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Non-Conformance and Corrective Action Procedure

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Table of Contents

1.0 PURPOSE

The purpose of this procedure is to describe the process for issuing non-conformance reports for observed noncompliant conditions and correcting the situation through implementation of an effective corrective action plan. These noncompliant conditions are identified through Quality Assurance audits, internal audits, and surveillances.

This procedure applies to the management and control of activities performed at the Kingdom of Saudi Arabia Government Entity facilities.

This procedure specifies the corrective action requirements applicable to personnel who manage, perform, verify or review work affecting quality of the organization's undertakings, whether employed directly or indirectly by the organization at all facility locations.

2.0 SCOPE

Deficiencies identified on facility activities and in processes shall be documented and corrected. Controls will be put in place to prevent the occurrence (or reoccurrence) of activities that are not in conformance with the organization's quality requirements.

The facility Quality Department is dedicated to ensuring that the Quality Management System (QMS) objectives of the organization are met, and that services are coordinated and executed consistent with the QMS.

The Quality Department has responsibility for assuring that all facility activities are performed in accordance with approved policies, procedures, and instructions. This may be accomplished through the performance of reviews, monitoring, quality audits and surveillances of activities, and it might be extended to include suppliers and subcontractors.

The facility Quality Department is managed by the Quality Manager (QM). The QM is responsible for overall management and oversight of quality functions and activities of the organization.

3.0 DEFINITIONS

Definitions	Description
Corrective Action (CA)	Action taken to resolve a nonconformity and/or condition adverse to quality
Corrective Action Plan (CAP)	The Corrective Action Plan identifies steps taken to correct a specific instance of deficiency, non-conformance within a specified time-frame.
ECMS	Electronic Content Management System
Expro	National Project Management Organization - A world-class organization that is the enabling engine for National project delivery achieving the highest efficiency and effectiveness and the greatest sustainable impact on socio-economic development.
Non-Conformance Report (NCR)	Report identifying construction non conformities. Can include the approval of remedial works, designer's opinion, inspection of repairs, etc…
Non-conformance	A defect, deficiency or other condition averse to quality. A structure, system, component or product that does not conform to specified requirements. Non-conformances identified during quality assurance audits are recorded as Non-conformance Reports.
Nonconformity	A defect, deficiency or other condition averse to quality. A structure, system, component or product that does not conform

Definitions	Description
	to specified requirements. Non-conformances identified during quality assurance audits are recorded as Non-conformance Reports.
QM	Quality Manager
Quality Management System (QMS)	A formalized system that documents processes, procedures, and responsibilities for achieving quality policies and objectives. A QMS helps coordinate and direct an organization's activities to meet customer and regulatory requirements and improve its effectiveness and efficiency on a continuous basis.
Stop Work Order	A formal stoppage of work due to a safety, quality, environmental or other issue that could cause harm to personnel or equipment.

4.0 REFERENCES

- EOM-EQA-PR-000001 – Quality Assurance Audit Procedure
- EOM-EQC-PR-000001 - Quality Control Procedure

5.0 RESPONSIBILITIES

5.1 Assessee

- Provides information as requested by the Assessor to verify the nonconformity and complete the Non-Conformance Report (NCR)
- Identifies corrective actions to resolve the nonconformity
- Ensures that the root cause of the nonconformity has been identified and resolved through the corrective actions listed on the NCR

5.2 Assessor

- Identifies a nonconformity
- Completes a NCR working with the Assessee and the Quality Department

5.3 Facility Manager

- Supports the Corrective Action process by encouraging team participation
- Provides support to the Quality Manager in NCR validation and resolution
- Issued Stop Work Order, when required

5.4 Quality Manager

- Assigns Quality Department Engineer to support Corrective Action (CA) process
- Review and advise proposed NCR corrective actions plans, as applicable
- Validates/Approves NCR completion, as applicable.

5.5 Quality Department

- Issues NCR number to Assessor upon request
- Supports Assessor's NCR initiation and development
- Support the verification process of the corrective action items
- Maintains Expro NCR Status Report
- Recommends the use of a Stop Work Order when required

- Ensures all relevant NCR documentation is stored in the Enterprise Content Management System (ECMS)

6.0 PROCESS

A flowchart of the NCR process is included as **Attachment 1**.

This procedure shall be initiated when a nonconformity is identified. Nonconformities may be identified by a Quality audit or surveillance that uncovers the situation. However, any employee at h facility may identify a nonconformity by using this process. This procedure designates all individuals that bring a quality issue to the QM's attention as the Assessor.

A NCR shall be issued for an identified nonconformity that, if uncorrected, clearly has a potential negative impact on performance, product reliability, Entity reputation, compliance with contractual/regulatory commitments, safety (personnel, public or environment), schedule, or budget.

Examples of nonconformities for which a NCR shall be issued include, but are not limited to:

- No or partial implementation of governing regulatory requirements and codes
- Non-fulfillment of contractual obligations including engineering, construction, environmental, safety & health requirements as documented in drawings, specifications, work plans, etc.
- Non-compliance with quality program requirements
- Non-adherence to approved procedures
- Breakdowns or inadequacies in procedural systems required to produce desired results in Expro deliverables (e.g. ineffective procedural interfaces)
- Procedural ambiguities requiring resolution

6.1 Identification and Validation of Adverse Condition

During the identification phase, the potential nonconformity is discussed by the Assessor with the assigned organization representative (Assessee) as part of the discovery process.

This discussion will ensure that:

- Condition is based upon factual evidence
- Condition is understood
- Assessee understands the condition
- Assessee agrees (or otherwise) that a nonconformity exists

During these discussions, new information may be provided by the responsible organization to determine if the nonconformity is accurate and valid.

- During a Quality Audit and prior to any Post-Audit Meeting, The Auditors (Assessors) are responsible for coordinating with the Lead Auditor and other Audit Team members to check that potential finding results they have recorded are consistent (or otherwise) with information provided or findings recorded by the rest of the Audit Team. See EOM-EQA-PR-000001 – Quality Assurance Audit Procedure for further details on audit process.

When it is confirmed by the Assessor that a nonconformity exists, the Assessor shall record the finding on a NCR Template (**Attachment 3**).

When there is any dispute or uncertainty over whether a nonconformity exists, the Assessor shall then refer the matter to the QM who is considered the arbitrator relative to the nonconformity. The QM's decision as to whether a condition is considered a nonconformity is to be taken as final.

- When the Quality Department determines that a nonconformity is of significant impact that should stop work from proceeding, they shall refer the matter to the QM. The QM shall determine the appropriate course of action to be taken. A formal Stop Work Order or other work suspension method can only be imposed by the Facility Manager

6.2 Non-Conformance Report Initiation and Issuance

The Assessor completes the NCR Template (**Attachment 3**), listing the controlling document title, section, revision and the NCR response due date as discussed and agreed to by the Assessee. Typical controlling documents are quality control plans, contracts, drawings, specifications, procedures, etc.

The Assessor transcribes the requirement from the relevant controlling document(s) and describes the nonconformity (i.e., the finding) based on the factual conditions obtained in the Quality Audit or any other observation.

The Quality Department shall assign a NCR number (e.g. 2019-001) and enter the required NCR information on the NCR Status Report (**Attachment 2**).

Once the top portion of the NCR has been completed and signed by the Assessor, it will be issued to the Assessee to provide a CA response by completing the CA requirements section of the form and signing it. By signing the NCR and associated CA, the Assessee acknowledges the nonconformity and commits to rectifying the condition by implementing the corrective actions identified in the NCR. The CA requirements section should clearly state the corrective action to be taken and target date for completion. The Assessee has five (5) calendar days to complete the NCR and return it to the Assessor for processing. Evidence of any completed action is not required at the initial submission as it is recognized that proposed corrective actions may take longer than five days to perform. However, the intent of the proposed corrective action must be described in full on the NCR within five days. Furthermore, consideration of determining the root cause of the nonconformity should be given and applied to the corrective actions listed in the NCR.

If applicable, the Assessor shall issue the NCR to the Assessee as part of the audit /surveillance reporting process. In other situations, the NCR will be issued upon its completion.

The Quality Department shall ensure that a copy of the approved NCR is stored in the ECMS.

6.3 Corrective Action Implementation

The assessed organization is responsible for completing the NCR's corrective action items by the target date. Any delays to the completion date should be communicated to the Quality Department so that the target completion date can be amended on the NCR Status Report.

Once the actions are completed, the Assessee completes the 'Corrective Action Verification' portion of the NCR Template (see **Attachment 3**), and submits it to the Assessor for review and verification of the completed actions.

6.4 Corrective Action Verification

The Quality Department is responsible for performing a review of the NCR (submitted by the organization responsible for corrective action) and verifying completion of the corrective actions.

In determining whether the response to a NCR is satisfactory, the Quality Department may carry out one or both actions:

- Perform a document review to assess whether information provided is sufficient to enable close-out of the NCR
- Perform a verification visit to the assessed organization/premises to physically examine evidence and/or obtain statements.

In assessing responses to NCR solution submissions by the Assessee, the Assessor should consider if corrective actions undertaken by the organization have led to a detailed review of the nonconformity to ensure that a proper Root/Cause Analysis has occurred with the goal of preventing recurrence.

If the NCR evaluation is found satisfactory:

- The Corrective Action Verification block is completed and signed by the QM/Assessor and the NCR is closed-out.
- Copies of the closed NCR are sent to the responsible organization, stakeholders and filed in the ECMS.
- The NCR is closed; no further action is required.

If the Quality Department finds the CA response unacceptable, only partially acceptable or unsatisfactory in terms of implementation, it is returned to the responsible organization for additional action and subsequent re-submittal to the Quality Department.

The Assessor shall update the Corrective Action Verification section of the NCR template indicating the date of the review and provide commentary on the reason why the NCR was not closed-out and what further evidence is required to support NCR close-out.

6.5 Non-Conformance Status Report

The QM is responsible for reviewing the NCR Status Report each month. This report resides in the ECMS. A copy of the Status Report is typically finished at the end of each calendar year and a new NCR Status Report is started at the beginning of the next calendar year.

The QM shall determine and agree in conjunction with the relevant Assessor and members of department management on a suitable course of action for any CA response or corrective action item that is overdue by more than 90 calendar days.

6.6 Records

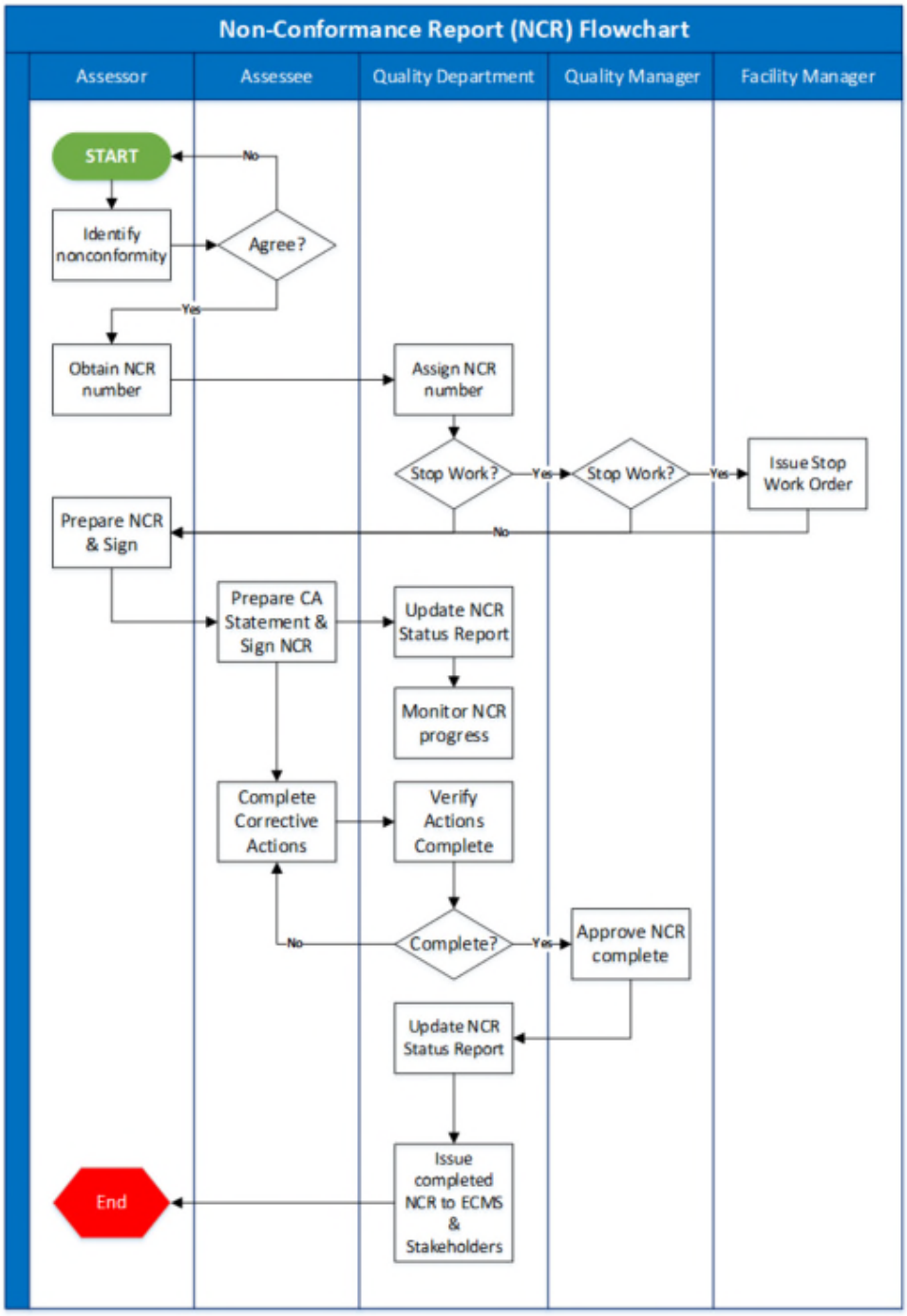
The following records shall be maintained in the ECMS by the Quality Department:

- Approved NCRs with required signatures
- NCR Summary Report (current year and past years)
- NCR Summary Report Qualitative / Quantitative Analyses, as applicable
- Other related Qualitative / Quantitative Analyses performed related to Corrective Actions (e.g. engineering metrics/reports, Construction metrics/reports, Project Controls performance reports, etc.)

7.0 ATTACHMENTS

1. Non-Conformance Report Flowchart
2. EOM-EQA-TP-000008 - Non-Conformance Report Template
3. EOM-EQA-TP-000009 - Non-Conformance Report Status Report Template

Attachment 1 - Non-Conformance Report Flowchart



Attachment 2 - EOM-EQA-TP-000008 - Non-Conformance Report Template

Non-Conformance Report (NCR)			
Document Number		**NCR Number :**	
Department:	**Audit / Surveillance Ref#** (As Applicable) :	**Issuance Date:** ...../...../.....	
		Expected Completion Date: ...../...../.....	
Non-Conformance Report (NCR) Title:			
Assessee / Auditee:.....		**Assessor / Auditor:**.....	
CONTROLLING REFERENCES(s)			
Number	**Rev**	**Title**	**Section**
FINDING:			
Signature (Assessor / Auditor):	**Name:**	**Date:**	
CORRECTIVE ACTION REQUIREMENTS: *			
CORRECTIVE ACTION STATEMENT:			
Auditee Name:	**Signature:**	**Date:**	
CORRECTIVE ACTION VERIFICATION:**			
Verifier Name:	**Signature:**	**NCR Close-out Date:**	

**Provide a Corrective Action response, or an Action Plan with completion dates, to the QM/Auditor/Issuer by the NCR Response Date shown above. The Corrective Action Plan should describe the actions to be taken to correct the NCR, actions to be taken to prevent the finding from recurring, and an expected completion date for fully implementing the Corrective Actions. (When the Corrective Actions result in new or revised documents or procedures (such as a change or addition to the Contractor's Quality Control Plan) it is recommended to approach the Quality team to review the revised document prior to formal submittal.*

***(Quality Department/Auditor/Issuer will schedule a follow-up audit to verify that the response actions have been effectively implemented. With these verifications, this NCR will be closed.*

Attachment 3 - EOM-EQA-TP-000009 - Non-Conformance Report Status Report Template

OPEN = NO RESPONSE or Response Rejected OPEN = RESPONSE RECEIVED and ACCEPTED CLOSED = VERIFIED and CLOSED

Non-Conformance Report (NCR) Status Report

Audit Report No. or N/A	A or S or O	Contract No.	Document Number	A/S/O Date	NCR No.	Requirement No.	Description of NCR	Expected Response Date	NCR Status OPEN / CLOSED	Target Date to Close	Days Open	Date Closed	Assessor

A = Audit, S = Surveillance, O = Other