

3.0 CONTRACT REVIEW

Procedures are in place to ensure that the requirements of a customer's order have been reviewed and documented prior to acceptance.

This includes:

1. Ensuring that any differences between the initial inquiry and the purchase order received have been resolved prior to acceptance of the purchase order.
2. Ensuring FDI has the capability to meet the purchase order requirements before commitments are made.
3. Ensuring that customer requirements are adequately documented and communicated internally and to FDI's vendors.

3.1 Review

FDI offices receive RFQ's for parts by fax, phone, SITA or email.. The RFQ is distributed to the sales person who usually deals with that customer or if there is no assigned sales person then the RFQ is forwarded to the appropriate sales staff by the sales manager.

The RFQ typically contains the following information:

1. Part no.
2. Description
3. Quantity
4. Certification/Specification requirements
5. Traceability requirements
6. Condition

The sales person checks the computer for availability and any history of the part(s) having been ordered previously. If any of the required part(s) are in stock they are noted as such and become part of the quote to the customer. Market research is conducted to ascertain market value and availability. If parts are not available or are of little value, the RFQ may not be pursued, in which case the customer is notified of a no-quote. A quote is prepared and sent to the customer. The quote is entered in the computer, identified by part number to the sales person. If the customer accepts the quote they issue a purchase order to FDI.

On receipt of the purchase order, FDI sales / marketing personnel complete an initial review of the requirements to ensure FDI can supply to the requirements as listed. The customer's Purchase Order is attached to the associated Sales Order in Quantum for future reference. FDI issues a purchase order or repair order to

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procure or repair the part, which communicates to FDI's vendor the requirements of the customer's purchase order. A sales order is then entered which communicates the customer's requirements internally. At the time of shipment, the sales order and customer Purchase order are reviewed by the QA Inspector to ensure that all requirements listed on the customer's Purchase Order are met.

3.2 Amendment to a Purchase Order

Changes to a customer's purchase order will be required in writing prior to shipment of the part to prevent any disputes that might be caused by verbal changes. Major changes such as a different part number or higher quantity may require a new quote.

In the event that a customer's requirement changes after the order has been placed, it is the sales person's responsibility to inform FDI's vendor of the change and amend FDI's Purchase/Repair Order accordingly . The sales person is also responsible for informing effected FDI staff of any changes to customer requirements by amending/notating the Sales Order. FDI Shipping/Receiving personnel review notes on PO/RO/SO's prior to accepting/shipping part to the customer.

3.3 Contracts / Sales Agreements

For large contracts and sales agreements, FDI will assign a point of contact who will be responsible for reviewing all aspects of the contract and ensuring that initial customer requirements or revised customer requirements are communicated to the effected department. The point of contact will ensure that all initial customer Quality Assurance requirements and any subsequent changes are submitted to the QA Manager , who will ensure that the QA Department is fully aware of the customer's requirements at all times. If customer requirements fall outside the usual scope of FDI procedure, customer specific requirements will be posted on the FDI Intranet under the heading "Customer Specifications." Contract reviews should be documented in writing in order to assist in contract review verification.