

Quality Auditor Review

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Overcoming Audit Doldrums:

Audit Thinking

The doldrums are not uncommon for quality auditors. It is a result of our propensity to form a comfort zone and a way of doing things to reduce stress and build confidence. However, some habits are good for our customers and others are bad for our customers (customers of the audit process).

All too frequently audits can become the same old thing audit after audit: looking at the same area, asking the same questions, talking to the same people, and getting the same answers. It is like selecting a path on the map to go from one place to another and never changing. The first time you take the path it is pretty interesting and you can learn a lot. The second time less so, and after a while everything looks the same except for the occasional road work or new building going up. It is the same with auditing; if the audit method is always the same for the same function, little new will be learned. The key to effective ongoing audits is mixing up the path.

Mixing up the path can be taking a different route, even if it is longer... perhaps a more scenic route. Going backwards or starting from the middle. Se-



Auditors need to climb barriers to ensure effectiveness of quality audits



From the News Desk

The Quality Audit Handbook Released

Quality Press has released *The Quality Audit Handbook* that was sponsored by the Quality Audit Division. It is a little pricy but it is the closest thing we have that represents consensus of good audit practice and reflects the mission of the ASQC Quality Audit Division to promote auditing as a management tool for improvement.

The handbook cost \$41 for ASQC members and \$45 for non-ASQC members. It can be purchased by calling Quality Press at 800.248.1946 and asking for H0939.

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The Audit Guy

Dennis Arter

Compliance or Management Auditing?

Don't expect to be able to instantly leap from compliance auditing to management

From very early times, auditors have been asked to verify the truth of stated conditions. The word, *audit*, actually comes from the act of hearing something stated. Cargo masters would shout out the contents in the holds of the ship as the auditor recorded the information for tax purposes. As business and trade advanced during the industrial age, auditors were asked to verify the legitimacy of financial information. Even today, most auditors are accountants. They provide confidence to managers, investors, and regulators that the numbers are truthful. These financial auditors do not speculate on the health of the business. In legal terms, they verify the absence of *material false statements*.

As we adopted these financial concepts to manage quality, it was only natural that we would start with verifying that activities were being done *by the book*. We were instructed to check on the implementation of the written procedures. This is called a *compliance audit*. It continues in most business and government operations today. It is good. I imagine that most of you are performing compliance audits.

Compliance audits can examine internal activities, as first party audits. They are performed by employees of the company on their company activities. We see this all the time in manufacturing. We see it in safety audits and environmental audits. This self-policing activity is an important part of business success.

Compliance audits can also examine supplier activities, as second party audits. You and your supplier have contractually agreed to certain performance conditions. The bolts must be painted blue. The bags must be labeled. The roller coaster must withstand a 6.8 earthquake. All of these conditions can be verified at the supplier's shop before shipping or at your facility upon receipt. The supplier inspectors have stated the stuff is good and you verify that they are telling the truth.

Compliance audits can even examine someone else's activities, as third party audits. Regulators, such as the Food and Drug Administration, need to assure the public that kidney machines are being operated and maintained properly. Registrations to one of the ISO 9000 standards will assure customers and potential customers that certain rules are being followed.

Notice that in all of the cases above, the auditor is examining an activity to certain rules. The result is binary. Either you are following the rules or you aren't. As good as this is, it does not question the effectiveness or adequacy of the rules themselves. That is being left to others. This further evaluation can be done periodically, as a management review. It can be done as part of corrective action to an unsatisfactory condition. In compliance auditing, though, it is not performed by the auditor.

Only in last few decades has our profession been examining the underlying controls associated with these rules. The earliest efforts, published by Larry Sawyer in the mid 1970s, called this *operational auditing*. In the late 1980s, we came up with the term *management auditing*. Some use the term *performance auditing*. This type of auditing goes beyond compliance. It first attempts to truly understand the controls that are desired. (Dr. Deming referred to this as *profound knowledge*.) Then it examines the many methods being used to achieve those controls. Finally, it attempts to determine if the controls are actually being achieved. As you can imagine, all of this thinking and analyzing is hard!

Don't expect to be able to instantly leap from compliance auditing to management auditing. Your earlier shift from inspector to auditor was difficult. This new transition also takes time and much effort. With practice and study your journey will be successful. Keep your eyes and mind open. Through this journal, perhaps we can help..

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Dennis Arter is the newsletter feature writer and author of the best selling book Quality Audits for Improved Performance.

Quality Audit Primer

Auditing tips and reminders

Audit Prep:

Data Collection Plan

The data collection plan is made up of the things you want to touch or see during the audit. Things are records, schedules, completed document packets, timing of things completed, tags and identification marks, plans, procedures, memos, charts, graphs, checklists, check sheets, specified people, materials, parts, environment, and equipment. When preparing for an audit, you will be reviewing documents that describe the system being used. So when you come across these *things*, make a note to check them when you are in the field interviewing people.

Verifying *things* of a process or system is the key to conducting a sound and thorough quality audit service for the customer. Observing *things* throughout your investigation creates objective evidence and data. *Things* can be observed prior to, during, and after interviews. Since auditors normally don't have the time to observe work taking place (unless it is a process audit), observing *things* makes up the bulk of the data used to report the results of the investigation.

When reviewing documents look for where promises were made to follow or issue a schedule, complete a record, file a form, assign certain personnel, create and maintain an environment, use specified equipment, report within a certain time frame, check off certain tasks, etc.

Normally auditors put the *things* they want to see in their checklist. And most of the time it is okay to share your checklist with the auditee. The exception to this would be if you included your sampling plan in the checklist. Sampling plans would be more specific to exactly which records or charts you will be verifying. For example: a sampling plan may state that you will look at the production records for project 123, or the customer files for product Z, or the check sheets from last month. For big audits or when audits are used to verify certain contractual terms, sampling plans can become very involved and detailed. Sampling plans will be discussed in the next issue.

Looking at *things* is collecting objective evidence that will be used to verify that the area under review has adequate controls to meet requirements



defined in higher level documents, that controls have been implemented, and that the implemented controls achieve the desired objectives.

The *things* discussed in this article are tangible in that they have physical form such as a piece of paper (or electronic medium), a part, a tag, etc. *Things* are measurable as completed or not completed or show a trend or measurable result.

The data generated by looking at *things* is more reliable than unverified comments made during interviews. And finally, looking at *things* will give you more confidence in your final assessment of the area under review.

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Things to Check:

**records
schedules
tags
charts
plans
procedures
memos
graphs
check
sheets
checklists
materials
equipment
people
packets**

Closing Meeting:

Record Keeping

Reporting what you observed is what the closing meeting is all about, but there are three housekeeping items that should not be overlooked. There should be 1) an agenda for the closing meeting, 2) a record of who attended the meeting, and 3) minutes of any discussions or agreements made at the meeting.

Record keeping does not need to be a big deal and can be handled nicely with the one page form (Closing Meeting Record) that is enclosed in this issue.

The agenda should include items typically covered at every closing meeting plus have space for specific topics to be added. Prior to the closing meeting you can review with the auditee contact what will be discussed and add any items that the auditor and auditee representative agreed to.

People can sign in (print their name on the form) as they arrive at the closing meeting and then the same form can be used to record any important items discussed during the meeting. The objective is to get everything on one piece of paper that can be filed or scanned into your record data base.

Field Reports: *The Good.. The Bad.. The Ugly..*

The Forbidden Office

By Robin Plummer

On the day of the audit, I knocked on the door of the commercial office and asked to examine the purchasing records as arranged at the preliminary meeting and as stated in the audit program. The Company Secretary, who ran the office, told me that I could not go in.

This surprised me, but I was ready for it. I asked why not and he gave me no explanation.

We sat at his desk, which was outside the forbidden office. I took many minutes to remind him of the agreement at the prelim that I would be allowed in. I pointed out that openness and cooperation had been promised. I explained the importance of the audit to the contract evaluation, and the likely consequences of my failing to achieve the objective of the audit. None of this worked.

I asked him again why I was barred. He sighed and told me that the lady who worked in the of-

Send stories you would like to share, comments or suggestions to our PO Box or e-mail address.

fice had broken her toe, had a pin through it and plaster of Paris on it, and she was terrified that I would step on her foot.

I remembered from the prelim that the desk at which she sat was fully 4 feet deep and even with her leg fully extended it would not stick out from under the desk. Was I going to reach under the desk and stamp on her toe? What was the Company Secretary hiding?

I patiently explained again the advantages of the audit and also what was agreed at the prelim. Meanwhile, unknown to me, my guide had slipped out of the door. I was on the point of giving up with the Company Secretary, and, as a last gambit, was reaching for the pad of non-conformity forms when the telephone rang.

I answered the phone myself, so determined was I to keep control of the audit. It was the CEO calling for the Company Secretary. My guide had realized where the Company Secretary's actions were leading and had slipped out to tell the CEO what was going on. 20 seconds later I was in the forbidden office, examining the records, and carefully avoiding the broken toe.

Printed with permission from Robin Plummer who is an IRCA Lead Auditor and offers his own 5 day Lead Auditor Class.

Quality CrossWord

Across

- 2 Left's Antithesis
- 3 Article
- 5 What everybody's doing
- 6 The "dry-eyed" quality author

Down

- 1 A Base
- 4 "A stitch in ____"
- 7 Part of Shewart's quartet

Solve the CrossWord and discover the quality quote and the author.

Do it right the first time! Crosby

