



An Agile Approach to Internal Auditing

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AGENDA

- A glimpse of ASTRA and GANRA
- Overview of Agile Auditing
- Practice Sharing in ASTRA
- Q & A Session





A GLIMPSE OF ASTRA & ASTRA SALES OPERATIONS



2022 Financial Performance Highlights:

- Positive earnings boosted by economic recovery and high commodity prices
- Strong performance across most businesses
- Revenue IDR 301 T, Net Income IDR 28 T – increase 29% and 43% yoy respectively





GROUP AUDIT & RISK ADVISORY (GANRA)

Vision

Pride of the Nation Vision – Astra Group is recognized as world class in corporate governance, internal audit, and risk management standards.

Mission

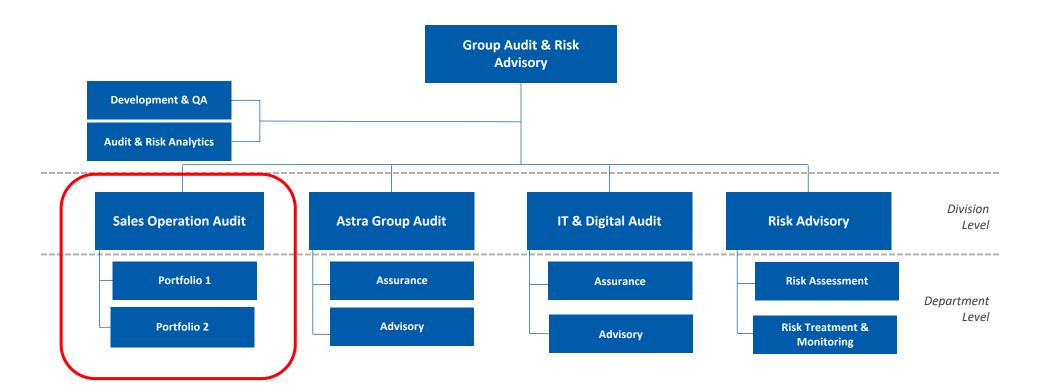
To become a **key partner / advisor to management** in the proactive management of risks, protection and **creation of business value** within **Astra Group** through independent, objective **assurance and advisory** services.

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GANRA ORGANIZATION STRUCTURE



Portfolio 1: HSO, ISO, UDSOPortfolio 2: TSO, LSO, DSO, BSO, PSO











WHAT IS AGILE

Satu Indonesia Semangat Astro Iopode Unituk Indonesia

Google

agile means

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Dictionary

Definitions from Oxford Languages · Learn more



adjective

1. able to move quickly and easily. "Ruth was remarkably agile and light on her feet"



2. relating to or denoting a method of project management, used especially for software development, that is characterized by the division of tasks into short phases of work and frequent reassessment and adaptation of plans.

"agile methods replace high-level design with frequent redesign"





ORIGIN OF AGILE

1980 - 1989

Toyota Production System (TPS) becomes popular in production environments, the start of 'Lean'

'The New Product Development Game' of Hirotaka Takeuchi & Ikujiro Nonaka is published in the Harvard Business Review, with attention for the Rugby/Scrum approach within production.

2000 - 2009

1990 - 1999

Wicked Problems, Righteous Solutions' by Peter DeGrace & Leslie Hulet Stahl deals with the Scrum approach and other Lean methods for software development. Development of Adaptive Software Development, Feature Driven Development, and Dynamic Systems

Ken Schwaber & Jeff Sutherland present Scrum methodology for Business object development and implementation at the OOPSLA '95.

Development Method (DSDM).

Extreme Programming starts with the Chrysler Payroll Project.

'Extreme Programming Explained': published by Kent

The 'Agile Manifesto' is signed.

Ken Schwaber & Mike Beedle publish the now famous 'Agile Software Development with scrum'.

The start of the projecs Agile Unifie Process (AUP) – Scott Ambler, Open Unifie Process (OpenUp) – eclipse project, Essential Unifie Process (EssUP) – Ivar Jacobson.

'Implementing Lean Software Development' by Mary and Tom Poppendieck in which Kanban is introduced.

A Practical Guide to Distributed Scrum' is published by Elizabeth Woodward, Steffan Surdek & Matthew Ganis.

2010 - present

Agile application in organizational units other than IT

From improvement projects outside the line to continuous improvement within the 'products'

First pilots in the field of Agile auditing in the Netherlands

Recent developments & future

Agile application for the entire organization

1) Agile within the 1st Line Of Defense

2) Agile within the 2nd LOD (a.o. risk, compliance)

3) Agile Internal Audit

In the future, a large number of IAFs will apply Agile auditing with varying degrees of maturity (see also the Agile IA Maturity Model on page 10-11)







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AGILE VS WATERFALL

Agile

- Short term planning scale
- Short distance between customer and developer
- Short time between specification and implementation
- Short time to discover problems
 Low project schedule risk
- High ability to respond quickly to change

Waterfall

- Long term planning scale
- Long distance between customer and developer
- Long time between specification and implementation
- Long time to discover problems
- High project schedule risk
- Low ability to respond quickly to change





AGILE IMPLEMENTATION IN IA

Why?

- Continuously changing organizational environment. Change is the only consistent factor, and the number of changes is increasing rapidly.
- Stakeholder requirements to provide greater assurance with the same or fewer resources.
- Requires IA to adapt an innovative way of working and mindset in order to remain successful.

Can Agile be Applied to IA?

- Core principles of Agile can be applied to other project management approaches.
- No inherent conflicts with IIA Standards.
- Needs to be implemented in a manner consistent with the goals and objectives of the IA function.

Potential Benefit

- Efficiency through reduced cycle times
- Deeper Insights into strategic issues and risks
- Responsive to changing and emerging risks
- Risk Focused apply risk-based principles to audits
- Streamlined Documentation work papers and reporting
- Enhanced Reporting more timely and impactful results
- Resources right resources at the right time
- Engagement teams are more engaged in execution
- Forward Looking anticipation of changes in risk









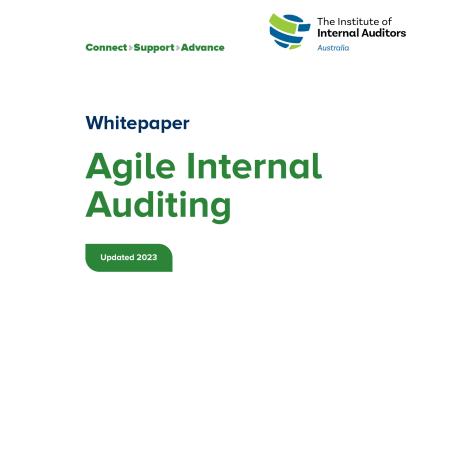


AGILE INTERNAL AUDITING PRINCIPLES

Agile principles can be effectively applied to the delivery of internal audit services:

- Principle 1 Our highest priority is to satisfy the customer through early and continuous delivery.
- Principle 2 Welcome changing requirements, even late in development. Agile processes harness change for the customer's competitive advantage.
- Principle 5 Build projects around motivated individuals.
 Give them the environment and support they need, and trust them to get the job done.
- Principle 8 Agile processes promote sustainable performance.
- Principle 12 At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behaviour accordingly.















PRACTICE SHARING IN ASTRA

Agile auditing Mindset over matter

















PRINCIPLE 1 – OUR HIGHEST PRIORITY IS TO SATISFY THE CUSTOMER THROUGH EARLY AND CONTINOUS DELIVERY.

Key points

Aligned with purpose of IA according to IPPF Sprint Technique Daily Scrum

- 1. Development of remote audit methodology during pandemic
- 2. Optimization of data analytic for a more efficient & effective branch audit
- 3. Implementation of sprint technique during audit program development & implementation
- 4. Frequent scrum meetings during audit program development & branch audit daily check in from coordinator, min. 2 review process with manager















PRINCIPLE 2 – WELCOME CHANGING REQUIREMENTS, EVEN LATE IN DEVELOPMENT. AGILE PROCESSES HARNESS CHANGE FOR THE CUSTOMER'S COMPETITIVE ADVANTAGE.

Key Points

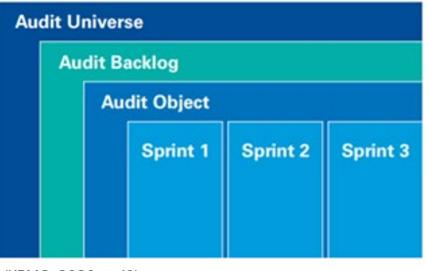
Audit universe, audit backlog, and audit object

Quarterly review of audit backlog \rightarrow possible changes to current audit plan

Practice in Astra

- 1. Dynamic audit plan to allow changes in audit priority
- 2. Documentation of audit universe and audit backlog
- 3. Annual update of branch audit program followed with periodic update after 1, 3, and 6 months of implementation
- 4. Changes of visit audit methodology to ensure proper coverage during unplanned manpower shortage

Figure 1 – KPMG's depiction of an Agile internal audit activity



(KPMG, 2020, p. 10)





PRINCIPLE 5 – BUILD PROJECTS AROUND MOTIVATED INDIVIDUALS. GIVE THEM THE ENVIRONMENT AND SUPPORT THEY NEED, AND TRUST THEM TO GET THE JOB DONE.

Key Points

Facilitate knowledge sharing and improve the proficiencies of internal audit team members Maintaining team involvement

Provides junior auditors opportunity to further develop, challenge ideas and understand priorities

- 1. The important to get the right people \rightarrow Audit & Risk Development Program for fresh graduates
- 2. Continuous people development with TCA, IPP, IDP, 101 sessions
- 3. Authority for team members \rightarrow audit program, time required, scheduling, review process















PRINCIPLE 8 – AGILE PROCESSES PROMOTE SUSTAINABLE PERFORMANCE

Key Points

Rationalising and prioritising documentation needs

Delivering "briefer, timelier reports with fewer words and more visuals"

- 1. Audit program & working paper in the same excel file
- 2. Using audit management system to help centralized documentation and automation of ISR (audit follow up)
- 3. Straightforward report (detail in appendix/working paper) and 1-page executive summary
- 4. The importance of setting the right timeline, optimistic but still realistic
- 5. Open discussion with team
- 6. Review of timeline, along with audit program periodic review





PRINCIPLE 12 – AT REGULAR INTERVALS, THE TEAM REFLECTS ON HOW TO BECOME MORE EFFECTIVE, THEN TUNES AND ADJUST ITS BEHAVIOR ACCORDINGLY.

Key Points

Quality Assurance and Improvement Programs The regular scrums and conclusion of sprints \rightarrow reflection opportunity

- 1. Periodic QAIP (ongoing assessment, annual peer review, 5-year external QA)
- 2. Periodic meetings with team formal & informal
- 3. Manager and supervisor to check in with teams







KEY TAKEAWAS

- 1. Agile audit does not eliminate the need to meet internal audit standards or regulatory guidance on providing assurance, quality of execution, or reporting
- 2. Adopting all aspects of Agile would go against the core principles of Agile.
- 3. Go in stages no need to wait until everything's perfect
- 4. Continuous review and adjustment
- 5. Team involvement and empowerment
- 6. Change starts from the Top!











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Thank You