National Power Corporation

REVISION HISTORY

Document Code:	**NPC-003**	Effectivity Date:	JAN 13 2023
Document Title:	**Internal Quality Audit**		

Page No.	Brief Description of Revision	Rev. No.
3	Definitions – Changed 3.1.25 to Verification – confirmation through the provision of objective evidence, that the specified requirements have been fulfilled.	3
13	Procedure 6.5 Audit Report Preparation/Submission to Auditee a.　　Changed details 1.2 to: Number IQA Report according to the following: IQAR-AAA-BBB-XX-YY 　　　　　　　　└ 01 – 1st Audit 　　　　　　　　　02 – 2nd Audit 　　　　　　　└ Year Generated 　　　　　　└ Auditee (Dept./Div./Unit) 　　　└ Auditee FG i.e. IQAR-AFG-GSD-22-01 b.　　Changed details 1.3 & 1.4 to Note: Prepare CAR for any detected NC and attach to IQA Report for acknowledgment by the auditee.	3

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NATIONAL POWER CORPORATION

CORPORATE PROCEDURE

NPC-003
Document Code

INTERNAL QUALITY AUDIT
Document Title

Revision No.: _____3_____   Effectivity Date: _JAN 13 2023_

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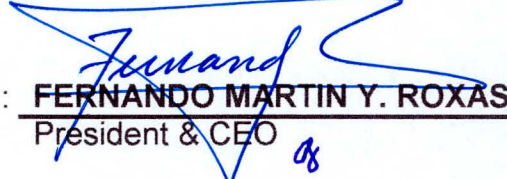
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Document Title: INTERNAL QUALITY AUDIT

1.0 PURPOSE

1.1 To provide a system for conducting internal quality audits in order to determine whether the NPC QMS:

a. conforms to the organization's own requirements;
b. conforms to the requirements of ISO 9001; and
c. is effectively implemented and maintained.

1.2 To provide guidance in the selection of auditors using ISO 19011:2011 - Guidelines for Auditing Management Systems

2.0 SCOPE

This procedure applies to the NPC QMS based on the ISO 9001 Standard which covers but not limited to the following:

2.1 Audit program including the frequency, methods, responsibilities, planning requirements and reporting
2.2 Audit criteria and scope
2.3 Selection of auditors
2.4 Reporting of audit results to the top management
2.5 Requiring and monitoring appropriate correction and preventive/ corrective actions without undue delay
2.6 Feedback by auditee on the performance of the audit team/auditor/s
2.7 Evaluation on the conduct of the IQA

3.0 DEFINITIONS/ACRONYMS

3.1 Definitions

3.1.1 Audit - systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which audit criteria are fulfilled.

3.1.2 Audit Checklist - a written reference or guide identifying specific attributes in the quality management system to be audited.

3.1.3 Audit Client - organization or person requesting an audit.

3.1.4 Audit Conclusion - outcome of an audit, after consideration of the audit objectives and all audit findings.

3.1.5 Audit Criteria - set of policies, procedures or requirements used as a reference against which objective evidence is compared.

3.1.6 Auditee - organization being audited.

3.1.7 Audit Evidence - records, statements of fact or other information, which are relevant to the audit criteria and verifiable.

3.1.8 Audit Findings - results of the evaluation of the collected audit evidence against audit criteria.

3.1.9 Auditor - person with the competence to conduct an audit.

3.1.10 Audit Plan - a written description of the activities and arrangements for an audit.

3.1.11 Audit Program - set of one or more audits planned for a specific time frame and directed towards a specific purpose. This includes all activities necessary for planning, organizing and conducting the audits.

3.1.12 Audit Scope - extent and boundaries of an audit which includes a description of the physical locations, organizational units, activities and processes, as well as the time period covered.

3.1.13 Audit Team - one or more persons conducting an audit, supported if needed by technical experts. One auditor of the audit team is appointed as the lead auditor. The audit team may include auditors-in-training.

3.1.14 Competence - ability to apply knowledge and skills to achieve intended results.

3.1.15 Corrective Action - action to eliminate the cause of a detected nonconformity or other undesirable situation in order to prevent recurrence.

3.1.16 Document Control Center - designated repository of identified NPC controlled documents.

3.1.17 Document Control Center Officer - designated personnel responsible for the efficient and effective documents/records control management.

3.1.18 Document Control Officer - designated personnel from each FG/ department responsible for the efficient and effective documents/ records control management.

3.1.19 IQA Committee - pool of competent and qualified internal quality auditors designated to represent the respective NPC FG/ Departments.

3.1.20 IQA Committee Chairperson - competent internal quality auditor designated to lead and manage the NPC IQA Committee and the quality audits.

3.1.21 Lead Auditor - competent auditor designated to manage a specific audit or with audit team members.

3.1.22 Nonconformity - non-fulfillment of a requirement.

3.1.23 Objective Evidence - data supporting the existence or verity of something.

3.1.24 Performance - measurable result.

3.1.25 Verification - confirmation through the provision of objective evidence, that specified requirements have been fulfilled.

3.1.26 Wash-Up Meeting - review and finalization of audit findings prior to presentation/discussion with auditee/s.

3.2 Acronyms

3.2.1 CEAP - Competency Enhancement Action Plan

3.2.2 CAR - Corrective Action Report

3.2.3 DCCO - Document Control Center Officer

3.2.4 FG - Functional Group

3.2.5 ISO - International Organization for Standardization

3.2.6 IQA - Internal Quality Audit

3.2.7 IQAR - Internal Quality Audit Report

3.2.8 OFI - Opportunities for Improvement

3.2.9 QMR - Quality Management Representative

3.2.10   QMS   -   Quality Management System

3.2.11   NPC   -   National Power Corporation

3.2.12   TDD-HRD   -   Training and Development Division-Human Resources Department

4.0   REFERENCES

4.1   Philippine National Standard - ISO 9000:2015 Quality Management Systems, Fundamentals and Vocabulary

4.2   Philippine National Standard - ISO 9001:2015 Quality Management Systems, Requirements

4.3   Philippine National Standard - ISO 9004:2000 Quality Management Systems, Guidelines for Performance Improvements

4.4   Philippine National Standard - ISO 19011:2011 - Guidelines for Auditing Management Systems

5.0   APPENDICES

5.1   NPC-003.F01, Auditor Competency Evaluation

5.2   NPC-003.F02, Annual IQA Schedule

5.3   NPC-003.F03, Internal Quality Audit Plan

5.4   NPC-003.F04, IQA Checklist

5.5   NPC-003.F05, Internal Quality Audit Notification

5.6   NPC-003.F06, IQA Attendance Sheet

5.7   NPC-003.F07, Internal Quality Audit Report

5.8   NPC-003.F08, IQA Findings Status Log

5.9   NPC-003.F09, IQA Response Overdue Reminder

5.10   NPC-003.F10, Internal Quality Auditors Performance Rating Sheet

5.11   NPC-003.F11, Auditee Feedback on Conduct of Internal Quality Audit

5.12   NPC-003.F12, Internal Quality Audit Report Monitoring Sheet

5.13   NPC-002.F01, Corrective Action Report

6.0 PROCEDURE

6.1 Competency Evaluation of New Auditors

Flowchart	**Responsibility**	**Details**
Start		
1 — Evaluate Competency of New Auditors	IQA Committee Chairperson	1.1 Evaluate competency of new auditors using ***NPC-003.F01, Auditor Competency Evaluation.*** **Note:** New auditors are pre-selected by the FG Heads. 1.2 Prepare a list/ranking of qualified new auditors.
2 — Prepare IQA CEAP	IQA Committee Chairperson	2.1 Identify additional training needs of new auditors based on the result of evaluation. 2.2 Prepare and submit ***Competency Enhancement Action Plan (CEAP)*** to QMR for review and approval.
	QMR	2.3 Review and approve the **CEAP** for implementation.
	IQA Committee Chairperson	2.4 Forward approved **CEAP** to TDD-HRD to facilitate implementation.
3 — Facilitate/Implement CEAP		3.1 Facilitate/implement CEAP.
	TDD-HRD	a. Trainings
A	IQA Committee	b. Coaching/Mentoring/ Job Assignment

Flowchart	**Responsibility**	**Details**

A

4 Evaluate effectiveness of CEAP	IQA Committee Chairperson	4.1 Evaluate the effectiveness of **CEAP**. **Note:** If the CEAP is found ineffective, identify and implement the necessary action plan to address the competency gap.
	QMR	4.2 Approve ***CEAP Evaluation Sheet***.
5 File Evaluation Report	DCCO	5.1 File ***CEAP Evaluation Sheet*** in accordance with ***NPC-001, Control of Documents and Records***.

End

6.2 Annual Audit Planning and Notification

Flowchart	**Responsibility**	**Details**

Start

| **1** Prepare Annual IQA Schedule | IQA Committee Chairperson | 1.1 Prepare annual IQA Schedule by filling out ***NPC-003.F02, Annual IQA Schedule*** considering the following but not limited to:

a. Directions from Top Management and/or QMR
b. Status of QMS documents
c. Open/pending CAR |

A

Flowchart	**Responsibility**	**Details**

A
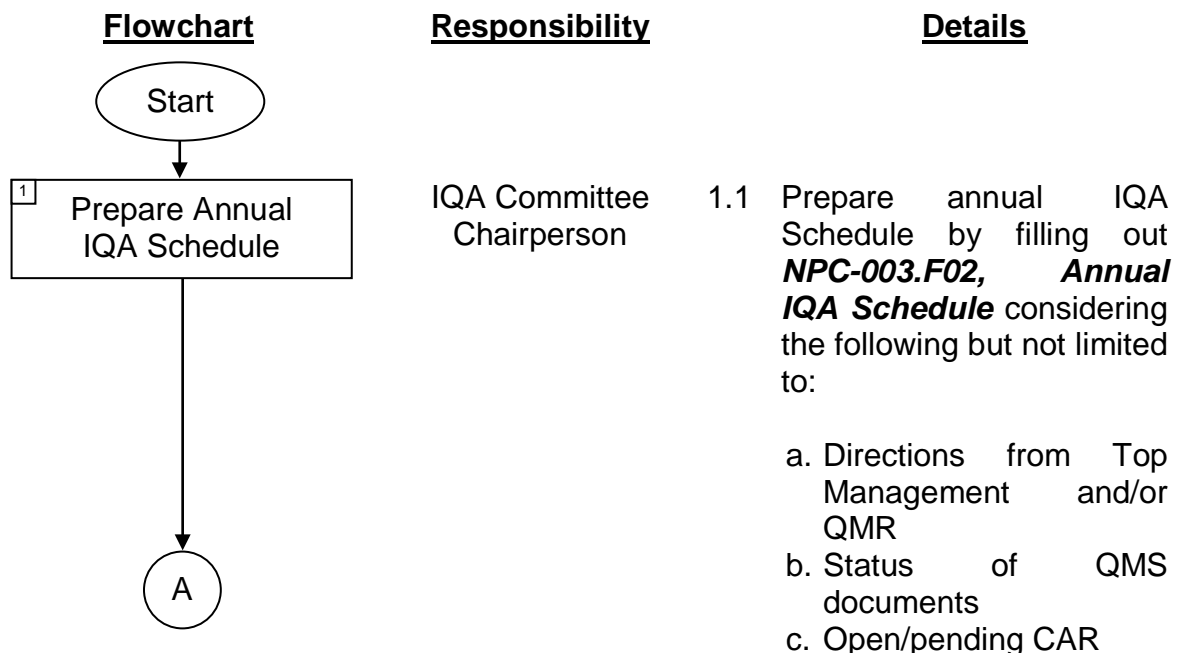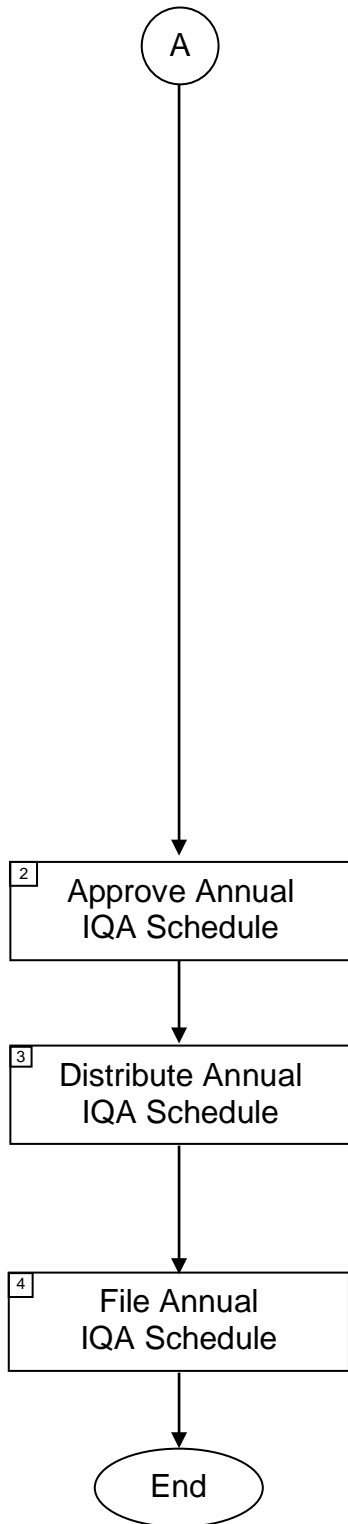
Notes:

a. Annual audit schedule for the following year shall be prepared within the fourth quarter of the current year.

b. Full audit shall be conducted every 1st Semester which cover all the QMS documentations and its implementations.

c. Follow-up audit may be conducted for FGs with NCs on the 2nd Semester of the same year.

2 Approve Annual IQA Schedule	QMR	2.1 Review and approve the **Annual IQA Schedule**.
3 Distribute Annual IQA Schedule	DCCO	3.1 Provide copies of approved **Annual IQA Schedule** to FG Heads.
4 File Annual IQA Schedule	DCCO	4.1 File original **Annual IQA Schedule** in accordance with *NPC-001, Control of Documents and Records*.

End

6.3 Selection of Audit Team and Task Assignment

Flowchart	**Responsibility**	**Details**
Start		
1 Convene IQA Committee Auditors	IQA Committee Chairperson	1.1 Convene IQA Committee Members. 1.2 Present **IQA Annual Schedule**.
2 Assign Audit Area/Scope	IQA Committee Chairperson	2.1 Finalize assignments of audit teams' area/scope of audit. **Note:** Auditors shall not audit their own FG. 2.2 Provide copy of **Audit Scope**, **Team Assignments** and **Composition** to Lead Auditors.
3 Approve Assignments & Schedule	Pres. & CEO	3.1 Approve **Audit Team Assignments** and **Schedule**.
	IQA Committee Chairperson	3.2 Forward approved **Audit Team Assignments** and **Schedule** to DCCO.
4 File copy	DCCO	4.1 Furnish copy of **Audit Team Assignments** and **Schedule** to FG Heads, QMR and Deputy QMRs. 4.2 File original copy of **Audit Team Assignments** and **Schedule** in accordance with ***NPC-001, Control of Documents and Records***.
End		

NPC-001.F03
Rev. No. 1

6.4 Audit Process

<u>Flowchart</u>	<u>Responsibility</u>	<u>Details</u>

```
        Start
          │
          ▼
┌──────────────────┐
│1 Prepare Audit Plan│
│   and Notification │
└──────────────────┘
          │
          ▼
┌──────────────────┐
│2  Approve Audit   │
│    Documents      │
└──────────────────┘
          │
          ▼
         (A)
```

Lead Auditor

1.1 Convene and confer with audit team.

1.2 Prepare audit plan and checklist using ***NPC-003.F03, Internal Quality Audit Plan*** and ***NPC-003.F04***, ***IQA Checklist*** based on the approved **Annual IQA Schedule**.

1.3 Prepare audit notification to auditee using ***NPC-003.F05, Internal Quality Audit Notification***.

1.4 Forward **Audit Plan**, **Audit Checklist** and **Audit Notification** to IQA Chairperson for review and approval.

IQA Committee Chairperson

2.1 Review and approve **Audit Plan**, **Audit Checklist** and **Audit Notification**.

2.2 Provide approved copies of **Audit Plan**, **Audit Checklist** and **Audit Notification** to Lead Auditor.

2.3 Transmit **Audit Notification** and **Audit Plan** to Auditee at least fifteen (15) days before the audit schedule.
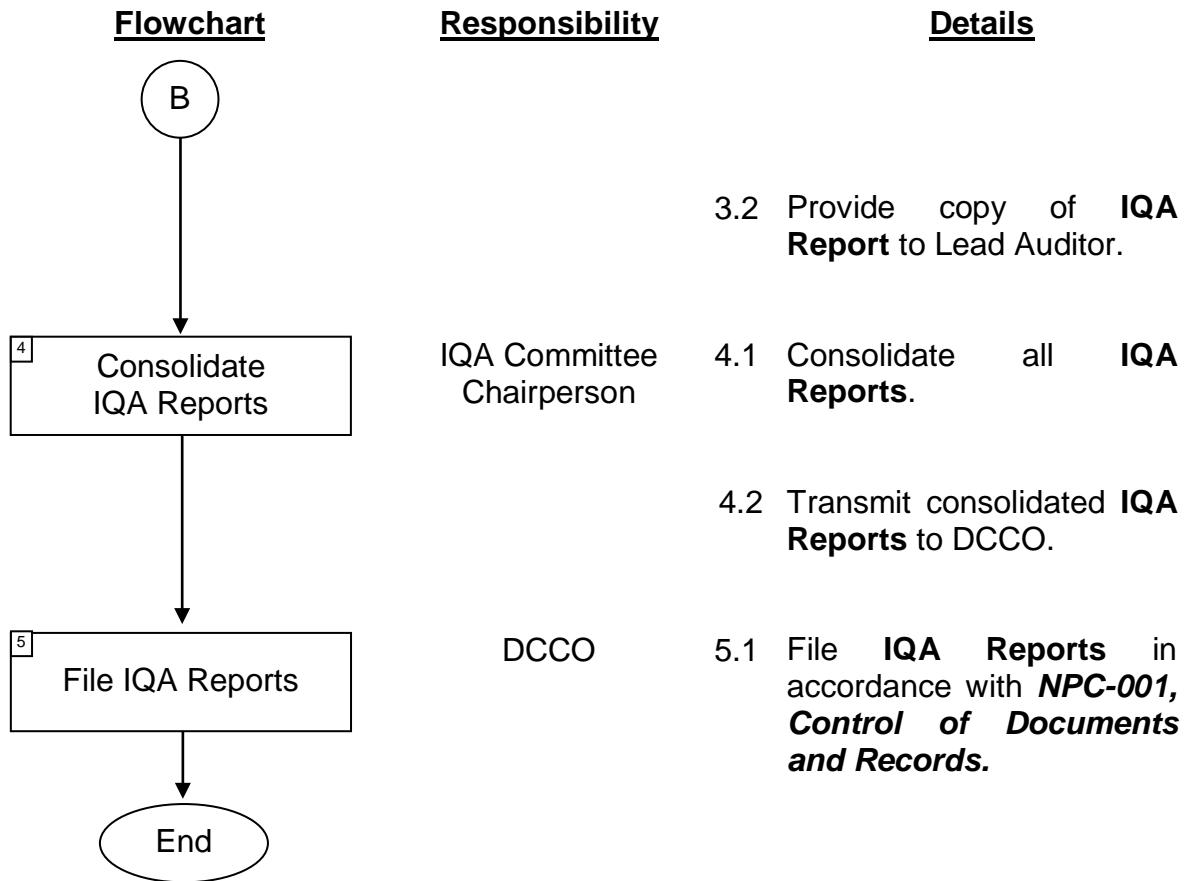
Flowchart	**Responsibility**	**Details**

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      ( A )
        |
        v
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Note:
The Audit Team and/or the Auditee should be notified at least ten (10) working days for any changes in the schedule before the audit proper.

| 3 Conduct Audit | Lead Auditor/ Audit Team | 3.1 Hold pre-audit meeting to agree on the **Audit Plan**. Record changes, if any. |

3.2 Use ***NPC-003.F06, IQA Attendance Sheet*** to record attendance.

3.3 Conduct the audit in accordance with agreed **Audit Plan** using ***NPC-003.F04, IQA Checklist*** as guide.

Note:
Auditor(s) shall record findings and gather objective evidences for inclusion in the report.

| 4 Hold Wash-Up Meeting | Audit Team | 4.1 Review audit findings. |

4.2 Qualify findings as to non-conformity or observations.

4.3 Finalize list of findings for presentation to auditee.

```
      ( B )
```

Flowchart	**Responsibility**	**Details**

B

| 5
Conduct
Post-Audit Meeting | Lead Auditor | 5.1 Present, discuss and reconcile with Auditee the findings.

Note:
If Auditee refuses to provide initial acknowledgement/ concurrence, elevate the matter to the concerned FG Head.

5.2 Fill-out ***NPC-003.F06, IQA Attendance Sheet.***

5.3 Obtain feedback from Auditee on the conduct of IQA using ***NPC-003.F11, Auditee Feedback on Conduct of Internal Quality Audit.*** |

End

5.4 Call the meeting to a close.

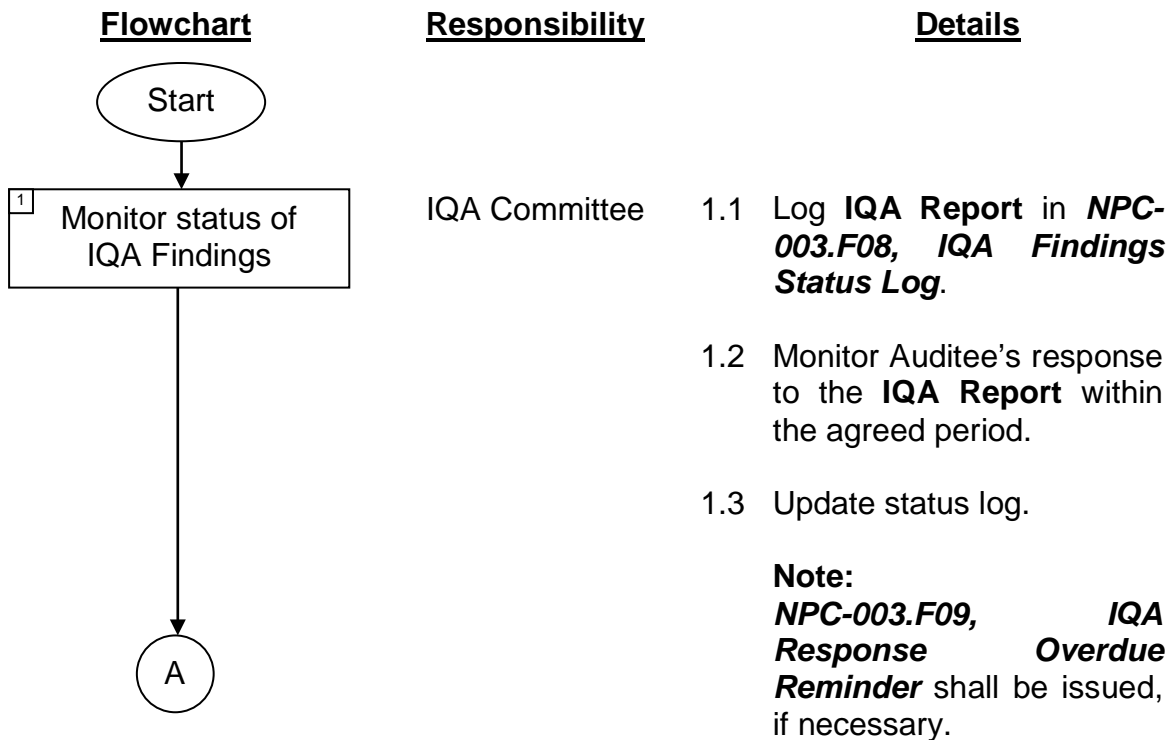## 6.5   Audit Report Preparation/Submission to Auditee
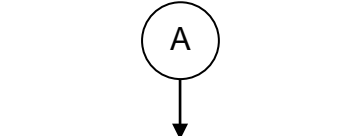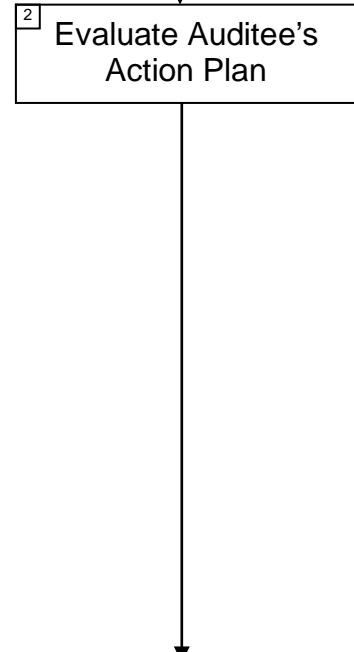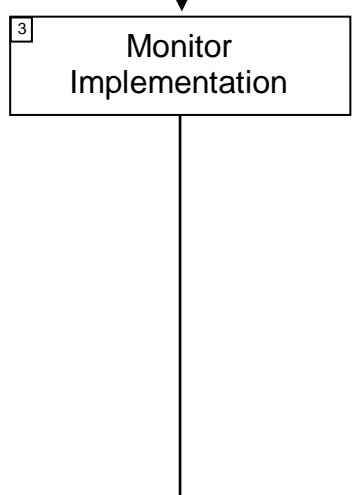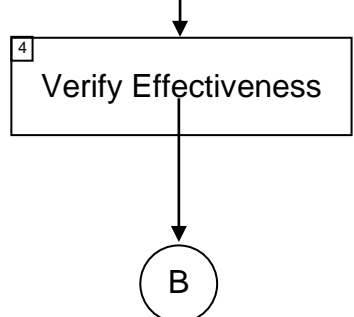
Flowchart	**Responsibility**	**Details**

Start

| 1
Prepare IQA Report | Lead Auditor | 1.1 Prepare IQA Report using ***NPC-003.F07, Internal Quality Audit Report.***

Note:
The Internal Quality Audit Report (IQAR) shall be submitted to the IQA Chairperson within ten (10) working days after post-audit meeting. |

A

| **Flowchart** | **Responsibility** | **Details** |

A

1.2 Number IQA Report according to the following:

IQAR-<u>AAA</u>-<u>BBB</u>- <u>XX</u>-<u>YY</u>

01 - 1st Audit
02 - 2nd Audit

Year Generated

Auditee (Dept./Div.)

Auditee (FG)

i.e. IQAR-AFG-GSD-22-01

NOTE:
Prepare CAR for any detected NC and attach to IQA Report for acknowledgment by the auditee.

2
Approve IQA Report

IQA Committee Chairperson

2.1 Review IQA Report.

QMR

2.2 Approve IQA Report.

IQA Committee Chairperson

2.3 ***Fill-up NPC-F12, Internal Quality Audit Report Monitoring Sheet***

3
Transmit IQA Report

IQA Committee Chairperson

3.1 Transmit original **IQA Report** to the Auditee within **fifteen (15) working days** after post - audit meeting.

Note:
Filled-out CAR must be submitted to the IQA Committee **within 15 working days or any committed number of days but not exceeding 30 working days** from receipt of report.

B

Flowchart	Responsibility	Details

B

3.2 Provide copy of **IQA Report** to Lead Auditor.

4 Consolidate IQA Reports — IQA Committee Chairperson

4.1 Consolidate all **IQA Reports**.

4.2 Transmit consolidated **IQA Reports** to DCCO.

5 File IQA Reports — DCCO

5.1 File **IQA Reports** in accordance with **NPC-001, Control of Documents and Records.**

End

6.6 Audit Findings Status Tracking and Close-out

Flowchart	Responsibility	Details

Start

1 Monitor status of IQA Findings — IQA Committee

1.1 Log **IQA Report** in **NPC-003.F08, IQA Findings Status Log**.

1.2 Monitor Auditee's response to the **IQA Report** within the agreed period.

1.3 Update status log.

Note:
NPC-003.F09, IQA Response Overdue Reminder shall be issued, if necessary.

A

Flowchart	**Responsibility**	**Details**

A

2 Evaluate Auditee's Action Plan	IQA Committee Chairperson	2.1 Transmit response of Auditee to concerned Lead Auditor.
	Lead Auditor	2.2 Review/Evaluate action plan/s on audit findings.
		2.3 Forward evaluation results to IQA Committee Chairperson for approval.
		2.4 Submit to Auditee the evaluation results.
		2.5 Update **IQA Findings Status Log**.
3 Monitor Implementation	Lead Auditor	3.1 Monitor the status of implementation of corrective/preventive action(s) taken by filling out *Part B: Status of Implementation* of CAR.
		Note: Status of implementation shall be monitored before the completion date.
4 Verify Effectiveness	Lead Auditor	4.1 Verify the effectiveness of the implemented corrective/preventive action(s) by filling out *Part C: Verification of Implementation/Close-out* of CAR on the next scheduled audit.

B

Flowchart	**Responsibility**	**Details**

Flowchart:

(B)

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│ 5 Submit Summary │
│   of IQA Findings │
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▼

┌──────────────────┐
│ 6   │
│   File copy   │
└──────────────────┘

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(End)

Responsibility:

IQA Committee Chairperson

DCCO

Details:
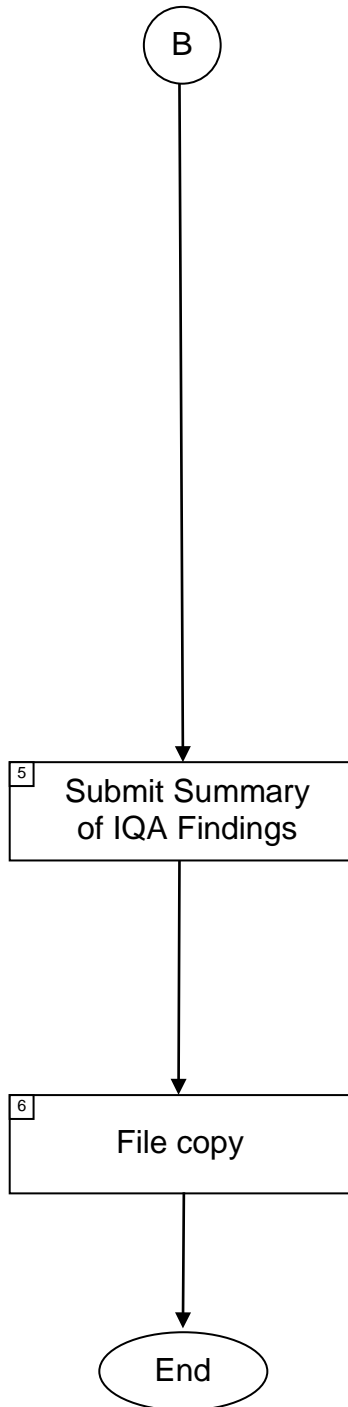
Note:

a. Verification of effectiveness shall be conducted at least three (3) months after completion date.

b. IQA Auditor shall re-issue CAR, if nonconformity recurs otherwise, close CAR.

Update **IQA Findings Status Log**.

4.2

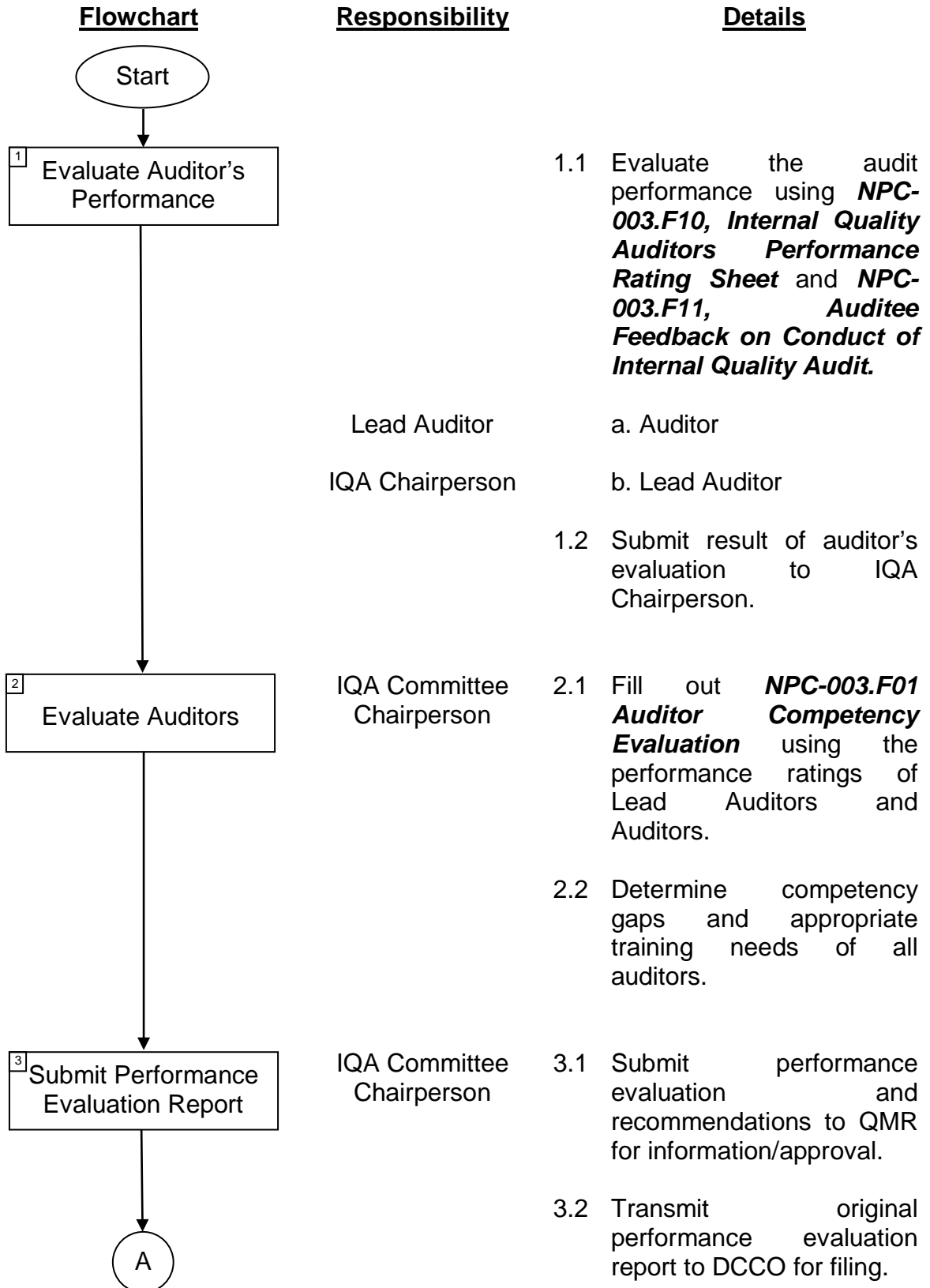5.1 Prepare and submit summary of closed out IQA findings to QMR.

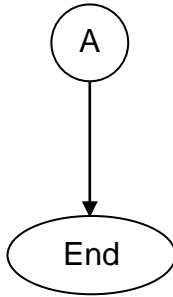5.2 Forward copy of the updated **IQA Findings Status Log** to DCCO.

6.1 Distribute copy of the updated IQA Findings Status Log to the FG Heads.

6.2 File copy of the updated IQA Findings Status Log.

6.7 Auditors' Performance Evaluation

Flowchart	**Responsibility**	**Details**

```
        ┌─────────┐
        │  Start  │
        └────┬────┘
             │
             ▼
   ┌1─────────────────┐
   │ Evaluate Auditor's│
   │   Performance     │
   └─────────┬─────────┘
             │
             ▼
   ┌2─────────────────┐
   │                  │
   │ Evaluate Auditors│
   └─────────┬─────────┘
             │
             ▼
   ┌3─────────────────┐
   │Submit Performance │
   │ Evaluation Report │
   └─────────┬─────────┘
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Responsibility / Details:

1.1 Evaluate the audit performance using **NPC-003.F10, Internal Quality Auditors Performance Rating Sheet** and **NPC-003.F11, Auditee Feedback on Conduct of Internal Quality Audit.**

Lead Auditor — a. Auditor

IQA Chairperson — b. Lead Auditor

1.2 Submit result of auditor's evaluation to IQA Chairperson.

IQA Committee Chairperson

2.1 Fill out **NPC-003.F01 Auditor Competency Evaluation** using the performance ratings of Lead Auditors and Auditors.

2.2 Determine competency gaps and appropriate training needs of all auditors.

IQA Committee Chairperson

3.1 Submit performance evaluation and recommendations to QMR for information/approval.

3.2 Transmit original performance evaluation report to DCCO for filing.

Flowchart	**Responsibility**	**Details**
A → End	DCCO	4.1 File in accordance with ***NPC-001, Control of Documents and Records***.