1.0 POLICY/PURPOSE

SBAR maintains documented procedures for planning and conducting regular internal audits of the quality system. Further, SBAR stresses the need for self-identification of quality-related problems. This procedure describes the means by which the overall performance and effectiveness of the SBAR quality system is verified by audit.

2.0 SCOPE

This applies to all SBAR operations affecting quality, to include subcontractors when appropriate.

3.0 REFERENCES AND DEFINITIONS

3.1 References

ISO 9001: Quality Management Systems-Requirements, Third Edition (2000-12-15)

- ISO 9001 Elements 8.2.2 (Internal Audit) and 8.2.3 (Monitoring and Measurement of Processes)

ISO 9004: Quality Management Systems – Guidelines for Performance Improvements, Second Edition 2000-12-15

- *Annex A: Guidelines for Self-Assessment*

ISO 19011: Guidelines on Auditing Quality and Environmental Management Systems (when released)

SBAR, Inc. Documentation

- SBAR *Quality Manual (QAP 0002)*
- *Nonconformance/Corrective and Preventive Action Procedure (CP-00-9013/14)*
- *Control of Quality Records Procedure (CP-00-9016)*
- SBAR *Servicing Procedure (CP-00-9019)*

3.2 Definitions/Abbreviations

Auditor: Person with the competence to conduct and document a quality audit under the direction of a lead auditor. Auditors have completed specialized training for their duties. For the

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purposes of this procedure, auditors are "internal" auditors that are SBAR and/or subcontractor personnel.

Conformity/Nonconformity: Conformity is the fulfillment of a requirement; nonconformity is the non-fulfillment of a requirement.

Data Management Central Library (DMCL): The focal point for all SBAR quality records (e.g., documentation, data, and procedures). DMCLs are located at Corporate, Division, Branch, Contract, etc. level and are maintained and controlled by the applicable Quality Assurance Officer (QAO). As appropriate, records in electronic and paper form are stored in DMCLs. When appropriate, DMCLs have sub-libraries for records that are stored elsewhere.

Documentation/Data: Any form of media, e.g., hard copy or electronic media, that is historical in nature and used, in part, to verify specific aspects of the quality system. Documentation/data includes, but is not limited to CDRLs, Standard Operating Procedures, Work Instructions, drawings, etc.

Functional Area Manager (FAM): A senior supervisory individual who is responsible for the leadership, direction, and overall success of an area of SBAR, such as O&M, contracts, logistics, quality, safety, engineering, financial, task orders, etc.

IAW: In accordance with.

Lead Auditor: Person who is ultimately responsible for all phases of a quality audit. Lead auditors have completed specialized training for their duties and have management capabilities and experience. They have the authority to make final decisions regarding the conduct of an audit and any audit observations.

Objective Evidence: Data supporting the existence or reality of something, i.e., information that can be proved true, based on facts obtained through observation, measurement, testing, or other means.

Process: A set of interrelated or interacting activities that transform inputs into outputs, specifically, the manner in which SBAR combines resources (e.g., personnel, equipment, materials) in order to deliver the products and services in accordance with a Statement of Work (SOW). Processes include, but are not limited to, program management, contracts management, financial management, quality program, operations and maintenance, corrosion control, logistics, etc.

Process Action Report (PAR): An electronic form used to report and document nonconformances, preventive actions, or process improvement actions. The PAR system is located in the PAR Database maintained at the web site. (**NOTE:** The PAR is the only form authorized for recording and documenting nonconformances, preventive actions, and process improvement actions unless otherwise authorized by the Quality Manager.)

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Product: Result of activities or processes. A product may include services, software, hardware, processed materials, or a combination thereof. A product can be tangible (e.g., assemblies or processed materials) or intangible (e.g., knowledge or concepts), or a combination thereof.

Quality: Degree to which a set of inherent (i.e., permanent) characteristics fulfills requirements.

Quality Audit: Systematic, independent and documented process for obtaining "audit evidence" and evaluating it objectively to determine the extent to which "audit criteria" are fulfilled.

Quality Assurance Office/Officer (QAO): The SBAR agency that is responsible for the overall management of the Corporation's quality program and is assisted by subordinate level QAOs at the Division level, and when appropriate, at the contract level.

Record: Documentation stating results achieved or providing evidence of activities performed or results achieved.

Service: Service is the result of at least one activity performed at the interface between SBAR and a customer. Service includes actions taken by SBAR after delivery of the product, in accordance with the contract statement of work (SOW).

Statement of Work (SOW): A written agreement between SBAR Engineers, Inc., and a customer that defines the products and services that SBAR is to provide.

4.0 RESPONSIBILITIES

4.1 Lead Auditor

The Lead Auditor is responsible for developing and implementing this procedure and is responsible for all phases of the SBAR Internal Quality Audit Program. The Lead Auditor has the following specific responsibilities:

- Assist with the selection of other audit team members.
- Train internal auditors or arrange for the training of internal auditors.
- Develop and revise the *ISO 9001 Checklist (Form CP-00-9017-A),* as necessary.
- Develop and revise the *Audit Plan Form Instructions (Form CP-00-9017-B), as necessary.*
- Develop and revise as necessary the *Quality Audit Preparation and Administration Checklist (Form CP-00-9017-C).*
- Develop and revise as necessary the *ISO 9001 Auditor Training Syllabus (CP-00-9017-01).*

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- Assist in the preparation of Audit Plans.
- Represent the audit team to SBAR senior management.
- Supervise auditors and, where appropriate, conducts audits.
- On an as needed basis, conducts additional audits to verify conformance within a specific area or to a specified requirement(s).

4.2 Corporate Quality Manager

The Corporate Quality Manager is responsible for ensuring there is a viable internal quality audit program within SABR and provides the necessary support to the Lead Auditor.

4.3 Quality Assurance Office/Officer (QAO)

Office (e.g., Ventura) and contract QAOs (e.g., LO&SC, SSD) publish Audit Plans, using the *ISO 9001 Audit Plan Form*, within their areas of responsibility to ensure all relevant processes and ISO elements are audited at least every 12 months.

4.4 Auditors

Auditors are prohibited from auditing their own work and are responsible for:

- Assisting the lead auditor in preparing audit plans.
- Complying with the applicable audit requirements.
- Communicating and clarifying audit requirements.
- Planning and carrying out assigned responsibilities effectively and efficiently.
- Documenting observations.
- Reporting audit results, i.e., nonconformances, the need for preventive actions, and/or process improvement recommendations.
- Verifying the effectiveness of corrective and preventive actions, as well as process improvement actions, taken as a result of the audit.
- Verify actions taken as the result of previous audit *PARs* remain effective and/or in affect.

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- Cooperating with and supporting the lead auditor.

4.5 Functional Area Managers (FAMs)

FAMs provide the necessary support to all phases of the audit program to ensure its success. Specific responsibilities include:

- Ensuring that auditors are given sufficient time to complete their audit duties.
- Ensuring complete cooperation with auditors.
- Promptly following up and correcting all identified nonconformances, to include the causes of those nonconformances.

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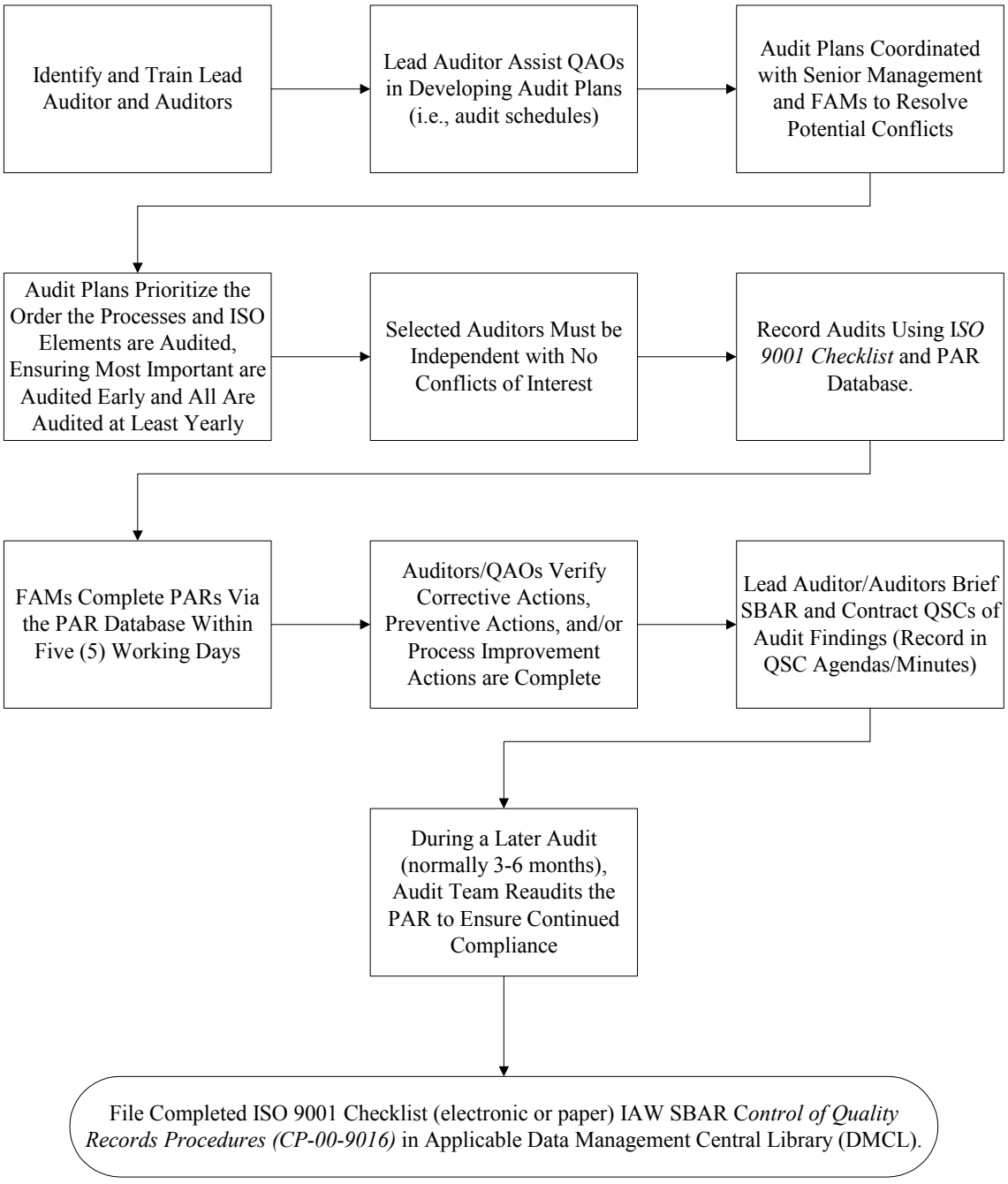
5.0 REQUIREMENTS/PROCEDURES

Figure 1 - Process Flow for Internal Quality Audits



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5.1 General

Internal quality audits are used to verify whether quality activities and related results comply with planned arrangements (e.g., ISO 9001, a SOW, a process work instruction) and to determine the effectiveness of the SBAR Quality Management System. Lead auditor(s) and auditors receive specialized training prior to completing any auditing duties in accordance with ISO 9001. This training is recorded.

5.2 Auditor Training

Before performing lead auditor duties, the lead auditor receives lead auditor training that is certified by the International Register of Certified Auditors (IRCA), or equivalent organization. Auditors may be trained by the SBAR Lead Auditor providing the lead auditor has at least one year's experience as a lead auditor. If the lead auditor is not qualified to conduct this training, then auditors receive auditor training that is certified by IRCA or an equivalent organization.

The lead auditor, when qualified, uses the *ISO 9001 Auditor Training Syllabus (CP-00-9017-01)* to train SBAR auditors in ISO 9001 fundamentals, ISO vocabulary, the SBAR Quality Management System, audit practices and techniques, etc. This training includes tests and after successful completion of the course, the auditor receives a certificate signed by the lead auditor and the SBAR President/CEO or one of the division vice presidents.

5.3 Conflicts of Interest

Lead auditor(s) and auditors audit only those areas for which they have no direct responsibility or the appearance of a conflict of interest. For example, an auditor from the Ventura office would audit Management Responsibility (ISO 9001, 5.0) and Quality Management System (ISO 9001, 4.0) in the San Diego office. Accordingly, the San Diego office would audit the Ventura office in those two areas (as well as other areas were a conflict exists).

5.3 Audit Areas and Audit Plans

The appropriate QAOs publish an Audit Plan using the *ISO 9001 Audit Plan Form (Form SBAR-00-9017-B)* as a guide that ensures each process and applicable ISO 9001 element is audited at least once every 12 months. Audit Plans are based upon the status and importance of the process/activity to be audited with the more critical areas audited sooner during the audit cycle. Further, Audit Plans are revised as necessary throughout the year to reflect changing business conditions. Figure 2 depicts the audit plan system.

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Figure 2-Process Flow for Audit Planning

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5.4 Audit References

The following references are used when conducting a quality audit:

- *Quality Audit Preparation and Administration Checklist (Form SBAR-00-9017-C)*. (**NOTE:** This Checklist is a guide provided to auditors to assist them in preparing for and conducting an audit.)
- Previous audit reports to include *Process Action Reports.*
- The *ISO 9001 Checklist (Form CP-00-9017-A)* is used to audit the SBAR Quality Management System. Further, auditors tailor the *Checklist* to the specific process/activity under audit by adding specific SBAR procedure/work instruction (WI), Customer, etc. requirements. (**NOTE**: This checklist is available at the company web site and is also used by FAMs as a tool to manage their functional area.)
- Applicable SOW requirements.
- Applicable reference standard/codes (e.g., safety, American Society of Mechanical Engineers), quality plans (e.g., the SBAR *Quality Manual*, SBAR ISO element procedures), and /or SBAR documented procedures/work instructions.
- Actions taken as the result of customer complaints, customer survey results, continual improvement efforts, etc.

5.5 Audit Records

All audits are recorded using the *ISO 9001 Checklist*. Nonconformances, the need for preventive actions, and process improvement recommendations, respectively, are recorded on the Checklist and entered into the PAR Database maintained at the web site. As required by SBAR's *Nonconformance/Corrective and Preventive Action Procedure* and *Servicing Procedure (CP-00-901314)*, respectively; nonconformances, potential nonconformances, and process improvement opportunities are forwarded to the appropriate FAM (via the PAR Database) for timely corrective and preventive actions or determination if the recommendation for process improvement is valid. FAMs have five working days to update the PAR in the PAR Database. Additionally, the completed *ISO 9001 Checklist* are forwarded to the appropriate QAO for record keeping IAW SBAR C*ontrol of Quality Records Procedure (CP-00-9016).*

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5.6 Audit Follow-up

During recurring internal quality audits, the audit team verifies that the implemented corrective and preventive actions, for previously identified audit nonconformances or potential nonconformances, remain effective. The same verification takes place for implemented process improvements that were identified during a previous audit. These verifications are recorded by *PAR* report number (i.e., the number assigned by the PAR Database) in the *ISO 9001 Checklist* and on the appropriate *ISO 9001 Audit Plan*. Further, verification activities are performed at an appropriate time when there is objective evidence that the corrective and preventive actions have been effective or the process improvement has been implemented and are also effective.

Normally, audit team verification will take place within three to six months after an audit PAR is closed out. Additionally, when appropriate, the audit team also verifies corrective and preventive actions on selected *PARs* that have been generated by other than internal quality audits. Finally, if a nonconformance reoccurs, another PAR is opened in the PAR Database written and this PAR identifies the nonconformance as a "**REPEAT NONCONFORMANCE**" and references the previous PAR.

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PREPARATION, REVIEW, AND APPROVAL OFFICIALS

Prepared By:

R. W. Stone
Lead Auditor

Reviewed By:

M. T. Schmoll
Director Corporate Programs

Approved By:

Grace Vaswani
President/CEO

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