Virtual Audits – Explaining PJR's Approach and Expectations (with 2023 updates!)

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Please note:

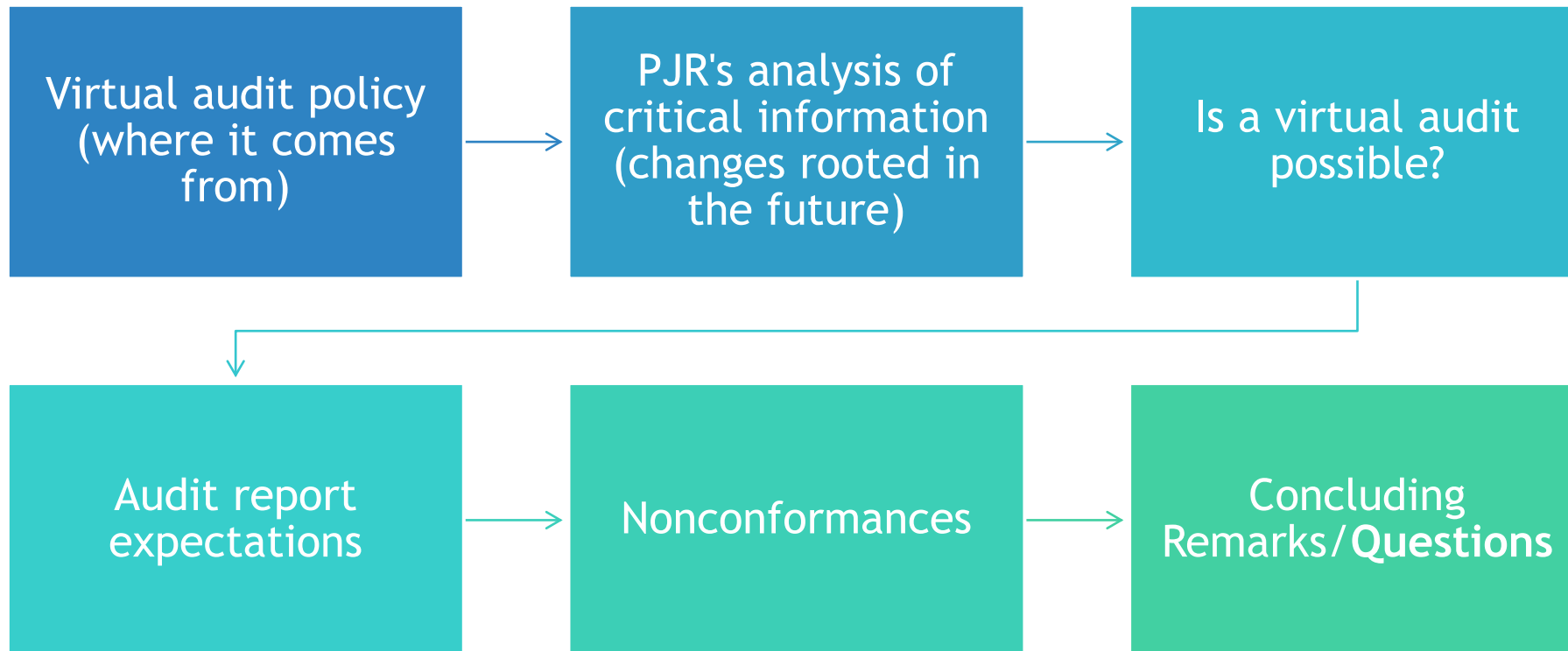All participants have been muted.

Please type your questions in the "Question" section of the dashboard – we will answer all questions at the conclusion of this presentation.

Please note that copies of today's presentation will be available for download shortly.

This webinar (and all other past PJR webinars) will also be available for re-viewing on our website under "Previously Recorded Webinars."

Please also note that significant parts of this presentation do NOT apply to IATF 16949 or AS91XX – those programs also have separate requirements that will not be reviewed today.

Overview of topics

Virtual audit policy (where it comes from) → PJR's analysis of critical information (changes rooted in the future) → Is a virtual audit possible?

Audit report expectations → Nonconformances → Concluding Remarks/**Questions**

Official policy comes from the IAF

- There are two primary documents that PJR has referred to throughout this process to ensure that we are still meeting all expectations from the industry and avoiding repercussions later when we are assessed by ANAB, UKAS, or any of the other accreditation bodies.

  - IAF ID3 - "Management of Extraordinary Event or Circumstances Affecting ABs, CABs, and Certified Organizations."

  - IAF MD4 – "The Use of Information and Communication Technology (ICT) for Auditing/Assessment Purposes"

  - Both of these documents are public domain and can be obtained from the IAF website (www.iaf.nu.)

What is PJR required to do before scheduling a virtual audit?

▶ Both ID3 and MD4 require that PJR contact the client and conduct a risk-based assessment of whether the virtual audit is possible.

▶ PJR issued the F-108ict in 2020 in order to enable us to gather information from the client and make the specified risk-based assessment.

Format of the F-108ict

- The F108ict is a two page document consisting of two parts:

  - Part 1 – Rationale

  - Part 2 – Eligibility

F108ict Part 1 – Rationale

In Part 1 we've given our clients a checklist of rationale options that they can select from. Two notes have also been provided and read as follows:

Note 1:

- *If your reasoning is primarily rooted in the COVID19 pandemic your approval will be for the current audit only. If your rationale is rooted in other factors it may be possible for PJR to approve you for remote audits on an ongoing basis.*

Note 2:

- *If prior audits have resulted in auditor feedback that you were not a satisfactory candidate for remote audits (connectivity issues, hard copy records, etc.) your request will not be approved.*

F108ict Part 1 – Rationale - Options

We will review the various rationale options over the next few slides – please note the content from F-108ict has been provided in italicized text with commentary in plain text.

F108ict Part 1 – Rationale – Options (1)

- *We've had one or more of our team members test positive for COVID19.*

- *We've instituted a temporary "No Visitor Policy"*

- *There are current applicable governmental travel restrictions pertaining to COVID19*

- ❑ Note that these options are only accepted if there is less than 30 days between the request and the start date of the audit.

- ❑ Note also that if you are indicating a "No Visitor Policy" PJR will be asking for proof of the policy and **will monitor your enforcement of it during the audit.**

F108ict Part 1 – Rationale - Options (2)

▶ *Our auditor and/or PJR specifically requested a virtual audit.*

- ❑ PJR is working to limit the instances where this is the case – but we do recognize that some members of our team are unwilling or unable to travel at this time.

- ❑ This option may only be selected if you are prompted by your scheduler and/or your auditor.

F108ict Part 1 – Rationale - Options (3)

- *Due to the nature of our business, most of our team is working remotely*

- *Our scope of activity is largely administrative (i.e. no or very limited manufacturing).*

  - PJR will verify the validity of these claims by reviewing your scope statement and past audit records.

F108ict Part 1 – Rationale – Options (4)

- *We only need a portion of the audit to be performed virtually (please specify below) – this may include requests like "Only our corporate headquarters needs to be seen virtually" or "Only 2 of the 5 audits days need to be virtual", etc.*

  ❑ This is a "Hybrid" audit option – we will discuss this option in a few more slides.

F108ict Part 1 – Rationale - Options (5)

There is a final option available if you happen to manufacture a tangible product – it reads as follows:

► *We've had past successful virtual audits with PJR and we have a mature quality management system as evidenced by the results of our recent PJR audits.*

❑ PJR will verify the validity of this claim by reviewing your scope statement and past audit records.

Rationale options that <u>will not</u> be accepted

- *"We wish to save money on auditor travel"*
- *"Last year's audit was virtual and we want that again this year"*
- *"It's more convenient for our team if the audit is virtual"*
- *"Our salesperson promised us our audit could be virtual"*
- *"Our scheduler promised us our audit could be virtual"*

- Understand that PJR's ongoing preference will always be to perform an **onsite audit**, particularly for organizations that manufacture a tangible product.

F108ict Part 2 – Eligibility (Part 1)

▶ The first four questions pertaining to eligibility are largely unchanged from the prior revision of the F108ict.

1. *Is GoToMeeting or Microsoft Teams acceptable for use to conduct the virtual audit?* (clients are prompted to specify if they answer "No")

2. *Does your management system support a virtual audit?* (are records primarily electronic?)

3. *Will your company be running normal operations based on your scope of certification at the time of the audit?*

4. *Does your organization have sufficient hardware and WiFi coverage or cell phone signal to audit all activities including production if required? Additionally, is it okay for the cell phone or tablet camera to live stream video to our auditor in all areas of the facility that will be assessed virtually?*

F108ict Part 2 – Eligibility (Part 2)

5. *Will our auditor(s) be permitted to perform live video interviews with all staff necessary including management, process owners, etc. Please note that telephone interviews **are not** considered an acceptable substitute for video interviews.*

6. *Does your organization have the necessary technical capability to support a remote audit? Note that this may include troubleshooting on connectivity problems as needed.*

7. *Have you been audited virtually in the past? If "Yes" was it a positive/value-added experience?*

8. *Have there been any changes in your organization affecting your management system since your last audit?*

9. *For R2V3 Transition audits, will you commit to uploading required documents in sufficient time for the auditor to confirm their presence at least 7 days before the first day of your audit?*

Key takeaways from the F108ict

- There is more than one reason to have a virtual audit.
  - PJR's long term plan for our virtual audit program was always to expand it beyond emergency use. We have many clients with business models that are a natural fit for remote auditing. The key is capturing a **satisfactory** rationale in a traceable manner.

- Clients have a responsibility to ensure the remote audit is successful.
  - Particularly now that onsite audits are an option in so many circumstances, PJR has had to step up our rhetoric in terms of the client "selling us" on their ability to not only participate in a remote audit, but for that remote audit to be as effective as an onsite audit.

Key takeaways from the F108ict

- To make our position perfectly clear – <u>the following three conditions must be met</u>.
  - Live chat over a person-to-person interface (with live sharing of the auditee's screen) is mandatory;
  - Records must be primarily electronic (exceptions permitted); and
  - **<u>Production assessments must take place in person (audit must be hybrid) in as many cases as possible.</u>**

Hybrid Audits are now a possibility!

- PJR offers a hybrid audit option (some virtual, some onsite.)

- This can offer many benefits including auditor quality of life, client cost savings, and scheduling flexibility in terms of assigning an auditor.

Possible Hybrid Audit scenarios

1. Client has a 5 day audit to be performed

    i. Days 1 and 2 are done remotely and include all administrative areas (management review, internal audit, sales, etc.)

    ii. Days 3-5 are done onsite and include production and other key technical areas (design, etc.)

2. Client has a 4 day audit to be performed

    i. Auditor A performs the administrative aspects of the audit on Days 1 and 2 (virtually)

    ii. Auditor B performs the onsite (production) aspects of the audit on Days 1 and 2

Possible Hybrid Audit scenarios

3. Client has an onsite audit that results in multiple majors and requiring a revisit.

   i. The revisit is done 100% virtually as all majors are rooted in administrative areas.

4. Client has an audit and the auditor learns that there has been a headcount increase that leads to an additional 0.5 day of required audit time.

   i. The additional audit time is performed concurrently by another auditor (remotely)

What a virtual audit is not:

- It is important to distinguish that virtual auditing is not accomplished by the auditee simply emailing a cache of information to an auditor for offsite review.
  - Among other things this would likely represent a violation of IAF MD4's contention that *"adequate controls (be) place to avoid abuses that could compromise the integrity of the audit/assessment process."*
  - If the client is selecting all audit samples themselves, this principle is not met.
  - This includes situations where the client gives their auditor "everything" via Dropbox or Google Drive.

- For an audit to be truly virtual (and thus meet the requirements espoused by the IAF and ISO) – the auditing technique must permit the auditor to assess the system with the same rigor and technique as if they were sitting in the client's facility.

- Random sampling and all other auditing techniques mandated by the IAF, ISO 17021-1, ISO 19011:2018 and all other applicable standards are still in effect in a virtual assessment.

- To be very clear – **an offsite audit is NOT the same as a truly virtual audit.**

What if the information leads PJR to conclude that a virtual audit is not possible (and the audit cannot be done onsite?)

▶ While we have had great success running virtual audits with many different types of clients, there are definitely situations where PJR has concluded that a virtual audit is simply not possible.

▶ Based on guidance provided in IAF ID3 and depending on your circumstances, PJR can make one of three decisions (depending on your circumstances):

  ▶ Delay your first surveillance assessment following initial certification by up to six months;
  ▶ Delay your surveillance assessment to take place later in the same calendar year; or
  ▶ Extend your current certification by up to six months.

What can ideally be reviewed during a virtual audit? – Audit Plan content

▶ When the VAAT receives the F-108ict from the Scheduler, one of the critical steps being taken (for surveillance audits) is modification of the client's audit program.

  ▶ These actions include moving all production related areas off of the forthcoming audit if possible.

▶ What this typically leaves for audit assessment are the typical administrative areas of an organization, including:

Management Review	Internal Audit	Corrective Action	Customer Satisfaction	KPIs/Quality Objectives
Order Entry	Product Design	Production Scheduling	Training	Calibration
Complaint Resolution	Returns Processing	Confirmation of Scope/Exemptions	Website Review	Closure of PNCRs

Random Sampling is still required

- It is vital to the integrity of the audit process that the principle of random sampling be utilized in performing these assessments.

- The screen sharing capabilities offered by virtual meeting software are intended to make it feasible for your auditor to review your screen and select the items they wish to review during the audit.

- Wherever possible – the auditor select must their own audit samples as if they were onsite.

- **As previously stated – offsite auditing and virtual auditing are not the same thing!**

Audit report expectations

- If the entire audit was done virtually and no onsite portion will be needed – the "full" audit package will be turned over to you in accordance with PJR's established policy on audit package preparation. In these circumstances you should expect to receive the following:

  - Audit Report;

  - Nonconformances (if any);

  - Audit Plan; and

  - The Auditee Acceptance of Findings form signed by both auditor and auditee.

- If the audit includes an onsite portion to be done at a later date, your audit package will be provided upon completion of the onsite portion.

  - PJR can provide documented verification that the virtual portion was completed for any client who needs it.

NCRs - business as usual

- Any Virtual Audit issued nonconformances will follow PJR's established protocol for resolution. You will still be expected to provide the full response (correction, extent analysis, root cause analysis, corrective action) as found on PJR's standard nonconformity report.

  - Please note that if a nonconformance is issued in a hybrid audit you cannot simply "fix it" in the time between the virtual portion and onsite portion. The full documented response is still required.

- All timing requirements pertaining to nonconformances are also in effect (60 days, etc.) from the <u>full</u> completion of the audit.

  - Sector specific rules also remain in effect.

Conclusion

PJR is committed to providing a value-added auditing experience for our valued clients.

We hope you find benefit in our remote audit options.

Please tune in for one of our other webinars

- *"IATF Common Audit Report Application (CARA) and Remote Auditing"*

  - This webinar includes an examination of virtual auditing specific to the automotive industry.

- *"The Interaction of Processes and its importance to a successful audit."*

  - This webinar explores the crucial topic of processes and how to correctly understand them.

- We offer a variety of webinars on other topics including Corrective Action, Stage 1 Audits, AS9100, ISO 13485:2016, IATF 16949, and ISO 14001:2015.
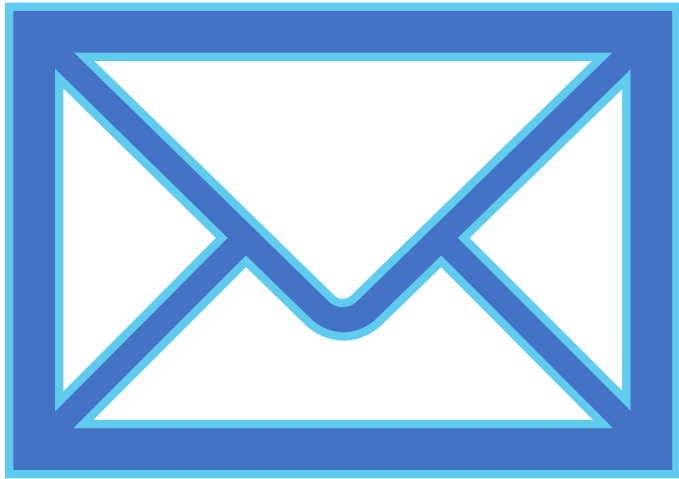
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- Questions?

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