



## New IATF Interpretation for Supplier Development

By Peter Theobald

In December 2006 the International Automotive Task Force (IATF) issued Sanctioned Interpretation (SI) No.5 relating to clause 7.4.1.2 (Supplier quality management system development) of ISO/TS 16949:2002.

The content of this latest SI is intended to clarify some of the confusion caused by the previous SI which required organizations to develop a plan for all of their vendors to achieve ISO 9001 certification within the first certification cycle. As organizations started to reach this deadline it became apparent that many had not managed to develop their suppliers sufficiently to meet the requirements of the technical specification, hence changes to the previous SI were required if the scheme integrity was not to be compromised.

Reproduced below is the entire text of the new SI, the content of which is effective immediately.

***'The organization shall perform supplier quality management system development with the goal of supplier conformity with this Technical Specification. Conformity with ISO 9001:2000 demonstrated by a certification by an accredited third party certification/registration body or through a second party audit process is the first step in achieving this goal.'***

- ***The organization's second party audit process shall be consistent with the automotive process approach, including evidence of planning, supplier readiness and supplier performance. (See also ISO 17021:2006), Section 9. In addition, the second party process shall be defined according to the principles detailed in the sections 5, 6, 7 of the ISO 19011:2002 regarding the management of the audit program, the audit activities and the competence of the auditors. Records of the audits reports shall be maintained.***
- ***After the initial audit, the second party surveillance audits shall be conducted at least annually.***
- ***The prioritization of suppliers for development depends upon, for example, the supplier's quality performance and the importance of the product supplied.***
- ***The organization shall have decision criteria for determining "specially designated small suppliers" wherein certain specified elements of ISO 9001:2000 or ISO/TS 16949: 2002 may be waived. Records of the established criteria and decision taken accordingly shall be maintained. "Small" here above may refer to the volume supplied to the automotive industry or to the organization.***
- ***Refer to OEM Vehicle Manufacturer customer specifics for 2nd Party audit requirements for the organization who is a direct supplier to the OEM.'***



In summary, organizations now have three options for vendors supplying products or services to an ISO/TS 16949:2002 registered organization;

1. The vendor must have a valid accredited ISO 9001:2000 certificate or
2. The organization must have conducted a second party audit of the vendor against the requirements of ISO 9001:2000, (some clauses may not be applicable for designated small suppliers) or
3. The organization must obtain a waiver from every customer authorizing them to purchase products or services from a vendor who does not satisfy either condition outlined above

The points outlined above are the minimum criteria for vendors to supply product(s) or services to an ISO/TS 16949:2002 registered organization. An ISO/TS 16949:2002 registered organization must also be able to demonstrate that they are performing supplier development with the goal of supplier conformity to ISO/TS16949:2002. The extent and scope of this development will need to be defined by the organization, but must include prioritization based on risk, i.e. type and volume of supplied product(s) and supplier performance data.

These changes are designed to give registered organizations another option for supplier development. Previously the requirement for vendors to achieve accredited ISO 9001:2000 registration was ultimately the only route to take to maintain certification. This was proving extremely problematic, especially for smaller organizations that didn't have either the leverage or dedicated expertise to 'develop' larger vendors to achieve registration.

The 'new' SI gives organizations a new alternative; that of second party auditing. With the ever escalating growth in outsourcing, especially to the Far East, the recent trend throughout the industry has been to increase the volume of second party auditing. This SI supports this trend and will greatly assist organizations in meeting both the requirements of the technical specification while mitigating the risk that the outsourcing of core manufacturing processes may present.

If you have any questions concerning this SI or any other aspect of the ISO/TS 16949:2002 certification process, please feel free to contact myself or Stephen Upton at the NQA automotive office in Virginia at 800-988-2687.