1.0 PURPOSE

The purpose of this procedure is to define internal audit activities of PRI’s administration of the Industry Managed Accreditation Programs.

2.0 SCOPE

This procedure is applicable to oversight of the Nadcap Aerospace Industry Managed Accreditation Program.

3.0 DEFINITIONS

Finding: a general term referring collectively to Nonconformances and Observations.

Internal Audit Review Team: Nadcap Program Director and Program Managers.

Nonconformance (NCR): a violation of an Industry Managed Accreditation Program requirement.

Observation: an opportunity for improvement.

4.0 PROCEDURE

4.1 The Nadcap Leadership Team, as defined in IMAPP 06 Continuous Improvement, shall determine the procedures to be audited during the year by utilizing a risk analysis tool.

4.1.1 Each procedure, with exception of OP 1103 Definitions, shall be audited every three (3) years at a minimum.

4.1.2 OP 1114 Task Group Operation and OP 1116 Auditor Staffing shall be included with each annual audit and reviewed with the scheduled Task Group Appendices audits.

4.2 The Quality Manager shall record the annual Internal Audit schedule on i-frm-50 Internal Audit Schedule.

4.2.1 The Quality Manager or designee shall verify that the Risk Analysis tool used to create the internal audit schedule included all procedures as required in 4.1.1.

4.2.2 The schedule and any changes to audited procedures or timing shall be approved by the Director, Nadcap.

4.2.3 The schedule shall be posted and maintained on SharePoint.
4.3 The Quality Manager shall ensure that the audit is conducted per the approved schedule.

4.4 The audit shall be conducted by auditors, qualified per 4.13, using the appropriate checklists.

4.5 Checklist responses, nonconformances, and observations shall be recorded in eAuditNet.

4.6 Findings shall be classified as Major nonconformance, Minor nonconformance, or Observation.

4.6.1 A nonconformance shall be classified as Major for any of the following circumstances:

- Evaluate impact- identified issue calls into question the reliability of the Nadcap work product (Advisories, Audit Reports, Accreditation Process, QML, etc.)
- A systemic breakdown
- Nonsustaining corrective action – a situation where agreed corrective action was not implemented or failed to prevent recurrence of an NCR.

4.6.2 A nonconformance shall be classified as Minor when there is any single system failure or lapse in conformance that did not call into question the reliability of the Nadcap work product.

4.6.3 An Observation identifies an item that is compliant with the requirement but may be an opportunity for improvement.

4.7 The condition found shall include the following at a minimum:

- Auditor who identified the finding
- Responsible Party - the person responsible for developing the response to the finding
- Immediate Supervisor of the responsible party
- Document Owner of the procedure that the finding is written against
- Other Associated Individuals – other persons affiliated with a finding as applicable. These persons contribute to developing the response to the finding.
- Written description of the finding

4.8 The Quality Manager shall review the audit report for completeness and ensure the condition found contains all required elements.

4.9 The Quality Manager shall submit the audit to Responsible Parties by selecting “Send for Auditee Review”.

4.10 Responding to Findings
4.10.1 Responses to findings shall be posted in eAuditNet within twenty-one (21) days of the audit results being submitted for “Auditee Review”.

4.10.2 The Responsible Party shall develop the response, and coordinate the response with other associated individuals when applicable. Evidence of coordination shall be included in the response.

4.10.3 Before posting, responses shall be approved by the immediate supervisor of the Responsible Party. Evidence of approval shall be included in the response. Note, only the first cycle response needs to be approved.

4.10.4 The response to nonconformances shall include the following elements:

- Immediate Corrective Action
- Root Cause of the Nonconformance
- Impact of All Identified Causes and the Root Cause
- Potential Systemic Nature
- Action Taken to Prevent Recurrence
- Effective Date
- Objective Evidence

4.10.5 Observations require a response by the Responsible Party. The response may indicate that no action was taken provided that investigation deemed that any further action was unnecessary.

4.10.5.1 Actions proposed to resolve an Observation shall not be implemented prior to the Observation being dispositioned by the Internal Audit Review Team.

4.10.6 Once all responses are posted, the Quality Manager shall submit the audit for Quality Manager Review by selecting “Send for SE Review”.

4.10.7 The Quality Manager shall review responses and disposition all findings within seven (7) days.

4.10.7.1 Any finding assigned to the Quality Department shall be reviewed and dispositioned by a minimum of two (2) members of the Internal Audit Review Team.

4.10.7.2 Findings are dispositioned by requiring additional information from the Responsible Party, voiding the finding, or accepting the response.

4.10.8 If subsequent response cycles are required, the applicable Responsible Parties will have seven (7) days to respond.

4.10.9 The Quality Manager shall have 7 days to review subsequent responses and disposition the findings.
4.10.10 Once all findings have been designated “Void” or “Accept”, the Quality Manager shall submit the audit for Internal Audit Team Review by selecting “Send for TG Review”.

4.10.11 The Internal Audit Review Team shall review responses and disposition all findings.

4.10.11.1 Findings are dispositioned by one of the following: requiring additional information from the Responsible Party, voiding the finding, or closing the response.

4.10.11.2 Changes to corrective actions occurring after the response is closed shall be approved by the Internal Audit Review Team with the change and approval documented in the response.

4.10.12 Once all findings have been designated “Void” or “Close” by the Internal Audit Review Team, the Quality Manager shall move the audit to Withheld.

4.10.13 Extensions for response submittal shall not be granted.

4.10.13.1 Responses not submitted by the due date shall accrue delinquency days.

4.10.14 Delinquency days shall result in actions being taken as deemed appropriate by the supervisor and/or the Nadcap Leadership Team.

4.11 Appeals of NCRs

4.11.1 The validity of an NCR may be challenged. Appeals shall be submitted in lieu of a response in eAuditNet. Justification, and any supporting evidence, shall be provided.

4.11.1.1 When appealing an NCR, it is not required to include all elements of the nonconformance response.

4.11.2 The appeal shall be resolved by the Quality Manager or the Internal Audit Review Team.

4.11.3 If an NCR is determined to be invalid, the status of the NCR in eAuditNet shall be revised to “Void”. A note shall be included explaining why the nonconformance is no longer valid.

4.12 Verification of Corrective Action

4.12.1 The status of the audit shall be changed to “Completed” after the Quality Manager has verified that all proposed corrective actions have been implemented.

4.12.2 The effectiveness of corrective actions implemented because of an internal audit NCR shall be evaluated during the subsequent internal audit.
4.13 Selection and Training of Auditors

4.13.1 Internal Auditors are selected from PRI Staff and Nadcap Auditors.

4.13.2 PRI staff who are not qualified Nadcap auditors must complete one of the auditor training courses listed below:

- ANAB recognized Lead Assessor Course (e.g. Stat-a-Matrix),
- ASQ sponsored Auditor Training (e.g. CQA), or
- Internal training administered by the Quality Department.

4.13.3 Internal Auditor trainees shall participate in one (1) internal audit as a trainee and shall be assigned to at least one procedure audit.

4.13.3.1 Trainees shall not conduct a procedure audit without an approved Auditor.
5.0 DOCUMENT REVISION HISTORY

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-Apr-2015</td>
<td>New Document transitioned from NIP 8-01 02-Dec-14</td>
</tr>
<tr>
<td>1-Feb-2016</td>
<td>Significant re-write. Removed the following- quarterly audits, audit all procedures every year, internal audit manager, internal audit manager qualifications, response extensions. Added –risk analysis tool used to determine procedures to be audited, each procedure audited at a minimum every 3 years, internal audit review team, schedule is a controlled form, 7-day review time for Quality Manager, response delinquency, training requirements for non-Nadcap auditors</td>
</tr>
<tr>
<td>1-Apr-2016</td>
<td>4.6.1 clarified the definition of impact; 4.6.2 revised to align with clarified impact language in 4.6.1; 4.7 changed finding description to condition found, and added written description of finding; added new 4.9 “Send to Supplier Review”</td>
</tr>
<tr>
<td>05-Oct-2016</td>
<td>3.0 – revised Finding definition, added NCR and Observation definitions; 4.4 - added reference to 4.13; 4.6.3 – changed ‘conformance’ to ‘compliant’ and ‘procedure’ to ‘requirement’; 4.10.11.1 and 4.11 - changed ‘finding’ to ‘NCR’;</td>
</tr>
<tr>
<td>15-Sep-2017</td>
<td>Removed Referenced Documents section 5.0 and added document titles to documents referenced in the body of the procedure; 4.10.5.1 – new; 4.10.11 replaced nonconformance with finding; 4.10.11.1 replaced Nonconformances with Findings, and NCR with finding; 4.10.12 replace nonconformances with findings</td>
</tr>
<tr>
<td>17-Sep-2018</td>
<td>Even year review. New 4.10.11.2 to add process for changing approved CA’s prior to implementation; CA IA 187702 NCR 2 - Revised 4.1.1 to add OP 1103 as an exception and added 4.2.1 to verify risk analysis tool includes all procedures.</td>
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