Transition to Rules 4th Edition: What Every ISO/TS 16949 Certified Client Needs to Know

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Agenda

- Rationale for new version of Rules
- Deadlines
- Summary of the most important changes impacting clients
  - This webinar will be repeated on July 23, 2014.
  - Future dates TBD.

Why a New Version of the Rules?

- Rules 3rd Edition was issued on October 1, 2008.
- There have been differences in interpretation/execution across auditors, certification bodies and Oversight Offices
  - 22 Sanctioned Interpretations
  - 16 FAQs
  - Waivers

Why a New Version of the Rules?

- Rules 4th Edition sets the bar high.
- Expected outcomes:
  - Supply base performance and TS certification are aligned.
  - Eliminate the perception that everyone gets a certificate.

What are the Deadlines?

- Rules 4th Edition was effective on April 1, 2014.
- Auditors had to pass an examination on Rules 4th Edition by March 31, 2014.
- All PJR procedures and associated documentation have been updated and process changes have been fully implemented.
- No implementation waivers are being granted.

Changes in Section 1.0 – Eligibility for Certification to ISO/TS 16949

- Changes in terminology:
  - The term "client" is replacing "organization." Client is the entire entity (including **ALL** related manufacturing sites and remote supporting locations) applying for ISO/TS 16949 certification.
  - The term "automotive customer" is replacing "subscribing customer."
    - The scope of ISO/TS 16949 audits shall include **ALL** manufacturing and **ALL** ISO/TS 16949 requirements.
    - Even if an automotive customer of the client does not require control plans and FMEAs, the certified client has to implement all the requirements of ISO/TS 16949.

Changes in Section 1.0 – Eligibility for Certification to ISO/TS 16949

- Site extensions will no longer be recognized under Rules 4th Edition.
- Clients with an existing manufacturing site extension will need to transition to a single site between April 1, 2014-April 1, 2015.
- During this time period, an initial audit of this site must be conducted. The Stage 1 will be waived, and the duration of the Stage 2 will be reduced to be equivalent to a recertification audit.
- All audit timing requirements must be met.

Changes in Section 3.0 – Certification Body Contract Requirements with the Client

- In 3.1d: "The client *cannot refuse* the presence of an IATF representative or their delegates…"
- In 3.1e, "The client *cannot refuse* the request of the certification body to provide the final report to the IATF…"
  - Both previously read, "shall authorize."
- In 3.1g, "Consultants to the client cannot be physically present at the client's site during the audit or participate in the audit **in any way.**"
  - No technology

Changes in Section 3.0 – Certification Body Contract Requirements with the Client

- Added in 3.2, the failure by the client to inform the CB of a change may result in withdrawal of the client's ISO/TS 16949 certificate.

Changes to Section 5.2 – Audit Day Determination

- In 5.2b: Total audit days may not be reduced by programming more than 8 hours per working day.
  - The only exception is when a 3rd shift is being covered.
  - The additional hours spent auditing 3rd shift shall not exceed 4 hours per audit.
  - These extra 4 hours shall be allocated to a single audit day.

Changes to Section 5.2 – Audit Day Determination

- In 5.2c: Each audit shall include auditing on all shifts. The minimum audit time in manufacturing shall be 1/3 of the total audit time.
- In 5.2d: The on-site review of corrective actions from the prior audit shall be additional to the specified audit days…
  - A contract amendment will be generated before each audit.

Changes to Section 5.2 – Audit Day Determination

- In 5.2e: In calculating audit days, the total number of employees on site (including permanent, part time, contract, temporary and the average number of daily workers for the previous six month period) needs to be considered.

Changes to Section 5.2 – Audit Day Determination

- In 5.2h: If a portion of a site is dedicated to automotive, then the headcount from that portion can be used to figure audit time when the following conditions are met:
  - It is approved by the IAOB prior to implementation;
  - All automotive manufacturing processes are physically separated (different floors, multiple separate buildings or permanent barriers, like a wall) from non-automotive manufacturing;
  - Personnel working in the automotive manufacturing process are completely dedicated;
  - All support personnel (onsite or remote) are included in the headcount. No ratios.

Changes to Section 5.2 – Audit Day Determination

- In 5.2m, If the scope of certification is expanded at a surveillance or recertification audit, then audit time must be increased.
  - The increase depends on the type of change.
- In 5.2q, When the employee count changes before the audit or during the audit, audit time must be re-calculated. If audit time changes, then that change needs to be applied to that audit.
  - You must keep PJR informed of employee count changes.

Changes to Section 5.5 – Remote Support Function

- A remote support function may be shared by more than one site. Sometimes, the sites are audited by more than one CB.

Changes to Section 5.5 – Remote Support Function

- There are two ways this can be handled:
  - Option 1: Each CB audits the supporting function;
  - Option 2: A CB can accept the report of another CB provided the following conditions are met:
    - Audit was conducted to ISO/TS 16949 by an IATF recognized CB;
    - The audit conducted/report given to the client must identify the scope that was covered, the interfaces that were audited and the manufacturing sites it supports;
    - The client must provide to the CB auditor (in a mutually agreeable language) a copy of the audit plan, audit report, all findings, all corrective actions and all verification actions of the other CB.
    - The audit report confirms that all interfaces with the site in question were audited;
    - Verification of the client's corrective actions by the CB that conducted the audit was completed.

Changes to Section 5.6 - Establishing the Audit Team

- For the initial certification audit, the CB shall appoint an audit team that has not previously audited the client in the past three year period for ISO/TS 16949.
  - This applies even if a certified client decides to start over with a new audit.
- The CB may appoint one auditor from the previous three year cycle to participate in the recertification audit to transition in a new team.
  - This auditor cannot be the audit team leader and cannot participate in the subsequent surveillance audits.

Changes to Section 5.7 – Audit planning

- 5.7.1: The CB shall require the client to submit the following information as input for developing an audit plan:
  - Quality management system documentation;
  - Internal performance data since the last audit;
  - Customer satisfaction and complaint summary since the last audit, including the latest customer reports/scorecards;
  - Identification of any special status condition since the previous audit;
  - Notification about any new customers since the previous audit;
  - Results of internal audits and management review since the last audit.
- 5.7.2: The CB auditor is required to review this information in advance of the audit and determine areas to be prioritized based on risk to the customer, performance trends and criticality or processes.

Changes to Section 5.7 – Audit Planning

- 5.7.2: The audit plan for each site must identify a minimum of one hour, on-site, prior to the opening meeting to verify changes to current customer and internal performance data, including a review of current online customer reports/scorecards.
  - This is in addition to the 8 hour minimum audit day.
  - Client will be charged for this.

Changes to Section 5.8 – Conducting On-Site Audit

- 5.8l: Processes shall be audited where they occur.
  - "Where practical" has been removed.
  - Auditors are spending too much time in the conference room.
- 5.8n: At a Stage 2, recertification or transfer audit all processes need to be audited on every shift. At surveillance audits, all shifts and manufacturing processes need to be audited, but not every process needs to be audited on every shift.

Changes to Section 5.8 – Conducting On-Site Audit

- 5.8p: Each on-site audit must include the effective implementation of the control plan, FMEA and associated documents during the audit of manufacturing.

Audit Termination

- If a Stage 2 is terminated , the client must start over with a new Stage 1.
- If a surveillance audit is terminated, the certificate must be suspended and the client must have a full surveillance within 90 days of the closing meeting.
- If a recertification audit is terminated, the client must have another recertification audit before the due date. If timing is exceed, they must start over with a new Stage 1 and 2.
- If a transfer audit is terminated, the client must start over with a new Stage 1 and 2.

Changes to Section 5.11 – NC Management

- 5.11.1: Client is required to submit within **60 calendar days** from the closing meeting, evidence of the following:
  - **implemented** correction, including extent analysis;
  - root cause, **including methodology used, analysis and results**;
  - **implemented** systemic corrective actions, **including consideration of the impact to similar products/processes;**
  - **verification of the effectiveness of implemented corrective actions.**

Changes to Section 5.11 – NC Management

- 5.11.2: The CB shall review the submitted responses and make a decision within 90 calendar days from the closing meeting.
  - If responses are acceptable, then they will be verified at the next audit.
  - If responses are not acceptable, then the CB shall attempt to resolve the rejections with the client within the 90 calendar days. If they cannot be resolved, then the certificate shall be immediately withdrawn and the client must start over with a new Stage 1 and 2.

Changes to Section 5.11 – NC Management

- In exceptional cases, the implementation of corrective actions may not be possible in 90 calendar days from the last day of the audit.
- A CB can consider the NCR open, but 100% resolved when the following conditions have been met:
  - Containment has been taken to prevent risk to the customer…
  - Documented evidence of an acceptable corrective action plan…
  - Scheduled on-site, follow-up audit based on the corrective action plan and prior to the next audit…
  - CB must retain records of the justification.

What are the exceptional cases?

- As part of the corrective action, a new piece of equipment is required, and lead time exceeds 90 days.
- As part of the corrective action, a new IT system is required, and installation requires more than 90 days.
- As part of the corrective action, a new facility has been identified, and the build phase is more than 90 days.
- Where the problem is with design specifications, and there are more than 2000 to update, this may not be practical in 90 days. The CB expects good containment and a plan for updating.
- Where the problem is with the design process and evidence of full implementation may not be possible until the next new design project, and this could be more than 90 days…

Changes to Section 5.11 – NC Management

- A CB is required to verify the effective implementation of corrective actions at the next audit.
- Where a corrective action plan is found to be ineffectively implemented, a new major nonconformity shall be issued against the corrective action process and the prior minor shall be upgraded to a major.
- **This leads to automatic suspension of the certificate.**

Changes to Section 5.11 – NC Management

- A major nonconformity requires onsite verification within 90 calendar days of the closing meeting.
- Where the accepted corrective action plan is not found to be effectively implemented, the audit shall be considered failed and the certificate shall be withdrawn.

Changes to Section 6.8.1 – Recertification Activities

- For a major nonconformity, the CB shall require the client to identify the root cause and implement correction within 20 calendar days from the closing meeting.
- This is already required for surveillance audits.
- **A major nonconformity on a surveillance or recertification audit automatically triggers suspension of the certificate.**

Changes to Section 8.0 – Certificate Decertification Process

- Client notification of a special status condition may lead to suspension.
  - Need to consider customer-specific requirements:
    - Ford, GM and Chrysler all say suspend.
- Major nonconformity on a surveillance or recertification audit always leads to suspension.
  - For minor nonconformities, the decision is at the discretion of the CB.
  - An on-site special audit must be conducted within 90 days of the closing meeting. If corrective actions are not effectively implemented, then the certificate is withdrawn.

Changes to Section 8.0 – Certificate Decertification Process

- If a surveillance audit is not conducted within the allowable time interval or the surveillance audit is terminated, the certificate is suspended and the surveillance must be conducted within the next 90 days.

Thank you!

QUESTIONS & ANSWERS