HOW TO CONDUCT THE INTERNAL AUDITS EFFECTIVELY

As per ISO 9001 – 2015 & ISO 19011
At the end of the class, please fill the training feedback form! (Yellow paper in your notebook)

Return the feedback form at the reception!
INTRODUCTION
Objectives

• Basic Terms & Definitions
• Introduction to QMS & Internal Audit
• Purpose & Benefits
• Stages of Internal Audit (PDCA)
• Working Documents
  ❖ Audit Plan
  ❖ Audit Checklist
• Auditor Competence Development
• Golden Rules of Audit
• Critical Success Factors
• Clarifications / Questions
Terms & Definitions

- Organization
- Customer
- Supplier
- Audit
- Audit Types
- Audit Criteria
- Competence

- Quality
- QMS
- ISO 9001
- ISO 19011
- Conformance
- Non-Conformance
- Observations
Objectives & Benefits

• To Check the Effectiveness of QMS
• To Identify the Opportunities for Improvement
• Ensure Conformance
• Quality Performance & Culture Enhances
• A system for certification / future learning
Stages of Internal Audit

Pro-Audit
- Decision
- Roles & Resp.
- Training Materials
- Auditor Training / Qual

Audit
- Audit Team
- Audit Plan
- Check lists
- Audit Team Briefing

Post-Audit
- Communicate the Report
- Corrective Actions
- Follow Up
- Input to MRM

Preparation
Conductance
Follow up

Preliminary
AUDITOR SKILLS & ATTRIBUTES

KNOWLEDGE & SKILLS
- Listening
- Interview
- Analyzing
- Reporting
- Reviewing
- Judgment

Attributes
- Ethical,
- Open-minded,
- Diplomatic,
- Observant,
- Perceptive,
- Versatile,
- Tenacious,
- Self-reliant
Working Documents

Audit Plan
• What is an Audit Plan
• Contents
• Advantages

Check-Lists
• What is a Checklist?
• Contents
• Advantages
## Audit Plan

**Date 1: DD/MM/YY**

<table>
<thead>
<tr>
<th>Time</th>
<th>Team Leader</th>
<th>Clause(s)</th>
<th>Team Member</th>
<th>Clause(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.00 – 08.30</td>
<td>Opening Meeting</td>
<td>NA</td>
<td>Opening Meeting</td>
<td>NA</td>
</tr>
<tr>
<td>08.30 – 09.00</td>
<td>Top Management</td>
<td>5.1, 5.2, 5.3, 7.1, 9.3</td>
<td>Site Tour</td>
<td>7.1, 7.2, 7.3, 7.4, 8.5</td>
</tr>
<tr>
<td>09.00 – 09.30</td>
<td>Strategy Dept.</td>
<td>5.2, 5.3, 6.1, 6.2, 6.3</td>
<td>Projects Dept. &amp; Site visit</td>
<td>(Including travel)</td>
</tr>
<tr>
<td>09.30 – 12.30</td>
<td>Systems Dept.</td>
<td>4.1 – 4.4, 5.1 – 5.3, 6.1-6.3, 7.5, 9.1 – 9.3, 10.2 – 10.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.30 – 13.00</td>
<td>Lunch Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.00 – 14.00</td>
<td>Procurement &amp; Contracts</td>
<td>8.4.1 – 8.4.3</td>
<td>Project Site Visit</td>
<td>8.1 – 8.7 &amp; 9.1</td>
</tr>
<tr>
<td>14.00 – 15.00</td>
<td></td>
<td></td>
<td>Travel Back to Office</td>
<td>NA</td>
</tr>
<tr>
<td>15.00 – 15.30</td>
<td>Audit Team Internal Meeting and Briefing the Management</td>
<td>on the findings of Day 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Date 2: DD/MM/YY**

<table>
<thead>
<tr>
<th>Time</th>
<th>Team Leader</th>
<th>Clause(s)</th>
<th>Team Member</th>
<th>Clause(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.00 – 10.00</td>
<td>Maintenance Department</td>
<td>8.1 - 8.7</td>
<td>Workshop</td>
<td>8.1 – 8.7</td>
</tr>
<tr>
<td>10.00 – 12.00</td>
<td>Labor Accommodation</td>
<td>7.1.3 – 7.1.4</td>
<td>Staff Canteen</td>
<td>7.1.3, 7.1.4,</td>
</tr>
<tr>
<td>12.00 – 12.30</td>
<td>Lunch Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.30 – 14.30</td>
<td>QHSE Department</td>
<td>5.2, 5.3, 6.1, 6.2, 6.3</td>
<td>QHSE Department</td>
<td>5.2, 5.3, 6.1, 6.2, 6.3</td>
</tr>
<tr>
<td>14.30 – 15.30</td>
<td>Internal Meeting &amp; Report Preparation</td>
<td>NA</td>
<td>Internal Meeting &amp; Report Preparation</td>
<td>NA</td>
</tr>
<tr>
<td>15.30 – 16.00</td>
<td>Closing Meeting</td>
<td>NA</td>
<td>Closing Meeting</td>
<td>NA</td>
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</tbody>
</table>
# Checklist – Purchase Process

<table>
<thead>
<tr>
<th>SL #</th>
<th>Clause #</th>
<th>Check-Point or Subject of Audit</th>
<th>Objective Evidence</th>
<th>Positive Conformance</th>
<th>OFI</th>
<th>Observation</th>
<th>Minor NC</th>
<th>Major NC</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>8.4.1</td>
<td>Are the approved suppliers listed?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>8.4.1</td>
<td>Do you have the criteria and records on the selection of External providers? Check.</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>03</td>
<td>8.4.1</td>
<td>Do you have the criteria and records on the evaluation of External providers? Check.</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>8.4.2</td>
<td>Are the controls for the external providers defined and complied?</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>05</td>
<td>8.4.2</td>
<td>Scope of externally provided products/services and extent of control - Are they defined and monitored?</td>
<td>√, √</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>8.4.2</td>
<td>Product or service verification plan and records are available adequately?</td>
<td>√, √, √</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07</td>
<td>8.4.3</td>
<td>P.O or Specs about the product or service including the requirements on Quality, Quantity, Delivery Time, Verification, etc. defined and documented?</td>
<td></td>
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</tr>
</tbody>
</table>
Auditor Competence Development

• Internal Auditors shall be competent
• Criteria for competence to be defined
• Competence development programs & Refresher
• Auditing ability is more important
• Avoid “One Man Army” approach
• Auditor independence to be ensured.
Golden Rules of Audit

• Check for compliance & effectiveness both
• Value addition is important
• Talk less & Listen more
• Be diplomatic as well as Professional
• Communication, Coordination & Follow up shall be effective
Golden Rules of Audit

• Preferable to audit by own staff, if competent
• Identify the improvement areas
• Don’t Look for NCs always
• No blame culture
• Don’t run behind the papers
Critical Success Factors - Leadership

• Leadership Commitment
• Empowerment for the Audit Team
• Enforcement within organization
• Top Management shall set an example to respect the Internal Audit
• Communication and Support for the internal audit
Critical Success Factors – Middle Managers

• Cooperate with the Audit Plan.
• Allow the staff for their respective roles.
• No personal issues, only teamwork
• Transparency required
• Don’t exhibit the attitude “My Dept. is better than yours”
Critical Success Factors: Audit Team

- Competence development (Cross functional)
- Internal Auditor Vs. Employee role
- Audit beyond a checklist
- Communication, Coordination & Follow up shall be effective
- Focus value addition than completing the task.
Critical Success Factors: Process Owners

- Transparency during audit
- Corrective Actions – Effective / Timely
- Pro-active feedback till close-out
- Seek value addition rather than saving faces
Linkage to ISO 9001 2015

9.2 Internal audit

9.2.1 The organization shall conduct internal audits at planned intervals to provide information on whether the quality management system:

a) conforms to:
   1) the organization’s own requirements for its quality management system;
   2) the requirements of this International Standard;

b) is effectively implemented and maintained.
Linkage to ISO 9001 2015

9.2.2 The organization shall:

a) plan, establish, implement and maintain an audit programme(s) including the frequency, methods, responsibilities, planning requirements and reporting, which shall take into consideration the importance of the processes concerned, changes affecting the organization, and the results of previous audits;

b) define the audit criteria and scope for each audit;

c) select auditors and conduct audits to ensure objectivity and the impartiality of the audit process;

d) ensure that the results of the audits are reported to relevant management;

e) take appropriate correction and corrective actions without undue delay;

f) retain documented information as evidence of the implementation of the audit programme and the audit results.

NOTE See ISO 19011 for guidance.
Linkage to ISO 9001 2015

9.3.2 Management review inputs

The management review shall be planned and carried out taking into consideration:

a) the status of actions from previous management reviews;

b) changes in external and internal issues that are relevant to the quality management system;

c) information on the performance and effectiveness of the quality management system, including trends in:
   1) customer satisfaction and feedback from relevant interested parties;
   2) the extent to which quality objectives have been met;
   3) process performance and conformity of products and services;
   4) nonconformities and corrective actions;
   5) monitoring and measurement results;
   6) audit results;
   7) the performance of external providers;
Objectives Achieved?

• Basic Terms & Definitions
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• Working Documents
   Audit Plan
   Audit Checklist
• Auditor Competence Development
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Clarification... If any?
Please return the feedback form at the reception!

END OF THE SESSION