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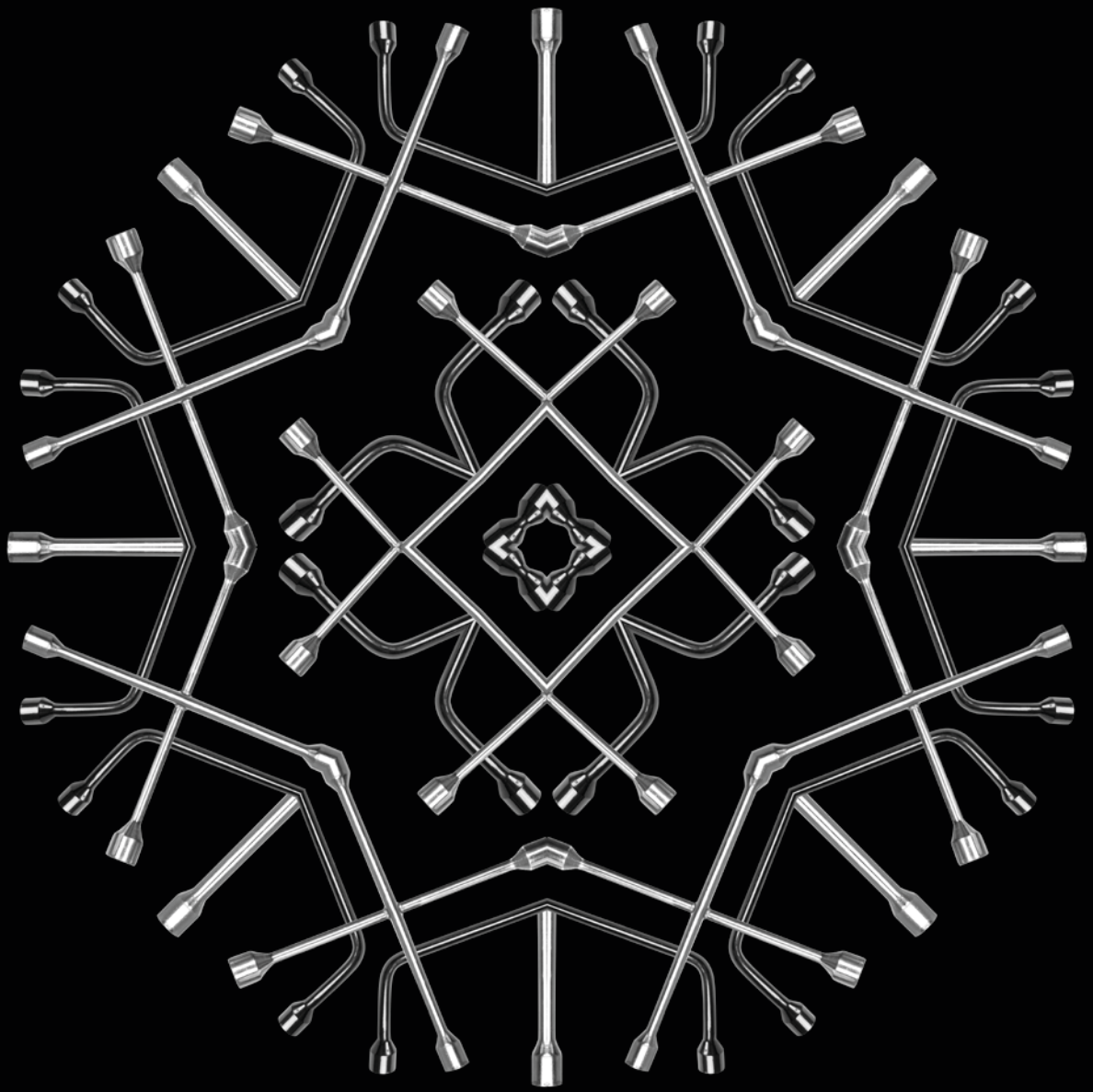


Assuring agile programmes and projects

Your traditional assurance approach won't work here

Risk Advisory

Contents

Assuring agile programmes and projects

Given the macroeconomic, societal and political environment, organisations and indeed entire industries, are undergoing **unprecedented change.** The risks and costs of failure are significant. Organisations therefore need to enhance their **change risk frameworks** and **manage change delivery risks more efficiently and effectively.**

We see four overarching drivers for this change:

- ***Business strategy*** – driving transformational changes in strategic direction and purpose – requiring new business models, selling of non-core assets, development of new products/ services, entering new markets and changing business models.
- ***Efficiency and cost reduction*** – changes to enhance efficiency, reduce cost and maintain/improve margins – requiring new innovative approaches and ways of working for businesses to operate as efficiently as possible.
- ***Regulatory changes and uncertainty*** – changes to operating models, compliance and/or reporting to meet evolving and complex regulatory requirements.
- ***Digital, SAP 4/HANA and technological enablement*** – responding to changes in customer expectations, delivering digital platforms and innovative solutions, undergoing major technology upgrades (e.g. SAP 4/HANA), and leveraging robotics and AI: focusing on competitive advantage and being 'fit for the future'.

For many organisations, **agile methods** are beginning to **gain ascendancy over traditional waterfall methods** as a way to deliver this level of change. With their focus on speed, adaptability, and continuous iteration, agile programmes and projects present new opportunities for organisations and new challenges for change risk and programme assurance professionals.

Common myths about agile delivery methods

Myth No. 1: Agile teams can do whatever they want
The reality: Agile actually builds controls directly into the development process that the team follows. The concept of acceptance criteria is one example. For each user story (activity), the team will define the criteria that determines when the story is complete and working as expected.

Myth No. 2: Agile projects produce no documentation
The reality: On the contrary–you just need to know where to look. True, you are not going to find the same stage-gate documentation as traditional methods. Rather, you will find documentation embedded within user stories. Evidence of stakeholder sign-off may be found in a sprint review meeting. When adopted well, Agile development projects produce more relevant and usable documentation.

Myth No. 3: Agile projects do not follow project management practices
The reality: Agile simply adopts a different approach to project management, but the objectives are the same as with traditional methods. Take status updates, for example. Agile may not call for sit-down status meetings, but project status is captured on the visual display/tool in real time, as well as in daily "stand-ups" where teams assemble briefly to discuss the work for the day and update the board. The need for a single project manager is expelled in Agile because the team is self-organised and there is more granular management of the work.

Practitioners must now evolve their change risk frameworks and mirror the philosophy of agile methods to understand, measure and help mitigate the key risks. To evidence this important shift in approach, in our 2019 *Global Digital Risk Survey*, it was found that agile development was being heavily adopted with over 77% of more than 160 organisations adopting this approach.[1]

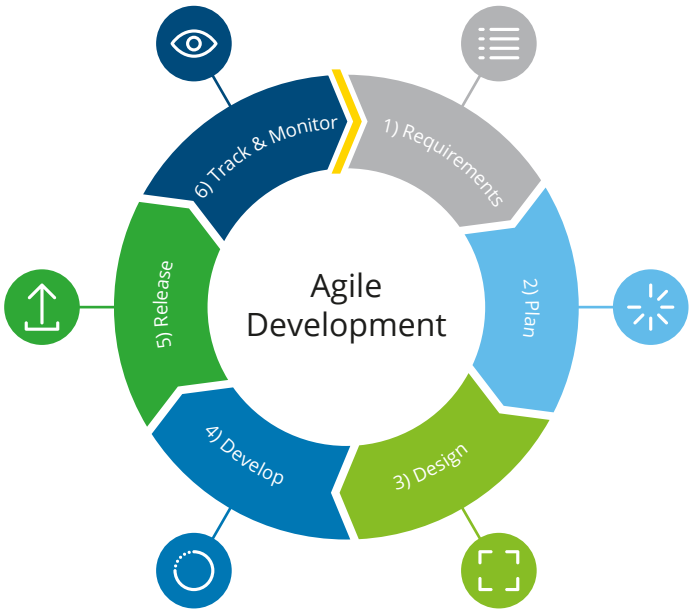
This has led to a **number of misconceptions** about assuring agile programmes and projects and a high degree of confusion (see "Common myths about agile delivery methods").

Common to these misconceptions is the belief that agile programmes and projects are somehow "free-for-alls" that lack any type of rigor or formal processes–something that is guaranteed to make them more risky than traditional waterfall methods and make it more of a challenge to assure them.

Yet, the **reality is quite the opposite.** Agile programmes and projects present the same inherent risks as traditional ones. What differs is the agile process itself and, therefore, how risks are addressed and mitigated. For that reason, programme change risk and assurance teams need to take a step back and switch lenses–and as with agile projects themselves, adopt a different approach.

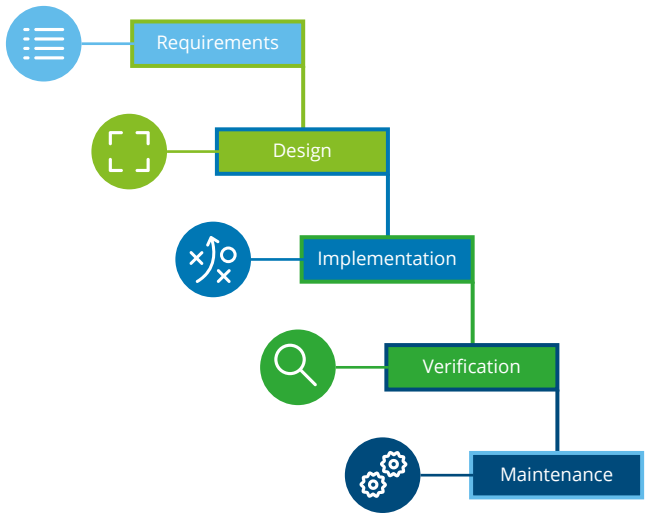
Programme teams and assurance partners need to agree up front the correct methodology to use. **The 'one size fits all approach' is no longer relevant.** Sufficient time, from the outset, should to be given to select the right approach, based on the desired outcomes/intended benefits – be that agile, waterfall or potentially a hybrid of the two.

Agile



- Continuous cycles
- Small, high-functioning, collaborative teams
- Multiple methodologies
- Flexible/ continuous evolution
- Customer involvement

Waterfall



- Sequential/ linear stages
- Upfront planning and in-depth documentation
- Contract negotiation
- Best for simple, unchanging projects
- Close project manager involvement

[1] https://www2.deloitte.com/content/campaigns/uk/global-digital-risk-survey/global-digital-risk-survey/global-digital-risk-survey.html

Take a deep breath: The inherent risks are the same

Agile and waterfall programmes and projects both face the **same inherent risks**, ranging from undetected problems with system functionality to a failure to meet stakeholder needs. What differs between the two approaches is the development process, including the frequency of delivery, the team structure, and organisation of the work (see "Characteristics of agile"). Therefore, how risks are mitigated, and where change risk and programme assurance teams look for evidence that a control is in place, also changes. Consideration of new project controls that leverage an understanding of how agile has been implemented in an organisation leads to efficiencies, more effective risk mitigation and ultimately a higher success rate of implementation and embedding the change.

Like assurance of a traditional waterfall project, where the checks that have been built into the process are reviewed, agile projects also have **logical control checkpoints**. An organisation utilising an agile approach would typically have similar documentation outlining the process it is using.

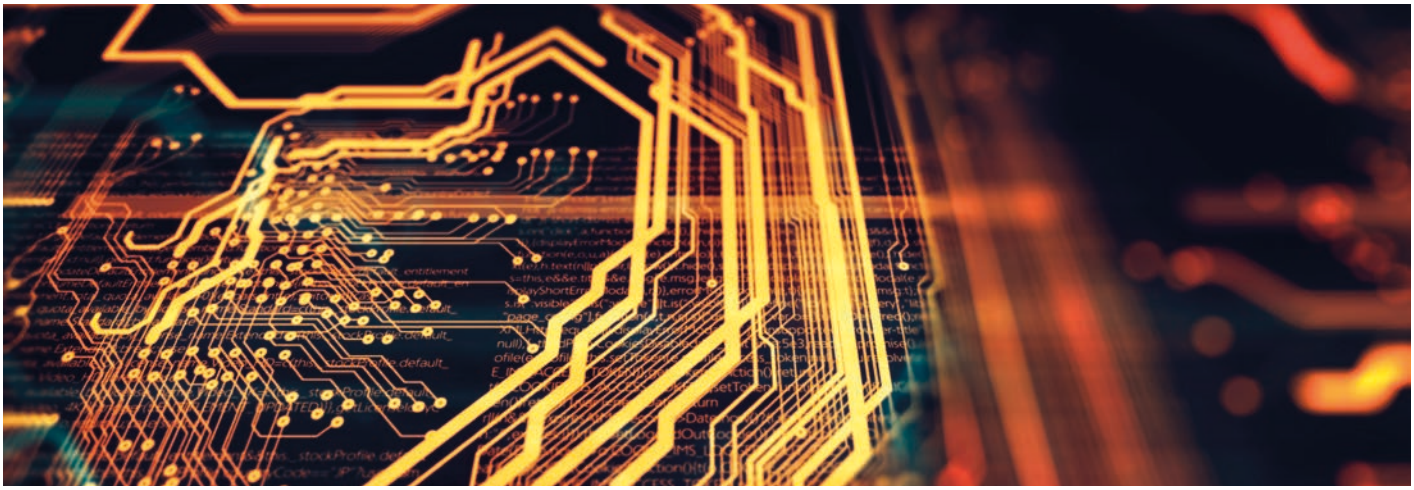
The difference is, waterfall programmes and projects have regular stage gates that occur in a linear and sequential fashion, while agile programmes and projects are iterative in nature. This may **change the timing of controls, as well as how they are executed**. This leads to the next consideration.

Characteristics of agile

Agile development methods come in a variety of flavours, and although the specifics may differ, the approaches all share some common characteristics:

- Teams work in "sprints"—time-boxed intervals of several weeks
- Work is broken into small increments referred to as "stories"
- Work is ordered based on business priorities
- Stories move from start to finish (e.g. completed piece of software) within a sprint
- At the end of each sprint, completed work is demonstrated to stakeholders
- Agile teams are facilitated by a "scrum master" who helps to ensure the process is followed
- Frequent and ongoing collaboration with the customer

Agile may provide more comfort



One of the most prominent features of agile programmes and projects is the granularity of the work involved: "sprints" focus on the start-to-finish delivery of a single feature. This has some important benefits when it comes to risk and performing change risk and programme assurance activities– namely that controls can be more **precise and tightly managed**. For example, consider the stakeholder sign-off control. When software is developed using a traditional waterfall approach, the go/no-go decision occurs at the very end of the project. It is rare that certain pieces of functionality would be deployed while others are held back.

When review occurs at the end of development, stakeholders have a wide range of features to look at, and a lot can fall through the cracks or surface much later. With agile, stakeholders are providing feedback for a single aspect of the product. This means both user testing and resulting feedback are highly focused and much more likely to zero in on any problems.

When work is arranged into smaller, regularly completed chunks, there is less potential for errors or problems to affect the overall project. In addition, teams are learning during each iteration and **adding value** to both the process and the product as a result. They are also reprioritising and refining what is needed to achieve a product to align with stakeholder needs.

More frequent deployments focus the team on a smaller portion of the overall development effort, allowing for refinement and a change in priorities if required. Furthermore, because **stakeholders are involved in each deployment,** there is less risk that the final product does not meet the business need or that functionality is not working as intended.

Strategies for assuring agile programmes and projects

When assuring agile programmes and projects, there is a need to **think differently**—whether this means recognising a different set of controls, changing where to look for evidence that controls exist, testing an ongoing control, or helping the team gain more operational efficiencies.

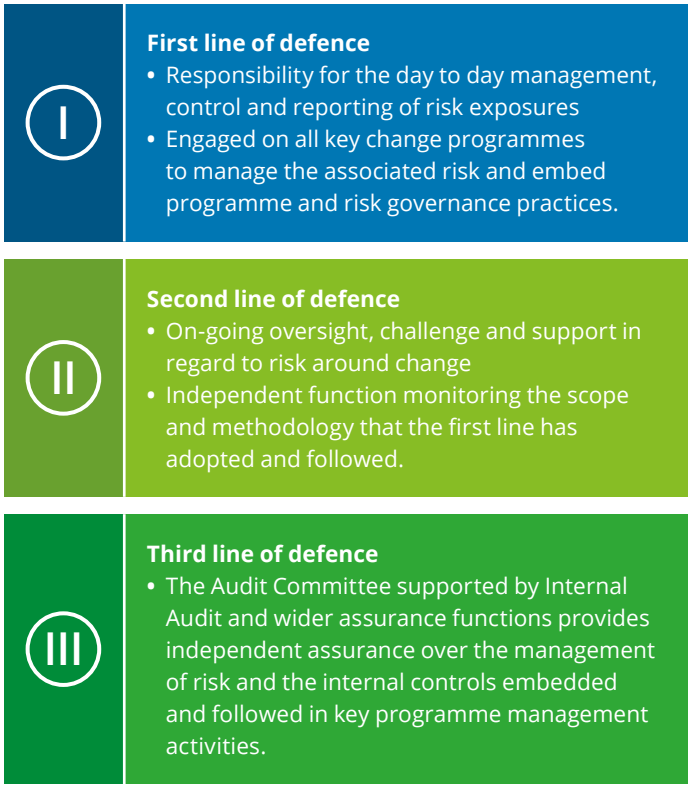
The controls for agile programmes and projects are different because the frequency, evidence and process and governing policies have changed. In addition, there is a dependence on three lines of defence to work in alignment to the overall goal for any programme or project (see "Establishing the roles of the three lines of defence"). For those working with an agile approach, change risk and programme assurance teams cannot rely on historic records of change approval, and the approach needs to evolve based on a true understanding and appropriate project involvement from all three lines of defence to be effective.

The first and second line agile governance mechanisms should consider, as a minimum:

- Agile delivery teams undertaking a comprehensive risk assessment and decide on the empirical performance metrics they will use and self-monitor;
- Senior management, risk management, business users and the delivery team being partners in quality, and this collaborative approach is an essential change in mind-set; and
- Reviews of agile delivery should focus on the team's behaviours and not just processes and documentation.

For example, one of the most prominent waterfall controls used to mitigate the risk that the functionality is not working as intended is the final stage gate–the review, and ultimate go/no-go decision, mentioned previously. Historically, this control happens once–after testing and prior to the big bang deployment. With agile, this control will occur much more frequently because there will be deployments throughout the project. The evidence of a stakeholder decision may not take the form of a final written sign-off. Instead, it could include documentation in user stories, meeting minutes, check boxes, or notes on the story. The agile team will have defined acceptance criteria for the story, which can also give insight into how they are determining when functionality is ready for deployment. This is important for the programme change assurance team to understand, as an appropriate assurance check may then be to corroborate with the stakeholder.

Establishing the roles of the three lines of defence



In waterfall programmes and projects, another common example of a control that mitigates the risk that the delivered software does not meet the business need is the review and approval of business requirements. Change risk and programme assurance activities typically include the review of the approval but also validate that those requirements carry through the remaining phases of the project (specifically, build, test, and issue resolution). However, with agile, those requirements may change and evolve throughout the project, and the change assurance framework will need to reflect and understand the process for incorporating those changes.

The third line of defence, the independent assurance (either as part of the external change risk and programme Assurance or provided by Internal Audit), should be proactively engaged throughout the change lifecycle, and seek out upcoming programme details.

Given the iterative nature of agile development, change risk and programme assurance professionals should consider how they **determine and sample controls**. Change risk and programme assurance teams may not be able–or even want–to look at every persona or user story, and the reviews and sign-offs won't apply to the entire product. Instead, the assurance focus may be on specific **higher-risk sprints.** Given this difference, risk should continue to be top of mind. That includes change risk and programme assurance teams providing a point of view and controls being designed and built into the system being implemented, as well as the applicable new or evolving process. It's worth noting that a difference in an agile project is only the minimum viable product may be deployed at any given time. Therefore, change risk and programme assurance teams will need to consider the risks and applicable controls related to that functionality and continue to include those considerations within the assurance approach.

Finally, it should be recognised that moving from waterfall to agile is an **organisational change** that has both a technical (knowledge of agile) as well as an adaptive (change management and people) component. It is important that change risk and programme assurance teams assist in both aspects of the transformation. To do this, a solid understanding of how the team is organised and their level of agile maturity is necessary. This can provide perspective on the effectiveness of agile programmes and help the organisation obtain the benefits of this new way of working.

The Agile evolution

Successfully delivering change is a key challenge for organisations, with research showing that 17% of projects actually threaten the very existence of the company.[2] Risk exposure can increase when change initiatives are using new delivery techniques such as agile. Successful and experienced change risk and programme assurance teams can **help organisations to navigate this change.**

The goal in assuring programmes and projects is to help teams be more effective and efficient and to appropriately mitigate risk. The intent is to **add value**, not hinder the pace of a programme or project. For agile projects, there are numerous opportunities to achieve these goals throughout the development process, which is why it makes sense to bring the change risk and programme assurance team on board at the beginning of the programme rather than at the end, when it will most likely be too late.

To be truly effective, the change risk and programme assurance team should consider **taking a page from the agile playbook** in the design and approach to the programme change framework itself. If the organisation is working in an iterative way, it makes sense that change risk and programme assurance recommendations or viewpoints should be iterative and dynamic as well. **Flexibility and adaptability** need to imbue the approach. There may be certain sprints, areas of functionality, or aspects of the programme or project that require more attention; this way, the change risk and programme assurance teams can adjust their approach as different priorities emerge.

[2] Research conducted by McKinsey and the BT Centre for Major Programme Management at the University of Oxford.

Contacts

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