

Evidence-Based Auditing:

Utilizing a Three-Step Approach Based on ISO 19011

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Why Audit?

Audits, independent assessments of organizational conformance to requirements, are an increasingly important part of organizational governance. Currently, the non-financial audit processes used in many organizations are disjointed and spread among multiple functions and managerial layers.

Increasingly, in order to get value from their investment, organizations are focusing on the 4 R's of auditing – Resources, Risk, Return and Reputation.

- **Resources** – How can we more effectively use the money spent on assessments and audits?
- **Risk** – Is the audit program focused on reducing risk?
- **Return** – Does the audit program provide value to the organization?
- **Reputation** – Will performing audits decrease – or increase – reputational risk?

Why is ISO 19011 Important?

ISO 19011:2011, *Guidelines for auditing management systems*, is an international consensus standard applicable to **ALL** management system audits – from quality and environmental to information security and occupational health and safety. It is increasingly being used by regulators, registrars, and supply-chain partners for establishing audit program requirements.

It sets out the following:

- Principles of auditing
- Guidance for establishing and managing an audit program
- Steps for conducting management system audits
- Methods for evaluating auditor competence

One of the cornerstone principles upon which management system auditing is based is an –

Evidence-Based Approach

This approach is described in ISO 19011 as “using a rational method for reaching reliable and reproducible audit conclusions in a systematic audit process.”

The key is **RELIABILITY**.

Audits are only valuable to the extent to which the audit results can be trusted – by both internal and external stakeholders. This TRUST only occurs when audit results are based on evidence that is relevant, sufficient and verifiable.

Audit evidence is **relevant** to the extent that it is related to the scope and nature of the audit to be performed. Audit evidence is **sufficient** to the extent that it is enough to evaluate conformance to selected standards. Audit evidence is **verifiable** to the extent that it is tied to facts gathered using objective audit techniques.

Three-Step Approach to Evidence-Based Auditing

Step 1: Focus on Relevance.

Establish audit processes that are focused on collecting relevant and verifiable audit evidence.

Although an expert auditor can perform an audit using poor protocols and badly-designed audit processes, it is a huge effort and a wasted opportunity. Audits are expensive. To get the value from your investment, focus first on establishing sound audit processes.

Don't rush into performing an audit. Wait until you know WHAT you are auditing and WHY.

This includes –

- Defining the objectives to be achieved.
- Clarifying roles and responsibilities for audit activities.
- Identifying the audit scope, taking into account materiality, timeliness and risk.

Step 2: Focus on Sufficiency.

Conduct audits that collect the audit evidence that is needed.

Audits are NOT inspections. It is not feasible to examine all of the information available within the scope of even the most narrowly defined audit. Instead, audits need to focus on collecting evidence that is persuasive – representative of reality and of probative value.

There are a number of factors that go into determining the amount of audit evidence needed. These factors include the source and reliability of the information available, the nature and strength of the internal control processes in place as well as the degree of risk associated with inaccurate audit findings.

Step 3: Focus on Verifiable Findings.

Write findings that are actionable.

Audits have only limited value unless the results are documented and communicated to individuals who can address them appropriately.

How do you write verifiable findings?

Make sure each finding includes BOTH the conclusion reached AND the objective evidence that supports that conclusion.

ENLAR® Compliance Services assists organizations with the implementation of integrated management systems and effective internal audit programs. For more information about ISO 19011:2011 and management system auditing, go to www.ISO19011expert.com. Ms. Dunmire is a frequent speaker on topics related to management system implementation, sustainability reporting and understanding international standard development. She blogs about OH&S management system implementation at www.OHSAS18001expert.com.