Supplier Evaluation and Approval/Disapproval Procedure
1.0 PURPOSE AND SCOPE

1.1 Purpose
1.1.1 To provide for the evaluation and approval/disapproval of suppliers quality system who provide services or materials/products to our Company.

1.2 Scope
1.2.1 The scope of this procedure applies to all purchases by our Company.

2.0 APPLICABLE DOCUMENTS

The following documents of the latest issue are applicable to the extent specified herein:

Commercial/Industrial/Government Documents
ISO 9001   Quality Management System Requirements

Our Company Documents
ATS-PGP-1001   Purchasing System
ATS-QAP-1005   Nonconforming Material System
ATS-QAP-1006   Corrective Action(s) System
ATS-QAP-1009   Management Review

Our Company Forms
FORM ATS10-0048   Supplier Corrective Action Request
FORM 1902   Approved/Disapproved Supplier Record
FORM ATS10-2024   Supplier Quality Audit Record
None   Approved Vendors List (*)

Note(s):
(*) The Approved Vendors List is maintained using the QuickBooks Software with the cover sheet shown in Figure 1 – Typical Approved Vendors List.

3.0 DEFINITIONS/RESPONSIBILITIES

3.1 Definitions
3.1.1 Deliverable - is defined as material/products/services that are acquired to be used to process, fabricate, assemble, test, inspect, package or ship materials/products/services that are to be delivered to fill a Customer’s order.
3.1.2 **Non-Deliverable** - is defined as material/products/services that are acquired and are not used to process, fabricate, assemble, test, inspect, package or ship materials/products/services that are to be delivered to fill a Customer’s order.

3.2 **Responsibilities**

3.2.1 **Purchasing** - shall be responsible for maintaining and enforcing the requirements of this procedure.

3.2.2 **Finance** - is responsible for adhering to the requirements defined in this document.

3.2.3 **Quality Assurance** - is responsible for adhering to the requirements defined in this document.

4.0 **SUPPLIER EVALUATION**

4.1 **Request for Evaluation**

The Purchasing Department will request the supplier to be evaluated when it is necessary to approve a new type supplier, examine a current approved supplier or when deemed necessary by Purchasing/Quality Assurance.

4.1.1 **Supplier Type Description and Approval Requirements**

**PURCHASE TYPE REQUIREMENTS**

**Type 1 - Critical Process Vendors, Production** (Vendors who provide Test & Inspection Services, Calibration Services, Subcontract Assembly/Fabrication, Custom Design Products/Software, etc.).

a) Annual Supplier Self-Audit or site survey, or verification of valid ISO 9001 registration or ISO 17025 Laboratory Accreditation certificate is required. An Approved/Disapproved Supplier Record form shall be prepared and approved by Purchasing and Quality Assurance each year to indicate that a formal review was conducted on an annual basis.

c) Type 1 suppliers are reviewed on an annual basis for performance during the Management Review meeting per ATS-QAP-1009, Management Review.
Type 2 - Distributors or Raw Materials, Production (Production Items such as packaging materials, packing labels, software, computers or other off-the-shelf products, etc.).

a) No On-site Survey/Audit or Approved/Disapproved Supplier Record forms are required unless specified by Quality Assurance. Suppliers are approved by Purchasing on the Approved Vendors List only.
b) Receiving Inspection is required on each Supplier shipment per ATS-PGP-3001, Receiving Inspection.
c) Type 2 suppliers are reviewed on an annual basis for performance during the Management Review meeting per ATS-QAP-1009, Management Review.

Type 3 - Distributors/Vendors, Non-Production (Non-Production Items such as office supplies, etc.)

a) No Survey/Audit is Required on Non Production Material/Products.
b) No Receiving Inspection Required.
c) Receiving is required to verify Count/Visual for obvious damage only.
d) No requirement to place Type 3 Suppliers on the AVL unless deemed necessary by Quality Assurance.

Type 4 – Partner Subcontractors, Production (Vendors who team with us to support our client projects):

a) A formal written “Agreement” is prepared and approved by the Business Operations and/or Finance Department and the supplier. A copy of the “Agreement” (i.e. Contract/Subcontract/Letter/other written means) document is retained by Business Operations Department in the Project file.
b) Type 4 suppliers are reviewed on an annual basis as needed or when changes occur by the Purchasing Department. Formal Type 4 records are retained by Purchasing.

4.1.2 All evaluation requests will be evaluated by Purchasing in conjunction with the Quality Assurance Department. Type 1 Suppliers are approved (Active) or disapproved (In Active) using the Approved/Disapproved Supplier Record form with the Supplier’s name being placed or removed from the Approved Vendors List. Type 2 Suppliers are approved by Purchasing and their status maintained using the Approved Vendors List. See Figure 1 – Typical Approved Vendors List for additional information.

4.1.2.1 The Approval//Disapproval status of each Vendor/Supplier is retained in the QuickBooks Software. The Vendor/Supplier approval/disapproval/conditional approval information is entered and maintained by Purchasing Department with the assistance from Quality Assurance.

4.1.3 Quality Assurance has the right to approve (Active) or disapprove (In Active) all types of Suppliers.
5.0 **SUPPLIER DISAPPROVAL**

5.1 General

5.1.1 As deemed appropriate, the Supplier is disapproved by Purchasing and/or Quality Assurance when the Supplier does not perform to Contractual obligations (i.e. Fails to meet design, workmanship, documentation, traceability, function or performance, price or delivery requirements, or fails to respond to corrective actions, etc.).

5.1.1.1 No formal letter or notification is required to be sent to the Supplier once disapproved by Purchasing and/or Quality Assurance.

5.1.2 Purchasing and Quality Assurance shall update the Approved Suppliers/Vendors List by changing the Supplier’s status to In Active (Disapproved). The Supplier's/Vendor’s status in the QuickBooks Software that is used to print the AVL is updated to reflect the status of the supplier by the Purchasing Department with the assistance of Quality Assurance. See Figure 1 – Typical Approved Vendors List for additional information.

5.1.3 For Type 1 Suppliers, FORM 1902, Approved/Disapproved Supplier Record shall be prepared to change the Supplier’s status from approved to disapproved. The old Approved/Disapproved Supplier Record shall be marked “Old Revision” or “Obsolete,” or the record shall be placed in the trash. Only the newest record shall be retained unless clearly identified as Old Revision or Obsolete.
Figure 1 – Typical Approved Vendors List (**)  

Date: 03/29/12  
To: Purchasing Personnel  
From: John Doe – Purchasing  
Subject: Approved Vendors List (AVL)  

This list includes Type 1 and Type 2 suppliers as defined in ATS-PGP-1001, Purchasing System and ATS-PGP-2001, Supplier Evaluation and Approval/Disapproval procedure, that have been approved, conditionally approved or disapproved by Purchasing and Quality Assurance at ATS. The vendor status is as follows:

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Vendor Code</th>
<th>Misc. Code</th>
<th>Type &amp; Status</th>
<th>Comments (as required)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A &amp; B Calibration</td>
<td>082906</td>
<td>A1</td>
<td>A2</td>
<td>ISO 9001 Registered</td>
</tr>
<tr>
<td>Big Johns Electrical</td>
<td>082906</td>
<td>A2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tekware Parts</td>
<td>082906</td>
<td>C2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T &amp; T Mechanical</td>
<td>082906</td>
<td>D2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Purchasing Approval          Date          QA Approval          Date

Note(s):
(**) The "Detailed Vendor File Report - Ordered By Vendor Number" printed using the QuickBooks software; Vendor Maintenance - Active Vendors List report with a Purchasing and QA Approval cover letter also meets this requirement.