



Agile internal auditing: RSA case study

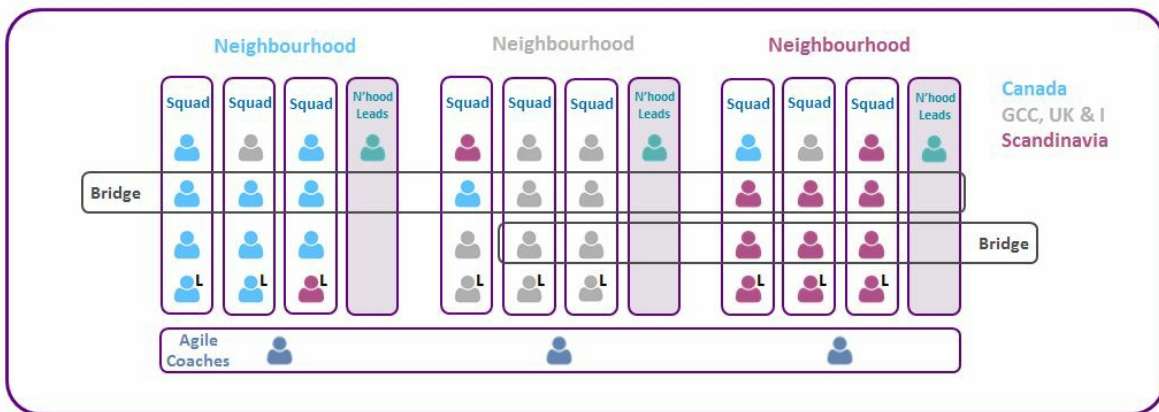
We spoke to Ralph Daals, Group Chief Auditor at RSA.

RSA Internal Audit did not take a traditional approach to transformation – there were no project plans, champions or documents detailing the changes it would make. They didn't have deep pockets for consultants – constraint was a key driver of innovation. They began by identifying and learning from cutting-edge companies regardless of industry and function. This led them to work towards an agile culture and function.

The team consists of more than 60 people in key cities across three regions: UK, Ireland and the Middle East; Canada; and Scandinavia. "Agile for us is about being dynamic and flexible. It is about our ability to anticipate, respond and continuously improve. Both to meet our stakeholders' needs and the evolving world," says Ralph Daals, group chief auditor at RSA. "Agility should be embedded in the mind-set, culture and values of the team; processes and methodologies then follow naturally. It's about having a team that can continuously improve. That does not mean to say everything is perfect, but it's about how we adapt and respond to these challenges to get better."

This meant breaking down silos and eliminating traditional reporting structures and hierarchies to create a collaborative, interconnected team that draws on the skills and experience of the entire function. Inspired by Spotify's agile culture, RSA turned their structures on its head, to centre around "squads" – self-sufficient groups of up to six people selected for their suitability for the audit or task, regardless of location or level. A squad is responsible for an audit or project and has significant autonomy over how they organise themselves and how to best deliver an outcome. Squads typically change once outcomes are achieved; the structure can vary, but the following gives a view of how it comes together:

RSA Group Internal Audit operating model



Neighbourhood

A multitude of squads with a common purpose are brought together within a neighbourhood.

Squad

A self-sufficient team of up to six individuals with an end-to-end responsibility for an audit or other specific objective.

- A typical squad brings together a variety of skills and expertise from across the function to best perform the audit or achieve an outcome
- Squads have significant amount of autonomy to organise themselves and deliver the most optimum outcome
- A squad can comprise individuals from any neighbourhood

L (Squad Leader)

- Is responsible for coordinating squad activities
- Manages tasks, to-do lists and priority setting
- Can be anyone at any level

Neighbourhood leads

Chiefs/Heads of audit:

- Establish priorities and outcomes
- Ensure alignment with overall purpose
- Set up squads, remove blockages, facilitate and coach

Agile coaches

Coaches/guides individuals and squads on the agile way of working to create high-performing teams

Bridge

Individuals across neighbourhoods who come together to facilitate knowledge sharing and to develop both people and practice in particular areas, eg data analytics.

Guild

A community of interest, slightly broader than bridges, eg high performance culture.

To encourage collaboration and open communication, RSA introduced “ceremonies” – daily stand-ups, weekly catch-ups, fortnightly showcases and retros. To facilitate this in an international environment, RSA encouraged a new digital way of working and use of channels such as Yammer and Skype.

Each squad works towards its own outcome, but also need to align with each other and the function’s overall priorities and purpose. Ceremonies play a further role in supporting this alignment. Daals points out that “the greater alignment to our purpose, the greater the autonomy the squads receive”.

This may sound chaotic, but an important part of agile is maintaining a stable “backbone”, Daals says. The basics must be in place, for example a clear and consistent operating rhythm. Daals says “We ensured we had a strong delivery focused culture, the team knew how important it was to hit the plan quarter on quarter before creating further autonomy. Strong alignment to a common purpose is essential. Everyone knows what they are collectively and individually responsible and accountable for.

This means the leader’s job has shifted. “Our leaders had to become vocal champions, demonstrating agility through their own actions and behaviours, and leaving traditional hierarchical mind-sets behind” Daals says. They have to explain the outcome we wish to achieve/the problem and provide context – the why. The squad collaborates to find the best solution. Daals explains “It’s all about the team and no longer about us as leaders”.

Daals says “None of this would work without our people, we believe, if you give talented people freedom, and play to their strengths, you get really amazing results.” Daals explains. Talent development and recruitment are fundamental to RSA. He says “We look for talented people who are self-motivated, self-disciplined and have a real ‘growth mind-set’. People should be able to embrace change and want to make a difference – have a deep personal learning culture. He adds “There’s no room for ego, it’s all about your team and giving credit to the people around you.”

RSA also learnt from Pixar’s innovation culture to experiment, test and refine new ideas. The iterative, ripple-based approach encourages people to take small regular steps to improve – and to accept failures. “We are working towards a culture where people aren’t afraid to fail, Daals says. “We’re not entirely there yet, but people aren’t punished for trying new things. If you do fail, fail fast, learn fast, and never compromise on outcome.”

Every six months Daals looks back across the business at issues raised by others, risk incidents and material external events. He asks where was internal audit, did auditors pick this up and did they report it appropriately? A “braintrust” forum mean constructive feedback is received from all levels, and retros identify what worked well and what could improve. The team’s work is regularly assessed through Quality Assurance to ensure it is reaching the right outcomes and providing real insights.

Top tips from RSA

To introduce an agile culture you need:

1. **The right focus and positioning:** A simple, coherent purpose and mandate.
2. **Freedom within a framework:** A framework that keeps you focused and allows you to pursue your purpose and mandate consistently. Freedom and responsibility within the framework, allowing for innovation, achievement and contribution.

3. **The right talent:** Self-motivated and self-disciplined people with a connected and collaborative mindset.
 4. **The right mind-set:** A passionate culture that preserves your core values and stimulates progress.
 5. **Tangible results:** Evidence that you are delivering results.
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