



TETON

Machining Solutions

1805 NE 10th Ave
Payette, ID 83661

QUALITY MANUAL

Revision 05

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03 September 2008



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Quality Manual Revision History

Revision	Description of change	Initiator	Date
00	Initial Release	Perry Wolfe	06/01/05
01	- Corrected punctuation, grammar, and spacing throughout the document. 5.3 Changed "ISO" to "Network". 5.6.1 Frequency changed from semiannual to annual review. 2.0 Removed validation exception 7.5.2 Removed validation exception text and inserted text on validation of features or characteristics.	Internal Audit Team	07/11/05
02	5.4.1 – Cross reference changed from section 2.0 to section 3.0	Perry Wolfe	09/11/05
03	Changed to new TMC logo	Perry Wolfe	10/27/05
04	Added document number to header.	Jeremy Boles	05/14/07
05	Added SOP/WI QMS Document Reference Numbers: № 1: Section 4.1 – ¶ 2, added "(Customer Satisfaction, SOP 050613-1)" № 2: Section 4.2.3 - ¶ 1, added "(SOP 050613-1)" № 3: Section 4.2.4 - ¶ 2, added "(Master Records Retention List, SOP 061106-1)" & "Control of Records Procedure (SOP 050525-2)". № 4: Section 5.1C - Added "(Management Review Procedure, SOP 050615-5)" № 5: Section 5.2 - Added "(Customer Satisfaction Procedure, SOP 050613-1)" № 6: Section 5.6.1 - Added "(QMS Audit and Management	Jeremy Boles	06/20/08

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Revision	Description of change	Initiator	Date
	<p>Review Schedule, QMS 070215-1)", "(Management Review Procedure, SOP 050615-2)" and "(Management Review Agenda, QMS 070926-1 & Management Review Minutes, QMS 050615-06)".</p> <p>№ 7: Section 6.2.1 - Added "(SOP #####-#)"</p> <p>№ 8: Section 7.1 - Added "(Contract Review Process Flow, SOP 050915-1)"</p> <p>№ 9: Section 7.6 - Added "(Control of Monitoring and Measuring Devices, SOP 050525-1)"</p> <p>№ 10: Section 7.6a - Added "(Gage Calibration, SOP 060911-1)"</p> <p>№ 11: Section 8.1a - Added "(First Article Inspection Procedure, SOP 020904-2 & Final Inspection Procedure, SOP 020904-1)"</p> <p>№ 12: Section 8.2.2 - ¶ 1 added "(SOP 050617-2)"</p> <p>№ 13: Section 8.2.2 - ¶ 2 added "(Internal Quality Audit Procedure, SOP 050617-2)" & "(QMS Audit and Management Review Schedule, QMS 070215-1)" & "(QMS Audit Checklist, QMS 050616-2)"</p> <p>№ 14: Section 8.2.4 - ¶ 3 added "(Final Inspection Procedure, SOP 020904-1)", ¶ 4 added "(SOP 050615-1)".</p> <p>№ 15: Section 8.3 – Added "(SOP 050615-1)"</p> <p>№ 16: Section 8.5.2 – Added "(SOP 050616-2)"</p> <p>№ 17: Section 8.5.3 - Added "(Preventive Action Procedure, SOP 050525-3)"</p>		

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1.0 Teton Machine Company

The company was incorporated under the laws of the state of Idaho in 1981. Teton Machine Company services global customers in diverse markets, largely supporting the business machine, communications, medical, and semi-conductor markets. Teton Machine Company's capabilities range from CNC Verticals, CNC Lathes, CNC Swiss Lathes, Centerless Grinding, and Mechanical Sub-assemblies plus various contracted vendor services. Teton Machine Company employs a 40 man team with the infrastructure that affords our customers a one stop job shop that meets or exceeds all their needs.

2.0 Scope of the Quality Management System and Exclusions

Teton Machine Company complies with all applicable requirements of the ISO 9001:2000 International Standard for the manufacture of machined parts, mechanical assemblies, and related services, except for the following exclusions:

Design (Section 7.3) – Teton Machine Company produces products to customer furnished designs.

3.0 Quality Policy and Objectives

QUALITY POLICY

Teton Machine Company is committed to satisfying the machining needs of our customers with high quality products, delivered on time while providing a work environment that promotes personal growth to our employees and continual improvement of our quality management system.

QUALITY OBJECTIVES

- On time delivery
- Customer satisfaction
- Compliance to requirements
- Continual improvement

4.0 Quality Management System

4.1 General Requirements

It is the policy of Teton Machine Company to establish, document, implement, and maintain a quality management system as a means of ensuring that its products and services conform to specified requirements of the ISO 9001:2000 International Standard and to foster an environment of continual improvement. Teton Machine Company has identified the processes needed for the quality management system and their application throughout the organization. These include processes for management activities, provision of resources, product realization and measurement, and continual improvement of all activities.

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The Quality manual and associated procedures describe the entire life cycle from introduction of product designs to product realization and delivery and including all processes necessary for maintaining Customer satisfaction (Customer Satisfaction, SOP 050613-1). In essence, they describe all the processes necessary for realization and delivery of the desired products to Teton Machine Company Customers.

The criteria and methods required to ensure the effective operation and control of these processes are defined and documented as necessary. The entire Quality Management System documentation and other key information necessary to support the operation and monitoring of the Teton Machine Company business processes are available to all employees on the company's computer network.

Teton Machine Company ensures the availability of resources to support the operation and monitoring of its business processes through its budgeting process.

When Teton Machine Company chooses to outsource any process that affects product quality, it ensures control over such processes. Control of these outsourced processes is addressed in the purchasing process.

4.2 Documentation Requirements

4.2.1 General

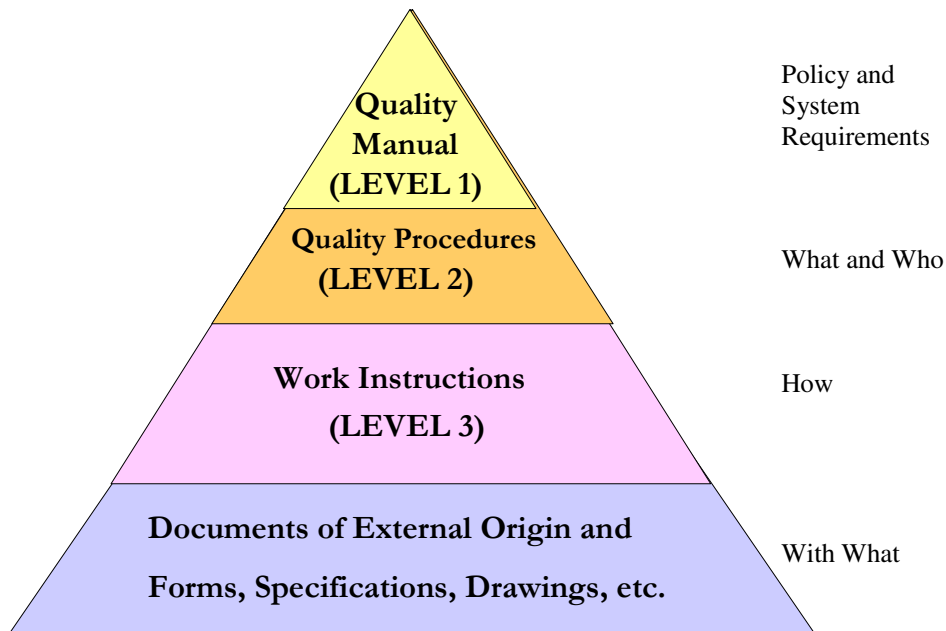
The Teton Machine Company quality management system documentation includes:

- a) Documented statements of a quality policy and quality objectives,
- b) This quality manual,
- c) Documented procedures required by the ISO 9001:2000 International Standards.
- d) Other documents needed by Teton Machine Company to ensure the effective planning, operation, and control of its processes, and
- e) Quality records required by the ISO 9001:2000 International Standards (see Section 4.2.4).

All documented procedures are established, implemented and maintained. The quality procedures describe criteria, methods, detailed activities, responsibilities and the quality assurance measures that are required to ensure the effective operation and control of Teton Machine Company business processes. The Teton Machine Company Quality Management System also includes lower tier documents required by the organization to ensure the effective operation and control of Teton Machine Company business processes. The degree of documentation is consistent with the size of the Teton Machine Company business unit and the activities involved, methods used, complexity and interaction of the Teton Machine Company business processes, and competence required by Teton Machine Company personnel involved in carrying out these activities.

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The structure and outline of the Teton Machine Company quality management system is shown below.



The Quality Management System is maintained, updated and continually improved as Teton Machine Company seeks better business practices. The system has been established and Teton Machine Company employees have been trained on:

- a) Which procedures apply to them,
- b) How to access those procedures,
- c) How to apply them to their job function, and
- d) How to report related results.

4.2.2 Quality Manual

Teton Machine Company has established, documented and maintains a quality system as a means of ensuring that its processes and products conform to specified requirements of the ISO 9001:2000. The quality manual (this document) includes the following:

- a) The scope of the quality management system, including details of, and justification for, any exclusions (see 2.1);
- b) Documented procedures or direct references to them;
- c) A description of the sequence and interaction of the processes included in the quality management system (see 5.4.2).

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Quality Procedures and other lower tier documents referenced in the quality manual and the quality plan (see 5.4.2) support the quality manual and establish the overall documentation of the organization. The quality manual is a controlled document subject to the requirements of the document control system.

4.2.3 Control of Documents

Teton Machine Company ensures that pertinent issues of documents and data related to the requirements of the Quality System and the ISO 9001:2000 standard are controlled. This control extends to documents of external origin, such as regulatory compliance documents, Customer requirements, performance standards and product specifications. Operating procedure, Document Control Procedure (SOP 050613-1), is established to define the processes necessary to control quality system documentation. Teton Machine Company recognizes that quality records are a special type of document and controls them as provided in section 4.2.4. Teton Machine Company ensures that quality system documents remain legible and readily identifiable.

Document and Data Approval and Issue

All documents and data related to the requirements of the Quality System and the Standard are reviewed and approved for suitability prior to release or use. Where computer based documents and files are used, special attention is paid to appropriate approval, access, distribution and archiving procedures.

Teton Machine Company has a mixed media documentation system:

- a) Level I and II documents are computer based, and are available as read-only documents.
- b) Level III documents (such as work instructions, departmental operating procedures, etc) are also in electronic format wherever possible.
- c) For the remaining Level III documents, authorized distribution to points of use is in hard copy.
- d) Level IV documents are to the extent possible computer based; otherwise they are controlled hard copy.

All electronically stored Quality Management System documents are stored in protected folders. Update access privileges to these folders are limited. Printed copies of procedures are to be considered uncontrolled unless stamped CONTROLLED in red.

The user is responsible to verify the correct revision prior to use. Any printed documents are controlled directly by the department that issued them.

Master List

A Master List (Master List of Controlled Documents, QMS 060911-1), identifying the current revision status of documents, is established and is readily available to preclude the use of invalid and/or obsolete documents. This ensures that pertinent issues of appropriate

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documents are available at all locations where operations essential to the effective functioning of the Quality System are performed.

Document and Data Changes

Changes to documents and data are reviewed and approved by the same function/organizations that performed the original review and approval, unless specifically designated otherwise. Access to appropriate background information is provided. The nature of the changes is recorded. When practical, the changes are highlighted in the document and/or on attachments.

Obsolete Documents

Electronically maintained documents are removed from active files when they become obsolete. After revision issue, obsolete hard copy documents are removed from points of issue and use. The obsolete master document is stamped “obsolete” and retained for legal and/or knowledge preservation purposes. The point of use copy is destroyed.

4.2.4 Control of Quality Records

Teton Machine Company maintains quality records to demonstrate conformance to specified requirements and the effective operation of the quality system. Control provides for the identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. Pertinent supplier records are an element of these data.

All quality records are legible and are stored and retained in such a manner that they are readily retrievable. Storage facilities provide an environment that minimizes damage or deterioration and prevents loss. Retention times of quality records are established and recorded (Master Records Retention List, SOP 061106-1). A records control matrix is documented to aid control. Operating Procedure Control of Records Procedure (SOP 050525-2), defines the processes necessary to control quality system records. Where agreed contractually, Teton Machine Company will make quality records available to Customers or the Customer’s representative for evaluation for the agreed period. Access is on a prearranged basis.

5.0 Management Responsibility

5.1 Management Commitment

Teton Machine Company is committed to the development and improvement of a Quality Management System. This commitment is demonstrated by:

- a) Communicating to the organization the importance of meeting all Customer and statutory/regulatory requirements. This activity is further described in the Section 5.2 of this manual.
- b) Establishing the Teton Machine Company Quality Policy for total commitment to excellent service and the associated quality objectives.

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- c) Conducting Management Reviews (Management Review Procedure, SOP 050615-5).
- d) Ensuring the availability of resources to perform the activities described by the Quality Management System. This is accomplished through annual planning, objective setting and the budgetary process.

5.2 Customer Focus

Teton Machine Company management ensures that Customer requirements are determined and fulfilled with the aim of enhancing Customer satisfaction (Customer Satisfaction Procedure, SOP 05052504). The needs of our Customers are determined through continual verbal and written communications as well as periodic visits to their facilities to better understand their individual processes and needs. All personnel who interface with Customers are responsible to assess stated or implied needs and bring them to the attention of top management so that they may be addressed. To continually improve, Teton Machine Company also monitors, measures, and analyzes Customer satisfaction through the business cycle.

While Teton Machine Company management is committed to pursuing total Customer satisfaction, Teton Machine Company also meets regulatory and legal requirements.

5.3 Quality Policy

Top management of Teton Machine Company has defined and documented its Quality Policy and includes the organization's commitment for meeting Customer requirements and to continual improvement of the quality management system.

The quality policy is relevant to organizational goals and the expectations and needs of its Customers. These concepts have been communicated to all employees within the scope of the Quality System. Quality concepts have been integrated into the Teton Machine Company culture. Teton Machine Company ensures that its Quality Policy is understood. This is accomplished through training, communication, displays, and the Network Server. The Quality Policy is a controlled document subject to the requirements of Document Control.

The Policy is maintained through Quality Systems audits, corrective and preventive actions, and is reviewed for continuing suitability through periodic management reviews.

5.4 Planning

5.4.1 Quality Objectives

Teton Machine Company management establishes quality objectives at all relevant functions and levels within the organization. These objectives are derived from Teton Machine Company Quality Policy and are documented. Each quality objective is measurable and consistent with the quality policy including the commitment to continual improvement. Quality objectives identified in section 3.0 include those needed to meet all contracted Customer requirements. In addition to management controls and performance objectives, the

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entire set of quality objectives also addresses Customer satisfaction, as well as product and service delivery characteristics. The top line corporate quality objectives are linked to the business plans of Teton Machine Company and are supported by all members of the management team.

5.4.2 Quality Management System Planning

Teton Machine Company has identified and planned the resources needed to achieve its quality objectives. The results are documented in a format to suit the Teton Machine Company method of operation. Quality planning addresses continual improvement of the Quality Management System and assures that when changes to the quality management system are necessary, the changes are implemented in a controlled manner to maintain the integrity of the quality management system and Teton Machine Company service environment.

The Teton Machine Company Quality Plan is established through the quality manual, which identifies the business processes of the quality management system and includes references to associated Quality procedures. The Core Business Processes represent how market opportunities are turned into profitable outcomes.

Each process has an owner who has the prime responsibility for ensuring that the process achieves its objectives and is under continual review for improvement.

The Teton Machine Company Quality Procedures and associated Level III documents (instructions) identify the series of controls and quality assurance measures that meet the requirements of Section 4.1.

5.5 Responsibility, Authority, and Communication

5.5.1 Responsibility and Authority

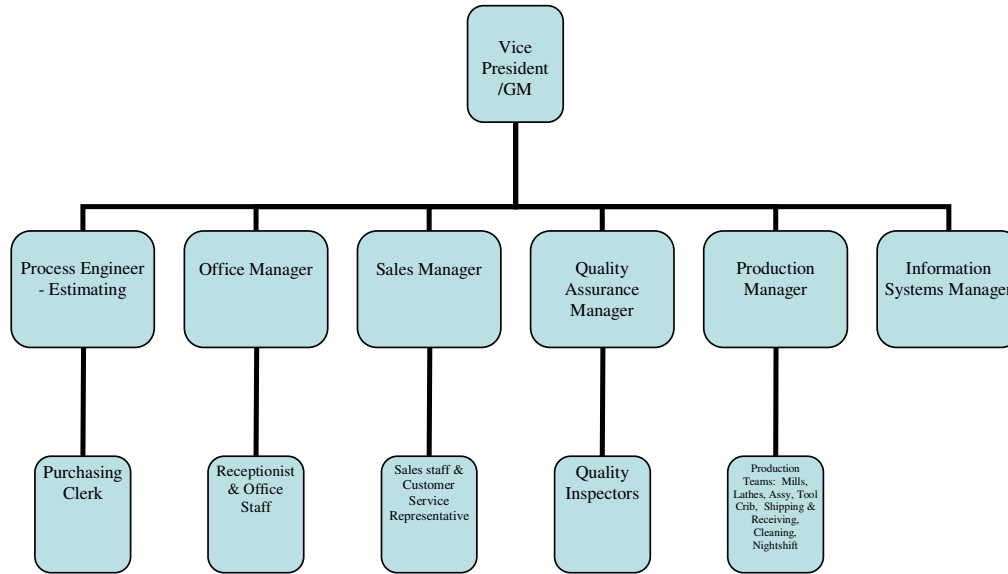
Functions and their interrelationships within the organization, including responsibilities and authorities, are defined and communicated in order to facilitate effective quality management. Teton Machine Company ensures the responsibility, authority and interrelationship of personnel who manage, perform, and verify work affecting quality is defined and documented, particularly for personnel who need the organizational freedom and authority to:

- a) Initiate action to prevent the occurrence of any nonconformance relating to Teton Machine Company products, services, processes, and quality system,
- b) Identify and record any problems relating to the Teton Machine Company products, services, processes and quality system,
- c) Initiate, recommend, or provide solutions through quality teams or other designated channels,
- d) Verify the implementation of solutions,

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- e) Control further processing, delivery, or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.

A current organization chart is maintained to demonstrate the interrelationship of such personnel:



5.5.2 Functional Organization Responsibilities

President/CEO/General Manager

- Quality Policy Development
- Establish Quality Objectives
- Corporate Quality Planning
- Organizational Structure
- Management Review
- Sales/Contract review
- Marketing

The Management Team

- Establishes the quality policy and quality objectives
- Provides resources necessary to maintain and improve the quality system
- Conducts management reviews of the effectiveness of the management.
- Defines personnel qualification requirements

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- Defines company-wide training
- Maintain qualification and training records
- Monitors and evaluates supplier performance

Sales and Marketing

- Conducts market research to anticipate Customer expectations
- Determines Customer satisfaction
- Advertises and promotes company's products
- Handles Customers feedback and complaints
- Keeps track of sales
- Monitors the quality performance of competitors

Human Resources

- Employee records
- Insurance
- Benefits

Accounting and Finance

- Prepare monthly statement
- Checks all purchase invoices for discrepancies
- Upkeep personnel records for all employees
- Trace accounts receivable (past due)
- Prepare payroll and quarterly payroll tax return

Purchasing

- Selects qualified suppliers
- Prepares and approves purchasing documents

Production

- Produce products to customer specifications
- Equipment maintenance

Quality Department

- Verification and certification of product quality and characteristics
- Maintain product inspection and certification records
- Monitoring and measurement equipment calibration and maintenance

Systems Department

- Responsible for computer and network system
- System administration and maintenance
- Provides technical assistance and support



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- Promotes software development for company business application

Receiving, Shipping, and Inventory Control

- Receives all local and primary purchases
- Prepare all products for shipping and delivery
- Maintain product inventory organization

Process Engineering

- Production support
- Estimating

5.5.2 Management Representative

Top management of Teton Machine Company has appointed the Quality Assurance Manager as its Management Representative. This individual, irrespective of other responsibilities, has the defined authority to:

- a) Ensure that the business processes of the Quality Management System are defined.
- b) Ensure that the quality system requirements are established, implemented, and maintained in accordance with the Standard.
- c) Report to top management on the performance of the quality management system, including needs for improvement.
- d) Promote awareness of Customer requirements throughout the organization.

The Management Representative also may act as the liaison between Teton Machine Company and other third parties on matters concerning the Teton Machine Company quality system.

5.5.3 Internal Communications

Teton Machine Company ensures that appropriate communication processes are established within the organization and communication takes place between its various levels and functions regarding the processes of the quality management system and their effectiveness. This is accomplished by quality awareness training, various quality meetings, internal publications, and notice boards.

5.6 Management Review

5.6.1 General

Top management of Teton Machine Company reviews the quality management system at least annually to ensure its continuing suitability, adequacy and effectiveness in meeting internal needs and the ISO 9001:2000 requirements (QMS Audit and Management Review Schedule, QMS 070215-1). The review includes assessment of opportunities for improvement and the need for changes to the organization's quality management system,

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including its quality policy and quality objectives (Management Review Procedure, SOP 050615-2).

Management may decide to hold a Management Review more frequently for the following reasons:

- a) The system is not functioning adequately
- b) Part of the system needs to be changed, or
- c) Customer complaints/external audits reveal significant system failure.

Results of management reviews are recorded and retained as records (Management Review Agenda, QMS 070926-1 & Management Review Minutes, QMS 050615-06).

5.6.2 Review Input

Inputs to management review include current performance and improvement opportunities related to the following:

- a) Results of audits
- b) Customer feedback
- c) Process performance and product conformance
- d) Status of preventive and corrective actions
- e) Follow-up actions from earlier management reviews
- f) Planned changes that could affect the quality management system
- g) Recommendations for improvement.

5.6.3 Review Output

The outputs from the management review include decisions and actions related to:

- a) Improvement of the effectiveness of the quality management system and its processes.
- b) Improvement of product related to Customer requirements.
- c) Resource needs.

6.0 Resource Management

6.1 Provision of Resources

Teton Machine Company management determines and provides the resources needed:

- a) To implement and improve the processes of the quality management system, and
- b) To address Customer satisfaction.

These resources are assessed and reviewed on a periodic basis consistent with business planning activities.

6.2 Human Resources

6.2.1 General

Personnel who are assigned responsibilities defined in the quality management system are competent on the basis of applicable education, training, skills, and experience. Specific activities are addressed in the Competency, Awareness, and Training procedure (SOP #####-#).

6.2.2 Competency, Awareness, and Training

Teton Machine Company identifies the competency needs of its employees and provide for training or other actions to ensure that the each employee meets competency requirements.

Identification of Competency Needs

Teton Machine Company identifies the competence needed for each activity that affects its performance, assesses the competence of its employees to perform the activities, and develops training plans to provide the needed knowledge or skills.

Training Provision

Training is provided either on or off the job, internally or externally, as appropriate. The effectiveness of training is assessed through a continual evaluation of performance to determine if the training provided the desired skills. Effectiveness is assessed by the managers and/or supervisors who authorized the training to ensure that training objectives have been accomplished.

Qualification and/or training records documenting the employee's demonstration of required skills are maintained. The production manager maintains records of employee qualifications with details of experience, skill and other pertinent qualifications on the internal network. Additionally, Teton Machine Company employees are made aware of quality system and Customer satisfaction responsibilities in their job descriptions. These QMS and Customer satisfaction responsibilities are reinforced during employee awareness meetings.

6.3 Infrastructure

Teton Machine Company management identifies, provides, and maintains the facilities it needs to achieve the conformity of product requirements, including:

- a) Workspace and associated facilities
- b) Equipment, hardware, and software
- c) Supporting services, such as physical security, transportation, and communications

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- d) Environmental issues such as conservation, pollution, waste, and recycling that may impact infrastructure.

6.4 Work Environment

Teton Machine Company management identifies and manages the human and physical factors of the work environment needed to achieve conformity of product requirements.

7.0 Product Realization

7.1 Planning of Realization Processes

Upon receipt of new product requirements, Teton Machine Company management plans the sequence of processes and sub-processes required to realize the specified product objectives (Contract Review Process Flow, SOP 050915-1). In planning the processes for realization of product, Teton Machine Company:

- a) Prepares documentation and data that describe how the processes of the quality management system are applied to a specific product. These are referred to as product specific quality plans. These documents describe the sequence of processes and sub-processes required to achieve the planned operation including specified performance objectives. These quality plans are consistent with the other requirements of the organization's quality management system and are documented in a form suitable for Teton Machine Company method of operation.
- b) Identifies necessary controls, processes, equipment, fixtures, total production resources, including outside services and skills that are needed to achieve the required quality.
- c) Addresses service delivery, production process, packaging, shipment, measurement, and monitoring activities and the applicable documentation for compatibility.
- d) Develops and implements verification, validation, and inspection and test activities, and the criteria for acceptability.
- e) Clarifies standards of acceptability, including those that contain a subjective element.
- f) Identifies quality records that are necessary to provide confidence of conformity of the processes and resulting product has been made and maintains the records as described in quality system documents

7.2 Customer-Related Processes

7.2.1 Identification of Customer Requirements

Prior to accepting new processing work from Customers, Teton Machine Company determines requirements specified by the Customer. These Customer requirements include:

- a) Requirements specified by the Customer, including requirements for availability, delivery, and support.

- b) Requirements not specified by the Customer but necessary for specified or known intended use.
- c) Obligations related to the contract, including regulatory and legal (statutory) requirements.
- d) Any additional requirements determined by Teton Machine Company.
- e) Interface requirements with other suppliers and outsourced resources that are part of the Customer processing stream.

7.2.2 Review of Requirements Related to the Product

The Teton Machine Company Vice President/GM and appropriate shop managers are responsible for the review of requirements. Before submission of a proposal or acceptance of a Customer requirement, the contract or order is reviewed by Teton Machine Company to ensure that:

- a) Requirements are adequately defined and documented.
- b) Differences between the contract requirements and those in the tender or quotation are resolved.
- c) Teton Machine Company has the capability and capacity to meet contract or order requirements.
- d) If an order is received verbally, Teton Machine Company ensures that the order requirements are agreed upon before acceptance. Teton Machine Company documents such statements of requirements.

Teton Machine Company clearly understands the changing requirements of its Customers and takes precautions to adequately understand its Customer needs and expectations prior to commencement of production services. Teton Machine Company also assesses its capability on a continuing basis.

Amendment to a Contract

Teton Machine Company has identified how amendments or changes to ordered services are made and provides for the correct transfer to concerned functions within the organization. Where Customer requirements are changed, Teton Machine Company ensures that relevant documentation is amended and testing takes place as needed. Relevant employees and functions are made aware of the changed requirements and participate in the review before the change takes place.

Records of reviews and actions arising from the review are maintained.

7.2.3 Customer Communications

Teton Machine Company identifies and implements arrangements for communication with Customers relating to:

- a) Product information

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- b) Enquiries, contracts, or order handling, including amendments
- c) Customer feedback, including Customer complaints.

7.3 Design

Design is excluded.

7.4 Purchasing

7.4.1 Purchasing Process

Teton Machine Company ensures that purchased products and services conform to specified requirements and are purchased from approved sources. This control is dependent on the type of product, upon the effect on subsequent realization processes and their output, and where applicable, on the quality audit reports and/or quality records of suppliers' previously demonstrated capability and performance.

Evaluation of Suppliers

Teton Machine Company ensures that suppliers are continually evaluated and selected on the basis of their ability to meet specified requirements including the quality system and any specific quality assurance requirements. Criteria for initial evaluation and selection and periodic re-evaluation are established and include one or more of the following as appropriate:

- a) Previous history in providing materials, products, or services.
- b) Review and approval of the supplier's quality manual.
- c) An internal plan which will guarantee that any product or service, when provided or received, meets all the requirements of this quality system and/or the specific product specification, as applicable.
- d) On-site evaluation of the supplier.
- e) Other (must be explained and documented).

The results of evaluations and follow-up actions are recorded. These requirements are also in effect for Customer specified suppliers.

Teton Machine Company maintains records of acceptable outsourcing suppliers. An approved suppliers list (ASL) is maintained. A supplier may be removed from the ASL for quality or delivery performance.

7.4.2 Purchasing Information

Teton Machine Company requires that purchasing documents contain data clearly describing the product to be purchased, including where appropriate:

- a) Requirements for approval or qualification of products and/or services, procedures, processes, and equipment.
- b) Requirements for qualification of personnel.

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- c) Quality management system requirements.

All purchasing documents are reviewed prior to their release to ensure the adequacy of specified requirements.

7.4.3 Verification of Purchased Product

Teton Machine Company identifies and implements activities necessary for verification of purchased products and/or services to ensure that purchase specifications are met. Teton Machine Company ensures that incoming material is not used or processed until it has been inspected or otherwise verified to specified requirements. Verification of conformance is in accordance with specified purchase requirements and/or documented procedures.

Teton Machine Company determines the amount and nature of receiving verification based on the extent of control exercised at the supplier premises and the recorded evidence of conformance provided.

Verification by Teton Machine Company at Subcontractor's Premises

Should Teton Machine Company propose to verify purchased product at the supplier's premises, Teton Machine Company specifies the verification arrangements and the method of product release in the purchasing documents.

Verification by the Customer

Where specified in the contract, the Customer or his representative is afforded the right to verify, at Teton Machine Company or at the supplier's premises, that purchased products conform to specified requirements. Such verification by the Customer does not absolve Teton Machine Company of the responsibility to provide acceptable product, nor will it preclude subsequent rejection by the Customer.

7.5 Production and Service Provision

7.5.1 Control of Production and Service Provision

Teton Machine Company identifies and plans production processes that directly affect quality to ensure that these processes are carried out under controlled conditions.

Note: effective with the approval of this Quality Manual, all current equipment and processes, together with the work environment, are approved for use based on previously demonstrated capability and use.

Subsequent to a successful review of new or changed Customer requirements, requirements are passed to impacted Teton Machine Company departments (see 7.1). These plans are executed and product is delivered under controlled conditions.

- a) Production Scheduling is responsible for the preparation of the work order which describes requirements for traceability, part and/or drawing number, revision level, description of work processes, references to required procedures and/or

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specifications, and special inspections and tests. A record of work performed, and identification of person performing the inspection is also maintained.

- b) Review and approval of the work order is the responsibility of the Quality Manager.

Controlled Conditions

Controlled conditions include, as applicable:

- a) The availability of information that specifies the product or service characteristics.
- b) Use of documented work instructions where the absence of such instructions could adversely affect quality.
- c) Use of suitable production, installation and servicing equipment in a suitable work environment.
- d) Compliance with reference standards, codes, control plans and/or documented procedures and work instructions.
- e) Monitoring and control of suitable product characteristics and process parameters and the availability and use of measuring and monitoring devices and software (M&MD).
- f) The approval of process and equipment as required.
- g) Criteria for workmanship is stipulated in the clearest practical terms using written standards, representative samples or illustrations as appropriate.
- h) Suitable maintenance of equipment to ensure continuing process capability.
- i) The implementation of defined processes for release, delivery and applicable post-delivery activities.

7.5.2 Validation of Processes for Product and Service Provision

Teton Machine Company makes every effort to inspect each feature of the finished parts selected for final inspection. However, some features and characteristics cannot be inspected on the completed part without destructive testing. For those cases, validation of the program, process, and/or tooling will be conducted during the First Article process and following any type of change during a run that would affect the feature being validated. Validation activities are conducted by qualified inspection personnel, are documented, and utilize cut parts or other techniques as appropriate.

7.5.3 Identification and Traceability

General

Teton Machine Company ensures that products are uniquely identified by suitable means (lot numbers, work orders, process codes, signatures, etc.) and traceability throughout all stages of production. Where required by contract, Teton Machine Company also provides for material traceability.

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Inspection and Test Status

Teton Machine Company identifies the status of the product with respect to measurement and monitoring requirements. Identification of inspection and test status is maintained throughout production to ensure that only products and services that have passed required inspections and tests are dispatched or used. Suitable means of identification are in place throughout the process.

7.5.4 Customer Property

Teton Machine Company exercises care with Customer property while it is under the organization's control or being used by the organization. If any Customer property is lost, damaged, or otherwise found to be unsuitable for use, this shall be reported to the Customer and records maintained.

7.5.5 Preservation of Product

Teton Machine Company preserves conformity of product during internal processing and delivery to the intended destination. This includes identification, handling, packaging, storage, and protection. This shall also apply to the constituent parts of a product. In order to detect deterioration or damage, the condition of stored product is assessed during processing.

7.6 Control of Measuring and Monitoring Devices

Teton Machine Company identifies the measurements to be made and the measuring and monitoring devices required to assure conformity of product to specified requirements (Control of Monitoring and Measuring Devices, SOP 050525-1). Adequately calibrated Measuring and Monitoring Devices ("M&MD") are used and controlled to ensure that measurement capability is consistent with the measurement requirement.

Where applicable, Teton Machine Company ensures that M&MD are:

- a) Calibrated and adjusted periodically or prior to use against devices traceable to international or national standards; where no such standards exist, the basis used for calibration is recorded (Gage Calibration, SOP 060911-1).
- b) Safeguarded from adjustments that would invalidate the calibration.
- c) Identified to enable the calibration status to be determined.
- d) Protected from damage and deterioration during handling, maintenance and storage.

Records of the calibration and verification are maintained. The validity of previous results is reassessed if equipment is subsequently found to be out of calibration, and corrective action taken on the equipment and any affected product.

Software used for measuring and monitoring of specified requirements is validated via written compliance from the software vendor or declared "fit for use" based on its wide use

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in industry. If insufficient experience exists, or if this is a new in-house developed application, the software is validated prior to use. Such software is revalidated as necessary.

8.0 Measurement, Analysis, and Improvement

8.1 General

Teton Machine Company defines, plans and implements the monitoring, measurement, analysis and improvement of the processes needed:

- a) To demonstrate conformity of the product (First Article Inspection Procedure, SOP 020904-2 & Final Inspection Procedure, SOP 020904-1),
- b) To ensure conformity of the quality management system, and
- c) To continually improve the effectiveness of the quality management system.

Statistical Techniques

Teton Machine Company uses statistical techniques to economically establish conformance to specifications. Statistical techniques are also used to determine process capabilities and identify potential quality improvements. Depending on applicable circumstances, sampling plans, run charts, Pareto diagrams, control charts, and/or tally sheets may be used.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

Teton Machine Company monitors information on customer satisfaction and dissatisfaction as measurements of performance of the quality management system. This information is used to evaluate customer perceptions as to whether Teton Machine Company is fulfilling their expectations.

8.2.2 Internal Audit

General

Teton Machine Company conducts periodic internal audits to determine whether its quality management system:

- a) Meets the requirements of the and ISO 9001:2000 International Standard and the quality management system requirements established by the organization.
- b) Has been effectively implemented and maintained.

The responsibilities and requirements for planning and conducting audits and for reporting results are documented in the procedure Internal Quality Audits (SOP 050617-2).

Planning and Scheduling

Internal quality audits (Internal Quality Audit Procedure, SOP 050617-2) are planned and scheduled on the basis of the status and importance of the activity to be audited, as well as the results of previous audits. As a minimum, the schedule is such that the complete quality management system is audited annually (QMS Audit and Management Review Schedule,

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QMS 070215-1). The audit criteria, scope, frequency and methods are defined (QMS Audit Checklist, QMS 050616-2). Personnel assigned to perform internal audits are qualified by education and experience. Training is provided as required. Auditors performing each audit are independent of those having direct responsibility for the activity being audited.

Audit Results

The results of internal audits are documented and brought to the attention of the personnel having responsibility for the area audited. Management personnel responsible for the area take timely corrective action on the deficiencies found during the audit.

Follow Up and Close Out

Follow up activities verify and record the implementation of the corrective action, report the verification results and close out the audit. Subsequent action verifies the effectiveness of the corrective actions taken.

Management Review

Results of internal audits, in summary form, are submitted for management review.

Records

Records of the results of audit and associated corrective actions are retained.

8.2.3 Monitoring and Measurement of Processes

It is the policy of Teton Machine Company to apply suitable methods for monitoring and, where applicable, measurement of the quality management system processes. These methods confirm the continuing ability of each process to achieve planned results. When planned results are not achieved, correction and corrective actions are taken, as appropriate, to ensure conformity of the activity.

8.2.4 Monitoring and Measurement of Product

General

It is the policy of Teton Machine Company to measure and monitor the characteristics of the product to verify that requirements are met. This is carried out at appropriate stages of the product realization process.

Evidence of conformity with the acceptance criteria is documented. Records indicate the authority responsible for release of deliverables.

Final Inspection and Testing

Teton Machine Company carries out all final inspection (Final Inspection Procedure, SOP 020904-1) in accordance with the quality plan and/or documented procedures to complete the evidence of conformance of the finished product/service to specified requirements. Product release and delivery does not proceed until all the specified activities have been completed and the associated data and documentation are available and authorized by the Customer.

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Inspection Records

Teton Machine Company maintains records that provide evidence that the product has been inspected and/or tested. These records show clearly whether the product has passed or failed the inspections or tests according to defined acceptance criteria. Where the product fails to pass any inspection, the procedure for the Control of Nonconforming Product (SOP 050615-1) is applied. Records identify the inspection authority responsible for the release of the product.

8.3 Control of Nonconforming Product

Teton Machine Company ensures that product (or suspected product and/or service) that does not conform to requirements is identified and controlled to prevent unintended use or delivery. These activities are defined and documented in the procedure Control of Nonconforming Product (SOP 050615-1). This procedure includes provisions for:

- a) Identification, documentation, evaluation, segregation (where practical), disposition of nonconforming product, and for notification of the functions concerned.
- b) Assigning responsibility for the review and the authority for disposition of nonconforming product. Teton Machine Company deals with nonconforming product in one or more of the following ways:
 - By taking action to eliminate the detected nonconformity
 - By authorizing its use, release, or acceptance under concession by the Customer, or by a relevant authority
 - By taking action to preclude its original intended use or application.

Records of the nature of nonconformities and any subsequent actions taken, including concessions obtained, are maintained. The nonconformance database is used to store and analyze nonconformance trends.

When non-conformances are corrected, the corresponding products are reprocessed and subjected to re-verification after correction to demonstrate conformity. When product non-conformance is detected after delivery or use has started, Teton Machine Company takes action appropriate to the effects, or potential effects, of the nonconformity.

8.4 Analysis of Data

Teton Machine Company collects and analyzes appropriate data to determine the suitability and effectiveness of the quality management system and to identify improvements that can be made. This includes data generated by measuring and monitoring activities and other relevant sources. The organization analyzes this data to provide information on:

- a) Customer satisfaction and/or dissatisfaction
- b) Conformance to Customer requirements

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- c) Characteristics of processes, product and their trends, including opportunities for preventive action
- d) Suppliers.

8.5 Improvement

8.5.1 Continual Improvement

Teton Machine Company plans and manages the processes necessary for continual improvement of the quality management system. Teton Machine Company facilitates the continual improvement of the quality management system through the use of the quality policy, objectives, audit results, analysis of data, corrective and preventive action and management review.

8.5.2 Corrective Action

Teton Machine Company takes corrective action to eliminate the cause of nonconformities in order to prevent recurrence. Corrective actions are appropriate to the impact of the problems encountered. The procedure, Corrective Action SOP 050616-2, is documented and established to define requirements for:

- a) Reviewing nonconformities (including Customer complaints)
- b) Determining the causes of nonconformity
- c) Evaluating of the need for actions to ensure that nonconformities do not recur
- d) Determining and implementing the corrective actions needed
- e) Recording results of action taken
- f) Review and evaluation of corrective action taken to assess its effectiveness.

8.5.3 Preventive Action

Teton Machine Company identifies preventive action to eliminate the causes of potential nonconformities to prevent occurrence. Appropriate sources of information such as results from processes and work operations which affect product quality, concessions, audit results, quality records, service reports and Customer complaints are analyzed (see 8.4 above) to detect preventive action possibilities. The procedure, Preventive Action Procedure SOP 050525-3, is documented and established to define requirements for:

- a) Identification of potential nonconformities and their causes
- b) Determination of the steps needed to eliminate identified causes and completion of the preventive action implementation
- c) Recording results of action taken
- d) Review and evaluation of preventive action taken to assess its effectiveness
- e) Ensuring that relevant information on actions taken, including changes to procedures, is subject to management review.

Comment [J&N1]: Added, Check QMS Doc #



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Any change to contract and/or quality management system documentation resulting from corrective and/or preventive action is subject to the provisions of Document Control.

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