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Agile SOX:
Enhancing value through consistent,
iterative delivery

Introduction

Since 2002, Sarbanes-Oxley (SOX) testing, the assessment of internal controls over financial reporting (ICFR), has been the bane of our existence year after year. Even though it's an annual assessment and the timeline and scope rarely change, it seems to catch us off guard like a runaway train, challenging us time and time again.

Unresponsive control owners, severely delinquent audit requests, significant findings identified late in the year, and numerous overtime hours are just the tip of the iceberg. But no matter how many struggles we face, we think it will just magically be better next year without any planning or adaptation. And what we hope is the light at the end of the tunnel turns out, once again, to be an oncoming train.

The uncomfortable truth? Unexpected changes that happen infallibly year over year are not unexpected; they are merely ignored or poorly planned. And this results in our teams paying the price with late nights and little sleep. As leaders of assurance activities related to SOX and ICFR, it is our duty to equip our teams with a system that's easily adaptable and open to frequent reassessment. In other words, we need to adopt an Agile way of working.

Agile is a different way to organize work, focusing on iterative and incremental delivery of value. Originally applied to software development, we adapted it to IA and now to SOX. Agile SOX is designed to increase focus on stakeholder needs, accelerate audit cycles, drive timely insights, and reduce wasted effort. Our implementation experience with a number of our clients and internal teams has taught us that Agile SOX makes us:

- Better, with a more stable, methodical and adaptable work schedule, moving away from the traditional peaks and valleys of SOX;

- Faster, with adaptive planning and iterative reporting, allowing teams to pivot priorities and arrive at assurance conclusions faster; and

- Happier, with increased employee engagement and stakeholder satisfaction through focused, high-frequency communication. *(Did I just use "happier" and "SOX" in the same sentence?)*

This is not entirely groundbreaking. At the end of the day, we are still auditors who deliver a point of view on assurance. What is groundbreaking, though, is how we deliver that point of view: with the highest quality, at a faster pace, and with stronger teams. We will dive into a few anecdotes from Agile SOX teams and the lessons, both positive and negative, that they would like to share. Our stakeholders for SOX are the audit committee, external audit, and business senior leadership (across the three lines of defense).

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Enhancing value through a singular point of view

The problem

Like many internal audit groups, one of our biggest challenges is how to stay aligned with multiple stakeholders while delivering the right information to the right individuals at the right time. Between making thousands of SOX requests and testing hundreds, if not thousands, of controls, it's easy to let important details fall between the cracks, push off more challenging requests, and create redundant requests. All of these things add unnecessary stress to the process, tension among teams, late-year surprises, and a huge wave of work after the fiscal year-end as we push toward the organization's filing date.

The Agile solution

- Every sprint (a short time-boxed period in which to complete an assigned task), we collected feedback from management and external auditors on what information would be most valuable to them. We then compiled that feedback with our own into a biweekly Agile SOX point of view.

- The distilled content of the POV consisted of communicating what testing had been completed in the prior sprint, what our priorities would be in the upcoming sprint, and what obstacles we'd identified that would hold us back from accomplishing our SOX goals for the next sprint.

- Next, we established a biweekly sprint review with management and external audit in which we would discuss the POV, such as the overall SOX effort and an action plan around any obstacles identified by management, internal audit, or external audit. *Once we neared the key milestone dates for completing interim and rollforward, our biweekly cadence became a weekly cadence.*

What did we see as a result?

- Sprint review changed from a death by PowerPoint status update to a quick overview on progress made and priorities met. The format of the sprint review allowed us to have more focused discussions when complex issues arose for internal audit, external audit, and management. Additionally, if there weren't any issues to talk through in the sprint review session, we disbanded early.

- Prior to the sprint review POV approach, our touchpoints would last an hour, but now, our meetings, on average, last between 15 and 20 minutes. Who doesn't love more time in their workday, maybe to get a little workout in?

- Plus, those unable to attend the sprint review could easily digest the distributed POV and determine what was of importance to them.
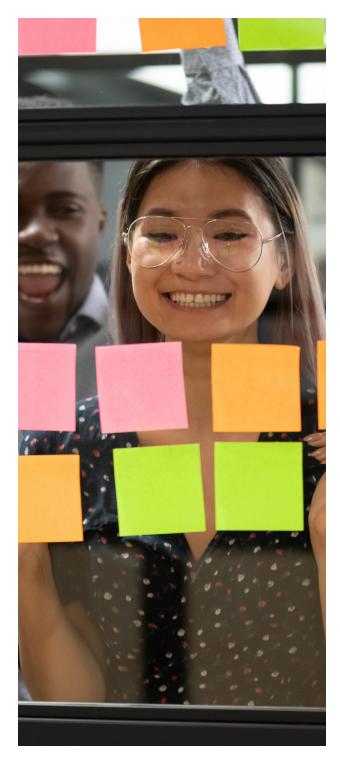
Multiple time zones, one centralized, visual control board

The problem

It was late November, and three teams, made up of four to eight team members scattered across multiple time zones, had what seemed like an insurmountable mountain of work to deliver to external audit by year-end. On top of the global distribution of the team, they had "purple" auditors, who were the workstream leads responsible for managing the work on time and on budget. They were not sure how it was all going to get done.

The Agile solution

- Clear identification of work completed and work remaining. At the completion of each control, the control tester (typically one of the most junior individuals on the team) would announce their successes and manually update their progress to the goal and remaining work to be completed. Imagine a gong ringing as this is done; it gives the team the opportunity to feel accomplished, build camaraderie, celebrate each other's successes, and establish a sense of competition.

- Agile helps teams feel connected in a way that is different from most other teams. It's more of a family working toward a common goal. Visual display boards build camaraderie and re-create that feeling of connection that all human beings strive for.

So close virtually, yet so far away physically

The problem

When working with global teams, it is difficult to remain aligned throughout the audit year. Additionally, there are inefficiencies created whenever teams are not part of the same meetings; therefore, messages and decisions must be reiterated multiple times.

The Agile solution

Collaboration isn't just considered, but is inherently incorporated into Agile events, leveraging the visual display board. During the daily standup, our virtual teams are constantly interacting via video chat and updating the visual display board. During sprint planning, all team members are engaged in active conversation to determine the best path forward. The Agile framework is a "let's do it together, whatever way is best" approach, as opposed to the "divide and conquer" approach.

The constant collaboration built into the Agile SOX framework makes it seem like everyone is in the same room working toward the same goal throughout the life of SOX testing. This increases not only team member satisfaction, but also the quality of delivery. By adopting the Agile framework, our team, which was dispersed across three locations and two time zones, was able to remain aligned and execute the audit as if we were all in the same conference room.

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Key takeaways

- Organizations should regularly monitor whether they are operating in a way that provides the most value to the organization.

- A shift to the Agile mindset can help SOX departments operate in a way that adds stakeholder value.

- Collaboration driven by Agile creates an environment where teams remain aligned and coordinated, whether working together in person or remotely around the globe.

What's next

When you think about how to take your SOX program to the next level, we would encourage you to rethink how you deliver the program. To elevate your program, try taking these next steps:

- Share the spotlight with your team and colleagues.

- Check out our content on **SOX modernization**.

- Reach out to your current Deloitte[1] contact or the following professionals to understand how Agile SOX can help you and your organization achieve your current goals.

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