

Procedure #:	QOP 8.4.1	Function:	Purchasing
Issue Date:	2/13/18	Prepared by:	Adauto Castrejon
Revision:	A	Approved by:	Renee Adam

Purpose: The purpose of this procedure is to provide for a system and instructions, and to assign responsibilities for the:

- Evaluation and monitoring of suppliers

Scope: This procedure applies to evaluation and monitoring of suppliers supplying materials, parts, and services such as painting and plating.

Responsibility and Authority: This procedure directly concerns the Purchasing and Quality Assurance departments.

Records: Supplier quality record files are maintained by Quality Assurance and Purchasing.

Related Procedures: Information for External Provider QOP 8.4.3
Control of Nonconforming Outputs QOP 8.7
Nonconformity and Corrective Action QOP 10.3
Control of Records QOP 7.5.3.1

PROCEDURE:

1. Supplier Evaluation

- 1.1 Purchasing will request those suppliers which provide key components or processes for manufacturing, to complete the self Assessment form, QF-014. When the self-assessment is received from supplier, the Buyer will forward to the Quality Department for review. If approved, the supplier will be entered onto the approved supplier list. Should Quality reject the self-assessment, Quality will issue a written reason for rejection and forward on to the supplier via the Buyer.
- 1.2 Purchasing and QA evaluate the submitted information and a visit to audit the supplier may be requested. When the evaluation is concluded with a satisfactory result, the supplier is entered on the approved supplier list.
- 1.3 Prior to, and in some cases instead of, a field survey, a desk evaluation of the candidate supplier can be made by reviewing past history reports, supplier performance reports, quality system classifications, and supplier evaluations provided by other evaluation services.
- 1.4 A supplier quality record file is established for the suppliers. Documents supporting the initial evaluation and qualification of the supplier are placed in the file. The file may also be used for keeping records pertaining to the supplier's quality performance, which is maintained by the Purchasing Manager.

2. Supplier Performance Monitoring

- 2.1 Selected approved suppliers, also known as certified suppliers, are monitored for quality performance, on time delivery and responsiveness to corrective action. Control and monitoring requirements are communicate it to suppliers through Purchase Orders and CCM website.
- 2.2 When a nonconforming delivery is identified, the Quality representative initiates a product nonconformance report. The report is established and processed in accordance with Procedure QOP 8.7, Control of Nonconforming Product. The supplier for all purchased parts

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(hardware, raw material, and packaging) is contacted by the buyer and informed of the identified nonconformances and, if they are sufficiently serious or recurring, the supplier is requested to propose and implement a corrective action and report on its effectiveness. The Cell representative will contact the supplier of parts that have any secondary operations rejected for nonconformance.

2.3 The supplier performance reports are reviewed monthly to assess trends in performance and reported quarterly to top/key suppliers. Suppliers who repeatedly fail to deliver satisfactory performance, despite earlier requests for actions, are subject to removal from the approved supplier list and future consideration. Purchasing is responsible for sending out the quarterly report to certified suppliers.

3. Approved Supplier List

The Purchasing Manager is responsible for maintaining the approved supplier list. The list is kept current on the company shared drive, and once every six months it is printed out and authorized by the Purchasing and QA managers. The list is reviewed, issued, distributed and otherwise controlled in accordance with Procedure QOP 7.5.3, Control of Documents. Recertification is required on suppliers certified by way of self assessment every three years.

3.1 Approved Supplier

In order to obtain approved supplier status, a self-audit will be completed and approved. Approved suppliers are placed on Approved Supplier List to activate them for purchases.

3.2 Certified Supplier

A certified supplier is a supplier that consistently supplies quality parts, on time. There are benefits of certification to both the supplier and Craftsman Custom Metals. To be considered a certified supplier a vendor must score 75 or better for two consecutive quarters. Certified suppliers are given preference on new jobs/parts and often receive existing volume transferred away from non-certified suppliers. Certification level performance is determined based on the following:

- **Quality Record – 40% (40 Points Max):** The quality score is determined by lots accepted as a percentage of totals lots received.

<u>Lot Accepted %</u>		Points Awarded
100%	Lots Accepted	40
95%-99.9%	“ “	30
90.0-94.9%	“ “	20
Less than 90%		0

- **Responsiveness to Quality Issues – 20% (20 Points Max):** Based on a suppliers ability to respond to a CAR in an accurate and timely manner.

<u>CAR Response</u>	Points Awarded
No CAR Response required	20
Returned on time and accepted	10
Returned late or no response to CAR	0

- **On time delivery – 40% (40 Points Max):** Based on a window of 4 days early to 3 days late defined as “On-time”.

On-Time receipts as a percent of	Points
Uncontrolled if Printed	

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<u>Total receipts</u>	<u>Awarded</u>
100%	40
95.0-99.9%	30
90.0-94.9%	20
85.0-89.9%	10
Less than 85%	0

After being certified, the supplier must maintain an average composite score based on present requirements, currently 75 out of 100. The previous quarterly scores are maintained by Purchasing, and reviewed monthly with the Management team. If the required average is not maintained, the following categories apply:

Probation:

- Two consecutive and active quarters on average below the required level. (If a supplier has zero activity for one quarter, that quarter will not be considered active and will not contribute towards the required average).
- CCM Purchasing and Quality would initiate actions to work with the supplier, to bring the next (active) quarter above the required level and probation will be lifted.

Decertified:

- Three consecutive (and active) quarterly averages below quarterly required minimum.
- Supplier must submit a system wide corrective action to assure return to satisfactory performance.
- Supplier must implement plan and maintain performance at an acceptable level for three (3) consecutive (and active) quarters. At that time, the Buyer must recommend re-certification.
- De-certified suppliers will be removed from certified status: Supplier will not receive preferential treatment on any new jobs/parts and could lose volume projects to other certified suppliers.

3.3 Disapproved

At Quality Assurance and Purchasing discretion, a supplier may be disapproved due to unacceptable performance.

4. Customer-Designated Suppliers

- 4.1 When customers have their own preferred supplier, the suppliers are evaluated per Section 1 above, and, if deemed satisfactory, are considered an approved supplier.
- 4.2 When none of the customer-designated suppliers are acceptable, the customer is contacted with a request to approve additional suppliers.

Revision Level	Description	Changed by/ Date	Approved by/ Date
A	Initial release, reviewed to conform to ISO 9001:2015	Adauto Castrejon 2/13/18	Renee Adam 2/13/18