

## Internal Auditing From an Inside Point of View

BY MICHAEL L. PAQUIN

**An internal audit is one of the best ways to learn about your business—especially if you are the auditor.**

**ONE OF MY FAVORITE** cartoon strips of all time is Dennis the Menace. Not only was Dennis born the same year as I was, he was always mischievous and an explorer of boundaries. I see internal auditors in that same light.

In one memorable installment, we see a dirty and wet Dennis walking through the kitchen. His mother watches with her mouth hanging wide open as the mud and water fall onto her newly cleaned kitchen floor. Dennis says, “You really can’t tell how deep a puddle is from looking at the top of it.” Your organization is like that, too. You can’t tell much about it by just looking at the surface.

On my journey down the quality road, I was an internal auditor for almost 10 years. At times I got dirty and wet, but the education gained was worth every minute. I learned about the organization, its processes, and its practices. I also learned something about myself.

I am going to make a bold statement: You can learn more about your company during one internal audit than you can from doing your “regular” job for a year. I say that because internal auditors have to look at the entire organization, from documentation and processes to company staff and long-term goals. While internal auditors need to keep the big picture in mind during any audit, they also need to understand the details. Of course, this can be a double-edged sword because auditors can get bogged down in those details if they happen to lose sight of the big picture. However, the details can provide the data pointing management to opportunities within the organization, the “low-hanging fruit” that can immediately show the value of doing internal audits.

### Benefiting From Internal Audits

There are two significant beneficiaries of internal auditing: management and the auditor. Management can use this as a developmental tool for training employees about the overall functions of the quality management system (QMS) for the organization. The more the individual can learn about the QMS, the more they can support and help the company achieve its long-term goals.

In addition, management can use this tool to gauge how well the QMS message is being heard by staff and how well it is being understood by them. The feedback can be invaluable, because it will be coming from someone with fresh eyes and ears, someone providing specific data and information on how things are getting done, not just how they were planned to go.

The auditor benefits from learning about how one set of actions (i.e., a process) interacts with and affects the entire system. He or she will gain an understanding of how the information gathered and data reviewed can be used by management to make important business decisions and direct the organization. Plus, there is the opportunity to create greater trust and credibility from management and fellow employees who can see the auditor as objective, fair and exhibiting fact-based thinking. You never learn more than when you walk in someone else’s shoes, and serving as an internal auditor provides that opportunity.

### What It Takes

What are some qualities that make a good internal auditor? To start with, a good internal auditor wants to find ways to make the organization better, by finding and leveraging the organization’s strengths to build up the business, by discovering opportunities for improvement, and by identifying what needs to be corrected to keep the organization in compliance.

One also needs to be able to separate the process from the people, both by honoring those being audited for their skills, knowledge and hard work, and by telling management the truth about the processes. One should be a good, equitable listener, someone who listens first and judges the data later. Be sure to listen to the answers you receive and get “quotable quotes,” not a summary opinion of what you think the auditee said. Finally, while reviewing your audit notes and data, reflect on how all the answers form a snapshot of the overall organization’s system. What is the *big picture*?



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There is an abundant amount of information on how to do audits. Below are just a few resources that can be useful to a beginner.

- The American Society for Quality's website ([www.asq.org](http://www.asq.org)) is a vast wealth of knowledge. Search "internal audit" to find an entire division dedicated to auditing (the largest in ASQ). Plus, you may find a regional section in your area offering programs and education opportunities on auditing.
- Quality Management Company's website ([www.qmconline.com](http://www.qmconline.com)) has a great internal audit form example. Just search "audit" on the search track to find and download the form.
- The Quality Corner of *Modern Steel Construction* has several past articles exploring this very subject. Check the archives at [www.modernsteel.com](http://www.modernsteel.com).

In addition to those resources, consider adding variety to the audit plan by including some of the following ideas.

- Start at the beginning of a process and follow that project, phase, or piece from the beginning to the end.
- Start at the end and then look backwards and "read" the trail (paper and words). If you can't find the trail, how can you be sure the customer's requirements were being met all through the process? Can you see those requirements in the drawings, forms, and inspection reports?
- Make a checklist and ask all the questions (good for compliance) but listen very closely to the auditee's answers. When something takes a different path or just sounds interesting, quickly follow it, because that is where you will learn the most.
- Do a "backup" audit. Instead of auditing the person who has primary responsibility for a role, ask them who his or her backup is. Then quickly say, "Thank you, I am going to audit your backup," because this audit is about the process, not the people. Not only will you find out if the process works (not just being held together by a few knowledgeable, caring people), you will find out where "risk" is being taken. Management will want to know about what the risk is and how deep it is. This also helps to quickly identify where process knowledge is shallow or education may be needed.

- Do a "change" audit. If there has been a lot of change in the last year, find out how that change worked its way through the organization. During the audit ask; "What has changed in the last year?" Listen carefully and write down everything exactly as stated. Compare what you heard and wrote down to what is documented in your Quality Management System (i.e., changed processes, changed forms, new training records).

Finally, having a "guide" for an audit is always a good thing, even with internal audits. A guide can really hear what is being asked and the answers, because that person does not have to think of all the questions, come up with all the answers or write anything down. A guide actually keeps an eye on the audit process from a different perspective. Two languages are always being spoken during an audit interview: "auditor" and "auditee." A guide can be the translator or interpreter during this journey. Also

being a guide is a great employee development activity for learning about the organization, the many roles within it, and about the auditing process itself.

Internal auditing is often an overlooked tool that is extremely valuable to both company and staff. It provides opportunities to understand the business and to help shape it, so the company can effectively deliver what the customers wants and do so efficiently. MSC

#### About the Certification Standards

The AISC Certification Committee, which maintains the documents and criteria used in the AISC Certification program, is being reorganized into two committees with distinctly different responsibilities. Read more about this in the news section of this issue (page 18).