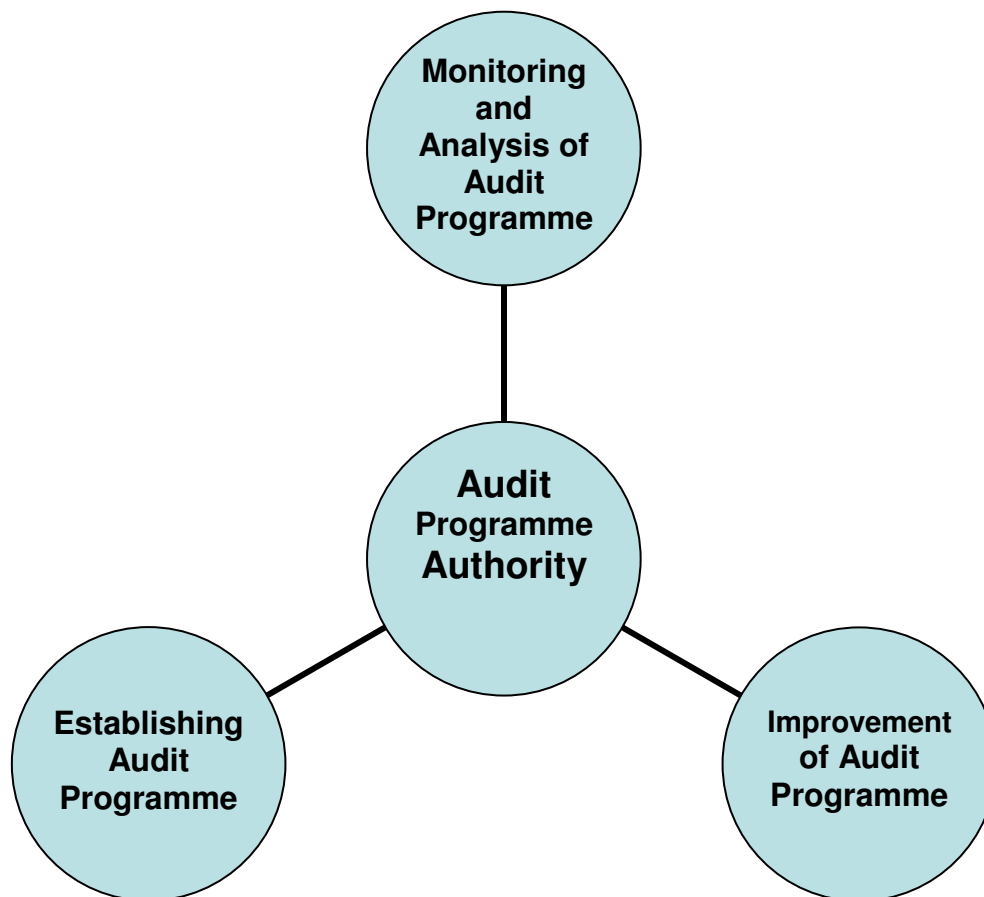


AUDIT PROCESSES

1. Characteristics of the audit processes

In accordance with (ISO 19011), the concept of *audit* means a systematic, independent and documented process to obtain audit evidences and their examination with impartiality to establish the degree in which the audit criteria are met. The examination is Analysis made by persons having specific qualifications who are independent in relation to audit process. The audit evidences are represented by records, declarations about facts or other information relevant in relation to audit criteria. They are evaluated quantitatively or Qualitatively. The audit criteria represent a set of policies, procedures and requirements. One or more audit processes compose an audit program. The audits included in an audit program are planned during period of time and they are oriented to a specific purpose. The process flow for management of an audit program is as below

Audit Program Management



An audit program contains activities which:=

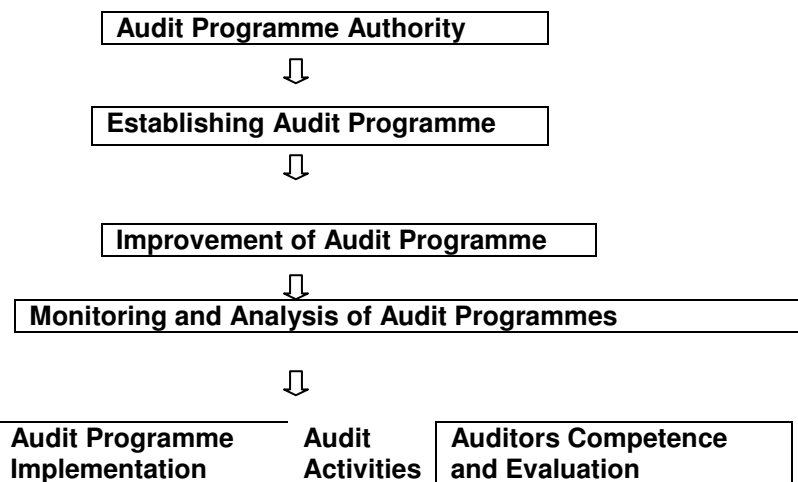
- Plan and organize different audit processes as types and numbers;
- Supply resources for efficacy and efficient execution of the audits in planned interval.

The stage for establishing the audit program includes activities regarding the following issues:

- **Purposes and scope** – anticipated outcome and amplitude of the audit program are determined by size, type and complexity of the audited organization;
- **Responsibilities** – they are assigned to persons who understand the audit principles, auditors' competencies and applying the audit techniques; these persons must have management skills and understanding of the technical issues in a business;
- **Resources** – they are the support of the audit program and there are financial, economic and time ones;
- **Procedures** – they specify operations arranged in a step-by-step method followed to reach the purpose.

The stage for audit program implementation contains the following activities:

- **Audit programming** – it refers to the activities regarding the coordination and programming of the audits;



Analysis

- **Auditors' evaluation** – it aims the permanent professional improvement and auditors' evaluation;
- **Audit team selection** – persons with professional skills in audit process are included in audit team;
- **Audit activity management** – it refers to all activities regarding the audit carrying out;
- **Records maintenance** – it is useful to demonstrate the audit program implementation and the following records are included: records for each audit, results of the audit program analysis and records regarding personnel used in audit process.

The stage for monitoring and analyzing the audit program contains activities regarding:

- **Monitoring and analysis** – accomplishment of the objectives is assessed at some intervals; also, some performance indicators are used to determined the accomplishment degree;
- **Identifying the need for corrective and preventive actions** – it results from monitoring and analysis;
- **Identifying the improvement opportunities** – it results from the outputs of the audit program analysis.

Audit program management is in accordance with the steps of Deming cycle:

Plan-

Do-Check-Act (PDCA):

- **Plan – objectives**, relevant procedures and audit methods are selected and it assigns responsibilities and it allocates resources;
- **Do** – it refers to audit program implementation, audit team selection, auditors' evaluation, audit execution, records achievement and their maintenance;
- **Check** – executed activities are monitored and analyzed, corrective and preventive actions and continuous improvement opportunities are identified;
- **Act** – continuous improvement actions through applying the successful actions and continuing with corrective and preventive actions.

In (ISO 19011), some examples of audit programs are presented:

- **Internal audits** – cover all quality management system;
- **Second party audits** – cover management system of the potential suppliers;
- **Certification audits** – carried out by third party certification organizations.

Depending on audit place, the following audit classes are identified (ISO 19011, 2003):

- **Internal audits** – they are led by audited organization to make management analysis or internal reasons or requirements; they are called first party audits and they represent the base for compliance declaration;
- **External audits** – they include the second and third party audits; second party audits are led by organizations, like clients, that have interests in the audited organization; third party audits are made by external and independent organizations that make audits to certificate the compliance of the audited organization in relation to a standard.

Analysis

The audit process is developed for more purposes

- **Initial point** – audit process is the initial point to develop a management system;
- **Compliance/Noncompliance** – audit process establish the compliance of the management system to the requirements;
- **Efficacy** – audit process establish the efficacy of the management system in relation to objectives of organization;
- **Critical points** – the audited organization can identify its vulnerabilities and critical point and it can improve the system;
- **Measure applying** – audit process leads to measure applying to prevent and correct the system and to follow up the applying procedures.

Depending on audit purpose, it can identify the following audit classes

- Audits for establishing the situation in a time point;
- Audits for accreditation;
- Audits for certification.

The audit scope classifies the audits in the following classes

- Audit of the management system;
- Audit of the process;
- Audit of the product or service.

The audit process is based on principles.

A principle represents a basic generalization that is accepted as true. A principle can be used as a basis for reasoning or conduct.

The audit principles provide relevant and sufficient conclusions and they offer the possibility to different auditors who work independently to get to similar conclusions in similar circumstances.

The following principles regard the auditors

- **Ethical behavior** – it represents the base of professionalism and its characteristics are confidence, integrity, confidentiality and discretion; an auditor has an ethical behavior if the professional standards are met;
- **Correct presentation** – audit results like observations, conclusions and reports are sincerely and exactly presented to the audited client; also, problems and divergent opinions during the audit process are to be reported; it means the obligation of the audit team to report the results sincerely and exactly;
- **Professional responsibility** – auditors acts in accordance with their task importance and confidence granted by audit clients; it means the applying of perseverance and audit judgment taking into account the necessary competence;
- **Independence** – auditor are not influenced by the other audit parts and conflicts of interest; they must have objectivity during the audit process and they base only on evidences to establish the audit observations and conclusions; it represents basis of audit impartiality and objectivity of the audit conclusions;
- **Approaching based on evidences** – credibility and repeatability of the conclusions are the results of the approaching based on evidences; it means the rational way in which the systematic audit process get to results and conclusions; audit

Analysis

Any process is developed in a limited interval and it has limited resources, so the confidence in audit conclusions is given by the confidence in sampling techniques.

Audit techniques re standardized and they aims elements that cover a large spectrum of the topics, beginning with auditors' employment and finishing with audit report editing and presentation.

Activity flow in an audit process

Audit initiating contains the following activities

Audit Activity Flow

Audit Initiating

Document Analysis

Preparation of Audit Activities on Site

Carrying out Audit Activities on Site

Preparation Approval and Distribution of Audit Report

Audit Process Closing

Follow Up Audit

- **Audit team leader' assignment** – it is made by the persons responsible for audit program management;

- **Defining the objectives, purpose and audit criteria** – the objectives include: compliance degree of the auditee's management system in relation to audit criteria, capability of the management system to assure the compliance, evaluation of the management system efficacy, identifying the improvement opportunities; audit scope describe the amplitude and boundaries like physical locations, organizational units, audited activities and processes, period of time allocated for audit; audit criteria are used as reference to establish the compliance; they include policies, procedures, standards, law and regulations, contractual requirements or behavior codes;

- **Establishing the audit feasibility** – the most important factor is availability regarding: information and their opportunity, auditee's cooperation, time and resources;

- **Audit team selection** – it is made taking into account the professional competence; the size and members of the audit team are established depending on some factors of professional competence, audit type, legal requirements, communication; to assure the global professional competence, the below steps are followed:

- **Identifying the knowledge and skills** necessary to get to audit purposes;

- **Selection of audit team members to cover all knowledge and necessary skills;**

If some knowledge and skills are not covered by audit team then technical experts are included in it. Also, audit beginners can be included into audit team, but they must not audit guidance.

- **Establishing the initial contact with auditee** – it is made by persons responsible for audit program management or the audit team leader; the goal of the initial contact is for communication, authority regulation, information exchange, rule establishing, third party participation.

The stage for document analysis includes activities for audit evidence gathering from auditee's documents in relation to audit criteria. Documentation includes official papers and previous audit reports. Sometimes, this activity is made after the beginning of the audit to the site. The audit process can be stopped or suspended whether the auditee's documents are inadequate in relation to the audit purpose.

The third stage of the audit process is preparing the audit activities on site. The stage includes activities regarding):

- **Preparing the audit plan** – it is made by audit team leader to assure the basis of understanding among audit client, audit team and auditee;

- **Assigning activities among audit team members** – it is made by audit team leader in accordance to professional competence, skills and independence of the auditors, efficacy use of the resources, technical experts and audit beginners; there can be made changes during the audit process to assure the accomplishment of the audit purposes;

- **Document preparing** – audit team members analyze the relevant information and prepare the work documents; the documents list include:

- **Check lists and sampling plans;**

- Forms for information recording: audit evidences, observations and records of the meeting.

The stage for carrying out the audit activities on site takes into account the following activities

- **Carrying out the opening meeting** – opening meeting is hold together with auditee's management to approve the audit plan and other details regarding the audit organization;
- **Communication during the audit** – it is necessary to made some conventions regarding communication with auditee and within audit team; audit team leader must periodically communicate the audit stage, problems with auditee and audit client, audit evidence with high risk, any issue out of the audit scope, audit evidences that proof the purposes are unreachable;
- **Roles and responsibilities of the guides and observers** – guides and observers accompany the audit team, but they are not member of this one; they acts to the request of audit team leader;
- **Information gathering and their check** – during the audit process, relevant information is gathered and checked; only verified information can be audit evidence; audit evidences are recorded and they are based on information samples; gathering process of the information during the audit until audit conclusions includes the following activities:

checked information can be concretized into audit evidence;

- Audit evidences are assessed in relation to audit criteria; it can be obtained audit observations;
 - Audit observations are analyzed to state the audit conclusions;
- The gathering methods of the information are:
- **Interviews;**
 - **Observation of the activities;**
 - **Analysis of the documents;**
- **Generation of the audit observations** – audit evidences are assessed in relation to audit criteria to generate audit observations; audit observations indicate compliance or noncompliance to audit criteria; audit evidences that sustain a noncompliance conclusion must be clear and recorded;
 - **Preparing the audit conclusions** – audit team must consider the following issues:
 - **Analysis of the audit observations in relation to audit purposes;**
 - **Agreement on audit conclusions;**
 - **Recommendation preparing;**
 - **Discussion on follow-up activity;**
 - **Carrying out the closing meeting** – closing meeting is coordinated by audit team leader and it is hold to present the audit observations and conclusions to be understand and agreed by auditee; divergent opinions regarding the audit observations and conclusions must be discussed; also, it can be establish a deadline for auditee to present a plan for corrective and preventive actions.

Preparation, approval and distribution of the audit report represent the next stage in carrying out an audit process.

This stage includes the following activities

- **Preparation of the audit report** – audit team leader is responsible for preparation of the audit report; audit report has to be complete, exact, concise, clear and refers to the following elements:

- **Approval and distribution of the audit report** – audit report is dated, analyzed and approved in accordance to the specifications from audit program; it is property of the audit client and it is distributed to the receivers named by the audit client.

The audit process is closed when the activities included in audit plan are accomplished and the audit report was approved and distributed. Audit team members must respect confidentiality of the data recorded in audit documents in accordance with the regulations. The follow-up audit contains activities that can be considered as part of audit process or not. The audit conclusions lead to the need for corrective, preventive or improvement actions. The auditee must implement these actions and they are reported to the audit client. A new audit process controls the efficacy of these actions.

The audit process stages described above can be applied to different levels of audit: management system, process, product or service. For instance, during development of the distributed informatics, systems the audit process has to consider changes that appear during its execution.

The audit program is a document used to organize audit processes. The records of the audit program are

- Audit plans;
- Audit reports;
- Noncompliance reports;
- Reports for corrective and preventive actions;
- Follow-up activities reports;
- Results of audit program analysis;
- Reports regarding the audit team members: assessment of auditors' competence and performance, selection of the audit team and competence maintenance and improvement.

Documents used for audit records must be safely stored to be easily found and readable. Also, these documents must meet the integrity characteristic to conclude correct and objective opinions regarding the audit object.

The audit plan includes the following elements

- Audit purposes;
- Audit criteria and reference documents;
- Audit scope;
- Date and locations where audit activities will be done;
- Period of time and duration to carry out audit activities on site;
- Audit team members' roles and responsibilities;

• **Distribution list of the audit report.**

The audit report is elaborated by auditors with a high level of competence and experience in the audit field. When an opposite opinion is expressed, the audit report must present the causes of that opinion in a clear and documented way.

In audit report elaboration process, the auditor must have an independent position and has to be out of conflicts of interests, regardless of the beneficiary or the destination of the audit reports.

The quality of an audit report is determined by the professional competence and skills of the auditors. A certified auditor confers value to the audit report. Auditors are responsible whether the audit report is or not ready to the established deadline.

During the audit process, background documentation is necessary to establish the elements that highlight concordance between audit activities and standards applied in audited field. The worksheet is the main support for audit report and review of whole activity

Conclusions

The audit processes are lead by persons with high level of professional competencies and skills. They follow the standards, guidelines, procedures and legal requirements to assess distributed informatics systems. Standards impose a rigorous way to organize and carry out the audit processes on stages with precise delimitations between audit stages. Audit processes are parts of the audit program as an organizational strategy to assess the quality of the distributed informatics systems. Audit processes are documented, each audit stage being accompanied by papers to get to conclusions based on audit evidences.

Audit Activity Flow

