



BMP-004 Purchasing

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Revision	Reason for change	Date	Approval
C	Update evaluation procedures	5-21-07	BMD
D	Revise reference to Qform -201	5-1-08	PJM

Scope:

This document is intended to define the methods for purchasing of deliverable products and general management of the supplier base.

Purpose:

The purpose of this procedure is to assure that all materials and supplies purchased are in conformity with the requirements of any contract under which those materials and supplies are being purchased. To provide a positive means by which any material requiring receiving inspection, testing, or vendor certification is identified and appropriate action taken to assure compliance. To provide visibility to Management on all purchases and to obtain required Management approval for expenditures.

References:

BMP-007 Control of NCM
BMF-103 Receipt of Product
BMF-102 Contract Review
Qform-202 Supplier Questionnaire
AS 9100 Section 7.4.2
Shop control software Vendor listing
Vendor approval log

All materials and supplies purchased by BMI shall, at the time of Purchase Order or Purchase Request origination, be separated into two classes:

Class I - any material that becomes part of a deliverable end item, for which the applicable contract or Government regulations require receiving inspection, testing, or vendor certifications. Class I items may also include any other types of material or contracted services, as deemed necessary by Management.

Class II - any material that does not fall under the requirements of Class I.

Only class I materials shall be governed by the requirements of this procedure.

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2.0 Determination of the Requirements

During the contract review phase of an order per BMF -102, a review of the drawings and specifications shall take place. This review is to identify the following items for inclusion on the BMI Purchase Order.

- Applicable drawings, specifications, documents and their respective revision numbers
- Material Quantities
- Special Processing materials
- Special processing time limits; alodine to bond priming within 40 hours, for example.
- Customer Specified manufacturer of the raw materials
- Supplier furnished documents, tests, inspections or certifications
- Customer or BMI source inspection at the Suppliers premises
- BMI actions at receiving; inspection, test or identify, count and damage inspection
- Special tooling inspections; customer requirement; first article or dimensional
- Supplier quality system requirements, including supplier MRB responsibilities
- Supplier special process approvals and changes to "approved" processes.

3.0 Creation of the Purchase order

The BMI purchase order shall be generated using the in house accounting system. Within the notes section of the P.O. the above noted requirements will be defined for the supplier as well as the actions for BMI upon receipt of the product. Deliverable documents such as test, inspection, and certification documents shall be entered as line item requirements on the P.O. to assure prompt delivery.

The requested delivery date shall be noted on the purchase order. Long lead items must be considered at the time of placing the P.O. Long lead materials that will not support the job delivery dates must be identified to the customer. A request to the customer should be made for alternate materials or a deviation to the customer's delivery date.

If an electronic data set is required for production it will be supplied as an IGES file on a disc to avoid the possibility of corruption during transfer. Based upon specific contract requirements for quality level II and III work packages the IGES data will be compared to the finished product via a CMM inspection or by selected point measurements at receiving at BMI.

If source inspection is required either as a customer requirement or a BMI requirement, arrangements must be made with the supplier at the time of order is placed. These arrangements shall instruct the supplier to notify BMI personnel 7 days prior to

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requested ship date of the order and not to ship product without BMI authorization and/or signature on the supplier shipping documents.

4.0 P.O. Execution

After the P.O is completed it should be reviewed by the Managing Director or project manager for accuracy and conformance to program requirements. The completed P.O. will then be forwarded to the selected supplier. Supplier evaluation is discussed below.

In specific instances the supplier will be contacted periodically to discuss progress of the P.O. If the supplier is deemed as a high risk supplier in the "C" or "D" category a surveillance plan may be defined on the P.O. for regular progress evaluations.

Upon the delivery of the order to BMI, the order will be processed in accordance with BMP-104 receipt of product. If the product is rejected for conformance issues, the applicable BMI P.O. used to purchase the product will be held from further processing and payment suspended until the NCM report is completed per BMP-007.

After the order is received and deemed acceptable the suppliers invoice may be paid. Completed P.O.s may be filed with the completed job file per BMP-002.

5.0 Purchase order revisions

All changes to purchase orders that affect WIP at the supplier shall be made to the supplier in writing. The specific nature of the changes will be noted on an amended P.O. form under the same P.O. number. The revision of the P.O. shall be controlled by the date of issue of the revision. A request should be made to the supplier to identify any schedule or cost delay as a result of the P.O. change.

6.0 Supplier evaluation and re-evaluation

New suppliers shall complete Q form -202 Supplier questionnaire and return to Brendell Manufacturing Inc. for consideration as a supplier. This document will be reviewed by BMI personnel to determine if the supplier has the capabilities to provide products to BMI.

Based upon review of this Qform-202 and/or due to the complexity of products that the supplier will provide and on site visit may be required. On site visits shall be a rare occurrence as most products purchased are raw materials from well known sources. Should an onsite visit occur a trip report will be generated outlining the activities. This trip report shall be kept on file with the suppliers Qform-202 Questionnaire.

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Supplier's performance shall be rated at the time of delivery as accepted or rejected in the shop control software in accordance with BMF-103 Receipt of Product. The % accepted will determine vendor grades. Each year suppliers will be given a grade of A, B, C or D.

6.1 Suppliers re-evaluation

Supplier's re-evaluation shall consist of annual review of their scores for all receipts in that period.

Supplier's grade will be based on the percentage of good receivers.

0%	Rejected receivers: A
1%-5%	Rejected receivers: B
6%-10%	Rejected receivers: C
11% or more	Rejected receivers: D

6.2 Periodic re-evaluation

- Suppliers with A and B ratings will be considered suppliers in good standing with the preference given to the "A" supplier where possible.
- Suppliers with a "C" rating are not considered in good standing and should not be used unless no other viable supplier exists and/or the purchase is customer directed and/or the suppliers pricing will support the additional cost of monitoring. When using a supplier with a "C" rating source inspection and/or receiving inspection should be required in the purchase order to the supplier. When using a "C" rated supplier a corrective action plan should be underway with the supplier to correct the deficiencies noted in the rating process.
- Suppliers with a "D" rating should not be utilized to supply product to BMI unless directed as the only supplier of a specific item by the customer's specification and or direction. When compelled to use "D" rated supplier a corrective action plan must be underway with the supplier to correct the deficiencies noted in the rating process and source inspection is mandatory.

6.3 Supplier Corrective action

Corrective action may be requested in the following cases:

- (1) A component is found to be discrepant upon receipt
- (2) A component is found to be discrepant upon use in house
- (3) A trend is noted in the Suppliers annual Score for a rated category.

In all cases the formal document to request corrective action should be the Non



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Conforming Material report printed from the shop control software system. The NCM form is to be completed and logged per BMP-007 Control of Non Conforming Material. In all cases where a part is rejected for conformance issues, the applicable BMI P.O. used to purchase the product will be held from further processing and payment suspended until the NCM report is completed per BMP-007.

Written corrective action from the supplier should be entered on to the NCM that was submitted to the supplier and returned to BMI for review. Written statements of corrective action or corrective action plans submitted on supplier letter head are also acceptable. After review and acceptance by BMI personnel the P.O. may continue to be processed and suppliers invoice may be processed.

In the case of using a "C" or "D" rated supplier a corrective action plan from the supplier should be received and reviewed by BMI personnel before any other orders are placed.

All records of supplier actions and corrective actions should be maintained with supplier questionnaire Qform-202 in accordance with BMP-002 Control of records.

7.0 P.O. Completion

The purchase order is considered completed when the following items have been verified:

- The proper quantity of items have been received
- All items conform to stated requirements
- All applicable documents are received
- All NCM are complete and closed
- Related invoice has been received

The Completed P.O. may be filed in the company accounting files.