

Process Based Internal Auditing

How to Drive Continual Improvement with a Value Added Auditing System

Internal auditing is the process that provides your business the opportunity to define whether its internal and external requirements are being met. Unfortunately, it is often viewed as an expensive waste of time and a source of endless frustration with conflicting views and varying results. If done right, it can provide a wealth of information identifying process variation, non-value added steps, positive practices and ideas for improvement. Which path you take depends on how your company plans, manages, trains auditors, and executes its audit system.

The clause-by-clause auditing approach doesn't work anymore.

Many audits of the ISO 9001/2:1994 Standard were conducted by clauses. Audits were structured and conducted around the elements of the standard, rather than the processes of the business. This twenty-clause approach produced fragmented audit processes, inconsistent results, and failed to address the management system in its entirety. Regardless of your size, every organization has business processes that have linkages between each other and many processes are cross-functional or involve several departments. Process based auditing views your organization as a system of linked processes which equate to linked inputs and outputs. Here is a simple example:

According to ISO 9000:2000 (3.4.1), a process is a "set of interrelated or interacting activities that transforms inputs into outputs." For example, a sales process might operate on three types of inputs:

- Requests for pricing and availability
- Requests for quotations
- Purchase orders from customers

The sales process transforms these inputs into their respective outputs:

- Pricing and availability information
- Quotations
- Accepted sales orders

What happens between the transaction of the input and the delivery of output is the process.

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Auditing the process is what creates value to your business. You can no longer audit a single department and cover 1-2 clauses effectively. The goal of auditing a process based management system should be to ensure the system is effective, is being used, satisfies ISO 9001:2000 requirements, but also leads to system improvements within your business.

Structure your QMS and auditing around your own business processes, rather than the Standard.

Here are some methods to make auditing your process based management system productive:

1. *Develop a simple process flowchart* – Your auditors (and your employees) must have a comprehensive understanding of how processes flow between functions within the organization. A process map will help you to plan an audit and identify where to start and end.
2. *Ensure manufacturing and nonmanufacturing processes are covered* – With a process approach, auditors must move between the two. An output of a manufacturing process could be an input to a nonmanufacturing process (purchasing, training). Remember to follow the flow of a process through your system to make certain the management system works effectively.
3. *Focus on customer satisfaction versus process begins here and ends there* – Your manufacturing, nonmanufacturing, and service processes are not the primary focus of your management system. Customer satisfaction is the focus, from the initiation of a customer interaction to the end of a transaction. Audits should follow the flow of processes that begin with a customer inquiry/request for product or service and conclude with the final delivery and payment by the customer.
4. *Develop input-output evaluation checklist questions* – Process based auditing will be centered around what takes place at the input and output points for processes. Having auditors equipped with practical questions to use in evaluation process inputs and outputs will enhance your audit process and results.
5. *Connect quality objectives/measures to all defined processes* – Do your organization's processes have objectives? If a process does not have a related measurable objective – or a given objective seems disconnected from a process – your system has a gap that should be identified by your auditors so it can be addressed.
6. *Follow the evidence* – Records and other evidence documents should show that employees understand the system and are using it. Your documents will tell you whether they are being used and how they are filled out.

Process based auditing requires auditors to ask questions and listen to what employees tell them about how the system operates and where the opportunities for improvement are. Some auditees perceive that an auditor is checking up on their job performance. Auditors must be prepared for various reactions. Management and auditors must explain that audits are about the system. If people are uneasy about the audit process, they will not provide objective evidence and ideas for continual improvement will not surface.

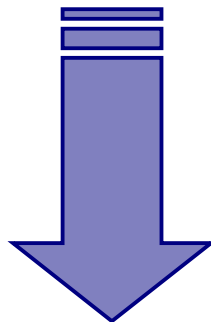
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Objective evidence is a factual recount of what was seen, heard, or experienced.

Here are the six sets of questions designed to ask employees or auditors to provide added value during internal auditing:

1. Is the procedure adequate as written? Does the described process work, and is it actually the way things are being done?
2. Is the process timely and efficient? Do those in the department like the process, or do they have suggestions for improvement?
3. Are there any bottlenecks, shortcomings, or breakdowns in the system? This would be specific to the area being audited for example, asking one of the incoming inspections personnel about nonconforming product.
4. Can the present process be simplified?
5. What are appropriate measures or parameters by which the effectiveness of the procedure can be measured?
6. As an auditor, do you have any suggestions for improvement?

It should now be clear that auditors will have to develop new skills to determine whether the organization's management system is effective. These steps and information do not replace the need for auditors to understand ISO 9001:2000's requirements, and how a process based management system functions. Auditors also need to know how to ask questions that will verify employee knowledge, as well as identify and document objective evidence. This includes effective corrective and preventive action identification, root cause analysis, recording and reporting audit results.





Creating Lasting Change for Your Business TM

- ***Are you interested in implementing these improvement methods within your business utilizing a process based auditing system?***
- ***Do you want to improve your audit process, audit results, and your auditors' knowledge of getting it right the first time?***
- ***Do your Internal Audits, Corrective and Preventive Action Systems, and Management Reviews produce results that are contributing to your bottom line?***

Sustaining Edge Solutions can provide your business the training and tools to implementing an effective process based auditing system and performance drivers that contribute to financial results!

Please visit our website for information about our Process Based Internal Auditor Training and more.

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or e-mail us at admin@sustainedge.com**