

WHEN DOES THE AUDIT END?

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SUMMARY:

This paper will explore alternate strategies for ending the quality audit.

KEYWORDS: Auditor, Audits, CQA, Body of Knowledge

INTRODUCTION:

If you want to start a lively conversation, start talking about politics or auditor involvement in post audit activities. There are inherent dangers for auditors when they get involved in corrective action of audit findings. Yet, many managers believe you should not point out problems unless you can also offer solutions.

Activity: List ten reasons

1. why the lead auditor's involvement should end with the audit report?
2. why the lead auditor's involvement should continue after the audit report?

ISO 10011 states that "the audit is over when the report is issued to the client"... or is it? The auditor's involvement in the audit may end when the client no longer needs the auditor's services... or simply stated "the audit service ends when the client says so."

When auditing for fraud, wrong doing, compliance to regulations, and third party auditing, it makes sense for the auditor to end his/her involvement with the report. Management (client, audit program manager, chief enforcer) will address the wrong doing or penalties for noncompliance (although the same or another auditor from the same organization may conduct a follow-up audit to verify that the wrong doing has ended or that the organization is now compliant). It would also make sense for the auditor to get feedback to improve his/her performance (e.g. Was the citation rescinded because of the poor wording of the audit report? Was the supplier dropped due to the fraud that

was detected?). Therefore, it may be seen that even in the most formal of cases, auditor involvement does not always end with the issuing of the audit report.

The statement “The audit ends with audit report” has unintentionally created a negative mind-set regarding any post audit activities. A considerable amount of damage has been done by only focusing on finding problems and not putting enough focus on auditor accountability and supporting the corrective action process.

If we have learned one thing over the last 100 years of business management, it is that accountability can be a powerful motivation. At times accountability has been elusive due to the complexity and size of organizations and projects and must be re-mastered or reapplied. For example: When project managers build things, they no longer walk out the door when the operations people walk in. Now we know that the builders should hang around to ensure that the equipment works and that it meets performance specifications. Plant/ equipment start-up times and waste have been cut by 80% by simply holding the builders accountable for what they put together (close the loop). Furthermore, I believe the same to be true for the audit service. Auditors and audit program managers should be accountable for the quality of the audit service and the benefits realized for the organization.

If we read the definition of a *quality audit*, we must conclude that the audit ends with the audit report. The definition does not contain any mention of support for follow-up activities; however, the audit program service and auditor involvement does not need to end with the report. We may view the report as the end of the problem identification phase but not the end of the audit service.

Instead of thinking of The Audit as the service, we need to take a more holistic (complete) view of the audit service. The audit service could be expanded to include various types of audits, coaching and supporting the corrective action process, verification of corrective actions from all sources, and overall program management and determination of benefits. The scope of the audit service should be consistent with the audit program mission and objectives. The audit program objectives should line up with the organizations objectives.

The audit follow-through activities should be well thought out in advance of the quality audit. Just as with any planning, the auditee should know who will be assigned and what process will be followed after the audit. The auditee should know from the very start what is going to happen with the audit report and the support to be expected from the audit program and client/ sponsor.

The options for post audit service activities will depend on organization’s culture, acceptable risk, and business objectives. There are no constraints

except for not having the auditors that performed the audit fix what they found.

Post audit activities and responsibilities may be expanded by:

- a) Issuing procedures/ charts/ guidelines to define post audit interfaces.
- b) Training auditors and other stakeholders in the corrective action process.
- c) Assigning auditors to areas as advisors (but adhering to the no vested interest rule).
- d) Providing experts and/or facilitators to person(s) responsible for taking corrective action from audit findings;
- e) Requiring the auditee to identify measures for assessing effectiveness of the corrective actions and report benefits;

Steps should be taken to align audit program management with business/ organizational objectives to enhance the follow up services. Such as:

- a) Defining the audit program performance measures and report progress (e.g. corrective action from audit benefits, corrective actions completed, repeat problems as a result of the same cause, cycle time reductions, customer satisfaction ratings, number of audit program complaints, other audit service measures, etc.);
- b) Assigning an individual the responsibility for audit program management;
- c) Developing a method to assess auditor performance (consistency)
- d) Increasing the qualification criteria for auditors;
- e) Promoting the image of the audit group;
- f) Seeking input and feedback from auditee organizations (evaluation forms, forums, group meetings);
- g) Providing auditors with annual training in related subject matters (audit skills, interviewing, business terms, statistical tools, sampling, report writing).

You can start-off with a clean sheet of paper to design the post audit services. The post audit service design should take advantage of auditor skills and be customize to meet customer needs.

It may be necessary to shift resources to do less audits to get more benefits (do less to get more).

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