

Internal Audits: Making Them Happen

a two-part series

After the preparation stage, it's time for the audit itself. Here are some suggestions on performing your internal audit and addressing the results.

BY PAT THOMASHEFSKY

PART 2: ACTION

QUALITY AND CUSTOMER REQUIREMENTS ARE CONSISTENTLY ACHIEVED THROUGH ADHERENCE TO THE DISCIPLINE OF A QUALITY SYSTEM.

A company's quality system must be derived from management's customer-focused strategic vision for the organization, and internal auditing provides the tool for management to monitor, assess, and manage the effectiveness quality system. DeWitt L. Beeler, a quality performance measurement professional, has said that success isn't the absence of failure, it's using fact-based observations, from internal audits and management reviews, to draw conclusions that can be used to initiate long-term improvement.

In part one of this series, we discussed the planning phase of an internal audit—critical to setting the stage for success. In this second part, we will continue with the next three phases of a successful internal audit: performance, reporting, and closure.

After setting the stage—by gaining commitment from top management, choosing the right people, setting objectives, and planning the performance—the next step is to conduct the audit.

The auditing process is about:

- understanding requirements
- looking for opportunities for improvement
- looking for best practices
- asking questions and gathering information
- analyzing what is seen and heard

- forming opinions and reaching conclusions
- reporting results.

PERFORMANCE PHASE

Performing the audit may include a number of activities, but should always begin with an opening meeting and finish with a closing meeting.

Opening Meeting: An opening meeting can be held as a simple stand-up meeting with the manager of the area or as a formal meeting with the entire management team. A copy of the audit plan should be provided to the manager of the audit area well in advance of the audit. The opening meeting is an opportunity for the auditor(s) to introduce themselves, review the audit plan and its objectives, and confirm the expected time frame for the audit. It is important to stress that the intent of the internal audit is to focus on process, not find fault with people. Finally, arrangements for a closing meeting should be made. This can be as simple as letting the manager know when you will be done with the audit and ready to begin reporting results.

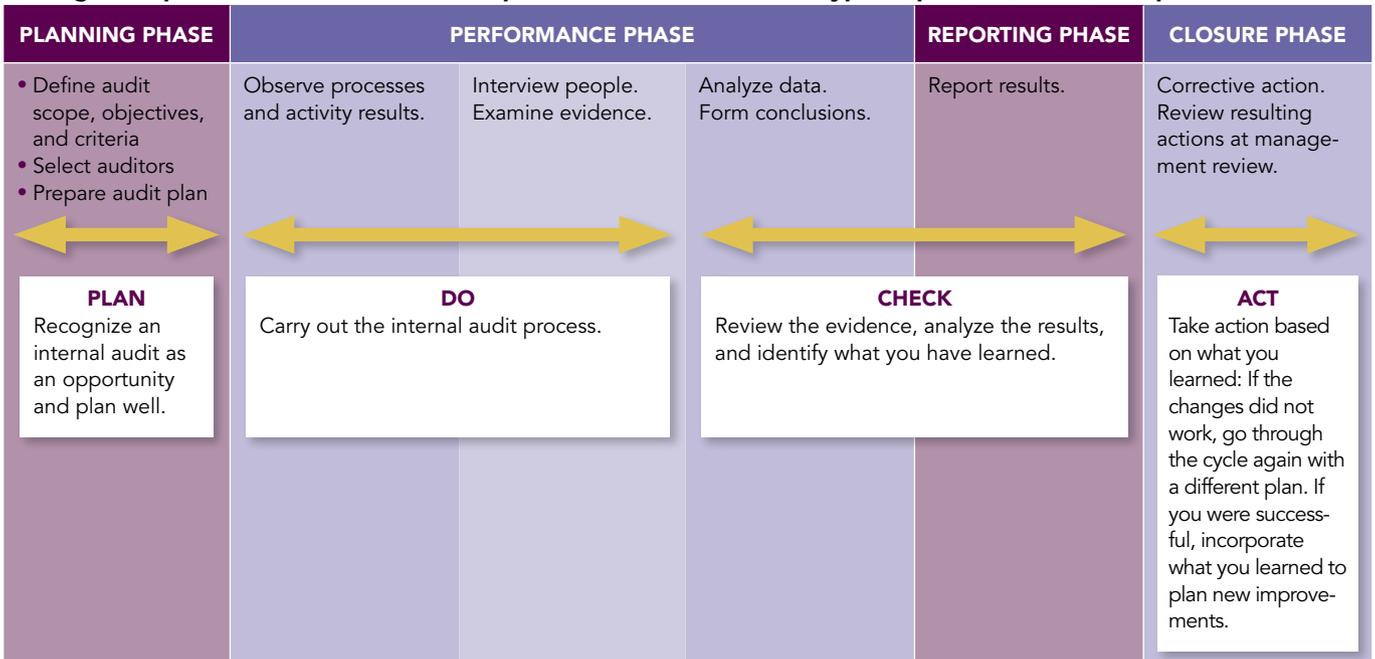
Having an auditing tool available for taking notes and documenting findings is imperative. Using worksheets and record-keeping forms keeps the audit focused and is helpful for noting findings and conclusions. There are audit tools available from a number of sources on the Internet including the QMC web site: www.qmconline.com.

Observe the process: Keep the audit objectives in mind, whether to assess the degree to which the processes are operating in conformance with requirements or to be alert for areas that could be considered for improvement. Answering the following questions can help an auditor be effective:

- What are the objectives of the area being considered for improvement and how do they relate to the overall objective of the organization?
- Are the functions being performed correctly? Do those performing the functions know what to do and have the means to do it, including documentation, time, and tools?
- Does everyone know what the customer requirements (both internal and external) are?
- How do they know they have performed the work to those requirements (inspection criteria)?
- What happens when deviations to those requirements are found? What are the processes for:
 - ✓ correction
 - ✓ control of non-conformances
 - ✓ disposition
 - ✓ analysis for possible corrective action
 - ✓ use of data for preventive action?
- Is there evidence of "best practices" or approaches that can be applied elsewhere in the organization?
- How is customer feedback (external or

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This figure depicts the entire internal audit process. It can be seen as a typical “plan, do, check, act” process:



internal) solicited and used for the processes being observed?

A few hints: **Be mindful of the audit plan, scope, and objectives.** Everyone’s time is valuable, so manage your time wisely. But, do **take time to reflect** on what you have heard and observed. In today’s busy world this is an important step that is, unfortunately, often skipped. Many opportunities for improvement are overlooked when time for reflection is not taken. **Take great notes!** Unless you have a photographic memory, this is an essential step. **Analyze the information and form conclusions.** Ask yourself questions. It may not be enough just to observe and gather evidence. The fact that you are removed from the process may allow you to look at the evidence and draw conclusions that the process owner is too close to reach as readily or clearly (“can’t see the forest for the trees” syndrome).

Observe the activity result: Products and outputs should be considered for additional support of the process observations made in an area. Generic questions, similar to those from the above path, can be useful. Are the customer requirements (external and internal) for the product known and understood? Are they being met? How do you know? What is the objective evidence?

Closing meeting: Always hold an audit closing meeting. Make it more meaningful than just telling the manager of the area you are leaving; include a brief summary of findings backed by supporting evidence and

an overall opinion of the quality-management system within the area just examined. The purpose of this meeting is to come to agreement on findings and gain acknowledgement from the audited department or process of any non-conformances, even if they do not accept the auditor’s interpretation of the facts. This is where the use of good notes is advantageous, and excerpts can be presented at the closing meeting along with any positive practices observed and any unusual or unexpected findings. It is important that this opportunity is taken to clear up any misunderstandings and to explain any limitations on the performance of the audit. A little extra time spent at this stage will ensure that the internal audit is perceived as a constructive exercise.

REPORTING PHASE

The written report and findings are the products of the audit process. This output is what the customer (in this case, management) paid for. It must be concise and to the point. No one wants to read a sea of words, but the information must be detailed enough to understand what was observed and the areas on which management needs to act. They should include not only non-conformances, but also identified strengths or positive practices and areas for improvement. It is important to remember that the auditor should never surprise an auditee by including anything negative in an audit report that has not been discussed with the auditee during the audit or at the

closing meeting. A sample audit report is available from the QMC web site at www.qmconline.com/resources.

In some instances the internal audit ends with gathering information and reporting results. Management may then take the reported information and carry it forward from there. In other companies, the internal audit team continues, after the audit reporting phase, to devise, implement, and monitor corrective actions that address non-conformances observed during the audit process. During this closure phase, auditors contribute the know-how in quality improvement methods that they have gained through understanding of requirements and observation of best practices throughout the organization. The written audit report submitted to top management after the closure phase includes not only the audit findings, but also a description of corrective actions taken and an assessment of their effectiveness. Whichever way you choose to do it, it’s your process; you own it. Decide what is best for your company.

CLOSURE PHASE

Reporting of internal audit observations and gathered evidence should be considered concluded as soon as the audit report is issued. There should be no findings reported after that. It is now time to act on the results. Corrective action requests (CARs) may be issued by the auditor or they may be developed by management representatives, depending on the contents

of the written audit report. It is important that they be written in such a manner that those who need to take action fully grasp where the issues were found, the exact nature of the non-conformance, and the basis or reason for the request. A sample corrective action request (CAR) form can be found at www.qmconline.com.

The corrective action process is a major part of the closure phase. One element of corrective action that is often neglected is root cause analysis. Attempting to solve a problem without first identifying the root cause is like throwing a dart at a target while blindfolded. In essence, many managers try to improve their companies in the same way. When the improvement effort treats only symptoms of the problem, the problem is sure to return. What happens when you just try “stuff” without identifying the

root cause first? It may just work, but then again you may just be wasting time and resources—i.e., money. Visit www.aisc.org/qualitycorner and read the May 2006 edition of Quality Corner to learn more about the corrective action process.

Now that the internal audit is complete and corrective action is well under way, it is important to remember that these processes provide key means for senior management to determine that the organization's quality system is both appropriate and effectively deployed. It is imperative that reports and results summaries from these processes become integral to the management review of the quality system. The management review process is covered in the October 2006 edition of Quality Corner, available online at www.aisc.org/qualitycorner.

A well-planned and well-run internal audit program championed by top management ensures that accurate and vital information is available to support sound, successful, customer-focused business practices and decisions. **MSC**

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REFERENCE

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