CALAMBA WATER DISTRICT

TITLE: INTERNAL AUDIT PROCESS

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1.0 PURPOSE

1.1 To conduct internal audits at planned intervals to provide information on whether the quality management system
   a. conforms to;
      1) **CWD**'s own requirements for its quality management system;
      2) the requirements of ISO 9001:2015 Standards.
   b) is effectively implemented and maintained.

1.2 To execute Internal audits to ensure that all activities within the organization's Quality Management Systems conform to planned arrangements and meet the requirements;

1.3 To verify if management systems are being implemented, maintained, and provide management with an appraisal of their continued applicability and effectiveness in order to identify weak areas for improvements.

2.0 SCOPE

2.1 Internal audit covers the entire Quality Management Systems of the organization except confidential matters under Finance and HRD's 201 file.

2.2 This documented information also applies to the audit of subcontractors with interaction to process.

3.0 RESPONSIBILITY

3.1 Internal Auditor - performs an audit to verify compliance to quality programs and its conformance to reference standards. To ensure objectivity and impartiality of the audit process, the auditor shall not audit his/her own area.

3.1.1 The auditor shall have at least completed the following training program before participating in internal audit:

3.1.1.1 Understanding ISO 9001:2015 Standard requirements (for QMS auditing)

3.1.1.2 Internal Audit Training Course (ISO 19011:2011).

3.1.1.3 Evaluating compliance with QMS is part of the periodic internal audits. This evaluation shall be conducted and reported by an auditor to the Top Management.

3.1.1.4 The evaluation methods for auditor's competency are as follows:

a. Verification of auditor's background
b. Interview the auditor regarding personal attributes, communication skills and test her/his knowledge.
c. Observation and application of his/her auditing skills and knowledge.
d. Post audit review.
e. Testing of his/her auditing skills and knowledge.
f. Feedback from the auditee is to provide information about how the performance of the auditor is perceived.

3.1.2 The Auditor shall perform follow-up audits to verify implementation and effectiveness of corrective action to:

a. Internal audit discrepancies.
b. Customer audit discrepancies.
c. Third party audit discrepancies.

3.1.3 Internal Auditors - shall perform the scheduled audit and report the results to the Lead Auditor. Conduct follow-up activities that shall include the verification of the actions taken, implementation, effectiveness of correction and corrective action stated in the nonconformity report, and the reporting of verification results.

3.2 Lead Auditor - prepares and maintains Annual Audit Plan and oversees its implementation.

3.3 Auditee - the management responsible for the area being audited shall ensure that any necessary corrections and corrective actions found during the audit are taken without undue delay to eliminate detected nonconformities and their causes.

3.4 Top Management – is responsible in assigning personnel to carry out the audit, in reviewing and validating the audit findings. He/She shall recommend who shall perform the Internal Quality Audit. They shall be responsible in carrying out the Audit Plan, in assigning the personnel to carry out the audit, in reviewing the findings and proposed corrective actions, in preparing and submitting consolidated report to the Management Review, and in keeping and maintaining records pertinent to the Internal Audit.

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4.0 DEFINITION OF TERMS

4.1 Internal Audit – a systematic, independent and documented activity performed internally to verify by actual examination and evaluation of objective evidence that applicable systems and operations of the auditee are suitable and have been developed, documented and effectively implemented in accordance with specified requirement.

4.2 Quality Management System (QMS) – the system of establishing policy and objectives and achieving those objectives to direct and control an organization with regards to quality.

4.3 Auditor – a person who has the competence in terms of knowledge and skills to conduct an audit. Also, refer to as the CAR initiator. It could pertain to Internal Auditor and/or Lead Internal Auditor.

4.4 Auditee – a department or person being audited and Recipient of the CAR.

4.5 Deviation – an action made in violation of an established system, procedure, and/or work instruction. Also on nonconformance of parts, material, equipment or skill necessary to perform and function according to standards.

4.6 Objective Evidence – data supporting the existence or verify something which may be obtained through observation, measurement, test, or other means.

4.7 Observation – a recommendation made by the Auditor for systems or improvements and is initially not considered a deviation, but can be a non-conformance if not taken care of. Items which would allow optimization of the management system in relation to the requirements of the relevant standard. It is recommended that the company implements these items.

4.8 Audit Checklist – a guide for an auditor in conducting an audit where all activities for the audit and the requirements needed to satisfy the management system are listed.

4.9 Corrective Report (CAR) – a document issued by an Auditor to an Auditee when nonconformance are seen during audits.

4.10 Minor Non-Conformity – a negligible lapse due to failure to follow an item in an established procedure or non-fulfillment of a requirement whether company IMS procedures or the requirements of IMS standards which requires an effective corrective action.

4.11 Major Non-Conformity – a failure to implementation or compliance to an element of the standard which could cause total breakdown of the system.

4.12 Correction – an action/s taken w/out undue delay to immediately rectify/repair the problem to minimize any impact from the incident.

4.13 Corrective Action – action taken for a finding under "Minor Nonconformity" to "Major Non-Conformity" to eliminate the root causes of an existing nonconformity or other undesirable situation in order to prevent recurrence. It involves fixing problems that may already have occurred and may happen again.

4.14 Follow-Up - a review done by an auditor to ensure all corrective actions are implemented as stated.

4.15 Good Practice – positive aspects of the management system worthy of special mention.

4.16 Comment – Special situation and information to be traced in next audit.

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5.0 PROCESS FLOW STEPS

STEP	INPUT	PROCESS FLOW	OUTPUT	RESPONSIBLE
		START		
1	ISO Standard Requirement	Prepare Annual Audit Plan	Annual Audit Plan	Lead Auditor
2	ISO Standard Requirements, documented information	Prepare Audit Checklist	Audit Checklist	Lead Auditor, Auditors
3	Annual Audit Plan	Disseminate copies of Annual Audit Plan		Lead Auditor, Auditors
4	Annual Audit Plan, List of Auditors	Prepare Audit Plan and Audit Notice	Audit Plan and Audit Notice	Lead Auditor, Auditors
5	Audit Plan and Audit Notice	Disseminate copies of Audit Plan and Notice		Lead Auditor, Auditors
6		Arrange meeting prior to audit		Lead Auditor, Auditors
7	Audit Checklist, Documented Information	Conduct the audit		Lead Auditor, Auditors
8	Objective Evidence	Discuss and validate findings		Lead Auditor, Auditors, Auditees/Process Owner
9	Accomplished Audit Checklist, Documented Information	Present results	Corrective Action Request	Lead Auditor, Auditors
10	Audit Findings	Fill-In CAR		Lead Auditor, Auditors
11	Corrective Action Request	Make detailed analysis and propose action		Auditee/Sec/Dept. Head
12		File completed CAR and update monitoring	CAR Tracking Logsheet	Lead Auditor, Auditors
13	Audit Summary Report, CAR Tracking Logsheet	Present results to Management Review		Lead Auditor, Auditors
14	Audit Records	Maintain results/records of the internal audit	Audit Summary Report	Lead Auditor, Auditors
		END		

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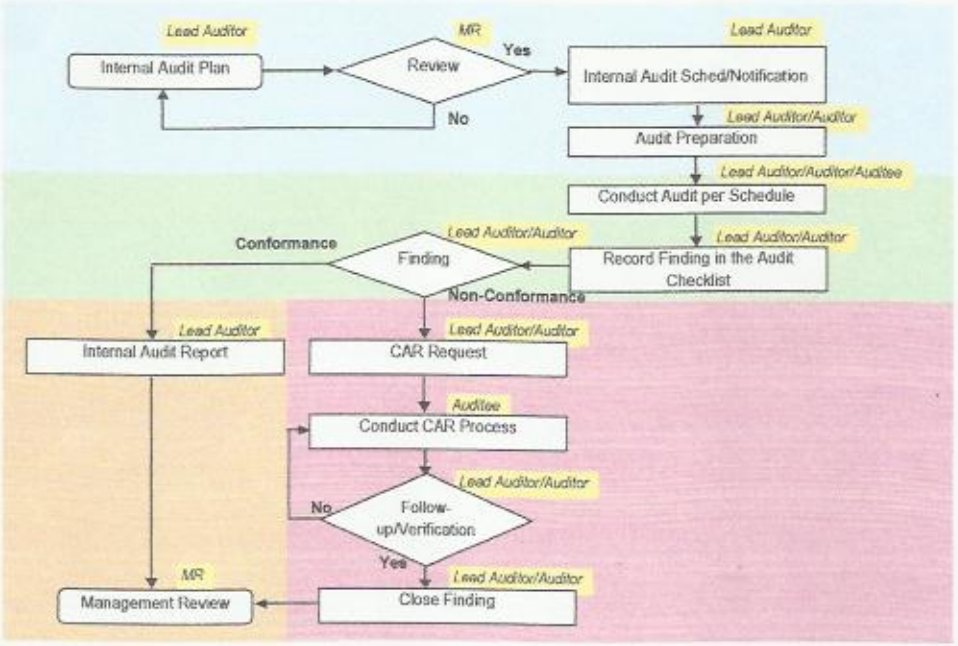
5.1 INTERNAL AUDIT PROCESS DIAGRAM



6.0 PROCESS DETAILS

6.1 An audit programme shall be planned, taking into consideration the status and importance of the processes and areas to be audited as well as the results of the previous audits. The Lead Auditor of the Internal Quality Audit Team shall continually prepare the Annual Audit Plan at planned intervals (e.g. every 6 months).

6.1.1 **CWD** shall plan, establish, implement and maintain an audit programme(s) including the:

6.1.1.1 frequency - each department shall be audited at least twice a year. The frequency of audit may be changed upon approval of the Top Management based on the result of the audit made, importance of function of the audited area, degree of non-conformity occurrence or as deemed necessary.

6.1.1.1.1 The audit schedule shall be prepared at the start of each year to cover the entire year's audit requirements through Audit Plan and Programs.

6.1.1.2 methods – interview with key personnel, documented information verification, and observation of the processes;

6.1.1.3 responsibilities – the Lead Auditor, the Auditor, and the Auditee has the responsibility to take appropriate correction and corrective actions without undue delay

6.1.1.4 planning requirements and reporting - which shall take into consideration the importance of the processes concerned, changes affecting **CALAMBA WATER DISTRICT**, and the results of previous audits;

6.1.1.5 define the audit criteria and scope of each audit;

6.1.1.6 select auditors and conduct audits to ensure objectivity and the impartially of the audits process;

6.1.2 The Lead Auditor of the Internal Quality Audit Team shall disseminate copies of the Annual Audit Plan to the Internal Auditors and concerned Section/Department.

6.1.3 Audit Plan and Audit Notice

6.1.2.1 An Audit Plan and Audit Notice shall be given to Auditee three (3) days to provide them enough time to schedule their priorities and in preparation for the audit activities. Approved Audit Notice shall be done either through e-mail or sending a written memorandum to the Auditee.

6.1.2.2 As appropriate, auditee shall send/confirm on the scheduled date. Auditee/representative on the areas to be audited shall also be assigned. In case no confirmation receipt from the auditee, audit shall push through as stated on the Audit Plan.

6.1.2.3 The Auditor and Auditee have the option to advance or delay the audit when deemed necessary. A memo or appropriate documentation stating the reason for the delay or advancement of audit activities shall be made and forward to those concerned. The Auditee and Auditor shall agree on the re-scheduled date. Audit Plan shall be updated/revise when changes are justifiable to be made.

6.1.3 Audit Preparation

6.1.3.1 The Auditor shall review the results of previous audits, pertinent documented information/records that govern the operations of the Auditee.

6.1.3.2 The Auditor could outline the strategy to be used in investigating the system being audited. Audit Checklist may be used to serve as guidelines during the audit and audit questions shall not be limited within the checklist.

6.1.3.3 Aside from checklist, the Internal Auditor may wish to contact respective auditee for confirmation prior to conduct the audit.

6.2 Execution

6.2.1 Opening Meeting

6.2.1.2 Auditor may conduct an opening meeting to the Auditee's department head and representative in order to discuss the purpose, scope and schedule of audit. Auditee's department head shall ensure that representative has sufficient knowledge of the system to provide the Auditor with adequate information to complete the audit.

6.2.2 Audit Proper

6.2.2.1 Upon explaining to the representative the scope of audit, the Auditor shall begin to examine the area against the applicable documented information and standards, observe activities and conditions in the areas of concern. The Auditor shall attempt to establish that:

6.2.2.1.1 The documented information or applicable documents are being followed and those responsible for the task have sufficient knowledge and equipment to perform the defined task.

6.2.2.1.2 Appropriate documentation logs, charts, etc. are maintained to show that the task is being performed in accordance with documented information.

Note: This shall be taken during the audit to record pertinent information and to document non-conformances.

6.2.3 Analysis and Closing Meeting

6.2.3.1 Upon completion of the audit activities and review on its associated documentation, the Lead Auditor/Auditor shall ensure that the results of the audits are reported to relevant management such as to meet with the representatives of the audited department to review the results of the audit. An overview shall be given including its scope, the areas visited, system reviewed, recommendations for improvement and review of non-conformances. If a non-conformance noted requires action by another department, a representative of the concerned department shall be called during the closing meeting and Audit Summary Report should be addressed to the head of the department concerned.

6.2.3.2 After reviewing the Management System Audit Report, the Auditee's department head shall sign on the report to acknowledge the review made.

6.2.3.3 The Audit Summary Report shall be issued to the auditee if any Non-Conformance or observation is identified CAR shall be issued. The finding shall be summarized and concluded in the Internal Audit Report.

6.3 Follow-up Audit

6.3.1 A follow-up audit shall be conducted within five (5) working days based on the agreed date of corrective action completion, without notification to verify implementation and effectiveness of corrective actions made by the Auditee. Upon completion of the actions, the non-conformance shall be closed.

6.3.2 Any open issue or deficiency that arises from follow-up audit shall be reported. Insufficient or incomplete actions shall be discussed with the Auditee's department head and/or representative and shall follow the guidelines on CAR closure as detailed in the item 6.4.2.

6.3.3 Upon successful closure of all CAR's, the audit shall be closed. Effectiveness of corrective actions can be verified by the absence of the same deviation within three (3) months time or same deviation did not occurr on the next audit schedule.

6.4 Documenting Audit Results

6.4.1 Audit Summary Report

6.4.1.1 Upon completion of the audit, the Auditor shall review the results and complete a single "Audit Summary Report" within two (2) working days.

6.4.2 Corrective Action Report

6.4.2.1 Corrective Action Report shall be generated within seven (7) working days for non-conformance noted during the audit. The Auditee shall take appropriate correction and corrective actions without undue delay.

6.4.2.2 Non-conformance shall be classified as follows:

6.4.2.2.1 Major nonconformance with a contract requirement, documented information or ISO standard. There is no system or the established system is not adequately functioning to assure conformance to specified requirements.

6.4.2.2.2 Minor nonconformance, there is a present system but many similar non-conformances were seen that show the system is in danger or breaking down.

6.4.2.3 For audit finding considered as observation, this warrants correction but does not pose a major threat to the system. It is generally an isolated incident, but CAR shall be issued to identify root cause and develop a documented plan indicating how issues are going to be addressed and report through Audit Summary Report.

6.4.2.4 Auditor shall fill out complete information on the CAR.

6.4.2.5 The Auditor fill the Non-Conformance description in the CAR then submit it to Top Management for review and approval prior to issue this request to the auditee.

6.4.2.6 The auditee investigates the problem, conduct root cause analysis and take proper action. Return to Auditor within seven (7) working days after the receipt of the CAR.

Note: Re-issuance of CAR can happen if auditee fails to return answered CAR to auditor on/before seven (7) working days after receipt.

6.4.2.7 Auditor shall review the CAR report and verify effectiveness within five (5) working days after the latest committed date.

Note: Committed date reflected on the CAR signifies to the period the action was done.

6.4.2.8 If the Auditor found that CAR is not implemented or result is not effective, re-issuance shall happen moreover, being addressed to his/her superior (signify as escalation) until CAR is considered as closed.

6.4.3.9 Status of each CAR shall be updated in the CAR Tracking Logsheet.

6.4.3 Internal Audit Report

6.4.3.1 An initial Internal Audit Report may be made and released to those concerned. This report shall discuss the departmental quality system performance, details of nonconformity, conclusion and recommendations based on the performance of the departments audited during the first half of the year.

6.4.3.2 At the end of the audit period, an Internal Audit Summary Report shall be provided to the Top Management who shall evaluate whether the report satisfies audit requirements. The report shall be released within a month after the last CAR has been closed (earlier reporting is possible).

6.4.3.3 The Auditors shall retain documented information as evidence of the implementation of the audit programme and the audit results.

7.0 RECORDS RETENTION

7.1 Active Retention – indefinite (electronic and hardcopy)

7.2 Inactive/Archival Retention – shall be kept for 1 year or may request for an extension as deemed necessary (hardcopy); for electronic/soft file; it shall be kept in a separate folder named obsolete master copy/original.

8.0 REFERENCES

8.1 ISO 9001:2015 QMS Standard

8.2 ISO 19011 for guidance

8.3 QMS Manual (if with pre-existing/preferred)

9.0 ATTACHMENTS

9.1 Annual Audit Plan

9.2 Audit Notice

9.3 Audit Plan

9.4 Audit Checklist

9.5 Corrective Action Request (CAR)Form

9.6 CAR Tracking Log sheet

9.7 Audit Summary Report

10.0 DISTRIBUTION LIST

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3	Commercial
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5	ADM Purchasing
6	ADM Warehouse
7	ADM Motor pool
8	Laboratory(Quality Control Division)
9	ADM HRD
10	Finance
11	Production

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