

Internal Audit Training



Why have audits?



- To determine whether a system, procedure, or job instruction is working satisfactorily
- **Independent**
- **Systematic**
- **System-based**
- **Objective**
- **Standard-based**

Objectives of an audit



- **Determining whether systems meet the standards set by management and/or customers.**
- **Determining whether the systems work.**
- **Determining compliance with statutory requirements, OSH requirements etc.**
- **Collection of objective data**
- **Identification of improvement opportunities**

Roles and attributes of auditors



- **The Auditor's role is to:**
 - Obtain information
 - Help define problems or improvements
 - Facilitate solutions
- **Auditors need to be:**
 - Properly trained (to undertake audits)
 - Sufficiently experienced (auditing, process being audited).
 - Accepted by the auditee.
 - Good communicators.

Behaviours and Characteristics of Auditor



- **Auditors should be:**
 - fair
 - objective
 - confidential
 - good communicators
 - co-operative
 - customer-focused
 - ethical
 - analytical
 - good judges

- **Questioning.** Use appropriate questions:
 - ‘Open’ to gain information (begin with - “who”, “what”, “how, “why”);
 - ‘Closed’ to get confirmation (answered by “yes” or “no”);
 - ‘Clarifying’, when you think you may have misunderstood (examples are – “show me...”, “can I see...?”, “let’s have a look at...”);
- **Listening.** Auditors should listen 90% and talk 10% of the time. When people speak there are five different levels of “hearing”.
 - what was actually said.
 - what the speaker thought was

Technique hints for auditors



- Don't regurgitate questions from your checklist. The checklist is only a guide.
- “Follow your nose”, but remember the audit scope. The real issues might not be on your checklist.
- Remember, you don't have to ask about items in the order they're written in the company's procedure.
- Convey positive body language (eye contact, head nodding, raising eyebrows etc).
- Don't adopt a “Gotcha” mentality.

Planning



- **Audit schedule**
- **Define objectives**
- **Check scope**
- **Select audit team (if necessary)**
- **Co-ordinate with auditee – obtain any required documentation and check previous arrangements are still suitable**

Entry meeting



- Introduction (if required)
- Confirm scope
- Clarify (answer queries/concerns)
- Agree time for exit meeting
- Arrange for staff to accompany Auditor (if required)
- Confirm facilities/resources for writing preliminary report (if required)

- **50% of total input**
 - Use checklist as guide (may move outside this if necessary)
 - Objective evidence gathered
 - specific details noted beside references (in sufficient detail to enable later evaluation).
 - Don't try to categorise non-conformances during the audit. Leave this until you evaluate your findings prior to compiling your report.
 - Evaluate results
 - Generate findings (CAR, NCR, Improvement).

Evaluation of Audit Findings



| QUESTION | ACTION |
|--|---|
| Is this an isolated minor error? | Sample further data and record “Yes” or “No” |
| Have other minor errors been recorded? | Look wider to check for minor errors. (Have these got the same root cause?) |
| Is it really a non-conformance? | Assess the standard and relate this to the significance of the error |
| Which category does it fit in? | Either a major system defect or a minor |
| How much data – has sufficient been examined? | Ensure sufficient quality data available – resample or take further samples |
| Assess the potential corrective actions requested? | Decide if the problem will be effectively controlled |

Exit meeting



- Allows for presentation of draft report
- Discussion of audit findings
- Acceptance of audit findings by auditee (This doesn't mean that the auditee is happy to “accept” what's in your report. It means that they understand and accept the validity of the objective evidence that you've assembled during the audit).
- Development of action plan to correct deficiencies.
- Agree time for follow-up audit. (If this is necessary.)

- **This is a formal record of the audit and audit findings which should identify:**
 - **Audit purpose, scope, references and audit team**
 - **Audit schedule, people interviewed, documentation reviewed, equipment and resources inspected.**
 - **Audit findings positive and negative.**
 - **Deficiencies found.**