



# Quality Auditing Services White Paper:

## Outsourcing your Internal QMS Audits

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<http://www.quality-auditing.com>

# Background

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Internal auditing is an important tool which tells us the effectiveness of the Quality Management System. A good Quality Management System (QMS) contains various reviews and checks to ensure that the QMS is working properly and achieving desired results. One well known independent check is the internal audit. But when one hears the words "Internal Audit", does that mean it has to be done in house by company personnel? Not anymore. Some companies discover that the findings that their own internal auditors initiated were minor and not a value added activities. Findings were of the document control type, incomplete tags which didn't move the company towards continuous improvement activities. Management would have had to stifle a yawn, because the findings simply weren't important to them. If you are finding that the internal audit program is not effective, consider outsourcing it.

# Outsourcing

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Outsourcing the Quality Management System Internal audit process is a trend gaining in popularity. The principle of outsourcing services is not new, nor is it unique to the quality function. Companies outsource tasks every day. In the quality field, outsourcing calibration to calibration professionals is seen commonly. As more and more firms cut back on personnel, and add more responsibilities to those people still employed, outsourcing the internal audit process to a quality auditing professional may be a cost effective alternative. It lets employees focus on their main jobs.

In the paper and presentation seen at the ASQ Audit Conference in October, 2008, "Effective Internal Audits: Is Outsourcing the Answer?" Denis Devos reveals results of his study which shows that "there is a growing tendency for organizations to rely on the services of professional auditors to perform audits". In his study, Denis completed a survey of 155 companies. 76% - 86% (non-automotive companies vs. automotive companies) of the companies surveyed had outsourced the internal audit function, even though there was an "internal" audit team in place.

# Advantages

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Some companies find it cheaper to outsource internal audits rather than train internal personnel to do them. Many times companies spend money to have internal auditors trained and have those auditors leave the company. Another issue facing companies is that the trained internal auditors lack the time to perform internal audits effectively. Both of these issues contribute to loss of the company's investment when the internal auditors cannot perform internal audits. Outsourcing internal audits can reduce the training costs for internal audits. Outsourcing the internal audit process enables businesses to receive quality services at a lower cost.

An excerpt from an e-mail sent to QAS from a company requesting internal audit services:

*We hired a firm to train select employees as TS Internal auditors and then after the capital and time investment one by one they either leave the company or don't have the time or interest in continuing on as an internal auditor.*

These are typical reasons for outsourcing the internal audit process.

# Auditor Requirements

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Automotive, Aerospace, Medical and Telecommunications sections require QMS internal auditors to have a higher level of training. With the revision of ISO 9001 / TS 16949 requiring a process approach to the QMS, this adds another skill for internal auditors to learn. In the automotive sector some OEM's have added more requirements, core tool knowledge (MSA, SPC, APQP, PPAP, FMEA).

Professional auditors can focus on operation processes and procedures and at the same time identify opportunities for improvement. It provides the companies with access to best practices that they could not get with internal resources. It allows for flexibility in resource allocation. Also auditors come in the building without any agenda, or preconceived notions.

Outsourced internal auditors have greater credibility when conducting audits and their audit results tend to be taken more seriously, especially when management is writing a check to cover the costs of services. Outsourced internal auditors can heighten the importance of these found nonconformities.

## Disadvantages

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There are some disadvantages to outsourcing internal audits as well. Some companies may take the view that outsourcing is a failure of their team. In truth, it is not a failure, but an example of resource management. Companies may not want to pay for outsiders to come in and audit when they have their own staff. Also, there may be a lack of trust, will the auditor “audit and tell” about their experience auditing that company? Also, when the auditor comes in from the outside they will not know the business as well as the internal auditor.

Outsourcing internal audits is not for everyone. In the past, hiring out internal auditors was seen as “cheating” and management shirking their responsibility for the QMS by some auditors and registrars. But with the current economic conditions, with many companies leaned to the breaking point, it is hard to add yet another duty to already overworked staff.

## Once you have decided to outsource your internal audits.

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If you have decided to outsource the internal audits, then there are several steps to follow in finding and selecting an internal audit resource. You may want to invite the prospective auditor in for an interview or plant tour. Ask them how they approach audits. Request references from previous companies who have hired them to perform internal audits.

After you have selected a resource to conduct internal audits, the internal audit deliverables must be agreed to before start of the audit. That is what you are looking for during and after the audit. Do you require an executive audit report citing strengths, weaknesses and opportunities? Are you looking for a

grammatically correct audit report and nothing less will do? Of course, deliverables may change during the course of the audit.

Even though your company has decided to outsource the internal audits, the auditor will require your assistance with the audit. They will need access to your QMS documentation, procedures, and work instructions. They may need a guide during the audit. This depends on the size and scope of your facility and the audit. The company employees will need to participate in the audit.

What audit worksheets are going to be used? If you want the auditor to use your standard audit worksheets or if you are open to using theirs. Some companies use outside auditors to help mentor and train the internal auditors that are on site. Also, what support is needed to monitor and track corrective actions must be established? Will you want the auditor to follow up on corrective actions to verify effectiveness?

## Summary

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There will be greater demand for outsourcing internal audits particularly after companies learn that it is a more acceptable practice and an acceptable alternative. The term "internal" leads many companies to believe that it has to be done by their own people. That is no longer true. In a survey by Denis Devos, he found that the majority of companies who have outsourced their audits at least once had a positive experience and would do it again.

Companies may not outsource their internal audits forever, but the practice of hiring outside internal auditors can help fill in the gaps during management changes, shortages of internal auditors, upgrade to the QMS, etc.

### References

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ASQ Audit Conference Paper & Presentation, October, 2008, "Effective Internal Audits: Is Outsourcing the Answer?" Denis J. Devos: Devos Associates Inc.

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