

The Competency Framework

What it means for auditors

Foreword

The CQI Competency Framework provides an overview of the competencies quality professionals require to do their jobs effectively. In this publication on the framework we bring together an analysis of the five key elements: governance, assurance, improvement, leadership and context as applicable to management system auditors.

Firstly, good governance lies at the heart of all successful organisations. It helps protect against poor decisions and can transform performance from top to bottom. The Competency Framework associates two key questions with governance: Is management intent defined? Is management intent fit for purpose?

The second section of the framework moves from the key governance considerations to assurance. The framework associates two key questions with assurance: Is management intent effectively implemented? Does it produce the desired outcomes?

Thirdly, we focus on an area where auditors can truly take on the mantle of ‘agents for change’ – improvement. The two defining improvement questions in the Competency Framework are: Is there a culture of objective evaluation? Is there a commitment to improve continually?

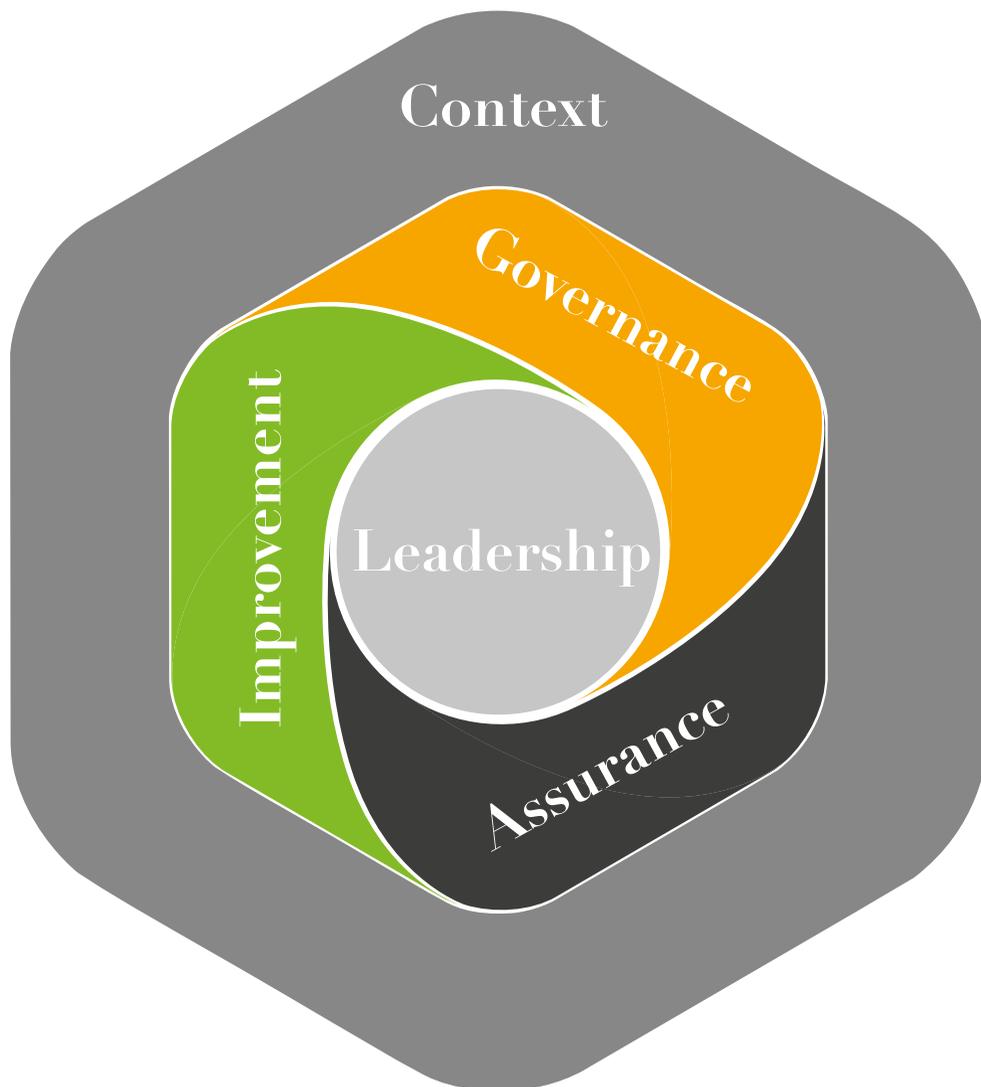
Fourthly, leadership is central to the CQI Competency Framework. Without effective leadership an organisation will not be able to drive through necessary improvements to its governance, assurance or improvement structures. It will stagnate and, through time, decline.

Finally, the CQI Competency Framework looks at context. This recognises that our Governance, Assurance and Improvement (GAI) activities, as well as our leadership behaviours, are delivered within prescribed boundaries, a complex overlay of client instructions, applicable statutory and regulatory frameworks, the requirements of international standards, accreditation and certification body directives, professional codes of conduct, good practice guidelines et al.

Hopefully this will be a useful guide in enabling management system auditors to use the CQI Competency Framework to its full extent.

The CQI Competency Framework

The CQI Competency Framework provides an overview of the competencies quality professionals require to do their jobs effectively. It's structured around the context in which they work and the behaviours they must show. But what does this mean for the auditing profession and how do we relate to the framework?





Part one: Governance

Good governance lies at the heart of all successful organisations. It helps protect against poor decisions and can transform performance from top to bottom. Poor governance exposes organisations and their stakeholders to increased financial, reputational and operational risk, as evidenced by recent quality failures such as the horsemeat scandal and the banking crisis in the UK.

Within the Competency Framework the criticality of achieving good governance is recognised. Governance appears as one of three headline areas of activity (the other two being assurance and improvement) that all quality professionals must be able to demonstrate competency in. We must all understand the essentials of governance and be able to differentiate the good from bad.

The Competency Framework associates two key questions with governance:

- Is management intent defined?
- Is management intent fit for purpose?

As management systems auditors, we are well positioned to ask these questions of any organisation and assess the validity of an organisation's response. But what exactly should we be looking out for?

Is management intent defined?

As auditors we would expect to find objective evidence that an organisation was using appropriate methods to establish its stakeholder needs, expectations and views. In Annex SL parlance this equates to 'determining the relevant interests of relevant interested parties'. As the relevant interests of relevant interested parties change through time, we would also want to assure ourselves that a mechanism is in place to periodically monitor and review the results.

We would then expect to see top management ensuring that their policies, processes and plans have been produced with consideration of relevant interests of relevant interested parties. Any objectives the organisation sets must be consistent with policy and evidence should exist that further demonstrates that the organisation is evaluating its risks and opportunities.

Following this investment in planning, we would wish to see evidence that the organisation had successfully translated this learning into process management capability. The organisation should be able to demonstrate that its core processes are owned, defined, implemented and being improved, and are consistently delivering the intended results. However, constantly delivering the intended results is not sufficient proof of good governance. This brings us on to the second question.



Is management intent fit for purpose?

It's not sufficient for the organisation to simply be generating the outcomes it intends to generate. A critical consideration is whether these outcomes are what the organisation's stakeholders really want – ie is the management intent fit for purpose?

As auditors we must seek to ensure the organisation's policies, processes and plans are effective in meeting stakeholder expectations, removing variation, minimising business risks and maximising opportunities. We also need to ensure that the business management system is being continually assessed and improved, as without this self-assessment and action on the resultant learning, even market leading organisations can get left behind.

We must determine whether top management is displaying the values they prescribe through their behaviour and whether they are actively developing the capacity and capability of the organisation to become effective. We would also expect to see individuals performing effectively in defined roles with clear accountabilities.

Spotting good or indeed poor governance should not pose too much of a challenge for the experienced auditor. The indicators above are pretty much those we currently consider, or will shortly be required to consider, as Annex SL-based standards become the norm. The jump we need to make is to move away from simply reporting poor governance to participating in tackling it. As the Competency Framework reminds us

- we need to become agents for change.

Part two: Assurance

Because good governance lies at the heart of all successful organisations it is imperative that management system auditors understand the essentials of governance, and are able to differentiate the good from the bad. The second section of the CQI Competency Framework moves on from the key governance considerations ('Is management intent defined?' and 'Is management intent fit for purpose?'), to assurance. The framework associates two key questions with assurance:

- Is management intent effectively implemented?
- Does it produce the desired outcomes?

As management systems auditors our core business is providing assurance. Irrespective of whether we're carrying out first, second or third party audits, we're seeking objective evidence in order to determine the extent to which the client's audit criteria are being satisfied. While the criteria itself may vary from engagement to engagement (it could be ISO standards, government regulations, contract terms or an in-house business management system), the fundamental purpose remains the same. As a competent profession, we're entrusted to provide an independent view as to whether all is well.

The impact for auditors

IRCA management system auditors should feel entirely comfortable operating in the assurance space, after all providing assurance is what we've been doing since management system standards were first introduced. But can we ever provide absolute assurance to our clients?

As long as audits remain sampling exercises then the answer will be no. There will always be the possibility that something critical will be overlooked. For this reason auditors must employ risk-based thinking during audit planning to identify where the greatest risks to assurance lie, and develop representative sampling plans to focus on these areas.

Following the audit, we provide a statement of assurance to our clients in the form of an audit report. While the structure and content of these will vary depending on whether we have performed a first, second or third party audit, the underlying requirement is to provide an independent and objective assessment as to whether the client's specified requirements are being met.

Is management intent effectively implemented?

The fact that management intent has been defined and is fit for purpose counts for little if the intent is not subsequently translated into practice. From an Annex SL perspective, this equates to evidencing that the organisation's response to addressing the requirements of Clause 4 (Context), Clause 5 (Leadership) and Clause 6 (Planning), are reflected in its actual working practices in Clause 8 (Operation). Are the actions taken to address risks and realise opportunities observable? Are plans established to achieve the organisation's quality objectives being operated? Is top management displaying the leadership that the new standard dictates? Effective implementation of intent also requires appropriate support (see Clause 7).

The organisation must employ competent people, provide suitable infrastructure and create a conducive environment for the operation of its processes. It must also provide monitoring and measuring resource, and preserve business critical organisational knowledge.

This element of the framework, from an audit perspective, is all about ensuring that the organisation is actually doing what it has said it will do – practising what it has preached. By employing a process approach, auditors can track the operation of core processes across the organisation, assembling the necessary objective evidence at each stage, in order to allow them to reach a conclusion. Where practice differs from the intended, observations and non-conformities are recorded for subsequent inclusion in the audit report.

Does it produce the desired outcomes?

The operation of the organisation's management system is the means by which management intent is translated into tangible outcomes. In order to determine whether the management system is producing the desired outcomes, auditors must analyse and evaluate the objective evidence they amass during the performance of the audit. With the introduction of Annex SL, the types of evidence we're used to seeing are set to change. Gone are references to manuals, procedures and records, and in come requirements to retain or maintain documented information.

This change was made in order to afford organisations greater freedom to decide what



information it wishes to hold in order to ensure the efficient operation of its management system. So, while it can retain the manual and procedures if it wishes, it doesn't have to. For auditors who are used to auditing against procedures this will present a new challenge, as will the fact that documented information is media agnostic – it can be held in any format of the organisation's choosing. As such, auditors may find they need to increase their IT skills in order to interrogate the organisation's IT systems.

We also see requirements in the new Annex SL-based standards to 'determine' – ie for the organisation to determine the internal and external risks it faces, and the relevant interests of relevant interested parties. These won't need to be documented, so the auditor will need to ascertain whether these outcomes are being met by other means (typically through questioning). The absence of a written record makes ascertaining whether the desired outcome has been achieved a little more challenging, but it is still well within our ability to reach a reasoned conclusion.

In respect of the products and services themselves, we seek evidence that verification has been performed at prescribed points in the production process to confirm defined acceptance criteria have been met. We also seek evidence of validation to ensure that the product or service is fit for its intended use.

Part three: Improvement

The conclusion that audits play a key role in ensuring assurance is hardly the stuff to trouble the judges in respect of securing any international quality awards. Irrespective of whether it's a first, second or third party assessment, the primary concern of the audit client is: 'Is everything okay?' That's predominantly why the audit function exists. But to assume audit is only about assurance undersells our profession. In part one I explained how management system auditors are ideally positioned to consider organisational governance and provide answers to the questions: 'Is management intent defined?' and 'Is management intent fit for purpose?' Now, we focus on an area where auditors can truly take on the mantle of 'agents for change' – improvement.

The two defining improvement questions in the Competency Framework are:

- Is there a culture of objective evaluation?
- Is there a commitment to continually improve?

The impact for auditors

Once again management system auditors find themselves well placed to answer. IRCA's management system auditors already understand the role they play in assisting organisations to improve, irrespective of whether they are first, second or third party assessors. While third party auditors can provide the most objective appraisal as to whether improvement is taking place, it is the first and second party auditors – those working within the business day in, day out – that are best placed to force improvements through. They are the principal agents for change and their importance to the business should be recognised more often.

Is there a culture of objective evaluation?

The objective evaluation of any organisation's management system should be first and foremost built around a robust internal audit programme. This should utilise risk-based thinking to direct precious audit resource to where it can add the most value, either through mitigation of business risk or realisation of business opportunities.

Internal audits provide a critical insight into whether the management system has been effectively implemented and is being properly maintained. At a local level, the results of audits are fed back to relevant managers who need to consider the implications of the outcomes. At a more senior level, consolidated findings are presented to top management at the now more strategically focused management review. Where a culture of objective evaluation is well embedded, the auditor will find clear evidence that the outcomes from audits and reviews are acted on quickly and with purpose.

Clause 6 (Planning) of Annex SL-based standards requires the organisation to set measurable quality objectives consistent with its management system policy and strategic direction, and to monitor progress against these. It must also set objectives for applicable processes and, in respect of customer satisfaction, subsequently determine whether these objectives have been achieved. Clause 6 is also where the requirement to determine risks and opportunities to the management system is located, along with the associated requirement for the organisation to take proportionate action to address/realise the risk or opportunity. Clause 8 (Operation) requires the organisation

to carry out monitoring, measurement, analysis and now evaluation. Each must determine what needs to be monitored and measured in respect of the overall system, processes, products or services, and how and when this will be done. The assessment of Clause 6 and Clause 8 will provide the auditor with more than sufficient material to come to an informed view as to whether a culture of objective evaluation actually exists.

Is there a commitment to continually improve?

Annex SL defines continual improvement as 'reoccurring activity to enhance performance', where performance can relate to the management of activities, processes, products, services, systems or organisations.

Management system commitments are enshrined in the organisation's policy statement. As Annex SL-based standards mandate an explicit commitment to continual improvement of the management system, the auditor should find no difficulty in locating the actual statement of intent. However, the greater challenge may prove to be witnessing commitment to improve 'on the ground'.

The auditor will be looking for evidence of loops being closed – are non-conformities and their associated corrective action processed in a timely manner? Has the action taken to address risks and opportunities been evaluated, and is context being periodically revisited? Is top management using its performance data to keep the business moving forwards? Such questions are essential for establishing whether there is a commitment to continual improvement.



Part four: Leadership What is leadership?

“The process by which a person influences others to accomplish an objective”
– Akhil Shahani, Enzine Articles – How Can We Define Leadership, July 2008

It is often said that you never forget a great teacher and most of us will be able to recall with affection a tutor we really connected with. His/her passion for their subject inspired us and enabled us to achieve beyond our own, and others', expectations. These tutors were focused, not just on the task but on the individual too, instinctively knowing which buttons to press in order to achieve the required results. It built trust, generated respect and instilled confidence that their direction of travel was undoubtedly the right one.

They were not just great teachers – they were great leaders. We followed them not because we were told to but because we chose to.

Leadership is central to the CQI Competency Framework. Without effective leadership an organisation will not be able to drive through necessary improvements to its governance, assurance or improvement structures. It will stagnate and, through time, decline. So can management system auditors contribute to an organisation's effective leadership? And do auditors need to demonstrate leadership competencies? The answer to both of these questions is yes.

The CQI Competency Framework identifies eight leadership roles. Here, I explain how auditors fit into each role.

1. The Quality Advocate

Auditors are highly visible individuals. Our work means we interact with a diverse group of people, ranging from top management to those operating directly at the coalface.

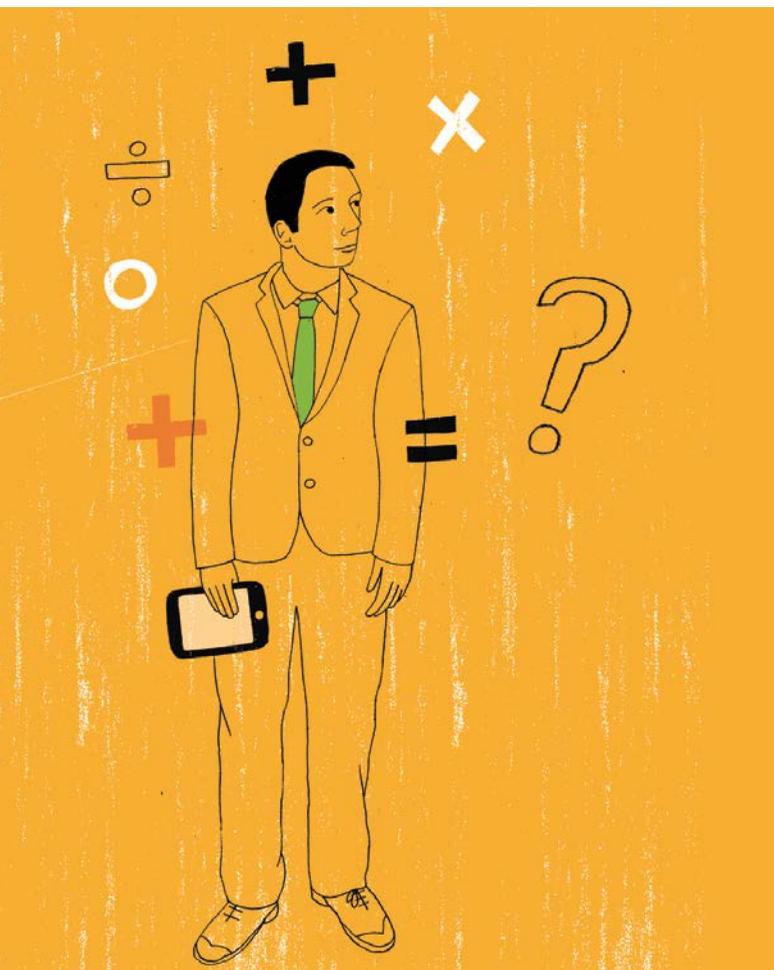
All of these people have an opinion on the management system(s) that govern their work, ranging from full embracement to “I wish this would go away”. Auditors must convey the message that a well-constructed management system provides a framework for sound governance, assurance and improvement. We must take every opportunity to reinforce this. After all, if we don't feel comfortable advocating the benefits of a management system then we cannot reasonably expect others to do so.

2. The Stakeholder Advocate

A primary responsibility of auditors is to provide assurance to the organisation's relevant interested parties (ie stakeholders) that their relevant requirements are being met. Where this is not the case the auditor has a mandate initially to identify and report the nonconformity to relevant management, and for ensuring the necessary corrections and/or corrective actions, have been implemented. In order to carry this role out effectively, the auditor must derive an understanding of who the stakeholders are and what their relevant requirements are likely to be. Without this, the auditor will not be able to challenge the organisation's own determination of these.

3. The Systems Thinker

The process approach requires an organisation to systematically define and manage its



processes and their interactions. Auditors are ideally positioned to follow these processes across business functions and hierarchies in order to determine whether results consistent with the management system policy and strategic direction are being achieved. Where systems are not operating effectively, the auditor has a direct channel to bring this to the management's attention. In order to carry this role out effectively, the auditor must make the transition from departmental auditing to process auditing. For some, this shift could prove difficult.

4. The Fact-Based Thinker

As auditors we seek out objective evidence in order to report facts. The new Annex

SL-based standards will make this more challenging as organisations have much greater freedom to structure management systems in a way that best suits their business. Manuals, procedures and records have been replaced by documented information that is media agnostic. Consequently, auditors can expect to find themselves reviewing and interpreting different data sources, such as spreadsheets, databases, organisational intranets and more. Interpreting the information contained within these may require the auditor to upskill in order to ensure that they have the competency to arrive at factually correct conclusions.

5. The Quality Planner

Annex SL-based standards require organisations to plan at both a system and operational level. This planning is underpinned by risk-based thinking, which requires conscious consideration by the organisation of the risks to, and opportunities for, the management system and its processes, activities, products and services. The auditor plays an important role in evidencing that the organisation has formulated and implemented plans that support the achievement of its intended outcomes. Where planning is failing, the auditor is ideally positioned to bring this to the organisation's attention.

6. The Quality Coach

Auditors are not consultants, nor should they seek to be. That said, auditors should be prepared to share their knowledge and experience with the organisation in order to assist with the development of its management system. Of course, client confidentiality must be preserved, meaning some details and lessons



from experiences involving previous clients cannot be shared. Use your judgement to share relevant, non-confidential information. Your advice could include highlighting industry best practice or drawing attention to available tools and techniques.

7. The Quality Motivator

Despite rumours to the contrary, auditors are typically human beings and as human beings they possess their own unique characteristics and traits. The way in which an auditor conducts himself or herself during an audit is of critical importance. Subjecting the client's employees to a sustained interrogation is a sure-fire way to spread fear and consternation, and will rapidly demotivate and disengage the individuals concerned. Conversely, an assured, pragmatic and considered approach has the opposite effect, allowing auditees to voice concerns and share ideas for improvement.

8. The Quality Collaborator

The auditor is part of a wider team collectively working for the advancement of an organisation's management systems. Without a collaborative approach, the ability for any one individual to effect real change is limited. Auditors must break the perception of being the management system 'policemen' and come to be recognised as partners in the wider business improvement process – able to make meaningful contributions based on the knowledge and evidence they have assembled.

Part five: Context

What is context?

With the possible exception of astronauts – no one operates in a vacuum. We do not perform our management system audit roles in splendid isolation; instead we carry them out cognisant of the real world – the wider business environment. Our understanding of and interaction with this environment materially affects the way our audits are planned, conducted and reported, and if we become divorced from the environment our ability to ensure effective Governance, Assurance and Improvement (GAI) is diminished.

In the CQI Competency Framework this environment is referred to as context. It recognises that our GAI activities, as well as our leadership behaviours, are delivered within prescribed boundaries, complex overlay of client instructions, applicable statutory and regulatory frameworks, the requirements of international standards, accreditation and certification body directives, professional codes of conduct, good practice guidelines et al.

This complexity ensures that, rather like the shifting sands of the Sahara, context is ever changing. The inference is that an auditor's appreciation of their environment must be regularly revisited. Our perception of reality can't be determined once and then presumed applicable forever. When the wider business environment changes, we need to understand the nature of the change that has taken place and adjust how we operate accordingly. We must never stop learning. In order to remain effective in our roles, continuing professional development (CPD) is not optional – it's essential.

How to establish context

As auditors our starting point for establishing context is to have clarity with our audit client's requirements and expectations. These will have been discussed at the planning stage and confirmed prior to arrival on-site, before being finalised at the opening meeting.

The client's requirements and expectations will be embodied in an audit scope and audit objectives with an associated audit plan, setting out how the audit is to be carried out 'on the ground'. Effective communication is essential during this preparatory work in order to ensure both the auditor and auditee have a shared understanding of the expected outcomes of the audit.

Next, we must ensure we are attuned to the markets and sectors our clients are operating in. If we have no concept of what 'good' GAI looks like for specific categories of organisations, then how can we possibly make judgements as to whether our own audit clients have correctly determined and subsequently responded to their internal and external issues, and the relevant interests of their relevant interested parties? Similarly, we must also understand any regulatory and statutory requirements applicable to our clients', as this understanding will impact our determination as to whether compliance with individual standards have been achieved. Once armed with the appropriate audit criteria – be this an ISO standard, set of regulations, copy of a supply contract or in-house process flow diagrams, when we commence auditing we begin to amass objective evidence that serves to either reinforce or reshape our initial

perception of the client's GAI performance. In order for our conclusions to be valid we must understand the audit criteria we are working with and how it applies to the client's products or services.

Sounds straightforward. But evidence from the various roadshows, seminars and workshops the CQI and IRCA have delivered in the run-up to the release of ISO 9001:2015 and ISO 14001:2015 suggests the practical implications of the new Annex SL-based management system standards are not well understood – not just by audit personnel but by the wider quality world. If you're looking for something that will materially affect your context as a management system assessor, look no further than Annex SL Appendix 2.

About the author

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After gaining extensive experience in both the UK public and private sectors in a range of senior quality management, facilities management, contract management and IT service management positions, Richard joined the CQI and IRCA in November 2012.

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