

Title: **Control of Nonconforming
Product / Service, Corrective and
Preventive Action
Work Instruction**

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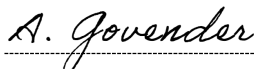
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1. INTRODUCTION

- 1.1** This Work Instruction defines the framework for reporting of Nonconformances, Corrective and Preventive Action applicable to the systems, processes and activities controlled by the Business Management Systems (BMS). It applies to all processes that may affect product quality, compliance or the achievement of business objectives.
- 1.2** The nonconformance process is a standard process that has been adopted to ensure that deficiencies within the system are rectified as they are identified.

2. SUPPORTING CLAUSES

2.1 Scope

2.1.1 Purpose

- a) The purpose of this Work Instruction is to align with Eskom's Control of Nonconforming Product/Service Procedure and Corrective and Preventive Action Procedure.
- b) It ensures that nonconforming products / services are identified, documented and evaluated in a consistent manner and that appropriate and effective corrective and preventive action is taken.

2.1.2 Applicability

This document shall apply throughout Eskom Rotek Industries SOC Ltd.

2.1.3 Effective Date

This document shall be effective from date of authorisation.

2.2 Normative / Informative References

Parties using this document shall apply the most recent edition of the documents listed in the following paragraphs. All the below listed Eskom owned documents are accessible from Hyperwave.

2.2.1 Normative

- a) ISO 9001 - Quality Management Systems;
- b) Control of Document and Records Work Instruction (240-94027247);
- c) BMS Audit Work Instruction (240-94027195);
- d) Environment, Occupational Health and Safety Hazard Identification Risk Assessment Procedure (240-94027465);
- e) Corrective and Preventative Action Procedure (240-53464409);
- f) Control of Nonconforming Product or Services (240-44175038);
- g) Procurement and Supply Chain Management Policy (32-1033);
- h) Procurement and Supply Chain Management Procedure (32-1034);
- i) PCM for Management of Corrective and Preventive Action (32-1215);
- j) PCM for Management of Nonconforming Product (32-1214);
- k) Procedure Manual to Perform Occupational Health and Safety Management and Environmental Management (32-95);
- l) Quality Flash Reporting Process (240-120984935); and

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m) Quality Flash Report (240-94026999).

2.2.2 Informative

- a) ISO 9000 Quality Management Systems - Fundamentals and Vocabulary;
- b) ISO 14001 Environmental Management System;
- c) ISO 45001 Occupational Health and Safety Management; and
- d) ISO 17025 General Requirements for the Competency of Testing and Calibration Laboratories.

2.3 Definitions

Definition	Explanation
Business Management System (BMS)	A combination of all processes and systems used within the organisation.
Correction	Immediate action taken to correct nonconformity.
Corrective Action (CA)	Action taken to eliminate the root cause of a system deficiency in order to prevent recurrence.
Customer Complaint	A customer complaint in general revolves around non-adherence to contractual agreements and could relate to product or service nonconformance.
Preventive Action (PA)	An action to eliminate the cause of a potential nonconformity.
Product/Service	Results of a process, and may be in the form of a Service, Software, Hardware and Processed Material.
Nonconformance	Any recognised problem, fault or failing in the BMS and legislation that presents a risk to the wellbeing of the organization. This includes customer complaints, audit findings (internal and external) and areas where systems do not conform to the Organization Policies.
Nonconformance Report (NCR)	An NCR is a report detailing the nature of a recognised deficiency.
Repeat Nonconformance	<ul style="list-style-type: none"> A critical nonconformance that has previously been raised at a BU/Site/Department and has certification, financial, reputational and/or legal implications.
Issue	<ul style="list-style-type: none"> SAP QIM system name for the nonconformance report
Rework	<ul style="list-style-type: none"> Correcting of defective, failed, or nonconforming item, during or after inspection. Rework includes all follow-on efforts such as disassembly, repair, replacement, reassembly, etc. In simple terms, it can be defined as an effort of re-doing a process or activity that was incorrectly done the first time.
Nonconformity	Non-fulfillment of a requirement .

NOTE: NCR was previously referred to as SDR at ERI. The terminology has now been aligned to SAP QIM and Eskom.

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2.4 Abbreviations

Abbreviation	Explanation
BMS	Business Management System
CoE	Centre of Excellence
CA	Corrective Action
HIRA	Hazard Identification Risk Assessment
NCR	Nonconformance Report
SHEQ	Safety Health Environment and Quality
IRM	Integrated Risk Management
SAP QIM	Systems, Applications and Products Quality Issue Management
SME	Subject Matter Expert

2.5 Roles and Responsibilities

2.5.1 SHEQ CoE Department

Responsible for providing the necessary training and guidance to ensure that the requirements of this work instruction is adhered to. High level analysis of NCR's for ERI.

2.5.2 General Manager(s)

Are responsible for ensuring adherence to this Work Instruction within their respective Product Groups.

2.5.3 Contracts Manager/Engineer

Are responsible for approving Concessions & Technical Notifications for site work in consultation with the Client Representative and authorising the disposition of nonconforming product.

2.5.4 Line Manager(s)

Are responsible for ensuring that all nonconformities, corrective and preventive actions within their respective areas of control are recorded, reported on, analysed, actioned, closed out and the risk register updated if necessary. The Line Manager must ensure that relevant personnel are involved in the process of effectively addressing the nonconformance.

2.5.5 NCR Owner

Overall responsibility for addressing all elements of the NCR rests with the NCR Owner.

2.5.6 SAP QIM Administrators

Are responsible for consolidating, capturing and close out of all non-audit related NCR's raised within their respective Product Groups on SAP QIM.

2.5.7 Governance & Assurance

Are responsible for capturing and close out of all audit related NCR's raised within the organization on SAP QIM.

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2.5.8 Integrated Risk Management

It is the responsibility of the Integrated Risk Management (IRM) department in conjunction with stakeholders from the Product Groups/Support Services functions to update business risks and opportunities, taking into consideration NCR's highlighting potential risks as applicable.

2.5.9 Operational SHEQ personnel

SHEQ Business Partners, Quality Managers, Regional SHEQ Managers and Coordinators/Officers are responsible for assisting with closure of SHEQ related findings. Quality check of corrective, preventive actions, root cause analysis and supporting evidence shall be verified for accuracy prior to submission for closure of findings. Detailed statistical analysis to be carried out by this function.

2.6 Process for Monitoring

This Work Instruction will be monitored through audit processes via the BMS Audit Work Instruction (240-94027195).

2.7 Related/Supporting Documents

- 2.7.1 Technical Notification Form (Form No.: 240-94027109);
- 2.7.2 Nonconformance Report (SDR Form No.: 240-107924522);
- 2.7.3 Root Cause Analysis (5 Why's) (Form No.: 240-94027013);
- 2.7.4 Root Cause Analysis (Fishbone/Ishikawa) (Form No.: 240-94027007);
- 2.7.5 Rework Identification Label - Site Component Label (Form No.: 240- 94067148); and Works Component Status (Form No.: 240- 94067216);
- 2.7.6 Quality Flash Report (240-120984935);
- 2.7.7 SAP QIM Issue & Finding Text Description (240-148600156);
- 2.7.8 Minutes of the Management Review Meetings; and
- 2.7.9 Nonconformance/Audit Finding Extension (Form No.: 240-150270398).

3. CONTROL OF NONCONFORMING PRODUCT/SERVICE, CORRECTIVE AND PREVENTIVE ACTION

3.1 Triggers for Nonconforming Product/Service

- 3.1.1 Nonconforming product may be identified at several stages in the product realisation process, including but not limited to:
 - a) Customer Complaints;
 - b) Internal and External Audit Findings;
 - c) Supplier or Sub-contractor Performance;
 - d) In-process and Pre-delivery Inspection;
 - e) Receiving Inspection;
 - f) Final Inspection;and
 - g) Rework;

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- h) When the Product is already in use;
- i) During the Administration Process; and
- j) Other Management Processes, including Environment Impact Assessments.

3.1.2 Any person in the organisation may identify a nonconformance and raise a nonconformance request (NCR). (Form 240-107924522) may be completed manually and the contents then transferred to SAP QIM by Product Groups SAP QIM Administrators. When completing the manual form, ensure that all names appearing in the form are accompanied by unique numbers. For audit related nonconformances, the audit report may be used as the source for capturing on SAP QIM.

3.1.3 NCRs must be acknowledged by NCR Owner . In instances where an NCR is disputed and resolution not reached between the NCR Owner and NCR Originator, the NCR must then be acknowledged by the next level management until resolution.

3.1.4 When loading the Issue/Finding Text on SAP QIM, selections can be made from Issue / Finding Text list (Form 240-148600156).

NOTE: *If a nonconformance is raised in response to a Customer Complaint or a Project / Site Complaint a copy of the Customer Complaint / NCR Form, including all supporting documents must be sent by the originator to the Product Group SHEQ Business Partner and / or Quality Manager for tracking purposes. SAP QIM Administrator to capture the NCR on SAP QIM.*

NOTE: *Incidents (e.g. lost time incidents, or near misses) should be reported via the initial notification process using form 240-94026713 as per 32-95 Occupational Health and Safety Incident Management Procedure. NCR's are not required to be raised. Environmental incidents should be reported as per Environmental Incident Management Procedure (240-133087117).*

NOTE: *Electronic NCR submissions and approvals are permitted.*

3.1.5 Nonconforming product must be adequately identified as being unsuitable for further processing until the necessary corrective action has been taken. This identification may be by means of physical markings on the nonconforming product or by a description in the NCR or a record in the Site Diary, on a Site Instruction, in Meeting Minutes or other suitable means.

3.1.6 The cause(s) of the nonconformity will be investigated and all findings recorded including the root cause of the nonconformity.

3.1.7 Nonconforming product must be quarantined to prevent unintended use. Status must also be clearly indicated e.g. "On-hold", "Awaiting Inspection", etc.

NOTE: *A register for quarantine/hold area should be completed by the person who isolates the product.*

3.2 Corrective Action

3.2.1 The method of disposition of any defective product, materials or production work in progress, will be one of the following:

- a) **Rework:** Materials and / or products that can be reworked will be identified with a label or sticker and returned to production for reworking. The identification label or sticker may only be removed after the materials and / or products have passed

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re-inspection after being reworked. Due to the additional requirements and costs to the project it must be submitted to the Projects Department for capturing and determination on the way forward. All rework shall be captured on the WBS.99 element on SAP. For all rework activities an NCR shall be raised in line with the BMS requirements. Process of reporting rework is defined in the Quality Flash Reporting Process (Form No.: 240-120984935).

- b) **Scrap:** Where materials and / or products cannot be re-worked or used under concession such items must be clearly identified and, where practical, placed in a demarcated/quarantine area to prevent their accidental use.

NOTE: *Due to the valuable nature of certain scrap such as copper, the disposal of scrap material may only be authorised by the Responsible Manager(s) as per their Delegation of Authority.*

- c) **Post-delivery usage:** When nonconforming product is detected after delivery or after use has started, action appropriate to the effects, or potential effects, of the nonconformity will be taken.

NOTE: *Where corrective action is related to Engineering / Technical matters, the proposed corrective action shall be reviewed in consultation with suitably qualified Engineering / Technical personnel.*

- d) Once corrective action has been implemented, the situation must be reviewed to determine the effectiveness of the corrective action taken. The review of corrective actions taken shall be conducted by the responsible Departmental Manager.

3.3 Technical Notification

- 3.3.1 A concession may be requested by completing the originator section of the Technical Notification Form and sending it for authorisation.
- 3.3.2 Technical Notifications for site work will be authorised by the Contracts/Site/Project Manager in consultation with the Client Representative.
- 3.3.3 Technical Notifications will be approved where the defect is cosmetic only and does not impair product performance. There is a deviation from specification or requirements but it is not safety critical and will not compromise product quality.
- 3.3.4 The Responsible Managers will maintain a register of all approved concessions. If the concession is not approved then any related NCR is still valid and remains as such until closed out.
- 3.3.5 Where the potential nonconformity affects the product but it is considered that no further action is possible, (e.g. the cost of rectification outweighs the resulting benefits) the reasons for this shall be stipulated on the Technical Notification.

3.4 Preventative Action

- 3.4.1 Preventive actions are usually initiated as a result of analysis of NCR's and are intended to prevent occurrence of a similar problem in other areas of the organisation.

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- 3.4.2 The organisation will continuously analyse NCR's, inspection reports, technical notifications, customer complaints, internal audit and external audit reports to determine potential nonconformities and their causes.
- 3.4.3 Business risks should be identified during planning processes in order to correct, prevent or reduce undesired effects. Business risks and opportunities must be updated when necessary for continual improvement and the Integrated Risk Management (IRM) department must update business risks and opportunities on the CURA system in consultation with Product Groups/Support Services.
- NOTE:** 1. *Where preventive action is related to Engineering / Technical matters, the proposed preventive action shall be reviewed in consultation with suitably qualified Engineering / Technical personnel.*
2. *The NCR form may be used to identify and manage preventive actions.*
3. *Triggers for identification of preventive action, include but are not limited to; BBSO, near miss reporting, awareness sessions, inspections, gap assessments, analysis of positive trends, highlights and key achievements.* Closing out the NCR's
- 3.4.4 For non-audit related NCR's, a copy of the NCR must be sent to the respective SHEQ department which will be responsible for checking the NCR before closure on SAP QIM. Proof of root cause analysis, correction, corrective action and preventive action shall be provided or referenced to allow follow up on the actions taken.
- 3.4.5 For all audit related NCR's and findings, evidence of corrections, root cause analysis, corrective actions and preventive actions must be sent to the centralised email. The relevant Governance and Assurance personnel will verify and assess the evidence to confirm closure or not. If the evidence is adequate, following sign-off, the Governance and Assurance Controller will close the NCR / finding on SAP QIM. The Governance and Assurance department may (based on a risk based approach) review the effectiveness of the actions taken during subsequently scheduled audits.
- 3.4.6 Where the evidence to close the NCR / finding is not adequate to allow closure, the originator will notify the person responsible for the NCR of any additional evidence required or to advise the person responsible to request a date extension by completing Nonconformance / Audit Finding Extension Form (Form No.: 240-150270398).
- 3.4.7 The root cause shall be completed for every NCR issued. Employees may utilise approved methods on hyperwave for root cause analysis in order to achieve this.
- 3.4.8 NCR (Form No.: 240-107924522) provides guidance with respect to close out time dependant on the severity of the nonconformance. Relationship between nonconformance priority on the NCR form and priority / audit option on SAP QIM is as follows: High-1, Medium-2 and Low-3.

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- 3.4.9 All NCR's must be closed out within a maximum of 90 calendar days from date of issue. Where this is not possible due to financial constraints or other justifiable reasons, applications for date extensions may be made by completing the Nonconformance/Audit Finding Extension (Form No.: 240-150270398). The duration of the extension will be at the discretion of the NCR owner, Subject matter expert/customer and the approver. The completed form is submitted to the relevant SAP QIM Administrator where date extension fields will be updated on SAP QIM and the form attached as proof. Table 1 below details the conditions to be applied for date extensions.
- 3.4.10 Some NCR's may require collaboration between departments for closure, especially where there are internal dependencies involved. The responsibility for closure will remain with the original assigned department, however if the NCR cannot be closed within the stipulated period, the issue must be escalated to the next level/s of management, followed by General Manager/s in the Product Group/s and if still not resolved, intervention must be sought at Chief Operating Officer level.
- 3.4.11 With respect to nonconformances raised by external parties e.g. certification audits and legal compliance audits; nonconformances must be closed within the contractually agreed upon period. If this is not implicitly stated, findings must be closed within 90 calendar days from receipt of final report or 90 calendar days from receipt of findings; whichever comes first.
- 3.4.12 Legal compliance audits closeouts must be verified by the SHEQ/Manager for adequacy to close them before being submitted to G&C for closure
- 3.4.13 Major external audit findings may only be closed once clearance of findings has been confirmed by the service provider. Minor findings may be closed internally by Governance and Compliance after consideration of the evidence supplied, without waiting for clearance.

NOTE 1: Submission for closure of audit related NCR's must be forwarded to the centralised Governance and Compliance email address eriaudit@eskom.co.za.

2: Date extensions for externally raised NCR's, must be negotiated with the external party. Only if the external party approves the request for extension via an e-mail, or the extension form or any written response to the requestor, can section 3.4.6 be initiated. The date extension process is not applicable to external legal compliance findings.

Finding Priority	Criticality Rating	Original Closure Period (days)	Submission of Signed Extension Form Prior to Due Date (days)	Number of Date Extensions Allowed	Approval Designations
High	Catastrophic or Major	30	7	4	Line Manager (1 st extension); GM's Direct Report (2 nd extension); GM (3 rd extension); COO (4 th extension)
Medium	Significant	60	14	4	
Low	Minor or Near Miss	90	21	4	

Table 1: Date Extensions Based on Criticality of Nonconformance or Audit Finding

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3.5 Reporting on NCR's

- 3.5.1 SHEQ CoE will report monthly on outstanding NCR's and non-audit finding extensions. This report will act to control the NCR's and to provide communication on the nature and trend within the Product Groups.
- 3.5.2 Governance and Compliance will report on audit performance which includes aspects of scheduling and execution against plan, lead times, audit ratings and audit finding extensions.
- 3.5.3 The following/Issue statuses exist in SAP QIM:
- New:** After opening an issue on the system, the issue default status starts on "New";
 - In-process:** Issue status must be changed from "New" to "In-process" and finding status shall also be set to "In-process" during opening of an Issue on the system.
 - Complete:** All closed issues with actions completed and evidence uploaded;
 - Cancel and Flag for Deletion:** When issue is cancelled e.g wrongly raised or with reasoning not applicable; and
 - In-process after completion:** If an Issue is re-opened, this can be due to the fact that more information is required or the issue was not closed out adequately in the first place.

Note: All open NCRs will have in-process/ in-process after completion status and closed NCRs will have complete status.

4. ACCEPTANCE

This document has been seen and accepted by:

Name	Designation
N Ramnarian	SHEQ Business Partner - Transformer and Switchgear Services
S Narainsingh	SHEQ Business Partner - Logistics Services
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5. REVISIONS

Date	Rev.	Compiler	Remarks
22/09/2016	2	S Ramchand	Added Note 3 under 3.4.2
10/05/2017	3	L Netshiongolwe	ISO 9001:2015 requirements, rework
27/06/2017	4	S Ramchand	<ul style="list-style-type: none">Title modified and NCR capturing and closure process modified.General Manager added to 3.5.2.

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Date	Rev.	Compiler	Remarks
29/07/2019	5	Y Gantsho	Change from SharePoint to SAP QIM.
09/10/2019	6	A Govender	<ul style="list-style-type: none">Criteria for nonconformance or audit finding date extensions incorporated into section 3.5.Alignment of terminology to SAP QIM. System Deficiency replaced with Nonconformance.
24/03/2020	7	Y Gantsho	<ul style="list-style-type: none">2.5.4 Responsibility of line managers,3.1.3 Acknowledgement of NCRs,3.5.6 Duration of date extensions.
19/05/2020	8	Y Gantsho	<ul style="list-style-type: none">Added Point 3.6.3 a) – e)
18/01/2021	9	A Govender	<ul style="list-style-type: none">3.1.4 Electronic approval permitted3.5.6 Escalation process for collaborative closure of NCR's.Table 1 – New approval designations for date extensions.
09/04/2021	10	Y Gantsho	<ul style="list-style-type: none">Definitions addedChanges on preventive actionDescription of NCR status amendedRoles and responsibilities clarified

6. DEVELOPMENT TEAM

The following people were involved in the development of this document:

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7. ACKNOWLEDGEMENTS

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