ABS Quality Evaluations
AN ABS GROUP COMPANY

Audit Report No: QE - 43699 - 2/12 - S

Company Name: **Hooks Industrial, Inc.**

Contact Person: Mr. John Valentine **Phone: « 281 251-9551»**

Report Date: 2013-10-22 **Audit Dates: 2013-10-22 - 2013-10-22**
Audit Duration: 1.0 auditor day(s)

Audit Standard(s): ISO 9001:2008 **Total Numbers of Employees verified on-site: 5**

IAF/NACE Code(s): 29/51.1

Scope of Certification: *Distribution of Pumps, Compressors, Turbines, Control Valves, Mechanical Seals, and Replacement Spare Parts*

Audit team member(s) Frank McMillan - Lead Auditor,

Audit Team Recommendation(s):		
Stage II/ Scope Expansion / Transfers: ☐ Approval ☐ Open		
Surveillances: ☑ Continued ☐ Continued Subject to Corrective Action ☐ Certification Review		
Renewal Audits: ☐ Re-Approved ☐ Re-approved Subject to Corrective Action ☐ Certification Review		
Follow-up Audit Required?	**Duration Recommendation:**	**Tentative Dates:**
☐ Yes ☑ No		

Audit Results:					
Total No. of Nonconformities	0	No. of Major N/C's	0	No. of Minor N/C's	0

For Surveillances and Re-Certification Audits Only	**Yes**	**No**
Are there any repeat / repetitive nonconformities from previous audit(s)?	☐	☑
Are there any Changes or Recommended Changes affecting the Certification Scope? (If yes complete change section on page 2)	☐	☑

	Yes	**No**
Does the audit team recommend any change in audit duration for the next audit to verify corrective actions resulting from identified nonconformities? **(Required for ISO/TS 16949 certification program)**	☐	☑
If change is recommended, state the recommended duration		

	Start Date	**End Date**
Dates for next audit	10/23/2014	10/23/2014

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Changes affecting the scope of certification(s)			
Instructions: **1. Contact ABS QE office for approval prior to initiating changes.** **2. Reference Procedure QE-OPS-305 for Scope Expansions.** ***3. Check "Yes" box on page 1 of audit report to indicate changes identified.***			
☐	Significant change of scope statement	☐	Product line changes
☐	Change / add / delete site(s)	☐	Increase/decrease in number of employees
☐	Change of name / ownership	☐	Other:
Do not need to contact office for the following:			
☐	Increase or decrease in Surveillance interval	☐	Modification of activities
☐	Increase or decrease in audit duration based on performance history of client	☐	OEM Supplier Code Changed ***(TS 16949 only)***
☐	Modification / Additional NACE Code	☐	
Details of change: **No changes in number of employees; no change in scope; no change in management; and no modification of activities**			

Acknowledgement of Audit Report	**Final Report**	**Draft Report**
A written audit report (draft or final) that included a description of all nonconformities, opportunities for improvements, and audit team recommendation was provided to the organization at the closing meeting. This report was acknowledged by the organization.	☐	☐
If Final Report not left with client at end of audit please enter date provided to client:	November 17, 2013	

Audit team's conclusions about the effectiveness of the management system:	
☑	Based on the results of the audit, the audit team determined that the management system was effectively implemented and maintained per defined requirements***. See opportunity for improvement***
☐	Based on the results of the audit, the audit team determined that the management system was effectively implemented and maintained per defined requirements, except as noted in the nonconformities.
☐	Based on the results of the audit, the audit team determined that the management system was not effectively implemented and maintained per defined requirements. The audit team recommendation is for "Certification Review".

For Surveillance and Re-Certification Audits (Delete for Initial Audits)	**Yes**	**No**
The use of the logo(s) of the accreditation body(ies) and of the ABS mark was in compliance with the Rules for Use of the Mark established by ABS QE, Inc. (If the answer is "No", see comments in the "General comments" section.)	Not used ☑	☐
Were there any significant changes to the executive management of the organization? (If the answer is "Yes", see comments in the "General comments" section.)	☐	☑
Were there any significant changes to the certified management system? (If the answer is "Yes", see comments in the "General comments" section.)	☐	☑

Audited Sites:

Hooks Industrial, Inc.-Hooks Industrial Inc.-8904 FM 2920 Rd-Spring-TX-U.S.A.-77379-**5**-1-Distribution of Pumps, Compressors, Turbines, Control Valves, Mechanical Seals, and Replacement Spare Parts

Exclusions (QMS only)	Yes	No
Has the organization excluded any requirements of the standard from their management system? *(verify exclusions and justifications are described in the Policy Manual)*	☑	☐

Excluded Requirement	Justification for the Exclusion
7.3	No Design required in their processes
7.5.2	All validations of processes can be accomplished by visual inspections
7.6	No critical equipment requiring calibrations

Outsourced Processes	Yes	No
Does the organization have outsourced processes? If yes, list the outsourced processes: Engineering Internal audits	☑	☐
If yes, has the organization implemented adequate controls over outsourced processes?	☑	☐
	☑ Not Audited	

Interaction between Processes (QMS only)	Yes	No
Has the organization included a description of the interaction between the processes of the management system in the manual?	☑	☐

Auditing All Shifts	Yes	No
Have all shifts been audited? *Only one shift*	☑	☐

Legal & Other Requirements	Yes	No
Has the organization identified applicable legal and other requirements?	☑	☐

Management review:	Yes	No
Management reviews met all requirements of the Standard and management review process is effectively implemented and maintained.	☑	☐
Internal audits	**Yes**	**No**
Internal audits were effectively implemented and in conformance with the requirements of the standard.	☑	☐
Corrective and preventive action	**Yes**	**No**
Corrective and preventive actions were effectively implemented and in conformance with the requirements of the standard.	☑	☐

Verification of Corrective Action on Previous Audit Nonconformities:

Audit. No.	Clause No.	Item No.	Evidence of Effective Implementation (Mark N/A if there was no N/C)
			There were no nonconformances identified during the previous renewal audit.

Corrective action still in process for Nonconformity(ies) No: N/A

Corrective action NOT effective for Nonconformity(ies) No: N/A

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Nonconformities:

The assessment was based on random samples and therefore nonconformities may exist which have not been identified.

Instructions:

- Send nonconformity responses to ABS QE within **60** days from the last day of the audit.
- Email to: **auditservices@abs-qe.com for USA or Canadian clients.**
- Email to: **the Lead auditor or Local ABS office for International locations.**
- Corrective action submittals must include:
  1. Corrective action responses, including:
     a. containment / correction,
     b. results of the investigation of the root cause,
     c. actions to eliminate the root cause and prevent recurrence and
     d. implementation due dates.
     e. For multi-site Certified Management Systems corrective actions must consider as applicable all sites under the Certified Management System.
  2. Objective evidence of implementation - required to be submitted under the following circumstances:
     a. all nonconformities incurred during automotive ISO/TS 16949 audits;
     b. all Aerospace (AS 9100 / AS 9120) nonconformities incurred during Recertification, Stage 2, Transfer and Scope Expansion audits;
     c. and for all Major nonconformities incurred in any program.

Audit. No.	Clause No.	Item No.	Nonconformity Description (Requirement, Nonconformity, Evidence)	Category M - Major I - Minor
			There were no nonconformances identified during this surveillance	

ABS QE Appeal Process:

Any client may dispute any decision made by ABS QE and file a complaint against that decision. Such complaints must be in writing and will be subjected to ABS QE's procedure for handling appeals and disputes, QE-CRT-400. Appeals must be submitted within **10 business days** from the issuance of the report. Submission, investigation and decisions on appeals will not result in any discriminatory actions against the appellant.

Processes / Functions Audited:

Process (for QMS): **Review of Customer Requirements and Order Management (7.2)**
Performance Metrics: # of orders written for current year compared to two previous years
Inputs: Customer inquiries/orders
Outputs: Accepted Orders, Contracts reviewed on the customer purchase order
Documents/Records: WI 04 Processing a Request for Quote, QP-15 Contract Review, QP 12 Procedures for Processing an Order; WI–09 Processing Order Amendments; Hooks SAL -01, Records –Business Records(PO, Packing List, Invoice, etc. Record of contract review of the customer purchase order.
Audit Notes: The formal contract is in most circumstances the customer purchase order. It is linked to the sales order number for identification and traceability. The President is responsible for reviewing proposed customer contracts prior to acceptance and determining that all requirements are fully understood. The President confirms that the customer requirements and specifications are adequately defined, properly documented, and are within the company's capabilities. Orders are received via fax or email. An acknowledgement of receipt is sent to the customer. Orders are matched with the corresponding quote. Orders are processed manually or electronically via Quick Books(accounting/purchasing software). The customer purchase order is compared to the original quote to ensure that there is no discrepancy. Upon the receipt of the customer purchase order, a purchase order is released to the selected vendor or vendors. Management monitors the order status until the product is delivered to the customer.

Process (for QMS): Distribution – Packaging and Shipping **(7.5.5)**
Performance Metrics: Product shipped according to schedule.
Inputs: Packing Materials, approved vendor list for shippers.
Outputs: Properly packaged product shipped on time
Documents/Records: QP 10 Product Handling, Storage, Packaging, Preservation & Delivery, WI-03 Shipping, Inspection document, packing list, bills of lading
Audit Notes: Pallets and bins are used to transport products, to maintain integrity of the product and to prevent damage and loss. Procedures are in place to package – shafts & Sleeves, Threaded Ends, Glass Features, Small parts, (bolts, o-rings, keys, etc) Shipping - Accounting generates an invoice for shipping. Product is not packaged or shipped unless an invoice is present. All parts are inspected per requirements and an inspection document is required. All shipments require a packing list before a product is shipped

Process (QMS) ISO :8.2 2 Internal Audit
Performance Metrics: Completion of the internal audits in accordance with the audit schedule.
Inputs: ISO 9001:2008, Quality Manual and Quality procedures, Qualified Auditors, Audit schedule, Audit Plans/checklists
Outputs: Completed audit reports
Documents/Records: QP-11 Rev 4.0 found per the internal audit procedure. Reviewed and verified the 2013 internal audit schedule and internal audit reports
Audit Notes: Internal audits are no longer outsourced to a 3rd party internal auditor. The most recent audit was conducted on Sept 24, 2013. Seven minor nonconformances were identified. Corrective action has been implemented..

Process (QMS): Management Reviews(5.6)
Performance Metrics: Management reviews conducted according to schedule, annually.
Inputs: All required inputs were addressed as required by the ISO Standard.
Outputs: Documented Management Review Meeting minutes
Documents/Records: QP-03 Rev 3.2 Procedure for the Management Review process. Reviewed the management review meeting minutes from the Management Review conducted on October 17, 3013
Audit Notes: Reviewed management review meeting minutes and supporting documentation.

Customer Satisfaction (8.2.1)
A proactive approach to determine customer satisfaction is via a customer survey. The survey is sent to a representative number of customers annually(65% of Hooks sales revenue). In 2012 nineteen mailed and followed upon and responses were received from 11.

Analysis of Data (8.4)
The following data that demonstrates the suitability and effectiveness of the QMS is collected and analyzed:

- Customer satisfaction or dissatisfaction
- Conformance to product requirements
- Characteristics of trends of processes, including opportunities for preventive action
- Suppliers

Charts were prepared as documented to support the analysis of data in each of the above categories.

Corrective/Preventive Action(8.5.2)– Ten corrective actions and one preventive action initiated YTD 2013. Seven(7) were initiated from internal audits and three from customer complaints. Three are still open from customer complaints.

Progress towards continual improvement

- New packaging machine purchased that provides packaging with a more professional look.
- During the previous renewal audit it was recommended that the Quality Management Representative understands of the ISO 9001-2008 Standard be reviewed. During 2013 the Quality Management Representative has undertaken lead audit training which provided excellent training for managing the QMS. In addition the Quality Management Representative with the assistance of consultants has managed preparation of documentation and implementation of the API Standard (Spec. Q1 Standard) at the

Corpus Christi site. The training and experience in working with both standards has a improved her competence significantly.

Opportunity for improvement

Measurable Quality objectives have been established for Hooks Industrial, Inc as a whole. Consider better clarification of quality objectives unique to the relevant functions and levels within in the organization by establishing and documenting quality objectives that are appropriate to the functions processes that are measurable, consistent with the quality policy and the organizational objectives, i.e., delivery issues – 100% on time delivery; i.e. supplier performance – right product shipped 100% of time; 100% damage free shipments.

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Performance summary (Required for Surveillances and Renewal Audits)

Audit Review of Performance History:

Evaluate the continuing conformance of the organization utilizing:

- previous audit results and reported comments
- the organization's history of conformance and control of nonconformity

Record the results of your review below.

The table below is based on the review of the Audit History Matrix and previous Audits:

Does the review of the performance history and this audit indicate that the organization has:	Yes	No	N/A
Taken actions to effectively address all previously issued ABS-QE nonconformities? (There should be no repetitive nonconformance trends.)	☑	☐	☐
Effectively handled customer and other complaints?	☑	☐	☐
Identified statutory and regulatory requirements?	☑	☐	☐
Consistently maintained and improved the management system?	☑	☐	☐

For any No – provide supporting information: N/A

Effectiveness of the management system over the certification cycle: Record the results of your review below

(Commentary required for Re-Certification Audit)

Evaluate the continuing conformance of the organization utilizing:

- *previous audit report results including nonconformities trends and comments over the 3 year cycle*

QE-43699-1/24-S (2011) **1** minor nonconformance; QE - 43699 - 1/36 – R (2012) 0 nonconformances; QE - 43699 - 2/12 – S (2013) – 0 nonconformances

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Attendance Record

Opening meeting: Date: 2013-10-22 **Time:** 9:00 ARE

Closing meeting: Date: 2013-10-22 **Time:** 5:00 PM

Print Name	Title	Opening	Closing
John H. Valentine	President	☑	☐
Dawn Adams	Quality system Management Director	☑	☑
Ryan Chapa	Sales	☑	☑
Ron Rios	Accounting	☑	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐
		☐	☐

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Audit Matrix

Audited Site:	Hooks Industrial, Inc.	**Audit Dates:** 22-OCT-13 - 22-OCT-13 1.0 **auditor-day(s)**
Address:	Hooks Industrial Inc. 8904 FM 2920 Rd Spring, U.S.A.	**Audit Team:** Frank McMillan
		Total Number of Employees: 5 (*including full time / part time / temporary / contract*)

Delete the row of clauses that does not apply:

Init / RC	Surveillance						Clauses																							
Init / RC	6	12	18	24	30	QMS	4.1	4.2	5.1	5.2	5.3	5.4	5.5	5.6	6.1	6.2	6.3	6.4	7.1	7.2	7.3	7.4	7.5	7.6	8.1	8.2	8.3	8.4	8.5				
History / Future Audit Plan						Processes	Current Audit Results																										
R		A				Distribution Pckging/shipping 7.5.5	X	X						X			X	X					X										
R		A				Internal Audits 8.2.2	X	X						X												X			X				
R		A				Management Reviews 5.6	X	X			X	X		X		X							X			X		X	X				
R		A				Customer Satisfaction 8.2.1	X	X												X					X	X							
R		A				Analysis of Data 8.4.1																	X					X	X				
R		A				Corrective & Preventive Action 8.5	X	X																										
R		A				Customer Requirements 7.2	X	X		X										X										X				
				R		Human Resources																											
				R		Purchasing																											
						Total Number of Nonconformities →	X	X		X	X	X		X		X	X	X		X			X		X	X		X	X				

Legend: A = audited requirements applicable to the process(es) found in conformance / Nonconformities identified by type M = Major / I = Minor
R = Processes recommended to be audited

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Audit Planning and History Matrix
Instructions: This is a historical profile of management system performance. For the current audit ***cycle***, populate this table with the clauses audited ***each audit*** and total nonconformities by clause.

QMS/TS Clauses	4.1	4.2	5.1	5.2	5.3	5.4	5.5	5.6	6.1	6.2	6.3	6.4	7.1	7.2	7.3	7.4	7.5	7.6	8.1	8.2	8.3	8.4	8.5				
Stage 2																											
S6																											
S12	X	X		X	X	X		X		X	X	X		X			X		X	X		X	X				
S18																											
S24																											
S30																											
Renewal																											
Total N/C per Clause:	X	X		X	X	X		X		X	X	X		X			X		X	X		X	X				

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Audit Plan No: QE - 43699 - 2/12 - «S»

Company Name: **Hooks Industrial, Inc.**

Date Audit Plan Provided to Client: **October 17, 2013**

Audit Team: Frank McMillan - Lead Auditor, «»

Contact Person: Mr. John Valentine **Phone: 281 251-9551**

Audit Dates: 2013-10-22 - 2013-10-22 **Audit Duration: 1.0 auditor day(s)**

Audit Standard(s): ISO 9001:2008 **Total Number of Employees:**

IAF/NACE Code(s): 29/51.1

Scope of Certification: *Distribution of Pumps, Compressors, Turbines, Control Valves, Mechanical Seals, and Replacement Spare Parts*

Audit Objectives:

- Verify conformance to the requirements of ISO 9001:2008 and organization's documented management system;
- Verify Hooks Industrial, Inc. management system meets applicable contractual, legal and regulatory requirements;
- Evaluate effectiveness of the management system in continually meeting specified objectives; and
- Identify areas for potential improvements.

Day/Time 8:30 AM	**Processes for Audit** Activities/Functions/Areas
Auditors	**Frank McMillan**
Day 1 Oct 22	8:15 AM Arrival
8:30 am	Opening Meeting
	Use of the Certification Marks Documentation Review Changes to Organization Objectives/Targets/Continual Improvement
8:45 AM	**Management Processes:** to include: management review, internal audits, corrective action, preventive action ,and customer satisfaction
9:45 – 10:15	**Purchasing Processes:** Includes review of PO documentation, vendor evaluation and receipt of purchased products
10:15 – 11:00	**Human Resources** Training Determination of Competence
11:00- 11:45	**Order Management**: includes determination of customer requirements, order process scheduling, and order entry

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11:45 – 12:30	Working Lunch
12:30 - 3:00 PM	**Production**: Includes review of planning, control of production/operations, identification and traceability, customer property, preservation of products. Also includes control of monitoring and measuring equipment, control of non-conforming product, and monitoring and measurement of product including final product release.
3:40 – 4:00	**Report Writing**
4:00 – 4:15 PM	**Closing Meeting**

Note: A management system certification audit is not a legal compliance audit or product certification audit
Note: Audit plan may change as the on-site audit progresses.

Documentation and Document Control will be audited concurrent with other elements.
Policy and Records will be audited throughout the facility during the audit.
Please arrange to have lunch on site in order to maintain focus of the audit.
Please provide an escort for each member of the audit team.
Please advise of PPE required on-site.

Please have copies of the following items available for each of the auditors:

- Site Map
- Description of the facility and associated operations/processes
- List of objectives, targets and programs
- List of contractors and /or vendors used for environmental, health and safety related activities (not needed for some programs e.g. ISO 9001)