Hebei Jianhua Lock Industry Co., Ltd.

AUDIT REPORT

QMS-SA2-2021



Basic Audit Data

Client ID	CMPY-089283
Client/Address	Hebei Jianhua Lock Industry Co., Ltd. Registered Address: No. 3 Rd., Botou Industry Park, Botou City, Hebei Province, P. R. China Manufacturing Address: Houniutun Village, Simencun Town, Botou City, Hebei Province, P. R. hina
Audit Criteria	ISO 9001:2015
Audit Activity	QMS-SA2-2021
Date(s) of audit	Botou, China: September 17,2021 to September 18,2021
Auditor (rank)	Wei Yue (Lead auditor, Botou, China)
Audit scope	***Site：Hebei Jianhua Lock Industry Co., Ltd. , Botou, Hebei, P.R.China*** ISO 9001:2015: Manufacturing of Lock Body (Stainless Steel, Iron) and Door Handle (Stainless Steel). The following requirements do not apply: 8.3

Audit overall results

☐	**No Action Required** The management system was found to be fully effective (no nonconformities issued)
☒	**Action Required** The management system was found to be effectively implemented although minor nonconformities were cited.
☐	**Immediate Action Required** The management system was found to be ineffectively implemented due to major/critical nonconformities cited.

Executive Summary

The audit team assessed the effectiveness of the planning and implementation of the management system through direct access to relevant departments and personnel, review of documents/records, on-site inspection, sampling and verification, and found that the auditee was able to establish, implement and maintain a documented quality management system in accordance with ISO9001:2015 standard. During on site audit, the company's management team has continuously focused on the management system operation , with sufficient resource allocation, good implementation of the quality policy and the achievement of the quality objectives. Each department can fulfill their quality responsibility according to the objectives and requirements planned for each process, and the staff's quality awareness is continuously enhanced, the product quality meets the requirements, and the customer is satisfied, achieving management performance. The company has conducted the annual internal audit and management review accordingly, and the laws and regulations have been well followed. No major quality complaints or major quality accidents have been raised. The audit team believes that the quality management system of the company meets the requirements of ISO9001:2015 standards, and the management system operation continues to be effective, but there are still weakness related to expectations of relevant parties and external supply process product/ service control, two corrective actions addressed.

SWOT Analysis

Strengths	The relationship with customers are kept stable in the long run, the top management focus on the quality system and personnel stability.
Weaknesses	Strengthen the training of quality system.
Opportunities	Regular replacement of filter net and adsorption cotton of vacuuming equipment shall be recorded.
Threats	For two corrective actions addressed in this audit, see NCR1, NCR2.

INTERTEK Maturity Model

To ensure consistent understanding of benchmarking and standardization of audit results, the following description of benchmarking scores is applicable to all management systems and cannot be customized by auditors. The points given here for your organization are benchmarking based on the audit team assessment.

Management Meet expected requirements

Evidence of management commitment, customer and/or party satisfaction, understanding/awareness of policies and objectives. Responsibilities and authority are defined, understood, and supported by data, trends, and related key performance indicators (KPI). Management review completed and meets minimum expectations.

The auditor reviews the opinions:

The company has established the organizational structure required for the normal operation of the quality management system. The QMS Management Manual clearly defines the responsibilities and authority of the general manager, management representative, main leaders and all functional departments, and the interfaces between each department are clear. The performance of duties and responsibilities of all levels of personnel is in good condition after sampling assessment. Mr. Su Wenzeng was appointed as the management representative, responsible for establishing, implementing and maintaining the operation and continuous improvement of the quality management system, organizing internal audit, assisting the general manager in organizing management review, and educating employees to strengthen customer awareness. During on-site audit, shown that QMR had a driving force for the system and timely reported the progress of the operation to the top management, which is trusted by top management level and trusted by employees. The communication channels established by the company within the organization are basically smooth.

The management review requirements were specified in the QMS Management Manual, defined clearly the responsibilities of the relevant personnel and departments and implement the management review process. The latest management review scheduled, management review input fully, plenty of information provided for top management to make decisions , eventually formed the management review report. The management review gives a positive evaluation to the operation of the system and puts forward improvement requirements in the aspects of document /records control and quality objective management. Management review records maintained including management review plan, management review input (management system operation report submitted by each department), meeting attendance list, management review minute and management review report. All records are kept in the office for effective implementation of management review.

Internal Audit Meet expected requirements

Internal audits have been carried out on a planned cycle and can be based on the status and importance of the management system. The data is collected. The audit team has received training and is able to ensure impartiality and objectivity during the audit. The content of the audit report is clear and concise. Actions are being taken in response to audit findings and can provide timely response.

The auditor reviews the opinions:

The company conducted an internal audit on September 2, 2021 (another internal audit after pre-audit). The internal audit records were reviewed, including Internal Audit Plan, Internal Audit Checklist, Internal Audit Report,

Correction and Prevention Note, Meeting Attendance Form and other records, and shown that covered all departments and all elements. The internal audit team consists of three auditor: Wang Xiufen as team leader, and internal auditors: Su Wenzeng, Niu Shuyuan, and one non-conformance report addressed during this internal audit. Related corrective actions against to NC have been taken and results verified for closure on September 6.

Corrective action Meet expected requirements

The corrective action process meets the minimum requirements specified in the standard. Data are provided from customer and/or related party complaints, internal audits, shelf life analyses, defects, internal evaluation criteria and supplier performance. The process includes an assessment of the effectiveness of corrective actions taken. There is evidence that problem-solving tools are being used to support the process.

The auditor reviews the opinions:

The company's corrective actions are mainly in the correcting nonconforming raised in internal audit and the actions taken in the case of nonconforming products. The preventive actions are reflected in the implementation of management review proposal for improvement. Corrective actions raised by the internal audit was verified for effectiveness on 2021-9-6, and there were not major customer complaints in 2020-2021.

Continuous improvement Meet expected requirements

As an input source to drive continuous improvement in the future, data streams are being utilized. These may include management system policies, objectives, audit results, data analysis, corrective and preventive actions (CAPA), and management reviews.

The auditor reviews the opinions:

The company has established a more perfect PDCA management mechanism to achieve continuous improvement of the quality management system in a certification cycle. Through various methods of daily inspection, objective assessment, customer satisfaction information collection and evaluation, product monitoring and measurement, data analysis, internal audit, management review and other ways, to achieve the purpose of finding problems, solving problems and improving management system timely. In particular, the evidence of real internal audit and management review process shown that good results have been achieved. Has a perfect capability of continuous improvement.

Operational control Meet expected requirements

Operational control processes are planned and established. Planning can be consistent with most other management system processes. Objectives, process requirements, requirements for applicable documents and resources, verification and monitoring activities, and recording requirements were identified. Processes and activities operates consistently. Part of the data is collected, and the suitability of the operation control process is verified by the evidence of part improvement trend.

The auditor reviews the opinions:

The process flow of the auditee is as follows:

Processing of lock shell (pressing) - processing of panel (scratching - welding - polishing side - polishing arc surface -polishing large surface - side drawing - drawing of large surface - straightening of panel - marking - inspection)

Lock tongue processing (oblique tongue - twisting arc grooves - drilling - polishing below - polishing two sides - polishing top surface - slanting tongue rod riveting - polishing arc surface - drawing -square tongue - polishing large surface - planing side - polishing arc surface - riveting - wire drawing - inspection) & processing of dial wheel (polishing - inspection)

Handle (cutting pipe - bend pipe - cutting head - point plug - welding plug - steel inserts - welded steel parts - polishing wire drawing - inspection)

Lock body assembly - finished product inspection - in and out of storage

Product realization and service process well planned, the product realization process control document and program formed/compiled, specified the responsible work and process goal, and formed the process flow diagram, compiled formula, production work instructions, product inspection procedures, process records, equipment operation instruction and other technical documents accordingly. Good process control related to customers, fully identify customer requirements, good contract review and execution, full and timely communication with customers; Methods and criteria for selection, evaluation and reevaluation of suppliers and the outsourcing party, and procurement information (but individual suppliers are not listed in the supplier list and see NCR2 for sampling quantity of raw materials not met requirements specified). Purchase process and outsourcing process are now under control well. The production department arranges the workshop according to the production plan, process card and operation instructions. The production process is monitored by the quality department through the inspection and finished product inspection and confirmation of the first article , especially the key special production process (injection molding), and the production process records are maintained perfectly. Through the on-site observation, it is found that the operators at each position can operate according to the operation requirements, the production equipment and monitoring and measurement equipment are in good condition, and the shop operation documents and working environment basically meet the prescribed requirements. Products in-process and status identification found meeting the requirements and the traceability requirements; the customer property is verified and protected, the product protection meets the requirements, and the shop operation control is effective. The process of inspection , monitoring and measurement of the products well planned, and clarified the methods, standards, responsibilities and personnel competence and effectively controlled for three stages of purchased products, intermediate products and final products. For the nonconforming products addressed at inspection process, effective control were taken according to the nonconforming products control procedure. Operation control meets the expected requirements.

Resources Meet expected requirements

The resources required for effective maintenance and improvement of the management system have been defined and implemented. Customer and/or stakeholders' satisfaction and overall stability of the management system have been demonstrated. Capacity requirements are defined and implemented.

The auditor reviews the opinions:

The qualification of special types of work, special equipment and measuring instruments of the company were confirmed within the validity period during audit.



Maturity: 5= benchmark | 4= mature | 3= meet expected requirements | 2= start | 1= fail to prove

Audit Findings Summary

	Slight nonconformities	Major nonconformities
Number of current audit findings	2	0

Whether improvement opportunities are identified：

No

Last audit found shutdown

Follow-up verification of problem discovery in last audit:

No corrective measures were proposed in the last audit.

Specific audit findings:

Audit Discovery Number:	**Review criteria:**	**Corrective action planning date:**	**Date of corrective action execution:**
Finding 1004780 - 1	ISO 9001:2015	October 18,2021	October 18,2021
signer:	**class:**	**document number:**	**Requisition:**

Wei Yue	A minor nonconformity	Requirements and expectation Procedures of Relevant parties	Submit the corrective action plan

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The audit found that:

There are weakness related to evaluate the needs and expectations of interested parties in audit.

Requirements:

4.2

The organization shall monitor and review the information of these interested parties and their relevant requirements.

objective evidence:

The employees was identified as interested parties, but the 2021 core employee satisfaction questionnaire and summary were not provided to ensure that employee expectations are identified and met.

Audit Discovery Number:	Review criteria:	Corrective action planning date:	Date of corrective action execution:
Finding 1004780 - 2	ISO 9001:2015	October 18,2021	October 18,2021
signer:	**class:**	**document number:**	**Requisition:**
Wei Yue	A minor nonconformity	Supplier Management Procedure, Raw Materials inspection provision	Submit the corrective action plan

The audit found that:

There are weakness related to supplier control found in audit.

Requirement:

8.4.1

The organization shall ensure that external provided processes, products and services meet the requirements.

objective evidence:

2021-6-28, purchased 3mm stainless steel plate, quantity 20,000 tons from supplier: Tianjin SCO Daming Metal Products Co., Ltd., which not listed in the qualified supplier register.

2021-8-28, purchased type 6072Z short spring, 100,000 pieces and type 6072Z long spring, 100,000 pieces, 50 pieces samples taken, which not comply with required 80 pieces samples as per the Raw Material Inspection Regulations (GB2828.1-2012).

Operation Status Summary

The operating status of the management system summarized as follows:

Evaluation and conclusion of the performance of each process/function involved in the audit process, including key performance (KPI) and related indicators

According to the audit plan, the audit team evaluated the effectiveness of planning and implementation of management system by ways of visiting relevant departments and interviewing personnel, reviewing documents / records, site tour, sampling and verification, and confirmed that the auditee established,

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implemented and maintained a documented quality management system according to the requirements of ISO9001:2015.

During audit, the top management continued focus on the system operation, full resource allocation, understanding of quality policy, quality objectives set up. 1) factory product qualified rate ≥99% (factory quantity qualified/ total quantity delivered) / year. 2) product qualified rate at first inspection ≥95% (first inspection pass / total quantity inspected) / year. 3) customer satisfaction rate ≥95% (customer satisfaction quantity/ customer quantity surveyed)/ year. Quality objectives achieved till August 2021. Quality policy included the requirements of standard and are effectively communicated and understood within the organization. It can be measured and monitored in the actual work, and all departments can conduct data statistics and analysis to monitor the target realization according to the quality sub-target.The company's three-year objectives have been achieved and gradually improved (the realization of quality objective has been provided). Each department performed the corresponding quality responsibilities according to the objectives and requirements planned by management system for their own process, and the quality and service awareness of employees are continuously enhanced, the quality of products and services remains stable, customers are satisfied, and achieved management performance.The auditee has completed the annual internal audit and management review according to the relevant requirements, applicable laws and regulations are followed, no major complaints, serious quality accidents or quality penalties are received, The company identified the production management activities, resource provision, service implementation and inspection/test process according to the process approach method of ISO9001:2015 standard, Main processes includes: management process-resource management-internal audit-continuous improvement-customer-related process-product and service realization process-conformance of laws and regulations-customer complaint management and other processes, The audit team considered that the quality management system of the auditee meets the requirements of the ISO9001:2015 standard, The system continues operated effectively.

Customer Performance Trend evaluation and conclusions since last certification / re-certification audit (at re-certification audit and last supervision before re-certification audit)

Since the company got the quality management system certification, its product quality and management level have been greatly improved, with the main changes: the product quality is stable, the influence in the industry increases year by year, the customer complaints decrease year by year, the customer satisfaction is constantly increasing , and it is in the leading position in industry field . All the opportunities of improvement proposed in the last audit were effectively corrected, and the corrective and preventive actions were effectively implemented to achieve continuous improvement.

Audit conclusions relating to risk assessment/risk disposal:

According to the actual situation, the company identifies each process, and determines the process indicators of each process, through department meetings and company meetings, identify the possible risks and opportunities in each process, and taken actions to deal with it.

For monitoring of risks and opportunities, the company will review and evaluate the KPI process indicators in the form of a monthly meeting, or in the form of management review.

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The company identified 13 specific risks, and integrate and implement the actions into its quality management system processes, includes: procurement risk, quality risk, environmental risk, cultural environment, policy environment, economic environment, legal disputes, employee risk, market capacity, market competitiveness, price risk, financial risk, COVID-19 prevention and control risk, etc. Evaluate each risk, and take related actions , updated on Jan. 1, 2021.

Audit conclusions relating to the organizational environment:

Internal issues: values S, resource factors: financial factors T, resource factors: infrastructure T, process operation environment W, organizational knowledge S, human factor T, Organizational Culture T, Process or Delivery Capacity T, Quality System Performance T, Internal Employee Satisfaction W, Organizational Architecture S, Decision Process O, or Attention T for Shareholders or Employees. The SWOT list was updated on January 1,2021.

External issues: political (laws and regulations standards government social group notice, etc.) S, economic (industry development planning, planning, planning, guidance outline, industrial policy, etc.) O, technology (sales capacity, market development ability) T, natural environment (regional economic environment, consumption ability, geographical location, advantage industry, industry position, market share, etc.) W, customer requirements O, supplier performance O. The SWOT list on January 1,2021.

The interested parties identified includes: customers, suppliers, employees, government institutions, environmental monitoring brigades, audit institutions, national and local tax bureaus, banks and other financial institutions, shareholders, etc. Regular surveys of interested parties, updated on 1 January 2021, but the 2021 core employee satisfaction questionnaire and summary cannot be provided to ensure that employee expectations are identified and met, see NCR 1 /2

For suppliers and service providers, the company conducts monthly supplier assessment and adopts the way of survival of the fittest.

For customers, to conduct an annual satisfaction survey, to take action to improve the company to increase customer satisfaction.

For employees, the company stipulates that employee satisfaction surveys on core employees every year to ensure the stability of core employees.(However, failed to investigate in 2021).

For government departments, companies understand their needs through investigation and visits to achieve a long-term cooperation relationship.

For the identification of internal and external issues, the company will organize strategy camp, SWOT analysis, clarify internal and external issues that may affect the company's operation, as well as the possible advantages and disadvantages in the business strategy, and issue an annual business plan.

The company monitors the internal and external issues may affect the expected results of the management system by monthly meeting, and evaluates the KPI achievement.

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Impact of significant change (if any)

NO

Other information/unresolved issues： Impact of significant change (if any)

Audit team leader: Wei Yue, Code 25.7, QMS Auditors Cert. 2020-N1QMS-6014561

Company identification that 8.3 element not applicable, and reason identification. Certificates and certification marks were used according to the requirements.

By searching the credit system , the company is listed in the 2016-2020 annual trustworthiness incentive list.

Communication and changes during the audit (where applicable)：

The communication was smooth during audit period, and the S2 (surveillance #2) audit was successfully completed.

See appendix:

Final implementation of the audit plan

All shifts were audited to:

YES

The audit was carried out in accordance with the purpose, scope and schedule specified in the audit plan

Audit taken according to audit plan.

Recommendation Of The Audit Team Leader

Recommendation of the audit team leader (ISO 9001:2015 project)

The nonconformities identified do not jeopardize the certification of the management system. Recertification is recommended pending the acceptance of the corrective action(s) or plan(s) for nonconformities.

Other Recommendation Of The Audit Team Leader

Do not apply.

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The customer to sign for

Name Of Management Representative	Su Wenzeng
Address	Houniutun Village, Simencun Town, Botou City, Hebei Province, P. R. China
Report acknowledged by	Su Wenzeng