



NSF International Strategic Registrations Audit Report

Virginia Transformer Corp.
220 Glade View Drive
Roanoke, Virginia 24012 USA

C0098193

Audit Type
Surveillance Audit

Auditor
Jennifer Edwards

Standard
ISO 9001:2008
(Exp Date: 16-JUL-2015)

Recommendation
ISO 9001:2008 : Surveillance: Complete No change to certificate



Executive Summary

| | |
|---------------|---|
| ISO 9001:2008 | This is an effective system. This is a very mature system that continues to work very effectively. Management commitment remains firm and resources continue to be made available to the QMS. No negative trends exist in the QMS or any of the measurable goals and targets. Employees are all very positive, quality minded, and customer oriented. All core and support process audited were found to be effective and much focus has been placed on continuous improvement. |
|---------------|---|

Opportunities

| | |
|---------------|--|
| ISO 9001:2008 | Very improvement minded organization. See OFI 1 Virginia Transformer shows many improvements in processes and product. Planning is excellent and in line with future goals and directives. Customer focus is evident with the aim of continually improving satisfaction. |
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Corrective Action Requests

There is NO Corrective Action Request in this audit.

Site Information

Industry Codes

NACE:DL 31.6

Scope of Registration

ISO 9001:2008 : Design, Manufacture & Commercialization of Transformers & Associated Equipment & Services for Electrical Power Systems



Opportunities for Improvements

ISO 9001:2008

| Opportunity | Observations / Auditor Notes |
|--|--|
| Opportunities for Improvements (ISO 9001)-01 | <p>Location of OFI Internal Audits;</p> <p>Discussed With Gary Clouse;</p> <p>Description Performing process audits of interating processes together would be helpful.;</p> |

Processes

ISO 9001:2008

| Process Name | Observations / Auditor Notes |
|---|--|
| Processes or Activities (ISO 9001)-01 Management | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>The management reviews have established that the QMS is suitable, adequate and effective at this time.; The Quality Management System is very effective and detailed at this time. Management reviews are conducted on-time and are effective. Results from the Dec 2012 management review were audited. All required inputs and outputs were reviewed.</p> <p>Objectives have been modified to improve mature processes and to better match the growth of the company.</p> <p>Improvement in RTS to 85% with current levels averaging less than 70%. Filling open spots, scheduling, and 14 week planning has lead to an increase in RTS to plan. On track to meet goal.</p> <p>Order Conversion within 48hrs after receipt of PO. Conversion has increased from 50% to goal since last year.</p> <p>BOM errors goal of <.02 per unit is being met. Initiatives have been put in place.</p> <p>Shipment Coordination</p> <p>Supplier OTD >95%. Suppliers are split into domestic and international. International averages lower deliveries, but orders are made to stock to mitigate risk of late deliveries. 90% Average.</p> <p>Employee Turnover <2% with a 1% current Average</p> <p>Cost of Quality <\$40K mth with a \$40K current Average</p> <p>Customer Satisfaction</p> <p>Surveys are being collected by VTCU and distributed. They are analyzed and corrective actions are issued as needed. The scores are tabulated and used in the overall customer satisfaction objective. The surveys completed from North Bay Hydro, Hill County, Southern Company, and an Utah delivery.</p> |
| Processes or Activities (ISO 9001)-02 Internal Audits | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>An effective Internal Audit system exists at this time.; This auditor reviewed the results of Internal Audits from 2012. The schedule was verified. It is based on the interaction of processes chart. All areas of the QMS are audited. Auditors are selected from downstream on the product if possible to focus the audit from internal customers. The audits of Winding, Test, Field Service, Metal Fab, and Materials were reviewed. It was verified that the Internal Audits were conducted by independent, trained auditors. Records were well documented and results were reviewed with the appropriate management personnel. Corrective actions are closed promptly and followed-up for effectiveness. One OFI was written in this area as a way for Audits to progress in line with the vision of the business overall.</p> |
| Processes or Activities (ISO 9001)-03 CPARs | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>The process is effective at this time.; A random sample of Corrective and Preventive actions were reviewed (PARs 101,103,and 105; IA439, 440, and441;FS 268,SK193, QC423, QC420, QC414, and MM138). Each source of action is labeled to allow ease of</p> |



| Process Name | Observations / Auditor Notes |
|---|---|
| | <p>identification. The corrective/preventive action system is in place and effective. The corrective action system continues to improve. Corrective Actions are answered with root cause identified and follow up verification conducted. The corrective and preventive action system is very thorough and is used to improve the QMS. Corrective Actions are followed up in Internal Audits to ensure implementation. Repeat issues are resolved. There has been a trend in the responses extending past due dates. VA Transformer is implementing a new quality software system that includes a CAR and PAR function. This should help with timeliness and followup. Using this implementation as a training opportunity for CPARs and root cause analysis may be helpful.</p> |
| <p>Processes or Activities (ISO 9001)-04 Winding</p> | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>The process is effective at this time.; Center tubes are cut and backed according to job packet. Bays are aligned, wire is prepped, and spacers are added. RV and Disc winding were observed during this audit. Winding type, wire, crossovers, and taps are specified in the winding callouts from engineering. Inspections are made at each stage of the coil by the operator and the supervisor. Holds are in place to make sure double checks are made before proceeding. Operators in Coil Winding, Setup, and Supervisors were audited. Each operator has a goal set for them on each shift and is scored accordingly. The scores are used for their SHAPE reviews and productivity numbers. Training and qualifications are also based on a 1-5 scale. Employees are well trained and competent. Operators rated above a two are able to work independently, since all work is verified. The operators are made aware of what is expected of them and how they affect quality. Suspect product is verified and recorded. tests are performed and data is analyzed based on results and specifications. Tests are performed and reviewed by supervisors and engineering. Measurement equipment is under adequate control. Work areas have easy access to work instructions if needed. Records are maintained for completed jobs.</p> |
| <p>Processes or Activities (ISO 9001)-05 Scheduling</p> | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>The process is effective at this time.; Scheduling begins at the corporate level. A new initiative has been put in place to have the schedule more normalized throughout the month. The jobs are put on the schedule for all locations and each location schedules internally expected orders are slotted in CNQ when they have an 80% probability of acceptance. The slots are based on a 14 week lead time and the expected customer due date. Changes to the due date are handled internally either by continuing production and unit storage or by moving the production to another slot. Customer specified materials are ordered as soon as drawings are approved to prevent material delays. All other materials are stocked to ensure availability. Units are converted once the PO is received and when drawings are approved the materials are released into MRP. Customers with no firm due date are entered but not released to MRP until all approvals are in place. The Gull system tracks due dates and approvals in the Order Expectation. System. This shows availability by unit for production. The Detail Plan is used to track production to budget and available production capacity. VA Transformer Roanoke is operating at capacity. They are expanding to add space and people to add capacity. The growth they have experienced is expected to continue based on sales models and increased customer value. New machinery is also being added for efficiencies and productivity.</p> |
| <p>Processes or Activities (ISO 9001)-06 PM</p> | <p>Describe whether the process is effective or not (effectiveness should be supported with specific data/records/results). Include strengths & weaknesses of process:</p> <p>The process is effective at this time.; Preventive Maintenance is performed on each machine as required. Logs are kept at the machines to show all PMs performed. The PM records for 305, Winder 3, and Winder 12 were verified for weekly, monthly, quarterly, and yearly maintenance schedules. The asset numbers have been changed on winding machinery. These numbers do not match up with records for maintenance, but the machine numbers do match. Ensuring that machine numbers and asset numbers and names match on records could be improved.</p> |
| Process Matrix | |
| Audit | Audited Processes |
| <p>Re-assessment Audit (J0251128) May 21, 2012</p> | <p>Processes or Activities (ISO 9001)-01 Management Processes or Activities (ISO 9001)-02 Internal Audits Processes or Activities (ISO 9001)-03 Corrective and Preventive Actions Processes or Activities (ISO 9001)-04 Orders Processes or Activities (ISO 9001)-05 Design Processes or Activities (ISO 9001)-06 Metal Fab/Welding</p> |



| Audit | Audited Processes |
|--|---|
| | Processes or Activities (ISO 9001)-07 Winding Processes or Activities (ISO 9001)-08 HVA Processes or Activities (ISO 9001)-09 Testing Processes or Activities (ISO 9001)-10 Final Assembly and QA Inspection Processes or Activities (ISO 9001)-11 Shipping |
| Audit | Audited Processes |
| Surveillance Audit (J0266467) May 06, 2013 | Processes or Activities (ISO 9001)-01 Management Processes or Activities (ISO 9001)-02 Internal Audits Processes or Activities (ISO 9001)-03 CPARs Processes or Activities (ISO 9001)-04 Winding Processes or Activities (ISO 9001)-05 Scheduling Processes or Activities (ISO 9001)-06 PM |



Audit Summary Matrix

ISO 9001:2008

| Clause & Description | IREASAUD May 21, 2012 | ISERVAUD May 06, 2013 |
|---|--------------------------|--------------------------|
| 4.1 - General Requirements | Yes | Yes |
| 4.2 - Documentation Requirements | Yes | Yes |
| 4.2.2 - Quality Manual | Yes | Yes |
| 4.2.3 - Control of documents | Yes | Yes |
| 4.2.4 - Control of records | Yes | Yes |
| 5.1-5.5 - Management Responsibility | Yes | Yes |
| 5.6 - Management Review (THIS MUST BE AUDITED EVERY VISIT) | Yes | Yes |
| 6.1/6.2 - Resource Management | Yes | Yes |
| 6.3/6.4 - Infrastructure/Work Environment | Yes | Yes |
| 7.1 - Planning of Product Realization | Yes | Yes |
| 7.2.1/7.2.2 - Contract Review | Yes | No |
| 7.3 - Design and Development | Yes | No |
| 7.4.1 - Purchasing Process | No | No |
| 7.4.2 - Purchasing Information | No | No |
| 7.4.3 - Verification of purchased prod. | No | No |
| 7.5.1/7.5.2/7.5.3 - Control of production, service, validation of process, ID/Traceability | Yes | Yes |
| 7.5.4 - Customer Property | Yes | Yes |
| 7.5.5 - Preservation of Product | Yes | Yes |
| 7.6 - Calibration | Yes | No |
| 8.1 - Measurement/Analysis/Improvement | Yes | Yes |
| 8.2.1 - Customer satisfaction (THIS MUST BE AUDITED EVERY VISIT) | Yes | Yes |
| 8.2.2 - Internal Audits (THIS MUST BE AUDITED EVERY VISIT) | Yes | Yes |
| 8.2.3/8.2.4 - Monitor/measure/prod./process | Yes | Yes |
| 8.3 - Non-Conforming Product | Yes | Yes |
| 8.4 - Analysis of Data | Yes | Yes |
| 8.5.1 - Continual | Yes | Yes |



| Clause & Description | IREASAUD May 21, 2012 | ISERVAUD May 06, 2013 |
|--|--------------------------|--------------------------|
| <i>Improvement (THIS MUST BE AUDITED EVERY VISIT)</i> | | |
| <i>8.5.2/ 8.5.3 - Corrective / Preventative Action (THIS MUST BE AUDITED EVERY VISIT)</i> | Yes | Yes |

KEY (Related to matrix section)

IBASELINE – Base Line Audit; IDESTAUD- Desk Audit; IREADREV- Readiness Review Audit; IREGAUD- Registration Audit; IVERAUD- Verification Audit; ISERVAUD-Surveillance Audit; IREASAUD- Re-assessment Audit



Verification of CARs For ISO 9001:2008

Have you verified the effectiveness of all previous CARs? (List all new CAR's that you initiated in this report because you did not verify effective implementation of a previous CAR)

N/A.

Discuss your evaluation in detail.

N/A.