	SYSTEM PROCEDURE Control of Nonconforming Product	
REVISION: 07	PROCEDURE NO.: 20	DATE EFFECTIVE: 05/25/21

1. PURPOSE

1.1. To define Tempco Electric Heater Corporation process for controlling nonconforming product.

2. SCOPE

2.1 This procedure applies to purchased product and/or non-conforming product found in-process and material rejected by the customer and returned to Tempco Electric Heater Corporation.

3. PROCEDURAL REQUIREMENTS and RESPONSIBILITIES

3.1 General Requirements

3.1.1 The Director of Engineering, Director of Manufacturing Operations, Production Supervisors, Product Engineers, Customer Service and Quality Assurance are responsible for complying with and ensuring compliance to this procedure.

3.2 Identification

3.2.1 All suspect and/or non-conforming products shall be identified and adequately segregated from conforming product. Non-conforming product will be identified and documented with any one of the following combination of methods:


- 3.2.1.1 Reject Bins
- 3.2.1.2 Reject Tag
- 3.2.1.3 Nonconformance Report
- 3.2.1.4 Return Authorization
- 3.2.1.5 QC Log Evaluation Record

3.3 Documentation & Dispositioning

3.3.1 Receiving Inspection – The Nonconformance Report is utilized to identify and document rejections identified during the receiving inspection process as defined in Monitoring and Measurement of Product Procedure 19. The Nonconformance Report identifies purchase order, date, Nonconformance Report number, vendor, part description, drawing, quantity and reason for rejection. The Purchasing Manager, respective buyer and/or Engineering shall disposition the product on the Nonconformance Report. Corrective Action, if appropriate, will also be documented on the Nonconformance Report in accordance with the Purchasing Process Procedure 12

3.3.2 In-Process – Nonconformances and/or scrap identified during the verification process as defined in Monitoring and Measurement of Product Procedure 19 will be documented and the product will be segregated with a reject tag and/or reject bin. The Department Manager, Engineering and/or Authorized Personnel will review the nonconformance and disposition the product (e.g. provide an indication of approval of product dispositioned as scrap).

3.3.3 Department Final Test and/or Inspection – The Nonconformance Report will be used to identify and document rejections identified during the final test and/or inspection operations performed within each department. The Nonconformance Report will document the product disposition. The Nonconformance Report identifies the customer, manufacturing order, part number, department, supervisor, quantity, date,

	SYSTEM PROCEDURE Control of Nonconforming Product	
REVISION: 07	PROCEDURE NO.: 20	DATE EFFECTIVE: 05/25/21

rejection codes and reason for rejection. The Department Manager, Engineering, Quality Assurance and/or Authorized Personnel shall disposition the product on the Nonconformance Report. Corrective Action, as determined appropriate, will be indicated on the Nonconformance Report and the necessary actions taken will be documented in one of the following categories:

- No Action Required
- Verbal Feedback
- Personnel Notified
- Written Corrective Report required.

3.3.4 Final Inspection – The QC Log Evaluation Record is utilized to identify and document rejections identified during the final inspection and verification process as defined in Monitoring and Measurement of Product Procedure 19. The Nonconformance Report is then subsequently initiated to document the disposition. The Nonconformance Report identifies the customer, manufacturing order, part number, department, supervisor, quantity, date, rejection codes and reason for rejection. The Department Manager, Engineering, Quality Assurance and/or Authorized Personnel shall disposition the product on the Nonconformance Report. Corrective Action, as determined appropriate, will be indicated on the Nonconformance Report and the necessary actions taken will be documented in one of the following categories:

- No Action Required
- Verbal Feedback
- Verbal Feedback, with the corrective actions communicated to the responsible individual and documented.
- Written Corrective Action required.

3.3.5 Return Authorization – The Return Authorization form is utilized to identify and document customer non-conformances. The form identifies customer name, return authorization number, authorized by, date, part number and whenever possible CO number, original purchase order number, quantity and reason for return. Quality Assurance will perform an inspection and evaluate the product to the established drawing and specification requirements and document the results of the analysis on the QA compliance with specification section. If Quality Assurance requires additional input, then Engineering will also provide a product evaluation and document the results on the Engineering Report section. The results of the Quality Assurance and/or Engineering inspection and analysis, along with any recommendations is submitted to Customer Service and/or Sales, who will provide the final disposition and document this decision on the Return Authorization Report. Corrective Action, as determined appropriate, will be initiated and documented in accordance with the Corrective Action and Opportunities for Improvement Procedure 21.

3.4 Actions Taken

3.4.1 The Nonconformance Report and/or Return Authorization shall document one or more of the following:

- 3.4.1.1 actions taken to eliminate the detected nonconformity
- 3.4.1.2 authorizations for its use, release or acceptance under concession by a relevant authority and, where applicable, by the customer;
- 3.4.1.3 actions taken to preclude its original intended use or application.



SYSTEM PROCEDURE

Control of Nonconforming Product

REVISION: 07	PROCEDURE NO.: 20	DATE EFFECTIVE: 05/25/21
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3.4.2 When nonconforming product is corrected it shall be subject to re-evaluation to demonstrate conformity to the requirements.

3.4.3 When nonconforming product is detected after delivery, Quality Assurance, Engineering and/or Customer Service and/or Sales shall take action appropriate to the effects, or potential effects of the nonconformity.

3.5 If the suspect or nonconforming product is customer supplied, then the customer's authorization or acknowledgement of the disposition is required. The customer's authorization can be either documented on the Nonconformance Report or an authorizing document can be attached.

4. PROCESS FLOW CHART

The sequential steps for Tempco Electric Heater Corporation Control of Nonconforming Product are presented in flowchart format on the last page of this document. The function and/or position responsible for the activity in the flow are identified outside the initial activity. This responsible function and/or position continues until a change is identified. The function of a decision or option requires the responsible function and/or position be identified for each result.

5. RECORD

- 5.1. Nonconformance Report
- 5.2. Return Authorization
- 5.3. QC Log Evaluation Record

6. REVISION HISTORY

REVISION LEVEL	DATE OF REVISION	SECTIONS	DESCRIPTION OF CHANGE
00	02/04/09	All	Initial release
01	06/12/09	3.3.1	Clarified that in-process dispositions provide an indication of approval of product dispositioned as scrap.
02	05/22/15	3.3.5	Was — The Return Authorization form is utilized to identify and document customer rejections and identifies the customer, return authorization number, authorized by, date, co number original purchase order, part number, quantity and reason for return.
03	06/02/16	3.3.2	Removed text “on the reverse side of the drawing/specification sheet”
04	01/29/18	3.3	Was Procedure 8.3. Updated procedure number in section 3.3 (5 places)
05	05/08/18	3.3.4	Clarified authority for disposition of product with Nonconformance
06	04/09/19	3.1.1, 3.3.2 3.3.3	3.1.1 Replaced VP of Operations with Director of Engr. and Director of Mfg. Operations 3.3.2 and 3.3.3 added Authorized Personnel
07	05/25/21	4	Revised language to reflect proper flowchart page location



SYSTEM PROCEDURE

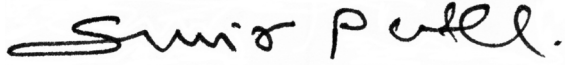

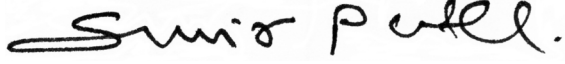
Control of Nonconforming Product

REVISION: 07

PROCEDURE NO.: 20

DATE EFFECTIVE: 05/25/21

7. AUTHORIZATION

POSITION	HELD BY	AUTHORIZATION SIGNATURE OR INITIALS
Prepared By: Director of Engineering	Samir Patel	
Senior Management Representative: Chief Financial Officer	Paul Wickland	
Management Representative:	Samir Patel	



SYSTEM PROCEDURE

Control of Nonconforming Product

REVISION: 07

PROCEDURE NO.: 20

DATE EFFECTIVE: 05/25/21

