

**Internal Quality Audits  
Obstacles or Opportunities**

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# Internal Quality Audits — Obstacles or Opportunities?

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## **ABSTRACT**

*Auditing has been viewed by its recipients throughout history as a negative process. This perception results from how the audit is conducted, who conducts the audit, and the findings of the audit. The purpose of this paper is to outline the role of internal auditing in transforming an organization into a more preventive and proactive organization. It addresses auditing from a prevention focus and outlines a positive approach to auditing that maximizes its role in process improvement. It concludes with a summary of several key points to be addressed in generating this transformation.*

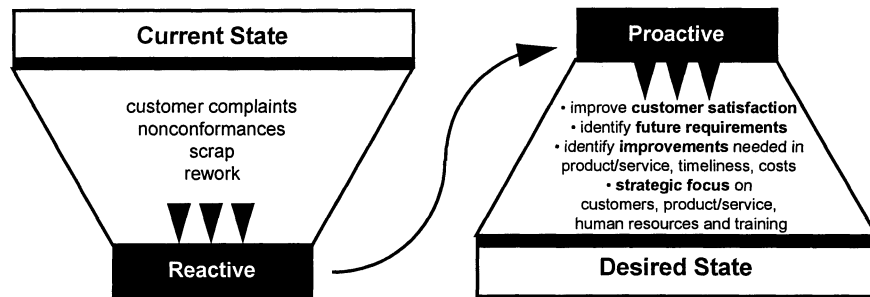
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## **Introduction**

Auditing is an old idea that has been used throughout history to examine finances, taxes, quality systems, and other complex entities. An *internal* audit, such as required by ISO 9000 Quality System Standard and its automotive counterpart QS-9000, is conducted by a company on itself to determine if its quality system is being followed and is effective. While the Internal Quality Audit process has the potential to be highly destructive, it can also stimulate tremendous improvement within an organization and help create a “proactive” environment.

## **“Reactive” or “Proactive” State?**

In contrast with the current state of many organizations, QS-9000 and the ISO 9004 Quality Management System Guidelines both focus on prevention, continuous improvement and customer satisfaction (Figure 1). Despite our expending considerable effort to adopt these principles and achieve the “proactive” condition, we remain locked into our reactive, negative oriented ways of thinking — eliminating defects and fixing problems. A significant cultural shift such as this is difficult and will require many years of gradual progress. Why is this change in approach so demanding? We readily accept the proactive position as more positive, yet most of us continue to function in a “reactive” state. A key to adopting this “proactive” culture is our acceptance of the fact that there is likely a better way of doing everything. Since it is not feasible to be addressing everything we do it is easier to remain in our reactive, negative thinking mode. Organizations concentrate on resolving customer complaints rather than freeing up the resources for identifying what is required to improve current customer satisfaction as well as determine their future needs and expectations. Likewise, vast amounts of company time and resources are spent trying to reduce scrap and fix nonconformances. Most would agree that it is far better to prevent the scrap and nonconformances in the first place, reducing waste while improving customer satisfaction. However, this again requires considerable additional resources which are just not available in our “lean” organizations.

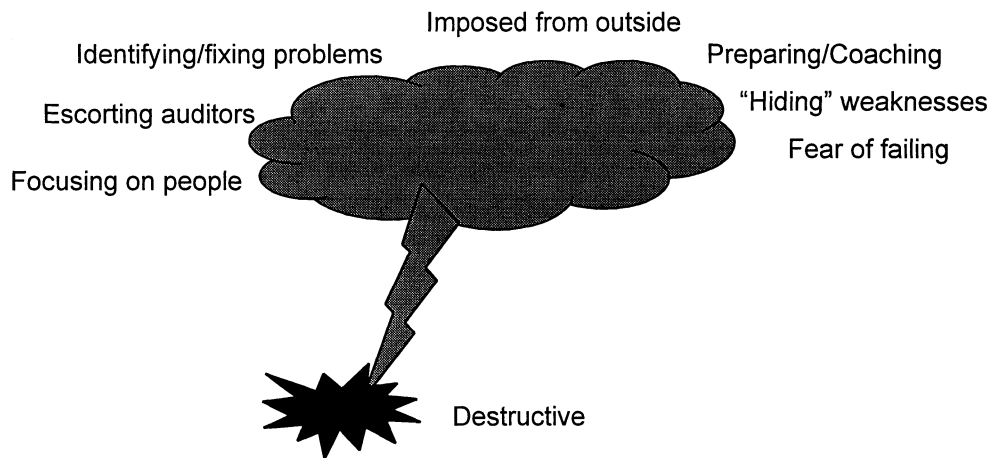


**Fig.1 Comparing 2 states of organizations**

It is imperative that organizations concentrate on continuous improvement — in fact, it has become a survival issue. Continuous improvement is required in product or service quality, in timeliness and in costs. Organizations that strategically focus on their customers, on the quality of products or services, and on the human development and training of their own workforces become the survivors. Internal audits can play a major role in shifting organizations to this more positive proactive state if done correctly and with a positive approach.

### **Changing the Negative into Positive**

The negative view of the typical audit process is illustrated in Figure 2. This viewpoint is the result of how the audit was conducted, who conducted it and how the audit findings were implemented.



**Fig.2 The typical audit process**

For the internal audit to be constructive and viewed positively it is necessary to change not only the auditing process so that it is different from an external audit but also to name it differently, such as a “review”. Today’s perception of the internal audit is that it is (1) required by the quality

system standard and that (2) its purpose is to discover and correct any problems before an “external” auditor finds them and sees reason to delay or deny the company its “registration”. Understandably, this worry tends to drive a lot of “fear of failure” throughout the organization before and during any audit. Many organizations instruct and train their employees how to answer auditor’s questions — answer only what is asked and don’t volunteer anything. Auditors are usually escorted during their visit to ensure they talk only to the “right” employee and that they not find hidden things that will delay or prevent registration. While this approach may help guarantee registration it does little to encourage genuine improvement in the quality system!

Management could instead promote the internal review as an opportunity to identify strengths and seek improvements, not just fix the problems. The review is then turned into a positive experience that is anticipated with optimism rather than fear. Negative nonconformances identified during the usual external audit process often make people feel they have somehow failed. In contrast by identifying strengths during the internal review, the workforce receives positive feedback and a valuable boost to morale. The strengths, once recognized, can stimulate similar improvements in other areas.

Many organizations have permanent auditors. In these cases the “Owner” of the quality system becomes the audit department and its members are the “Bad Guys”. Rather than “belonging” to a certain department, the quality system should be under the eye of the entire organization. Each function or department should determine the most appropriate procedures to put in place as well as share responsibility for system maintenance and improvement. By sharing the review between the different departments each time, perhaps even with different individuals, ownership of the quality system is transferred back to the various departments. The downside of this role sharing is that training is required prior to each review. However, such training would help create an involved workforce more knowledgeable about requirements and thus more likely to consistently meet them.

## **Process Improvement**

Auditing is often practiced as a punitive process. Instead, the internal audit or review should examine the process rather than the people. The identification of nonconformances normally results in dwelling on why someone did not follow a particular process. While employees do occasionally neglect to follow a required process, all too frequently there is insufficient effort taken to learn the root cause of such a mistake.

When deficiencies are discovered or opportunities for improvement recommended, the review team should be involved in identifying solutions and their implementation. Their participation will increase the positive value of the internal review process by solving real problems or finding better ways of doing things for the workforce. An internal review is successful when the people performing the functions being reviewed feel the review team has made their jobs easier or eliminated some of their concerns.

One of the biggest challenges of the internal review process is to prioritize the findings of the review team. It is easy to overload an organization with the work required in addressing the review findings. As the number of deficiencies or opportunities for improvement increase, the probability of implementing effective solutions decreases. It is far better to focus on a vital few

areas than to take on too many changes and implement none. Therefore a key role of the review team is to prioritize their findings and select for management's consideration those which have the biggest impact on driving improvement.

By addressing the key factors summarized in Figure 3 an internal review can be made more constructive.

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1. Change process, change name
  2. Identify strengths
  3. Share responsibility
  4. Focus on process
  5. Make recommendations
  6. Solve "real" problems
  7. Prioritize findings
  8. Drive improvement
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**Fig. 3** Converting the audit into a positive process

## **Conclusion**

Given our current reactive and negative oriented culture and the history of auditing with its many years of negative experiences to overcome, creating a positive internal review process presents a tremendous challenge. Transforming the audit process into a positive internal review is not a simple task and much has yet to be learned.

The internal review process is key to an effective quality system implementation. Successful organizations transform their internal reviews into positive experiences. The process is essential in moving their organizations from their current reactive state into the more preventive proactive state to assure their future position among business leaders.