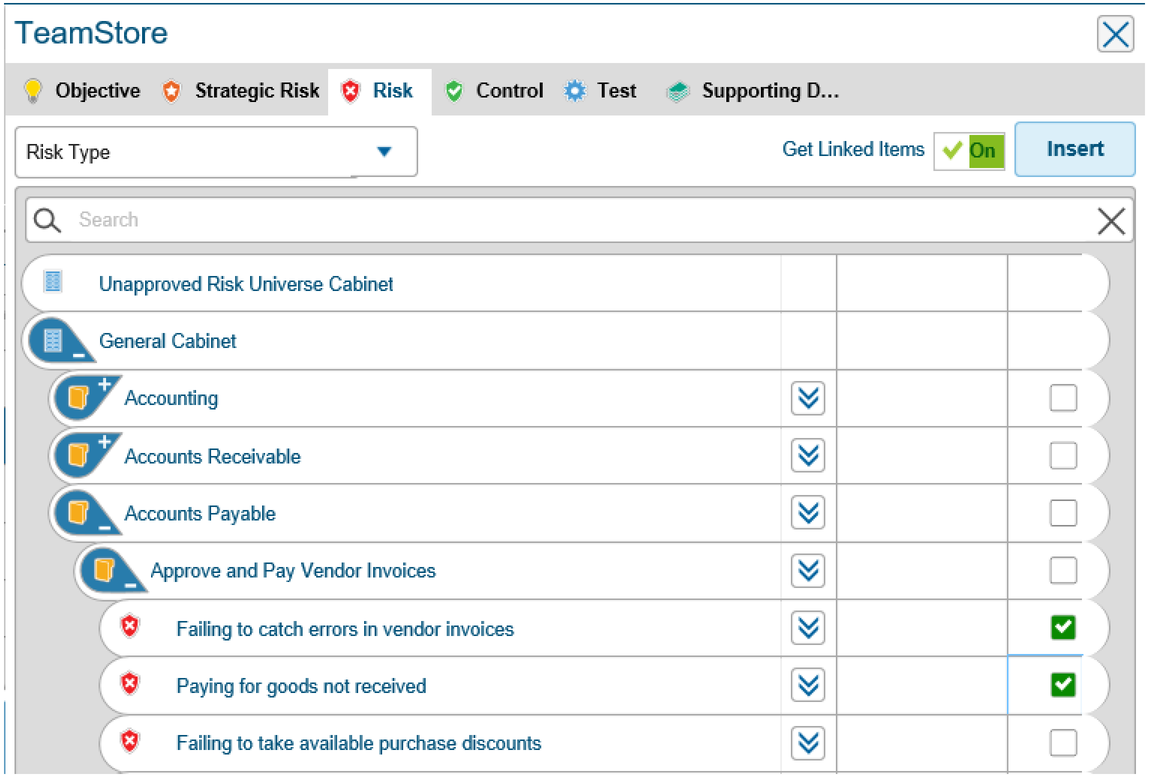
Folder
Objective
Strategic Risk
Risk
Control
Test
ADD

# TeamStore


TeamStore
Objective
Strategic Risk
Risk
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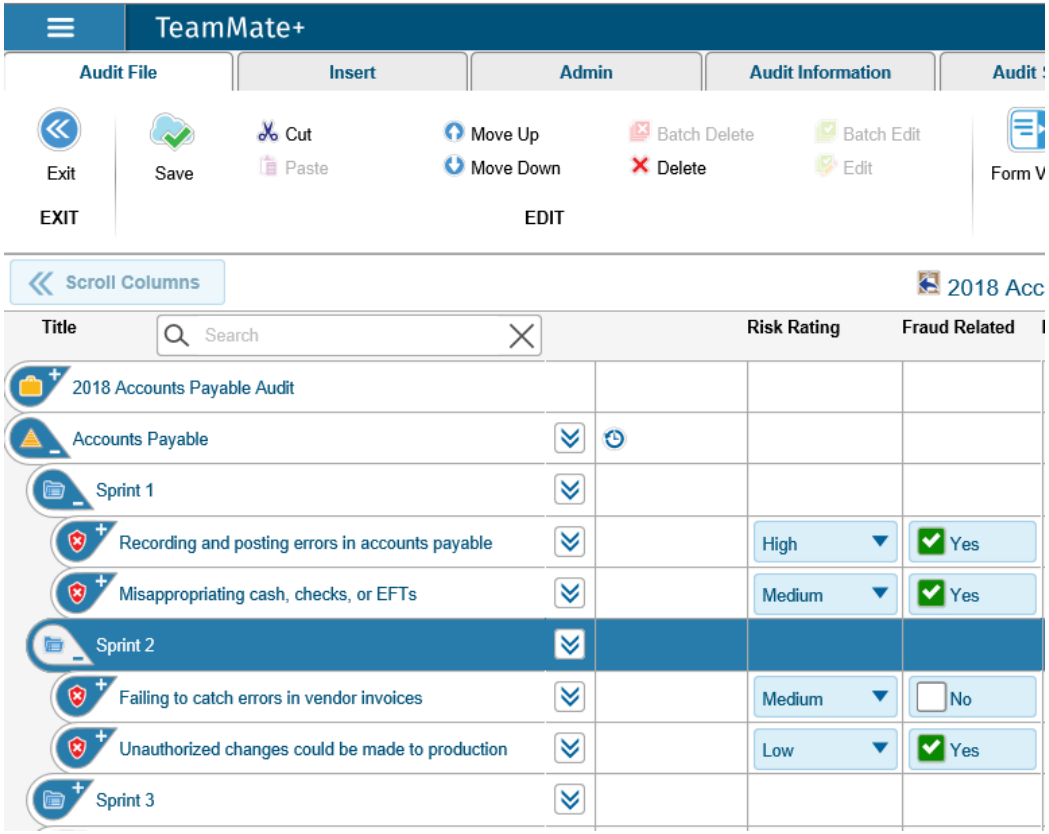
Search

Risk Type

- Unapproved Risk Universe Cabinet
- General Cabinet
  - Accounting ☐
  - Accounts Receivable ☐
  - Accounts Payable ☐
    - Approve and Pay Vendor Invoices ☐
      - Failing to catch errors in vendor invoices ☑
      - Paying for goods not received ☑
      - Failing to take available purchase discounts ☐

# Sprints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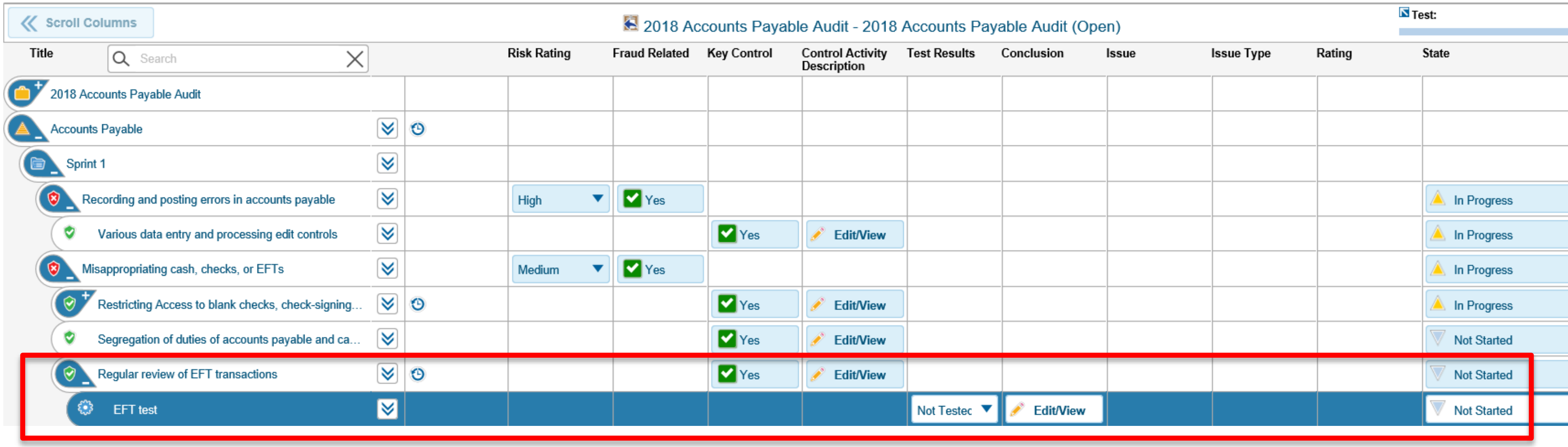
| Title | Risk Rating | Fraud Related |
|---|---|---|
| 2018 Accounts Payable Audit | | |
| Accounts Payable | | |
| Sprint 1 | | |
| Recording and posting errors in accounts payable | High | ☑ Yes |
| Misappropriating cash, checks, or EFTs | Medium | ☑ Yes |
| Sprint 2 | | |
| Failing to catch errors in vendor invoices | Medium | ☐ No |
| Unauthorized changes could be made to production | Low | ☑ Yes |
| Sprint 3 | | |

# Procedure Step



2018 Accounts Payable Audit - 2018 Accounts Payable Audit (Open)

| Title | Risk Rating | Fraud Related | Key Control | Control Activity Description | Test Results | Conclusion | Issue | Issue Type | Rating | State |
|---|---|---|---|---|---|---|---|---|---|---|
| 2018 Accounts Payable Audit | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | |
| Sprint 1 | | | | | | | | | | |
| Recording and posting errors in accounts payable | High | ✓ Yes | | | | | | | | In Progress |
| Various data entry and processing edit controls | | | ✓ Yes | Edit/View | | | | | | In Progress |
| Misappropriating cash, checks, or EFTs | Medium | ✓ Yes | | | | | | | | In Progress |
| Restricting Access to blank checks, check-signing… | | | ✓ Yes | Edit/View | | | | | | In Progress |
| Segregation of duties of accounts payable and ca… | | | ✓ Yes | Edit/View | | | | | | Not Started |
| Regular review of EFT transactions | | | ✓ Yes | Edit/View | | | | | | Not Started |
| EFT test | | | | | Not Testec | Edit/View | | | | Not Started |

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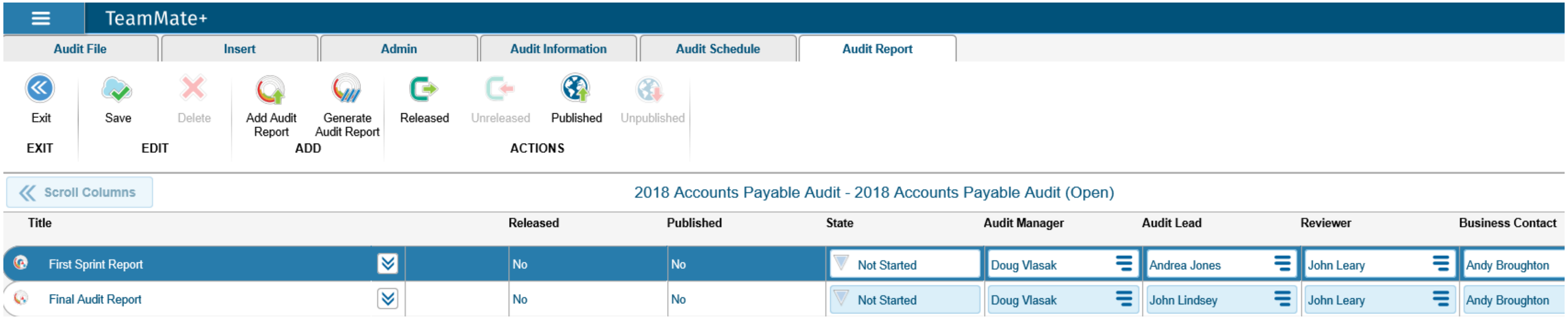
# Sprint Reporting and Final Report


TeamMate+
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Audit Schedule
Audit Report
Exit
EXIT
Save
Delete
EDIT
Add Audit Report
Generate Audit Report
ADD
Released
Unreleased
Published
Unpublished
ACTIONS
Scroll Columns

2018 Accounts Payable Audit - 2018 Accounts Payable Audit (Open)

| Title | Released | Published | State | Audit Manager | Audit Lead | Reviewer | Business Contact |
|---|---|---|---|---|---|---|---|
| First Sprint Report | No | No | Not Started | Doug Vlasak | Andrea Jones | John Leary | Andy Broughton |
| Final Audit Report | No | No | Not Started | Doug Vlasak | John Lindsey | John Leary | Andy Broughton |

# Readiness

- Culture
- Technology Maturity
- Mindset
- Disruption capability

# Thank you

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