

**Appreciative Internal  
Audit:  
A Strength-Based  
Approach to  
System Quality Auditing**



**Presented to  
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# Session Overview



- Why Appreciative Internal Audits?
- What is “Appreciative Inquiry”?
- Appreciative Inquiry applied to Internal Audit
- Steps required to Plan & Execute an Appreciative Audit
- Appreciative Audit Interview Questions
- Q&A

## Does your internal audit program have the following criteria?



- Management and employees view the internal audit process simply as a necessity to maintain the required certification.
- The organization establishes the internal audit process solely to ensure it will pass the external audit.
- The primary purpose of the internal audit process is to conform to the requirements of the applicable standard.
- Internal auditors emulate external auditors in conducting their audits.

# External Audit Objectives



1. Verify conformance to applicable standards
2. Verify conformance to documented procedures

# Auditor Training



- Developed by registrars
- Based on training for registrar lead auditors
- Main focus - CONFORMANCE

# Internal Audit Objectives



1. Identify opportunities to improve the system
2. Verify effectiveness of processes in the system
3. Verify conformance to documented procedures
4. Verify conformance to applicable standards

# Internal Auditing: What works...



- Organized system to measure business management system effectiveness by formally reviewing business processes
- Formal & factual report on the performance of business processes needed to achieve desired goals
- Provide evidence of compliance & effectiveness for 3rd party external registrars and customers

# Internal Auditing: What works...



- Potential to cover broader objective of providing opportunities to improve QMS processes
- May be used to assess effectiveness of significant organizational or business process changes
- May be used to evaluate external supplier &/or subcontractor performance at their place of work



## But what if...



- an audit became something that auditors and auditees looked forward to?
- revealing system effectiveness and best practices was just as likely and finding nonconformances?
- the act of asking audit questions began the process of change for the better?

## ...and what if...



- internal and external audit reports became the main input to the CEO's strategic plan?
- all this could be achieved without sacrificing conformance to international and industry standards?
- companies with mature, world class systems could get more value from the external audit process?

# Innovation begins with research



- “Innovation is the creation of the new or the re-arranging of the old in a new way.” (Michael Vance)
- “If you are not failing every now and again, it’s a sign you’re not doing anything very innovative” (Woody Allen)

# Discovering Appreciative Inquiry



- The study and exploration of what gives life to human systems when they function at their best.
- To affirm and appreciate the best.
- To increase or appreciate in value.
- To investigate and ask questions.
  
- AI Founder: David Cooperrider

# Appreciative Inquiry Assumptions



1. In every site, department or project, something works.
2. What you focus on becomes your reality.
3. Reality is created in the moment, and there are multiple realities.
4. The act of asking questions of a person, influences the person in some way.

# Appreciative Inquiry Assumptions



5. People have more confidence and comfort to journey into the future (the unknown) when they carry forward parts of the past (the known).
6. If we carry forward parts of the past, it should be what is best about the past.
7. It is important to value differences.
8. The language we use creates our reality.

Source: Sue Annis Hammond

Thin Book of Appreciative Inquiry, 2nd Edition, 1998

# Appreciative Audit is born



- A synergy of Internal Audit and Appreciative Inquiry
- Innovation in the quality field:
  - Google: “Appreciative Inquiry”
    - 228,000 hits
  - Google: “Appreciative Audit”
    - 60 hits
- More social – telling / listening to stories

# Appreciative Audit is born



- Crafting appreciative questions is an art
- It's about sharing “best in class” activities, events, and processes
- A “nonconformance” includes the lack of something valuable to share



# Planning the Appreciative Audit



1. Obtain Process Flowcharts and identify core processes (*no change*)
2. Prepare a Business Process to QMS Matrix and identify what QMS elements apply to the business processes (*no change*)
3. Prepare appreciative questions for each business process (*quite different than traditional audits, examples to follow*)
4. Identify and invite the process owner, internal customer and internal supplier to an audit interview (*different*)

# The art of the question



- Identify all ‘shall’ requirements defined in procedures and existing audit checklists
- Transform “shall” statements into appreciative questions... the “art” part.

# The evolution of audit questions



- Poor leading question:
  - “Do you notify management when a nonconformance occurs?”
- Better open-ended question:
  - “What are the reporting requirements for nonconformances?”
- Thoughtful appreciative question:
  - “Tell me about a time that you discovered a nonconformance.”

## Example: the Training process



- Poor leading question:
  - “Did you read the SOP for your process during your training?”
- Better open-ended question:
  - “How were you trained to do your job?”

# Thoughtful appreciative questions



- “Imagine that you have just finished training for a new job that you will be starting next week and you feel very confident about your ability to perform it well. What are the top 3 things about the training that gave you this confidence?”
- “Tell me about a time that the company’s training procedures prevented a quality problem.”

# Thoughtful appreciative questions



- “It is 2010 and you are at a company event watching the CEO receive an industry award for excellence in employee training. What kind of changes lead up to this momentous occasion?”

# Executing the Appreciative Audit



1. Ask permission to record the audit interview but indicate that the auditee will be offered the opportunity to erase the recording at the end of the interview (*different approach necessitated by the abundance of findings and ideas*).
2. Conduct the Appreciative Audit Interview (*the questions and participants make this a different experience than a traditional audit*).
3. Document the audit findings in the Audit Report (*similar to traditional audit reports but with more OFIs & Best Practices*).

*From traditional audit  
tug o' war to...*





*...appreciative audit story telling!*



# The Appreciative Audit Report



- **Report Contents**
  - Best Practices
  - Opportunities for Improvement
  - Non-conformances
- **Differences from traditional audits:**
  - Abundance of positive findings
  - Greater interest in sharing the findings
  - Valuable input into Strategic Planning

# Management Review of the Appreciative Audit Report



1. Use Affinity and Pareto Analysis to organize the audit findings and reveal the most common issues and “patterns” (*different approach is, once again, necessitated by the abundance of findings and ideas*).
2. Review audit findings with Management (*similar to traditional audits, but Best Practices and OFIs get equal emphasis*).

# Management Review of the Appreciative Audit Report



3. Key audit findings are more likely to find their way into the organizations strategic plan (*especially when traditional systems audits of mature systems are not adding much value*).

# Questions?



# Wrap-up



- Appreciative Audits are an innovative application of Appreciative Inquiry applied to Internal Audit
- Experience the Appreciative Audit Interview to believe it!
- Jon Morris, “Smooth Approach,” *Quality Progress* (Oct 2008)