



**Herndon Products, Inc.**  
**3801 Lloyd King Drive**  
**O'Fallon, MO. 63368**

# **Quality Manual**

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## Introduction

Herndon Products has developed and implemented a Business System that documents the company's best business practices; in order to better satisfy the requirements and expectations of their customers, and to improve the overall management of the company.

This manual describes the Business System, delineates authorities, inter relationships and responsibilities of the personnel responsible for performing within the system.

This manual is used internally to guide the company's employees through the various requirements of the AS 9120 standard and the QSLD program through the DLA. These requirements must be met and maintained in order to ensure customer satisfaction, continuous improvement, regulatory compliance, and provide the necessary instruction that create an empowered work force.

This manual is used externally to introduce our Business System to our customers and other external organizations. This manual is used to familiarize them with the control that Herndon Products has implemented and to assure them that the integrity of the Business System is maintained and focused on customer satisfaction and continuous improvement.

## Business Summary

**Herndon Products, Inc.** - functions as a distributor of standard and specialty Aerospace Hardware, Components & Electronics. Product includes high strength bolts, screws, blind fasteners, rivets, seals, bearings, switches, diodes, and associated items.

The organizations' primary goal is to provide products and services tailored to meet the exacting quality and service demands of the United States Government, Industrial Prime Vendor (IPV) Integrators, and the Aerospace marketplace.

## Section 1.0 - Scope

### 1.1 - General

This manual documents the requirements of Herndon Products, Inc. Business System and shall be used as a guide to ascertain the following;

- The effectiveness of our Business System and associated activities.
- The ability to meet customer and regulatory requirements.
- The need for continual improvement.

### 1.2 - Exclusions

HPI is a distributor with no manufacturing or design functions and therefore excludes from its Business System the following ISO 9001-2008 requirements;

1. Section 7.1- Planning of Product Realization.
2. Section 7.3 – Design and Development.
3. Section 7.5.2 – Validation of Processes for Production and Service Provision.

## Section 2.0 – Normative Reference

The Business System at HPI has been prepared to meet the requirements of AS 9120 and the DLA's Qualified Supplier requirements for distributors.

## Section 3.0 – Terms and Definitions

**Characteristic** - Any dimensional, visual, functional, mechanical, electrical, chemical, physical, or material feature or property, and any process-control element which describes and establishes the design, fabrication, and operating requirements of an article.

**Contract** – An agreement between HPI and their customer or supplier to provide specific product. Most commonly this would be a purchase order.

**Customer Furnished Material (CFM)** - Items procured, furnished, or consigned to HPI by their customer through contractual agreement.

**DOD** - Department of Defense.

**DLA** - Defense Logistics Agency.

**DCMO** - Defense Contract Management.

**Government Procuring Agency** - Various departments of the United States Government such as Air Force, Army, Defense Supply Centers, FAA, Navy, etc. who perform surveys, source inspection, acceptance, and similar quality assurance duties.

**Interchangeability** - The capability of two or more items to be functionally or physically exchanged without alteration, misalignment, damage, or a change in performance.

**Non-Conforming Material** - Materials containing a departure from or not fully conforming to the requirements of specifications, drawings, or other technical data specified in the contract.

**QAR** – Quality Assurance Representative (Government).

**Qualified Process List** – Controlled Sources or a Process which has been qualified and listed by a prime contractor and/or the HPI QA Department.

**Quality Control** - A planned and systematic group of actions necessary to provide adequate confidence that the end items comply with contract provisions, company guidelines, and will perform satisfactorily in actual operations.

**Quality Records** – Documentation of activities that provide evidence of conformity and effective operation of the Business System.

**QCI** - Quality Control Instructions which define the functional responsibility, authority and interfaces required to implement elements of the Business System.

**Sample Plan** - A statement of the sample sizes to be used with the associated acceptance and rejection criteria of a lot.

**Screening Inspection** - Inspection in which each item of product inspected by designated characteristics and all defective items removed (as directed by the manager of Quality Control).

**Supplier** - A firm furnishing, by subcontract or purchase order, materials, parts assemblies, processing, or services.

**Testing** - An element of inspection, and generally denotes the determination by specifications the functional acceptability of an in-process, delivery or end item.

**Work Instruction** – A set of instructions that specifies or describes how an activity is to be performed.

## **Section 4.0 – Quality Management System**

### **4.1 - General Requirements**

Herndon Products has established, and implemented a Business System per the requirements of AS 9120 and the DLA's Qualified Supplier requirements for distributors. The system is documented to enable maintenance and continuous improvement of the system, and its effectiveness in satisfying customers. This system is implemented through the use of the quality policy, business objectives, audit results, analysis of data, corrective and preventive action and management review. This system ensures product conforms to specified requirements and assures that HPI meets its stated policies and objectives.

To design and implement the Business System, HPI has identified its processes and their application throughout the organization. This helps to determine the sequence and interactions of these processes and the criteria that is used to control them. Management uses these definitions to monitor and analyze the effectiveness of our processes and to assign resources, materials or information as needed to achieve continual improvement.

## **4.2 – Documentation Requirements**

### **4.2.1 General**

The Business System documentation includes the following

- Documented Quality Policy
- Documented Business Objectives
- This Quality Manual
- Documented Procedures
- Documented Work Instructions
- Other documents needed to ensure effective planning, operation and control of its processes.
- Quality Records

HPI has established an electronic document filing system by which all Business System documents are made available to all personnel in the facility. The Document Control Index is located on the shared drive network system. This electronic document filing system is maintained by the Quality Department. Customers and Regulatory authorities shall have access to the QMS documentation upon request.

### **4.2.2 Quality Manual**

This Quality Manual has been prepared to describe HPI's Business System. In addition, HPI has established documented procedures which give further guidance on administering the Business System.

### **4.2.3 Control of Documents**

HPI has established a formal procedure (see QCI 102) by which all document generation and revision shall be controlled.

All procedures, instructions and this manual shall be formally approved by the Quality Manager, Senior Management and other Department Managers as required. Only documents that have received this formal approval shall be made available on the electronic document control index. Approval signatures are maintained in hardcopy format as a quality record.

If a document requires approval by a customer, agency or regulatory authority, the Quality Manager shall coordinate these approvals.

All procedures and forms shall be identified by a unique document number, revision level and effective date. Upon revision of any document, the revision level and effective date shall be updated before placing the approved document into the electronic document filing system.

Only documents located within the Document Control Index are considered controlled. If necessary, a hard copy may be used at a specific location with approval from the Quality Manager, who shall maintain a list of these documents and their locations. When revisions occur, document control shall replace the copies of the old revision with the new revision.

Once a procedure has become obsolete, the obsolete document shall be removed from use. Document control shall move the file from the active Document folder and place it in the "Obsolete Documents" folder.

All documents pertaining to purchasing for a Government/Customer will be available for review by the Government Representative or Customer to validate compliance to the requirements for control of such purchases and to comply with Government Inspection requirements.

#### 4.2.4 Control of Records

HPI has established a process (see QCI 114), by which all records shall be legible, easily identified, maintained securely and stored for easy retrieval. Records may be stored in either hard copy or electronic formats. All electronic formats shall have the option to be printed by HPI upon request. All records will be available for customer review upon request. The following records shall be maintained by HPI;

1. Test Reports
2. Certificates of Conformance (CofC)
3. Airworthiness documents (if required)
4. Customer orders, contracts, delivery orders and purchase orders
5. Invoicing and receiving documents
6. Non-conforming material & corrective actions, including any recall action or customer notifications
7. Inspection Records
8. Calibration records
9. Internal Audit records
10. Training records
11. Lot traceability records
12. Environmental and shelf life records

All quality records shall be retained for a minimum of ten (10) years unless extended by a contractual agreement.

## **Section 5.0 – Management Responsibility**

### **5.1 – Management Commitment**

Top management has been actively involved in implementing the Business System. They demonstrate their commitment to the development and continuous improvement of the Business System by;

- Establishing and communicating the quality policy and objectives.
- Communicating the importance of meeting customer and regulatory agency requirements.
- Conducting management reviews on the effectiveness of the Quality System.
- Ensuring that necessary resources are made available.

### **5.2 – Customer Focus**

HPI strives to identify current and future customer needs, meet customer requirements and exceed customer expectations. The management team ensures that customer requirements are understood and met, converted into internal requirements, and communicated to the appropriate people in our organization.

### **5.3 – Quality Policy**

Top Management has developed the Quality Policy and has communicated this to their employees.

#### **Herndon Products Quality Policy**

***“Our goal is to provide products and services that exceed our customer’s expectations, while complying with the laws and ethics of our society. Our organization will be based on a culture of continuous quality improvement, thereby providing the best value for all stakeholders. “***

### **5.4 - Planning**

#### **5.4.1 Quality Objectives**

Business objectives are established to support our organizations efforts in achieving our Quality Policy and they are reviewed periodically for suitability. All Business Objectives are measurable, and are reviewed against actual performance at each management review meeting.

#### **5.4.2 Quality Management System Planning**

The Business System has been planned and implemented to meet our business objectives and the requirements of section 4.1 of the AS 9120 standard. This includes the definition, interaction, control and analysis of our processes. Quality planning takes place as changes that affect the business system are planned and implemented thus ensuring the integrity of the system.

## **5.5 – Responsibility, Authority and Communication**

### 5.5.1 Responsibility and Authority (see QCI 105)

The Management team at HPI will assure that a documented inspection system is in-place and maintained. This system will assure that all supplies and services provided to our customers conform to contract requirements whether processed by HPI or procured from subcontractors/suppliers. HPI will perform or have performed the inspection and test required to substantiate product conformance to drawings, specifications, and tests as required by contract. The HPI inspection system, as described herein, will be available to review by the customer representative and/or government agency prior to the initiation of production and throughout the life of the contract. Management responsibilities shall include;

- Identify inputs and suppliers of each activity
- Identify outputs and customers of each activity
- Brainstorm the causes of work for each activity
- Determine the key root causes of work for each activity
- Estimate the cost, time and quality impact of key root cause cost drivers
- Target a process for improvement
- Develop action plans to remove selected root cause cost drivers.
- Periodic review of the Business System.

### 5.5.2 Management Representative

The Quality Manager serves as the Management Representative and is responsible for the control of all Quality functions. The Quality Manager reports directly to the President as shown on HPI Organizational Chart ([Click here for Org. Chart](#)). The President of HPI serves as the Deputy Management Representative. The Quality Department has been granted sufficient authority, by the President of HPI to identify and correct all problems affecting quality. The Quality Department is responsible for interpreting, planning, and insuring conformance to contract provisions as they relate to the quality of the product. The Quality Department's responsibilities are as follows;

- Focal Point for all customers on matters relating to quality.
- Plan and insure the performance of required inspection and tests.
- Developing Quality standards and monitoring product flow.
- Issue and coordinate corrective actions on quality deficiencies, which include internal & external suppliers.
- Participation by QC management in all review/audits.
- Perform as liaison with contract agency source inspector(s).
- Establish an approved supplier list based upon quality history.
- Assure quality requirements to suppliers are included in purchase orders and perform reviews as necessary.

- Insure that Source Control procurement packages have inspection and test requirements and/or submission of Conformance.

### 5.5.3 Internal Communication

A critical part of the planning and implementation done by the management team is to communicate information throughout the organization. Top management ensures regular communication is implemented and documented when necessary, so that all employees understand the policies, objectives implementation and the effectiveness of the Business System.

## **5.6 – Management Review**

### 5.6.1 General

Another key aspect of the planning and implementation of the Business System are the reviews by the Management Team. Quarterly, key metrics are reviewed to determine the systems suitability, adequacy and effectiveness. Changes and improvements to polices, processes and objectives are identified and assessed. Records of these reviews are maintained.

### 5.6.2 Review Input

Assessment of the Business System is based on a review of information inputs. This review shall include;

- Results of Audits
- Customer Feedback
- Process and Product Conformance
- Quality Level Data
- Corrective & Preventive Actions
- Review of previous management review action items
- Any changes that could affect the QMS
- Recommendations for improvement

### 5.6.3 Review Output

Decisions and action items are the output of the Management Review process, these outputs shall include;

- Improvements of the Business System and its effectiveness.
- Improvements to customer satisfaction.
- Assignment of Resources.

## **Section 6.0 – Resource Management**

### **6.1 – Provision of Resource**

Top management is committed to ensuring that appropriate resources are available to maintain and continually improve the effectiveness of the Business System. As management strives to grow the business through continual improvement and increasing customer satisfaction, this will include providing necessary resources to meet and exceed the customer requirements.

### **6.2 – Human Resources**

#### 6.2.1 General

To ensure competence of our personnel, HPI reviews the needs of all positions that effect quality, with the employee's skills, education and training.

#### 6.2.2 Competence, Awareness and Training

HPI recognizes that employees must be properly trained (see QCI 116) in order to perform quality work. HPI has thus established a documented training program that identifies areas where training is required. HPI shall verify all personal are qualified to perform each specific task they are assigned. Training may consist of formal education, past experience, on the job training or formal training received by HPI. Records of all training shall be maintained

### **6.3 – Infrastructure**

HPI has identified and provided sufficient buildings, workspace, utilities, equipment, hardware, software and supporting services deemed necessary to achieve conformity of product. This includes maintenance of existing infrastructure as required.

### **6.4 – Work Environment**

HPI maintains a suitable work environment for maintaining employee health and product conformance. HPI facilities have adequate temperature control, lighting and cleanliness.

HPI has invested in ESD protection for product that requires such protection. Documented work instructions have been established for proper setup and handling of products that are ESD sensitive.

## **Section 7.0 – Product Realization**

### **7.1 – Planning of Product Realization**

Note: This clause is not required for conformance to AS 9120.

### **7.2 – Customer-Related Processes**

#### 7.2.1 Determination of Requirements Related to the Product

HPI reviews the customer's needs for stock list product and determines if they can supply the product within the quantity, price and delivery schedule requirements. HPI shall also determine if all applicable statutory and/or regulatory requirements have been met.

#### 7.2.2 Review of Requirements Related to the Product

HPI performs a contract review on all orders (see QCI 110) to verify that HPI can meet the defined requirements of the customer's contract. The review shall be conducted by qualified personnel, prior to acceptance of the contract. This review shall be documented on the contract along with changes that may be required.

#### 7.2.3 Customer Communication

Part of the communication process with our customer is using key support personnel who will work one-on-one with the customer. HPI has assigned specific customers to our sales staff to individually address their needs. These duties include;

- Disseminating or receiving product information
- Responding to inquires, contract and order handling
- Obtaining customer feedback
- Resolving customer complaints

### **7.3 – Design & Development**

This clause is not required for conformance to AS 9120.

### **7.4 – Purchasing**

#### 7.4.1 Purchasing Process

HPI has established a purchasing system (see QCI 109) to ensure that all purchased materials are received from qualified suppliers (see QCI 115). HPI shall maintain an approved supplier list through which materials shall be purchased. These suppliers shall have on file at HPI a self audit profile or copies of certifications of their Quality Program. Actual supplier site audits shall be performed as needed, or when deemed necessary by the Quality Control Manager.

In addition, HPI shall ensure that all products supplied to DSCP and its customers, has been manufactured by companies that are approved to the QSLM requirements.

HPI has also developed Supplier Quality performance data which is reviewed on a monthly basis to determine any necessary actions to be performed.

### 7.4.2 Purchasing Information

HPI generates purchase orders through its business system, which include all applicable requirements prior to submission to the supplier. Requirement shall include;

- That each purchase order is assigned a unique number.
- That all product requirements are specified.
- Any personnel qualifications are specified.
- Product name/description, code number and any applicable drawings and revision levels (as required).
- Quality System requirements.
- The need for any certifications, test reports or airworthiness approvals.

All purchase orders shall be reviewed by the Quality Department or authorized personnel for acceptability prior to submittal to the supplier.

The customer has the right to inspect at the source, supplies or services not performed within the HPI facility, when such requirement is stated within the contract or purchase order. When so required, HPI will add to the purchasing document the requirement that inspection is required prior to shipment and specifying a minimum of 2 days notification

When Government Source inspection is required at suppliers or outside service organizations facilities, HPI will add the following statement to the purchasing order: "Government Inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government Procurement/Inspection Agency who normally services your plant to arrange for inspection."

### 7.4.3 Verification of Purchased Product

HPI has established a documented receiving inspection process (see QCI 112) to verify that products conform to the specified purchasing requirements upon receipt. This process shall include;

- A visual inspection that the product conforms to the requirements of the purchase order and any applicable specifications.
- Verification of all required paperwork, certifications and test reports. This verification process shall review all incoming documents for acceptable traceability per QSLD and any contractual requirements. Process shall include;
  1. Verify test reports and C of C's have manufactures name, purchase order numbers, part numbers, lot or batch numbers, heat numbers (if applicable), cure date (if applicable) and required signatures.
  2. Verify test reports are typed or computer printed and have not been modified, revised or altered except by original issuing organization.
- If required, product shall be physically inspected per the requirements of the product specification. All inspection results shall be documented and maintained.

All product and/or documents found to be unacceptable shall be identified as rejected and placed in the nonconforming material cage. The lot shall be processed per HPI's non-conforming material process.

All HPI receiving inspection activities shall be performed using only the latest applicable drawings, specifications and instructions. All standard drawings including AN, AS, NASM, MS, ANSI, are stored, updated and accessible via an Internet subscription service supported by Information Handling Services. All other inspection drawings shall be provided by the customer and stored by part number under the direction of the Quality Department. All drawings held by HPI shall be maintained by the Quality Department.

## **7.5 – Production and Service Provision**

### 7.5.1 Control of Production and Service Provision

HPI only distributes aircraft hardware and components; they do not perform any manufacturing, alterations, rework or repair to products.

HPI's obligation under the QSLD program is to ensure that all products sold to DSCP have been purchased through qualified QSLD/QSLM organizations, back to the original manufacturer. HPI shall also ensure that all products meet all contractual agreements and specification by the customer prior to shipment.

The processes used at HPI are planned to consistently meet customer requirements. This control includes the availability of product specifications, quality procedures, work instructions, suitable warehousing equipment and supplies and measuring devices. In addition a process has been developed for the issuance, closing and shipping of all orders.

### 7.5.2 Validation of Processes for Production and Services Provision

Note: This clause is not required for conformance to AS 9120

### 7.5.3 Identification and Traceability

Important to the Aerospace industry is product identification and traceability. HPI has established a system (see QCI 121) to ensure all products shall be identifiable and traceable.

Upon receipt of goods HPI shall assign a unique 14 digit lot control number to all copies of documents received with each product. When the received goods are entered into the computer system, it shall include Purchase Order Number, HPI Lot Number, Part Number, Revision Level (if applicable), Qty. Received, Mfg. Name, & Mfg. Lot No. All lots shall be identified with its HPI lot number while under HPI's control.

When multiple lot/batch numbers of the same product are received, each lot/batch shall be assigned its own HPI lot number and shall be stored in a manner that prevents commingling with other products. When possible, products shall be heat sealed in plastic bags with the lot control label affixed to the bag. When items are too large to be bagged, they shall be placed in a stocking location along with all traceable documents.

HPI uses inspection stamps to indicate inspection status (see QCI 104). Presence of the inspection stamp identifies the acceptance of process functions, parts, and personnel making the inspection. As necessary a routing sheet shall be developed to identify the routing steps for all parts/units that are routed through the purchasing,

inspection and test phases. Each sequence shall be marked with an inspection stamp to indicate acceptance of routing sequence.

Inspection stamps shall be issued and used only by personnel authorized to perform inspection duties. Stamps are serially numbered and a list shall be maintained of their issuance by the Quality Manager. Inspection stamps are controlled as follows;

1. Each associate is responsible for the proper use of their stamp and is not authorized to permit its use by any other person. When a stamp becomes worn, it shall be destroyed and a new stamp is assigned.
2. When an associate no longer requires the stamp or leaves the organization, his/her stamp number shall be kept inactive for a minimum of 6 months.
3. Should a stamp become lost, acceptance by subject number stamp will not be considered from the time of loss.
4. Issued stamps shall be of a design distinctly different from those of Government Inspectors.
5. A semi-annual audit of all inspection stamps shall be conducted.

The completion of the Final Inspection documents by Quality Control constitutes acceptance for shipping. If applicable, the Customer/Government Inspector will stamp the shipping and packing list copy of the invoice to show acceptance. These stamps will provide evidence to the Packing and Shipping Department that the material has been cleared for shipment.

#### 7.5.4 Customer Property

Any HPI customer may request use of their own equipment or materials during processing, inspection or testing. In this event the purchase order or contract shall specify all CFM that is to be received by HPI along with specific instructions on how the CFM shall be used and maintained by HPI. The following shall also be performed;

- Upon receipt of CFM, a visually examination shall be performed for signs of shipping damage prior to unpacking. Should damage be present, HPI will contact the customer and shipper at once for instructions, and place CFM in a segregated hold area.
- Determine if all CFM has been received and document any lot numbers. HPI shall perform a functional test as required after CFM has been installed to determine acceptable working condition.
- All CFM shall have affixed the customer name and property number to prevent unauthorized use, (customer responsibility).
- Should storage be required, all CFM shall be periodically inspected to detect any signs of deterioration and guard against damage from mishandling. This will be in accordance with re-inspection requirements, shelf-life limitations, and assure maintaining proper storage conditions.
- Records will be maintained on all CFM to reflect all inspections, maintenance, & calibration activities as outlined in the contract. All records will be available for customer review, as required.

- Any CFM that becomes lost, damaged or otherwise unsuitable for use shall be reported to the customer to determine what actions are to be taken, and a record shall be maintained by HPI.

#### 7.5.5 Preservation of Product

HPI has established and documented a process (see QCI 113) to assure that all storage, packaging and shipping activities are performed per the Quality Program and contractual requirements. The Quality department will perform checks of this area of operation to insure that the qualities of deliverable end items are maintained and that damage, deterioration, loss and substantiation are prevented.

The HPI Purchasing Department reviews contracts (see QCI 110) for packaging, packing, marking, and shipping requirements. It will identify to shipping any special instructions or DOD specification to be followed and/or other contractual requirements. This process is monitored by the Quality Department for compliance. In the absence of packing and marking requirements in the contract, the packing and marking will comply with standard industry practice and will be of the type that will insure safe arrival and ready identification at destination.

HPI has developed specific work instructions for dealing with products that require special handling methods or controls; these include;

- Handling of sensitive products (ESD Protection) (see WI 107)
- Shelf life control (see WI 106)

#### **7.6 – Control of Monitoring and Measuring Devices**

HPI has established a documented calibration system (see QCI 101) to control the maintenance and calibration of all Test & Measurement Equipment (T&ME) used to make acceptance/rejection decisions. The calibration system and calibration activities shall meet the requirements of ANSI/NCSL Z 540. The following shall be performed;

- All T&ME, (includes counting scales) shall be identified with a unique tool number.
- T&ME shall be identified (if possible) with calibration status, date calibrated, due date & inspector.
- The QC department shall maintain a master recall list of all T&ME within the calibration system.
- All calibrations shall be performed using master equipment traceable to NIST.
- All calibration suppliers shall supply a certificate of Calibration traceable to NIST.
- Calibration records shall be maintained for all T&ME by the QC department.
- T&ME not within the calibration system shall be identified as “Not Calibrated” and kept separated from calibrated equipment.
- All obsolete or out of service tools shall be removed from service and segregated from calibrated T&ME and shall be recalibrated before reissued.
- All new T&ME shall be entered into the calibration system, identified and calibration verified prior to use.

- The Quality Control Manager or designee shall review the calibration recall schedule monthly and shall verify all T&ME due for calibration are completed within the required time frame.
- Calibration procedure and tolerance will be determined by MIL-STD-120, federal or Industry standards or equipment manufacturer's instructions.

All T&ME found to be out of calibration shall immediately be taken out of service and identified as a reject. The Quality Manager shall be notified, who will determine if the "out of calibration condition" may have resulted in the acceptance of a non-conforming product. The Quality Manager shall take appropriate action.

## **Section 8.0 – Measurement, Analysis and Improvement**

### **8.1 – General**

HPI has implemented key metrics which are used to monitor conformity of product, analyze effectiveness of the Business System, and continuously improve the Business System. Management shall determine and implement appropriate methods for gathering information, which may include statistical techniques.

### **8.2 – Monitoring and Measurement**

#### 8.2.1 Customer Satisfaction

Key to HPI's success is to have satisfied customers, therefore a system has been implemented to effectively collect and analyze customer feedback. This information includes proactive and reactive comments as to whether the organization has met and exceeded customer's expectations, and is used as a means to continuously improve.

In addition HPI performs quarterly Customer Purchasing History Analysis to review overall satisfaction. This data shall review customers that have made multiple purchases over the course of the year. This data will be reviewed during management reviews to determine any actions to be taken.

#### 8.2.2 Internal Audit

HPI has established a documented self audit process (see QCI 100) that is administered by the Quality Department. These audits shall be designed to ensure that all Quality Programs and Activities are adequate and effective.

1. Planned audits shall be performed within the following areas.
  - a. Business System
  - b. Quality Manual
  - c. Quality Control Instructions
  - d. Work Team Areas
  - e. Facilities, Safety & Ergonomics
2. An audit schedule is maintained by the Quality Manager to assure all planned audits are performed on a regular basis, and are being completed within the required time frame.

3. All audits shall be conducted by a qualified auditor who does not have direct responsibility for the work being audited.
4. All audit results shall be fully documented.
5. All audit findings shall be issued a corrective action.

### 8.2.3 Monitoring and Measurement of Processes

As part of process control, HPI shall measure and monitor the processes of the Business System to demonstrate achievement of planned results in accordance with business objectives. If a process is shown by these measurements to not meet planned results, management shall initiate appropriate action to correct the nonconformity. In addition, the quality department shall evaluate whether the process non-conformity has resulted in product non-conformity.

### 8.2.4 Monitoring and Measurement of Product

Inspection and testing will be accomplished utilizing documented procedures (see QCI 106), work instructions, specifications and/or drawing requirements. These instructions and procedures fully convey the steps and criteria for acceptance or rejection of material. These instructions will insure that all of the examinations and tests required by contract and/or specification are accomplished on purchased material and completed end item. The following shall also be performed;

1. Product conformity shall be maintained which shall indicate the person authorizing release.
2. Any inspection reports shall become part of the products permanent record and shall be subject to all traceability requirements.
3. All materials found to be acceptable shall be indicated by the inspectors authorized signature or inspection stamp.
4. No product shall be released until all planned activities have been satisfactorily completed or accepted by customer or relevant authority.
5. All materials found to be non-conforming shall be processed per HPI documented procedure for control of non-conforming product.

Sampling inspection procedures (see QCI 103) utilized by HPI to determine quality conformance of supplies will be as stated in the contract or other contractual specifications. In the event the contract permits sampling but does not specify a method, Herndon shall use MIL-STD-105, Level S-2, AQL 1.0 or QAP EQ001 at its discretion.

#### 8.2.4.1 Inspection Documentation

All inspection criteria, observations, measurement results, number and type of deficiencies, quantities accepted/rejected, and any measurement instrument to be used shall be documented on the Inspection report.

Any outside testing services shall be performed by a qualified testing lab and the testing shall be performed in accordance with the inspection plan. The testing service shall provide a full test report of all testing results upon completion of testing.

### 8.2.5 Evidence of Conformance – Certificate of Conformity

As required by the customer, HPI shall provide copies as applicable, all manufacturer's conformance documents, traceability documents, airworthiness certificate, test analysis, and test reports, which shall be maintained by HPI.

HPI maintains a system which identifies all split lots with the amount delivered relative to amount received, purchase order numbers, customer's name & supplier's name.

HPI provides a Certification of Conformity (CofC) on all products shipped. The CofC is included on HPI's packing slip and it shall be signed by Quality Assurance.

### **8.3 – Control of Non-Conforming Product**

HPI has established a documented process (see QCI 107) by which all non-conformances shall be reviewed to determine the need for Root Cause Corrective Action (RCCA). The Quality Department shall be responsible to review all non-conforming materials. Data analysis will be made to identify trends in product quality based on failure modes as required. This includes RCCA activities on supplied products and in-house failures/non-conformances.

Non-conforming materials shall be identified and segregated to prevent use, shipment, and intermingling with conforming material. A locked holding area is provided for the segregated and temporary storage of non-conforming material pending resolution of the non-conformance. The Quality Manager and authorized only personnel are allowed access to this holding area.

Upon notification of non-conforming material, HPI shall perform containment activities. Containment shall include review and sort of all material in stock or in-process to determine if non-conforming condition exists. All suspect material shall be removed from stock or in-process and held in the holding area until a disposition has been made. If required a Stop Work order shall be issued to prevent any further purchase or processing of suspect material.

When a supplied material is found to be non-conforming, the Quality Department shall initiate a Discrepancy Report (DR). The DR shall clearly describe the defective condition, any specific corrective action HPI is requesting and DR due date. On Government Source Inspected discrepant material, the HPI QAR will be made cognizant of the discrepancy, and the supplier shall coordinate with their QAR on corrective action.

Failures or defects in delivered end items are also considered non-conforming material (see QCI 117). HPI will assign a unique Return Material Authorization (RMA) number to track the return. The customer will be required to return defective items to HPI for failure analysis. Corrective action requests from the customer are reviewed by the Quality Manager and appropriate senior management as necessary. After the root cause of the defect or failure has been established, corrective action shall be initiated by appropriate HPI personnel. It is the responsibility of the Quality Department to monitor RMA's to prevent recurrence of defect. The customer will be informed of the corrective action by HPI when requested.

HPI maintains records of all product sales in the case a product is found to be defective or if a product recall should be required. The customer shall be notified as to

the discrepant condition, qty. purchased, customers purchase orders, HPI lot number, manufactures batch/lot number and instructions.

#### **8.4 – Analysis of Data**

HPI collects and analyses a variety of company data and metrics to demonstrate the effectiveness of the Business System, and to determine where improvement activities shall be made. This data shall include as a minimum;

- Customer satisfaction.
- Conformance to product requirements.
- Process & Product trends.
- Supplier performance.

#### **8.5 – Improvement**

##### 8.5.1 Continual Improvement

HPI will identify and establish continually improvement activities on the effectiveness of the Business System. This is done through the use and review of the quality policy, business objectives, audit results, analysis of data, corrective and preventive actions and management review.

##### 8.5.2 Corrective Action

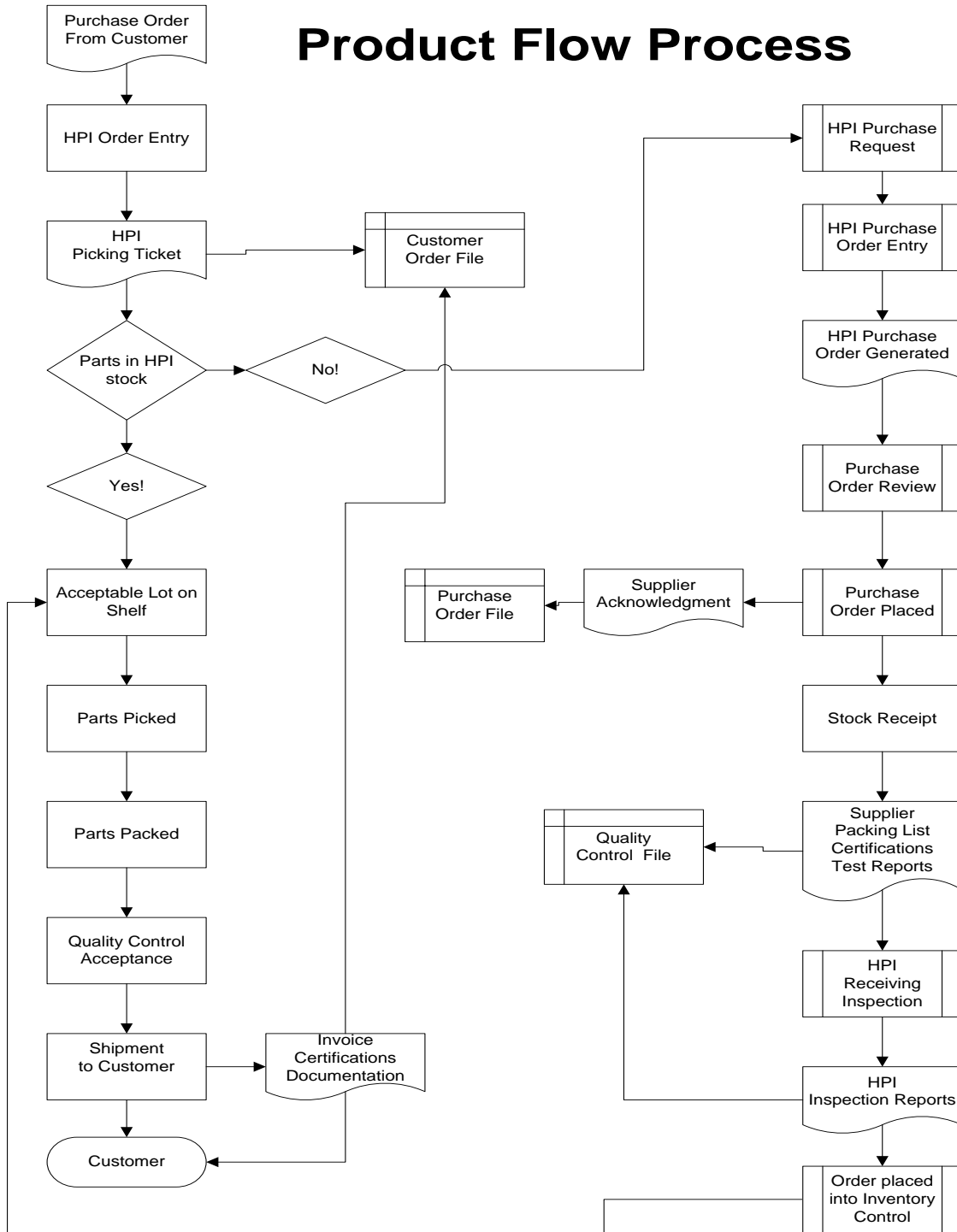
A formal system has been developed (see QCI 108) by which all Corrective Action Request (CAR) shall be logged. Each CAR shall be assigned a unique number by which the CAR shall be tracked. It is the responsibility of the Quality Department to maintain this log and to verify all corrective action activities are being performed. Once a corrective action has been completed, the Quality Manager shall perform a verification to assure the corrective action has been adequate in eliminating the root cause of the problem.

##### 8.5.3 Preventive Action

A formal system has been developed (see QCI 122) by which actions are established to prevent the occurrence of nonconformities and defects. This process is aimed at addressing potential problems and applying solutions to internal and supplier processes.

**Section: Attachment 1**

# Product Flow Process



**Section: Revision Control**

<b>Revision</b>	<b>Date</b>	<b>Originator</b>	<b>Changes</b>
First Issue	8/2/03	Scott Herndon	Initial issue of Quality Manual
1	11/24/03	Scott Herndon	- Added Tina Ehman as authorized QC representative - Add Quick Release Pins to QSL - Added new forms
2	1/21/04	Scott Herndon	Added new form
A	3/22/04	Jeff Park	Complete rewrite and reformat of Quality Manual
B	4/7/04	Jeff Park	Section 3.6, removed statement "Should alteration be required, HPI shall seek a qualified and approved QSLM to perform such alterations."
C	7/20/04	Jeff Park	Manual reformatted to be consistent with AS9120/ISO 9001-2000.
D	9/8/04	Jeff Park	- Updated section 8.5.3 to meet the intent of AS9120/ISO 9001-2000 - Added Kim McCloud to Org. Chart
E	2/14/05	Jeff Park	- Added Herndon Specialty Products into business summary. - Section 5.5.2 added Deputy Management Representative. - Revised section 7.5.3 to remove identification label. - Removed note "3" from section 8.2.2, to "perform audits once per year", audits are performed per schedule which is yearly or less. - Added references to QCI procedures.
F	11/21/05	Jeff Park	- Revised Quality Policy per Management Review - Updated wording "Quality Management System" to "Business System" - Updated wording "Quality Objectives" to "Business Objectives"
G	1/16/07	Jeff Park	- Removed Org Chart and made it available on the document index - Added CAGE Code for HSP. - Updated section 8.2.4 to only include Sampling Plans MIL-STD-105 & QAP EQ001, and added procedure QCI 103.
H	8/10/09	Jeff Park	- Removed all references to Herndon Specialty Products from Business Summary. - Changed address & Logo
I	3/18/10	Jeff Park	- Updated section 1.2 to include ISO 9001-2008