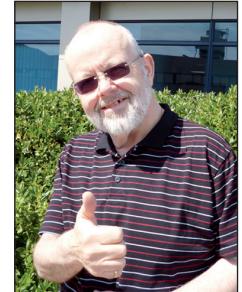


# The proof of the pudding's in the eating!



In the final part of *Ian Hendra's* series about internal audits, he writes about delivering the sweetest internal audit results using a brainstorm audit!

## 27 years of missing the point

Ok, we've been through three articles using a food court analogy to consign the traditional approach to internal audit to the round place, and one saying that the technique is probably the only way for external auditing as we know it. I'm really saying here that the external audit approach and procedure for assessing contractors was forced into internal auditing because in 1987 the requirement for it came from nowhere and nobody in the West knew any different (Dr W Edwards who?). The point missed was that the objectives were different! As a result we have spent 27 years wasting whole FTEs of time that could have been put to much better use if someone had sat down and actually worked out what problem needed to be solved and then dealt with it sensibly.

## And the problem was...?

The problem was, and still is, how to provide top management and those responsible for governance with an internal assurance that policies, systems, processes and procedures are working properly. The procedure is easy, and it's nothing to do with setting up an internal police force, not even a benign one! First you facilitate a review of the status quo by asking your people where the issues are, then you collate the data into information you can work with, then you act on the findings. It's as simple as that. Let me tell you a story to bring this series of articles to a close...

## Santa's pudding factory

It's winter here in NZ, so it's about time Santa got his act together...there are six months to go until he catches up with the world's little ones, including recently born little Sam Hendra; so Grandad will be watching most carefully for any quality problems! Like all the best movies this story is based on real events.

Now, are you sitting comfortably? Many think Christmas puddings come from shops; few ask how they got there or who made them. Some families make theirs using a favourite

family recipe handed down through the years, but few ask about where the recipe originated. The answer to both questions is Santa's pudding factory (SPF).

We all know that Christmas puddings have to be made six months in advance so they rot (whoops, sorry) mature to the point of perfection. So you see, SPF is in full swing every June and July.

## The planning review

On the first of April, Santa and his executive reviewed last year's KPIs. The new hybrid powered sleigh with reversing camera had saved heaps of reindeer fodder and a few chimney stacks. The new red Kevlar suit worked well at high speed; Rudolph's new LED nose was awesome. All the KPI factors were in the green until they got to the pudding factory. It all went very quiet.

They saw SPF factor 5 in the red, not good enough. Marcus Spencer from the Quality Dept blushed and said that unfortunately, they'd had "soft where?" problems with last year's puds not being consistently firm. Production Manager, Mrs Peak, said they'd had issues with production falling behind schedule. And Tess Coe from Corporate Support had worries about recruiting admin elves competent to do the support work necessary to make sure everything worked like a box of fluffy ducks.

## The question is: conventional or brainstorm audit?

There are billions of puds made each year, with thousands of labels in different languages, all in conformity with a food safety system meeting FSSC 22000. Santa sighed and said, "Yo ho wo, get an internal audit done so we can nail the goblins responsible for this..." "I don't think so," said Sunita Claus, Santa's daughter and the GM of ER (Elfin Resources), "we fired all the goblins after the Y2K doom and gloom, and those internal audit things don't really fit with our 'happy place' image. We know from our production records that our elves follow the procedures. So how about I run some brainstorming audits with the team leader elves and see what they come up with?" "I'm worried we're not getting the elf service we need."

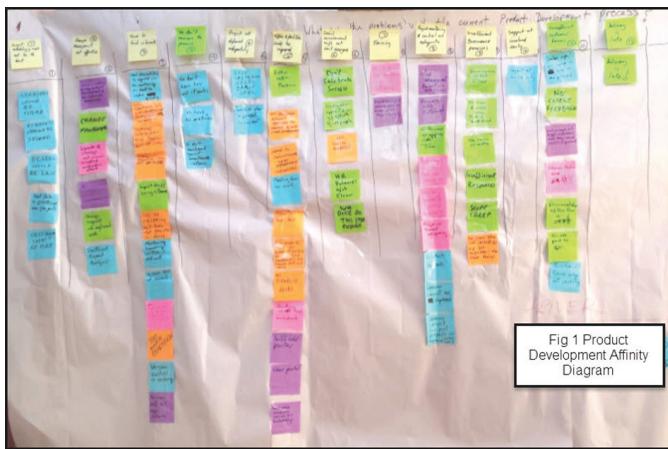


Figure 1: Product development affinity diagram

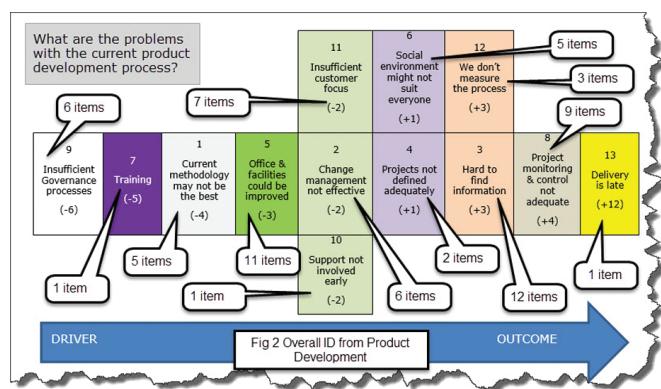
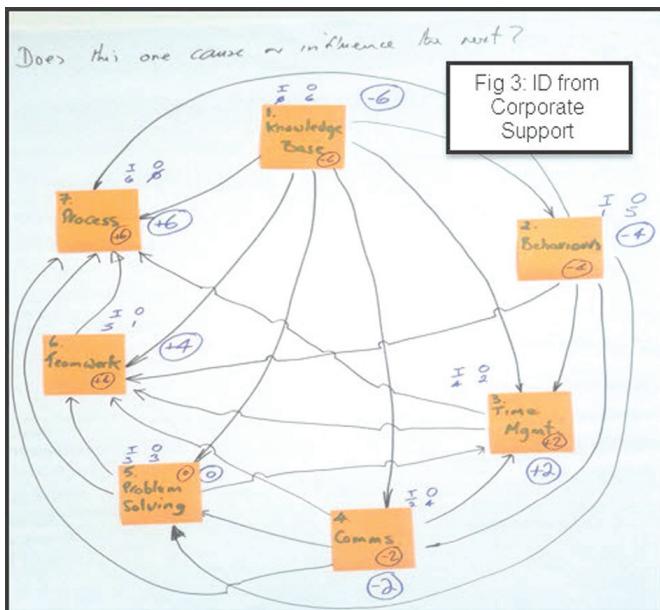


Figure 2: Product development ID results



**Figure 3: Corporate support interrelationship digraph**

## The brainstorm audit

Sunita ran the Affinity Diagram and the interrelationship digraph twice. First with an elf production team from product development, the kitchen, and logistics and second with an elf service team from corporate support. She ran the tools from the book, photographed the wall charts, wrote the reports and presented the findings to the management team.

## **1. The production team (making the right pud?)**

The production team elves discussed the scenario and decided that the real problem was how well the corporation-wide Santa Clause Enterprises Pudding & Toys Innovation Control System (SCEPTICS) actually worked. They focussed on 'Product development' to keep it simple, and set the Affinity question as: 'What are the problems with the current product development process?'

For the Interrelationship Digraph (ID) they asked: 'Does this Header cause or influence the next?'

They came up with: 69 items as answers to the Affinity question, sorted into 13 groups under individual headers (see figure 1) and the product development ID results set out as a driver-outcome continuum (from the audit report itself – figure 2).

## 2. The corporate support team (making sure it happens?)

The corporate support elves also discussed the whole scenario, coming up with the Affinity question: 'What technical skills and knowledge do we expect of candidates at the point of recruitment for admin positions in Corporate

Support?' They asked the same ID question as the production team.

They came up with: 59 items as answers to the Affinity question, sorted into 7 groups under individual headers (see figures 3 and 4).

## The outcome...

1. These exercises took about three hours each, and they involved a cross-section of those most experienced in the areas of business concerned to the extent that they were victims of the poor processes being challenged.
  2. They identified 128 problem items, sorted into 20 areas of concern to be addressed in due course.
  3. They all had their say, there were no arguments, no feuds, no misunderstandings, and all were in full agreement with the findings.
  4. Not only that, but they were all looking forward to tackling other areas using the same techniques.
  5. The product development elves learned that “setting the scene” properly was the main driver in ensuring on-time performance. To date the focus had been on the technical skills and qualifications of individuals.
  6. The corporate support team learned that basic general knowledge, behaving properly in the workplace and being able to communicate were the main drivers in ensuring admin processes were followed properly. Current recruitment procedures did not examine these areas at all.

## Finally...

It is clear to me that conventional internal auditing does not get within a country mile of this, so I am going to say QED (*quod erat demonstrandum*, it is proven, or even, *quite enough done!*).

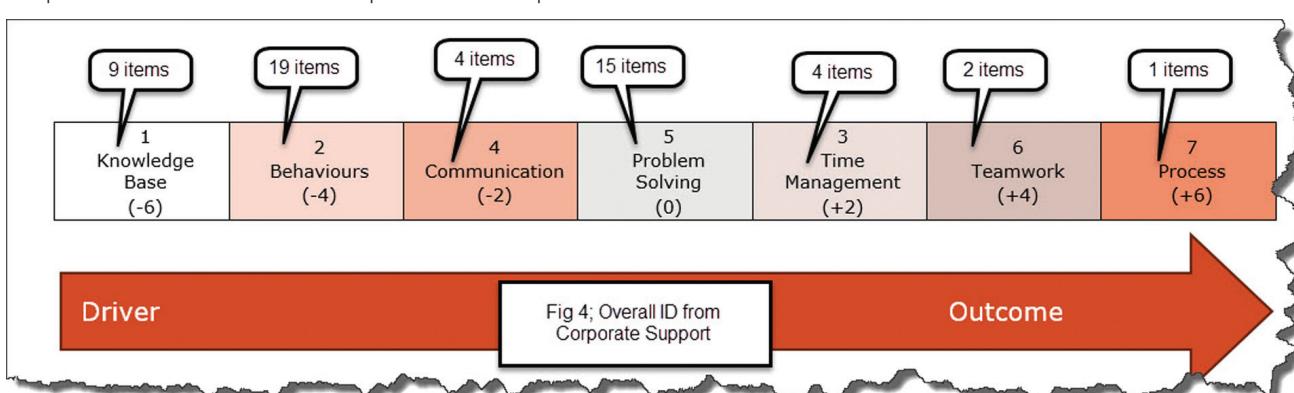
This is the final article in this series introducing a new approach to providing internal assurances that systems are working effectively. I hope they have been of value, and I hope they bring a new lease of life both to your quality system and your role in keeping it relevant. As I keep saying, conventional internal auditing is a self-defeating enterprise that does nothing to embed QA systems as 'the way we work around here'.

Enjoy your Christmas pudding and recall that it didn't get that good by accident: Santa cares!

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## References

"What's up doc?" Hendra IRF, QNewZ July 2011 (how to do an Affinity diagram)  
"What's up doc? Working on relationships" Hendra IRF, QNewZ Sept 2011 (how to do an ID)



**Figure 4: Corporate support ID results as per figure 2**