**Procedure: Purchasing**

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 ***Receiving.***
   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. (Company) 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** |
| 0.1 | 1/23/2017 | Original issue. | Katya Weaklim |
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1. **SUPPLIER EVALUATION, SELECTION AND CONTROL**
   1. The buyer evaluates new suppliers. This person/these individuals has/have both the responsibility and authority to approve and disapprove suppliers.
   2. New suppliers for raw materials are evaluated in accordance with the following criteria:

* Delivery & accuracy of material delivered
* Location
* Quality of samples received (incl. testing results)
* Meets the spec
* Overall structure & ability
* Flexibility
  1. Where a customer mandates a special process source, both (Company) and any suppliers **must** use the required supplier; this usage may override (Company)’s 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.***
  3. The Purchasing Manager will maintain an Approved Supplier List which lists all evaluated and approved suppliers, their approval status, and the scope of their approval.
  4. Suppliers who meet any of the evaluation criteria, in the judgment of the Purchasing Manager, may then be entered into the purchasing system and items may be purchased. However, the supplier is entered into the ***Approved Supplier List*** (ASL) on a CONDITIONAL basis, pending inspection or review of products or services rendered.
  5. Upon successful receipt or review of products or services, the Purchasing Manager 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*** 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 suppliers ability to meet the criteria of paragraph 3.2.2. For Restricted status, a note of the restriction must also be included.
  9. Suppliers used for at least six months prior to January 23, 2017, have been grandfathered into the system as Approved, provided they have no outstanding quality issues on record, and only upon the decision by Purchasing Manager to do so.
  10. Sole source and customer required suppliers will be evaluated based on several metrics on quarterly basis. ***Supplier Evaluation Form*** will be used to complete evaluation. If nonconformities occur ***Supplier Corrective Action Request*** form will be issued to the supplier to remedy the issue and ***Supplier Corrective Action Log*** form will be filled out.

1. **PURCHASING**
   1. In order to purchase critical materials or items, an employee will submit a ***Requisition Form*** to Purchasing. This form must be approved by the Plant General Manager and in some cases the company CEO.
   2. 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.
   3. Purchasing may purchase items directly, without a ***Requisition Form***.
   4. For some purchases, Purchasing may elect to submit competitive requests for quotes from potential suppliers before making a purchase.
   5. Purchases may only be made using APPROVED suppliers. Purchases from RESTRICTED suppliers must be made in accordance with the restrictions noted in the ASL.
   6. If a new supplier is to be used, a CONDITIONAL supplier may be used, in accordance with the conditions noted in the ASL.
   7. Purchasing shall then generate a ***Purchase Order*** (PO) to the supplier.
   8. 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
  1. The PO shall be reviewed and approved before release to the supplier; this is indicated by the inclusion of Purchasing Manager name entered onto the PO.
  2. A PO will be closed out as items are received.

1. **PROCEDURE: SUPPLIER CORRECTIVE ACTION REQUESTS** 
   1. The Purchasing Manager/Office Operations Manager maintains a system of ***Supplier Corrective Action Requests***, or SCARs. 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.
   2. Any manager can submit an ***SCAR Form*** to Purchasing Manager that has shown quality problems or the potential for nonconformity, who then will submit an ***SCAR Form*** to supplier.
   3. ***SCARs*** are routed to the supplier’s representative for root cause analysis and action planning.
   4. Failure of a supplier to respond to a ***SCAR***, or to respond with an insufficient action plan, may mean adjustment in that supplier’s evaluation standing.