12   AUDIT VERSUS DEVELOPMENT IN A CERTIFIED QUALITY MANAGEMENT SYSTEM

12.1   Introduction

Quality management systems, according to the requirements of ISO 9001 series of standards, belong to the most common standardized management systems. Over a million of organizations in the world possess the certificate of system compliance with standards' requirements. Despite such a dissemination of quality management systems in many publications the attention is paid to the difficulties which occur on different stages if its functioning. A very often indicated difficulty turns out to be system development. The conducted research indicates that development constitutes a serious problem in a big group of organizations [1-5]. Quality audit constitutes one of the sources of information gain necessary for development. The requirements concerning audit are univocally formulated and it seems that they compose a certain standard of proceedings. There are internal and external audits conducted. The standards regarding auditing have been functioning for many years and they are modified and adjusted to the changing conditions. In year 2011 there was a new edition of standards published concerning auditing, where the guidelines for auditing of quality management systems and environmental management were extended on other management systems [6]. In the world there are many certifying bodies functioning that have a great experience on auditing. Therefore, it may seem that in such situation audit should provide necessary information for development. A possible problem may be a proper use of the information. On the basis of research conducted, it may be stated that audit relatively often does not provide necessary information for development [7-15]. The second issue is the ability of analyzing the information obtained and use it for development. The author of the hereby paper is going to consider whether audit and what type of audit provides necessary information for development. What factors affect the identification of guidelines for development. If the organization has the influence on these factors on different stages of widely-understood process of audit. A complex perception of the process of audit begins from the appropriate selection and preparation of auditors, through planning and preparation of audit, appropriate conduction of audit examination and elaboration of necessary documentation, finishing on post-audit proceedings and assessment of their efficiency. The considerations and postulates presented in the paper are based on the results of research conducted by the author [7-25] as well as on his long-term experience concerning advisory and auditory work, including the one in an international certifying body of quality management systems.

12.2   Audit versus obtaining and processing of information concerning development

12.2.1 Objectives and process of audit

In organizations that possess a certified quality management system, there are two levels of audit existing; internal audit called first party audit and third party audit, connected with system certification and supervision over its functioning. First party audit is usually realized

by properly prepared employees of the organization. Third party audit is conducted by an independent certifying body that was selected by the organization. The basic objectives of audit, regardless of its type, are as follows:

- Confirmation of system compliance with particular standards.
- Determination of system effectiveness.
- Indication of development and improvement possibilities of the system.
- Recognition of weak points in the system.
- Detection of nonconformities, if they occur.
- Confirmation of requirement fulfillment resulting from legal regulations.

The role of each audit is information collecting and processing, assessment of solutions in the system as well as providing information necessary for making decisions. Audit is a process of system examination in order to confirm its compliance with the requirements and its development. It results from the aforementioned facts that one of the basic objectives of audit is to search for possibilities of development and providing information on this matter. Therefore, both first party audit and third party audit should provide necessary information for development. Organization possessing a certified quality management system may expect some information concerning development from the first and second level of audit. The research conducted by the author of the paper indicated that the organizations often have serious problems with system development and state that audit does not provide them necessary information for development. So what may the appearing problems result from and what is their cause? In order to answer this question as well as the questions presented in the introduction to the paper, the widely-understood process of audit should be considered and also the factors affecting it. As it was highlighted in the introduction, the widely-understood process of audit consists of four stages:

- Selection and preparation of auditors and assessment of their work and actions stemming from the work,
- Proper planning and preparation for audit,
- Audit execution and elaboration of necessary documentation,
- Post-audit actions and assessment of their effectiveness.

In each stage, there may be factors determined which affect it and the most important ones are in the following form:

- Personality factors, proper selection, training, essential preparation, practical preparation for auditing, competence and abilities verification, cyclic assessment of achievements, developing actions,
- Choice of frequency and range of audit (general planning), selection of auditors for a certain audit, planning of audit actions (detailed planning), preparation for audit,
- Auditor's abilities, communication with the audited, realization of audit's objectives, optimal use of time, quality of audit's records (auditor's notes), art of writing a report,
- Analysis of information, making decisions, identification of responsibility and time, post-audit actions, assessment of actions' effectiveness.

12.2.2 First party audit

An organization that has a certified quality management system is obliged to conduct first party audits. The management of the organization should ensure an appropriate selection and training of the auditors. The role of quality representative, as the representative of the top management, is the correct planning of internal audits, supervision over their conduct and monitoring of the post-audit actions as well as the assessment of their effectiveness. Therefore, in the first party audit the management of the organization and their representative has a significant influence on all stages of the widely-understood audit process and is responsible for its conducting. The first action that is taken is the selection of auditors. This is a very significant action that has an enormous influence on the entire audit process. Generally, it is know that there are some personality traits that predispose a person to take the function of an auditor. Intelligence, openness, flexibility and honesty are the features that should distinguish the candidate for an auditor. At this stage one should state the question whether the organization actually selects people for the position of the auditor based on their traits and predisposition. Whether the person or group of people who are recruiting the candidates for the auditors take into consideration their traits and conduct relevant tests in order to learn about their personality traits. Or the candidates are chosen on the basis of different criteria. The answer for such stated questions may be varied. One may point out organizations that take every effort to select good candidates for an auditor. On the other hand, there are organizations that do not pay much attention to the selection of candidates and their selection is random. Unfortunately, there are also organizations whose actions in this area are pathological. Consciously they select people who have inappropriate traits and predisposition in order to induce fear or to achieve some other goals. Improper selection of the candidates for the auditor causes serious repercussions and will affect in a negative way the entire audit process. A second action is the proper preparation and training of the candidates which is necessary for filling this position. The organization should provide relevant training which would allow the realization of the role that the auditor is supposed to play in the system. Good training would provide knowledge in the area of understanding the standards' requirements as well as rules and techniques of performing audit processes. The necessary condition of the auditor to be able to fulfill his duties well is granting him the necessary knowledge as well as to be prepared practically to performing the audit. After completing the training cycle, the future auditor should gain practical skills of performing an audit. A quality representative should organize the future auditor's training in such a way that first, he would be able to observe the work of the best auditors in the organization and later, as a auditor-in-training, gradually start performing more and more complex tasks. This is a very important stage of preparations that allow the auditor to obtain the necessary skills and allows him to form proper behaviors. Organizations approach the practical preparation of auditors from a number of different angles. Some skip this stage, sending the auditor to perform an audit directly after his training is finished. This may prevent even a well-trained candidate from gaining necessary skills and preparing well to the conducting of the audit. An auditor, who is not prepared or not prepared correctly, will find it very difficult to start the auditing and fulfill all of the objectives that are set for the audit. Therefore, mistakes and negligence on the stage of practical preparations of the auditor will refer to his achievements in the long-term perspective. Preparing and train-

ing of the candidates should be concluded with a competency assessment and only the person who achieved a positive result could be allowed to perform an audit. Being appointed as an auditor, performing his functions, obliges the person to perform a constant assessment of the actions aimed at perfecting the competencies. Thus, usually the quality representative is responsible for a constant supervision of the achievements of his auditors as well as for the improvement of their competencies. Only a well-prepared auditor, aware of his achievements and increasing his competencies will be able to do his job correctly.

In order for the first party audit to be conducted in a correct way, good planning is necessary. One may speak about two levels of planning, general planning regarding the frequency and the extent of audits in a given calendar year and a detailed planning, concerning the plans for a particular audit. The quality representative is responsible for the general planning, as he determines the right frequency of the audits for the given organization and selects the team of auditors in such a way as to provide the independency and objectivism during the examination. For the detailed planning, the responsibility falls on the leading auditor who has to plan the process of a given audit examination. A well-planned audit provides the possibility of collecting the necessary information and an improper audit makes it much more difficult or, in extreme cases, makes it impossible to collect it. The issue of preparing for an audit is closely related to the matter of audit planning. In case of an internal audit, mostly these are the auditors who should be preparing. The knowledge of the available documentation allows essential preparations and makes the planning process easier. Auditors who are willing to do their job well and collect the necessary information, have to devote a sufficient amount of time for preparations. The quality representative should create such conditions as to make it possible for the auditors to gather and prepare for the audit together. The time for preparation that was well-used provides a number of benefits for auditors as well as makes it easier for them to conduct audit examination on site. The lack of such preparation would significantly limit their abilities during the proper examination.

Another stage in the audit process is the proper conducting of the audit examination on site as well as the preparation of the necessary documentation. During this stage information is collected concerning the functioning of the system, distortions occurring in it as well as the possibilities of development. Only the auditor, who is aware of his function and well-prepared, will be able to collect data concerning those areas. A lot depends on the competencies of the auditor and his skills to conduct an audit examination. The quality of the information collected on this stage will decide whether all of the audit objectives will be fulfilled or not. Then notes of the auditor, in which he writes the results of the research conducted, play also an import part. Well-made notes may provide a large quantity of valuable information concerning the functioning of the system and allow the determination of recommendations for further development. After finishing the proper examination, the audit report is prepared. It is a document summarizing the results of the audit examination that was conducted in which recommendations concerning the development should be included. Creation of a good report that would be useful for the organization is an art that depends on the auditors' skills.

The last stage of the widely-understood audit process are the post-audit actions and the assessment of their effectiveness. In an internal audit post, audit actions are supervised

by the quality representative. The way in which the analysis of the results are achieved and the type of the actions that will be suggested depend on his awareness, skills and engagement. Depending on the results achieved, corrective, preventive and developing actions should be considered. Taking effective actions usually requires decisions and involvement from the top management. On this stage, it turns out what the organization, with particular emphasis on the management, is able to use from the data collected. The three stages of the audit process that were mentioned before constitute the preparation for collecting information and the collection itself. On this stage, the transformation of the acquired information occurs as well as taking proper actions. If the company was successful in collecting useful data concerning the development and they were subjected to a proper analysis, there is a chance for taking actual developing actions.

The short analysis of the particular stages of the first party audit presented above, clearly suggests that the organization may influence all of its stages. The quality of auditors' preparations, proper planning and conducting of the audit determines whether the information concerning development will be collected. The analysis of the collected data and the involvement in taking actions determines the use of the data collected in the process of development. From these facts, it stems that the organization and especially its management, has a direct influence on the identification of development recommendations as well as the factors that affect it. The organization is also responsible for the analysis and taking proper actions.

12.2.3 Third party audit

In the third party audit an independent certifying body, chosen by the organization, certifies the quality management system and supervises it during the three-year period of the validity of the certificate. This means that the certifying bodies are responsible for the selection and preparation of their auditors, planning, preparation and conduction of the audit as well as creating the necessary documentation. As a result, the organization does not have any direct influence on the first three stages of the widely understood audit process. The only thing it may do is the proper selection of the certifying body. If the organization is interested in gathering data concerning the development it should analyze the available certifying bodies and choose the one that will be able to fulfill its requirements. The choice of a given certifying body results in creating cooperation with it for the three-year period of the validity of the certificate. This is why the choice of a improper body results in insufficient information concerning development, or in extreme cases, a complete lack thereof. A practical change of this situation would be possible after three years. There are the organizations that, despite bad experiences with the chosen certifying body, prolong the cooperation with such body for the next three years. It shows either a complete lack of awareness or a deliberate deprivation of information concerning development. The organization, by choosing such certifying body again, in result deprives itself from proper supervision over the system.

In the third party audit, the only stage of the audit process on which the organization has a direct influence is the fourth stage, concerning the post-audit actions. If the organization has a good certifying body, which identifies the development recommendations, then on this stage there should be an analysis of information collected and suggesting actions stemming from it. If data was identified that is used for development, the management or the quality representa-

tive, should analyze the information and on this basis make decisions which will serve the purpose of development. Actions taken are usually delegated to the particular people or teams and they are responsible for their realization. If the organization is really interested in the development process and in the use of the data collected, the assessment of the effectiveness of actions taken should be conducted. In case when the organization has a inappropriate certifying body that does not identify useful guidelines on the post-audit stage is reduced to the correction of inconsistencies. In such case, the organization does not obtain the information concerning development and there is nothing to be analyzed. The facts presented above show that in case of the third party audit the organization may have a direct influence only on the last stage of the audit process and the factors that are related to this stage. The influence on other stages of the process is very limited and is reduced to the selection of the certifying body.

12.3   Conclusions

Audit in the certified quality management system is realized on the two levels – internal audit – first party audit and external – third party audit. Each of the aforementioned audits may provide information regarding development. However, one should be aware of the organization's influence on the widely-understood process of audit. In case of first party audit, the organization has the influence on all four stages of audit process, and in case of third party audit, the direct influence is limited to the last stage. Each type of audit may provide qualitatively different data which would be used for development. In the first case, the organization receives information being the result of people's considerations who know the organization well and the system functioning in it. In the second case, people from the outside, who should understand the requirements of the system very well and possess a wide experience gained in various organizations, identify guidelines which are supposed to improve the functioning of organization and its system. Thus, one may speak here about two, mutually complementary types of information concerning development. In order to obtain such information by the organization, or actually by its management, there must be the involvement in the process of audit. The involvement is aderivative of awareness, knowledge and abilities. Therefore, in order to obtain useful information concerning development, the organization should have the aware management that possesses the appropriate knowledge and abilities and wants to get involved in the process of data gain and processing. On the several stages of widely-understood process of audit, there are many factors appearing which have the influence on the identification of information concerning development. The organization, and especially the attitude of management, is in charge of obtaining the information concerning development. In case of first party audit, the organization is fully responsible for information gain. A well selected and properly prepared internal auditors are competent for collecting useful information. A well planned audit and well prepared auditors for it provide great possibilities for obtaining useful information. The proper conduction of audit and documenting its results enables collecting and recording useful information. A good analysis of data collected and taking correct decisions as well as actions, causes a practical use of information for development. If all stages of the audit process proceed correctly, the organization is able to obtain many useful information concerning development which may later be successfully used

in practice. However, if the problems appear on separate stages of the analyzed process, then the difficulties with information gain and later with its use occur. If the organization made serious mistakes on the stage of selection and preparation of auditors, probably it will later have significant difficulties for the identification of developing guidelines. The scale of problems that may appear will depend on the amount and significance of mistakes and negligence on the subsequent stages of audit process. The sooner the problems appear and the longer they influence the process, the more serious they will be. In an extreme case, the organization will not obtain any data which could be used for development. In this moment, there should be a statement of some part of the organization corrected that internal audit does not provide information for development. The inappropriate use of the first party audit, mistakes and negligence made by the organization cause that audit cannot provide such information. The problem does not lie in a complex tool that audit is, but in the incorrect use of it. In case of third party audit, the organization has a limited influence on the stages of audit process which are connected with receiving information concerning development. Basically, the organization may only choose the certifying body. However, the organization has a great influence on processing the data obtained and use it for undertaking concrete actions. In this case, it depends on the organization whether it is able to process the information collected, make correct decisions and implement appropriate actions. If there are problems with information analysis, taking decisions and actions, then the organization will not be able to use even the best information. In the third party audit, the organization is responsible for the use of information and all the mistakes and negligence cause that suitable problems appear. Consequently, for the inappropriate use of information concerning development is not responsible the certifying body but only the organization itself.

To sum up, both first party and third party audit may provide necessary information for development. In case of the first party audit, the organization has a decisive influence on all stages of audit process, what in turn causes that it is fully responsible for obtaining and using the information connected with development. In case of the third party audit, the organization choosing a certifying body indirectly affects the collection of information needed, however, it is fully responsible for its use.

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