

Quality Manual

ALLIANCE GROUP TECHNOLOGIES

Division of The Daugherty Companies, Inc.



Located in the Grissom Aeroplex

1201 North Flyer Street
Peru, Indiana 46970

Phone: (765) 689-1000
Fax: (765) 689-0781

ISO 9001:2008 Registered

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**Alliance Group Technologies
Grissom Aeroplex
1201 North Flyer Street
Peru, Indiana 46970**

Approvals

Operations Manager
Quality Assurance Manager

Change Record

Revision	Date	Responsible Person	Description of Change
A	8/8/2003	Chris Richardson	Initial Release
B	9/29/2003	Chris Richardson	Multiple changes resulting from Pre-Assessment Audit
C	10/28/2003	Chris Richardson	Multiple changes resulting from findings and Document Review of Registration Audit
D	12/12/2005	Chris Richardson	Multiple changes resulting from findings of Surveillance Audit (CPARs 0012, 0013) and other changes
E	10/3/2006	Chris Richardson	Change section 8.2.1 to allow electronic gathering of customer survey information
F	10/16/2006	Chris Richardson	Multiple changes for OFIs from pre-audit TRA doc review
G	10/17/2006	Chris Richardson	OFIs from registration audit (section 0.4) + typo correction in 8.2.4
H	10/26/2007	Chris Richardson	Remove obsolete top level objective
I	10/7/2008	Chris Richardson	Add new top level objective
J	10/5/2009	Chris Richardson	Changes from ISO 9001:2008 to ISO 9001:2008
K	6/2/2010	Chris Richardson	Change QP ref to ISO 9001:2008; Several others
L	10/10/2011	Chris Richardson	Company name change; Objectives change

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0 QUALITY POLICY, OBJECTIVES, AND RESPONSIBILITIES

0.1 SCOPE

Management has defined the Quality Policy, the Quality Objectives, and the responsibilities of maintaining the Quality Management System (QMS). Section 7.3 of the ISO 9001 standard is excepted as described in that section of this manual. Section 7.4 of the ISO 9001 standard is excepted for commodity materials as described in that section and section 4 of this manual.

0.2 QUALITY POLICY

The Quality Policy of Alliance Group Technologies is:

Alliance Group Technologies is committed to achieving Total Customer Satisfaction. This level of satisfaction will be achieved by delivering high quality, defect free product on time. The Alliance Group Technologies Team also strives for continuous improvement in its' products and is committed to implementing and improving our Quality Management System in compliance with the ISO 9001:2008 standard.

0.3 QUALITY OBJECTIVES

The Quality Objectives of Alliance Group Technologies are defined, measurable objectives consistent with the quality policy that insure quality of delivered product and continuous improvement. These quality objectives center around customer satisfaction, defect free product, and on-time delivery. These Quality Objectives have been defined for the facility at large:

- Track quoted job labor time vs. actual labor expended and pursue reduction in quote misestimation
- Track and pursue improvements in on-time delivery
- Track and pursue reduction in secondary orders of project materials

Functional-level and project-level objectives are further described in (5.4.1) of this manual and support these plant-level Quality Objectives.

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0.4 QMS RESPONSIBILITIES

The Parties given primary responsibility for functions under the QMS are:

Process	Element	Primary Responsible Party					
		Vice President, Operations	Operations Manager	Quality Assurance Manager Quality Management Representative	HR Mgr	Purchasing Coordinator	Documentation Coord
Documentation	4.1, 4.2		✓	✓			✓
Management Resources Infrastructure	5.x 6.x	✓	✓	✓	✓		
Product Realization	7.1, 7.2, 7.5, 7.6		✓				
Design	7.3			Not Applicable			
Purchasing	7.4		✓			✓	
Improvement	8.x		✓	✓			

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4 QUALITY MANAGEMENT SYSTEM

Scope

This manual describes the Alliance Group Technologies Quality Management System and related, supporting documents that are maintained in conformance with the requirements established in ISO 9001:2008. This policy manual covers all defined quality activities, products and services that are within the control of or can be influenced by us. We are a manufacturing job shop working strictly from customer supplied prints, diagrams, and detailed requirements. Therefore, section 7.3 of the aforementioned ISO standard does not apply to our organization. Similarly, as we purchase many commodity items but find it is the custom material that we purchase that has the greatest impact to delivered product quality, we do not apply section 7.4 of the aforementioned ISO standard to purchasing of commodity materials and working with commodity suppliers.

Purpose

To ensure that our quality management system processes, procedures, work instructions and records satisfy the specific requirements of ISO 9001:2008 and our customers.

Related Documents

1. ISO 9001:2008
2. Quality Procedures referenced in this manual
3. Other related quality documents as referenced in this manual

Definitions

1. QMS: Quality Management System
2. Us, we, etc.: Alliance Group Technologies

4.1 GENERAL REQUIREMENTS

Alliance Group Technologies has established, maintains, and manages a QMS, the requirements of which are described in whole of Sections 4 thru 8. We will manage and continually improve it's effectiveness in accordance with the requirements of this International Standard and will:

- a) Determine the processes needed for our QMS and their application throughout our organization. This is the purpose of this Quality Manual.

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- b) The sequence of the processes depicted within this manual follow the Plan-Do-Check-Act approach as depicted in the process-based quality management system model (see figure #1, pg. 10, of ISO 9001:2008). Interactions between processes are also depicted within this quality manual and are so reflected within parenthesis () and shown graphically in Exhibit A.
- c) The criteria and methods of control over the processes referenced in this manual to ensure their effective operation are reflected throughout this manual and are detailed for individual projects in that project's documentation.
- d) To ensure the availability of resources and information necessary to support the operation and monitoring of these processes is accomplished, see (5.6, 6.2, 6.3, 6.4, 7.2, 7.5, and 8.2.2).
- e) Appropriate monitoring, measuring, and analysis of each process is depicted on the above referenced process control matrix.
- f) We take great pride in planning for each process in order to assure the achievement of requirements as well as driving for continual improvement see (5.4.2, 5.6, 6.2.1, 7.1, and 7.5).
- g) Where processes are outsourced, purchasing is responsible for communicating quality requirements to the contractor including control requirements and any needed acceptance requirements.

Alliance has determined that the below are Key Processes – processes that which, if not consistently and effectively controlled and operated would reduce delivered product quality.

- Planning of Product Realization
- Manufacturing Processes
- Customer Communication
- Continual Improvement

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4.2 DOCUMENTATION REQUIREMENTS

4.2.1 General

Alliance Group Technologies Quality System documentation includes the following:

- a) Documented statements of our quality policy and objectives – see page 3 of this manual
- b) This Quality Manual
- c) Documented procedures and records required by the International Standard
- d) Documents (including records) determined by us to be necessary to ensure effective planning, operation, and control of our processes

4.2.2 Quality Manual

We have established, and will maintain our Quality Manual. It includes our Quality Policy, the Scope of our system including justifications for exclusions. It defines our quality system policies and references our quality system procedures and appropriate records. It also shows the interactions between specific elements within our QMS. These references are shown in parenthesis by the related item. Section 7.3 of the ISO 9001 standard is excepted as described in that section of this manual

4.2.3 Control of Documents

Documents required by Alliance Group Technologies are controlled. A documented procedure (AQP 4.2.3-1) defines the controls needed to accomplish the approval of documents, their review, updating, revision status, and identification. We ensure that only relevant versions of applicable documents are available at points of use and that documents are legible. We utilize a Master List of Documents to reflect all of our documents, including documents of external origin that are determined by us to be necessary for planning and operation of our QMS, and ensure that their distribution is controlled. Obsolete documents are further identified to prevent their unintended use if they are retained for any purpose. Project-specific documentation is handled under a separate procedure (AQP 4.2.3-2)

4.2.4 Control of Records

Quality records are established and controlled to provide evidence of conformity to the requirements of, and effective operation of our QMS system and ISO 9001:2008. A documented procedure (AQP 4.2.4) has been established to define the controls needed for our records identification, storage, protection, retrieval, retention, and disposition. Our records are available to our customers upon request.

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5 MANAGEMENT RESPONSIBILITY

5.1 MANAGEMENT COMMITMENT

Alliance Group Technologies is committed to the development and implementation of this QMS and our drive to continually improve its effectiveness is supported by communicating to our organization the importance of meeting customers' requirements and expectations of product satisfaction. This communication can take the form of plant wide meetings, department meetings, and everyday, informal, interactions with our employees. Statutory and regulatory requirements are the responsibility of the customer, and are implied within the requirements of a project as put forth by the customer. We will maintain a copy of appropriate approval documents as obtained and supplied by the customer. Top management has established a quality policy and measurable objectives. These can be viewed on page 3 of this manual.

Management reviews are conducted with emphasis given to customer satisfaction and continual improvement of this system and is further detailed in section 5.6 of this manual. Resources are planned for and provided to ensure the success of meeting all customer requirements and the requirements set forth in this manual see (4.1, 5.6, 6.2, 6.3, 6.4 7.2, and 7.5).

5.2 CUSTOMER FOCUS

We ensure customer requirements are determined, see (7.2.1) and met, see (7.5). Our aim is to provide customers with complete satisfaction, see (8.2.1).

5.3 QUALITY POLICY

We review, see (5.6), our quality policy to ensure it is appropriate to the mission of our organization. It includes both a commitment to comply with requirements and to continually improve. Our policy drives our measurable objectives and has been communicated throughout our organization. Our policy and objectives can be seen on page 3 of this manual.

5.4 PLANNING

5.4.1 Quality Objectives

We have defined measurable objectives for our processes, both system and project oriented. Project related objectives are defined by customer requirements. System objectives are defined for functional levels within the organization and are posted to our communications bulletin board and the measurements reported to the organization and to Management Review (5.6). The Quality Manager or Management Review can change

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the system objectives to insure we focus on issues most significant to the quality of our products delivered to our customers and the continuous improvement of processes and our QMS.

5.4.2 Quality Management System Planning

The planning of our QMS is facilitated at our Management Reviews, see (5.6). This planning is focused on meeting customer requirements and is further supported at several key points within our QMS; see (7.1, 7.2, 7.5, 8.2.3, and 8.2.4). The planning involved at the referenced key points serves to ensure that our QMS is maintained when changes are planned and implemented.

5.5 **RESPONSIBILITY, AUTHORITY, AND COMMUNICATION**

5.5.1 Responsibility and Authority

We utilize a Responsibility Matrix, (see page 4) to define QMS responsibilities and further communicated them throughout our organization. Specific responsibilities may be further defined in this manual and our other QMS documentation.

5.5.2 Management Representative

Our Quality Management Representative (QMR) is a member of our management team responsible for this QMS in its' processes, their implementation and ongoing maintenance. The QMR, during management reviews, see (5.6), reports on the performance of this QMS and any need for improvement. The QMR also promotes the awareness of customer requirements throughout the organization. A bulletin board is provided for this purpose and serves to facilitate appropriate reports and information relating to the QMS. Specific customer and project requirements are established, see (7.2 and 7.5) and detailed in our project documentation.

5.5.3 Internal Communication

We practice open internal communication on all levels throughout the Company. Communication takes place everyday on a continual basis. This communication can take the form of project documentation (see AQP 7.2-1), planning meetings or other means. Included within these communications is information that relates to the effectiveness of our QMS.

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5.6 MANAGEMENT REVIEW

5.6.1 General

We plan for, but do not limit ourselves, to a QMS review (Management Review meeting) on an annual basis. Our Quality Management Team attends QMS reviews. This team consists of our QMR, Operations Manager, and Quality Assurance Manager. Other Alliance Group Technologies personnel may also be invited to participate. The QMR is responsible for scheduling the meeting and publishing the meeting minutes. Our form (AQF 5.6) Management Review Meeting Agenda will serve as the record for these meetings. These reviews include an assessment of the QMS and its' policies and objectives for suitability, adequacy, effectiveness, opportunities for improvements and the need for any changes to our system. During these reviews, particular emphasis is placed on determining the effectiveness of actions taken. The records of the meeting will include and incorporate any reports, charts, tables, or other documentation such as customer feedback, supplier corrective actions, etc. reviewed by or presented at the Management Review meeting.

5.6.2 Review Inputs

At a minimum, our Management Review Meeting includes the review of audit results for the period reviewed (8.2.2), customer survey results (8.2.1), customer project feedback (recorded in the project files and summarized to Management Review by the Quality Manager), appropriate process performance information (8.4), product conformity information in terms of rework of any deliverables, defects, financial reviews, etc. status of any corrective and preventive actions (8.5), follow-up actions from previous reviews, changes that could impact our QMS and recommendations for improvements to our system or products. These inputs are detailed in the above referenced agenda form we utilize to facilitate these meetings.

5.6.3 Review Outputs

As a result of our QMS Management Review Meetings, decisions and actions regarding improvements to our QMS (5.4) and resource needs (6.1) are recorded. Other actions, as deemed necessary by the Quality Management Team will also be included.

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6 RESOURCE MANAGEMENT

6.1 PROVISION OF RESOURCES

Alliance Group Technologies provides the resources necessary to maintain this QMS and its effective implementation. These resources are focused upon meeting our customer's requirements and continually improving the effectiveness of this QMS. These resources can be actual production related resources, supportive resources and human resources and are further defined in the rest of this section. This planning and execution of resource needs can be found throughout this manual, see (4.1, 5.6, 7.1, 7.2, and 7.5).

6.2 HUMAN RESOURCES

6.2.1 General

Our goal is for all personnel affecting product quality to be fully competent. Competency here is defined in terms of education, skills, experience, and training. These requirements for specific positions are reflected on the training documents for each of those positions.

6.2.2 Competence, Training, and Awareness

We have defined the necessary competency for personnel whose jobs have been determined to affect conformity to requirements of product or service. We have determined the training needs of these individuals, which is further outlined in procedure AQP 6.2. We take the appropriate actions necessary to verify the effectiveness of those actions. We further ensure that its personnel are aware of the relevance and importance of their activities and how they contribute to the achievement of our quality objectives. Records are maintained in accordance with the above referenced procedure. We do not have product design responsibility at this time. When design skills are required, we will ensure that individuals are competent to achieve design requirements and are skilled in applicable tools and techniques.

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6.3 INFRASTRUCTURE

Alliance Group Technologies maintains its infrastructure in the highest possible state. Our building, workspaces, and supporting equipment are meticulously maintained with an eye toward safety and functionality. Any condition that is discovered needing attention is immediately brought to the attention of management and is subsequently addressed by our Operations Manager. Process equipment is maintained in a state of readiness that allows us to respond immediately to customer requirements. Our employees are free and are encouraged to come forth with any suggestions, comments, or concerns that they consider to be detrimental to our operations.

6.4 WORK ENVIRONMENT

Alliance Group Technologies has determined and manages the work environment necessary to achieve conformity to product requirements.

6.4.1 Personnel Safety to Achieve Product Quality

We have appointed a Safety Coordinator to uncover any potential safety hazard, risk, or concern. It is the responsibility of top management to take appropriate actions.

6.4.2 Cleanliness of Premises

We maintain our facility in a high state of order and cleanliness. Repairs are consistent with product and manufacturing process needs. Further, we invite all of its customers and potential customers to visit our facility.

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7 PRODUCT REALIZATION

7.1 PLANNING OF PRODUCT REALIZATION

Alliance Group Technologies has determined the processes needed to ensure all customers' requirements are met. These processes are consistent with the requirements of this manual, the ISO9001:2008 standard and all our QMS documentation. This planning includes defining customer objectives and requirements during our contract review process (see 7.2) and then embedding them within our production documentation; this documentation is, more specifically, our Project File. During this planning process the need for additional documentation, the establishing of other supporting documents and the resources needed specific to the product requirements is determined (see 4.1, 6.3, 7.2, and 7.5). Needed measurement, test, and product verification in the form of inspection specific to the product is also spelled out with specific documentation in the project file. This includes any special requirements as required by our customers. Our Project File then contains the evidence (record) that our realization process and subsequent product meets all requirements.

7.2 CUSTOMER-RELATED PROCESSES

7.2.1 Determination of Requirements Related to the Product

Our Project Coordinators ensure determination and clarification of requirements before a commitment to manufacture is made in order to meet customer requirements. When we are aware of requirements because of specified or intended use, and not stated by our customers, we will communicate those requirements to our customers for their consideration. Although we depend upon our customers to clarify any statutory and regulatory requirements specific to their product, we will relay appropriate information to our customers when known. When we determine that additional requirements are needed we will actively coordinate those details with our customers. To facilitate the above, we have developed a Contract Review Checklist (AQF 7.2-1) and Contract Review Procedure (AQP 7.2-1).

7.2.2 Review of Requirements Related to the Product

Once we have determined all the requirements related to the product (see 7.2.1 above) we facilitate a review process. Utilizing the Contract Review Checklist (AQF 7.2-1) and the Contract Review Procedure (AQP 7.2-1), the Project Coordinators and/or Operations Manager and/or Production Supervisors will review all aspects of our customer's request. This review ensures that all product requirements are defined. When order requirements differ from those determined in 7.2.1 above we ensure that those differences are clarified and resolved. During this process, we also determine that we have the in-house capability

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to meet all stated requirements. When our customers send or call in changes we may explicitly confirm all requirements before we make a commitment to produce by a return confirming phone call, an e-mail, or other means of communication. When changes are requested to current orders the Project Coordinator confirms those changes with the appropriate Production Supervisor (manual assembly or automated assembly), and the Operations Manager. The changes are then reconfirmed with our customer as appropriate. The Project Coordinator and/or the Production Supervisor amends the appropriate document or documents to reflect the change and further notifies all personnel involved with that change. Our completed Contract Review Checklists and the contents of the individual project files will act as our records for evidence for this process.

7.2.3 Customer Communication

We are committed to providing our customers with a timely and effective response to their concerns and all other communications. Therefore, when a customer communicates with us in relation to product information, order enquiries, or concerns, these communications are immediately forwarded to our Project Coordinators and all parties in accordance with AQP 7.2-1. Because customers are our number one concern, all feedback received from customers about a project is filed in the Project File and, if the feedback indicates that a delivered product did not meet customer requirements, a Corrective (or Preventive) Action Request per AQP 8.5.2 is initiated so that we may respond appropriately and use that information to drive continual improvement within our organization (5.6, 8.5.2). Customer feedback is used as an input to Management Review as outlined in (5.6.2).

7.3 **DESIGN AND DEVELOPMENT**

Alliance Group Technologies does not design and sell its' own products nor, at this time, provide a design service for our customers. As such, the requirements in this section do not apply.

7.4 **PURCHASING**

7.4.1 Purchasing Process

For suppliers of off-the-shelf material:

Since off-the-shelf material is outside the design control of Alliance or our customers and the economics of our projects (prototypes and short runs) cannot nominally justify it we do not, unless explicitly required by a customer, perform an inspection of characteristics of received off-the-shelf material nor evaluate or re-evaluate suppliers of such material. We do perform validation on such received material as described in (7.4.3.)

For suppliers of custom material:

However, to ensure that products and services that directly impact our products are of the highest quality, we have established a process to select, evaluate, and re-evaluate selected suppliers (AQP 7.4.1). We have created an Approved Custom Suppliers List (AQF 7.4.1-

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1). This list details those suppliers who are approved for the purchase of tooling, materials, fixtures and components of a custom nature. Our initial list comprises current suppliers who, through their performance history, have demonstrated acceptable performance as determined by the Operations Manager and Purchasing. When new suppliers are needed to satisfy a customer requirement or a materials delivery timing issue an appropriate supplier will be added on a trial basis. These new suppliers will be evaluated per (AQP 7.4.1). Once placed on the Approved Suppliers list, all suppliers of custom materials will be evaluated and re-evaluated based on performance. A log (AQF 7.4.1-2) is made of any incident that negatively impacts us or our customers because of an incident with a custom material supplier. Incidents can take the form of defective product, late deliveries, incorrect invoices or paperwork, or any other unfulfilled Alliance requirement. During Management Review (see 5.6), these files are reviewed for their content. Management Review will determine at that time appropriate actions to be taken based upon the nature and severity of the incidents recorded in the supplier files. The management review meeting minutes will act as the record of the reviews and actions taken.

Where processes are outsourced, purchasing is responsible for communicating quality requirements to the contractor including control requirements and any needed acceptance requirements.

7.4.2 Purchasing Information

Purchased material is acquired from multiple suppliers, each with their own methods for transacting orders. Purchasing of commodity items as well as custom material is done using customer documentation as a reference with regard to sourcing, item selection, special processing, and verification requirements. Purchasing does not order material where the customer specification does not adequately describe the material to be purchased. Before issuing a purchase order to a supplier, purchasing will review for adequacy each purchase order to verify quantity, due date, and price, any quote referenced, the requirements that were given to the supplier for quotation, and any requirements not specified (including at the time of quotation.)

7.4.3 Verification of Purchased Product

When receiving off-the-shelf components, their verification is accomplished visually. All visual checks include the verification of the product type, quantity, and condition.

When receiving custom parts, procedure (AQP 7.4.3) is followed, whether the inspection takes place in our facility or at the suppliers' facility.

Incoming receiving personnel match all P.O. information to appropriate receiving documents. If all documented requirements are satisfied, the packing slip is initialed and taken to Administrative Manager for processing. When a discrepancy is found receiving

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personnel follow the requirements as outlined in the procedure for the control of non-conforming material (AQP 8.3).

7.5 PRODUCTION AND SERVICE PROVISION

7.5.1 Control of Production and Service Provision

We utilize a Project File to communicate customer requirements and any other specific requirements dictated by the project. The use of our Project File ensures that each produced product is processed under controlled conditions to assure all customer requirements are met. The Project File details all quality inspections to be accomplished (including special processes such as First Article Approvals when required). Special handling, packaging, labeling, or other specific customer requirements are also communicated utilizing our Project File. Floor travelers (AQF 7.5.1-1) or automatically generated equivalent that record operations and inspections performed on products being produced are also kept in the Project File. Because our normal work load consists of custom, low volume circuit boards, harnesses and turnkey customer-designed equipment that are frequently still in development by our customers as we are building them, we employ only qualified personnel. Our technicians must be able to build from minimal work instructions. Typical work instructions include schematics, assembly drawings, and mechanical prints usually supplied by our customers. To compliment our production realization we use only suitable equipment. Equipment capability and suitability is determined at Contract Review (7.2) and when an order is received, it becomes a vital part in our planning process (7.1).

Because of the differences in products we produce, the availability and use of appropriate monitoring and measuring equipment is dealt with on a project-by-project basis.

7.5.2 Validation of Processes for Production and Service Provision

We have the ability to validate all of our conventional processes through product acceptance.

Hand soldering has been identified as a special process that cannot always be verified by product acceptance. Therefore, we only provide our personnel who hand solder with industry-standard high-quality soldering equipment and insure that those personnel have been trained on soldering techniques.

7.5.3 Identification and Traceability

All received components and materials are identified within the facility by utilizing the manufacturers supplied identification. Where incoming components and materials are found to be non-conforming they are handled according to our non-conforming material procedure AQP 8.3. We satisfy traceability requirements in accordance with the unique demands of any given project when required by its' customers. Floor travelers (AQF 7.5.1-1) or automatically generated equivalent are used to track the status (with respect to

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monitoring and measurements) throughout product realization of products being produced.

7.5.4 Customer Property

Customer property at Alliance Group Technologies can take the form of customer-supplied tooling, gauges, customer-supplied material to be incorporated into a product, and customer-supplied packaging that may or may not be reusable, as well as intellectual property and personal data. If an item may possibly be mixed with other stock, tooling, etc., then we identify the item or items with a tag or other marking as being customer property. If any customer property is damaged or requires repair, a note of this is kept in the Project File (AQP 4.2.3-2) and the customer is notified, if appropriate.

7.5.5 Preservation of Product

We ensure product conformance to requirements during internal processing by providing appropriate equipment to handle it and a modern facility in which to safeguard and protect it from damage. Our facility also serves as our short-term warehouse, thus ensuring product integrity. All special packaging requirements are defined at Contract Review (AQP 7.2-1) and documented in the Project File (AQP 4.2.3-1).

7.6 CONTROL OF MONITORING AND MEASURING DEVICES

We utilize electrical and mechanical measuring devices (gauges) to verify criteria of our materials during construction and for acceptance (8.2.4). These gauges may be our property, rented or leased from a third party, or supplied by a customer.

All gauges used in acceptance of product to customer specifications are calibrated by an outside accredited laboratory traceable to NIST and records maintained or evidence recorded by us. Gauges supplied by a customer are considered calibrated under the customer's procedures when evidence of valid calibration is present; a customer may waive the calibration requirement for a specific piece of equipment. Gauges rented or leased shall be considered calibrated when evidence of valid calibration is present. A valid sticker on the calibrated gauge or valid certificate (traceable by serial number or other permanent identifier) is considered evidence of valid calibration; we will keep a record (or copy) if available or note the evidence of calibration. Gauges used in an uncalibrated form for support use are identified as such by a sticker.

Gauges which are found not to conform at time of calibration will have the impact assessed. Gauges or other items (e.g., rulers) used in construction are considered for reference use only; however, gauges or other items found worn are immediately replaced.

Software is considered calibrated and suitable for the intended purpose when supplied by the customer; where not supplied by the customer, the customer will be asked to verify the operation of the software unless waived by the customer or another arrangement is made with the customer. A record of waiver is kept in those instances

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8 MEASUREMENT, ANALYSIS, AND IMPROVEMENT

8.1 GENERAL

Being a contract assembler and manufacturer of a diverse group of products, Alliance Group Technologies utilizes various means as outlined in the rest of this section to insure our processes and systems meet customer requirements, meet quality system requirements, and continually improve our processes. Statistical methods are applied where appropriate.

8.2 MONITORING AND MEASUREMENT

8.2.1 Customer Satisfaction

Customers are surveyed on an annual basis by either the Operations Manager or Sales Manager using the form AQF 8.2.1 to record the results or electronic or other means to acquire and report the results equivalent to AQF8.2.1. Management Review (5.6) meetings review customer satisfaction based on these surveys and may take action as appropriate to improve our quality system and customer satisfaction.

8.2.2 Internal Audit

We conduct internal audits in accordance with procedure (AQP 8.2.2). This procedure specifies that all systems processes be audited on an annual basis, at a minimum. Consideration is also given to those processes that are vital to us and to those whose status warrants additional auditing. The objectives of our internal audits are to determine if the process being audited conforms to the ISO 9001:2008 standard and all other appropriate QMS Documentation and that the process is effective. Results are delivered to Management Review (5.6) for suitable action. The procedure directs the determination of the audit criteria, the scope of the audit and its frequency and that the methods to be used are to be detailed. To ensure impartiality, no auditor may audit his or her own work. The responsibility and requirements for the planning of these audits, their reporting and maintaining of audit records is also detailed in the above procedure. When actions are warranted, as a result of an internal audit, the issue is elevated to a CPAR and is resolved and closed in a timely manner except when it can be closed within an audit review. Follow-up activities include the verification of those actions and their results as detailed in the above referenced procedure.

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8.2.3 Monitoring and Measurement of Processes

QMS processes are measured where applicable and monitored through the use of our internal audit program, see (8.2.2). Processes are further evaluated for their ability to satisfy the objectives as stated on page 3 of this manual. When a process does not meet its objective, appropriate corrections are taken, up to and including corrective actions, see (8.5.2).

8.2.4 Monitoring and Measurement of Product

Measurable product and material characteristics are verified in accordance with customer requirements. For incoming received material, its verification has been outlined in 7.4.3 above. Product verification is accomplished as outlined in 7.5.1 above. Evidence of this conformity is maintained. Records of product measurements are kept in the Project File (AQP 4.2.3-2, AQF 7.5.1-1, and inspection form AQF 8.2.4-1 or other appropriate document). We utilize testing methods that are appropriate to each individual project. These methods, as well as the acceptance criteria are determined on a project-by project basis thru communication and cooperation with our customer. The details of these methods and acceptance criteria are kept on hand as a ready reference in the appropriate project file (see AQP 4.2.3-2 and AQP 7.2-1). All product that is shipped from Alliance Group Technologies (or service is provided) is done so only after review and authorization by an appropriate individual; this authorization is recorded on the Floor Traveler form for each product (AQF 7.5.1-1 or automatically generated equivalent.) These individuals may be the Operations Manager, the Project Coordinators, or the Production Supervisors. They ensure that this release cannot proceed until all requirements have been satisfactorily met, unless previously approved by a relevant authority, including the customer when appropriate.

8.3 CONTROL OF NONCONFORMING PRODUCT

We identify all nonconforming material within our facility and may identify nonconformance after shipment. The controls and authorities dealing with nonconforming product, whether identified within our facility or determined after delivery are detailed in AQP 8.3. Where possible, we may take actions to preclude the original use of nonconforming product. When possible, actions are taken to eliminate the cause of all nonconforming products. Dependent upon the severity and impact of nonconforming product, we may elect to elevate a nonconforming incident to a Corrective Action, see (8.5.2).

8.4 ANALYSIS OF DATA

We collect and analyze data to demonstrate the suitability of its QMS processes and its product realization processes. The data collected comes from customer satisfaction

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surveys as detailed in (8.2.1), from instances of nonconforming material (AQP 8.3), statistical data where available, and supplier monitoring (AQP 7.4.1 and AQP 7.4.3). Management Review (5.6) and other parts of our system use this data to continually improve the QMS and product realization, and to continually improve customer satisfaction.

8.5 IMPROVEMENT

8.5.1 Continual Improvement

Alliance Group Technologies strives for continual improvement in all we do. As such, our quality policy contains a continual improvement clause. We have developed QMS objectives and objectives for our key processes that serve to keep us in this continual improvement mode and support our policy. Recognizing that internal audits are the single most effective improvement tool, our lead internal quality auditors have each attended a certified training course taught by certified QMS lead auditors. We constantly review all data for trends and opportunities to improve our systems and products. Objective data is collected by a designated party, charted, and reviewed by Management Review to identify trends and establish actions or changes to actions to enhance the effectiveness of improvement. Corrective actions are taken whenever appropriate and preventive actions are taken whenever the opportunity presents itself. Finally, we further utilize our management review (5.6) process to not only review the conformance and integrity of our systems and its products but to look for and uncover all opportunities to improve.

8.5.2 Corrective Actions

When the root cause(s) of nonconformities are known we make immediate correction. When the root cause(s) is not known, we take corrective action to prevent recurrence. This includes the handling of customer complaints. The nature and extent of corrective actions are appropriate to the effects of the nonconformities encountered. The authorities, actions and the recording of these actions are further clarified in our AQP 8.5.2. This procedure defines the review process for the nonconformities encountered. It requires an analysis and detailing of the root cause. It provides for the clarification of recommended actions and their implementation as well as a review of those actions taken, their effectiveness, and a record of the results.

8.5.3 Preventive Actions

To eliminate the causes of potential problems, we utilize a formal preventive action process, the details of which are outlined in our procedure AQP 8.5.2. Our procedure covers the determination of potential nonconformities, their root causes along with evaluation of the need for action and its successful implementation. Preventive actions are reviewed for their effective implementation and records are maintained.