



Quality Assurance Auditors & Industry Conference
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2.21 Internal Audit

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Greenbrier

*MxV Rail is a subsidiary of
the Association of American Railroads
(formerly TTCI)*

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Auditing Internal Audits

Best Practices



Internal Audit

- What it is
- What is required
- How to Audit



Internal Audit

- **What it is**

- *Represents a snapshot in time - verification of compliance and effective implementation of a Quality Assurance Program*
- *Systematic, disciplined approach to evaluate and improve the effectiveness of processes...*
- *Means to support continuous improvement as well as compliance*
- *Requirement*



Internal Audit

- **Requirements**

- Procedure
- Checklist
- Schedule
- Frequency
- Trained/Qualified Personnel
 - Organizational Freedom
- Documented Results/Report
 - Evidence of compliance/noncompliance
- Corrective Actions
- Follow-up Actions



How to Audit

- **Review**
 - Procedure
 - Audit Results
 - Corrective Actions
 - Follow-up Actions
 - Auditor Credentials



How to Audit

- **Internal Audit Procedure**
 - Current revision
 - Contain or reference requirements
 - Checklist
 - Scheduling
 - Frequency
 - Personnel
 - Training
 - Reporting (Evidence)
 - Corrective actions
 - Follow-up actions



How To Audit

- **Review Audit Results (cont.)**
 - Document(s)
 - Report
 - Including evidence
 - What the auditor reviewed, observed, audited, interviewees, etc.
 - Photos
 - Notes
 - Completed checklist
 - Procedure or form(s) reviewed
 - Compliance
 - Noncompliance



INTERNAL AUDIT REPORT

Date: 12/21/22

To: Joe Smith Plant Manager
 Jim QA Quality Assurance Manager

From: Sam Auditor Manager Internal Auditing

Cc: Mr. Quality| Director of Quality

Subject: **Quality System Internal Audit Report**

This is a report of the results of the Internal Quality System Audit and Process Audit(s) conducted at ABC Company. There was a physical audit conducted at the facility 12/20/22. A closing meeting was held on 12/20/22. The audit checklist, evidence, and results are documented in the Greenbrier Intelex Auditing Program.

Purpose: The purpose of the audit was to determine the conformity of the Facility Quality System to the requirements of AAR M-1003, and to verify effective implementation of the Quality System, with a focus upon identifying opportunities for improvement.

Scope: The scope of the audit included documentation and activities related to the manufacture of railcars and components subject to the requirements of AAR M-1003 at the facility.

Standards/Reference Documents: The audit addressed the requirements of the following documents:

- 1) Association of American Railroads Manual of Standards and Recommended Practices, Section J, Specification for Quality Assurance M-1003, Issue of January 2022 and QAPE Checklist issued 1/10/22.
- 2) GMO Quality Manual

Audit Team: Sam Auditor Lead Auditor

Primary Contacts: Sally Employee

Positives:

- Shop clean and organized

Summary: The Facility Quality System was found to be in compliance with the applicable requirements of AAR M-1003, exceptions as noted below. Please respond to the auditor on all noncompliance findings with a completed F-AC-2.6-01 GMO Audit Response Form within 30 calendar days of this report.


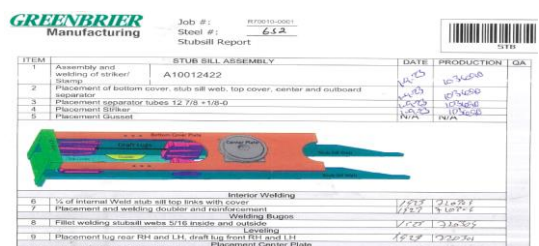
Number	2022-1
Element	2.21.1 Internal Auditing
Requirement	2.21.7 Do follow-up actions verify and record the implementation and effectiveness of the action taken?
Finding	No evidence of follow-up actions taken were documented from 2021 audit finding 2021-1.
Type	Noncompliance



Evidence of Compliance and Noncompliance



Example Completed QAPE

2.12 Final Inspection (AAR Rev 1/10/22)			
Element	Manual Audit	Evidence/Comments	Attachments
2.12.1 Does the facility inspect, test, and identify the final activity as required by the inspection and test plan?	Manual - Yes, Audit - Yes	Final inspection paint shop demonstration. see notes	2.12 Auditor Notes
2.12.2 Does the facility review all inspection and test records and verify that the activity has been inspected at all points shown in the inspection and test plan and that these records are complete?	Manual - Yes, Audit - Yes	Demonstration by clerk on reviewing final documents.	
2.12.3 Does the facility retain all inspection records as specified in paragraph 2.17?	Manual - Yes, Audit - Yes	Scanned into Onbase	



How To Audit

- **Review Audit Results (cont.)**
 - When performed
 - Annually conducted within 400 days of previous audit
 - 365 days for M-1002 facilities per CPC 1389
 - Who
 - Auditors
 - List all including lead
 - Scope of audit
 - Elements



How To Audit

- **Review Audit Results (cont.)**
 - Findings
 - Documented and shared with facility POC
 - Corrective actions
 - Properly closed / open
 - Follow up
 - Who, what, where, when, how, and mitigating actions





Action Required (5 Step RCCA)	Description of Action(s) Taken – Include Objective Evidence	Completi Date
1) Identify the Problem: What is the non-conformance? Clearly state the finding.		
2) Contain the Problem (Containment): Clearly define the <u>immediate</u> action(s) taken to prevent the problem from continuing?		
3) Root Cause Analysis (RCA): Clearly define the root cause(s) that caused the finding (see: step 1). Use an appropriate RCA tools to determine the Root Cause as examples: 5-Whys, Cause and Effect Diagram, Pareto Chart, Six Sigma problem solving tools		
▶ Identify RCA Tool used:		
4) Corrective Action: Clearly define <u>who, what, & when</u> corrective action(s) taken that will eliminate the root cause(s).		
5) Follow-up: Clearly define the <u>follow-up plan(s)</u> that will ensure corrective action(s) were effective at eliminating future occurrences.		



Person(s) Conducting Internal Audits

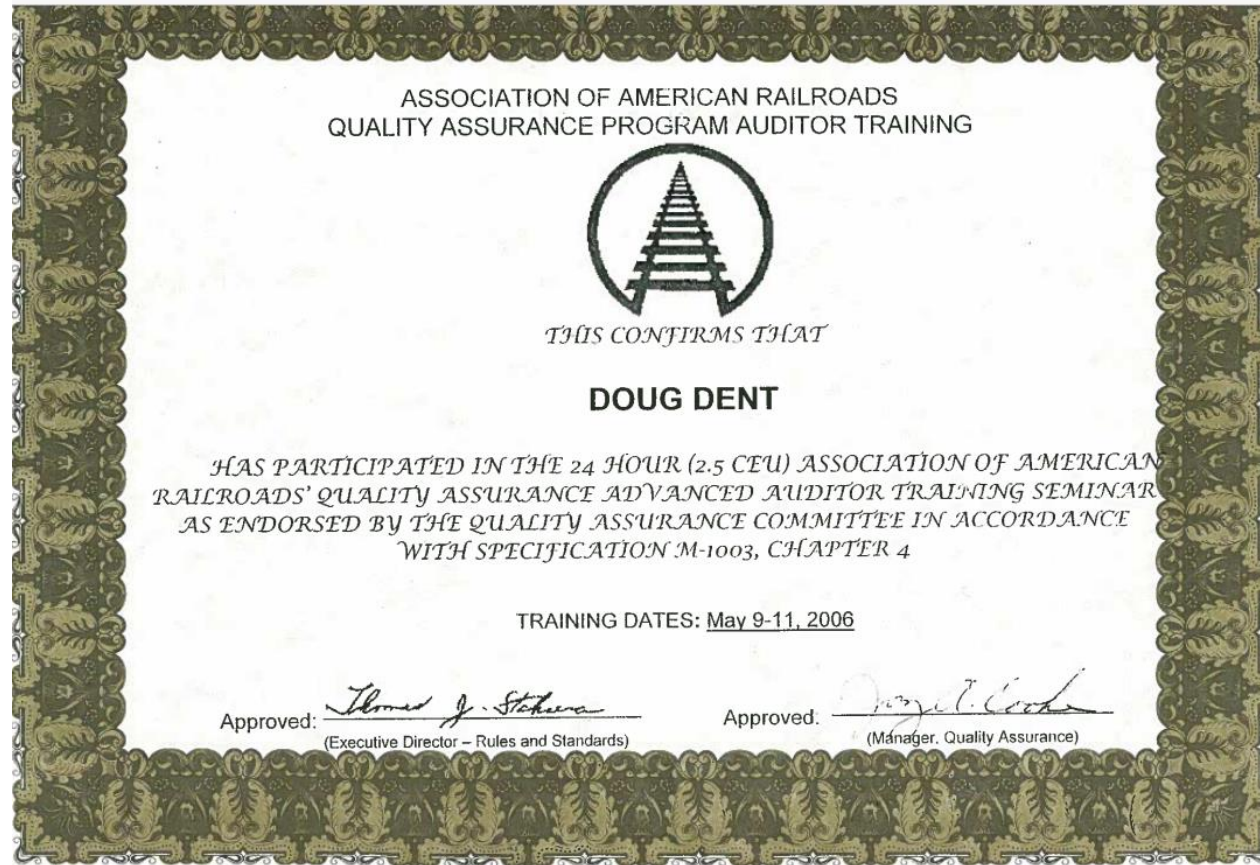


How To Audit

- **Review Auditor Credentials**
 - Training/Qualification records
 - Supporting training procedures



Example of Auditor Qualifications





Thank you



Association of American Railroads
Quality Assurance Committee