CLASH OF THE AUDITORS:
(DIFFERING PERCEPTIONS OF PROPER AUDIT PRACTICES)

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SUMMARY
Although auditing has been around for a long time, we still cannot all agree on the best performance practices. There are different terms for the same thing and conversely a single term may have several different meanings. This paper will explore the uncommon practices... the things that we don't agree on, and differences in auditing (including audit program administration, preparing for the audit, conducting the audit, practices, reporting the results, and the follow-up activities).

These audit convention differences that we are experiencing will either:
- continue to divide us and confuse our customers
- be a spring board for understanding and unification of audit conventions
- or end in identifiable differences to be respected and established.

KEY WORDS: Auditing, Quality Audits

INTRODUCTION
Many auditors believe that auditing is auditing is auditing... that one size fits all. If this is true we still have a lot of work to do to resolve many contrasting opinions.

The conflict between quality auditors may be a result of interpretation of standards and texts and the result of cultural and environmental influences. It is difficult, at best, to interpret the written word. Interpreting a law or theory in mathematics or other sciences is easier because it usually results in some measure or specified outcome (number). There is only one mathematical answer. Literature represents ideas that are subject to interpretation. Interpreting the written word is more difficult because there are times when the words mean different things to different people and it is not clear what the author intended. The dictionary is not much help because it may give a half dozen definitions to the same word.   When we attempt to understand text written 10, 100, or 1000 years ago, the situation is compounded due to word definitions changing over time. This becomes even more complex when texts are translated from one language to another.

Translating and interpretation of text is an everyday practice. For example: every time Congress passes a new tax law, the IRS has the task of interpreting the intent of the law into tax codes and standard operating procedures.

Then there is interpretation of literature to fit the situation. Some literature is interpreted for the answer that is wanted and expected regardless of the original intent. The end justifies the means. This is driven by either the interpreter or the customer of the interpretation. If the boss wants the auditors to stand on their heads, then that must be the right thing to do if it meets the customer requirements and does not violate some law or standard.

It is important to resolve some of these issues partly for better communication between auditors but mostly for clarification for customers of the audit process. Customers need to understand exactly what type of service auditors can provide and how it will help them.

TEN POINTS FOR RESOLUTION
The following represent ten major points that require resolution. These represent some of the issues raised in the development of the quality audit hand book.

1   Separated or Integrated Auditing Department
Historically it was determined that audit departments could function best it they were totally independent of the areas they audited. This is easy to accomplish for 3rd party audits but more difficult for 2nd and 1st party (internal audits). Some organizations have created independent auditing groups that may only report to the head of the organization. It is believed that this independence was necessary to ensure reports were free from bias. However, there has been a cost to separate auditing groups/ departments. The cost of independent departments has been a "we versus them" (the rest of the organization) culture, yet everyone is working for the same goal (achieve results, prosper). In many cases the auditing function is viewed as a police function or worse as a bunch of snitches.

Totally independent audit functions are not viewed as part of the management team. In-fact, they could be viewed as hindering the overall effort and a necessary evil. This promotes the perception that the audit function does not have the same accountability and performance requirements as the rest of the management team. Some believe it is more effective to foster alliances (working as a team) between the audit function and other departments rather than promote total independence. How independent do internal audit programs need

to be? How do we overcome bias in first and second party audits... is it important?

2   **What do we do, Compliance or Management Audits/ Assessments:**
There is significant controversy over whether as auditors we are doing compliance audits, assessments, or management audits. But then again what is the difference between a compliance audit, an assessment, or a management audit. There appears to be general agreement on the term "quality audit" as it applies to a system, a process, or product/ service as defined by ANSI/ISO/ASQC A8402-1994. There is no definition of compliance audit in ISO 8402. Certainly auditors conduct audits with the specified purpose of determining compliance to standards, laws and regulations with no interest in the organization's business objectives or with process capability. Some auditors conduct quality management audits (performance assessment, examination) to determine compliance (conformance) to standards and quality objectives.

3   **Audit or Assessment**
Next there is confusion of the use of the word assessment and audit. Some auditors use both words for the same thing while other auditors see a distinct difference. ISO 8402 and the CQA Body of Knowledge indicates that an assessment is something less than a quality audit. ISO 8402 states that an assessment (sometimes called a quality evaluation) is a systematic examination of the extent to which an entity is capable of fulfilling specified requirements. The CQA BoK states that an assessment is an estimate or determination of the significance, importance, value of something. Both definitions would indicate that an assessment is something different than a quality audit. Customers of the audit process may call them assessments, evaluations, reviews, surveys, or appraisals.   And then there are certified auditors and registered assessors. Do auditors conduct audits and assessors conduct assessments?

Organizations use words such as auditor, examiner, assessor and evaluator as a title for a job function. There are some that do not like the word auditor because of its negative connotation and refuse to use it. Some in our field feel strongly that there are significant differences between auditor, assessor and examiner. But where are these differences defined and who is to tell an organization that they can only use certain terms?

Assuming we can be called auditors, are we just plain auditors, or quality auditors or internal auditors, system auditors or compliance auditors? To further confuse the issue, industry and subject matter classifications are very popular. People classify themselves as quality auditors, environmental auditors, safety auditors, software auditors, depending on what they are auditing.

Explaining who we are is very confusing to our customers. Should there be additional classifications for auditors?

4   Checklist, no checklist, or customized checklist?
The use of a checklist is a tool available to auditors for helping them to ensure that all important steps or actions are audited. Some auditors believe that checks lists are required, yet others view them as an option, and others view them as a hindrance to the free flow of the audit process. In some cases the checklist is used a tool to record results with checks and in many cases a score of some type.

Should checklists be recommended? How can checklists best be utilized to support more effective audits, more professional auditing, and giving the customer a value added service.

5   Report all nonconformities regardless of the audit scope?
One of things that have frustrated customers of the audit process in the past is when auditors stray from the original scope of the audit to report nonconformities/ findings. For example: "All the nonconformities are in the distribution department, but the auditor was suppose to audit the manufacturing area." Yet, when a auditor sees an area where there are nonconformities, shouldn't they be reported. How can an auditor in good conscience look the other way. And if it is an audit to determine compliance to a law or regulation, isn't auditor obligated to report any nonconformities? Some guidance would be helpful. How out-of-scope nonconformities should be handled may depend of the type of audit and its purpose.

6   Recommendations versus No Recommendations
The CQA Body of Knowledge does not specifically address recommendations and ISO 10011 part 1 (note 14) permits auditors to make recommendations when requested. Some audit organizations believe it is imperative for auditors to make recommendations as an aid to the auditee. Auditors can make good recommendations based on their audit and industry experience. Other audit organizations and auditors will not make recommendations because they believe that making recommendations transfers ownership of the problem from the auditee to the auditor.

What is the best practice to follow? If the customer requires the auditor to make recommendations, how should this be done?

7   Report, What?

What should auditors report? There are a whole host of terms used to report the results of an audit, such as: nonconformity, nonconformance, defect, noncompliance, violation, concern, observation, improvement point, and finding. ISO 8402 defines nonconformity, observation, and defect. In addition the CQA BoK defines finding. What terms are most appropriate for the type of audit being conducted? Should there be one set of acceptable terms?

When reporting results some auditors report observations (facts), others report nonconformities specifying the requirement that was not fulfilled, and others report findings as conclusions based on the observations. Are all these approaches acceptable? What is the most appropriate to achieve the most effective audit?

8   Should potential nonconformities (concerns or observations) be reported along with verified nonconformities?

During an audit the auditor may make observations which lead that auditor to believe, based on experience, that there may be a potential nonconformity. The observation may be out of the scope of the audit or the auditor may run out of time and cannot collect the necessary factual evidence to determine if the observation is a nonconformity or the organization is in conformance with the applicable standard.   Should these potential nonconformities be shared with the auditee? Should potential nonconformities be written down in the report for the auditee to follow-up. Some auditors believe that potential nonconformities should be reported. Others suggest that we should only report verified nonconformities because for the most part the customer (auditee) doesn't have time and in many cases doesn't care about the unverified nonconformities. One pitfall is that the discussion about the potential nonconformities could dilute the power behind the actual nonconformities reported.

9   Scoring the Audit?

Some audit organization require that auditors provide a score. One of the motivators for scoring is that the customer wants a score to be able to gauge one organization or department versus another. An audit score also provides an easy to understand reference. Other audit organizations believe that audits should not be scored because the audited organization will strive to achieve a passing score rather than practice continuous improvement. A specified audit score does not necessarily reflect that one organization is more committed to quality than another.   Audit scores can also detract from partnershiping with suppliers because audits will be reduced to compliance type audits.

Some scoring systems are very simple as to the per cent of standard requirements in compliance or they can be very complicated with criteria weighting each requirement's importance.   Also, many audit score systems give partial credit for noncompliance with specified requirements.

Is it good quality audit practice to score audits? If so, how should it be done? Can the Quality Audit Division provide some guidelines to professional auditors?

10   Follow-up the audit or don't follow-up the audit?
The CQA Body of Knowledge has a section on corrective actions and follow-up. Yet many auditors end the audit with the audit report. In many cases the audit report is turned over to a team or the auditee to take corrective action. The auditors never know if corrective action was taken (if the report was taken seriously) unless another audit with the same scope is performed on the same organization. In-fact, some customers of the audit do not want the auditors to be involved in any type of follow up because they tend to stifle the process.

Other audit organizations require that the audit is not closed out until there is corrective action on the audit findings. The follow-up to an audit could be as simple as verifying the auditee did what they said they were going to do. Or there can be total involvement to include the auditor developing the corrective action plan and turning it over to the auditee.

Is it good practice for auditors to do follow-up audits? If so, to what degree? Should auditors develop or suggest corrective action and then follow-up to see if the auditee did what the auditor recommended?

Other Issues to Resolve:
- When to use Checksheets, log sheets and guidelines.
- The difference between a document and record.
- Who should be at the opening meeting?
- When should there be escorts and second persons?
- When is it appropriate to share the results of the audit? With the interviewee or only with the auditee representative or at the closing meeting.
- Are Auditees required to sign off on the nonconformities or Corrective action requests or both?
- Must auditors have experience in the industry they are auditing or is experience in auditing the only significant factor?
- How does the auditor document findings which may divulge proprietary information or indicate fraud or other criminal or unethical activity?

- What are acceptable techniques for determining the importance of findings/ nonconformities.
- When should auditors take or not take statistically significant samples based on commonly accepted sample plans.
- Should auditor report concerns, i.e. potential nonconformities or findings.
- Is it okay to report positive findings as well as negative findings

CONCLUSION

Much has been done to determine the parameters for conducting quality audits as auditing has changed and matured over the last decade. But we need to continue to evolve the profession to ensure we provide value added services.

The challenge of the future, therefore, is to resolve the differences to become either unified in audit conventions or establish new identifiable conventions.

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