

13.0 CONTROL OF NON CONFORMING PRODUCT

FDI has procedures in place to identify and document all product or service non-conformances. A closed-loop system is maintained to ensure that all discrepancies or non-conformances are addressed prior to release of the product.

13.1 General

FDI maintains a system that segregates and identifies serviceable inventory from unserviceable material in a manner that will control the issuance of those materials. FDI segregates those items identified as military surplus from civil aircraft use and also serviceable from unserviceable. Any items rejected at receiving inspection will be placed in a secure Bond Cage and held until the discrepancy is resolved or the part is returned for credit.

Quality rejections are documented via the Non-Conforming Parts function which is integrated into the PO/RO receiving process. The QA Inspector is prompted to enter explanation notes into four possible categories of non-conformance:

1. Unacceptable Packaging/ Shipping Method (part not sufficiently padded to prevent damage, part was shipped UPS Red when FDI had requested UPS Ground)
2. PO/RO Requirements Not Met (Part is in wrong condition, incorrect part number supplied, special RO instructions not complied with)
3. Unacceptable Part Physical Condition (poor workmanship, damage, corrosion, shelfwear)
4. Incorrect/Missing Documentation (Missing traceability, missing/incorrect ESN reference on 8130, etc)

Automated email notifications are sent to the buyer of the non-conforming part.

The buyer may request that the Incoming Inspector or QA Manager contact the vendor to resolve discrepancies, but it is ultimately the purchaser's responsibility to interface with their vendor to resolve problems, obtain RMA's, etc.

It is the Incoming Inspector's responsibility to communicate to the involved sales person that a part has been returned for credit and the reason for return. This will be accomplished via an email sent to the sales person and copied to the Credit Manager, Sales Manager, and QA Manager.

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It is the sales persons responsibility to determine the credit status and provide a timely response to the Incoming Inspector so that the issue can be resolved as quickly as possible.

Any items determined to be beyond economical repair and/or scrap shall placed in the BER Cage. The QA Manager will control access to the BER Cage. FDI uses physical separation, bin location and colored inventory control tags to facilitate segregation.

13.2 Review and Disposition of non conforming product

In order to provide a closed loop system to implement corrective action, all items identified as substandard or otherwise non-conforming will be recorded on either the Purchase Order Receiver or the Repair Order Receiver and recorded on the non-conformance log. The non-conformance log will be maintained on file for management review. If the items(s) are returned for a warranty claim, they are received into a special "WNT" category so that reports can be run listing all warranty claims for management review. If the item(s) are to be returned to the vendor for credit, Accounting will be notified via E-mail and a Debit Memo will be processed by Accounting via the operating system noting the reason for the return on the Debit Memo. Accounting will maintain a file on all Debit Memo's processed.

FDI will send a written notification to the recipient/originator of any materially misrepresented parts within 24 hours of discovery, unless the customer/vendor is already aware of the problem. FDI will also disclose this information to the Aviation Supplier's Association per ASA-100 requirements.

13.2.1 Scrapped Parts: The Quality Assurance Department will handle all scrapped material. All material that is condemned, or deemed BER will be held in FDI's BER Cage until cleared for disposal by the QA Manager. At this time, the parts in question will be mutilated to prevent any further usage. The QA Manager or his designee shall be responsible for verifying that scrap parts are mutilated to such an extent that they may not be mistaken for serviceable parts.

The mutilation may be done by drilling, cutting, grinding or other appropriate means. After mutilation, the part will be disposed of by whatever means is deemed appropriate by the QA Manager. Data plates will be removed , destroyed, and disposed of separately to prevent re-usage. A photo copy of the destroyed

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dataplate will be kept on file to document dataplate destruction. FDI imposes the same requirement on its repair vendors. FDI maintains a record of all scrapped parts on the Scrap Mutilation Form.

The form shall contain a description of the parts, its part number, and serial number, if applicable, and the date the part was scrapped. FDI shall retain this record for at least seven (7) years.

Parts donated to schools or museums will be documented in the same manner as scrapped parts.

A material review board will meet periodically to review the disposition of larger assets that might require scrapping. Members of sales, accounting, QA, and management will make up the material review board. Items will be reviewed for obsolescence, marketability, condition, etc, and will be scheduled for scrapping as applicable.

13.3 FDI Corrective Action Reports

An FDI CAR can be issued by anyone at FDI when non-conformance occurs. The root cause and corrective action required to eliminate the cause of the non-conformance is determined by the personnel responsible for the transaction. Proposed corrective action is required within one week after issuance of the CAR. The corrective action will be approved by the responsible party's supervisor and reviewed by the QA Manager for conformance to existing policies. Effectiveness of the corrective action will be determined by a follow up review conducted two weeks after corrective action is taken.