**Document approval**

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# Purpose

The purpose of this Standard Operating Procedure (SOP) is to define the procedure for carrying out Internal Audits in various Departments at Grau Pharma GmbH and external Audits of suppliers, customers, providers.

# Scope

This SOP is valid at Grau Pharma GmbH for the whole Organization. The respective training shall be given in accordance with SOP-10 Training Management.

# Responsibilities

Responsible for the content of this SOP is Managing Director Tradelaw

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| **Role** | **Definition/Task** |
| Auditee | * informs relevant employees about the objective and agenda of the Audit * appoints responsible person of staff to accompany Audit Team * provides all resources needed for the Audit Team in order to ensure an effective and efficient Audit process * provides access to the facilities and evidential material as requested by the Auditors * cooperates with the Auditors to permit the audit objectives to achieve * determines and initiates core action based on the audit findings * ensures compliance in proper way * reviews Deviation and Nonconformity Notifications * investigates detected Nonconformities * initiates, prepares, submits CAPA Requests related to Nonconformities. Acts as CAPA Owner. |
| Auditor | * plans and carries out Audit * collects evidence and gathers information * prepares, approves Audit Plans, Audit Reports, * prepares Deviation and Nonconformity Notifications |
| Quality Organization | * prepares Internal Audits Programmes, External Audits Programmes * maintains Auditors List * assigns Auditors for particular Audits |
| Managing Director Tradelaw | * approves initial Internal Audits Programmes, External Audits Programmes and any further changes and amendments. * appoints and approves permanent Grau Pharma GmbH’s Auditors * keeps Audits related records |

# Definitions, terms, and abbreviations

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| **Term/abbreviation** | **Definition at Grau Pharma GmbH** |
| Audit | Systematic, independent, and documented process for obtaining Audit evidence and evaluating it objectively to determine the extent to which Audit criteria are fulfilled (e.g., regulation requirements, internal standards, etc.). |
| Audit Conclusion | Outcome of an Audit, after consideration of the Audit objectives and all Audit Findings |
| Audit Criteria | Set of policies, procedures or requirements used as a reference against which objective evidence is compared. |
| Audit Findings | Results of the evaluation of the collected audit evidence against audit criteria.  Audit Findings indicate Conformity or Nonconformity. |
| Audit Evidence | Records, statements of facts or other information, which are relevant to the audit criteria and verifiable. |
| Audit Team | One or more persons conducting an Audit, supported if needed by technical experts. |
| Audit Scope | Extent and boundaries of an Audit. |
| Auditee | Organization / Department being audited. |
| Auditor | A person who has the technical qualification, the experience, and trained to perform Audits. |
| External Audit | An audit in which the audited party is a supplier of services or materials. |
| Internal Audit (Self- Inspection) | Internal audit or First party audit is used as an onsite verification to determine the effectiveness of QMS implementation.  The organization is controlling its own processes. |
| Subject matter expert (SME) | A professional who has advanced knowledge in a specific field and can provide guidance and strategy. |

# Workflow

## General

An Audit is a tool for:

* current operations/products/services risk level measuring,
* compliance verification with external and internal industry standards, applicable regulatory GDP requirements,
* level of compliance measuring of material and services suppliers according to Grau Pharma GmbH’s standards, requirements, and bilateral agreements,
* making decisions on cooperation with suppliers, customers, and services providers,
* investigations of Deviations, other nonconformities related to Products, Services,
* a systemic examination of QMS and related processes,
* for compliance verification with applicable regulatory GDP requirements,
* for determination the effectiveness in meeting specified objectives.

All involved personal is responsible for ensuring appropriate handling of Audit process flow.  
Audits Management process flow is described on ***Figure 1.***

***Figure 1:*** ***Audits Management Process***

### Auditing resources

Managing Director Tradelaw appoints and approves permanent Grau Pharma GmbH’s Auditors consisting of SMEs in their respective areas. The members of the Audit Team may be appointed from inside the company, or get support from an external source (e.g., 3rd party Auditor) on behalf of the business.

The assigned Audit Team consists of independent, experienced, trained company employees who can objectively verify the implementation of the developed methodologies and procedures.

Quality Organization maintains **Auditors List** according to **Auditors List Form.**

Auditors shall be selected on the basis of following criteria:

* Candidate shall have relevant knowledge and auditing skills
* Candidate shall be SME in certain area
* Candidate is aware of the Audit procedure and has Audits participating experience (as Auditor, Auditee, Observer)

Annual training program for these persons shall be adjusted according to their auditing roles in Grau Pharma GmbH accordingly.

## Planning

### Internal Audits

Quality Organization prepares **Internal Audits Programme** annually covering all Departments according to **Internal Audits Programme Form**. Each Department shall be audited frequently, at least annually. The vertical and horizontal approach shall be applied for Internal Audits planning.

Managing Director Tradelaw approves initial **Internal Audits Programme** and any further changes and amendments.

#### Horizontal audit approach

This approach can be applied in case of any unforeseen circumstances (Investigations, Recalls, Deviations, Nonconformities, Complaints). This type of audit is unplanned, i.e., it is not included in the annual schedule.

Examples:

1. When the Quality event occurs, an Internal Audit shall be carried out as part of the investigation. This type of audit is called “for-cause-audit".
2. The company received a comment during the GDP inspection about an unsatisfactory training program. As part of the Investigation and CAPA, such training activities are audited in all departments.

#### Vertical audit approach

A vertical audit approach is chosen for various activities within a particular Department. For example, a scheduled audit is executed at the warehouse following the vertical approach.

During this type of Audit, all particular activity sections related to Department’s responsibility are evaluated. This case may include, but is not limited to

* Auditee Department structure,
* GDP compliance,
* Access management,
* Area controls (e.g., temperature and humidity controls)
* Training and safety
* Data integrity

Regular Internal Audits per schedule follow the vertical approach according to **Internal Audits Programme**. This approach may be used complementarily, or based on an event, Complaint, Audit Observations, Deviations, Nonconformities, and repetitive failures.

### External Audits

Quality Organization prepares **External Audits Programme** annually covering all Departments according to **External Audits Programme Form**.

When planning external audits, the following factors should be considered:

* approved CAPA actions as a result of investigations or risk assessments
* established frequency of re-audits
* planned changes in suppliers of materials or services (new or revision of existing ones)
* availability and willingness of the supplier to accept the audit
* available resources (Auditors)

Managing Director Tradelaw approves initial **External Audits Programme** and any further changes and amendments.

## Initiation

### Internal Audits

Two weeks before planned Internal Audit period Quality Organization assigns approved Auditors for Internal Audit listed on currently valid version of Auditors List.

**Note: Auditors must be selected exclusively from other departments to avoid conflicts of interest.**

Quality Organization notifies assigned Auditors, who shall define the scope, purpose and objects of Internal Audit and auditing criteria.

Auditors confirm their participation, request internal Auditee provide and confirm appropriate Auditing period (exact Internal Audit dates).

### External Audits

One month before the planned External Audit period Quality Organization assigns Auditors for External Audit listed on currently valid version of Auditors List. Notifies assigned Auditors, who shall define the scope, purpose and objects of External Audit and auditing criteria.

Auditors confirm their participation, contact, negotiate, request internal Auditee provide and confirm appropriate Auditing period (exact External Audit dates). Provides Auditee with detailed **Audit Plan** according to **Audit Plan Form**.

In case of disagreement or other circumstances, the Auditors escalate the Issue to Quality Organization to resolve it.

### Deviations from the annual Audits programme

An Internal or External Audit can be expedited or postponed in the following situations:

* The Internal Audit area is under shutdown during planned period of Audit.
* For the proposed period a regulatory Audit is scheduled.
* Proposed period is inconvenient to Auditee due to other commitments.
* Auditee Key person cannot attend the Audit on the preplanned date.

Advancing or postponing Audit dates in such cases shall be done only upon approval of Quality Organization representative. Internal Audit can be postponed by one month. For an External Audit, longer deviations are possible depending on reasons and circumstances that cannot be influenced.

## Preparation

Auditors prepare and approve **Audit Plan** according to **Audit Plan Form** and provide Auditee and Quality Organization with it one week prior to the Internal Audit Date.

In case of External Audits, this period may be extended according to the requirement of the Auditee or respective approved/reached mutual agreements.

**Audit Plan** contains the following details:

* Auditee,
* Audit Date,
* Audit Purpose,
* Audit Scope,
* Audit Criteria,
* Audit Agenda
* Audit Team’s approval

## Execution

Audit shall start with an opening meeting between Audit team and selected representatives of the Auditee. Opening meeting shall contain the explanation of the Audit purpose, agenda, scope and criteria which will be followed.

During the Audit Auditors shall cover all related areas, processes, and systems, and ensure that Audit Agenda and Plan are being followed.

Auditors shall:

* be free from bias and influences, which could affect objectivity
* report critical Nonconformity to the Auditee immediately after Discovery
* remain within the Audit Agenda
* exercise objectivity. As far as possible objective evidence shall be collected
* provide evidence for traceability of Audit Findings of Nonconformity, mention the details such as product name, batch no., reference document no., page no., line no., date, name of the person

Evidence shall be collected through interviews, examination of documents, and observation of activities and conditions in the areas of concern.

Clues suggesting Nonconformity are recorded, including those not explicitly outlined in any documents, instructions, or SOPs. Such clues can indicate systemic issues and should be investigated further.

In case of uncertainty, information gathered through interviews shall be cross-checked by verifying the same information from other sources, such as physical observation, measurements, and records.

At the end of the Audit, in the closing meeting, Auditor(s) shall discuss with the Auditee Audit’s Findings, areas of concern, and areas for improvement in presence of all concerned personnel.

### Nonconformity notification

If any Nonconformities were found during the Audit. Auditor Team shall issue **Deviation and Nonconformity Notification record** in accordance with **SOP-06 Deviation and Nonconformity Management,** according to which the Auditor becomes an observer and initiator of the Nonconformity.

In closing meeting, Auditor Team notifies Auditee about discovered and confirmed Nonconformity.

Auditee reviews, provides comments and explanations, signs the **Deviation and Nonconformity Notification record**.

After Audit Auditors submit **Deviation and Nonconformity Notification** record to Quality Organization for further investigation and appropriate CAPA measurements implementation according to **SOP-06 Deviation and Nonconformity Management.**

Quality Organization assigns the Investigators roles to Auditors, Auditee’s representatives and any other impacted Departments representatives. Auditee’s representative shall be assigned as the CAPA Owner according to **SOP-07 CAPA Management**, if the Nonconformity does not go beyond the responsibility of the Auditee.

In other cases, Quality Organization determines the CAPA Owner based on Nonconformity nature and affected areas.

For External Audits the investigation shall cover at least previously received/dispatched Products or services and their potential impact. Quality Organization becomes a CAPA Owner for CAPA measurements related to external Nonconformities.

In this case, CAPA Owner accepts, monitors execution progress, monitors efficiency for CAPA measurements related to External Audits Nonconformities.

If it is not possible to check the effectiveness of CAPA measures taken after completion of their implementation, such effectiveness monitoring shall be carried out during the next or preplanned

Follow-up Audit.

## Reporting and Closure

Not later than two weeks after the end of the Audit, Auditor Team prepares **Audit Report** according to **Audit Report Form**.

Audit Report shall include:

* Auditee details
* Audit Date
* Audit Purpose
* Audit Scope
* Audit Criteria
* Introduction (description of Auditee, previous Audits results, CAPAs implementation status)
* Audited areas description, evaluation, related findings, provided evidences
* Audit Findings (description, assigned Nonconformities DNRNs and classification, Audit Criterias)
* Identification of opportunities for improvement
* Audit Conclusion

**Audit Report** shall be signed by all Auditors and approved by Quality Organization representative.

## Documentation

Quality Organization keeps all Audits related records in respective audits files of suppliers and internal departments according to SOP-14 Archiving. Other records related to Nonconformities investigations and CAPA measures implementation handled according to respective procedures.

# Applicable documents

MD-01 Quality Manual

SOP-01 Documentation Management

SOP-06 Deviation and Nonconformity Management

SOP-07 CAPA Management

SOP-09 Quality Risk Management

SOP-10 Training Management

SOP-11 Complaints and Recalls Management

SOP-12 Suppliers, Customers Management

# Appendices

The following appendices are integral part of this SOP:

Appendix Internal Audits Programme Form

Appendix External Audits Programme Form

Appendix Auditors List Form

Appendix Audit Plan Form

Appendix Audit Report Form

# Document revision history

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| **Version** | **Valid from** | **Description of the revision** | **Reason for the revision** |
| 1 | See header | Document created | QMS implementation |