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### Title:

Continuous Improvement of Business Audits

Word Count:

1122

#### Summary:

In this article we have looked at the different stages of auditing performance and the best practices that should be followed. Here we discuss the need for a gradual, orderly, kaizen style continuous improvement approach to the auditing process, in order to ensure that the process continues to be productive and effective in an ever more complex business environment.

### Keywords:

distance learning, audit, management, business, courses, HND, HNC, diploma, certificate, project, online, DMS, CMS,

### Article Body:

An effective audit process will mean that audit teams will be taking a systematic approach to gathering and interpreting data and information. In order to maximise the value of the outcomes of the audits the management should: Accept that the audit activity needs appropriate resourcing, including training of auditors, education of operational and management staff, and physical and financial funding. If any of these are inadequate, then the quality of outcomes will suffer. Accept that there will be limitations to the data gathered and the outcomes produced, not least because of the influence of the quality and quantity of resources allocated to the audit activity, but also because of the varying standards of judgement and interpretation that may be applied to the outcomes; Focus on trends, take appropriate corrective action on specific issues, but look for trends and patterns that indicate underlying, hidden, problems that need addressing; Ensure that the auditing activity is flexible and adaptable, in order to make it compatible with the culture and structure of the organisation, rather than adopt a rigid, unchanging process which is likely to be inappropriate and producing inaccurate results; Challenge the findings, the audit process will not be infallible, and should be challenged continuously to ensure that it is, itself, performing effectively; Apply the highest possible standards to the interpretation of results and judgement on what action to take, this requires training, experience, expertise, awareness of the internal and external environment, and an awareness of the impact of proposed changes on the motivation and morale levels of staff and managers, and an ability to forecast the impact on the operational and strategic objectives.

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However, there are some dangers that must be avoided in order to maximise the effect of the audits. These include: Overload of data and information, the result either or too many audits being scheduled in general and-or the unnecessary auditing of areas of activity that are obviously performing well. This can be avoided by targeting the audits and schedules more thoughtfully; Overload of improvement recommendations, not in itself a danger, but the organisation can find it impossible to resource, in terms of budget, time, or human resources - all the improvements identified. The answer is to prioritise, focusing on those improvements that will bring greatest value to the achieving of the organisation's objectives; Complacency, where results are apparently positive in most areas, there is a danger that management will become complacent. By adopting the kaizen continuous improvement approach to auditing, this should be avoided; Over-reliance on the auditing process, by leaving the identification and correction of poor performance to the audit process, rather than the audit process at least in part confirming that positive, continuous improvement activity is taking place; Managers ignoring the relevance of audit findings the most damaging response. If managers do not take the audit results and recommendations seriously and refuse to implement, or only half-heartedly implement the required changes, then the value of the audit process is wasted.

Although the auditing should be scheduled to examine all processes and activity on a regular basis, there is a need for additional emphasis to be given to auditing poor performers. These are activities, processes, functions, systems, where problems are visible of suspected, but the causes are not certain and need further investigation. In these cases management should arrange for ad hoc audits, and-or for these areas to be given priority in current or imminent auditing activity. It is not acceptable to rely on a generic auditing approach. Not dealing with visible or suspected poor performers immediately will allow poor performance to cause immediate and possibly long term damage. Inevitably, the longer the problems remain unaddressed, the more difficult it will be to take corrective action.

There is a danger that management will see only the audit results and concentrate on the decision making as to what improvements to make, and how to implement these. However, management must remember that the audit results are drawn from the activities of people. This means employees, operational staff, managers, specialists, suppliers, customers, stakeholders. Feedback, shaped and delivered in an appropriate manner, depending on the target group, must be seen as an essential element of effective auditing and successful implementation of changes. Not informing people of the rationale, the purpose, the results, and the positive contribution made by auditing, will lead to low morale and motivation, dissatisfaction, and possibly conflict.

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It is essential that the improvements generated by the audits strengthen the organisation's capability to compete. In order to ensure this happens, management will need to be aware that: It will often be necessary for improvement action to be prioritised. Where this is the case, then those improvements that will contribute the most value to the organisation's competitiveness should be given higher priority. This is a responsibility of management, who will need to be appropriately skilled in this task; The business sector and general external environment is changing rapidly, and even relatively recent outcomes and improvement recommendations may no longer be appropriate due to significant external changes. This requires management to be alert to such changes and to have the ability to interpret how their organisation should best respond; After improvement changes have been implemented these will have, by default, altered the nature of activities and processes, and will need monitoring, auditing, to ensure that the effect is positive. It is highly likely that most changes made will need adjustment, especially in the early stages after implementation. This must be an integral, high profile, element of the change process.

Business Performance Audits are critical to the success of the organisation. The specific functional, process, and activity improvements generated by the Performance Audits are important and must be visible supported by the management. However, strategic and operational priorities will be constantly changing. Senior management must also ensure that the audit activity contributes positively and supports the strategic direction that the organisation is taking. It is the responsibility of senior management to continuously monitor the effectiveness of the auditing activity in the light of this requirement, and make appropriate changes if necessary.

To obtain the maximum benefit from Business Performance Audits the management must view them as a critically important element of the business. Appropriate resources must be allocated to the activity itself, to the interpretation of results, and to the implementation of improvements generated. Auditing must be integrated into the continuous improvement approach of the organisation. In addition, the objectives of the auditing process must be to generate improvements that contribute positively to operational and strategic objectives. If this approach is taken by management, then the organisation will benefit greatly from the continuous improvements that an effective auditing process can deliver, enabling it to continue to perform to the best of its ability.