

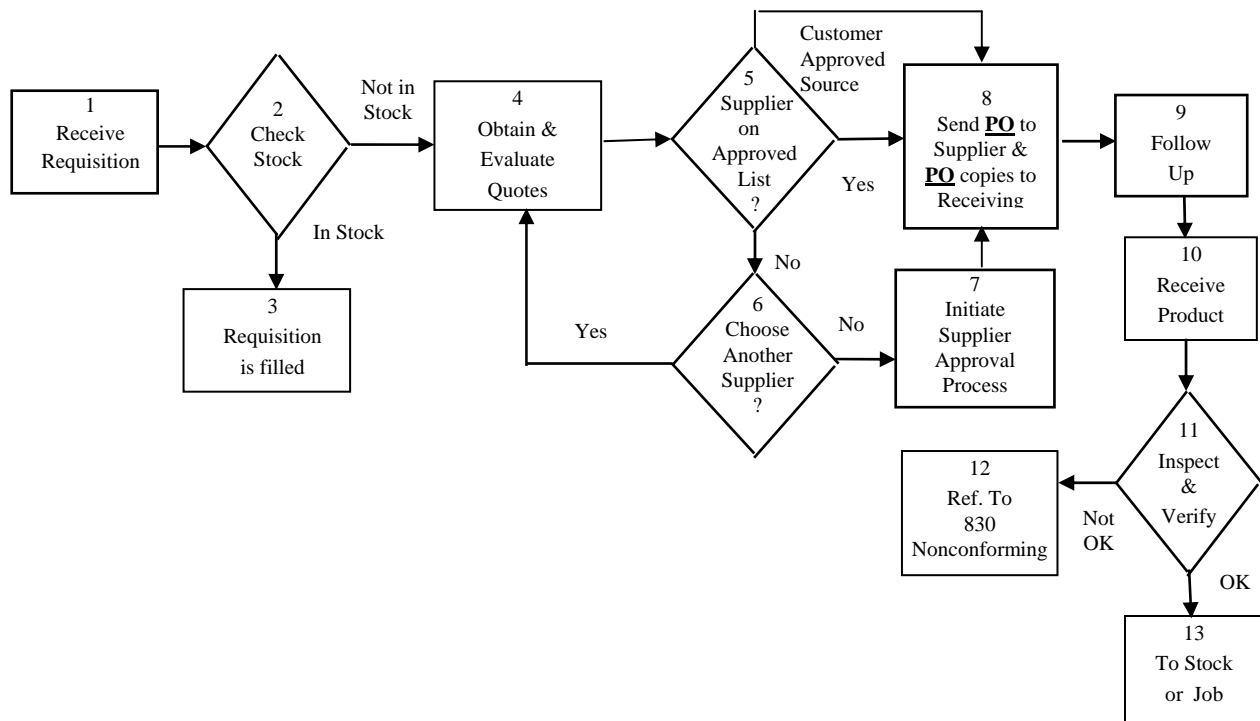
740 PURCHASING

741 Purchasing Policy

In order to ensure that purchased product conforms to requirements, the following process for approved supplier selection and rating, purchasing specifications; and receipt and verification of material is used. (*Company*) is responsible for the adequacy of vendors' supplied materials, following up with orders to maintain delivery dates, and determining and maintaining appropriate stock levels. If material is rejected the Nonconforming Product process is used (ref. 830).

742 Purchasing Procedure

The flowchart is keyed numerically to the procedure. Forms/Records are in bold and underlined in the task section.



Responsibility	Task
	Purchasing Process (Ref. ISO 7.4.1)
1. Purchasing Department	<p>Receives a request for materials (i.e. job requirements, tooling, or shop supplies). Typically in the form of: (<i>Examples</i>)</p> <ul style="list-style-type: none"> • <i>A handwritten list</i> • <i>A Pick-List</i> • <i>Verbal request</i> • <i>Shop Traveler</i> <p>If materials must be purchased a Requisition is issued. <i>This step may include a make or buy decision.</i></p>



Responsibility	Task
	<i>Note: A more formal requisition approval process could include a review for appropriate authorization of the requisition, i.e. by the department head.</i>
2. Purchasing	Checks stock for availability.
3. Purchasing	If the requested material is in stock, the requisition is filled.
4. Purchasing	Requests and evaluates quotes and delivery dates as needed.
5. Purchasing	<p>The Supplier may be:</p> <ul style="list-style-type: none"> • On the <u>Approved Supplier List</u> • Not on the <u>Approved Supplier List</u> (conditional), or • A Customer approved source. <p>Maintains the Approved <u>Supplier List</u>. Approved Supplier criteria (one or more of these):</p> <ul style="list-style-type: none"> • Quality • Historical experience • Supplier Survey • Sole Source • Availability • Delivery • Pricing • Customer approved supplier <p>Approved Suppliers may be removed from list based on actual performance. Where (<i>Company</i>) or its Customers intend to perform verification at the supplier’s location, the arrangements for this process and the terms for the release of the product are defined, communicated and accepted by the supplier.</p> <p>Review of Supplier Performance: <i>Example:</i></p> <p><i>Supplier performance is typically reviewed annually using a <u>Supplier Rating</u> form or equivalent. The review is typically limited to 20% of Suppliers that provide approximately 80% of purchased material. Ratings may be calculated for delivery, quality, etc. for these suppliers and considered in Management Review. This rating could be used:</i></p> <ul style="list-style-type: none"> • <i>Accepted – Supplier has no outstanding issues enabling full and complete accessibility to supplier’s product line(s).</i> • <i>Conditional – Supplier has outstanding issues and is on “watch”. Supplier has product line(s) that have been found to be unacceptable with late delivers and/or quality issues.</i> • <i>Unacceptable – Supplier has been found to have defective/non-</i>



Responsibility	Task
	<p><i>conforming product / late deliveries.</i></p> <p><i>Criteria to become “unacceptable:</i></p> <ol style="list-style-type: none"> <i>1. Late delivery that has affected Customer Service</i> <i>2. Quality issues that have affected Customer Service</i> <i>3. Quality issues that have increased costs.</i> <p><u>Supplier notification</u> records of unacceptable performance/material are maintained.</p>
6. Purchasing	<p>If the Supplier is not a Customer approved source, or on (<i>Company’s</i>) <u>Approved Supplier List</u>, another supplier may be chosen and the quote process started again.</p>
7. Purchasing	<p>If (<i>Company</i>) decides to continue with this Supplier, the Supplier approval process is initiated.</p> <p>Adds the new supplier to the <u>Approved Supplier List</u> as conditional. Maintains the <u>Approved Supplier List</u> and the <u>Supplier Approval Checklist</u> with supplier records, updating on a (periodic) basis and completing appropriate supplier performance reviews and recording the <u>Supplier Ratings</u>.</p> <p><i>Note: The Supplier Approval Checklist can provide evidence that you reviewed the supplier’s capabilities.</i></p>
	<p>Purchasing Information (Ref. ISO 7.4.2)</p>
8. Purchasing	<p>Send a <u>Purchase Order (PO)</u> to the Supplier describing the product to be purchased and any necessary requirements. Other flow-down requirements are added as required. If <i>Company</i> or the customer intends to perform verification at the supplier’s; notification is given with the <u>PO</u>.</p> <p>If the Supplier is a Customer approved source, a (<u>PO</u>) is sent them and a <u>Supplier Approval Checklist</u> is completed as appropriate.</p> <p>The <u>PO</u> is reviewed and approved as appropriate to ensure the adequacy of specified purchase requirements.</p> <p>Copies of the <u>PO</u> are sent to Receiving.</p>
9. Purchasing	<p>Follows up on open Purchase Orders.</p>
	<p>Verification of Purchased Product (Ref. ISO 7.4.3)</p>
10. Receiving Dept.	<p>Receives the product.</p>
11. Receiving Inspection	<p>Verifies and inspects the products and certifications, ensuring it meets specified purchase requirements and records <u>Inspection Results</u>.</p>

 AEM	Authority:	Date: November 6, 2009
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Responsibility	Task
12. Quality / Purchasing Department	Any nonconforming material is subject to the 830 Nonconforming Product process.
13. Stock Room	If all parts received are correct, the parts are stocked or sent to the job.

743 Documentation Summary

Non-Controlled Documents
NA

Controlled Document	Date	Revision
Purchase Order		
Supplier Approval Checklist		
Supplier Rating		

Quality Records	Retention	Location	Filed
Approved Supplier List			
Inspection Results			
Purchase Order			
Supplier Approval Checklist			
Supplier Rating			
Supplier Notifications			