

# ***GOLDEN BAY MACHINING, INC.***

## **QUALITY POLICY MANUAL**

**REVISION D  
05/18/2006**

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## **1.0 INTRODUCTION**

Golden Bay Machining, Inc. is committed to being a preferred supplier of high technology machining. We will strive for the highest level of customer satisfaction and product quality in our industry. We are dedicated to excellence in all aspects; precision is our key to success.

We have implemented a Quality Management System meeting the requirements of the International Quality System Standard.

The purpose of this Quality Policy Manual is to inform our customers of the strengths of our Quality System and provide guidance to all of our valued employees in their work.

The Quality Manager (Mr. Son Vuong) is responsible for the updating and distribution of the Quality Policy Manual. Controlled copies of the Quality Policy Manual will be distributed as required within Golden Bay. Uncontrolled Copies will be made available to Customers and other interested parties.

## 2.0 QUALITY POLICY

The following Quality Policy Statement has been established by the Executive Management of Golden Bay and communicated to all Golden Bay employees:

Customer Service and High Quality Standards are a Reality at Golden Bay; we are the Quality Leader and “Precision is our key to success”.

## 3.0 APPROVALS

C.E.O. Name: Paul Vuong                      Signature \_\_\_\_\_ Date: \_\_\_\_\_

C.F.O. Name: Ho Vuong                      Signature \_\_\_\_\_ Date: \_\_\_\_\_

C.O.O. Name: Raymond Vuong              Signature \_\_\_\_\_ Date: \_\_\_\_\_

Q.A.M. Name: Son Vuong                    Signature \_\_\_\_\_ Date: \_\_\_\_\_

### Golden Bay Machining, Inc. Quality Policy Manual Revision Log

<u>Item</u>	<u>Description</u>	<u>Revision</u>	<u>Date</u>
1.	Initial Release	A	2/15/1998
2.	General Update	B	3/15/2001
3.	Update Titles	C	3/15/2003
4.	General Update	D	5/18/2006

## 4.0 MANAGEMENT RESPONSIBILITY

The Executive Management of Golden Bay is responsible for establishing and maintaining the Quality System at Golden Bay, which will ensure that all customer requirements of Golden Bay are fully met. The Executive Management of Golden Bay makes use of this Quality Policy Manual to communicate its objectives and commitment to the Quality System. Training of all employees will be conducted to assure their understanding and commitment to this Quality System.

### 4.1 RESPONSIBILITY AND AUTHORITY

The responsibility, authority and interaction of individuals responsible for the Quality System are defined below.

**C.E.O.:** The C.E.O. of Golden Bay is responsible for providing the guidance and direction necessary for implementing, reviewing, maintaining and continuously improving the Quality System in all part of the company. The C.E.O. along with other members of the Executive Staff Management will conduct periodic reviews of the system, which will cover the topics covered in paragraph 4.4. They will assure the individuals who affect the quality of the product are qualified for their responsibilities and that adequate resources are provided to fully implement the Quality System.

**C.F.O.:** The Finance Management and Administration will be responsible for the day-to-day operation of the Finance and Purchase function. The C.F.O. will monitor the Quality System as implemented in his area of responsibility and take action as required to ensure suitability and effectiveness.

**C.O.O.:** The C.O.O. will be responsible for the day-to-day operation of the business activities and will monitor the Quality System and take action as required to ensure its ongoing suitability and effectiveness. The C.O.O. will also participate in the periodic reviews of the Quality System. He will ensure that planning; verification and production activities are conducted in accordance with the requirements of this Quality System. The C.O.O. is also responsible for ensuring that the production processes including packaging are suitable, and in compliance with the Quality System requirements and that improvements resulting from audits and management reviews are initiated. He will assure that qualified personnel are assigned to all work that impacts quality.

**QA Manager:** The Quality Manager is responsible for providing Golden Bay's management with guidance in establishing, implementing, maintaining and continuously improving the Quality System.

## 4.2 RESOURCES

The C.E.O., and C.O.O. are responsible for providing adequate resources to implement the Quality System including the assignment of trained personnel for Management, performance of work and verification activities including audits by independent personnel.

At least once per year, the Executive Management Team will review the Quality System to ensure that adequate resources are available to guarantee the successful implementation of a suitable and effective Quality System.

## 4.3 MANAGEMENT REPRESENTATIVE

The Quality Manager will function as the Management Representative who will have the executive responsibility to ensure that the Quality System is maintained and is in compliance with the quality requirements.

Responsibilities of the Management Representative include ensuring that the Quality System is established, implemented and maintained, and reporting the performance of the Quality System to the Executive Management Team for review as a basis for continuous improvement.

## 4.4 MANAGEMENT REVIEW

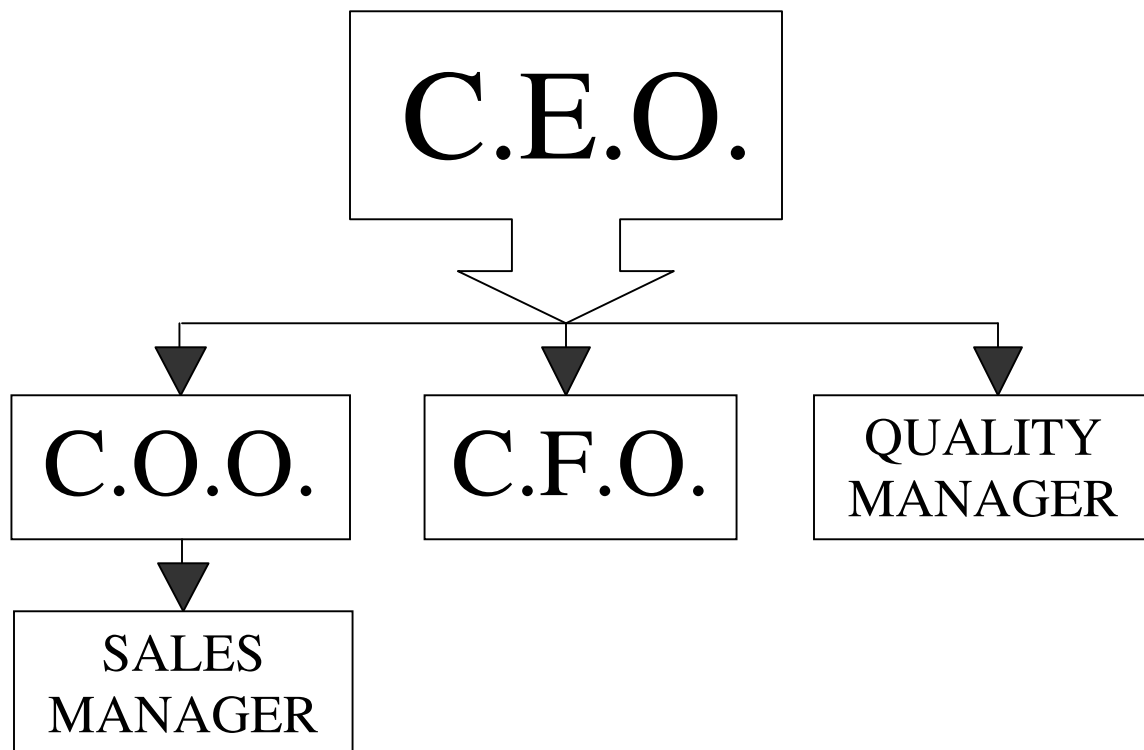
The Executive Management Team of Golden Bay will perform a periodic review of the Quality System at least annually. These reviews are conducted to ensure the continued suitability and effectiveness of the Quality System.

The review will be based on information gathered from:

- Internal Quality Audits
- The Corrective Action System...including
  - Customer Complaints
  - Supplier Activities
  - Nonconformance Reporting
- External Quality Audits
- Other Sources as appropriate

Records of these Management Reviews will be kept which will record those invited and those present at the meeting, the agenda for the meeting, a summary of the discussions, and the decisions made, and actions taken including the assignment of responsibilities and due dates.

#### 4.5 ORGANIZATION CHART



## **5.0 QUALITY SYSTEM**

Golden Bay had documented and implemented a Quality System as a means of ensuring that its products and services conform to specified customers.

## **6.0 QUALITY SYSTEM PROCEDURES**

In addition to the Quality Policy Manual, Golden Bay had documented processes and procedures that pertain to the identification and implementation of controls needed to achieve the quality level required by Golden Bay and its customers.

Documented procedures serve as a guide to employees in implementing the Quality System. These procedures are revision level controlled and are updated as required to meet the changing needs of the business.

The Quality System is defined and documented in a three-tier-system. The first tier consists of the Quality Policies which provide management's guide to the Quality System and its support of the Quality Policy. These policies are contained in the Quality Policy Manual that is reviewed by Golden Bay's Management annually and updated as required.

The second tier consists of the Quality, Production and other procedures, which support the Quality Policies. These procedures are reviewed and updated as required under the direction of the C.O.O. and the Quality Manager.

The third tier consists of the Working Instructions where applicable. These Working Instructions are reviewed and revised as required by the operators under the direction of the Department Managers and Quality Manager.

### **6.1 QUALITY PLANNING**

Golden Bay Executive Management with guidance from and under the direction of the Quality Manager is responsible for developing and updating quality plans. These plans describe how Golden Bay will implement its Quality System. The Quality Plan addresses the actions taken by Golden Bay to ensure compliance with customer requirements. Golden Bay's Executive Management will review this plan annually.

The adequacy of the Quality System and the compliance to its requirements is monitored through the internal quality audit and the management review process.

Verification of the customer's product will be performed at appropriate stages during the process as outlined in the Inspection Procedures. Inspection and test procedures are updated as required to reflect improvements in the process or instrumentation. Standards for acceptance of product are addressed in the policy for Inspection and Testing.

Results of the verification of test and inspection equipment for customer product and processes are documented in the Quality Records under the control of the Quality Department. Data showing the calibration of equipment used to verify customer product are documented in the Quality Records under the control of the Quality Department and will be maintained in accordance with the policy addressing Control of Quality Records.

## **6.2 CONTRACT REVIEW**

Customer contract (order) reviews are administered within the Sales Department under the direction of the Sales Manager or his authorized alternate. All customer orders will be reviewed using documented and controlled procedures. Full implementation of these procedures will ensure that Golden Bay has the capability to meet the requirements of the contract.

## **6.3 REVIEW**

Customer contracts (orders) will be reviewed prior to acceptance of the contract to ensure that the requirements are adequately defined, that any differences between the contract requirements and those in the quotation are resolved. This review process will also ensure Golden Bay's capabilities in meeting all the contract requirements. In some cases, Golden Bay's customers may provide drawings or other technical information to describe their needs. These documents will be reviewed and then filed in a manner that will allow them to be preserved and retrievable.

## **6.4 AMENDMENT TO CONTRACT**

Amendments to contracts are covered in a similar manner as to ensure that Golden Bay can meet all requirements of the changed contract (order).

## **6.5 RECORDS**

Records showing the results of contract reviews are maintained in the Sales Department or in recognized archives.



## **6.6 PURCHASING**

Golden Bay has established and documented procedures to ensure that purchased materials meet the specified requirements and to evaluate supplier quality.

## **6.7 EVALUATION OF SUBCONTRACTORS/SUPPLIERS**

Golden Bay communicates its quality and purchasing requirements to its suppliers before or at the time of placing the order. Materials and services used in the production of Golden Bay products will be purchased from approved suppliers on the Approved Suppliers List.

Purchasing, Manufacturing, and Quality Assurance departments carry out the evaluation of suppliers jointly via supplier surveys, audits, and historical quality data. Suppliers showing the ability to meet quality and purchasing requirements are put on the Approved Supplier List.

Each Supplier's performance is monitored and those not meeting the requirements after corrective action has been requested in accordance with the Corrective Action Procedure will be disqualified in accordance with the Purchasing Procedures.

## **6.8 PURCHASING DATA**

Information pertaining to the product ordered including a complete description, requirements, relevant technical data, and quality standards are contained in the purchasing documents.

The purchasing documents are reviewed and approved for adequacy of the specified requirements prior to release.

## **6.9 VERIFICATION OF PURCHASED PRODUCT**

Where verification of the product at the supplier's premises seems necessary by Golden Bay, the method of product release will be specified in the purchasing documentation.

Verification by Golden Bay at the supplier's premises does not absolve the supplier of the responsibility for providing acceptable product, nor will it preclude subsequent rejection by Golden Bay.

## **7.0 CONTROL OF CUSTOMERS' SUPPLIED PRODUCT**

Golden Bay has established and documented a procedure to outline the control of customer or owned product in the Sales Procedures.

## **7.1 CONTROL**

The storage and control of customer-supplied material is the responsibility of the Sales and Production Departments. This material may include production materials as well as Drawings and Related documents. The verification of the production materials prior to use is the responsibility of the Quality Department. Verification by Golden Bay Machining, Inc. does not absolve the customer of providing acceptable materials.

Customer supplied material, which is lost or damaged or found unsuitable for use will be reported to the customer and removed from the production system by the Quality Department.

## **8.0 PRODUCT IDENTIFICATION AND TRACEABILITY**

Golden Bay has established and documented procedures for identifying product and its' quality status during the manufacturing process and at inspection prior to shipping. Tractability of materials will be maintained as required by customer contracts and other applicable laws.

## **9.0 PROCESS CONTROL**

Processes, which directly affect the quality of the product, are carried out under controlled conditions and using documented procedures. Processes and procedures are planned and documented where the absence of such procedures would adversely affect the quality of the product. These procedures will normally cover the production process i.e. machining, clean room and inspection. Documentation will normally identify or refer to acceptance criteria, suitable equipment and its maintenance, working environment, standards, codes qualification of individuals performing the work and process verification.

## **10.0 INSPECTION AND TESTING**

Golden Bay performs inspection and testing on its products through various stages of the manufacturing process. Inspection and testing criteria for acceptance of the product are identified in the Inspection Procedures.

## **11.0 RECEIVING INSPECTION AND TESTING**

Specified material is verified by the Inspection Department at the point of receiving to ensure that the material meets the requirements specified. Results of the verification are recorded and filed in the inspection Department.

## **12.0 IN-PROCESS INSPECTION AND TESTING**

Product is inspected and tested at various stages in the manufacturing process to verify compliance with requirements and Golden Bay documented procedures. Inspection points are identified on the “router” form, which are signed, dated on acceptance and moved to the next operation. Non-conforming material is handled in accordance with the Non-conforming Material Procedures.

When In-Process Inspection is required, product is held in the Inspection Department and prevented from moving to the next operation until verification of quality status has been determined.

## **13.0 FINAL INSPECTION AND TESTING**

Product is inspected and tested prior to being shipped to the customer in compliance with customer requirements and Golden Bay documented procedures. Final Inspection points are identified on the router, which are signed and dated on acceptance and moved to shipping. Non-conforming product is handled in accordance with the Non-conforming Material Procedures.

## **14.0 INSPECTION AND TEST RECORDS**

Records of inspection and test results showing evidence that product has been inspected and are acceptable are filed as part of the router. The records show the quality status of the product. Any non-conforming product will be handled in accordance with documented procedures for Non-conforming Materials. Records on non-conforming product showing evidence of disposition will be maintained and retained in accordance with the Quality Records Procedure.

## **15.0 INSPECTION, MEASURING AND TESTING EQUIPMENT**

Golden Bay has established and maintains documented procedures to control, calibrate, and maintain measuring and test equipment. Quality Procedures address the training of individuals and calibration records. All Golden Bay’s precision equipment has been calibrated before use.

## **16.0 CONTROL PROCEDURE**

Measuring and test equipment used to verify the conformance of materials to the requirements is placed under a quality program. Where critical, the equipment used for measurement and the accuracy required is identified in the inspection procedures. The accuracy of the inspection and testing equipment will be evaluated through the steps described in the Quality Procedures.

The actions taken in the event that test or inspection equipment has been found to be out of calibration are addressed in Quality Procedures. In the event that product has been accepted and shipped using such out of calibration equipment, an analysis of the impact of such condition will be made and appropriate action will be taken and possibly including a recall of the products.

Inspection and test equipment is used in an environment that is suitable for inspection and tests being performed. Equipment is handled and stored in such a manner as to maintain the accuracy and fitness for use.

## **17.0 INSPECTION AND TEST STATUS**

The inspection and test status of the customer's product as it moves through the manufacturing process is identified as required by use of the Shop Floor Router. The purpose of the Shop Floor Router is to identify the status of the product and indicate its conformance or non-conformance prior to being moved to subsequent steps in the process. The authority for acceptance of the material is described in the Quality Procedures.

Products that have passed all final inspections and tests will have the Shop Floor Router marked with the initials and date of the inspector or some other identifying mark as an indication of the person performing the tests and the date of the acceptance.

The Quality Department has the authority to release product for shipment. The router and other necessary test records will be maintained as Quality Records as outlined in the Quality Records procedures.

## **18.0 CONTROL OF NON-CONFORMING PRODUCT**

Product or material, which does not conform to Golden Bay quality standards, is controlled to prevent unintended use or shipment. The procedure addressing Non-conforming Material details the control, identification, segregation (as practical), and disposition of non-conforming material or product. In addition, departments involved will be notified.

## **19.0 REVIEW AND DISPOSITION OF NON-CONFORMING PRODUCT**

The responsibility and authority for the disposition of non-conforming product is defined in the procedure addressing Non-Conforming Material.

The disposition of non-conforming material and product is done through the Material Review Board. The Material Review Board is made up of individuals representing production, quality and management functions and will meet formally or informally as required. The disposition of such non-conforming material may be:

- Rework or repair to meet specified requirements
- Acceptance and use as is with customer approval
- Reject or scrap

Records on the actions of the board are kept by the Quality Department.

Product requiring rework will be re-inspected in accordance with documented procedures, where required by the customer's contract, the non-conformity will be reported to the customer.

When warranted by the situation, corrective action may be initiated to prevent occurrences of the problem.

## **20.0 CORRECTION AND PREVENTIVE ACTION**

Golden Bay has established and documented procedures for implementing steps to correct and prevent deficiencies in its processes and products. Root causes will be identified and action taken as appropriate to eliminate the non-conformance. Action will be taken as appropriate to the magnitude and risk of the problems encountered.

Corrective and Preventive action will be recorded and periodically audited by the Quality department to ensure adequacy and continued implementation.

## **21.0 CORRECTIVE ACTION**

Corrective action requests may be initiated by any employee for situations in which the planned quality level is not being met. Such situations would include Customer Complaints, Supplier Quality issues, Internal Reports of product or process non-conformities, and the results of most Internal and External Audit findings. The Quality Manager will determine the requirement for corrective action.

The Quality Manager or his designate will assign corrective Actions to individuals. The individuals assigned to the Corrective Action will initiate investigations of non-conformities to determine root cause. The results will be recorded on the Corrective Action Request form. Corrective Actions will be numbered, logged and monitored to ensure proper action, documentation, review and closure. Information from the

Corrective Action System will be submitted periodically to the Golden Bay Management Team for review.

The following steps will accomplish corrective action:

Clearly identify the non-conformance.

The responsible department manager will be notified of the non-conformance.

Determine the short-term impact.

Implement the short-term corrective action.

Determine the Root cause of the non-conformance.

Implement the long-term corrective action.

Follow-up to ensure adequacy and effectiveness of the implementation.

## **22.0 PREVENTIVE ACTION**

The actions necessary to prevent the occurrence of non-conformities will be determined during the Preventive Action process. Various sources of information on the quality of the customer's product such as quality results, audit results and customer complaints, will be used in determining the need for Preventive Action.

The adequacy and implementation of the preventive action is monitored through the internal audit system. Confirmation that preventative action has been taken is submitted for review by the management team.

## **23.0 HANDLING, STORAGE, PACKAGING, PRESERVATION, AND DELIVERY**

Golden Bay has established and documented processes for the proper handling, storage, packaging, preservation and delivery of the customer's product.

### **23.1 HANDLING**

The supervisors and managers of the various departments are responsible for ensuring that material and product are handled in such a way as to prevent damage during the production, storage and delivery processes.

### **23.2 STORAGE**

The Purchasing Manager is responsible for documenting and maintaining procedures for the control of receiving and storage of product and material. The managers of the departments are responsible for ensuring that product and material are received and stored in accordance with the documented procedures.

Product and materials are assessed, as appropriate, at intervals to detect possible deterioration.

### **23.3 PACKAGING**

All packaging and marking of product is preformed in accordance with customer requirements and Golden Bay product packaging guidelines.

### **23.4 PRESERVATION**

When appropriate, procedures for the preservation and segregation of product are followed. Attention will be given to items that require special treatment or have limited shelf life.

### **23.5 DELIVERY**

Protection for customer product after final inspection and test is maintained as required by customer and Golden Bay requirements. Shippers perform the delivery of product and/or company owned vehicles.

## **24.0 CONTROL OF QUALITY RECORDS**

Golden Bay had established and documented procedures for identification, maintenance, disposition, storage and control of quality records.

Quality records are maintained to demonstrate compliance to specified requirements and the effectiveness of the Quality System.

Quality records will be legible and stored in such a manner as to prevent damage, loss and ensure accessibility. Retention time for Quality Records will be stated in the relevant Quality Procedures.

When required by the contract, records will be made available for examination during audits by the customer.

## **25.0 INTERNAL QUALITY AUDITS**

Golden Bay uses internal quality audits to determine the suitability and effectiveness of the Quality System. Audit results are used in the maintenance and improvement of the Quality System.

Audit Procedures have been established as part of the Quality Procedures which outline the planning, implementation and the reporting of audit results for internal and supplier process audits.

Audit planning is the responsibility of the Quality Manager. The audit plan will specify the standards, goals and management policies the audit will address. The plan will also address auditor training and the areas included in the audits. The audits will be planned so

that frequency of the audit will depend on the importance of the activity of that area. Each area will be audited at least once a year. Trained individuals who are independent of the area being audited will carry out internal audits.

Results of the audits are recorded on the audit report and submitted to the management personnel responsible for the area audited. Non-conformities are identified and brought to the attention of the personnel responsible for corrective action via the Corrective Action Request. In accordance with the Corrective and Preventive Action Procedure, the area manager with assistance from the Quality Manager is responsible for determining and implementing the Corrective Action.

Follow-up audits will be conducted to verify that the corrective action is adequate, has been implemented and is continually effective.

Corrective and possibly preventive actions will be initiated to address non-conformities identified during audits.

Audit results also form an integral part of the management review process.

## **26.0 TRAINING**

Golden Bay has established and documented procedures addressing requirements and provisions for training of individuals performing activities affecting quality.

Comparing the employee's present skill level with the position requirements and identifying skill level shortfalls determine training needs. Training needs will be assessed as part of the annual employee performance review and appropriate action taken.

Training activities will be documented on training logs.

## **27.0 STATISTICAL TECHNIQUES**

Golden Bay is aware of the need for measurement throughout the process for purpose of monitoring the process and identifying areas where improvement is required. Procedures addressing process measurement such as yield reports have been established.

**END OF DOCUMENT**