
CLOVER MACHINE AND MFG.

800 MATHEW ST. #101
SANTA CLARA, CA 95050
727-3380
727-7015 fax

REVISION:

DATE:

PAGE 1 OF 45

QUALITY POLICY MANUAL

DISTRIBUTION LIST:

| | | | |
|--------------------|-----|-------------------------|-----|
| President | ___ | Purchasing Manager | ___ |
| Vice President | ___ | Shipping Manager | ___ |
| Director of Sales | ___ | Shop Floor Supervisor | ___ |
| Production Control | ___ | Quality Control Manager | ___ |

UNCONTROLLED COPY
FOR REFERENCE ONLY

COPY #: _____

TABLE OF CONTENTS

Page 2 of 44

| <u>REQUIERMENT</u> | <u>PAGE</u> |
|--|--------------------|
| 1 Scope | 6 |
| 2 Normative Reference | 7 |
| 3 Terms and Definitions | 8 |
| <u>4 Quality Management System</u> (Title Page) | 9 |
| 4.1 General Requirements | 11 |
| 4.2 Documentation Requirements | 12 |
| 4.2.2 Quality Manual | 13 |
| 4.2.3 Control of Documents | 14 |
| 4.2.4 Control of Quality Records | 15 |
| <u>5 Management Responsibility</u> (Title Page) | 16 |
| 5.1 Management Commitment | 17 |
| 5.2 Customer Focus | 18 |
| 5.3 Quality Policy | 19 |
| 5.4 Planning | 20 |
| 5.4.1 Quality Objectives | 20 |
| 5.4.2 Quality Management System Planning | 20 |
| 5.5 Responsibility, Authority and Communication | 21 |
| 5.5.1 Responsibility and Authority | 21 |
| 5.5.2 Management Representative | 21 |
| 5.5.3 Internal Communication | 22 |
| 5.6 Management Review | 23 |
| 5.6.1 General | 23 |
| 5.6.2 Review Input | 23 |
| 5.6.3 Review Output | 23 |
| Organization Chart | 24 |
| <u>6 Resource Management</u> (Title Page) | 25 |
| 6.1 Provision of Resources | 26 |
| 6.2 Human Resources | 27 |
| 6.2.1 General | 27 |
| 6.2.2 Competence, Awareness and Training | 27 |
| 6.3 Infrastructure | 28 |
| 6.4 Work Environment | 29 |

| <u>REQUIREMENT</u> | | <u>PAGE</u> |
|---|--|--------------------|
| <u>7 Product Realization</u> | (Title Page) | 30 |
| 7.1 | Planning of Product Realization | 31 |
| 7.2 | Customer-Related Processes | 32 |
| 7.2.1 | Determination of requirements related to the product | 32 |
| 7.2.2 | Review of requirements related to the product | 32 |
| 7.2.3 | Customer Communication | 32 |
| 7.4 | Purchasing | 33 |
| 7.4.1 | Purchasing Process | 33 |
| 7.4.2 | Purchasing Information | 33 |
| 7.4.3 | Verification of Purchased Product | 33 |
| 7.5 | Production and service Provision | 34 |
| 7.5.1 | Control of production and service provision | 34 |
| 7.5.2 | Validation of processes for production and service provision | 34 |
| 7.5.3 | Identification and Traceability | 35 |
| 7.5.4 | Customer Property | 36 |
| 7.5.5 | Preservation of Product | 37 |
| 7.6 | Control of Monitoring and Measuring Devices | 38 |
| <u>8 Measurement, Analysis and Improvement</u> | (Title Page) | 39 |
| 8.1 | General | 40 |
| 8.2 | Monitoring and Measurement | 41 |
| 8.2.1 | Customer Satisfaction | 41 |
| 8.2.2 | Internal Audit | 41 |
| 8.2.3 | Monitoring and Measurement of Processes | 42 |
| 8.2.4 | Monitoring and Measurement of Product | 42 |
| 8.3 | Control of Nonconforming Product | 43 |
| 8.4 | Analysis of Data | 44 |
| 8.5 | Improvement | 45 |
| 8.5.1 | Continual Improvement | 45 |
| 8.5.2 | Corrective Action | 45 |
| 8.5.3 | Preventive Action | 45 |

REVISION STATUS

Page 4 of 44

| <u>SECTION</u> | <u>REV</u> | <u>DATE</u> |
|---|------------|-------------|
| 1. Scope | _____ | _____ |
| 2. Normative Reference | _____ | _____ |
| 3. Terms and Definitions | _____ | _____ |
| <u>4 Quality Management System</u> | | |
| 4.1 General Requirements | _____ | _____ |
| 4.2 Documentation Requirements | _____ | _____ |
| 4.2.2 Quality Manual | _____ | _____ |
| 4.2.3 Control of Documents | _____ | _____ |
| 4.2.4 Control of Quality Records | _____ | _____ |
| <u>5 Management Responsibility</u> | | |
| 5.1 Management Commitment | _____ | _____ |
| 5.2 Customer Focus | _____ | _____ |
| 5.3 Quality Policy | _____ | _____ |
| 5.4 Planning | _____ | _____ |
| 5.4.1 Quality Objectives | _____ | _____ |
| 5.4.2 Quality Management System Planning | _____ | _____ |
| 5.5 Responsibility, Authority and Communication | _____ | _____ |
| 5.5.1 Responsibility and Authority | _____ | _____ |
| 5.5.2 Management Representative | _____ | _____ |
| 5.5.3 Internal Communication | _____ | _____ |
| 5.6 Management Review | _____ | _____ |
| 5.6.1 General | _____ | _____ |
| 5.6.2 Review Input | _____ | _____ |
| 5.6.3 Review Output | _____ | _____ |
| Organization Chart | _____ | _____ |
| <u>6 Resource Management</u> | | |
| 6.1 Provision of Resources | _____ | _____ |
| 6.2 Human Resources | _____ | _____ |
| 6.2.1 General | _____ | _____ |
| 6.2.2 Competence, Awareness and Training | _____ | _____ |
| 6.3 Infrastructure | _____ | _____ |
| 6.4 Work Environment | _____ | _____ |

| <u>SECTION</u> | <u>REV</u> | <u>DATE</u> |
|--|------------|-------------|
| <u>7 Product Realization</u> | | |
| 7.1 Planning of Product Realization | _____ | _____ |
| 7.2 Customer-Related processes | _____ | _____ |
| 7.2.1 Determination of requirements related to the product | _____ | _____ |
| 7.2.3 Customer Communication | _____ | _____ |
| 7.4 Purchasing | _____ | _____ |
| 7.4.1 Purchasing Process | _____ | _____ |
| 7.4.2 Purchasing Information | _____ | _____ |
| 7.4.3 Verification of Purchased Produce | _____ | _____ |
| 7.5 Production and service Provision | _____ | _____ |
| 7.5.1 Control of production and service provision | _____ | _____ |
| 7.5.2 Validation of processes for production and service provision | _____ | _____ |
| 7.5.3 Identification and Traceability | _____ | _____ |
| 7.5.4 Customer Property | _____ | _____ |
| 7.5.5 Preservation of Product | _____ | _____ |
| 7.6 Control of Monitoring and Measuring Devices | _____ | _____ |
| <u>8 Measurement, Analysis and Improvement</u> | | |
| 8.1 General | _____ | _____ |
| 8.2 Monitoring and Measurement | _____ | _____ |
| 8.2.1 Customer Satisfaction | _____ | _____ |
| 8.2.2 Internal Audit | _____ | _____ |
| 8.2.3 Monitoring and Measurement of Processes | _____ | _____ |
| 8.2.4 Monitoring and Measurement of Product | _____ | _____ |
| 8.3 Control of Nonconforming Product | _____ | _____ |
| 8.4 Analysis of Data | _____ | _____ |
| 8.5 Improvement | _____ | _____ |
| 8.5.1 Continual Improvement | _____ | _____ |
| 8.5.2 Corrective Action | _____ | _____ |
| 8.5.3 Preventive Action | _____ | _____ |

1 SCOPE

GENERAL

Quality Control is responsible for the integrity of the quality system, and company employees are responsible for the quality of their workmanship.

The policies outlined in this manual are implemented by use of process specifications, quality procedures, work instructions, etc. These procedures are the actual working documents, and are controlled company documents. These procedures are available for customer review.

APPLICAITON

The quality polices in the manual are based on the International Standard Organization Requirements outlined in ISO 9001:2000.

Approved by:

President:

Title: _____

2 NORMATIVE REFERENCE

Issuance and revision of the Quality Policy Manual is done under the standard procedure for drawing and change control. Copies are issued by two different categories as follows:

Controlled Documents

Reference only copies

Manuals labeled (For Reference Only) represents the actual status of the quality system. There is no change control service for the user. (For Reference Only) manuals are given to customer representatives on request. Normally this request is in conjunction with a quotation or company introduction.

Manuals under (Document control) are given to company department managers, authorities and customers with contract provisions. These manuals are registered with consecutive numbers by Quality Control to expedite the update service when revisions take place. With this process copies are only given to a specific person. Department managers follow the outlined polices relevant to their processes, and to train their personnel with the related sections.

Issuance and revision of the Quality Policy Manual is the responsibility of Quality Control. The manual is updated as necessary.

Revision status of each section is summarized on a separate page.

The manual is in loose leaf form, this makes it is easy for revision updates of the sections. Working documents which implement the policies herein are updated from time to time to represent any current polices. All changes in processes, specifications and quality system requirement procedures must be approved by Quality Control.

3 TERMS AND DEFINITIONS

COMPANY

Operations of Clover Machine and Mfg.

CUSTOMER

Any customer receiving products from Clover Machine and Mfg.

EMPLOYEE

Any individual who works full or part time for the company and is paid directly from company funds.

4 QUALITY MANAGEMENT RESPONSIBILITY

4.1 GENERAL REQUIREMENTS

Engineering and Design Samples

In conformance with contractual requirements, engineering design samples are provided to the customer to perform design verification and functional tests. These parts are not intended for first article inspection.

First Article Parts

In conformance with contractual requirements, first article parts, which have been produced under normal conditions, including quality inspection on all process controls are provided to the customer as representative samples of regular production and may be used by the customer.

Traveler

Documentation that describes the product operations. The traveler will, at a minimum, have a purchase order number, job number and product number/part number with separate operation sequences in sufficient detail so that an experienced machinist can produce the required parts in an efficient and timely manner. The traveler shall also have a place to record material and process Certification numbers, time expended on each operation, quantity produced, operators name, and inspectors initials or stamp.

In-Process Inspection

In process inspection is to be carried out by authorized inspection personnel. After each inspection, the traveler is to be stamped or signed off before the next operation can begin.

Outside Processes

Outside processes are plating, painting, silk-screen, etc. No production product is to be sent to an outside process until Quality Control has inspected the product to specification and stamped or signed off on the traveler.

4.1 GENERAL REQUIREMENTS (cont)

Final Inspection

Final inspection is to be performed on a random sample of all product produced. No Job or lot is to be shipped to the customer until Quality Control has inspected product to the customer print or specification and has stamped or signed off on the traveler. A member of senior management may sign the traveler in lieu of Quality Control.

4.2 DOCUMENTATION REQUIREMENTS

General

This quality management system meets the intent of ISO 9001:2000, defined by the following documents:

1. Quality Policy Manual
2. Quality Operation Procedures
3. Work instructions, and internal standards
4. Process procedures and forms
5. Product drawings and specifications
6. Travelers (production and quality plans).

Ref. Q.O.P.# 4.2.2-01

4.2.2 QUALITY MANUAL

The company has developed, documented and implemented a quality management System that meets the intent of ISO 9001:2000. Documentation of the quality management system is in the Quality Policy Manual, the Quality Operation Procedures, Work Instructions, technical standards, process procedures and forms, and production and quality plans. Implementation of the quality management system is regularly audited and reviewed. Ref Q.O.P.#8.2.2-01 Internal Audit.

4.2.3 CONTROL OF DOCUMENTS

Clover Machine and Mfg. maintains a system of document and data control for all areas that affect the quality of products and services provided to our customers. This policy is implemented by Q.O.P. # 4.2.3-01 Control of Documents.

4.2.4 CONTROL OF QUALITY RECORDS

Page 15 of 45

Quality records show accomplishment of the required quality and effective operation of The quality system. The records are identified, indexed and stored in a suitable environment to minimize their deterioration. Records are stored by the department that established them. Retention periods for quality records are defined.

Procedure

The activities of identification, collection, indexing, filing, storage, maintenance and disposition of quality records are accomplished by Q.O.P.# 4.2.4-01 Control of quality records.

Scope

Quality records collected and stored by the company, their storage locations and their retention periods are listed in Q.O.P.#4.2.4-01 Control of quality records.

Identification and Storage

Records are identified by the product, person or activity involved. When relevant, they are signed and dated. The indexing system facilitates how they are retrievable. Records are filed by the department that established the record. Records are stored in a dry and clean environment. Identification, handling and storage of quality records are described in Q.O.P. #4.2.4-01 Control of quality records.

5 MANAGEMENT RESPONSIBILITY

5.1 MANAGEMENT COMMITMENT

The president has formed a steering committee of upper management. Upper management delegates to managers, supervisors, and lead personnel to form a solid commitment to provide the resources and management to review all sources of quality requirements to ensure the effectiveness and continual improvement of the quality management system.

5.2 CUSTOMER FOCUS

All contracts and or orders are reviewed to insure the customer's requirements are adequately defined and understood, and that the company has the capability to meet contractual requirements.

5.3 QUALITY POLICY

Clover Machine and Mfg. is committed at all levels, to delivering products and services of high quality that address our customer's current and future needs.

We will strive to consistently meet or exceed customer specification, deliver quality products on time, and at competitive prices, and insure outstanding customer satisfaction.

Our company is in the business of providing our customers with quality products and services. Manufacturing has the responsibility for making high quality products. The Quality Control manager is responsible for any matters pertaining to quality, and has sufficient authority to recommend and implement quality changes to the system.

5.4 PLANNING

5.4.1 Quality Objectives

The objective of the company's quality system is to provide effective assurance that all products meet detailed requirements for each order or contract placed.

To achieve this objective it is the policy of the company to establish and maintain an effective and efficient quality program, planned and developed in conjunction with other management functions.

5.4.2 Quality Management system planning

The company has developed, documented and implemented a quality management system that meets the intent of ISO 9001:2000. Documentation of the quality management system is contained in the Quality Policy Manual, the Quality Operation Procedures, Work Instructions, technical standards, national and international standards, production and quality plans. Implementation of the quality management system is regularly audited and reviewed.

5.5 RESPONSIBILITY, AUTHORITY AND COMMUNICATION

5.5.1 Responsibility and authority**President**

The president has the authority for all aspects of the operation within Clover Machine and Mfg.

The president is responsible for maintaining the quality standard stipulated by the customer, and to provide technical support when requested by the customer.

Director of Sales/Marketing

The Director of Sales/Marketing is responsible for the sales/marketing policy of the organization.

The Director of Sales/Marketing is responsible for ensuring that relevant actions relating to customer complaints concerning the quality of the end product are taken into serious consideration.

The Director of Sales/Marketing is responsible for ensuring that all sales orders are correctly implemented and contain all relevant information regarding customer contracts.

5.5.2 Operations Manager

Reports directly to the President, directs and manages production in accordance with current company policies and procedures, works with sales regarding delivery of customer orders, plans and prepares production schedules for manufacturing in accordance with current conditions and requirements, coordinates current schedules, special purchasing requirements and manufacturing needs, and controls and maintains customer drawings.

5.5.3 INTERNAL COMMUNICATION

Quality Control Manager

The QC manager reports directly to the President. He is responsible for all company quality issues and for the daily running of quality control. He is responsible for all quality records, documentation, calibration records and approved vendor listing. The QC Manager is responsible for in-house document control and internal auditing of conformance to the quality system.

5.6 MANAGEMENT REVIEW

5.6.1 General

The quality system is reviewed as required by Q.O.P. #5.6-01 Management review, to ensure its suitability and effectiveness.

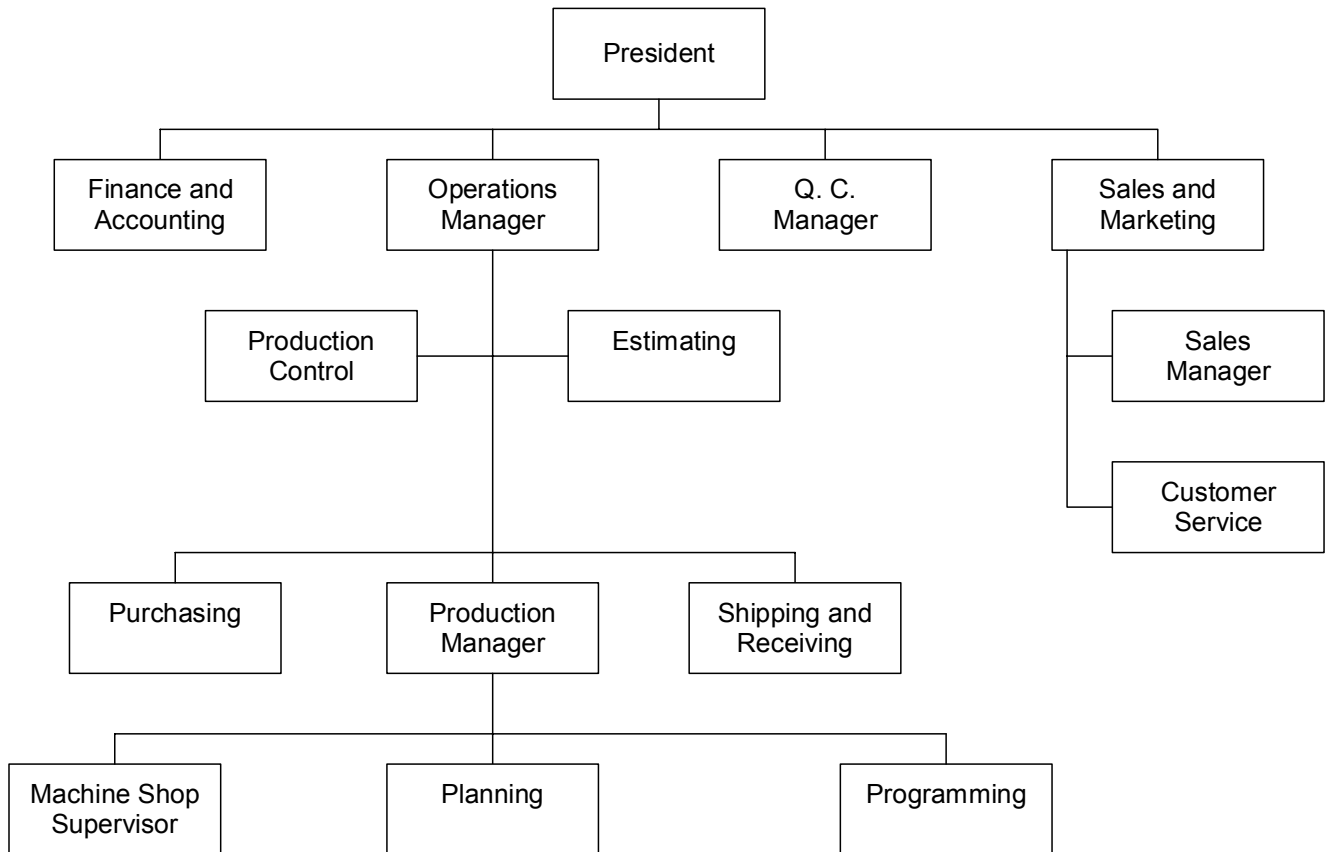
5.6.2 Review Input

Audits of the quality system are initiated whenever changes in the organizational structure takes place or deficiencies are notified.

5.6.3 Review output

Statements, conclusions and recommendations of such quality audits are recognized by the top management of the company.

ORGANIZATION CHART



6 RESOURCE MANAGEMENT

6.1 PROVISION OF RESOURCES

Resource Requirements

Resource requirements are identified to provide and assign trained personnel for the following:

- Establish and improve the quality management system
- Work performance
- Verification activities
- Satisfy customer's needs

6.2 HUMAN RESOURCES

Page 27 of 45

6.2.1 General

The training needs of personnel are identified and training is provided. Only qualified personnel perform specific tasks. Personnel qualifications and training records are maintained.

6.2.2 Competence, awareness and training

Employees are annually reviewed by their supervisors and managers to determine if their qualifications are adequate, and if they need additional training.

New employee orientation training is provided by the company to all employees, other training is provided as required.

The QC manager maintains records of all job related training provided to employees.

Identification of training needs, training and maintenance of training records are described in Q.O.P. # 6.2-01 Human resources

.

6.3 INFRASTRUCTURE

Production and individual operations are planned and documented. Personnel performing complex or critical operations are provided with the infrastructure needed to achieve conformity to the product design. Personnel are given work instructions and workmanship criteria with supporting services.

6.4 WORK ENVIRONMENT

Production areas are clean and provide a suitable working environment. Production and process equipment is regularly checked and maintained.

7 PRODUCT REALIZATION

7.1 PLANNING OF PRODUCT REALIZATION

Page 31 of 45

Inspection and testing is conducted when purchased materials and components are received during significant stages of production, and prior to shipment of the finished product. The objective is to verify conformance with specified requirements. Materials, components and products are prevented from use, assembly and shipment until the required inspections have been completed. Records are established and maintained of inspections when required as evidence that products comply with specified requirements.

Production personnel are provided with instructions when a complex or important activities warrants it. Production equipment, processes, product characteristics and production environment are controlled and/or maintained in accordance with Q.O.P. # 7.1-01 Planning of product realization.

Special processes are regulated by Q.O.P. # 7.1-01 Planning of product realization.

7.2 CUSTOMER-RELATED PROCESSES

Page 32 of 45

7.2.1 Determination of requirements related to the product

The sales department has the responsibility for initiating contract reviews. Sales and estimating personnel record each contract review.

Establishment and maintenance of contract review are provided in Q.O.P. # 7.2-01, Customer related processes.

7.2.2 Review of requirements related to the product

Requirements are reviewed for the following:

- Product requirements are defined
- Verification of capacity to fulfill requirements
- Sales reviews, records and resolves any previously different requirements

Records of results are maintained. See Q.O.P. # 4.2.4-01 Control of Quality Records.

7.2.3 Customer communication

Sales and production control review changes and amendments with customers.

7.4 PURCHASING

7.4.1 Purchasing process

The organization purchases only from suppliers and subcontractors that have been assessed to satisfy the organizations quality requirements. Purchasing documents completely describe ordered products, including quality requirements. Purchasing documents are reviewed and approved before they are released.

The organization separates between suppliers and subcontractors. Suppliers deliver standard catalogue products, while subcontractors design and or manufacture products from the organizations drawing.

QC and purchasing jointly carry out the assessment of suppliers and subcontractors.

The quality performance of suppliers and subcontractors is monitored. Suppliers with inadequate performance are asked to implement corrective actions by using Q.O.P.# 8.5.2-01 Corrective action. They are disapproved if there is no improvement.

An approved supplier and subcontractor list is maintained by purchasing. Orders are only placed with approved suppliers from the list. Excluded from the list are any non production material and office supplies.

Rules and instructions for assessment of suppliers are given in Q.O.P. # 7.4-01 Supplier and Subcontractor Assessment.

7.4.2 Purchasing information

Purchasing documents clearly and completely describe ordered products. They include identification of the products, reference applicable standards and state quality requirements when required.

Rules for preparation to review and approval of purchasing documents are provided in Q.O.P. # 7.4-01 Purchasing.

7.4.3 Verification of purchased product

The organizations customers are given the right to verify themselves that the purchased products conform to specified requirements. The verification does not absolve the organization from responsibility to deliver a quality product. Q.O.P. # 7.4-01 Purchasing contains instructions regarding customer verification of products.

7.5 PRODUCTION AND SERVICE PROVISION

Page 34 of 45**7.5.1 Control of production and service provision**

Production control prepares a traveling work order that specifies the production plan. The work order lists production and inspection operations necessary to manufacture and verify a product. Repair and maintenance records are kept on equipment used in the production process.

Products are protected prior to and during delivery and are described in Q.O.P. # 7.5.1-01 Control of production and service provision.

7.5.2 Validation of processes for production and service provision

Personnel performing processes are provided with work instructions and workmanship criteria. Special processes are regulated by Q.O.P. # 7.1-01 Planning of product realization.

Records are maintained for qualified processes, equipment and personnel.

7.5.3 Identification and Traceability

Production control maintains the part number lists and associated technical documentation for engineering projects. The number of a product is in correlation with its parts lists, technical documentation and quality records when required by customer.

All inspections are recorded and signed off by personnel performing the inspection. Inspection status of a product is maintained to assure that only product that has passed inspection can be used, installed or shipped. Authorized responsibility for the release of conforming product is defined. Inspection status of all products is maintained. Methods are described in Q.O.P. # 7.5.3-01 Identification and traceability.

Identification System

Products that have passed receiving inspection are placed in a stock room or storage rack and are properly identified. The status of product passing in-process inspection is identified by the inspectors stamp/initials on the work order or traveler as described in Q.O.P.# 7.5.3-01 Identification and traceability.

Products that passed final inspection are identified by a QC stamp/initials on the traveler accompanying the product.

Products that fail any one of the three inspections is labeled with a non-conformance tag. An inspector or supervisor fills out a defective material report (DMR).

7.5.4 CUSTOMER PROPERTY

Customer's property is handled in a different manner from other products purchased for incorporation into the product. When specified in a contract, special handling instructions from customers will take precedent over the organizations standard procedures. Loss damage or unsuitability of customer property is recorded and reported to the customer.

Customer property is received by production personnel, marked and stored in a designated area. See Q.O.P.# 7.5.4-01 Customer property.

Loss or Damage

In the event of loss or damage, deterioration or unsuitability of customer's property, the customer is contacted.

7.5.5 PRESERVATION OF PRODUCT

Methods and means of handling that prevent product damage and or deterioration are provided. Receipt and dispatch to and from storage areas are controlled. The condition of stored products are specified and controlled. Products are protected prior to and during delivery.

The product manager is responsible for the handling of products, ensuring the containers are adequate, clean, and the equipment used for transportation of products is adequate for protection of product during production, storage and delivery.

Storage areas and their operation are the responsibility of the Production Manager.

The shipping manager has the responsibility for packaging and preservation of products. Specifications are communicated to the shipping personnel in the form of work instructions. Packaging and preservation is designed for the intended means of delivery.

Methods for preservation and segregation of product are applied throughout production and delivery processes.

Ref. Q.O.P.# 7.5.5-01 Preservation of product.

7.6 CONTROL OF MONITORING AND MEASURING DEVICES

Page 38 of 45

All measuring and test equipment is calibrated with traceability to the National Institute of Standards and Technology. Calibration certificates are maintained and the calibration status of measuring equipment is identified. The equipment is well maintained and its placement and use are controlled.

Activities related to this section are regulated by Q.O.P.# 7.6-01 Control of monitoring and measuring devices.

QC maintains a list of measuring and test equipment specifying the identity, location and calibration status for each piece. An outside accredited calibration facility is used at the discretion of the QC Manager. QC maintains and is responsible for hardware or software used for suitable inspection test, and are checked prior to initial use to prove that is capable of verifying the acceptability of product. QC maintains certifications of outside calibration lab. Items are checked every 6 months and 1 year as applicable

8 MEASUREMENT, ANALYSIS AND IMPROVEMENT

8.1 GENERAL

Inspection and testing is conducted when purchased materials and components are received during significant stages of production, and prior to shipment of the finished product. Audits are carried out to ensure conforming conditions.

When appropriate, statistical techniques are used to verify the acceptability of process capability and product characteristics.

8.2 MONITORING AND MEASUREMENT

8.2.1 Customer satisfaction

Customer feedback data is collected and reviewed in order to maintain customer satisfaction, and to provide continual improvement.

8.2.2 Internal audit

Planned and documented quality audits are carried out once a year. Audits are scheduled on the basis of status and importance of the activity.

The QC manager establishes an internal audit plan and schedule in accordance with Q.O.P.# 8.2.2-01 Monitoring and measurement. Every activity and area is audited at least once a year, but more frequent audits are scheduled if required.

Only personnel that are independent of the audited activities are assigned to conduct an audit. The QC manager normally leads the audit team, but QC activities are audited by the purchasing manager. Audits are prepared by a review of quality records, and activities are described in Q.O.P.# 8.2.2-01 Monitoring and measurement.

Non conforming conditions are identified, the manager responsible for the affected area or activity proposes and implements a corrective action. Implementation and effectiveness of the action is verified by a follow-up audit. Conduction and documentation of audits and follow ups are described in Q.O.P.# 8.2.2-01 Monitoring and measurement.

8.2.3 MONITORING AND MEASUREMENT OF PROCESSES

Page 42 of 45

Monitoring of procedures and work instructions are used to assure that specified requirements are met.

Identified non conforming conditions are brought to the attention of those responsible for the condition and, if appropriate, corrective action is requested.

Statistical techniques are used in process analysis and statistical sampling when required and directed by the QC department.

8.2.4 Monitoring and measurement of product.**Receiving Inspection**

Purchased products are inspected visually to verify the count and identity of the product is the same as the purchase order. The relevant information is recorded on the Receiving Log. Purchased products identified by planning as critical, or house products that have been manufactured from company drawings, are subjected to a more detailed and technical QC inspection. Non-conforming products are segregated and prevented from use in production. Detailed rules for performing and recording receiving inspection are specified in Q.O.P.# 8.2.3-01 Receiving Inspection.

In-Process inspections are specified on a work order accompanying a product during its manufacturing phases. Inspections are carried out by in-process inspection. Activities relating to in-process inspections are regulated by Q.O.P. # 8.2.3-02 In-process inspection.

Final Inspection

All finished products are subjected to final QC inspection. Only products that pass final inspection are admitted to finished product stores for shipment. Procedures for performing and recording final inspection specified in Q.O.P.# 8.2.3-03 Final Inspection.

Inspection and test records

All three types of inspection are recorded and signed off by the personnel performing inspections. Q.O.P. # 4.2.4-01 Control of quality records.

When statistical sampling is required, personnel are provided with charts, tables and other instructions in the use of techniques.

8.3 CONTROL OF NONCONFORMING PRODUCT

Page 43 of 45

The responsibility for disposition of nonconforming product is defined and when required the customer will be notified.

The organization's policy is to identify and document all nonconforming items no matter how insignificant it may seem to be, or how easily it can be repaired.

Identification and documentation procedures are conducted in accordance with Q.O.P.# 8.3-01 Control of nonconforming product.

Review and disposition

Nonconforming items are submitted to a Material Review Board (MRB), for disposition, and when appropriate the customer or supplier may be contacted for advice and or consent. Review and disposition procedures conform to Q.O.P.# 8.3-02 Material review process.

Rework and repair

Nonconforming items designated for rework by the Material Review Board are reworked and re inspected as prescribed by the MRB. Rework and repair procedures are set for in Q.O.P.# 8.3-03 Rework.

8.4 ANALYSIS OF DATA

All processes, work operations, quality records, customer acceptances, service reports, and customer complaints are analyzed to detect and eliminate potential cause of non-conformance's. Statistical techniques are used when required.

8.5 IMPROVEMENT

8.5.1 Continual improvement

The quality management system is reviewed annually by management to assure its continuing effectiveness. Ref. Q.O.P.# 5.6-01 Management review.

8.5.2 Corrective action

Corrective action is crucial to the quality management system. Complaints regarding nonconformities that may lead to potential quality problems are investigated, and effective corrective action implemented.

Any one in the organization may request corrective action but only the QC Manager or the Production Manager can initiate corrective action.

Corrective Action is initiated in the result of :

- Identification of product nonconformity
- Process quality problems
- Noncompliance observed during audits
- Customer complaints
- Nonconforming deliveries from suppliers or subcontractors
- Bad housekeeping or any practice affecting quality

See Q.O.P.# 8.5.2-01 Corrective action

8.5.3 Preventive action

Causes of discrepancies are determined, and then positive steps are taken to prevent recurrence.

The cause of a nonconformance is investigated, and corrective action is documented according to procedures to prevent recurrence. See Q.O.P. # 8.5.3-01 Preventive action.