

¹RECORD OF CHANGE

Revision	Date	Changes
0	Unknown	Original
1-12	Unknown	Unknown
13	07/17/03	Removed references to ISO 9002:1994
14	8/11/03	Reformatted to scope of 9001:2000
15	9/18/03	Added Flow chart for process interaction
16	12/29/03	Changing Document control clerk to, Quality Department

MANUAL ISSUE

The Quality Manual is issued to ensure that our Quality Management System is fully implemented and maintained to represent the company on all matters relating to quality.

The Quality Manual is formally reviewed on an annual basis, by the Quality Manager to ensure that any changes to systems have been documented.

PROCESS APPROACH

Identifying, understanding and managing interrelated processes as a system contributes to the organization's effectiveness and efficiency in achieving its objectives.

The following activities represent the primary value added processes used in the Waytec Quality System:

- **Management** – Planning – Resource allocation
 - **Quality** – Planning – Validation of Product Conformance
 - **Human Resources** – Training – Personnel Placement
 - **Document Control** – Control of Process Documentation
 - **Laboratory** - Validation of Process Control
 - **Maintenance** – Preventive Maintenance - Equipment Replacement and Repair
 - **Sales** – Customer Service – Forecasting – Contract Review
 - **Purchasing** – Supply Raw Materials
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- **Receiving** – Receiving and Inspection of Raw Material
- **PPE** – Front-end Engineering of Customer Supplied Data
- **Production Control** – Scheduling - On Time Delivery
- **Production** – Manufacture Product
- **Test** – Validate Product as Conforming
- **Shipping** – Deliver Product to Customer

Through the interaction of these fourteen processes Waytec Electronics Corporation:

- Determines and meets the requirements needed to satisfy our customers
- Validates the process performance and effectiveness
- Strives to continually improve based on objective measurement

See attached process interaction flow chart in appendix

SCOPE OF QUALITY SYSTEM MANUAL (1)

This manual is issued to describe the Quality System employed by Waytec Electronics Corp. in the manufacturing of Printed Circuit Boards. This manual and the systems and processes it describes serve to ensure:

- Conformance to Customer Requirements
- Improvement toward higher levels of Customer Satisfaction
- Conformance to ISO 9001:2000

QUALITY MANAGEMENT SYSTEM (4)

General (4.1)

The company maintains a documented Quality System as described in this Manual and our Quality Policy Statement. The documented system ensures product conformance to customer requirements.

Documentation Requirements General (4.2.1)

The Quality Manual in conjunction with three other levels of documentation forms the quality system. Documentation hierarchy, numbering scheme and responsibilities are described within these levels. The Management team sets the company's Quality Policy. The Quality Manager is responsible for preparing the documented Quality System in conjunction with Department Managers.

The levels of documentation and instruction include:

- Level 1 Quality System Manual
- Level 2 Standard Operating Procedures and/or Work Instructions
- Level 3 Records

The numbering system, for these procedures for all levels, including forms and reports are shown in Appendix B "Lower Tier References" of this Manual . These documents are controlled and issued to registered holders as required.

Quality Policy:

"Through the process of continuous improvement Waytec will achieve and maintain customer satisfaction by providing defect-free products and services in a competitive environment."

As stated in our Quality Policy, the organizations primary quality objects are:

- Customer Satisfaction – Meet all customer expectations
- Defect-free Product - High-product final yield

This mission shall be accomplished by:

- The support and commitment of our executive staff managers, supervisors and individual employees.
- A commitment of financial resources to achieve and maintain customer satisfaction.
- A Quality System and processes that meet customer contractual requirements, and
- The education and training of all personnel to meet ISO 9001:2000

Quality Planning

- The Quality Manual, SOP's, Work Instructions, and the process traveler constitute quality planning that ensures:
- Preparation of process traveler

- Identification and consideration of any controls, processes, equipment, fixtures and skills that may be needed to achieve the required quality.
- Ensuring the compatibility of the production process, inspection and test procedures and the applicable documentation.
- The updating, as necessary, of quality control, inspection and testing techniques, including the development of new instrumentation.
- The consideration of any measurement requirement involving capability that exceeds the known state of the art to determine the feasibility of meeting the requirement in sufficient time for the needed capability to be developed.
- The identification of suitable verification at appropriate stages in the realization of product.
- The clarification of standards of acceptability for all features and requirements, including those that contain a subjective element.
- The identification and preparation of quality records.

Quality Manual (4.2.2)

As evidenced by this document:

- A Quality Manual is established and maintained that includes the scope of the quality management system, including details of and justification for exclusions
- Documented procedures established for the quality management system, or reference to them
- Description of the interaction between processes of the quality system

Control of Documents (4.2.3)

The Quality Manager ensures that all document and data relating to ISO 9001:2000 are maintained per SOP PDC01. The Quality System Manual preparation is overseen by the Quality Manager.

All other documents and data directly controlling the ISO Quality System are reviewed and approved as required by SOP PDC01 prior to issue or revision. Approved and controlled documents including SOP's and Work Instructions will be stamped "controlled" in red ink.

Each Department Manager assists in the preparation and/or approval of individual SOP's and Work Instructions describing quality related activities in their area. These documents are reviewed and signed by the manager or designee responsible for the affected area, signifying acceptance. See SOP PDC01 for details of Document and Data Control System.

Controlled hard copies of Quality System documents are issued to department libraries and available at points of use. A master list of the documented Quality System is maintained on an Intranet Web site by the Quality Assurance Department. Areas with access to the intranet are not required to maintain hard copies at points of use. Document and Data Control includes Quality Manual, SOP's, Work Instructions, and External Documents, including forms, tags and labels.

Following approval of any change to any part of the documented Quality System, the Quality Department will make the necessary substitutions and ensure obsolete documents are removed from all points of issue or use.

Obsolete documents and data are immediately removed. Documents and data for legal or reference purposes are identified as such. Each Department Manager ensures that all documents are available for use as required.

Changes to the documented Quality System are treated exactly the same way as for the original issue of the document. Nature of changes are recorded on Revision Control Sheet FQA25 or in the Record of Change section list in new documents.

An Engineering Change Request Form FPE09 is used to control changes and each revision to existing contracts except for delivery dates whether initiated by the customer or an internal process change.

Control of Records (4.2.4)

Waytec Electronics Corporation maintains documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. Ref. SOP PDC01 Document and Data Control and SOP PDC02 Quality Records Procedure.

The Department Managers are responsible for the generation of quality records by the employees in their area.

ISO 9001:2000 Quality records are kept in an orderly and accessible manner in the Document/Data Control storage. Required records are outlined in FDC11. These records shall demonstrate the effective operation of the quality system and will be stored to prevent inadvertent loss or damage.

Quality records are kept throughout the manufacturing stages. The process and Quality Traveler demonstrate the control of the products supplied to our customers in accordance with the purchase order requirements.

Quality records, related retention times and the identification, indexing, access, filing, storage, maintenance and disposition responsibilities are identified in SOP PDC01 Document and Data Control and will be stored in the centralized location.

MANAGEMENT RESPONSIBILITY (5)

Management Commitment (5.1)

Waytec Electronics Corporation maintains documented procedures (PQA15) for quality including objectives for quality and the company's commitment to quality and customer satisfaction, management review, availability of resources and the quality policy.

Trained Department Managers and Supervisors provide adequate resources and assign qualified employees to all activities related to quality in their areas of responsibility. Verification activities are specified at all stages of the process.

Customer Focus (5.2)

Waytec Electronics Corporation maintains documented procedures (PSL03) to ensure that customer requirements are determined and met with the aim of enhancing customer satisfaction.

Quality Policy (5.3)

The Quality Policy Statement shown in the front of this Manual defines the company's commitment to quality. The contents and intent of this statement are clearly communicated to all employees to ensure understanding of the policy at all levels in the organization. See TRAINING (PHR01)

The Quality policy is reviewed per PQA15 to ensure it is appropriate to the purpose of the organization, includes a commitment to comply with requirements and continually improve, provides a framework for establishing and reviewing quality objects and is reviewed for continuing suitability.

Quality Objectives (5.4.1)

Quality objectives are established per PQA15. The quality objects are measured for effectiveness and are consistent with the quality policy.

Quality Management System Planning (5.4.2)

- The Quality Manual, SOP's, Work Instructions, and the process traveler constitute quality planning that ensures:
- Preparation of process traveler

- Identification and consideration of any controls, processes, equipment, fixtures and skills that may be needed to achieve the required quality.
- Ensuring the compatibility of the production process, inspection and test procedures and the applicable documentation.
- The updating, as necessary, of quality control, inspection and testing techniques, including the development of new instrumentation.
- The consideration of any measurement requirement involving capability that exceeds the known state of the art to determine the feasibility of meeting the requirement in sufficient time for the needed capability to be developed.
- The identification of suitable verification at appropriate stages in the realization of product.
- The clarification of standards of acceptability for all features and requirements, including those that contain a subjective element.
- The identification and preparation of quality records.

Responsibility, and Authority (5.5.1)

The CEO of the company is directly responsible for the quality of the products provided by the company, and approves all quality policies and procedures established to meet contractual requirements. The President is responsible for the execution of the ISO 9001:2000 program as it impacts our manufacturing facility and delegates proper authority through the staff to ensure compliance with the requirements of this program.

Department Managers reporting to the CEO who have responsibilities for quality are described in the APPENDIX A: ORGANIZATION CHART. All managers and supervisory staff are responsible for the implementation of the Quality System relevant to their activities and for the quality of the products produced by employees under their direction. Product quality and adherence to quality policies and practices is the responsibility of all employees in the performance of their duties.

Management Representative (5.5.2)

The Quality Manager is the ISO Management Representative directly responsible to the CEO for the execution, maintenance and monitoring of the Quality System and for reporting its effectiveness.

The quality manager ensures the processes needed for the quality management system are established, implemented and maintained by providing resources to conduct internal audits of the system per SOP PQA07.

The quality manager reports to top management on the performance of the quality management system and any need for improvements per PQA15.

The quality manager ensures awareness of customer requirements through PSL03 (Contract Review) and FFN07 (Inspection Traveler).

Internal Communication (5.5.3)

The organization ensures that appropriate communication processes are established per PQA15, informal meeting between area supervisors and employees and the quality information board.

Management Review General (5.6.1)

The Quality Manager is responsible for chairing a Quality System Management Review meeting twice annually. Attendees to this meeting include the President, Quality Assurance Supervisor, Sales, Manufacturing Manager and Lead Internal Auditor or assigned representative in their absence. Note: The Quality Manager shall assume "executive responsibility" in the absence of the President at the meeting.

Minutes of this meeting will be filed in Document and Data Control to be maintained as a record of this activity. Agenda items include review of purpose of management review that is to ensure continuing suitability and effectiveness in satisfying ISO 9001:2000, quality policy, objectives for quality, and organizational goals.

Review input (5.6.2)

SOP PQA15 describes in detail agenda items including:

- Adequacy of resources and training
- Results of Internal audit
- Preventive and corrective action effectiveness
- Customer feedback/ Customer complaint
- Follow-up actions from previous management reviews
- Changes that could impact system effectiveness
- Recommendations for improvement

Review output (5.6.3)

The actions and decisions generated by the review inputs should result in improvement of the quality management system, improvement of product related to customer requirements and resource needs that can be reviewed and amended to achieve desired results.

RESOURCE MANAGEMENT (6)

Provisions of Resources (6.1)

Determination of resources to implement and maintain quality system is evidenced in the current issue of the Organizational Chart and description of roles in Appendix A as well as capability assessments during Engineering meetings held at least twelve times annually per PQA15.

Human Resources General (6.2.1)

Trained Department Managers and Supervisors provide adequate resources and assign qualified employees to all activities related to quality in their areas of responsibility. Verification activities are specified at all stages of the process. Qualified employees who are independent of the process being verified carry out internal audits of the Quality System.

Competence, Awareness and Training (6.2.2)

Waytec Electronics Corp. maintains documented procedures for identifying training needs and providing for the training of all personnel performing activities affecting quality. Refer to SOP PTG02.

The Personnel Manager or designated alternate is responsible for orientation training of all employees including:

- Indoctrination of new personnel upon employment
- Explanation of Quality Policy
- HMIS Safety Training

The Department Managers/Supervisors are responsible for ensuring that new and reassigned employees are fully trained in the job they are expected to perform and review training needs as they arise.

Supervisors in each area are responsible for assessing their department at least annually to identify training needed to improve quality.

The Training Manager is responsible for researching training materials and conducting or facilitating training as appropriate.

SOP PTG02 establishes procedures for determining training needs and providing the training of all personnel performing activities affecting quality.

The records of training shall be maintained in the respective departments.

Operators are trained in accordance with the SOP and Work Instructions pertaining to their job, receiving additional training as deemed necessary and may be provided with workmanship standard.

Prerequisites/experience and training requirements of general job categories are defined in the employee job description/summary.

Employee job performance and related knowledge, skills and abilities are periodically and systematically reviewed. See Appraisal Forms FTG03, FTG04 and FTG05.

Infrastructure (6.3)

The organization continually reviews the capability of processes to achieve conformity to product requirements. A meeting of manufacturing, engineering, quality, sales, information technology and human resources is held per SOP PQA15 to review the infrastructure required to meet present and future customer requirements. Routine building checks, equipment checks and information technology back up are described in PMA01 PMA02 and PDC04.

Work Environment (6.4)

The organization continually reviews and manages the work environment. A meeting of manufacturing, engineering, quality, sales, information technology and human resources is held per SOP PQA15 to review the work environment to meet present and future requirements. Routine environmental and Safety checks are described in PMA02.

RESOURCE MANAGEMENT (7)

Planning of Product Realization (7.1)

Waytec Electronics Corporation maintains a system for identification and planning of processes for ensuring that the product is manufactured under controlled conditions.

The processes shall be carried out by qualified operators and monitored and controlled to ensure that the specified requirements are met.

During all stages of manufacturing, processes, materials and products are identified on the process Traveler, which accompanies the specific job throughout the manufacturing process.

The process Traveler is issued by Production Control after PPE has engineered the job.

SOP's, Work Instruction and the process Traveler documents dictate:

- How to make and inspect the product
- Requirements for maintaining suitable equipment and suitable working environment.
- How to control the processes, monitoring and control of suitable process parameters.
- Safety requirements.
- Record keeping requirements.
- Applicable criteria for workmanship.

The Quality Manual, SOP's, Work Instructions, and the process traveler constitute quality planning that ensures:

- Preparation of process traveler
- Identification and consideration of any controls, processes, equipment, fixtures and skills that may be needed to achieve the required quality.
- Ensuring the compatibility of the production process, inspection and test procedures and the applicable documentation.
- The updating, as necessary, of quality control, inspection and testing techniques, including the development of new instrumentation.
- The consideration of any measurement requirement involving capability that exceeds the known state of the art to determine the feasibility of meeting the requirement in sufficient time for the needed capability to be developed.
- The identification of suitable verification at appropriate stages in the realization of product.
- The clarification of standards of acceptability for all features and requirements, including those that contain a subjective element.
- The identification and preparation of quality records.

Determination of Requirements Related to the Product (7.2.1)

Contract review procedures are established by the Sales Department.

The Contract Review Specialist, per SOP PSL03 is responsible for all initial review of new customer inquiries and quoting activities.

The Contract Review Specialist and Pre-Production Engineering are responsible for detailed review of all customer-supplied documentation, requirements and production medium and capability prior to order acceptance. Other Department Managers are consulted as necessary during the contract review.

Any changes required by the customer once the job has been released to Manufacturing require a change order hold, review and approval by the Sales Department per SOP PSL02 and SOP PSL03.

Contract review records are kept by the Sales Department to demonstrate effective review procedures for each customer purchase order. Individual records are organized by customer name in chronological order. The Sales Department is responsible for the communication of all contract review requirements to Pre-Production Engineering prior to acceptance. Pre-Production will communicate the requirements to Manufacturing and Quality.

Customer Communication (7.2.3)

The contract review specialist reviews each customer inquiry, quote or customer purchase order upon receipt. The Contract Review Specialist resolves any differences from the current agreement with the customer prior to acceptance of an order or prior to release to Manufacturing per PSL03.

Customer communications regarding complaints are handled by sales and or quality per PQA01.

Customer feedback is handled by survey form FSLXX.

Design and development (7.3)

Waytec Electronics Corporation is not involved in design or development of any product. Waytec's customers are responsible for all design and development.

Purchasing Process (7.4.1)

The Purchasing Agent is responsible for ensuring that the Receiving function is in accordance with SOP PPU04.

Materials are required to be shipped with a certificate of compliance/certificate of analysis to ensure conformance to purchasing specifications. The supplier's quality system and previous record of ability to supply acceptable materials determine this. If product quality warrants, the supplier will be placed on probation and the material will be inspected per SOP PPU19 until the supplier is taken off probation.

In general, items received are unavailable for use until verification of conformance to purchase specifications. Items required for urgent production use that are not inspected as required upon receipt, are assigned special traceability identification, by listing material lot number on the process Traveler, to ensure immediate recall during manufacturing should it be deemed non-conforming.

The Purchasing Department ensures that purchased materials and subcontracted services conform to specified requirements.

The Purchasing Agents are responsible for the maintenance/control of the Approved Supplier List. Purchase orders for production materials and services specify only those suppliers that have been previously qualified and that appear on the Purchasing Department's approved sub-contractors list.

The company approves suppliers of production-related materials and services based upon an evaluation of a completed supplier/audit survey (Form FPU04).

Those items required for immediate use in production may be purchased from a supplier one time or for the duration of an evaluation, prior to the fulfillment of any of the above requirements.

The Purchasing Department arranges subcontractor corrective and preventive actions in accordance with SOP PQA05.

Purchasing Information (7.4.2)

All purchase orders are numbered, containing a clear description of the material or service required from the supplier. Reference may be made to specifications, drawings and other specific contractual conditions. Reference may also be made to industry standards where applicable. Purchase orders are reviewed and approved by the Purchasing Agent before issue.

The Purchasing Agent has overall responsibility for the procurement of all production related materials and supplier control. These materials are purchased either to predetermined specifications or from standard product catalogues to the manufacturers own specifications. Purchase orders are placed in accordance with SOP PPU02.

Verification of Purchased Material (7.4.3)

If Waytec Electronics Corp. verifies purchased product at the supplier premise, the verification arrangements and the method of product release will be specified in the purchasing documents.

Where specified in the contract, Waytec will award our customer the right to verify conformance to specified requirements at the supplier's premises and at

Waytec's Lynchburg location. Such verification shall not be used by Waytec as evidence of effective control of quality by the subcontractor. Quality Manager Verification by the customer shall not absolve Waytec the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

Waytec Electronics Corporation uses Certificates of Conformance obtained from the supplier at the time of delivery and incoming inspection on laminate per SOP PPU19. SOP PPU15 defines the process for reject material.

Control of Production and Service Provision (7.5.1)

Waytec Electronics Corporation maintains a system for identification and planning of processes for ensuring that the product is manufactured under controlled conditions. Waytec electronics does not currently perform service work beyond the scope of repair and or replacement of parts as defined in PQA01 SOP for Returned Material.

The processes shall be carried out by qualified operators (PTG02) and monitored and controlled to ensure that the requirements specified on the Traveler are met.

During all stages of manufacturing, processes, materials and products are identified on the process Traveler, which accompanies the specific job throughout the manufacturing process.

The process Traveler is issued by Production Control after PPE has engineered the job.

Documentation of Standard Operating Instruction, Work Instructions and Forms used in the production process are maintained at the point of use and on an intranet website for company use. These work instructions along with the traveler define the monitoring and measurement required. The lower tier reference that defines the document system can be found in Appendix B of this document.

Capability of equipment is validated by engineering and given to sales in the form of a technology roadmap that defines process and equipment limitations. Sales uses this information to bid only on jobs within the capability of the process. Sales feeds information back to management and engineering to plan future equipment and process improvements to meet customer demand.

Equipment is maintained by use of any electronic Preventive Maintenance systems with scheduled P.M. and a system to handle breakdowns as not to cause delay in shipments.

The release and delivery of product is managed by production control in accordance with PPC01.

Validation of Processes for Production and Service (7.5.2)

Waytec currently does not have any processes used in the manufacturing of printed circuit boards that cannot be easily monitored or measured prior to the product being delivered.

Identification and Traceability (7.5.3)

Waytec maintains documented procedures for product identification and traceability from receipt and during all stages of production and delivery.

During all stages of manufacturing, critical processes, materials, and products are identified on the process Traveler. The Traveler outlines process steps for specific jobs and monitoring and measurement requirements. The Traveler accompanies the job throughout the manufacturing process.

The completed Traveler is filed and retained in Document and Data Control after the product is shipped per PDC02.

All laminate materials that can affect product quality are under Lot Control and traceability per SOP PPU05. Identifying lot numbers are recorded on the Travelers used in production. Records used to identify material lots are maintained by the Document Control.

Products manufactured by the company are identified by a customer specific date code indicating the date of production and the company logo permanently marked on the product when feasible.

Multiple lots may be released on one P.O. (dependent on quantity) to allow for efficient production, scheduling and planning. When feasible, the individual lots will be kept separate, but the total quantity called for on the P.O. will be considered "a lot."

Identification of specific products or materials used in manufacturing by the company is provided only when specifically requested by the customer.

Customer property (7.5.4)

Waytec Electronics Corporation maintains documented procedures for the control of customer-supplied property as identified by Sales PSL03.

Verification, storage and maintenance of customer-supplied property is by standard documented SOP's and Work Instructions, and is subject to Waytec's Quality System requirements.

Any product lost or damaged shall be recorded per regular site procedures and instructions and reported to the customer by Sales.

Verification by the supplier does not absolve the customer of the responsibility to provide an acceptable product.

Preservation of Product (7.5.5)

Product conformity is monitored and measured throughout the manufacturing process as evidenced on the Traveler.

Following manufacturing, the product is tested per the customer requirements and the standard operating procedures for the Electrical Test documents (PTS) and Inspected per Final Inspect documents (PFN01) to ensure conformity.

Product is packaged and shipped using Waytec standard operating procedures (PSH) and specific customer instructions, added to the deliverables by sales during the contract review process, to ensure product conformity throughout the manufacturing process and arrival at the intended destination.

Control of Monitoring and Measuring Devices (7.6)

Waytec Electronics Corp. maintains a system for the calibration of all internal inspection, measuring and test equipment including verification of test software to prove it is capable of verifying the acceptability of product.

The Quality Manager is responsible for controlling the inspection, measuring and test equipment program and is responsible for the operation of the implemented program per SOP PQA09.

The Quality Control Supervisors are responsible for maintaining the measurement and test equipment control program. Outside services independently maintain procedures for calibration. Each calibrated item is identified using a permanently marked serial number through which its history can be traced.

It is the responsibility of everyone using inspection measuring and test equipment to verify that the calibration status is current. In the event of accidental damage or suspected "out of calibration" conditions each user of the equipment alerts the Department Supervisor immediately. The impact of out of calibration equipment is assessed on previous inspection and test results.

The purpose of the measurement and test equipment calibration history file is to identify equipment location, calibration state, method of calibration, calibration frequency, acceptance criteria, range of accuracy, repeatability, against certified equipment having a known relationship to internationally or nationally known

standards. Waytec will ensure that the environmental conditions are suitable for the calibrations, inspections, measurements and test equipment is stored and handled in a manner to ensure accuracy and fitness for use.

Initial calibration intervals are established on the basis of manufacturers' recommendations, degree of usage and influence of the environment. Quality Control maintains recall records for all calibrated items and is responsible for overseeing calibration performed by outside services.

Instruments are labeled in an appropriate manner showing the calibration status, date of calibration, and the date of next calibration. Calibration is carried out using standards traceable to the National Institute of Standards and Technology.

Upon receipt, all calibrated equipment is submitted to the Document Controller for entry to the measurement and test equipment calibration data base record, labeled and issued. Calibration records are stored at the Documentation/Data Control Center.

MEASUREMENT, ANALYSIS AND IMPROVEMENT (8)

Measurement, Analysis, and Improvement General (8.1)

Documented procedures are established and maintained for monitoring, measuring, inspection and testing activities in order to verify specified input and output requirements for the product are met. Data collected electronically from in-process as well as test and final inspection is analyzed by engineering to determine defect trends and drive engineering projects to continually improve process and product yield per PQA15.

Customer Satisfaction (8.2.1)

The Waytec Electronics Sales department solicits customer feedback by Customer Survey to determine customer perceptions and implement corrective action as needed per PSL03.

Customer return levels are monitored and reviewed by management per PQA15.

Internal Audit (8.2.2)

Waytec Electronics Corporation maintains documented procedures for planning and implementing internal quality audits to verify quality activities and related results comply with planned arrangements and to determine the effectiveness of the quality system.

The Quality Manager (ISO Management Representative) is responsible for planning a program of internal quality audits of all areas to ensure the effective implementation and continuous improvement of the Quality System. The Lead Internal Auditor is responsible for execution of the internal audit program and maintains a master list of qualified Internal Auditors. Internal Auditors, independent of the area, are responsible for the preparation and performance of the internal audit, and documentation. SOP PQA07 describes in detail the Internal Audit System.

Internal audits are performed in each area at least once a year to monitor the effectiveness of the overall system. Audit frequency will be scheduled by the Lead Internal Auditor and adjusted to give priority to potential problem areas. The Action Request System monitors all corrective actions.

The basis of all internal quality audits is the documented Quality System and ISO 9001-2000. Internal Quality Auditors are not directly involved in the area under audit, however, may be accompanied by a representative of the area.

All Internal Auditors are qualified by attending either external or internal training seminars. The Lead Internal Auditor maintains a master list of qualified Internal Auditors and training records.

Monitoring and Measurement of Processes (8.2.3)

Waytec Electronics maintains a system for monitoring and measurement of processes indicating input variables being measured, specification limits, product checks for production processed during out of spec condition and corrective action. These requirements are found in the Process Control Lab Standard Operating Procedures (PLB).

Monitoring and Measurement of Product (8.2.4)

Waytec Electronics maintains a system for identifying monitoring and measurement of product output indicating conformance or non-conformance of product.

The monitoring and measurement status of materials and product is identified at all stages of the manufacturing process on the process Traveler, FFN07. Methods of indication include marking, labeling and the sign-off of the accompanying Traveler, which is used to identify the manufacturing process and required inspections.

All customer returned product is identified and dispositioned according to PQA01.

Vendor supplied materials are identified as to Test and Inspection Status per SOP PPU04 and PPU05.

Control of Nonconforming Product (8.3)

Waytec Electronics Corporation maintains a system to ensure that product that does not conform to specified requirements is identified and tagged until a disposition can be made. This control provides for identification, documentation, evaluation, segregation (when practical) and disposition (SOP PQA11).

The non-conforming product shall be identified with from FQA07 or FQA10 awaiting disposition.

Departmental supervisors and/or managers are responsible for reviewing and dispositioning the non-conforming product. If the supervisor or manager cannot conclusively determine dispositioning action, a material review board shall be used (PQA10).

Non-conforming product shall be dispositioned as follows:

- Reworked to specified requirements.
- Accepted with or without repair by concession.
- Accepted upon deviation from the customer
- Rejected or scrapped.
-

The company does not presently regrade non-conforming product for alternative applications.

A re-inspection shall be performed in accordance with documented process/inspection procedures.

Analysis of Data (8.4)

Waytec Electronics Corporation collects and analyzes data to determine the effectiveness of the quality system and to drive continuous improvement in customer satisfaction, process and product yield, process and product trends, and suppliers.

The data is reviewed per PQA15 and used per PQA05 to drive corrective and preventative action request.

Continual Improvement (8.5.1)

Waytec Electronics Corporation maintains a system of documented procedures for implementing corrective and preventive action. This system is used to drive continual improvement of product and processes. Any corrective or preventive action taken to eliminate the causes of actual or potential nonconformities shall be to a degree appropriate to the magnitude of problems.

Waytec will implement and record any changes to the documented procedures resulting from corrective and preventive action.

Department Managers are responsible for the effective and timely implementation of corrective or preventive action required in their respective areas.

The Quality Manager and/or the designated Quality individual are responsible for ensuring that the corrective or preventive actions are closed out effectively.

Procedures are established and shall be maintained for the investigation of nonconforming items that have an adverse effect on quality. The procedures require implementing corrective action to prevent recurrence, recording actions taken and modification of procedures if applicable. SOP PQA05 describes in detail the Action Request system, which includes both Corrective and Preventive Actions.

Corrective Action (8.5.2)

A Corrective Action Request is used to identify conditions, which may adversely affect quality and may be initiated at any time by any department supervisor per PQA05. Action Requests establish responsibility for the action to be taken, define how the action will be carried out and the action is accepted/verified by the Quality Manager or his designee. CAR's may come from:

- Internal Quality Audits
- Internal Process Audits
- Customer Requests/Complaints
- Preventive Actions
- Third Party System Surveillance Audits
- Vendor Performance

Preventive Action (8.5.3)

Production Meetings are held daily to support our commitment to continuous improvement and to assure effective and timely response to issues that affect the quality of our products. The agenda for this meeting includes analysis of quality records, overall panel and dollar yields, yield improvement activities, departmental scrap and rework, customer complaints, work operations, and delivery schedules. Review of these records enables us to determine trends and to take preventative corrective action per SOP PQA05 against recurring problems and to identify and take preventive action against potential problems.

The semi-annual Quality System Management Review Agenda includes discussion of preventive action items in response to the overall Quality System data feedback.

Appendix A

ORGANIZATION CHART

The **CEO/PRESIDENT** of the company is directly responsible for the quality of the products provided by the company and for the execution of this program as it impacts our manufacturing facility and shall delegate proper authority through the staff to assure compliance with the requirements of this program.

The **SALES MANAGER** is responsible for ensuring that all customer needs and expectations are communicated throughout the organization.

The **QUALITY MANAGER** is responsible for the establishment of maintenance and monitoring of the Quality System and the control of this Manual. In addition, the Quality Assurance Manager is the ISO Representative and has the overall authority for the implementation and enforcement of the Quality System standards, policies and practices, including verifying implementation of solutions.

The **HR MANAGER** is responsible for indoctrination of new employees, evaluating training needs, selection and/or development of training resources, facilitating and conducting Quality training as appropriate, and issuing job descriptions to all departments.

The **PURCHASING AGENT** is responsible for ensuring that all production raw materials and services are purchased from vendors on the company's Approved Supplier List and ensuring that all incoming materials and parts are examined to verify type, quantity, identification and damage.

The **CONTRACT REVIEW SPECIALIST** is responsible for detailed review of all customer supplied documentation, requirements and production medium.

The **LEAD INTERNAL AUDITOR** is responsible for execution of the internal audit program.

Each **DEPARTMENT SUPERVISOR** is responsible for establishing Standard Operating Procedures (SOP's) and Work Instructions relevant to their activities and for the quality of the products produced by employees under their direction.

Each **COMPANY EMPLOYEE** is responsible for compliance to the requirements of the Quality System as it relates to their activities.

The **QUALITY ASSURANCE SUPERVISOR** is responsible for controlling the inspection, measuring and test equipment and is responsible for the operation of the implemented program.

Each **QUALITY CONTROL INSPECTOR** is responsible to:

- Inspect the company's product in accordance with SOP's and Work Instructions to ensure that customer specifications are met
- Detect, identify and segregate all nonconforming material in accordance with these instructions
- Record the results of inspections
- Be aware of all special inspection requirements in his area

The **QUALITY CONTROL FINAL INSPECTOR** ensures that all parts are inspected prior to release. This inspection shall ensure that the material is in conformance with the applicable customer and engineering documents.

The **ELECTRICAL TEST OPERATORS** are responsible for product testing in accordance with approved procedures.