VENDOR SURVEY AND AUDIT PROCEDURE

1.0 PURPOSE

The purpose of this procedure is to establish a uniform method for the survey and audit of suppliers for Eaton Industrial Corporation, Fuel Systems Division (FSD) Euclid Site, hereafter referred to as Euclid.

2.0 SCOPE

This procedure applies to any survey or audit of an Eaton (FSD) Euclid supplier.

3.0 APPLICABLE DOCUMENTS

	PR6	Eaton Quality System – Supplier Quality Management Process
ø	QCP 8.0.1	List of Special Processes and Personnel and Approval Matrix
	SOP 52-10-005.7-00-007	Vendor Survey/Check List For Suppliers Of Castings, And Special Processes.
	SOP 52-10-005.7-00-008	Bar Stock Suppliers
	SOP 52-10-005.7-00-009	Vendor Survey/Check List For Suppliers Of Forgings, And Special Processes.
	MIL-1-45208	Inspection System Requirements (Cancelled – Reference)
	Z-1337	Supplier Survey/Audit Summary
	FC 9338	Supplier Audit Nonconformity Report
	Form 5.7-3	Vendor Audit Checklist
	FC 9017	Peening Audit Checklist
	FC 9020	Brazing Audit Checklist
	FC 9021	Check List for Electrolytic & Electroless Plating and Chemical Conversion Coatings
	FC 9022	Heat Treat Audit Checklist
	FC 9023	Liquid Salt Bath Nitriding Check Sheet
	FC 9279	Request for Review and Approval of Potential New Supplier

4.0 DEFINITIONS

Assessment - An appraisal of a potential supplier's capability for supplying parts or performing operations for Eaton contracts.

Audit - An appraisal of an established supplier's capability to continue supplying parts or performing operations for Eaton contracts.

First Tier Supplier - A supplier of material and/or services to Eaton when so contracted by Purchase Order from Eaton.

Major First Tier Supplier - A first tier supplier whose material and/or services are significant in terms of dollar amount, parts volume and/or part criticality.

Second Tier Supplier - A supplier of services or special processes to an Eaton first tier supplier. The second tier supplier is contracted by Purchase Order from a source other than Eaton.

Certified Supplier - a supplier authorized by Eaton management to self-release material and/or services.

5.0 QUALITY ELEMENTS

5.1 Supplier Surveys / Assessments / Audits

ø 5.1.1 The following supplier surveys or assessments will be performed:

- Initial Supplier Profile Survey On site (Pre-qualification survey for potential suppliers)
- Quality System Assessment (QSA) Onsite assessment of potential suppliers
- Process Audit (Onsite review of current suppliers for pre-PPAP / FAI, problem resolution, and development; or an onsite line review of potential suppliers).
- Special Process initial survey or audit.

5.1.2 The Euclid facility will request assistance from Eaton Corporate Supplier Quality, in performing an Initial Supplier Profile Survey and/or a Quality System Assessment (QSA) of potential suppliers per EQS PR-6.

5.1.2.1 Euclid Supplier Quality shall establish which employees are qualified to perform each of the Eaton standard surveys / assessments and also industry, customer-specified, or special process assessments.

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5.1.3 Initial surveys of Special Processors will be performed on site by the process expert in accordance with QCP 8.0.1. Exceptions to the site survey can be made if all of the following conditions are met:

- The supplier is NADCAP accredited (verified on OASIS)
- The supplier is listed in the General Electric Supplier (GE) Yellow Pages (objective evidence required).
- The Special Process Technical Representative listed in QCP 8.0.1 approves a documentation desk audit and documents the supplier is capable.

5.2 SCHEDULES

5.2.1 An annual schedule of Special Process audits will be published during the first quarter of the calendar year. Where required by contract and customer requirements, Special Processors will be audited at least once every three (3) years. The surveillance audits may consist of an on-site and/or review of current NAPCAP accreditation and verification of listing on GE Yellow Pages for the processor. Where poor quality performance is exhibited, audits may be more frequent. The decision to order audits more frequently will be made by Euclid Supplier Quality Manager.

5.2.2 The schedule will be updated periodically to reflect the accomplishment to schedule and also the status of the audited suppliers.

5.2.3 Special processors approval status will be authorized for a period not to exceed 36-months, unless an extension is granted by the Euclid Supplier Quality Assurance Manager.

5.2.4 Assessments will be conducted as requested by Euclid purchasing. Assessments will be added to the schedule and status of the assessed potential suppliers will be reflected in the SPL.

5.2.5 Extensions to Special Processor approval dates and scheduled audits may be granted for a period of up to one year with the approval of the Supplier Quality Assurance Manager.

5.3 APPROVAL LEVEL OF VENDOR CAPABILITY

Each supplier shall be reviewed and approved to the highest level for which the supplier has a quality/inspection system in place. Following are the levels and their description:

Level I - Simple machining – Eaton Corporation supplies the material.

Level II - Simple machining - the vendor supplies the material.

Level III - Complex machining with or without special processing.
- Eaton supplies the material.

Level IV - Complex machining with or without special processing.
- Vendor supplies the material.

Level V - Complex machining and assembly.

Level VI - Electrical components machining, assembly and test.

Level VII - Suppliers of castings, forgings or special processes.

Level VIII - Suppliers of bar stock.

5.4 Level of Vendor Machining Capability.

5.4.1 Simple machining - The machining of castings or bar stock, where the resulting dimensions can be verified, with standard, readily available gages.

5.4.2 Complex Machining - The machining of castings or bar stock where the resulting dimensions must be verified with gages and equipment that are not standard such as gear teeth, splines, true position of gear bores, center-to-center distances, tolerance zones along cast configuration, etc. (e.g. requiring Coordinate Measuring Machine (CMM).

5.5 APPROVED VENDOR LIST (AVL) and SPECIAL PROCESS LIST (SPL)

5.5.1 Results of assessments and audits will be shown on the Euclid Approved Vendor List (AVL). This list will be maintained on an ongoing basis to show the status of vendor approval, services performed, vendor approved level, and assessment date. If all qualification requirements are met, interim vendor approval may be granted by letter from Euclid Quality Assurance prior to issue of the AVL or SPL.

5.5.2 All special process vendors must be listed on the SPL. All other approved vendors must be listed on the AVL.

5.5.3 All vendors listed on AVL will be monitored based on performance measurables. Audits will be conducted on an "as needed" basis (as determined by the Supplier Quality Assurance Manager). These audits will be based on (but are not limited to) poor Quality or DPPM performance, poor on time delivery, quality system non-conformances, continual documentation or part marking errors, etc.

6.0 ASSESSMENTS AND AUDIT PROCEDURE

6.1 A thorough planning phase should be performed prior to arriving at the vendor's facility.

6.2 The auditor shall review the contractual requirements. These requirements include the applicable purchase order, vendor quality requirements, drawings, quality control procedures and specifications called out on supporting documents. The auditor shall review the results of any previous audits of the vendor (if available) to determine weak elements in the vendor's Quality Management System and whether or not past corrective action taken was effective. The auditor shall review the Supplier Quality rating to get an up to date view of the vendor's most recent performance. The results of the planning effort should indicate which Level (reference paragraph 5.3) is most applicable.

6.3 The auditor will make a preliminary determination as to the level of vendor capability based on review of the Supplier Quality Manual and associated data. Final determination of the vendor capability level will be made upon completion of the audit or assessment.

6.4 The auditor shall obtain any needed information to complete the supplier assessment/audit summary. The auditor should also ask any questions or clarifications needed as a result of the planning phase (e.g. more detail may be required to explain a particular system outlined in the Supplier's Quality Assurance Manual).

6.5 The Euclid Supplier Quality Manager or designee shall determine the appropriate Vendor Audit Checklist and/or appropriate process audit check lists (see applicable documents) that will be used to evaluate the vendor's quality system. Comments may be made for a particular question by providing a detailed explanation in the comments section of the checklist.

6.6 The auditor should focus on Eaton Product (when possible) and supporting procedures. Actual dimensional inspections of hardware may be part of the audit process.

6.7 Any deficiencies found during the assessment or audit should be brought to the attention of the vendor as they are discovered and documented on the Supplier Audit Nonconformity Report. (FC 9338).

6.8 A close-out meeting should be conducted with the vendor. Any deficiencies found during the assessment or audit should be summarized. Possible corrective actions may be discussed. Non-conformances requiring corrective actions are documented on Form FC 9338. A copy is given to the supplier to address corrective actions for any noted deficiencies.

6.9 The auditor's report shall supply objective evidence that an in-depth audit/survey was performed. The auditor shall prepare and file the report in a timely manner.

6.10 The report shall consist of (as applicable):

- Supplier Survey/Audit Summary -Form Z-1337.
- Eaton Vendor Audit Checklist - Form 5.7-3 (when applicable).
- Supplier Audit Nonconformity Report - FC 9338 (when applicable).

6.11 Formal notification of approval status and time period will be forwarded to the Supplier via Supplier Survey/Audit Summary Report Form Z-1337. Notification can be in the form of a letter or email which contains the above form.

6.12 Deficiencies found in each of the assessment/audit areas are subject to corrective action. Form Z-1337 will be annotated with the initial assessment/audit results.

Vendor Status will be listed as follows:

- Approved - Vendor has a documented quality assurance system that complies with FSD Euclid quality management system requirements, has demonstrated that their system is working effectively, and is followed by the supplier's quality personnel.
- Conditionally Approved – Minor discrepancies have been discovered in the vendor quality assurance system, and corrective actions are needed.
- Not Approved – Major discrepancies have been discovered, in the vendor quality assurance system and require "CA's" that will take considerable time to complete. No product is to be received from this vendor until such time that corrective actions have been complete.
- Unacceptable - The vendor cannot show a documented system of quality assurance, demonstrate implementation of a system, or has taken a non-cooperative attitude toward Eaton Quality Management System requirements.

6.13 The results of the audit/assessment will be listed on the Approved Vendor's List and Audit & Survey Schedule along with the planned follow-up date, if required, by the Vendor Quality Status.

6.14 The cognizant auditor will determine an appropriate date for corrective action.

ø 6.15 The Quality Department Administrative Assistant will be responsible for monitoring the open surveys and audits and notification to the auditor of responses that are due.

6.16 The FSD Euclid auditor shall determine from prior knowledge of the vendor, type of deficiencies found and the vendor's response to the required corrective actions, what type of follow-up action

is necessary.

6.17 When the final Vendor Quality Status is established, Form Z 1337 is annotated with the results. The Approved Vendor's List, or Special Process List and the Audit & Survey Schedule, will be updated accordingly by the Manager of Supplier Quality or designee. The approved Vendor List (AVL) and Special Processors List (SPL) are updated continuously. Website postings of the SPL are updated for suppliers on a semi-annual basis.

6.18 The audit report shall be distributed by the Quality Department Administrative Assistant as follows:

Original Supplier Quality Assurance File

Copies to:

Supplier Quality Assurance Manager

Purchasing Manager

Auditor