1.0 Purpose of Procedure

This document describes Product Resources' verification and receipt of material process. It provides for a procedure and assigns responsibilities.

2.0 Scope of Process

The scope of this process is define the process of Receiving and Inspection of material used in Product Resources' products.

3.0 Process Owner(s)

3.1 Receiving

3.2 QA

4.0 Procedure

4.1 Receiving and Carrying Out the Receiving Inspection

The receiving clerk accepts deliveries from various shipping companies (UPS, FedExp, LTL freight). Upon receipt, the delivery is inspected for proper identification, quantity of packages and damage. If all the checks and inspections are satisfactory, the delivery is accepted. If the delivery is damaged, the reciever may refuse to accept or should note the damage with the shipping company, or note the damage on the packing slip.

All packages are stamped with the date of receipt. Packages not yet received are kept separate from packages already received.

All materials, components, and other supplies received are subject to a receiving inspection. All parts built to Product Resources' specifications, under revision control as a "-" or letter revision, must be accompanied by a certificate of compliance.

The receiver identifies the items via the packing slip and confirms the supplier, purchase order, part number, quantity and expiration date (lot #) if applicable. Reference procedure 43-2269 for the control of inventory with a shelf life. The goods are examined visually for any signs of damage or visible quality problems. Any documentation delivered with the product (i.e., material certification, certificate of compliance, etc.) is reviewed.

The goods are then received in the ERP system. See 43-4503, Receiving Procedure, for the details of the receiving process. The packing slip is stamped RECEIVED along with the receipt date, and is initialed by the receiver. The receipt of an item in the ERP system provides a record of receiving inspection. Packing slips, quality documents and Certificates of Compliance received with the products are scanned and electronically filed.

The items are labeled with a receiving tag, typically generated from the ERP system (includes the part number, quantity, PO number, and date of receipt) and placed in the appropriate stock location.

Individual items may be subjected to QA incoming inspection activities due to a poor past history of compliance, due to a customer requirement, due to the critical nature of a part, or due to the part being a regulated item for which the compliance cannot be verified after

manufacture. Refer to 43-1355 Addition Receiving Inspection Procedure for items that are moved to stock location inc_insp (Incoming Inspection).

Product Resources permits the pre-release of materials by authorized employees (managers or supervisors). If the pre-release of materials is required to meet urgent manufacturing needs, the process is initiated by completing the Material Pre-Release Form 80-2025. The initiator will record the part number taken, the quantity, and the job number that is using it. The initiator's name and the date will be recorded, and the initiator shall be responsible for the material taken. The Material Pre-Release Form is a two-part form. The original white copy is left with QA. The second yellow copy remains with the job using the pre-released material. Manufacturing must be able to identify the pre-released parts. To facilitate this, the Material Pre-Release Form contains areas to write in the serial numbers or lot of the parts as well as the serial numbers or lot of the assembly receiving these parts, and all to be filled out when and where applicable to assist in identification. Segregation of items may be necessary if lot and serial numbers are not available to perform this function. Release of the material continues by QA in parallel with Manufacturing. QA must have signed a release on the Material Pre-Release Form as a condition of the item being received into stock. In this way no product shall be shipped before its parts are released. QA will file the form with the inspection report. Manufacturing will file the form with the job.

Packages will not pass receiving inspection and will be quarantined if one or more of the following applies:

- Proper documentation is missing. If the Certificate of Compliance is missing the item will be moved to incoming inspection and Purchasing will be notified. The item will be held at incoming until all the documentation is received. A reject tag will be applied, with a notation indicating that the material is waiting for the Certificate of Compliance from the supplier.
- The wrong material is sent and Purchasing is awaiting further instructions, or
- Contents of the package are damaged.

For nonconforming material, a reject tag is filled out, and the item is moved to a quarantine location as described in receiving procedure 43-4503.

4.2 Nonconforming Purchased Material

See 91-4002 for the nonconforming material procedure.

4.3 Storage of Purchased Material

Storage after receipt follows the same process as for storage of manufactured material and product. See 91-4003.

4.4 Incoming Inspection by the Customer

It may happen that a customer requests to perform incoming inspection activities on an item used in product being built for the customer. If requested, the customer will be given the opportunity to do so. However, this does not release Product Resources from any of its responsibilities; in other words, it is in addition to the processes that must always take place as outlined in this procedure and elsewhere in the Quality Manual.

4.5 Source Inspection

Product Resources may request to perform incoming inspection activities at the supplier's facility, or the supplier may request this of Product Resources. In this case, QA may perform all incoming inspection activities or a portion of them as appropriate at the

supplier's facility. Product Resources' performing a source inspection will not release the supplier from any of its responsibilities.

4.6 Supplier Audit of Product or Process for ATEX_CRITICAL or MD_CRITICAL Material

Product Resources or a contractor to Product Resources may audit the product or process of suppliers providing product used in explosive atmospheres product or medical devices product for sale. This would primarily be practiced when the conformance of purchased critical product cannot be verified by inspection.

In addition, regulatory bodies may, at their option, audit such suppliers for product or process. Product Resources shall permit and facilitate such an audit request. Via the Supplier Guidelines Manual (43-2248), suppliers of ATEX_CRITICAL and MD_CRITICAL product have been informed of this, and the Supplier Guidelines Manual is a component of every PO contract.

5.0 Control of Records

The storage location and retention period for records referenced above are given in 91-6002, Control of Records.