

**Cottonwood, Inc.
Policies and Procedures**

SECTION: Cottonwood Industries

POLICY NO: 20-006

SUBJECT: Quality Assurance

EFFECTIVE DATE: April 1988

Policy:

The workers and supervisor of each area are responsible for ensuring that product is produced according to quality standards. Procedures are in place that identify, report, segregate, and dispose of non-conforming product. The Quality Assurance Specialists (QAS) monitor production daily to determine if this is happening.

The following guidelines explain the procedure and standards to be followed by the designated personnel &/or QAS, unless a Coordinator or Director announces an exception. The QAS should feel confident that the product that he/she has checked adheres to quality standards; if not, the QAS should check more product until he/she feels confident that the product meets quality standards. The overriding principle is that Cottonwood, Inc. provides quality products and services that meet the needs and expectation of our customers. The quality of our products is the responsibility of all employees.

Procedures:

Incoming Product:

1. Designated personnel complete the Cottonwood, Inc. Receiving Ticket on incoming products.
2. A red hold tag is placed on the non-conforming product. Non-conforming product is segregated from the conforming product, and it is placed in the Bldg. II west warehouse, south half of the far west aisle.
3. The Coordinator in charge of that contract will be notified of the non-conforming product and will be responsible for follow-up with the customer to determine necessary steps to take.
4. Once customer determines necessary steps to be taken, the product will either be reworked, or disposed of according to customer specifications. If product is to be reworked, then it will be reworked according to customer specifications, the red hold tag will be removed from the product by the QAS, the product will be moved out of the non-conforming aisle, and it will be put back into production. If the product is determined to be bad, then it will either be returned to the customer for disposition or disposed of according to customer specifications.

In Process and Final Inspection:

1. During production, designated personnel inspect product to insure that it is assembled correctly and of good quality.
2. All non-conforming product will be placed in a clearly marked container and each production area will have their own clearly marked container. When container is full or job is completed, non-conforming product is removed from the production area and taken to a designated location for disposition and reporting according to customer requirements.
3. If a large amount of product is found to be non-conforming, a red hold tag will be placed on it and it will be moved to the non-conforming product area located in the Bldg. II west warehouse, south half of the far west aisle.
4. The Coordinator in charge of that contract will be notified of the non-conforming product and will be responsible for follow-up with the customer to determine necessary steps to take.
5. Once customer determines necessary steps to be taken, the product will either be reworked, or disposed of according to customer specifications. If product is to be reworked, then it will be reworked according to customer specifications, the red hold tag will be removed from the product by the QAS, the product will be moved out of the non-conforming aisle, and it will be put back into production. If the product is determined to be bad, then it will either be returned to the customer for disposition or disposed of according to customer specifications.
6. The QAS will check two percent or more of product produced from each work area, per day.
7. If errors are found, correct and replace with good product, and check another two percent of product.
8. If average error is:
 - a. Two percent or less-no more checks needed.
 - b. Three to five percent-QAS puts entire skid on hold & immediately informs the Supervisor and Coordinator of quality results. Coordinator then organizes next steps to be taken to correct the errors found & to inspect the remaining product for the skid that has been placed on hold.
 - c. Six percent or higher-QAS put that entire day's production on hold; placing "HOLD" tags on each skid to be reworked. Coordinator then organizes next steps to be taken to correct the errors found & to inspect the remaining product for each skid that has been placed on hold. If it is not reworked immediately, then the product is moved to the

non-conforming product area in the Bldg. II west warehouse, south half of the far aisle, until it can be reworked.

9. QAS then inspects the skid placed on hold. If error rate is three percent or higher, the skid remains on hold and Coordinator is immediately informed of quality results. The Coordinator then organizes the re-inspection of the product. If the error rate is two percent or less, the QAS removes the hold tag and releases the product.
10. Immediately inform supervisors of quality results and work together with them to see that problems are corrected.
11. Immediately inform the Coordinator if consistent errors are developing or if the percentage of error found in an area is three percent or higher.
12. Promptly fill out the "Cottonwood Industries Quality Assurance Database"/"Cottonwood Industries Quality Control Database" on the computer and distribute to the appropriate Coordinators, Supervisors, and Director.
13. For all federal contracts, the QAS will follow the guidelines set forth in the ISO 9001 standards.