INTERNATIONAL AUTOMOTIVE OVERSIGHT BUREAU

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Requirements for handling performance complaints submitted through the IATF Complaint Management System (IATF CMS) and GM Yellow suppliers

Dear IAOB Certification Bodies,

IAOB previously issued a letter (*re: Transfer of Red Suppliers from IATF KPI Hub to the IATF Complaint Management System (IATF CMS) within the IATF Database originally dated April 2023*) announcing the launch of the IATF Complaint Management System (IATF CMS). This letter supersedes all previous letters.

This letter includes updates in response to feedback from key IATF OEM members who have identified concerns related to the length and effectiveness of the complaint management process, as well as the consistency of certification decisions. In response, IAOB is implementing targeted changes aimed at improving timeliness, strengthening oversight, and increasing IAOB involvement in decisions related to certificate suspension, reinstatement, and withdrawal. The objective of these changes is to enhance the responsiveness and integrity of the complaint management process while ensuring alignment with OEM expectations.

The International Automotive Task Force (IATF) advised all stakeholders on 31 March 2022 it launched the IATF Performance Complaint Management System (IATF CMS) within the IATF Database (refer to Stakeholder Communique 2022-004). With the launch of the IATF CMS, any performance complaint against an IATF 16949 certified organization will be managed using the IATF CMS workflow tool. Complaints can be initiated by either an IATF OEM or the relevant Oversight office.

IAOB publishes monthly customer satisfaction information in the IATF KPI Hub. The customer satisfaction information uses a color-coding system (i.e., red, green, or yellow). A green color is used to identify suppliers meeting the customers' expectations. A red color is used to identify suppliers not meeting the customers' expectations. A yellow color is used only to identify General Motors (GM) suppliers that have identified quality management system issues and opportunities for continual improvement. When a supplier is not meeting performance expectations (i.e., red supplier), the Certification Bodies are instructed to consider this as a performance complaint and initiate the decertification process.

Performance Complaints for Red Suppliers

When the customer satisfaction information is published at the beginning of each month, the IAOB (on behalf of the relevant customer)will initiate a new performance complaint within the IATF CMS for each supplier that is not meeting the customer's performance expectations (i.e., any supplier that changed from a **green** color in the previous month to a **red** color in the current month, i.e., "changed to **red**").

Once the performance complaint is initiated, the Certification Body is expected to follow the steps and timing defined in the IATF CMS user manual and Rules section 8.0, except where otherwise specified in this letter.

The Certification Body is required to undertake an immediate analysis of the situation to determine the severity and risk to the customer(s), taking into account, where applicable, IATF OEM customer-specific requirements, per Rules section 8.2.

As part of the analysis, IAOB expects the Certification Body to contact the supplier to obtain copies of the relevant customer scorecard report(s) (refer to the IATF OEM Quick Reference Guide where applicable), and relevant supporting details, to understand if any special circumstances exist related to the performance issue

(e.g., rescinded, disputed, etc.), and what corrective actions the supplier is taking (or has taken) to resolve the issue(s). The Certification Body must obtain a "plan to **green**" (e.g., step down chart) to understand when their performance is expected to achieve **green** status.

Based on this analysis, the Certification Body shall determine within ten (10) calendar days whether certificate suspension is required, which is shorter than the timeframe specified in Rules section 8.3. Certificate suspension is not automatic, and the proper analysis should be conducted by the Certificate Body. If the suspension decision is positive, a major nonconformance shall ***not*** be issued. The IATF CMS tracks the issue, and the complaint is like a major nonconformance. If the suspension decision is not to suspend the client's certificate, the Certification Body shall upload its decision and justification in the IAOB Hub. The IAOB will review the submission and may request a change to the decision.

A decision not to suspend the certificate could be based on one of the following reasons:

1. there is verified evidence (e.g., written agreement from the customer, supplier code issue) that one of the sites of the client is not responsible for the poor performance identified by the customer, then that site's certificate should not be suspended;
2. there is verified evidence the performance issue was rescinded by the customer and the next month's status will refresh to "**green**;"
3. there is verified evidence the performance issue is currently being disputed and the validity of the dispute is confirmed by the customer.

Note: A decision not to suspend the certificate solely based on the customer-approved corrective action plan is not acceptable.

IATF OEM supplier quality personnel should not contact the Certification Body directly with recommendations on decisions such as certificate suspension and withdrawal. Also, the Certification Body should not consider any input from the IATF OEM supplier quality personnel in their decisions such as certificate suspension and withdrawal. These are key decisions that the Certification Body independently makes based on the evidence provided by the supplier and should not be influenced or biased by an IATF OEM supplier quality personnel. If there are any questions or concerns, the Certification Body shall contact the IAOB.

If the certificate is suspended, the IATF CMS will require the client to submit their root cause analysis and corrective action plan within the required timing. The Certification Body is responsible for reviewing the corrective action plan provided by the client and deciding to either **accept** the plan or **reject** the response prior to the special audit.

The Certification Body shall conduct a special audit within a maximum of sixty (60) days from start of the decertification process, which is shorter than the timeframe specified in the Rules section 8.4to verify the effectiveness of the corrective actions. An onsite special audit shall not be conducted until the Certification Body has accepted the client's corrective action plan in the IATF CMS. IAOB recommends a minimum of one day for the special audit.

If the **red** supplier status is due to any issue associated with manufacturing quality, at least 30% of the special audit time shall be in manufacturing.

Certification Bodies should use the Recommended Trails to Follow in **Red** Supplier Special Audits to help prioritize the verification activities during the special audit. The table is available through Appendix 1 of this letter. The scope of the special audit shall also include any new customer complaints since the CRN was issued with verification of effective containment actions. The "plan to green" (e.g., step-down chart) shall be reviewed to understand when their performance is expected to achieve green status. The audit documentation needs to include what in the quality management system is not effectively implemented, thus allowing poor customer satisfaction metrics.

IAOB continues to reserve the right to witness any special audit conducted as part of the decertification process and the IAOB will be witnessing as many of these special audits as possible.

Following the special audit, the Certification Body is required to reinstate or withdraw the certificate within eighty (80) calendar days from the start of the decertification process, which is shorter than the timeframe specified in Rules section 8.5.

The auditor's recommendation and the technical reviewer's decision shall be based on one of the following recommendations regardless of whether the site's current performance status is **red**, **green**, or yellow:

a) reinstatement of the certificate where the accepted corrective action plan is found to be fully and effectively implemented.

b) reinstatement of the certificate in exceptional case(s) where:

- the implementation of corrective actions cannot be completed within the maximum of ninety (90) calendar days from the start of the decertification process due to "long lead" corrective action steps, and
    - when a "long lead" corrective action is identified, the CB auditor shall document details of the "long lead" correction action plan and containment in the CARA special audit report.
- an additional special audit is required to verify effective implementation of the "long lead" corrective action steps even though the site's certificate was reinstated.

Note: A client's corrective action plan submitted in the IATF CMS cannot be considered 100% resolved, as that term relates to nonconformities from regular audits. However, the term "long lead" corrective action steps can be considered equivalent to 100% resolved.

c) withdrawal of the certificate where the accepted corrective action plan is found to be not effectively implemented (even if the plan includes "long lead" corrective action steps).

Note: It is not acceptable to reinstate the certificate solely based on the customer-approved corrective action plan.

The Certification Body shall upload its decision to reinstate or withdraw the client's certificate and justification in the IAOB Hub prior to notifying the client. The IAOB will review the submission and may request a change to the decision.

If the decision is to reinstate the certificate due to exceptional circumstance mentioned in b) above, the Certification Body shall conduct another special audit, per Rules section 7.2 b), within ninety (90) calendar days from the closing meeting date of the previous special audit conducted as part of the decertification process. The Certification Body shall upload its decision regarding the certificate status in the IAOB Hub following the special audit and prior to notification to the client. The IAOB will review the submission and may request a change to the decision.

If a client is **red** **in the IATF KPI Hub** for six (6) consecutive months and has a valid certificate, the Certification Body shall conduct a special audit (onsite or remote) to review the relevant customer scorecard report(s) and if there have been any additional confirmed performance issues in subsequent months since the complaint was issued, the certificate shall be withdrawn. The withdrawal explanation shall include what in the quality management system is not effectively implemented.

The IAOB also reserves the right to request a review of any **red** supplier at any time regardless of the number of months in **red** status.

GM Yellow Suppliers

When the customer satisfaction information is published at the beginning of each month in the IATF KPI Hub, IAOB expects certification bodies to identify the GM suppliers rated yellow and determine if they have an audit coming up in the next 90 days. If so, download the information provided by GM as to the systemic QPR (Quality Performance Requirement) weakness in the supplier's quality management system.

This QPR systemic weakness(es) shall be provided to the CB auditor as input to audit planning.

These QPR weaknesses shall be considered as risks, according to Rules section 5.8.3, and prioritized during the audit. The CB CARA report shall clearly explain the investigation and its results.

If you have any questions, please contact Managing Director of Finance, IT, Auditor Development, and Red Supplier (dgage@iaob.org)

James Bruin
Executive Director, IAOB

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Managing Director, IAOB

Table of Recommended Trails to Follow in Red Supplier - Special Audits

Topic	Potential trails to consider determining the root cause of where the QMS failed resulting in the unacceptable performance
Investigation Scope	Identify areas in the organization where similar failure modes could occur. Do not focus on just the specific problems identified in the customer score cards or complaint(s). Look for the systemic issue in the QMS which permitted the unacceptable performance, do not just focus on the initial identified problems.
Corrective Actions	Review the problem statements for accuracy in describing the problem. Look at other complaints and related examples, selected based on risk to the customer, not suggested by the client, at least 3 samples for corrective action investigation, look for systemic issues, and full details for the history of the problem solving and corrective action process. Look for which process(es) failed in the QMS. An OEM acceptance of a corrective action is not sufficient to address the root cause of the QMS issues.
Read Across	Ensure use of read across of the permanent corrective actions to other lines, to other products, other sites, including corrections into QMS foundation documents – APQP, program management, control plans, FMEA, etc.
Validation of Implementation	Ensure the supplier used data to validate the permanent corrective action that was implemented eliminated the root cause of the problem and that the data collected was for a time appropriate for the problem (type, severity, duration, detection methods, etc.).
Interfaces	Focus on interface between remote support processes and production site (e.g., headquarters, Product / Process Design, Management Review, Supplier Management, etc.) using documents or outputs from the remote support locations used by that specific manufacturing plant.
Sustained Improvement	Look for senior management leadership driving a culture which ensures that permanent corrective actions are maintained over time, ensuring the long-term effects of improvement activities. There is always a root cause which led to the problem which leads back to a process within the control of the organization.
Internal Audits	Validate that the supplier is covering the same topics (interfaces, corrective actions, scope, read across, prevention of recurrence, etc.) in its internal audits to ensure effective problem solving and permanent corrective action implementation.
Prevention of Recurrence	Verify permanent corrective actions are effectively implemented for sustained prevention of recurrence using internal and external performance data and relevant update of control plans, FMEAs, APQP reporting, etc.
Standard Process	Look for standardized problem-solving and corrective action processes, as well as how permanent corrective action is integrated into the QMS and daily work instructions / processes, to ensure long-term prevention of recurrence.
Trails	Create audit trails from the information and data reviewed during the Risk-Based audit time, which was added to the beginning of the audit, and continue to follow the trails in the regular audit days.