

## **13.0 CONTROL OF NON CONFORMING PRODUCT**

FDI has procedures in place to identify and document all product or service non-conformances. A closed-loop system is maintained to ensure that all discrepancies or non-conformances are addressed prior to release of the product.

### 13.1 General

FDI maintains a system that segregates and identifies serviceable inventory from unserviceable material in a manner that will control the issuance of those materials. FDI segregates those items identified as military surplus from civil aircraft use and also serviceable from unserviceable. Any items rejected at receiving inspection will be placed in a secure Bond Cage and held until the discrepancy is resolved or the part is returned for credit.

Quality rejections are documented via the PO/RO Receiving Report checklist which is kept with the part until the discrepancy is corrected or the part is sent back to the vendor.

The part is identified with a red inventory label and located in the Bond cage pending correction of the issue.

The buyer may request that the Incoming Inspector or QA Manager contact the vendor to resolve discrepancies, but it is ultimately the purchaser's responsibility to interface with their vendor to resolve problems, obtain RMA's, etc.

In the event that a customer returns a part for credit, the sales person will be responsible for inputting an RMA into the system which details the reason for return. There is a free form field to input information, and also a fixed selection of reason codes which are selected from. Reasons for return are categorized as:

1. Part Quality - physical issue with the part that may require re-work.
2. Documentation – missing or incomplete paperwork.
3. Late Delivery – did not deliver part on time.
4. PO Requirements – did not meet a customer requirement listed on their PO.
5. Administrative – part returned through no fault of FDI, such as customer cancellation or non-payment.
6. BER – part sold in AR condition but did not pass through overhaul.

Upon receipt of the returned part, the QA Manager will review and process the RMA, which finalizes the return process. At this time it will be determined whether there is any further action needed prior to re-stocking the material.

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Any items determined to be beyond economical repair and/or scrap shall placed in the BER Cage. The QA Manager will control access to the BER Cage. FDI uses physical separation, bin location and colored inventory control tags to facilitate segregation.

### 13.2 Review and Disposition of non conforming product

In order to provide a closed loop system to implement corrective action, all items identified as substandard or otherwise non-conforming will be recorded on either the Purchase Order Receiver or the Repair Order Receiver. If the item(s) are returned for a warranty claim, they are received into a special "WNT" category so that reports can be run listing all warranty claims for management review. If the item(s) are to be returned to the vendor for credit, FDI QA will process a PO Return Order to return the part to the vendor.

FDI will send a written notification to the recipient/originator of any materially misrepresented parts within 24 hours of discovery, unless the customer/vendor is already aware of the problem. Notification will also be sent to FDI's quality registrar.

13.2.1 Scrapped Parts: The Quality Assurance Department will handle all scrapped material. All material that is condemned, or deemed BER will be held in FDI's BER Cage until cleared for disposal by the QA Manager. At this time, the parts in question will be mutilated to prevent any further usage. The QA Manager or his designee shall be responsible for verifying that scrap parts are mutilated to such an extent that they may not be mistaken for serviceable parts.

The mutilation may be done by drilling, cutting, grinding or other appropriate means. After mutilation, the part will be disposed of by whatever means is deemed appropriate by the QA Manager. Data plates will be removed, destroyed, and disposed of separately to prevent re-usage. A photo copy of the destroyed dataplate will be kept on file to document dataplate destruction. FDI imposes the same requirement on its repair vendors. FDI maintains a record of all scrapped parts on the Scrap Mutilation Form.

The form shall contain a description of the parts, its part number, and serial number, if applicable, and the date the part was scrapped. FDI shall retain this record for at least seven (7) years.

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Parts donated to schools or museums will be documented in the same manner as scrapped parts.

A material review board will meet periodically to review the disposition of larger assets that might require scrapping. Members of sales, accounting, QA , and management will make up the material review board. Items will be reviewed for obsolescence, marketability, condition, etc, and will be scheduled for scrapping as applicable.

### 13.3 FDI Corrective Action Reports

An FDI CAR can be issued by anyone at FDI when non-conformance occurs. The root cause and corrective action required to eliminate the cause of the non-conformance is determined by the personnel responsible for the transaction. Proposed corrective action is required within one week after issuance of the CAR. The corrective action will be approved by the responsible party's supervisor and reviewed by the QA Manager for conformance to existing policies. Effectiveness of the corrective action will be determined by a follow up review conducted two weeks after corrective action is taken.