AI Systems
179-15 149 Road
Jamaica, NY 11434
Phone: (718) 244-6215
Fax: (718) 656-7009
www.aisystemsusa.com

CONTROLLED

AI Systems
Quality Policy Manual
Jamaica, NY

Prepared By: Signature on file
Lei Wang,
Deputy Manager
AI Systems

Approved By: Signature on file
May Hom,
Office Manager/Management Rep.
AI Systems

Revisions to the Quality Policy Manual

Revisions to the QPM	Revisions to the Quality Policy Manual (QPM) are noted and approved in the table below.

Revision 2

Prepared by Lei Wang

Approved by May Hom

Total Pages: 42

Table of Contents

Introduction

This document describes the quality system in operation at AI Systems. It is the primary reference document for all quality related activities and is used to ascertain the effectiveness of the system. For additional information please visit us at www.aisystemsusa.com. AI Systems maintains a uniform Quality System that meets or exceeds customer requirements and the requirements of:

ISO 9001:2008
AS9120B

AI Systems Inc. is a distributor of new aircraft parts for the commercial, commuter, corporate, and cargo Aerospace Industries.

AI Systems employs the "Plan-Do-Check-Act" principle:

Plan - establish the objectives of the system and its processes, and the resources needed to deliver results in accordance with customers' requirements and the organization's policies, and identify and address risks and opportunities;

Do - implement what was planned;

Check - monitor and (where applicable) measure processes and the resulting products and services against policies, objectives, requirements, and planned activities, and report the results;

Act - take actions to improve performance, as necessary.

Process Approach

AI Systems has adopted a process approach to develop, implement and improve the effectiveness of the Quality Management System.

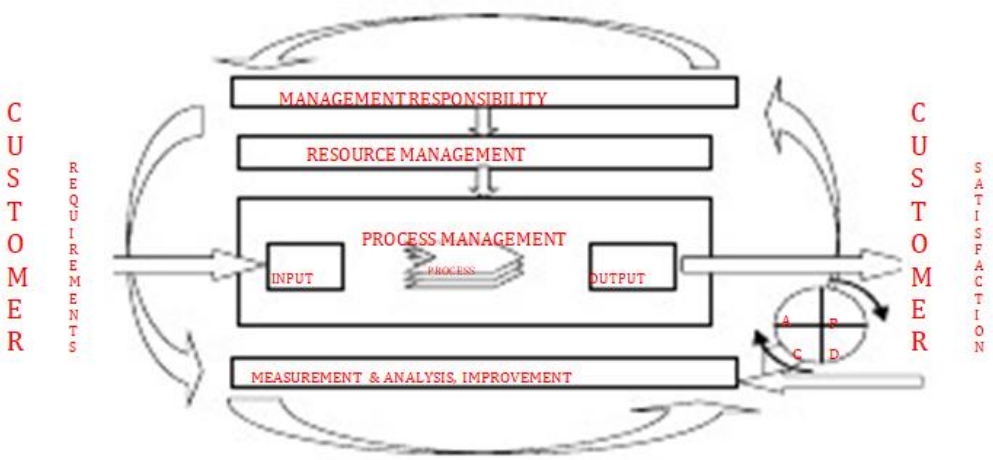
The quality system is designed to enhance customer satisfaction through effective management of numerous linked activities (processes), their inputs, outputs and interactions.

The processes form an unbroken chain of linked activities with defined inputs and outputs. Often the output from one process directly forms the input to the next. Thus providing ongoing control over the entire chain processes as well as the linkage in between.

The customer plays a significant role in defining requirements as input. Customer feedback indicates if customer requirements were met and also provides basis for measuring customer satisfaction and their perception of AI Systems service levels.

This approach enables AI Systems to:

a. Understanding and consistency in meeting requirements
b. the consideration of processes in terms of added value
c. the achievement of effective process performance
d. improvement of processes based on evaluation of data and information.



Process Approach

4. Context of the Organization

4.1 Understanding the Organization and Its Context

AI Systems (the "Organization") has determined the external and internal issues, both positive and negative, that are relevant to its purpose and strategic direction, and that affect its ability to achieve the intended results of the Quality Management System, or "QMS". The Management monitors and reviews information about these external and internal issues.

4.2 Understanding the Needs and Expectations of Interested Parties

Due to their effect or potential effect on AI Systems' ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, Executive
Management determines and monitors,

a) The interested parties who are relevant to the quality management system;
b) The requirements of these interested parties that are relevant to the quality management system.
The organization monitors and reviews information about these interested parties and their relevant requirements.

The Management is responsible to report any pertinent information to AI Systems Leadership for consideration and action.

4.3 Determining the Scope of the Quality Management System

AI Systems determines the boundaries and applicable of the quality management system to establish its scope. The scope of this Quality Management System, described by this quality manual, encompasses the procurement, inspection; warehousing, sale, distribution, and positive control the products.

The Quality Management System is in accordance with ISO 9001 and AS9120B. Not applicable to AI Systems is Measurement Traceability, clause 7.1.5.2 , Design and Development, clause 8.3 , Post-Delivery Activities, clause 8.5.5 & Property Belonging to Customers or External Providers, clause 8.5.3.

When determining this scope, the Management considers:

a) the external and internal issues referred to in 4.1;
b) the requirements of relevant interested parties referred to in 4.2;
c) the products and services of the organization.

AI Systems applies all the requirements of this International Standard if they are applicable within the determined scope of its quality management system.

The scope of AI Systems' quality management system is available and maintained, retained as documented information. The scope states the types of products and services covered, and provide justification for any requirement of this International Standard that AI Systems determines is not applicable to the scope of its quality management system.

Conformity to this International Standard may only be claimed if the requirements determined as not being applicable do not affect AI Systems' ability or responsibility to ensure the conformity of its products and services and the enhancement of customer satisfaction.

4.4 Quality Management System and Its Processes

4.4.1 Executive Management establishes, implements, maintains and continually improves a quality management system, including the processes need and their interactions, in accordance with the requirements of this International Standard.

All personnel who manage perform and verify work affecting the quality of products and services are responsible for implementing the QMS. The shipping & quality dept. is responsible for coordinating, monitoring and auditing the system.

The AI Systems Management uses the Quality Management System (QMS) to:

a. determine the processes needed for the QMS, their required inputs and expected outputs, and their application throughout the organization,

b. determine the sequence and interaction of these processes,

c. determines and applies the criteria and methods (including monitoring, measurements and related performance indicators) needed to ensure the effective operation and control of these processes;

d. determine the need, and ensure the availability of, resources and information necessary to support the operation and monitoring of these processes,

e. assign the responsibilities and authorities for these processes (included in the Quality Assurance Manual and the Operating Procedures),

f. address the risks and opportunities as determined in accordance with the requirements of 6.1,

g. evaluate these processes and implement any changes needed to ensure achievement of the intended results (internal auditing methods are tools to support this evaluation),

h. improve the processes and the quality management system.

These processes are managed by AI Systems in accordance with the requirements of ISO 9001 and AS9120B.

4.4.2 To the extent necessary, AI Systems:

a. maintains documented information to support operation of its processes (such as the QAM, Operating Procedures, Forms, etc.)

b. retains documented information to provide confidence the processes are carried out as planned (records, such as certifications, customer orders, purchase orders, etc.)

AI Systems has established and maintains documented information that includes:

- A general description of relevant interested parties (see 4.2 a);

- The scope of the quality management system, including boundaries and applicability (see 4.3);

- A description of the processes needed for the quality management system and their application throughout the organization;

- The sequence and interaction of these processes;

- Assignment of the responsibilities and authorities for these processes.

5. Leadership

5.1 Leadership and Commitment

5.1.1 General

Leadership by persons designated “Top Management" is crucial to the success of the Quality Management System (QMS). Top Management is ultimately responsible for planning, establishing, implementing, reviewing and maintaining the QMS. Top Management provides evidence of its leadership and commitment to the development and implementation of the QMS and continually improving its effectiveness by:

a. Taking accountability for the effectiveness of the quality management system,

b. Ensuring that the quality policy and quality objectives are established for the quality management system and are compatible with the context and strategic direction of the organization,

c. Ensuring the integration of the quality management system requirements into the organization’s business processes,

d. Promoting the use of the process approach and risk-based thinking,

e. Ensuring that the resources needed for the quality management system are available,

f. Communicating the importance of effective quality management and of conforming to the quality management system requirements,

g. Ensuring that the quality management system achieves its intended results,

h. Engaging, directing, and supporting persons to contribute to the effectiveness of the quality management system,

i. Promoting improvement,

j. Supporting other relevant management roles to demonstrate their leadership as it applies to their areas of responsibility.

5.1.2 Customer Focus

Top Management demonstrates leadership and commitment with respect to customer focus by ensuring that:

a. Customer and applicable statutory and regulatory requirements are determined, understood and consistently met,

b. The risks and opportunities that can affect conformity of products and services and the ability to enhance customer satisfaction are determined and addressed,

c. The focus on enhancing customer satisfaction is maintained

d. Product conformity and on-time delivery performance are measured and that appropriate action is taken if planned results are not, or will not be, achieved.

5.2 Policy

5.2.1 Establishing the Quality Policy

AI Systems quality policy states the organization goal. It briefly states how AI Systems achieves its goals and objectives. Once the objectives have been achieved, the policy directs the organization to the next steps.

Top Management has established and maintains a Quality Policy. Top Management ensures that the quality policy:

a. Is appropriate to the purpose and context of the organization and supports its strategic direction,

b. Provides a framework for setting quality objectives,

c. Includes a commitment to satisfy applicable requirements,

d. Includes commitment to continually improve the quality management system.

Top Management has defined the company quality policy as follows:

"AI Systems strives to provide its customers with aircraft distributed parts and materials that will meet their needs and industry requirements. AI Systems will focus on continual improvement of its Quality Management Systems through empowering its employees who are continuously trained to improve upon the work systems and the work environment."

Management ensures that this policy is understood, implemented and maintained at all levels of the organization.

5.2.2 Communicating the Quality Policy

The AI Systems Quality Policy is:

a. documented information, posted in multiple locations in the Organization facility and in the QAM,

b. communicated and understood within the organization,

c. is available to interested parties.

5.3 Organizational Roles, Responsibilities and Authorities

AI Systems ensures that the responsibilities and authorities for relevant roles are assigned, communicated and understood within the organization.

AI Systems assigns the responsibility and authority for:

a. Ensuring that the quality management system conforms to the requirements of ISO9001 and AS9120B,

b. Ensuring that the processes are delivering their intended outputs,

c. Reporting on the performance of the quality management system and on opportunities for improvement (see 10.1), in particular to Top Management,

d. Ensuring the promotion of customer focus throughout the organization,

e. Ensuring that the integrity of the quality management system is maintained when changes to the quality management system are planned and implemented.

Oversight of the above requirements is the responsibility and under authority of the "Management Representative" appointed by Top Management. The AI Systems Management Representative is the Quality Assurance supervisor. The QA supervisor has the organizational freedom and unrestricted access to Top Management to resolve quality management issues.

The Deputy Manager is appointed as the alternate Management Representative in the event the QA supervisor is unavailable.

Interrelation of personnel who manage, perform, and verify work affecting quality of products and services is defined and documented in this QAM. The responsibility and authority for specific, critical quality actions are defined in the table below.

Action	Personnel having the organizational freedom and authority to perform the action:
Initiate action to prevent the occurrence of any nonconformities relating to the product, process and quality system.	All employees, through proper procedures and channels.
Identify and record any problems relating to the product, process and quality system.	All employees, through proper procedures and channels.
Initiate, recommend or provide solutions through designated channels.	All employees.
Verify the implementation of solutions.	The QA Supervisor and the Top management have the responsibility to verify implementation of corrective and preventive actions.
Control further processing, delivery or installation of nonconforming product until the deficiency or unsatisfactory condition has been corrected.	QA Supervisor, Quality Assurance personnel and Top management. (But any employee can alert QA or the Top management to such an issue.)

The AI Systems operational organization is comprised of 4 departments:

- Sales/Purchasing department headed by the Office Manager
- Shipping /Warehouse department headed by the Office Manager
- QA (Quality Assurance) department headed by the QA supervisor
- Accounting department headed by Office Manager

Sales/Purchasing, Shipping/Warehouse, and QA supervisor report directly to the Office Manager.

FUNCTIONAL RESPONSIBILITIES AND AUTHORITIES

- President

Establishes the organizational structure
Formulates the quality policy and quality objectives
Reviews the quality management system

- Office Manager / Deputy Manager

Supervises the quality management system
Provides resources necessary to maintain the system
Conducts management reviews of the quality system with Top Management

- Sales/Purchasing

Handles customer inquiry and sourcing the material
Carries out contract and order reviews
Provides customer liaison
Handles customer complaints
Selects qualified suppliers
Prepares and approves purchasing documents

- Warehouse/Shipping

Fills customer orders from inventory
Package product in accordance with good commercial packaging practices or as specified by the customer
Receive and ship products

- Quality Assurance

Audits implementation of the quality system
Initiates requests for, and follows up on, corrective actions
Controls nonconforming products
Coordinates document control activities
Maintains inspection records
Conducts management reviews of the quality system with Top Management

6. Planning

6.1 Actions to Address Risks and Opportunities

6.1.1 When planning for the quality management system, AI Systems consider the issues referred to in 4.1 and the requirements referred to in 4.2 and determine the risks and opportunities that need to be addressed to:

a. give assurance that the quality management system can achieve its intended result(s);
b. enhance desirable effects;
c. prevent, or reduce, undesired effects;
d. achieve improvement.

6.1.2 The organization plans:

a. actions to address these risks and opportunities;

b. how to:

1. Integrate and implement the actions into its quality management system processes (see 4.4);

2. Evaluate the effectiveness of these actions (through Key Performance Indicators and Quality Objectives as well as internal audits).

Actions taken to address risks and opportunities shall be proportionate to the potential impact on the conformity of products and services.

AI Systems has incorporated many checks into the core processes, including risk assessment and mitigation. Having been in business since 1990, AI Systems has the experience and skill to properly assess risks and deal with them. All QMS planning takes place with risk factors carefully weighed, and checks incorporated. Where risk assessment or mitigation is discovered to be lacking, Top Management will instruct personnel to reinforce the process weakness. AI Systems uses its Corrective and Preventive Action process, Procedure PRO-852, Corrective and Preventive Action, where it is desired and appropriate.

6.2 Quality Objectives and Planning to Achieve Them

6.2.1 AI Systems has established quality objectives at relevant functions, levels, and processes needed for the quality management system.

The quality objectives:

a. are consistent with the quality policy;

b. are measurable;

c. take into account applicable requirements;

d. are relevant to conformity of products and services and enhance customer satisfaction;

e. are monitored;

f. are communicated;

g. are updated, as appropriate.

AI Systems maintains documented information on the quality objectives. Top Management ensures that quality objectives, including those needed to meet requirements for product, are established at relevant functions and levels within the organization.

6.2.2 When planning how to achieve our quality objectives, AI Systems determines:

a. what will be done;

b. what resources will be required;

c. who will be responsible;

d. when it will be completed;

e. how the results will be evaluated.

Top Management determines which activities and measurements are used as Quality Objectives.

+

6.3 Planning of Changes

When AI Systems determines the need for changes to the quality management system, the changes shall be carried out in a planned manner (see 4.4).

AI Systems considers:

a. the purpose of the changes and their potential consequences;

b. the integrity of the quality management system;

c. the availability of resources;

d. the allocation or reallocation of responsibilities and authorities.

7.1 Resources

7.1.1 General

AI Systems determines and provides the resources needed to implement and maintain the established quality management system, continually improve its effectiveness, and to enhance customer satisfaction by meeting customer requirements.

AI Systems considers these factors in resource determination:

a. the capabilities of, and constraints on, existing internal resources;

b. what needs to be obtained from external providers.

7.1.2 People

AI Systems determines and provides the persons necessary for the effective implementation of its quality management system and for the operation and control of its processes. Top Management is apprised of personnel needs, and responds accordingly.

AI Systems ensures that personnel performing work affecting conformity to product requirements are competent on the basis of appropriate education, training, skills and experience.

The training record is address in QAM FORM.

7.1.3 Infrastructure

AI Systems determines, provides and maintains the infrastructure needed to achieve conformity to product requirements. Infrastructure includes:

a. buildings, workspace and associated utilities;

b. process equipment (both hardware and software), and

c. transportation resources;

d. information and communication technology.

7.1.4 Environment for the Operation of Processes

AI Systems provides and maintains the environment necessary for the operation of its processes and to achieve conformity of products and services. The factors that may affect the processes include temperature, humidity, cleanliness, etc. AI Systems has taken measures to ensure all employees operate in an environment conducive to achieving the planned outcomes of all processes, and in as comfortable a manner as possible.

7.1.5.1 General

AI Systems determines and provides the resources needed to ensure valid and reliable results when monitoring or measuring is used to verify the conformity of products and services to requirements.

AI Systems ensures that the resources provided:

a. are suitable for the specific type of monitoring and measurement activities being undertaken;

b. are maintained to ensure their continuing fitness for their purpose.

AI Systems retains appropriate documented information as evidence of fitness for purpose of the monitoring and measurement resources.

7.1.5.2 Measurement Traceability

At this time, AI Systems does not applicable for Measuring, calibrating or inspection the test equipment.

7.1.6 Organizational Knowledge

AI Systems determines the knowledge necessary for the operation of its processes and to achieve conformity of products and services.

This knowledge is maintained and be made available to the extent necessary.

When addressing changing needs and trends, AI Systems considers its current knowledge and determine how to acquire or access any necessary additional knowledge and required updates.

7.2 Competence

The AI Systems Management team:

a. determines the necessary competence of person(s) doing work under its control that affects the performance and effectiveness of the quality management system;

b. ensures that these persons are competent on the basis of appropriate education, training, or experience;

c. where applicable, takes actions to acquire the necessary competence, and evaluate the effectiveness of the actions taken;

d. retains appropriate documented information as evidence of competence.

Training needs are similarly determined for all personnel and training provided. Personnel performing specific tasks are qualified. Records of personnel qualifications and training are maintained. The training record is addressed on QAM FORM. The company provides new employee orientation and training to all employees, Specific skills training is provided as required.

7.3 Awareness

AI Systems managers ensure that persons doing work under the organization's control are aware of:

a. the quality policy;

b. relevant quality objectives;

c. their contribution to the effectiveness of the quality management system, including the benefits of improved performance;

d. the implications of not conforming with the quality management system requirements;

e. relevant quality management system documented information and changes thereto;
(This is required training when training a new employee or when the documented information applicable to their job changes.)

f. their contribution to product or service conformity;

g. their contribution to product safety;

h. the importance of ethical behavior.

7.4 Communication

The AI Systems Management team determines the internal and external communications relevant to the quality management system, including:

a. on what it will communicate;

b. when to communicate;

c. with whom to communicate;

d. how to communicate;

e. who communicates.

Communication includes internal and external feedback relevant to the quality management system.

7.5 Documented Information

The AI Systems quality management system documented information includes:

- Quality Policy
- Quality Manual
- Standard Operating Procedures
- Work Instructions illustration
- Records (inspection & training records)
- Standard Forms

The documents collectively define a quality management system that complies with ISO9001 and AS9120B. The organization ensures that all personnel have access to and are aware of relevant QMS documented information and changes. Customer and/or regulatory authorities' representatives will have access to the documentation as needed.

7.5.1 General

The AI Systems QMS documented information process is detailed within Operating Procedures AI SOP, Quality System Documentation and PRO-423, Document Control and PRO-424, Record Control.

The documented information includes:

a. documented information required by the this international standards;

b. documented information determined by the organization as being necessary for the effectiveness of the quality management system.

7.5.2 Creating and Updating

When creating and updating documented information, AI Systems ensure appropriate:

a. identification and description (e.g., a title, date, author, or reference number);

b. format (e.g., language, software version, graphics) and media (e.g., paper, electronic);

c. review and approval for suitability and adequacy.

7.5.3 Control of Documented Information

7.5.3.1 Documented information required by the quality management system and by this International Standard shall be controlled to ensure:

a. it is available and suitable for use, where and when it is needed;

b. it is adequately protected (e.g., from loss of confidentiality, improper use, or loss of integrity).

7.5.3.2 For the control of documented information, AI Systems address the following activities, as applicable:

a. distribution, access, retrieval, and use;

b. storage and preservation, including preservation of legibility;

c. control of changes (e.g., version control);

d. retention and disposition;

e. prevention of the unintended use of obsolete documented information by removal or by application of suitable identification or controls if kept for any purpose.

Documented information of external origin determined by the organization to be necessary for the planning and operation of the quality management system shall be identified as appropriate, and be controlled.

Documented information retained as evidence of conformity shall be protected from unintended alterations.

When documented information is managed electronically, data protection processes shall be defined (e.g., protection from loss, unauthorized changes, unintended alteration, corruption, physical damage).

Documented information that provides evidence of product origin, conformity, and shipment shall be retained.

Documents required by the QMS are controlled, and the purpose and scope defined. QMS documentation is reviewed and approved prior to issue. Appropriate documents are available at locations where they are intended to be used. Obsolete documents are removed from points of use, or identified as “Obsolete” or “For Reference Only”, either by individual marking or by being stored in a location that is similarly identified.

8. OPERATION

8.1 Operational Planning and Control

AI Systems plans, implements, and control the processes (see 4.4) needed to meet the requirements for the provision of products and services, and to implement the actions determined in clause 6, by:

a. Determining the requirements for the products and services;

Taking into consideration, as applicable, such factors as:

- Personal and product safety;
- Availability and our ability to inspect;
- Product obsolescence;
- Prevention, detection, and removal of foreign objects;
- Handling, packaging, and preservation;
- Recycling or final disposal of the product at the end of its life.

b. Establishing criteria for:

1. The processes;

2. The acceptance of products and services;

c. Determining the resources needed to achieve conformity to the product and service requirements and to meet on-time delivery of products and services;

d. Implementing control of the processes in accordance with the criteria;

e. Determining, maintaining, and retaining documented information to the extent necessary:

1. To have confidence that the processes have been carried out as planned;

2. To demonstrate the conformity of products and services to their requirements;

f. Engaging representatives of affected organization functions for operational planning and control;

g. Determining the products and services to be obtained from external providers;

h. Establishing the controls needed to prevent the delivery of nonconforming products and services to the customer.

(See the Inter-related Map in the Appendix A)

NOTE: For the control of work transfer from the organization to an external provider, or from an external provider to another external provider, see 8.4. For the control of work transfer from one organization facility to another, or from an external provider to the organization see 8.5.

8.1.1 (Not Used in AS9120)

8.1.2 Configuration Management

AI Systems has established, documented and maintains a configuration management process appropriate to the product and in accordance with contractual requirements.

This process shall:
a. control product identity and traceability to requirements, including the implementation of identified changes;

b. ensure that the documented information (e.g., requirements, design, verification, validation and acceptance documentation) is consistent with the actual attributes of the products and services.

Since AI Systems does not have design or production responsibility, the configuration management application is limited. AI Systems' primary function in configuration management is to provide traceability both from the manufacturer to the end user and from the end user to the manufacturer. In this way, AI Systems ensures that the configuration can be verified by all parties involved.

8.1.3 (Not Used)

8.1.4 Prevention of Counterfeit Parts

To prevent purchase of counterfeit product, standard minimum certification and traceability requirements for product purchased by AI Systems are: manufacturer's certificate of conformance including a lot or batch number. These requirements are specified in the AI Purchase Order Terms and Conditions (WI-742). The customer can specify lesser certification requirements for particular items as they deem it appropriate. All certifications are subjected to scrutiny in the receiving inspection process, as is product.

AI Systems has implemented a process, appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to the customer.

The plan takes into consideration:

− Training of appropriate persons in the awareness and prevention of counterfeit parts

− Application of a parts obsolescence monitoring program

− Controls for acquiring externally provided product from original or authorized manufacturers, authorized distributors, or other approved sources;

− Requirements for assuring traceability of parts and components to their original or authorized manufacturers;

− Verification and test methodologies to detect counterfeit parts

− Monitoring of counterfeit parts reporting from external sources

− Quarantine and reporting of suspect or detected counterfeit parts.

8.1.5 Prevention of Suspected Unapproved Parts

To prevent purchase of unapproved parts, AI Systems determines, at the earliest opportunity, applicability of approved sources, and acts accordingly to assure products considered for purchase are compliant. The purchase information in such cases typically includes the identification of the required approval, such as the name of the approved manufacturer. The correct source is verified in receiving inspection.

AI Systems, plans, implements, and controls processes appropriate to the organization, and the product, that identifies and prevents the release of unapproved and suspected unapproved parts. The Orders and Purchasing processes have integral steps to determine and assure that only approved products are sourced and obtained.

Suspected unapproved parts prevention activities consider:

− Training of appropriate persons in the awareness and identification of suspected unapproved parts;

− Requirements for assuring traceability of parts and components to an authorized source;

− Inspection processes to detect suspected unapproved parts;

− Monitoring of suspected unapproved parts reporting from external sources;

− Quarantine and reporting of suspected unapproved parts in accordance with applicable requirements from the competent authority or customers, as required.

8.2 Requirements for Products and Services

8.2.1 Customer Communication

AI Systems determines and implements effective arrangements for communicating with customers. Good communication is vital to our business, and there is a constant stream of communication within our organization, and with our customers and vendors.

Communication with customers includes:

a. Providing information relating to products and services (via brochures, email, telephone calls and meetings);

b. Handling enquiries, contracts, or orders, including changes

c. Obtaining customer feedback relating to products and services, including customer complaints

d. Handling or controlling customer property. (Not applicable for AI Systems)

e. Establishing specific requirements for contingency actions, when relevant.

8.2.2 Determining the Requirements for Products and Services

When determining the requirements for the products and services to be offered to customers, AI Systems ensures that:

a. the requirements for the products and services are defined, including:

1. Any applicable statutory and regulatory requirements;

2. Those considered necessary by the organization;

b. The organization can meet the claims for the products and services it offers.

8.2.3 Review of the Requirements for Products and Services

8.2.3.1 AI Systems ensures that it has the ability to meet the requirements for products and services to be offered to customers. AI Systems conducts a review before committing to supply products and services to the customer to include,

a. requirements specified by the customer, including the requirements for delivery and post-delivery activities;

b. requirements not stated by the customer, but necessary for the specified or intended use, when known;

c. requirements specified by the organization;

d. statutory and regulatory requirements applicable to the products and services;

e. contract or order requirements differing from those previously expressed.

This review is coordinated with applicable functions of the organization.

If upon review Executive Management determines that some customer requirements cannot be met or can only partially be met, a mutually acceptable requirement is negotiated with the customer.

AI Systems ensures that contract or order requirements differing form those previously defined are resolved.

The customer's requirements are confirmed before acceptance, when the customer does not provide a documented statement of their requirements.

8.2.3.2 AI Systems retains documented information, as applicable:

a. on the results of the review;

b. on any new requirements for the products and services

8.2.4 Changes to Requirements for Products and Services

AI Systems ensures that relevant documented information is amended, and that relevant persons are made aware of the changed requirements, when the requirements for products and services are changed.

8.3 Design and Development of Products and Services

This section is not applicable to AI Systems (see section 4.3 for explanation).

8.4 Control of Externally Provided Processes, Products, and Services

8.4.1 General

All products sold by AI Systems are produced by external providers. The AI Systems Purchasing Process provides for the procurement of correct products to supply to our customers.
AI Systems has sufficient control over external providers to support that goal, and provides them with the information they require. The AI Systems Purchase Order Terms & Conditions (WI-742) are used to communicate our standard requirements, with specific needs called out on purchase orders.

AI Systems ensures that externally provided processes, products, and services conform to requirements.

AI System is responsible for the conformity of all externally provided processes, products, and services, including from sources defined by the customer.

When required, it is ensured that customer-designated or approved external providers, including process sources (e.g., special processes), are used.

The risk associated with the external provision of processes, products, and services, as well as the selection and use of external providers are identified and managed.

If is required that external providers apply appropriate controls to their direct and sub-tier external providers, to ensure that requirements are met.

AI Systems determines the controls to be applied to externally provided processes, products and services when:

a) Products and services from external providers are intended for incorporation into the organization’s own products and services.

b) Products and services are provided directly to the customer(s) by external providers on behalf of the organization;

c) A process, or part of a process, is provided by an external provider as a result of a decision by the organization.

AI Systems determines and apply criteria for the evaluation, selection, monitoring of performance, and re-evaluation of external providers, based on their ability to provide processes or products and services in accordance with requirements. The organization retains documented information of these activities and any necessary actions arising from the evaluation.

8.4.1.1 AI Systems:

a. Define the process, responsibilities, and authority for the approval status decision, changes of the approval status, and conditions for a controlled use of external providers depending on their approval status;

b. Maintain a register of its external providers (AI Systems Vendor List) that includes approval status (e.g., approved, conditional, disapproved) and the scope of the approval (e.g., product type, process family, authorized approval to distribute);

c. Periodically review external provider performance including process, product and service conformity, and on-time delivery performance;

d. Define the necessary actions to take when dealing with external providers that do not meet requirements;

e. Define the requirements for controlling documented information created by and/or retained by external providers.

8.4.2 Type and Extent of Control

AI Systems ensures that externally provided processes, products, and services do not adversely affect the organization's ability to consistently deliver conforming products and services to its customers.

Consideration of risk is an important factor when selecting and using suppliers. From requests for quote to receipt of product, AI Systems personnel are aware of the risk of supply-chain problems, and mitigate this whenever possible. Alternate sources of supply are noted and recorded in the computer system and on purchasing records.

Continual follow-up with suppliers to determine status of scheduled deliveries provides for maximum reaction time, should there be a delay in production.

AI Systems:

a. Ensure that externally provided processes remain within the control of its quality management system;

b. Define both the controls that it intends to apply to an external provider and those it intends to apply to the resulting output;

c. Take into consideration:

1. The potential impact of the externally provided processes, products, and services on the organization's ability to consistently meet customer and applicable statutory and regulatory requirements;

2. The effectiveness of the controls applied by the external provider;

3. The results of the periodic review of external provider performance (see 8.4.1.1c);

d. Determine the verification, or other activities, necessary to ensure that the externally provided processes, products, and services meet requirements.

Verification activities of externally provided processes, products, and services shall be performed according to the risks identified by the organization. These shall include inspection or periodic testing, as applicable, when there is high risk of nonconformities including counterfeit parts.

NOTE 1: Customer verification activities performed at any level of the supply chain does not absolve the organization of its responsibility to provide acceptable processes, products, and services and to comply with all requirements.

NOTE 2: Verification activities can include:

− Review of objective evidence of the conformity of the processes, products, and services from the external provider (e.g., accompanying documentation, certificate of conformity, test documentation, statistical documentation, process control documentation, results of production process verification and assessment of changes to the production process thereafter);

− Inspection and audit at the external provider's premises;

− Review of the required documentation;

− Review of production part approval process data;

− Inspection of products or verification of services upon receipt.

8.4.3 Information for External Providers

AI Systems ensures the adequacy of requirements prior to their communication to the external provider (also referred to as “vendors” or “suppliers”). All purchases are reviewed by AI Systems purchasing personnel (Buyers) for adequacy and completeness prior to release. Any uncertainties are clarified before the purchase is finalized.

Communication of information to the external provider is accomplished with the Request For Quote (“RFQ”) and the Purchase Order, along with references in the PO and PO attachments.

AI Systems will communicate to the external providers any of the applicable information listed in “a” through “k” below. Most of the listed information is not applicable, or rarely applicable, to typical orders for products we provide. AI Systems communicates to external providers its requirements for:

a. The processes, products, and services to be provided including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions);

b. The approval of:

1. Products and services;

2. Methods, processes, and equipment;

3. The release of products and services;

c. Competence, including any required qualification of persons;

d. The external providers’ interactions with the organization;

e. Control and monitoring of the external providers’ performance to be applied by the organization;

f. Verification or validation activities that the organization, or its customer, intends to perform at the external providers’ premises;

g. Test, inspection, and verification;

h. The use of statistical techniques for product acceptance and related instructions for acceptance by the organization;

i. The need to:

− implement a quality management system;

− use customer-designated or approved external providers, including process sources (e.g., special processes);

− notify the organization of nonconforming processes, products, or services and obtain approval for their disposition;

- prevent the use of suspected unapproved, unapproved, and counterfeit parts (see 8.1.4 and 8.1.5);
- notify the organization of changes to processes, products, or services, including changes of their external providers or location of manufacture;
- flow down to external providers applicable requirements including customer requirements;
- provide a certificate of conformity, test reports, or authorized release certificate, as applicable;
- retain documented information, including retention periods and disposition requirements;

j. The right of access by the organization, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;

k. Ensuring that persons are aware of:

- Their contribution to product or service conformity;
- Their contribution to product safety;
- The importance of ethical behavior.

8.5 Production and Service Provision

8.5.1 Control of Production and Service Provision

AI Systems implements production and service provision under controlled conditions.

Controlled conditions shall include (some listed information is not applicable, or rarely applicable, to typical orders for products we provide.),

a. The availability of documented information that defines:

1. The characteristics of the products to be produced, the services to be provided, or the activities to be performed;

2. The results to be achieved;

NOTE 1: Documented information that defines characteristics of products and services can include digital product definition data, drawings, parts lists, materials, and process specifications.

NOTE 2: Documented information for activities to be performed and results to be achieved can include process flow charts, control plans, documents (e.g., travelers, routers, work orders), and verification documents.

b. The availability and use of suitable monitoring and measuring resources;

c. The implementation of monitoring and measurement activities at appropriate stages to verify that criteria for control of processes or outputs, and acceptance criteria for products and services, have been met;

1. Ensuring that documented information for monitoring and measurement activity for product acceptance includes:

- Criteria for acceptance and rejection;
- Where in the sequence verification operations are to be performed;
- Measurement results to be retained (at a minimum an indication of acceptance or rejection);
- Any specific monitoring and measurement equipment required and instructions associated with their use;

2. Ensuring that when sampling is used as a means of product acceptance, the sampling plan is justified on the basis of recognized statistical principles and appropriate for use.

d. The use of suitable infrastructure and environment for the operation of processes;

NOTE: Suitable infrastructure can include product specific tools (e.g., jigs, fixtures, molds) and software programs.

e. The appointment of competent persons, including any required qualification;

f. the validation, and periodic revalidation, of the ability to achieve planned results of the processes for production and service provision, where the resulting output cannot be verified by subsequent monitoring or measurement;

g. The implementation of actions to prevent human error;

h. The implementation of release, delivery, and post-delivery activities;

i. The establishment of criteria for workmanship (e.g., written standards, representative samples, illustrations);

j. The accountability for all products (e.g., parts quantities, split orders, nonconforming product);

k. The availability of evidence that all production and inspection/verification operations have been completed as planned, or as otherwise documented and authorized;

l. The provision for the prevention, detection, and removal of foreign objects;

m. The control and monitoring of utilities and supplies (e.g., water, compressed air, electricity, chemical products) to the extent they affect conformity to product requirements (see 7.1.3);

n. The consequences of obsolescence (e.g., materials, components, equipment, products).

8.5.1.1 Control of Equipment, Tools, and Software Programs

AI Systems is a distributor of new aircraft parts for the commercial, commuter, corporate, and cargo aerospace industries. The product comes sealed/ packaged and opening would invalidate the new product status. Justification is no monitoring or measuring equipment is required or used by AI Systems.

8.5.2 Identification and Traceability

AI Systems uses suitable means to identify outputs when it is necessary to ensure the conformity of products and services.

AI Systems is a distributor, simply maintains the identification of the configuration of the products and services in order to identify any differences between the actual configuration and the required configuration.

AI Systems do not identify the status of outputs with respect to monitoring and measurement requirements throughout production and service provision. AI Systems is a distributor, and the product comes sealed/ packaged and opening would invalidate the new product status. Justification is no monitoring or measuring equipment is required or used by AI Systems.
AI Systems retain the documented information necessary to enable traceability.

Unserviceable product shall be controlled and physically segregated from serviceable product.

NOTE: Traceability requirements can include:

− The identification to be maintained throughout the product life; (this is does not apply to AI Systems)

− The ability to trace all products manufactured from the same batch of raw material, or from the same manufacturing batch, to the destination (e.g., delivery, scrap);

− For an assembly, the ability to trace its components to the assembly and then to the next higher assembly; (this is does not apply to AI Systems)

− The identification of the product’s condition in inventory (e.g., new, overhauled, repaired, altered, rebuilt).

AI Systems maintain product identification and traceability by suitable means (e.g., labels) from receipt; during splitting, storage, packaging, and preservation operations and until delivery. This includes handling or packing operations outsourced to external providers.

When delivering split product, the following information shall be retained:

− Amount delivered relative to amount received from external provider,
− Purchase order number(s)
− Customer's name(s).

8.5.3 Property Belonging to Customers or External Providers

AI Systems does not have any product belonging to customers or External Providers. This exclusion is justified based on this fact.

8.5.4 Preservation

AI Systems preserves the outputs during production and service provision, to the extent necessary to ensure conformity to requirements.

Preservation of outputs also includes, when applicable in accordance with specifications and applicable statutory and regulatory requirements, provisions for:

a) Cleaning;

b) Prevention, detection, and removal of foreign objects;

c) Special handling and storage for sensitive products;

d) Marking and labeling, including safety warning and cautions;

e) Shelf life control and stock rotations;

f) Special handling and storage for hazardous materials.

8.5.5 Post-Delivery Activities

AI Systems meets requirements for post-delivery activities associated with the products and services provided.

In determining the extent of post-delivery activities that are required, AI Systems consider:

a. Statutory and regulatory requirements;

b. The potential undesired consequences associated with its products and services;

c. The nature, use, and intended lifetime of its products and services;

d. Customer requirements;

e. Customer feedback;

f. Product/customer support (e.g., queries, training, warranties, maintenance, replacement parts, resources, obsolescence).

When problems are detected after delivery, AI Systems will take appropriate action including Investigation and reporting. This is covered in Pro-830, Control of Nonconforming Product.

NOTE: Post-delivery activities can include actions under warranty provisions, contractual obligations such as maintenance services, and supplementary services such as recycling or final disposal.

8.5.6 Control of Changes

AI Systems review and control changes for production or service provision, to the extent necessary to ensure continuing conformity with requirements. Proposals for changes are discussed with Top Management and the Management Team.

Persons authorized to approve production or service provision changes are the process owners – the Management Team members.

NOTE: Production or service provision changes can include the changes affecting processes, equipment, tools, or software programs.

AI Systems retains documented information describing the results of the review of changes, the person(s) authorizing the change, and any necessary actions arising from the review.

Control of Changes is limited apply to AI Systems, since AI Systems is only the distributor.

8.6 Release of Products and Services

AI Systems implements planned arrangements, at appropriate stages, to verify that the product and service requirements have been met.

The release of products and services to the customer does not proceed until the planned arrangements have been satisfactorily completed, unless otherwise approved by a relevant authority and, as applicable, by the customer.

AI Systems retains documented information on the release of products and services. The documented information includes:

a) Evidence of conformity with the acceptance criteria;

b) Traceability to the person(s) authorizing the release.

It is ensured that all documented information required to accompany the products and services are present at delivery.

8.7 Control of Nonconforming Outputs

8.7.1 AI Systems ensures that outputs that do not conform to their requirements are identified and controlled to prevent their unintended use or delivery.

NOTE: The term “nonconforming outputs” includes suspected unapproved, unapproved, counterfeit, and nonconforming product or service generated internally, received from an external provider, or identified by a customer.

AI Systems takes appropriate action based on the nature of the nonconformity and its effect on the conformity of products and services. This shall also apply to nonconforming products and services detected after delivery of products, during or after the provision of services.

AI Systems’ nonconformity control process shall be maintained as documented information including the provisions for:

− Defining the responsibility and authority for the review and disposition of nonconforming outputs and the process for approving persons making these decisions;

− Taking actions necessary to contain the effect of the nonconformity on other processes, products, or services;

− Timely reporting of nonconformities affecting delivered products and services to the customer and to relevant interested parties;

− Defining corrective actions for nonconforming products and services detected after delivery, as appropriate to their impacts (see 10.2). Reference: PRO-852 Corrective and Preventive Action.

NOTE: Interested parties requiring notification of nonconforming products and services can include external providers, internal organizations, customers, distributors, and regulatory authorities.

AI Systems deals with nonconforming outputs in one or more of the following ways:

a. Correction;

b. Segregation, containment, return, or suspension of provision of products and services;

c. Informing the customer;

d. Obtaining authorization for acceptance under concession.

Dispositions of nonconforming product shall be limited to:

− Scrap;

− Rejection for return to the external provider;

− Rejection for revalidation by the manufacturer;

− Submittal to either the customer or design authority for use-as-is disposition, as applicable.

Product dispositioned for scrap shall be conspicuously and permanently marked, or positively controlled, until physically rendered unusable.

Counterfeit, or suspect counterfeit, parts shall be controlled to prevent reentry into the supply chain.

Conformity to the requirements shall be verified when nonconforming outputs are corrected.

8.7.2 AI Systems retains documented information that:

a. Describes the nonconformity;

b. Describes the actions taken;

c. Describes any concessions obtained;

d. Identifies the authority deciding the action in respect of the nonconformity.

Control of nonconforming outputs is addressed in PRO- 830 Control of nonconforming product.

9. PERFORMANCE EVALUATION

9.1 Monitoring, Measurement, Analysis, and Evaluation

9.1.1 General

AI Systems determines;

a) What needs to be monitored and measured;

b) The methods for monitoring, measurement, analysis and evaluation needed to ensure valid results;

c) When the monitoring and measuring is to be performed;

d) When the results from monitoring and measurement are analyzed and evaluated.

AI Systems evaluates the performance and the effectiveness of the quality management system. Executive Management determines the methods for obtaining, monitoring and reviewing this information.

Information to be monitored and used for the evaluation of customer satisfaction includes, but is not limited to, product and service conformity, on-time delivery performance, customer complaints, and corrective action requests. Plans are developed and implemented for customer satisfaction improvement that address deficiencies identified by these evaluations, and assess the effectiveness of the results.

9.1.3 Analysis and Evaluation

AI Systems analyzes and evaluates appropriate data and information arising from monitoring and measurement.

The results of analysis are used to evaluate:

a) Conformity of products and services;

b) The degree of customer satisfaction;

c) The performance and effectiveness of the quality management system;

d) If planning has been implemented effectively;

e) The effectiveness of actions taken to address risks and opportunities;

f) The performance of external providers;

g) The need for improvements to the quality management system.

9.2 Internal Audit

9.2.1 AI Systems conducts internal audits at planned intervals to provide information on whether the quality management system;

a. Conforms to:

1. AI Systems' own requirements for its quality management system;

NOTE: AI Systems' own requirements include customer and applicable statutory and regulatory quality management system requirements (many of which are included in the internal documented information).

2. The requirements of the QMS standards ISO9001 and AS9120;

b. Is effectively implemented and maintained.

NOTE: When conducting internal audits, performance indicators can be evaluated to determine whether the quality management system is effectively implemented and maintained.

9.2.2 AI Systems:

a) Plans, established, implements and maintains an audit program(s) including the frequency, methods, responsibilities, planning requirement and reporting, which takes into consideration the importance of the processes concerned, changes affecting AI Systems, and the results of previous audits.

b) Defines the audit criteria and scope for each audit;

c) Selects auditors and conducts audits to ensure objectivity and the impartiality of the audit process;

d) Ensures that the results of the audits are reported to relevant management;

e) Takes appropriate correction and corrective actions without undue delay;

f) Retains documented information as evidence of the implementation of the audit program and the audit results,

Internal audits are addressed in PRO- 8.2.2 Internal Audits.

9.3 Management Review

9.3.1 General

AI Systems reviews the quality management system, at planned intervals, to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction.

9.3.2 Management Review Inputs

The management review shall be planned and carried out taking into consideration:

a. The status of actions from previous management reviews;

b. Changes in external and internal issues that are relevant to the quality management system;

c. Information on the performance and effectiveness of the quality management system, including trends in:

1. Customer satisfaction and feedback from relevant interested parties;

2. The extent to which quality objectives have been met;

3. Process performance and conformity of products and services;

4. Nonconformities and corrective actions;

5. Monitoring and measurement results;

6. Audit results;

7. The performance of external providers;

8. On-time delivery performance;

d. The adequacy of resources;

e. The effectiveness of actions taken to address risks and opportunities (see 6.1);

f. Opportunities for improvement.

9.3.3 Management Review Outputs

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

a. Opportunities for improvement;

b. Any need for changes to the quality management system;

c. Resource needs***;***

d. Risks identified.

AI Systems retains documented information as evidence of the results of management reviews.

10. IMPROVEMENT

10.1 General

Improvement is always a goal, and receives emphasis from Top Management. Bulleted items in this section provide more details how AI Systems encourages and supports improvement activities. The AI Systems Management team determines and selects opportunities for improvement and implements any necessary actions to meet customer requirements and enhance customer satisfaction.

These shall include:

a. Improving products and services to meet requirements as well as to address future needs and expectations;

b. Correcting, preventing, or reducing undesired effects;

c. Improving the performance and effectiveness of the quality management system.

NOTE: Examples of improvement can include correction, corrective action, continual Improvement, breakthrough change, innovation, and reorganization.

10.2 Nonconformity and Corrective Action

10.2.1 When nonconformity occurs, including any arising from complaints, AI Systems:

a. React to the nonconformity and, as applicable:

1. Take action to control and correct it;

2. Deal with the consequences;

b. Evaluate the need for action to eliminate the cause(s) of the nonconformity, in order that it does not recur or occur elsewhere, by:

1. Reviewing and analyzing the nonconformity;

2. Determining the causes of the nonconformity, including those related to human factors, as applicable;

3. Determining if similar nonconformities exist, or could potentially occur;

c. Implement any action needed;

d. Review the effectiveness of any corrective action taken;

e. Update risks and opportunities determined during planning, if necessary;

f. Make changes to the quality management system, if necessary;

g. flow down corrective action requirements to an external provider when it is determined that the external provider is responsible for the nonconformity;

h. take specific actions when timely and effective corrective actions are not achieved.
Corrective actions shall be appropriate to the effects of the nonconformities encountered.

AI Systems maintain documented information that defines the nonconformity and corrective action management processes.

- Pro- 852, Corrective and Preventive Action, has been established to define these activities.

10.2.2 Executive Management retains documented information as evidence of:

a) the nature of the nonconformities and any subsequent action taken;

b) the results of any corrective action.

Corrective action is addressed in PRO- 852 Corrective and Preventive Action

10.3 Continual Improvement

AI Systems continually improves the suitability, adequacy and effectiveness of the quality management system.

AI Systems considers the results of analysis and evaluation, and the outputs form management review, to determine if there are needs or opportunities that are addressed as a part of continual improvement,

Implementation of improvement activities are monitored and the effectiveness of the results are evaluated.

Improvement is addressed in PRO-852 Corrective and Preventive Action