A Better Tomorrow

BY DENNIS ARTER

Quality auditors don't just assess organizations; they also help them plan for a more prosperous future.

LET US CONSIDER A FUNDAMENTAL QUESTION: Why do we audit? The short answer is: We audit to provide information.

Auditors examine existing conditions and match them to requirements. In process language, we have two inputs: objective evidence and requirements.

Now you might be thinking, "But wait; that sounds like inspection." It's true, auditors always start with inspection-like facts: conforming or nonconforming data. In the early days of auditing, when the focus was primarily financial, such data were called observations. They are statements of fact and cannot be challenged.

But there's more: We also audit to provide information about the future. Auditors are forward-looking, whereas inspectors look back. That's not to say inspectors are "backwards" or in any way inferior. It means that inspectors tell folks what was, whereas auditors tell folks what will be. As auditors, we take a slice of recent time and project it forward—i.e., "Based on what I see now, this is what I expect to see six to nine months from now."

That means auditors must take objective facts (or observations) and turn them into subjective opinion. Yes, auditors are required to form conclusions, whereas inspectors are limited to go or no-go.

This forward-looking concept can be seen in all audit applications. Government inspectors must evaluate a regulated firm's controls and decide if the public is protected from harm. Financial auditors examine year-end reports, looking for truthfulness. Business managers and stockholders use those reports to make financial decisions. Supplier auditors evaluate current shipments as a measure of future performance. Before AISC can issue a certificate, for instance, Quality Management Company must decide if its clients are conforming—and will continue to conform—to a set of requirements. Internal auditors—whether they're looking at quality, environmental considerations, safety, operations, or security—all examine current practices to judge future risk.

Here's the final part: We audit to provide information about the future to those who can change that future. It does little good to assess the risks or benefits of the future if we can't do anything about them. Audit customers control the future. Whether they are managers, regulators, purchasers, structural steel fabricators, erectors, or engineers, they can effect change. They're called stakeholders. If the future looks good, they can devote finite energy and resources elsewhere. If the future is full of doom and gloom, stakeholders can work to change things.

Stimulating Change

So, how do we get stakeholders in an organization to do anything? Here's once scenario: As an internal auditor for your organization, you can go through all your notes and pick out the really juicy problems in the shop and label them "major nonconformities." Then, select the small problems and label them "minor nonconformities." What's left can't be called nonconformities, because there really isn't a requirement to do it another way. However, everyone knows it should be done differently, so you label these leftovers "observations." You present your six-page list of problems (never mentioning anything good) at the closing meeting of your internal audit, along with 10 to12 corrective action requests. Another audit is in the bag.

Dennis Arter is an ASQ Certified Quality Auditor and a quality auditing consultant and trainer with Columbia Audit Resources. He is the author of Quality Audits for Improved Performance *and co-author of* ISO Lesson Guide 2008 *and* Auditing the Process-based QMS, *all published by ASQ Quality Press. Catch his blog at auditguy.blogspot.com.*

Quality Corner is a monthly feature that covers topics ranging from how to specify a certified company to how long it takes to become a certified company. If you are interested in browsing our electronic archive, please visit **www.aisc.org/QualityCorner**.

The four rules of the audit:

1. Auditors provide information about the future.
2. Auditors must be qualified.
3. Auditors examine activities against requirements.
4. Auditors form conclusions based on facts.

Or, you could *really* help your organization by analyzing the data. You could show how the lack of system controls is harming the business—higher costs, lower production, and increased risk. It's all business pain. Perhaps you can actually cause improvement through your audit actions.

Here's how it works: First, you perform a "data dump." As the internal audit progresses, the audit team meets periodically to gather and discuss facts and opinions. They develop a master list of good (conforming) facts and bad (nonconforming) facts.

Take a sheet of paper, draw a line down the middle, and label one side *good* and the other side *evil*. Everyone opens up their field notes and calls out the good (conforming) facts and bad (non-conforming) facts. The scribe, usually the team leader, writes it all down. It is important that there be no analysis, sorting, or deep understanding of the data yet. This is called a data dump, as there is no intent to analyze the information. We just need to get it all in a central location.

Next is the "data chunk." The data are now examined to detect patterns. Go down the list of bad facts and find those that are similar. They are variations of the same thing or they point to a common weakness. Identify related facts by a graphic symbol, such as circle, box, triangle, star, etc. You will generally have two or three big "piles" of related facts. This is called data chunking. Facts, both good and bad, will always cluster. As quality industry pioneers Deming and Senge taught us, rarely is there only one instance of a conforming or nonconforming condition. Systems analysis shows us that only one or two issues are common to the majority of the gathered facts. We focus on those common issues.

Next, state the problem, followed by several factual examples of that problem, all on one sheet of paper. This is called a "finding sheet." Rather than reporting each nonconforming item, we show how the several nonconformities are the result of a system issue. We show the disease, supported by several individual symptoms.

If we are really good, we can also show business pain: cost, production, or risk. Putting the problem and pain together at the top of the finding sheet will nearly always convince the stakeholders to change. It becomes a cause-and-effect statement: "Because of this problem, this pain exists." And no one wants pain (business or otherwise) to continue!

Seeking Truth

Here's where auditors use another important management system—corrective action—to get the problems analyzed and the underlying conditions fixed. For adverse findings, an audit's output becomes the input to corrective action. Rather than just write up a problem and throw it across the table, we have actually begun an analysis of that problem. We are not performing true root-cause analysis. That is the auditee's responsibility. But we are helping our stakeholders find the truth.

This is why it's so important for auditors to focus on what drives change when they report problems. People don't change because auditors tell them to; they change because they want to. They want to when the common business drivers of cost, production, and risk stand to benefit. These three forces drive every organization—public or private, government or industry, for-profit or non-profit.

In the end, an audit should provide processed information about the future to those in a position to do something about it. As internal auditors, you examine controls, both as they exist now and as they will be in the future. Using systems-based thinking, you identify underlying problems and provide incentives for true change. MSC