ERL MAINTENANCE SUPPORT SDN BHD

Co. Reg. No. 199901023674 (498574-T)

E-MAS

Effective Railway Operations; Reliable System Maintenance

CEO OFFICE

INTERNAL AUDIT, NON- CONFORMITY AND CORRECTIVE ACTION PROCEDURE

Ref. No. G00.OMQ.M11421.AF.1018.A

Release

Released:	Thomas Baake	Chief Executive Officer	20.1.21	
Checked: f	Ham Mow Wai	Maintenance	6.1.21	
Checked: f	Anthony Arokianathan	Wayside	6.1.21	
Checked:	Jayaraj Savarimuthu	Rolling Stock & Engineering	6.1.21	
Checked:	Noel Devan	Systems	6JAN2021	
Checked:	Norazman bin Abu Hassan	Rolling Stock	6.1.21	
Checked:	Abdul Halim bin Baharom	Infrastructure	7.1.21	
Checked:	Muhamad Dzulfaqar Yusoff	Project & Engineering	6.1.21	
Checked:	James L Boudville	Operations	5.1.21	
Checked:	Norhandee bin Nordin	Operations - Transportation	5.1.21	
Checked:	Omar bin Zakir	Operations - Control Centre	5.1.21	
Checked:	Suriani Farisa binti Md Isa	Human Resource	8.1.2021	
Checked:	Nauwalah Amat binti Mustakim	Finance	18/1/2021	
Checked:	Raefendy bin Ismail	Material Management	13/1/21	
Checked:	Gan Lee Hong	Procurement	13/1/21	
Checked:	Sukhbir Singh	Safety & Security	05/01/21	
Checked:	David Thiagarajan	Documentation & Administration	13/01/21	
Checked:	Thomas Baake	CEO Office	5/1/21	
Author:	Haryati Khalil	CEO Office	5 Jan 21	
	Name	**Department**	**Date**	**Signature**

Amendments or additions to this procedure must be indicated with a vertical black line in the adjacent left margin.

Change Record and Configuration Control

A	5 Jan 2021	New Procedure. This procedure combines the Internal Audit Procedure, ref no: G00.OMQ.M11421.AF.1003.B and Nonconformity and Corrective Action Procedure, ref no: G00.OMQ.M11421. AF.1013* Note: Upon releasing this procedure, the Internal Audit Procedure and Nonconformity & Corrective Action Procedure will be invalid.	Haryati
Revision	**Date**	**Modification**	**Name**

Planning Of Changes Reference For Revision: G00.OMQ.M11421.AF.1018.A					
Issues To Consider	**Checked *(Please mark X)***				**Remarks**
1) Are there any negative impacts?	Yes		No	X	
2) Will the integrity of QEMS be affected?	Yes		No	X	
3) Resources available?	Yes	X	No		
4) Allocation or relocation of responsibilities and authorities required?	Yes		No	X	

Table of Contents

Page

1. Purpose

Defined the methodology by which internal audits performed, identify potential continual improvements in company processes, compliance verification and effectiveness of the QEMS as per ISO requirements.

Specifies the actions to be taken to address nonconformity, addressing the root cause and to prevent potential Nonconformity

2. Scope, Distribution, and Access

This procedure defines the management of internal audits and nonconformities under the requirements of the QEMS.

The scope of this procedure applies to all departments and all business activities as per O&M Contract[1].

Distribution and access shall be given to all E-MAS employees.

3. Abbreviation and Definitions

Audit Schedule	Internal audit activity completed for the year
Auditor	Lead and Internal Auditor
Auditee	Audited party
Correction	Describe an action to eliminate a detected nonconformity
Corrective Action	Describe an action to eliminate the cause of a detected nonconformity or other undesirable situation and prevent a reoccurrence
COPEMMEC	Compliance Obligations, Performance Monitoring, Measurement and Evaluation of Compliance
ERLSB	Express Rail Link Sdn Bhd
EMS	Environmental Management System
EO	Environmental Objective
He/His	Implies both the masculine and feminine gender
HODs	Head of Department as per E-MAS General Organization Chart, ref no: G00.OMG.M11110.BB.0005.*
ISO	Refers to ISO 9001:2015 and ISO 14001:2015
KPI	Key Performance Indicator
LOG	Nonconformity Report Log: Used by the MR to register all nonconformity issued

MR	Appointed Management Representative for Quality (ISO 9001) and Environment (ISO 14001)
NCR	Nonconformity Report Form: It is issued when there is a nonconformity. However, NCR [includes corrective actions] must be closed within an agreed time frame, not exceeding three months from the date of issuance.
NC	Nonconformity: Non-fulfilment of requirements (i.e., ISO Standards, O&M Contract, QEMS procedures, suppliers technical specifications, applicable statutory and regulatory) negatively affect the E-MAS business process activity.
OFI	Opportunity For Improvement: A potential nonconformity of requirements (i.e., ISO Standards, O&M Contract, QEMS procedures, suppliers technical specifications, applicable statutory, and regulatory) to be closed not exceeding three months from the issuance date.
O&M	Operation and Maintenance
QE	Quality and Environment
QEMR	Quality and Environmental Management Representatives, refer to Quality, Environment Management Representative (QEMR) Working Chart, reference no: G00.OMQ.M11110.BA.1002.*
QEMS	Quality and Environmental Management System
Recommendation	Suggestion for action to improve the QEMS.

4. Responsibilities and Authority

MR shall determine which Auditors shall perform the internal audit and the department they shall be auditing. The selection of auditors and conduct of audits shall ensure objectivity and the impartiality of the audit process.

MR is responsible for establishing audit objectives, scope, criteria and ensure that the audit completed within the required time and resources.

MR may provide recommendation for HOD consideration and continual improvement.

E-MAS Management and employees are responsible for achieving the objectives of QEMS.

HODs and respective employees are therefore responsible and authorised to:

- Verify the cause of nonconformity
- Make the necessary corrections

- Determine the possible cause of nonconformity in processes
- Put in place the appropriate plan and course of action to eliminate reoccurrence or potential nonconformity
- Evaluate the effectiveness of the actions taken and propose the next course of action if actions taken are non-effective
- Report to Top Management the results of the actions taken
- Documenting the corrective actions implemented

5. Training / Competency

Refer to the Quality and Environmental Management System Competency Matrix

- QEMR: Attended Introduction/Transition to ISO 9001:2015 and ISO 14001:2015 training.
- Internal auditors: QEMR with one year experience and attended the ISO internal audit training.
- Lead auditors: Two years of experience as Internal Auditor and certified through an external accredited lead auditors training course

6. Planning

Audits planned according to the QEMS Plan[1]. An Internal Audit Schedule[1] shall be designed, implemented, and monitored by the MR.

MR may alter the internal audits' frequency, considering the importance of the operations concerned and the previous audits' results, with Management approval.

7. Method

7.1 Preparation

The Auditor shall refer to the following documents before performing the internal audit.

- ISO 9001 Standard: Quality Management Systems Requirements[1]
- ISO 14001 Standard: Environmental Management Systems Requirements[1]
- O&M Contract[1]
- QEMS Manual[1]
- Relevant procedures, records, work/technical/operating instructions, specifications
- Previous Audit Report [Internal and External]
- NCR
- EAEI Assessment
- Risks and Opportunities Register[1]

[1] Refer to Appendices for document reference number

- Needs and Expectation of Relevant Interested Parties[1]
- COPEMMEC[1]
- EO[1]
- KPI[1]

The QE Audit Checkpoint[1] serves as a guideline; however, Auditor is encouraged to expand the checklist [if required].

Attendance List[1] used to record attendance for the closing and opening meetings.

7.2 Performance of the Audit

7.2.1 Conduct of Internal Audit

The Auditor shall perform the audit using the QE Audit Checkpoint[1] as reference. The main points listed shall be verified, and Auditor may add additional aspects relevant to the specific department for verification. Completed QE Audit Checkpoint with supporting documents to be compiled with audit notes and handed over to MR after the audit process completes.

The Auditor shall examine objective evidence of the operation of the QEMS and record specific information during the collection of evidence. Findings made during the investigation shall be discussed with the personnel concerned [Auditee] to ensure that each outcome is accurate and understood by both concerned parties.

7.2.2 Nonconformities

Non-fulfilment of requirements (i.e., ISO Standards, O&M Contract, QEMS procedures, suppliers technical specifications, applicable statutory and regulatory) that have a negative or adverse effect on E-MAS business process or activity

7.2.3 Internal Audit Summary Report

The Internal Audit summary report to be completed by Auditor for each department audited within 14 working days from the audit date, detailing what was checked and the audit findings. Nonconformity is to be listed and distributed to relevant HOD as per the above timeline.

A summary of the internal audit findings shall be presented to the Management.

7.3 Follow up Audit

MR will schedule a follow-up audit for the department with NC/s and OFI/s during the internal audit to look into the corrective actions' progress/effectiveness.

Suppose an NC or OFI is unable to be close within three months. In that case, the Auditee shall provide valid justification and seek the CEO's approval (in memo form) for an extension and advise the MR accordingly.

[1] Refer to Appendices for document reference number

The approved extension date shall be recorded in the Non-conformities Report Form[1] and onto the Non-conformities Report Log[1] or Opportunities for Improvement Log[1] by the MR or his delegate.

Once the approved extension date ends, MR will conduct a follow-up with the respective Auditee for the new updates.

Upon satisfactory completion and effective corrective action implementation, MR shall sign off and file the original Nonconformities Report Form[1]. The Nonconformities Report Log[1] or Opportunities for Improvement Log[1] shall be updated to indicate the actual date of completion.

The respective HODs will give due consideration for continual improvement on the recommendation made by the Auditor during the internal audit

7.4 Recording and Documentation

Upon completion of the Internal Audit and Follow-Up Internal Audit, the Auditor is required to submit to MR the following documents:

- Internal Audit Summary Report[1] [duly signed by Auditor and Auditee]
- Internal Audit Follow Up Audit Checklist[1]
- Internal Audit Checkpoint[1] or personal checklist used during the internal audit
- NCR/s
- Attendance List
- Any other relevant documents used by the internal auditors

All documents submitted to MR must be legible, identifiable, and retrievable.

8. Resolution of disputes

In the event of a dispute regarding the internal audit findings and cannot be resolved at the Auditors' level, the matter shall be referred to MR and CEO for a final decision on the validity of audit findings.

9. Responsibilities for Issuing and Handling nonconformity

The responsibilities are as follows:

Condition	Responsible person to issue NCR[1]
NCR issued during audit	Auditor
Nonconformity identified at any point of time	Department's QEMR/ HOD after consulting MR Note: QEMR/HOD should prepare supporting documents such as relevant reports (inspection,

[1] Refer to Appendices for document reference number

	failure analysis or incident), photos, and e.t.c. to support the findings.

10. Corrections

When a nonconformity occurs, the HOD and department QEMR must determine and implement the correction action as soon as practical.

The corrections actions implemented must be recorded in the NCR [refer Clause 12].

11. Corrective Actions

11.1 General

Systematic problem-solving investigation to determine the causes and to address nonconformity where requirements have not been met.

11.2 Corrective Action

The purpose of implementing the corrective action is to eliminate the cause of nonconformity and prevent repetition.

11.2.1 Investigating the Cause of Nonconformity

The respective HOD and/or the department's QEMR must identify the cause of the nonconformity found during an audit. The findings then need to be recorded in the NCR [refer to Clause 12].

Suppose the nonconformity cause involves another department, a join investigation should be initiated with the respective HOD and the QEMR to resolve the issue or findings.

11.2.2 Evaluating and Determining the Corrective Action

The HOD shall evaluate the necessary corrective action to ensure the suitable actions taken to address the root cause and prevent reoccurrences.

11.2.3 Implementing and Reviewing Corrective Actions

The HOD shall immediately implement the corrective action within the agreed time frame. The corrective action implemented shall be recorded into the Nonconformity Report Form and signed off by the respective HOD. [Refer Clause 12]

HOD shall evaluate the effectiveness of the corrective action after three months of successful implementation.

In-effective corrective action requires investigation and a new action plan. HOD to update the NCR if the action plan differs from the earlier NCR submission.

The Auditor will review the effectiveness of the corrective actions taken, including all relevant documented information during the follow-up audit.

12. Documenting Corrections and Corrective Actions

Corrections and corrective actions must be recorded on the related NCR and completed to facilitate the management of nonconformities.

13. Nonconformity Report Form and LOG

MR will create a tracking number (from EDMS) and record it into the LOG. The Auditor will e-mail the NCR's soft copy together with the Internal Audit Summary Report to the Auditee.

The Auditor will submit to MR the soft copy of the NCR.

The Auditee issued with the nonconformity must address the following before or by the expected completion date. The Auditee responsible to;

- Analyse the cause of the nonconformity
- Ensure suitable corrective action is carried out or determined
- Implement the corrective action
- Document all actions

If an NC cannot be closed within the stipulated time frame, the Auditee shall seek the CEO's written approval for an extension for the NC's closure and advise the Auditor.

Part II of the NCR is then to be duly completed by the Auditee. The Auditee returns the duly completed ORIGINAL copy of the NCR to the Auditors during the Follow-up Audit. All supporting documents to be attached as evidence of closure.

The Auditor shall dully complete Part III of the original copy of the NCR. The Auditor shall consider if:

a) Any similar nonconformity exists or could potentially occur?

b) Any need to update the Risks and Opportunities Register?

c) Any need for changes to the QEMS, i.e., procedures or current practice?

If one of the lists is selected, the action or changes' details need to be further elaborate and recorded in the remarks column.

The nonconformity shall then be considered closed.

14. Reporting on Corrections and Corrective Actions

The effectiveness of the corrective action shall be monitored by the responsible person identified in Clause 9. The responsible person shall sign off the NCR if it is effective. However, a new NCR will be issued if it is found unsatisfactory. The HOD shall justify the unsatisfactory corrective action to management [refer clause 11.2.3].

The Management shall be informed of all NCR status accordingly.

All records are managed according to the Document Structure & Record Matrix Procedure[1].

15. Appendices

15.1 Related procedures or documents reference number in Company Documentation System

Documents/Form	Reference Code	EDMS No #
QE Audit Checkpoints	G00.OMQ.M11425.AD.1051.*	144469
Attendance List	G00.OMQ.M11421.AG.1018. *	141185
Compliance Obligation, Performance Evaluation, Monitoring, Measurement and Evaluation of Compliance [COPEMMEC]	G00.OMQ.M11426.CZ.1009.*	147878
Environmental Objective	G00.OMQ.M11426.AH.10**.*	Running Numbers in EDMS
Internal Audit Summary Report Template	G00.OMQ.M11425.AD.1048.*	144407
Follow Up Audit Checklist Template	G00.OMQ.M11421.AG.1022.*	142519
Internal Audit Schedule Template	G00.OMQ.M11425.QA.1001.*	143057
Key Performance Indicator	G00.OMM.M11755.BK.100*.*	Running Numbers in EDMS
Needs and Expectations of Relevant Interested Parties	G00.OMQ.M11426.AH.1050.*	143055
Non Conformance Report Form Template	G00.OMQ.M11421.AG.1020.*	141191
Non Conformance Report Log Template	G00.OMQ.M11421.AG.1021.*	141207
O&M Contract	G00.OMG.M15000.GD.100*. *	Running Numbers in EDMS
QEMS Plan	G00.OMQ.M11410.AA.100*. *	Running Numbers in EDMS

QEMS System Competency Matrix	G00.OMQ.M11426.AH.1064. *	142692
Quality and Environmental Management System Representative Working Chart	G00.OMQ.M11110.BA.1002.*	147396
Risk and Opportunity Register External Issues Internal Issues Significant list	 G00.OMQ.M11426.AH.1043.* G00.OMQ.M11426.AH.1042.* G00.OMQ.M11426.AH.1041.*	 142109 142108 142107
** refers to the most recent version*		