

Australian Standard®

Quality system guidelines

**Part 10: Guide to
AS/NZS ISO 9001:1994
for the finance industry**

This Australian Standard was prepared by Committee QR/2, Quality of Service. It was approved on behalf of the Council of Standards Australia on 29 August 1997 and published on 5 November 1997.

The following interests are represented on Committee QR/2:

Australian Automobile Association
Australian Bankers Association
Australian Organization for Quality
Department of Defence
Electricity Supply Association of Australia
Federal Bureau of Consumer Affairs
Institution of Engineers Australia
Master Builders Australia
Metal Trades Industry Association of Australia
New Zealand Association of Certifying Bodies
Public Relations Institute of Australia
Quality in Law
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Sydney Water Corporation
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Additional interests participating in preparation of Standard:

Credit Unions
Building Societies
Banks
Quality consultants

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This Standard was issued in draft form for comment as DR 96518.

AS 3905.10—1997

Australian Standard[®]

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Part 10: Guide to AS/NZS ISO 9001:1994 for the finance industry

First published as AS 3905.10—1997.

PUBLISHED BY STANDARDS AUSTRALIA
(STANDARDS ASSOCIATION OF AUSTRALIA)
1 THE CRESCENT, HOMEBUSH, NSW 2140

ISBN 0 7337 1484 6
 **Documents**
Document Sharing Hub

PREFACE

This Standard was prepared by the Joint Standards Australia/Standards New Zealand Committee QR/2 on Quality of Service.

The objective of this Standard is to assist organizations in the finance industry to develop a quality system using language and examples relevant to the profession.

This Standard is the result of a consensus among Australian and New Zealand representatives on the Joint Committee to produce it as an Australian Standard.

This Standard includes the clauses of AS/NZS ISO 9001:1994, *Quality systems — Model for quality assurance in design, development, production, installation and servicing*, followed by guidance to each clause. Copies of other ISO Standards referred to within these Guidelines can be obtained from Standards Australia and Standards New Zealand.

The specific statutory and regulatory requirements that financial institutions are obliged to meet are not addressed directly in AS/NZS ISO 9001 or in this Standard. However, such requirements, where they are applicable, should be contained in written procedures and therefore should become an integral part of the quality system.

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CONTENTS

	<i>Page</i>
FOREWORD	4
INTRODUCTION	6
1 SCOPE	7
2 NORMATIVE REFERENCE	8
3 DEFINITIONS	9
4 QUALITY SYSTEM REQUIREMENTS	12
4.1 Management responsibility	12
4.2 Quality system	17
4.3 Contract review	21
4.4 Design control	24
4.5 Document and data control	31
4.6 Purchasing	34
4.7 Control of customer-supplied product	38
4.8 Product identification and traceability	40
4.9 Process control	41
4.10 Inspection and testing	43
4.11 Control of inspection, measuring and test equipment	46
4.12 Inspection and test status	48
4.13 Control of nonconforming product	49
4.14 Corrective and preventive action	51
4.15 Handling, storage, packaging, preservation and delivery	53
4.16 Control of quality records	56
4.17 Internal quality audits	58
4.18 Training	60
4.19 Servicing	61
4.20 Statistical techniques	62
Annex A Bibliography	63

FOREWORD

This Standard provides guidance on the interpretation and application of AS/NZS ISO 9001:1994, *Quality systems—Model for quality assurance in design, development, production, installation and servicing* and AS/NZS ISO 9002:1994, *Quality systems—Model for quality assurance in production, installation and servicing*, for a financial institution wishing to use either of these quality system Standards as a model for the organization's quality system.

It is aimed at those financial institutions providing a service to their customers of holding moneys on deposit or by way of investment, facilitating payment transactions, advancing money or credit by loans or other credit-based facilities, accepting defined forms of risk, or arranging loans, credit accommodations or capital raisings. However this should not deter organizations in the finance industry who consider they are outside this scope from using the document if they find it useful.

One of the key issues that any financial institution will need to consider in introducing a quality system is that of confidentiality. This issue is not specifically addressed by either AS/NZS ISO 9001 or AS/NZS ISO 9002. However it is probable that financial institutions will want to address this issue within their documented system. This may be in the form of a policy statement, within a procedure(s), or as part of a separate document. In relation to either Standard, the following Clauses may require some reference to confidentiality—

- 4.3 Contract review (i.e. dealing directly with customers);
- 4.7 Customer-supplied product (or information);
- 4.9 Process control (e.g. account management, conducting transactions);
- 4.15 Handling, storage, packaging, preservation, and delivery (of documents and data);
- 4.16 Control of quality records;
- 4.17 Internal quality audits;
- 4.18 Training (e.g. induction, Privacy Act).

Confidentiality may be considered from two aspects, internal and external.

Internal confidentiality

Customers of financial institutions are entitled to expect that confidentiality is being maintained in regard to their personal data and transactions. However it is generally accepted that, in order to test that adequate controls are in place, some internal verification activity takes place. This usually comprises of—

- financial audits, where qualified personnel verify compliance to technical standards; and
- quality assurance audits (as per AS/NZS ISO 9001 or AS/NZS ISO 9002, Clause 4.17), where trained personnel verify compliance to the financial institution's approved policies and procedures.

Both types of audits generally require some access to customer records for the purpose of testing for satisfactory compliance, however since these activities are conducted in-house, confidentiality issues and security clearances will usually be covered by normal operating practices and training.

External confidentiality

Financial audits by external parties will normally be conducted by qualified professionals (e.g. a Chartered Professional Accountant), who have been evaluated and appointed by executive management. It will be expected that their credentials will be supplemented by some form of signed confidentiality agreement which covers activities conducted on-site, and the security of records taken off-site for audit processing.

External quality assurance audits will be expected to be conducted by qualified quality auditors who are recognized by an accredited auditor certifying body (e.g. Quality Society of Australasia), and who are bound to observe confidentiality requirements established by that body's Code of Conduct. Similarly, certification organizations providing quality system auditors should be accredited by JAS-ANZ (Joint Accreditation Scheme — Australia and New Zealand), and may also proffer a declaration of confidentiality.

Quality system auditors will usually require some access to random customer records in order to sight evidence of compliance to procedures, however personal data will not be recorded, or records removed. (Financial institutions may wish to de-identify such records prior to identification by auditors).

In all cases, the parties must determine, and agree on, the levels of confidentiality that they find acceptable, having due regard for established codes and legislation, and the compliance requirements of quality Standards. (The provision of audit services may also be addressed by purchasing procedures).

Financial institutions should keep in mind that external audits are meant to be a positive event, designed to assure management and customers that things are indeed happening as they should.

STANDARDS AUSTRALIA

Australian Standard
Quality system guidelines

Part 10: Guide to AS/NZS ISO 9001:1994 for the finance industry

Introduction

This International Standard is one of three International Standards dealing with quality system requirements that can be used for external quality assurance purposes. The quality assurance models, set out in the three International Standards listed below, represent three distinct forms of quality system requirements suitable for the purpose of a supplier demonstrating its capability, and for the assessment of the capability of a supplier by external parties.

- a) ISO 9001, *Quality systems — Model for quality assurance in design, development, production, installation and servicing*
 - for use when conformance to specified requirements is to be assured by the supplier during design, development, production, installation and servicing.
- b) ISO 9002, *Quality systems — Model for quality assurance in production, installation and servicing*
 - for use when conformance to specified requirements is to be assured by the supplier during production, installation and servicing.
- c) ISO 9003, *Quality systems — Model for quality assurance in final inspection and test*
 - for use when conformance to specified requirements is to be assured by the supplier solely at final inspection and test.

It is emphasized that the quality system requirements specified in this International Standard, ISO 9002 and ISO 9003 are complementary (not alternative) to the technical (product) specified requirements. They specify requirements which determine what elements quality systems have to encompass, but it is not the purpose of these International Standards to enforce uniformity of quality systems. They are generic and independent of any specific industry or economic sector. The design and implementation of a quality system will be influenced by the varying needs of an organization, its particular objectives, the products and services supplied, and the processes and specific practices employed.

It is intended that these International Standards will be adopted in their present form, but on occasions they may need to be tailored by adding or deleting certain quality system requirements for specific contractual situations. ISO 9000-1 provides guidance on such tailoring as well as on selection of the appropriate quality assurance model, viz. ISO 9001, ISO 9002 or ISO 9003.

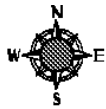
GUIDANCE

The Introduction references three Standards for quality systems, of which AS/NZS ISO 9001 and AS/NZS ISO 9002 are applicable to the finance industry. AS/NZS ISO 9001 provides for those organizations who are involved with the design of systems while AS/NZS ISO 9002 does not include the design requirement and caters for those organizations who provide financial services but do not design them.

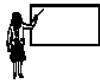
It is important to understand that the Standard specifies requirements that need to be addressed, but does not specify how these requirements are to be met. Each financial institution has the freedom to decide how to implement the requirements of the Standard in a manner that best suits its business operation methods. This is clearly stated in the Introduction.

The Introduction also references AS/NZS ISO 9000.1, *Quality management and quality assurance Standards, Part 1: Guidelines for selection and use*. This Standard includes advice on the tailoring of the quality system to meet an organization's operations. Tailoring includes acknowledging that one or more of the Clauses (see Clause 3) may not apply to a particular organization. Tailoring also includes acknowledging that only a portion of a Clause may apply. Some of the requirements of AS/NZS ISO 9001 may not be relevant in all financial institutions and individual financial institution may exclude one or more Clauses depending on the nature of their operations. It is important to realize exclusion should be based on non-applicability. The reasons for exclusion need to be clearly identified and not based on 'we do not want to do this.'

Four icons are used to identify the nature of the guidance as follows:



This icon indicates the **intent** of the clause relative to a financial institution.



This icon indicates the **explanation** of how the clause would apply in a financial institution.



This icon indicates **examples** of application.



This icon provides any relevant **notes**.

1 Scope

This International Standard specifies quality system requirements for use where a supplier's capability to design and supply conforming product needs to be demonstrated. The requirements specified are aimed primarily at achieving customer satisfaction by preventing nonconformity at all stages from design through to servicing.

This International Standard is applicable in situations when

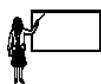
- a) design is required and the product requirements are stated principally in performance terms, or they need to be established, and
- b) confidence in product conformance can be attained by adequate demonstration of a supplier's capabilities in design, development, production, installation and servicing.

NOTE 1 For informative references, see annex A.

GUIDANCE



This Guide identifies what systems and operating methods a financial institution needs to have in place to ensure that the quality of the services it provides meets the expectations of customers.



A major key to providing a standard of service that consistently meets the customer's expectations lies in controlling the process that delivers the service. Accordingly, the focus of the Standard is the management system which supports the financial institution's business and business operations.

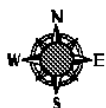
The Standard requires that the systems and methods be well-defined and documented. This enables a financial institution to demonstrate to its existing and potential customers that it possesses quality systems designed to enable it to deliver quality financial services. Any system must comply with the legislative or regulatory obligations of the financial institution. Where the requirements of this Standard conflict with any legislation, that legislation takes precedence.

2 Normative reference

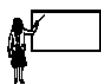
The following standard contains provisions which, through reference in this text, constitute provisions of this International Standard. At the time of publication, the edition indicated was valid. All standards are subject to revision, and parties to agreements based on this International Standard are encouraged to investigate the possibility of applying the most recent edition of the standard indicated below. Members of IEC and ISO maintain registers of currently valid International Standards.

ISO 8402:1994, *Quality management and quality assurance — Vocabulary*

GUIDANCE



The Standard referenced is the ISO Standard giving the internationally accepted definitions in quality management.



The only Standard referenced in this document is ISO 8402:1994, *Quality management and quality assurance—Vocabulary*. However, the following documents are referred to in this Guide:

AS/NZS ISO 9000.1:1994	Quality management and quality assurance standards Part 1: Guidelines for selection and use
AS/NZS ISO 9001:1994	Quality systems—Model for quality assurance in design, development, production, installation and servicing
AS/NZS ISO 9002:1994	Quality systems—Model for quality assurance in production, installation and servicing

3 Definitions

For the purposes of this International Standard, the definitions given in ISO 8402 and the following definitions apply.

3.1 product: Result of activities or processes.

NOTES

- 2 A product may include service, hardware, processed materials, software or a combination thereof.
- 3 A product can be tangible (e.g. assemblies or processed materials) or intangible (e.g. knowledge or concepts), or a combination thereof.
- 4 For the purposes of this International Standard, the term “product” applies to the intended product offering only and not to unintended “by-products” affecting the environment. This differs from the definition given in ISO 8402.

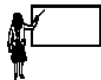
3.2 tender: Offer made by a supplier in response to an invitation to satisfy a contract award to provide product.

3.3 contract: Agreed requirements between a supplier and customer transmitted by any means.

GUIDANCE



The internationally accepted definitions for terms used in quality management systems are given in AS/NZS ISO 8402:1994, *Quality management and quality assurance—Vocabulary* (identical to ISO 8402).



For the purposes of these Guidelines, the following terms have been used to describe the activities, personnel or functions listed:

Financial institution

The term ‘financial institution’ is used to describe any of the various types of organizations in the finance industry to whom this Guide might be appropriate. It includes banks, credit unions, building societies, financial advisers. Where appropriate it also includes sub-groups, divisions, business units and sections within those organizations. It also applies to any other organization that is primarily involved in the financial services industry. However, this should not deter any organization from using the guidance provided if proves helpful. The term ‘financial institution’ is used throughout this Guide to replace the term ‘supplier’ used in AS/NZS ISO 9001.

Senior executive

The term ‘senior executive’ is primarily meant to identify those who have executive accountability and responsibility and may include managing director, director, general manager, manager, departmental head, chief executive and similar positions. It also includes owner-managers and sole traders, (such as investment advisers.)

Management

The term ‘management’ is used throughout to indicate where management decisions need to be made. It is applicable also to those parts of the Standard where action or decision by ‘management with executive responsibility’ is required. Each financial institution needs to decide for

itself how the term ‘management’ and the associated implications is to apply within its organization.

Product

The product(s) from a financial institution could be considered to be the provision of any discrete set of undertakings, facilities, or services, made available to customers which involve, as their central focus —

- holding money on deposit or by way of investment;
- facilitating payment transactions and other money transfers;
- advancing money or credit by way of loans or credit-based facilities;
- accepting defined forms of risk;
- arranging loans, credit accommodations, or capital raisings.

Examples of products include —

- holding money on deposit, or by way of investment, savings accounts, cheque accounts, term deposit accounts, investment fund accounts, or debentures;
- advancing money or credit by way of loans or other credit-based facilities, such a —
 - personal loans, home loans, property investment loans, business loans; and
 - overdraft facilities, hire purchase, financial leases, operating leases, sale/lease back transactions;
- facilitating payment transactions and other money transfers: credit card, merchant services, EFTPOS, letters of credit, foreign exchange dealings;
- accepting defined forms of risk: general, life, loan, and property insurance policies;
- arranging loans, credit accommodations, or capital raisings, e.g. syndicated loans, leveraged leases, swap transactions.

Customer

The person or organization to whom the financial institution has agreed to provide a service. Some financial institutions may refer to a customer as a client or member. The term ‘customer’ is intended to include these also. The term may also be used to describe ‘internal’ customers within an organization, e.g. a section or division which receives a service or input from another section or division.

Quality policy

The overall quality intentions and directions of a financial institution regarding quality as formally expressed by its management.

Quality system	The organizational structure, responsibilities, authorities, procedures, processes and resources for implementing quality management.
Quality plan	The written document or documents which sets out the procedures, resources and activities a financial institution will need to consider in implementing a particular service.
Employees	This term is used throughout the document to describe people within the financial institution. As appropriate in the context, the term can mean any or all of the financial institution's employees.
Provider	This term is used throughout the Guide to indicate those organizations from whom the financial institution obtains services and supplies. 'Provider' is used to replace the term 'subcontractor' used in AS/NZS ISO 9001.

It may be more efficient for a financial institution to use its own terminology rather than change it to what is used in the Standard. In this case, the terminology or definitions as used by the financial institution should be referenced in the quality assurance manual (see Clause 4.2).



NOTE: Throughout this Guide, 'should', 'can' and 'may' are used to recommend or suggest a course of action. They are never used to indicate a requirement that must be followed.

4 Quality system requirements

4.1 Management responsibility

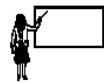
4.1.1 Quality policy

The supplier's management with executive responsibility shall define and document its policy for quality, including objectives for quality and its commitment to quality. The quality policy shall be relevant to the supplier's organizational goals and the expectations and needs of its customers. The supplier shall ensure that this policy is understood, implemented and maintained at all levels of the organization.

GUIDANCE



The highest level of the financial institution's management has the responsibility for producing a statement formally committing the financial institution to a quality policy. It also has the responsibility for ensuring the policy is implemented.



It is important that senior management ensures that the quality policy flows from and is an integral part of the financial institution's overall policies and objectives and is consistent with other statements concerning the financial institution's intended directions, such as statements of mission and future vision.

It is management's responsibility to ensure that the quality policy statement is communicated to all employees. It helps if the quality policy is expressed in simple, easy to understand words. This approach makes it easier for employees to be aware of the implications of the quality policy statement and what is expected of them. Clear, achievable quality objectives also assist employees to identify with the policy.

Simply signing a quality policy statement and displaying it on the wall does not really constitute 'commitment to quality' or 'communicating the policy to employees'. Positive approaches such as training or briefing sessions, or involvement of employees in the evolution and implementation of the quality system might be used.

A senior executive should update the quality policy, as appropriate, to meet changes in the financial institution's activities, organization or external factors.



The quality policy may include any or all of the following, as appropriate:

- The importance of quality and the financial institution's commitment to delivery of quality service to its customers.
- Quality objectives and how it is intended that these are to be measured.
- The image and reputation the financial institution wants to present.
- The roles and relationships of employees and any work areas associated with the quality policy.

4.1.2 Organization

4.1.2.1 Responsibility and authority

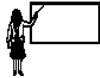
The responsibility, authority and the interrelation of personnel who manage, perform and verify work affecting quality shall be defined and documented, particularly for personnel who need the organizational freedom and authority to:

- a) initiate action to prevent the occurrence of any nonconformities relating to the product, process and quality system;
- b) identify and record any problems relating to the product, process and quality system;
- c) initiate, recommend or provide solutions through designated channels;
- d) verify the implementation of solutions;
- e) control further processing, delivery or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.

GUIDANCE



Management needs to establish the responsibilities and authorities of all employees involved in the quality of the financial services provided.



The financial institution will need to consider who should have the principal responsibility for quality matters (see also Clause 4.1.2.3). The roles of other employees in quality issues should also be set out.

Responsibilities and authorities can also be set out in procedures, but this approach does not necessarily give each individual ready access to the overall responsibilities and authorities of their job.

Responsibilities can be described as ‘what the employee is required to do’.

Authorities can be considered as what decisions the employee is allowed to make. Some financial institutions may use the term ‘empowerment’ to describe the allocation of ‘authorities’.

For example, an employee whose responsibility is to deal with telephone enquiries and complaints, may have the authority to make instant decisions regarding certain types of complaints and provide the customer with the appropriate solution.

Management may consider the use of organizational charts or job descriptions, or a combination of both, to record this information. Organizational charts are useful in that reporting links can also be included but financial institutions should note that many processes cross the boundaries of individual organizational units and the need may arise for defining process responsibilities more widely.

A ‘responsibility matrix’ (showing steps in the process against the roles of various positions) can be a helpful device in these circumstances. Such a matrix can also be of help in delineating between responsibilities, accountabilities and authorities.

It should be noted that this element applies to virtually all employees who work within the scope of the prescribed quality system as there will be very few persons whose work does not affect quality, either directly or indirectly. The description of authorities and responsibilities should address the requirements of AS/NZS ISO 9001, Clause 4.1.2.1, Items (a) to (e). Broadly this means that employees need to know what they should do to —

- identify services that do not meet the financial institution's defined quality standards;
- record details of any quality problems for further analysis by the financial institution;
- determine how to solve quality problems and prevent future occurrences;
- check to ensure that problems have, in fact, been fixed;
- contribute to identifying opportunities to either improve the quality of the financial institution's service or improve the efficiency with which the financial institution prepares and delivers service.

The financial institution will also need to consider who has the authority to carry out the actions described in AS/NZS ISO 9001 Clause 4.1.2.1(e).



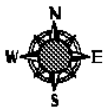
Job descriptions may include the following:

- The scope of the work covered by the position.
- The responsibilities of an incumbent in the position covering activities and levels of interaction with the customer.
- The limits of authority associated with the position.
- The minimum training/education/qualification required for the position.

4.1.2.2 Resources

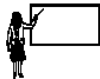
The supplier shall identify resource requirements, provide adequate resources, including the assignment of trained personnel (see 4.18) for management, performance of work and verification activities including internal quality audits.

GUIDANCE



The financial institution will need to undertake an analysis of all its resources to establish that it has the human and physical resources needed to achieve its quality objectives. These resources should include employees, equipment, systems, library facilities, reference materials and codes of practice.

It should be noted that under today's conditions many financial institutions may have included a number of quality objectives or business requirements where the associated work is best managed as a project. It is important to identify such project work and estimate its resource requirement via some appropriate procedure.



Employees will need sufficient resources (money, time and equipment) to do their job. They will need suitable training for the work they perform, whether it is of a repetitive or a project nature. Part of this training should be related to the internal audit requirements of Clause 4.17.

4.1.2.3 Management representative

The supplier's management with executive responsibility shall appoint a member of the supplier's own management who, irrespective of other responsibilities, shall have defined authority for

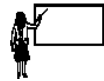
- a) ensuring that a quality system is established, implemented and maintained in accordance with this International Standard, and
- b) reporting on the performance of the quality system to the supplier's management for review and as a basis for improvement of the quality system.

NOTE 5 The responsibility of a management representative may also include liaison with external parties on matters relating to the supplier's quality system.

GUIDANCE



One person in the financial institution, preferably a senior executive, needs to have the overall responsibility and authority to establish, implement and maintain the quality system.



The person may carry a title such as 'quality manager' or 'quality coordinator'. (If that person is not a senior executive of the financial institution, then reporting for the quality function should be directed to a senior executive.)

Some financial institutions may use a team or committee to control the functions required here. In such cases, the team leader or committee chairperson would normally fill that role.

Some organizations make the mistake of considering that the management representative is responsible for quality of the institution's products or services. The management representative's authority is clearly defined with respect to the quality system. The quality of the product is determined by those employees who actually make the product or provide the service.

Where the management representative has other responsibilities besides quality, the freedom referred to in the Standard only applies when acting in a quality capacity. The responsibilities and authorities for other duties are as defined by the financial institution.

A most important responsibility of the management representative is to report on the performance of the quality system to the management review committee. This can provide the basis for quality improvement programmes, such as Total Quality Management.

4.1.3 Management review

The supplier's management with executive responsibility shall review the quality system at defined intervals sufficient to ensure its continuing suitability and effectiveness in satisfying the requirements of this International Standard and the supplier's stated quality policy and objectives (see 4.1.1). Records of such reviews shall be maintained (see 4.16).

GUIDANCE



Executive management should review the quality system at regular intervals and at least once a year to ensure that it is still suitable and effective in satisfying the requirements of the Standard and the financial institution's objectives.



Management should decide the frequency of such reviews and how they should be conducted. The review could be either by the financial institution's management or by a review panel reporting to the management. It is not necessary that the management review be a separate meeting. The review can be combined with, or made part of, any existing meeting structure.

Depending on the way a financial institution operates, some aspects of the quality system may be reviewed more frequently than others. For example, it can be advantageous to conduct reviews at two levels. The first level is the 'reactive' level, where all the issues are dealt with which emerge during the normal course, such as —

- reviewing reports of nonconformances and associated corrective action;
- anticipating future problems and taking preventive action;
- reviewing and responding to comments from by internal and external auditors;
- reviewing performance against stated objectives.

The second is the 'proactive' level, where the issue addressed is the fundamental one of whether the quality system is succeeding in its basic aim of improving business performance, in particular as expressed in the financial institutions quality policy and the quality objectives which may support it. The input from the management representative (see Clause 4.1.2.3) is particularly relevant to this part of the management review. However, management should seek relevant input from all employees.

It may be found desirable to separate the occasions on which these two levels of review are conducted, in a manner similar to the separation of strategic and operational reviews.

Management reviews may identify the need for modifications to the quality system or additional or changed resources. They should, in any event, look to the future and identify how the products and services provided by the financial institution can be improved.

The records of such reviews should show what (if any) actions were considered necessary, who was responsible for implementing the changes and the completion date. The effectiveness of such actions should be examined during subsequent reviews.

4.2 Quality system

4.2.1 General

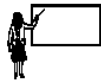
The supplier shall establish, document and maintain a quality system as a means of ensuring that product conforms to specified requirements. The supplier shall prepare a quality manual covering the requirements of this International Standard. The quality manual shall include or make reference to the quality system procedures and outline the structure of the documentation used in the quality system.

NOTE 6 Guidance on quality manuals is given in ISO 10013.

GUIDANCE



The financial institution needs to ensure that its quality system is established, adequately documented, and maintained. This means that all the activities described in the management system are being carried out by the assigned employees, and that defined records are being kept.



The Standard requires that a financial institution has a quality manual. However there is no set format for a quality manual.

There is also no requirement on the medium in which the quality manual or any other documentation is provided. It can be in hard copy or electronic. The decision on format and medium is one for the financial institution and should be based on what best suits its methods of operation.

The quality manual could be quite simple, containing the quality policy, an outline of the quality system and reference to where other documents such as procedures, training manuals and reference documents might be found. Alternatively, the quality manual could contain the detailed procedures.

Although the creation of a quality manual (and associated procedures) is often useful, some financial institutions may already have documents which fulfil the intent of the Standard. In which case, these may be presented as the quality system documentation, perhaps with only minor clarifications.

Some financial institutions may find that a tiered document structure suits their business methods. The first tier is the quality manual, the next contains the operating procedures (see Clause 4.2.2), and the next, the detailed work instructions, forms, records and similar type documents. It is important to show how external documents interface with the system e.g. any statutory or regulatory codes, etc.



The quality manual (or equivalent document) will normally contain the high level policies for each element of the Standard determined by executive management. It needs to describe the structure (or tiers) of the documentation, and should also provide adequate cross-referencing to any applicable procedures, work instructions and forms.

4.2.2 Quality system procedures

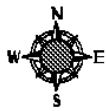
The supplier shall

- a) prepare documented procedures consistent with the requirements of this International Standard and the supplier's stated quality policy, and
- b) effectively implement the quality system and its documented procedures.

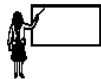
For the purposes of this International Standard, the range and detail of the procedures that form part of the quality system shall be dependent upon the complexity of the work, the methods used, and the skills and training needed by personnel involved in carrying out the activity.

NOTE 7 Documented procedures may make reference to work instructions that define how an activity is performed.

GUIDANCE



The financial institution needs to have in place documented procedures which describe how the defined policies and activities of the organization are carried out.



The procedures may describe —

- the purpose and scope of the procedure;
- the employees involved;
- the steps to be taken (i.e. actions);
- the records (if any) that result.

As a rule, procedures should be brief (point form, flow diagrams and similar may be used) and written in plain language. Should extra detail be required (possibly to assist in training), consider capturing this in supplementary procedures or documents referenced from the procedure; e.g. entering data to a computer screen.

Where procedures are described in existing manuals, and these were under adequate document control, there is normally no need to repeat them. They can simply be identified and referenced.



The amount of detail contained in a procedure will be dependent on the training and experience of the employees involved.

For example, the procedure for checking the daily teller balance would not normally cover counting of cash, but would describe the process of recording the amounts, and actions taken in the event of a non-balance. It is important not to be unnecessarily specific within a procedure. Rather than say 'vouchers will be passed to the Supervisor at 10 am each Monday', it might be more practical to say 'vouchers will be passed to the Supervisor on the morning of the first working day of each week'. (Although slightly longer, it is more likely to reflect what actually happens).