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I PURPOSE

The purpose of this procedure is to provide for a system and instructions, and to assign responsibilities for performing and recording receiving inspections of purchased products.

II APPLICATION

This procedure applies to materials, components, and other products that are purchased for incorporation into the final product.

This procedure directly concerns the Materials Control, Purchasing, and Quality Control departments.

III PROCEDURE

1. Scope of Receiving Inspection

1.1 All received materials and products are subject to a receiving inspection. The inspection is a two-stage process. In the first stage, the received products are identified, counted, and inspected visually. In the second stage, the products are moved to the QC inspection area and are subjected to a more technical and thorough QC inspection.

1.2 All received products pass through the first-stage inspection. The second-stage QC inspection is not always required. The QC inspection does not need to be carried out in the following cases:

- When the subcontractor operates a QS-9000 quality system that is continuously assessed by COMPANY NAME Inc., or is certified by the customer or an accredited third party.
- When products are delivered with process control charts that evidence compliance with

specified requirements.

- When products have been tested by an accredited laboratory and are delivered with test certification, including test results. Subcontractor warrants or certification are not sufficient, unless the subcontractor has an accredited laboratory or operates a certified QS-9000 quality system.

1.3 Based on the criteria listed above, Materials Control determines for each subcontractor and each product category whether or not a full QC inspection is required. When QC inspection is required, internal copies of the purchase order are stamped QC INSPECTION. The Production Manager and the QA Manager have the authority to request a QC inspection for any shipment, regardless of its designation.

2. First-Stage Inspection

2.1 The Receiving clerk performs the visual inspection and checks identification of the received goods. Upon unloading of deliveries, the receiving clerk counts the number of delivered units, checks marking and identification of packages, and inspects all packages for any signs of tampering or damage. If all these checks and inspections are satisfactory, he or she signs the delivery receipt. If not, any shortages or damages are noted on all copies of the delivery receipts.

2.2 Next, the received packages are moved to the designated receiving area, a copy of the relevant purchase order is retrieved from the pending orders file, and the packing slips (if any) are removed from packages. Upon opening the packages, the goods are counted, their part numbers are verified against the purchase order and the packing slip, and the goods are examined visually for any signs of damage.

2.3 The Receiving clerk also verifies that all requested material and product quality records (control charts, inspection/testing certificates, etc.) have been received from the subcontractor and have been reviewed for adequacy by Quality Control.

2.4 When the first-stage receiving inspection is completed with satisfactory result, and if the goods are not designated for the second-stage QC inspection, the goods are labeled with a yellow ACCEPTED sticker or tag, and are moved to production or are placed in the material storage. The purchase order is stamped RECEIVED and is dated and signed by the clerk to establish a record of the receiving inspection.

2.5 If the goods are designated to go through the second-stage QC inspection, the same steps as outlined above apply, except that the goods are labeled HOLD FOR QC INSPECTION instead of ACCEPTED, and the purchase order is not stamped. The goods and the associated documents are then moved to the QC inspection area.

2.6 If a nonconforming product is identified, the receiving clerk initiates a nonconformity report in accordance with Procedure QOP-13-01 Control of Nonconforming Product. The pink copy of the report is attached to the product, and the product is labeled REJECTED and is moved to a designated quarantine area. The other copies of the

nonconformity report are forwarded to Purchasing and QA.

2.7 When the visual inspection is satisfactory but the required quality records are not available or are not approved by QC, the received goods are labeled HOLD and are moved to a designated holding area.

3. Second-Stage Inspection

3.1 QC inspectors perform the second-stage inspection, unless the customer requires that an accredited laboratory be used.

3.2 Preparing for inspection, QC inspector assembles all relevant engineering documents (drawings, specifications, standards, etc.) and inspection procedures that may be needed to determine the inspection scope and acceptance criteria. If there is doubt regarding the scope or the acceptance criteria, the inspector contacts the QA Manager for assistance.

3.3 At a minimum, the scope of receiving QC inspections comprises:

- Review of material certificates, source inspection records, and other quality records delivered with the product;
- Visual inspection to detect any damage or other visible quality problems;
- Taking measurements and testing as required; and
- Recording the actual measurements and test results.

3.4 If the products pass all the reviews, inspections, and testing, they are labeled with a yellow ACCEPTED sticker or tag and are placed in the material storage. The purchase order is stamped RECEIVED and is signed and dated by the QC inspector to establish a record of inspection. Quality records received with the products and/or established during the receiving inspection are filed by the QA department.

3.5 If products do not conform to requirements, the QC inspector initiates a nonconformity report in accordance with Procedure QOP-13-01 Control of Nonconforming Product. The pink copy of the report is attached to the product, and the product is labeled REJECTED and is moved to a designated quarantine area. The other copies of the nonconformity report are forwarded to Materials Control, Purchasing, and QA.

IV ASSOCIATED DOCUMENTS

- Purchasing — Oper. Proc. OOP-06-02
- Control of Nonconforming Product — Oper. Proc. QOP-13-01