Procedure: Purchasing Procedure MAOP001

1. SUMMARY
	1. This procedure defines the requirements for evaluation and selection of critical suppliers, purchasing critical materials and services, and monitoring supplier performance.
	2. The receipt and receiving inspection of incoming purchased items is defined in the procedure [**R*eceiving Procedure MAOP002***](Procedure%20-%20Purchasing%20MAOP001--.docx)***.***
	3. “Critical materials or services” are those materials or services which are incorporated into final product, or which have a direct impact on the company’s product or quality system, or which are otherwise deemed as critical by management.
	4. Office supplies, administrative consumables, furniture, etc. are not critical materials, and therefore not subject to this procedure.
	5. Reliable Mfg. Corp. understands it is responsible for the conformity of all products purchased from suppliers, including product from sources defined by the customer.
2. REVISION AND APPROVAL

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| **Rev.** | **Date** | **Nature of Changes** | **Approved By** |
| 01 | 7/1/2017 | Original issue. | Kevin Brumley |
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1. FLOW CHART





1. SUPPLIER EVALUATION, SELECTION AND CONTROL
	1. The QAM evaluates new suppliers. The QAM has both the responsibility and authority to approve and disapprove suppliers.
	2. New suppliers are evaluated in accordance with the following criteria:
* Administrative Loading The Vendor in the ERPQMS Vendor Module
* Quality Manager approving The Vendor in the ERPQMS Quality Module
* [See How to approve vendor Help File in the ERPQMS](../EXAMPLES/How%20To%20Approve%20a%20Vendor%20by%20Quality%20Manager.pdf)
* Pricing
* Availability
* Reputation / references
* Location
* Shipping terms and capabilities
* Quality system certification status (ISO 9001 or AS9100 certification preferred)
* Quality of samples received (incl. testing results)
* On-site audit results
* Telephone interview results
* Written survey results
* Customer mandate
* Sole source / OEM status
	1. Where a customer mandates a special process source, both RMC and any suppliers **must** use the required supplier; this usage may override RMC approval status rules.
	2. In some cases a formal risk assessment may be conducted as part of the evaluation and selection of a potential supplier, or in order to determine if a problematic supplier should be retained; see [***Risk Management Procedure SAOP001***](Procedure%20-%20Risk%20%26%20Opportunity%20Management%20SAOP001--.docx)***.*** [***How to Develop a Risk Management***](../EXAMPLES/How%20To%20Develop%20a%20Risk%20Analysis%20of%20a%20part%20or%20process.pdf)
	3. The [QAM] will maintain an Approved Supplier List which lists all evaluated and approved suppliers, their approval status, and the scope of their approval (commodities for which they are approved.) is shown on the Approved Supplier List.
	4. Suppliers who meet any of the evaluation criteria, in the judgment of the QAM or his designee may then be entered into the purchasing system and items may be purchased. However, the supplier is entered into the [***Approved Supplier List*** (ASL)](../EXAMPLES/rptQualifiedVendor.pdf) on a CONDITIONAL basis, pending inspection or review of products or services rendered.
	5. Upon successful receipt or review of products or services, the QAM may then advance the supplier’s status to APPROVED.
	6. If the results of review of product or service received are insufficient or otherwise lacking, the buyer may then elect to change the supplier’s status to DISAPPROVED, or to leave it at CONDITIONAL until further orders are received and reviewed.
	7. A supplier may also be listed as RESTRICTED, where certain purchasing restrictions are placed on the supplier. This may be useful to limit what products may be purchased from a supplier, or to place other conditions.
	8. The [***Approved Supplier List*** **QAEX033**](file:///C%3A%5CReliable%20Quality%5Cerpqms_data%20Reliable%5CReliable%20Quality%5CEXAMPLES%5CrptQualifiedVendor.pdf) indicates the supplier, location, approval status (Approved, Conditional, Disapproved, Restricted), and the scope of approval (typically commodity type or product family). Re-approval of suppliers is continual and ongoing based on the supplier’s ability to meet the criteria of paragraph 4.2 For Restricted status, a note of the restriction must also be included.
	9. Suppliers used for at least six months prior to [Date of Issue], have been grandfathered into the system as Approved, provided they have no outstanding quality issues on record, and only upon the decision by QAM to do so.
	10. For parts or materials and processes entered into the ERP system, this system will list approved suppliers for the individual part, along with secondary choices of approved suppliers, if applicable. [See How to Research Historical Inventory Procurement](../EXAMPLES/How%20To%20Research%20Historical%20Procurement%20on%20a%20Inventory%20Item%20for%20Pricing%20and%20PO%20numbers.pdf)
	11. In such cases, Purchasing will use this information to select the appropriate supplier.
	12. [How to use the ERPQMS Module for Procurement](../EXAMPLES/How%20To%20Develop%20a%20Purchase%20Order%20for%20Material%20or%20Outside%20Processing.pdf)
	13. Purchasing from suppliers is then carried out in accordance with section 4 below.
	14. Verification of purchased product is carried out in accordance with the [**Receiving Procedure MAOP002**](Procedure%20-%20Receiving%20MAOP002--.docx)
	15. Supplier performance is monitored on the basis of the quality of items received. Enter details on how this is logged, trended and reported. [**How To Generate Report on Supplier Delivery**.](../EXAMPLES/How%20To%20Generate%20a%20On%20Time%20Delivery%20Report%20from%20Suppliers.pdf) For active suppliers, this activity acts as a continuous re-evaluation of the supplier, with the receipt of every purchased item or service.
	16. During periodic Management Review meetings, supplier performance is reported to top management, in accordance with the procedure[***Procedure - Management Review QAEX024***](Procedure%20-%20Management%20Review%20QAOP024--.docx)This periodic activity also consists of secondary re-evaluation of suppliers.
1. PURCHASING

The ERPQMS Software will be used to generate all procurements. Exception to general office supplies, cleaning products.

[**How To Develop a Purchase Order for Material or Outside Processing**](../EXAMPLES/How%20To%20Develop%20a%20Purchase%20Order%20for%20Material%20or%20Outside%20Processing.pdf)





In order to purchase critical materials or items, Administrative and or QAM personnel will submit requirements to the procurement manager. The requirements must be approved by an appropriate manager, in accordance with the following approval authorities, based on dollar value of the purchase:

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| **Position** | **Authorization Value ($)** |
| Procurement Admin | $2,000.00 |
| QAM | $1,000.00 |
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* 1. If the requestor has indicated a preferred supplier, Purchasing will ensure the supplier has been approved in accordance with the section above; if the proposed supplier is not approved, Purchasing will either use an approved supplier, or contact the requestor and resolve the issue.
	2. For some purchases, Purchasing may elect to submit competitive requests for quotes from potential suppliers before making a purchase.
	3. Purchases may only be made using [**APPROVED suppliers**](../EXAMPLES/rptQualifiedVendor.pdf). Purchases from RESTRICTED suppliers must be made in accordance with the restrictions noted in the ERPQMS Software.
	4. If a new supplier is to be used, a CONDITIONAL supplier may be used, in accordance with the conditions noted in the ERPQMS Software.
	5. Purchasing shall then generate a [***Purchase Order MAEX002***](../EXAMPLES/rptPurchaseOrder%20Special%20Processes%20.pdf) (PO) to the supplier.
	6. Each PO must contain the following information at a minimum:
* Items to be ordered, identified clearly (typically to include catalog number, part number, etc.)
* Date of delivery desired
* Quantity
* Pricing
	1. In addition, the following information shall be included on the PO if applicable:
* requirements for approval of product, procedures, processes and equipment
* requirements for qualification of personnel
* quality management system requirements
* the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data
* requirements for design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics
* requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing
* requirements regarding the need for the supplier to:
	+ notify the organization of nonconforming product
	+ obtain organization approval for nonconforming product disposition
	+ notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval
	+ flow down to the supply chain the applicable requirements including customer requirements
* records retention requirements
* right of access by the organization, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records see last page of example[.  **rptPurchaseOrder Special Processes**](../EXAMPLES/rptPurchaseOrder.pdf)
	1. The PO shall be reviewed and approved before release to the supplier; this is indicated by the inclusion of QM or his designee name entered onto the PO.
	2. A copy of the PO shall then be sent to Receiving to await receipt of the items.
1. PROCEDURE: SUPPLIER CORRECTIVE ACTION REQUESTS
	1. The QAM maintains a system of ***Supplier Corrective Action Requests***, or SCARs within the ERPQMS Software system. This allows for the flow down of corrective action requirements to a supplier when a supplier is found to be responsible for a particular nonconformity.

[Procedure - Corrective Action QAOP002--](Procedure%20-%20Corrective%20Action%20QAOP002--.docx)

* 1. Any purchasing agent or manager may submit a ***SCAR/NCR Form*** to a supplier that has shown quality problems or the potential for nonconformity.
	2. ***SCARs/NCR*** is routed to the supplier’s representative for root cause analysis and action planning.
	3. Failure of a supplier to respond to a ***SCAR/NCR***, or to respond with an insufficient action plan, may mean adjustment in that supplier’s evaluation standing.