PHILIPPINE RETIREMENT AUTHORITY
29F BDO Towers Valero *(formerly Citibank Tower)*,
Paseo de Roxas, Makati City 1209 Metro Manila, Philippines

INTERNAL QUALITY AUDIT PROCEDURE

I. PURPOSE AND OBJECTIVE

The Internal Quality Audit (IQA) procedure has been established to systematically and independently assess (a) the conformity of the PRA's established QMS with its own organizational requirements, the ISO 9001:2015 Standard, and other statutory and regulatory requirements; (b) the suitability of the PRA QMS to achieve the Authority's objectives; and (c) the effective implementation and maintenance of the QMS.

II. SCOPE

This Procedure applies to all the processes defined in the scope of the Authority's QMS - management, core, and support processes, and be conducted by Internal Quality (IQ) Auditors. The procedure shall start from the selection and management of IQ Auditors/Audit Team up to reporting of the results to the Management.

III. OPERATIONAL DEFINITION OF KEY TERMS

TERM	DEFINITION
Audit Area	Refers to the Authority's sub-processes under the Management, Core, and Support Processes in the Process Map which shall be subjected to periodic IQA.
Audit Checklist	Refers to a set of criteria/questions which shall serve as a guide to an auditor.
Audit Criteria	Refers to a set of requirements, policies, and procedures adopted to achieve the Authority's objectives against which audit evidence is compared.
Audit Confirmation	An evidence signifying the auditee's agreement to the conduct of the IQA on the date specified and the methodologies to be applied.
Audit Evidence	Refers to the records, statement of facts or other information, which shall be verifiable and relevant to the audit criteria, which can either be qualitative or quantitative.
Audit Finding	Refers to the result of the evaluation of the collected audit evidence against the established audit criteria, which can indicate either conformity or nonconformity with the audit criteria, opportunities for improvement or commendable findings/ best practices.
Audit Findings Report	Refers to a report or documentation of audit findings for each audit area issued by internal quality auditor as a result of conducting the internal quality audit.
Audit Itinerary	Refers to a document that outlines the audit activity for an audit area which includes the purpose of the activity, audit scope, the audit criteria, the departments/divisions/units to be audited with their designated representatives, the assigned internal quality auditors, and the date and time of the internal quality audit.

TERM	DEFINITION
Audit Summary Report	Refers to the list of all the observations and findings during the conduct of the IQA, including the corresponding actions taken, which serves as a tool used for reporting to the Management the results of the conducted IQA.
Authority	Pertains to the Philippine Retirement Authority (PRA).
Commendable Findings	Refer to the exemplary practices, activities, methodologies, etc. which are beyond requirements and expectations.
Conformity	Refers to the fulfillment of a requirement.
Correction	Refers to an action taken to provide remedy to a detected nonconformity. A correction can be made in conjunction with a corrective action.
Corrective Action	Refers to an action to eliminate the cause of a detected nonconformity or other undesirable situation. A corrective action is taken to prevent recurrence of nonconformity.
Correction and Corrective Action Request (CCAR) Form	Refers to a document used to record a nonconformity (NC), the identified root causes, and the established correction and corrective actions including verification of effectiveness of action taken.
Correction and Corrective Action Request (CCAR) Register	Refers to an electronic register/database used for tracking the status of issued CCARs.
Internal Quality Audit (IQA)	Refers to a systematic, independent and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which criteria are fulfilled.
Internal Quality Audit (IQA) Plan	Refers to a set of one or more audits planned for a specific timeframe, directed towards a specific purpose, including the assignment of internal quality auditors.
Nonconformity (NC)	Refers to the non-fulfillment of a requirement or deviation from the standards that would result in the probable delivery of nonconforming service. It may also be a repeated similar deficiency against a requirement.
Opportunity for Improvement (OFI)	Refers to an observed situation, which cannot be clearly stated as nonconformity that if addressed will lead to improvement of the process. It also indicates trends that may cause problems in the future.
Requirement	Refers to a need, necessity, expectation, specification, obligation.

IV. RESPONSIBILITIES

DESIGNATE	RESPONSIBILITY
Auditee	Refers to the department/division/unit/personnel of the Authority being audited. Also referred to as "process owner."

DESIGNATE	RESPONSIBILITY
	Ensures that appropriate correction/corrective actions are carefully reviewed and implemented, and are taken without undue delay to eliminate nonconformities identified and their causes. Ensures that all CCAR forms issued are properly responded, and that documented information is retained.
CEO/General Manager	The highest ranking officer in the Authority
Internal Quality (IQ) Auditors/Audit Team	Refers to group of individuals with demonstrated attributes and competence to conduct the internal quality audit through proper implementation of the IQA procedure, hence, shall be responsible in formulating the results of the IQA. All Departments are represented by an IQ auditor. The team may be composed of a leader, member and/or observer.
Internal Quality Audit (IQA) Head	Oversees conduct of the internal quality audit and ensures that activities are done within the planned schedule, taking into consideration the requirements of an objective and impartial audit implementation.
Management Committee	Refers to the CEO/General Manager, Deputy General Manager, and Department Managers of the Authority.
QMS Leader	Responsible for ensuring that a complete internal quality audit on the QMS takes place at least once a year. Oversees the proper implementation of the IQA Plan, and is in charge in calling for a Management Review Meeting to act on the results of the IQA.
QMS Secretariat	Provides administrative and logistic support for the IQA cycle.

V. PROCEDURE OUTLINE

KEY ACTIVITIES	RESPONSIBLE	DOCUMENTARY REQUIREMENTS
Selection and Management of IQ Auditors	▪ QMS Leaders ▪ IQA Head	▪ 201 Files ▪ IQA Training Certificates ▪ PRA Organizational Chart
Planning for the IQA	▪ CEO/General Manager ▪ QMS Leader ▪ IQA Head ▪ IQ Auditors ▪ QMS Secretariat	▪ PRA Calendar for the Year ▪ Previous Audit Summary Report (IQA and 3rd Party Audit) ▪ Office Order (Constitution of PRA IQ Auditors) ▪ Audit Plan Template
Preparation for the IQA	▪ IQ Auditors/Audit Team ▪ Auditees	▪ Previous Audit Findings (IQA and 3rd Party Audit) ▪ IQA Plan ▪ PRA QMS Manual ▪ ISO 9001:2015 Standard

KEY ACTIVITIES	RESPONSIBLE	DOCUMENTARY REQUIREMENTS
		▪ Relevant Statutory and Regulatory Requirements
Conduct of the IQA	▪ CEO/General Manager and/or QMS Leader ▪ IQA Head ▪ IQ Auditors/Audit Team ▪ Auditees	▪ Previous Audit Findings (IQA and 3rd Party Audit) ▪ IQA Plan ▪ PRA QMS Manual ▪ ISO 9001:2015 Standard ▪ Statutory and Regulatory Requirements ▪ Audit Itinerary ▪ Audit Checklist
Reporting the IQA Findings	▪ IQ Auditors/Audit Team ▪ Auditees ▪ Department Head/Immediate Supervisor ▪ IQA Head ▪ QMS Secretariat	▪ Audit Findings Report ▪ PRA Control of Nonconformity (NC)Procedure
Verification of Actions Taken	▪ IQ Auditors/Audit Team ▪ Auditees ▪ QMS Secretariat	▪ CCAR ▪ PRA Correction and Corrective Action (CCA)Procedure ▪ PRA Control of Documented Information Procedure
Reporting to the Management	▪ Management Committee ▪ IQA Head ▪ QMS Secretariat	▪ Audit Findings Report ▪ Accomplished CCAR Forms/CCAR Register ▪ PRA Control of Documented Information Procedure

VI. PROCEDURE DETAILS

A. SELECTION AND MANAGEMENT OF THE IQ AUDITORS

1. The IQ Auditors shall be selected in accordance with relevant education, training, skills, and experience.[1] The selection made shall be formalized through the issuance of an Office Order.

2. An IQ Auditor possesses any or combination of the following:

- educational requirements;
- industry and/or audit experience; and
- completed IQA Training course or other relevant quality trainings.

3. The competence of the IQ Auditors is enhanced through consistent participation in IQA and other form of audit, attendance in IQA Trainings and other seminars related to ISO.

[1] ISO 19011:2011 Clause 7

4. To ensure impartiality and objectivity of the audit process, audits are performed by auditors independent of the area being audited *i.e.*, selected IQ auditors shall not be connected with and performing functions for an audit area (not necessarily a division, office or unit) for at least two (2) years.

B. PLANNING FOR THE IQA

1. Each audit area shall be audited at least once a year.[2]

2. The IQA Head, with the concurrence of the IQ auditors, prepares the IQA plan for a specific year, taking into account the results of the previous audits and QMS-related issues, and submits the same to the QMS Leader and the Authority's CEO/General Manager, who reviews and approves the same, respectively.

3. Once approved, the QMS Secretariat disseminates the copies of the IQA plan to all concerned Departments and Divisions within three (3) working days through a memorandum from the QMS Leader or an Office Order.

4. Whenever necessary, the IQA Head and Audit Team may revise the approved IQA plan or conduct an unplanned IQA based on, but not limited to the following:

   - unusual increase of quality-related problems;
   - introduction of new PRA services and programs;
   - major changes in QMS, personnel, and processes as per stakeholder's request; and
   - unforeseen/unexpected circumstances.

5. The IQA Head amends the IQA plan within two (2) days after the date of changes in schedule or unplanned IQA has been finalized. The QMS Secretariat disseminates the amended IQA plan to all affected audit areas within the day of the approval.

C. PREPARATION FOR THE IQA

1. The Audit Team designates among themselves an Audit Team Leader, and prepares the audit itinerary using the Audit Itinerary form.

2. The Audit Team communicates a printed copy or send online the Audit Itinerary to the Department/Division responsible for a certain audit area/process, at least three (3) working days before the IQA activity to notify the auditees.

   The auditee shall confirm to the conduct of the IQA per IQA Procedure. Failure to receive a confirmation at least one (1) day before the audit shall be considered as implied consent.

3. The Audit Team performs desk study which includes:

   - review of applicable documented information such as, but not limited to, the QMS Manual, QMS Procedures, and statutory and regulatory requirements applicable to audit area; and

[2] ISO 9001:2015 Clause 9.2

- review of the previous audit findings reports, making notes of any areas that may require particular attention, and checking the actions taken from the last audit.

4. The Audit Team prepares the Audit Checklist based on the audit objectives, scope and the information gathered from review and examination of procedures, records, results of previous audits, and other documented information. The checklist only serves as a guide during the conduct of IQA, and not to be used as a questionnaire which, when completed, indicates the end of the IQA. The IQ auditors are not restricted to probe areas needing thorough assessment of conformity, even if these are not in the checklist.

5. In times of fortuitous events or force majeure, such as but not limited to calamities and pandemic, the audit team may opt to conduct the IQA virtually through any online platform conveniently available for both the auditors and auditees.

D. CONDUCT OF THE IQA

1. The Audit Team Leader starts with an opening meeting to discuss the audit itinerary to ensure the smooth conduct of the audit with the Department/Division concerned and/or process owner.

2. The Audit Team gathers data by interviewing personnel, reviewing documents, walk-through, observing processes, and verifying records.

3. The Audit Team records facts as pieces of evidence of the audit using the Audit Checklist. Recording devices may be used. The Audit Team submits all Audit Checklists to the QMS Secretariat as proof of the conduct of audit.

4. The Audit Team evaluates the gathered facts to determine the objective evidence of conformity.

5. The audit findings are classified as Conformity, Nonconformity or Opportunity for Improvement (OFI) in the Audit Findings Report, including documentation of commendations and strengths of the process, area, or the system.

6. After the audit, the Audit Team conducts the closing meeting to present the audit findings with the auditees, Department/Division concerned and/or process owner specifying conformities, nonconformities, and OFIs.

7. Any disagreements/points for clarification are discussed and resolved during the closing meeting.

8. If not resolved at this level, the Audit Team raises the issue to the IQA Head. If still unresolved, this is raised to the QMS Leader and/or General Manager/CEO.

9. The Audit Team formulates/generates the Audit Findings Report to be acknowledged by the auditee/s after the closing meeting or not later than five (5) working days after the date of audit. The Audit Findings Report reflects all types of audit findings – conformities, nonconformities, opportunities for improvement, and commendable findings.

E. REPORTING THE IQA FINDINGS

1. The Audit Team prepares the CCAR for each of the audit findings which are classified as nonconformities, and submits them to the QMS Secretariat for assignment of reference number.

2. The QMS Secretariat assigns reference number to the CCAR for monitoring purposes, and records in the CCAR Register.

The guide on assigning reference number for the CCAR is as follows:

CCAR--year-xxxx*

- *Sequential Number*
- *Year*
- *Origin (*):* ***A –*** *audit findings (internal/external)*
  - ***C –*** *customer complaints*
  - ***S –*** *nonconforming product/s or service/s*
  - ***P –*** *non-achievement of planned results*
  - ***R –*** *nonconformance of regulatory and statutory requirements*
  - ***X -*** *others*

3. The Audit Team or QMS Secretariat issues the Audit Findings Report and two (2) sets of CCARs for each nonconformity to the auditee after the closing meeting or not later than five (5) working days after the date of audit. One (1) copy must be retained by the Secretariat in case of loss.

4. The auditee acknowledges the receipt of the CCARs by signing on the same. In case the CCAR issued is lost, auditee shall request a copy of the CCAR from the QMS Secretariat.

5. The auditee conducts a Root Cause Analysis for each nonconformity identified.

6. The auditee formulates and implements appropriate corrections and/or corrective action/s according to Correction and Corrective Action Procedure without undue delay. Formulation of corrective action is done by the auditee, and if necessary, may involve other concerned process owners depending on the nature/coverage of the findings.

7. The Department Manager/Immediate Supervisor of the audit area accepts and approves the corrective action/s for implementation as per the provided timeline.

8. The auditee returns the accomplished CCAR to the QMS Secretariat within ten (10) working days from the date of receipt.

9. In case of an outstanding CCAR *(CCARs not yet submitted within ten (10) working days),* a follow-up letter signed by the IQA Head shall be issued to the concerned department/division/unit for its immediate submission.

Failure to accomplish and submit the CCAR to the QMS Secretariat, shall be reported to the CEO/General Manager for appropriate action.

10. The correction, root cause analysis, corrective action, and timetables are all recorded in the CCAR register by the QMS Secretariat based on the submitted CCAR.

11. The IQA Head prepares a summary report of IQA findings to show the strong and weak points of the processes audited concerning QMS. The Audit Summary Report is presented during a ManCom/Management Review meeting.

F. VERIFICATION OF ACTIONS TAKEN

1. The concerned auditee implements the action plan within the stated target of completion as provided in the CCAR.

2. The Audit Team assigned to area with issued CCAR conducts verification activities to check if the action plans are being implemented, and are made effective within the stated target completion dates.

G. REPORTING TO THE MANAGEMENT

1. The IQA Head submits a compiled a summary on the results of the audit, including the results of verification and other documents necessary for the Management Review.

2. The Management reviews the results of the audits to identify process, product, service, or system that needs improvement.

3. Improvement action may necessitate introduction or revision/amendment of program, activity, program (PAP), policy, or procedure.

4. Records of the audits, results of the verification activities, and other pieces of evidences collected during IQA are maintained by the QMS Secretariat in accordance with the PRA Control of Documented Information Procedure.

VII. PROVISION FOR REVIEW AND AMENDMENT

This documented Internal Quality Audit (IQA) Procedure including its Annexes may be reviewed and amended at any time whenever necessary.

VIII. ANNEXES

Annex **A**	ISO 9001:2015 Standard, Quality Management Systems Requirements
Annex **B**	ISO 19011:2011, Guidelines for Auditing Management Systems
Annex **C**	Internal Quality Audit (IQA) Plan Template
Annex **D**	Audit Confirmation Template

Annex **E**	Audit Itinerary Template
Annex **F**	Audit Checklist Template
Annex **G**	Audit Findings Report Template
Annex **H**	Correction and Corrective Action Request (CCAR) Form
Annex **I**	Correction and Corrective Action Request (CCAR) Register Template

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