

FREE PRACTICAL GUIDE

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ROOT CAUSE

How to Perform Root Cause Analysis

A practical guide to moving beyond symptoms and finding the cause management can actually fix

Why this guide matters

How to Perform Root Cause Analysis

This guide is designed for internal auditors who need a concise, practical way to apply perform root cause analysis in real engagements. It focuses on decisions, evidence and common failure points rather than theory.

THE OUTCOME YOU WANT

A practical guide to moving beyond symptoms and finding the cause management can actually fix.

The six-step approach

- 1 Describe the problem in observable terms.
- 2 Separate the immediate error from the recurring condition behind it.
- 3 Ask why the condition occurred and verify each answer with evidence.
- 4 Consider people, process, system, data, governance and incentive causes.
- 5 Test whether the proposed cause explains multiple instances, not just one.
- 6 Link the root cause to an action that can prevent recurrence.

Steps 1-3: Build the foundation

How to Perform Root Cause Analysis

1

Describe the problem in observable terms.

Define the decision, risk or process question before collecting evidence. Write down what a good outcome would look like.

2

Separate the immediate error from the recurring condition behind it.

Use actual transactions, system evidence, data and accountable owners to confirm how the process operates in practice.

3

Ask why the condition occurred and verify each answer with evidence.

Record assumptions, exceptions and boundaries early so later testing remains focused and reproducible.

AUDITOR PROMPT

Ask: "What evidence would convince another experienced auditor that this conclusion is reasonable?" If the answer is unclear, strengthen the planned work before moving on.

Steps 4-6: Turn work into assurance

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4

Consider people, process, system, data, governance and incentive causes.

Match the depth of work to the severity of the risk. High-risk conclusions need stronger evidence and clearer documentation.

5

Test whether the proposed cause explains multiple instances, not just one.

Challenge exceptions for frequency, impact, root cause and management awareness before deciding what they mean.

6

Link the root cause to an action that can prevent recurrence.

Finish with an explicit conclusion and next action: no issue, improvement opportunity, finding, escalation or follow-up.

QUALITY CHECK

Before you finalize, ask whether the work directly answers the original audit question, whether evidence is sufficient, and whether a reader can understand the reasoning without being in the audit team.

SYMPTOM

Late approval of purchase orders.

SHALLOW CAUSE

Employees forgot.

DEEPER CAUSE

The system allows goods receipt before PO approval and urgent purchases have no defined exception route.

BETTER ACTION

Create a controlled urgent-purchase workflow and block normal receipts against unapproved POs.

What makes the example useful?

- It starts from a specific risk or audit question.
- It connects evidence and testing to a conclusion.
- It avoids treating process description as proof of control effectiveness.
- It leaves a clear path for management action or follow-up.

Quick reference - use this on your next audit

How to Perform Root Cause Analysis

Five practical reminders

- “Human error” is usually a starting point, not a root cause.
- More training is not a strong action when the real issue is system design, unclear accountability or unrealistic targets.
- A good root cause explains why the issue could happen again.

Mini self-check

- ☐ Have I linked the work to a clear audit objective or business risk?
- ☐ Is the evidence strong enough for the importance of the conclusion?
- ☐ Have I distinguished facts, explanations and assumptions?
- ☐ Have I considered root cause and recurrence, not only the immediate exception?
- ☐ Can management understand what decision or action is required?

RESOURCE NOTE

This is a practical learning resource, not formal professional guidance. Adapt the approach to your organization, applicable standards, regulation and audit methodology.