

## Welcome to ( NISOC )

**NUMERICALLY INTERGRATED SUPPLIER OPERATIONS CLASSIFICATION** This program is a Supplier Management System based on a Numerical rating common to three components used to assure a quality product. These three components are:

### *PRODUCT RISK INDEX*

### *QUALITY SYSTEM REQUIREMENTS*

## **QUALIFIED SUPPLIER PROGRAM**

**This document provides information and directions required for suppliers to receive a supplier rating and become listed on the FAALC ( Federal Aviation Administration Logistics Center ) QUALIFIED SUPPLIER PROGRAM.**

- This program is to provide a standard methodology to assess and measure the performance of design, development, production, installation and servicing against uniform and definitive standards of excellence. **The applicable Standard is ANSI/ASQC/ISO 9000:1994.**
- Classification criteria are taken directly from the 20 elements which compose ISO 9000. These elements provide a uniform, structured approach for supplier self-assessments and for FAALC assessment of supplier's ability to perform.
- There is no cost for this program and the following incentives are applicable.
  - Evaluation Incentive
    - 6% if ISO 9000 Compliant
    - 12% if ISO 9000 Certified
  - Qualified Products List
- It is the responsibility of the supplier to pursue a Classification Rating.
- Your Supplier Classification rating will Identify the greatest Product Risk Index the FAALC will consider you a Qualified Supplier to Produce. Suppliers are encouraged to achieve a rating of 100 and show continuous improvement.
- Skilled assessors with Quality Management System background should be consulted as to the detail assessment elements. FAALC auditors ( QROs ) are available as Partners to provide an understanding of this process.
- Initial Classification is awarded for a period of two years and maintained based on periodic reassessments by the FAALC.
- Complete documentation detailing all three components related to NISOC and detailed Assessment criteria as related to ISO 9000 is available from the FAALC Quality Assurance Group.



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## Chapter 1 - Product Risk Index Step 1

### 1-1 Purpose

The purpose of the Product Risk Index is to evaluate and assign a numerical Index to a product that will indicate the minimum process requirements necessary to assure an acceptable product from conception to the customer.

### 1-2 Scope

The scope of this evaluation considers all characteristics from cost, technology, and results of catastrophic failure.

### 1-3 Concept

The Product Risk Index will provide Best Value procurements by identifying the minimum process requirements to satisfy the maximum risk identified, therefore providing cost effective purchases of non-critical products and providing the proper processes required to produce more critical products.

### 1-4 Execution

This process is maintained by the Quality Systems Group of the FAALC and is the first of the three processes which make up the NISOC program.

### 1-5 Definitions

The following definitions are used in assessing the RISK factor of each product.

a. COST - 0-20

|                 |    |
|-----------------|----|
| \$0-\$500       | 0  |
| \$501-\$1000    | 5  |
| \$1001-\$5000   | 10 |
| \$5001-\$50,000 | 15 |
| >\$50,000       | 20 |

b. MAJOR/LIFE INJURY THREAT - 20

Nonconformance of this item could be hazardous to health or life threatening.

c. MINOR-SYSTEM DOWN - 10

Nonconformance of this item could cause system failure of one of the Major NAS COMPONENTS.

d. OBSERVATION - FAILURE SENSITIVE - 5

Nonconformance of this item has a questionable affect on the related NAS component.

e. SOLE SOURCE ITEM -10

It has been determined that this item is produced by only one supplier.

f. SOURCE INSPECTION REQUIRED - 20

Quality of item is of a critical nature that process and performance verification is required.

|    |  |    |
|----|--|----|
| g. | MEAN TIME BETWEEN FAILURES-0-20              |    |
|    | Quality records reveal the historical MTBF : |    |
|    | >12 months                                   | 0  |
|    | 9----12 months                               | 5  |
|    | 6----9 months                                | 10 |
|    | 3----6 months                                | 15 |
|    | < 3 months                                   | 20 |
| h. | DESIGN SPECIFICATION LIMIT - 0-20            |    |
|    | No specifications required                   | 0  |
|    | Plus/Minus .1                                | 5  |
|    | Plus/Minus.01                                | 10 |
|    | Plus/Minus .001                              | 15 |
|    | Plus/Minus .0001                             | 20 |
| i. | TECHNOLOGY - 0-----20                        |    |
|    | Mechanical/Hydraulic                         | 5  |
|    | Electrical/Analog                            | 10 |
|    | Electrical/Digital                           | 15 |
|    | Fiber Optics/Software                        | 20 |
| j. | MATERIALS - 0-20                             |    |
|    | Standard Commercial                          | 0  |
|    | Certs. (certifications) required             | 5  |
|    | Special Requirements                         | 10 |
|    | Special Voltage Requirements                 | 15 |
|    | Special Temperature Requirements             | 20 |
| k. | INSTALLATION - 0-10                          |    |
|    | Non Critical                                 | 0  |
|    | Labor intensive                              | 5  |
|    | NAS system outage                            | 10 |
| l. | STOCK - 0-20                                 |    |
|    | Normal                                       | 0  |
|    | FAA/GSA/DLA/NASA                             | 5  |
|    | Commercial Repair                            | 10 |
|    | Special Storage requirements                 | 15 |
|    | Special Handling & Transportation            | 20 |

m. TECHNICAL DEPTH - 0-20

|                        |    |
|------------------------|----|
| Normal                 | 0  |
| ESD requirements       | 5  |
| Clean room environment | 10 |
| Multilayer design      | 15 |
| All of the above       | 20 |

n. TIF/PRF ( Product Review File ) STATUS

|     |    |
|-----|----|
| OFF | 0  |
| ON  | 10 |

1-6 NOTE:- The higher the Total Risk Index , the Better the QMS (Quality Management System) must be to produce an acceptable product. The following is a blank evaluation sheet.

**STEP 1  
PRODUCT/PRODUCER/CONSUMER RISK INDEX**

**PRODUCT ASSESSMENT FORM**

PRODUCT \_\_\_\_\_  
 SOLICITATION \_\_\_\_\_  
 NSN/PART # \_\_\_\_\_  
 DATE \_\_\_\_\_ ASSESSOR \_\_\_\_\_

| ASSESSMENT CRITERIA           |      | POINTS |
|-------------------------------|------|--------|
| COST INDEX                    | 0-20 |        |
| CONFORMANCE                   | 20   |        |
| MAJOR-LIFE/INJURY THREAT      | 10   |        |
| MINOR-SYSTEM DOWN             | 5    |        |
| OBSERVATION-FAILURE SENSITIVE | 10   |        |
| SOLE SOURCE ITEM              | 20   |        |
| SOURCE INSPECTION REQUIRED    | 0-20 |        |
| MEAN TIME BETWEEN FAILURE     | 0-20 |        |
| SPECIFICATION LIMIT INDEX     | 0-20 |        |
| TECHNOLOGY INDEX              | 0-20 |        |
| MATERIALS INDEX               | 0-20 |        |
| INSTALLATION INDEX            | 0-10 |        |
| STOCK INDEX                   | 0-20 |        |
| TECHNICAL DEPTH INDEX         | 0-20 |        |
| PRODUCT REVIEW FILE           | 10   |        |
|                               |      |        |
|                               |      |        |
| TOTAL POINTS                  |      |        |

## Chapter 2 - Quality System Requirements      Step 2

### 2-1 Purpose

- a. The purpose of these Quality Statements is to identify and provide the minimum Quality System Requirement capable of producing an acceptable product as identified by the Product Risk Index.

### 2-2 Scope

- a. The following Quality Statements will provide insight to the processes required for all FAALC procurement activities.

### 2-3 Concept

- a. The Product Risk Index assigned to a specific product will correspond to a specific Quality Statement Index. This Quality Statement will be used to identify the minimum Quality System required to produce this product.  
**ADDITION OF CDRLS** (Contract Data Requirements List) and **DIDS** ( Data Item Descriptions ) may be added to Solicitations to Enhance the Requirements.
- b. The Product Risk Index and Quality Statement is automatically assigned when performing the TDR process in AML-500.

### 2-4 Quality Statements

#### *QUALITY STATEMENT # 1*

#### **QUALITY SYSTEM REQUIREMENTS** **RISK INDEX=00-----70**

A Quality Management System containing required Elements of the ANSI/ASQC/ISO 9000 Standard shall exist. Applicable IPC workmanship standards shall be followed. Product will be inspected and accepted/rejected at destination by the FAA for Technical Specifications and Packaging Specifications, or as stated in the Contract. Certificates of Compliance shall be supplied where applicable.

#### *QUALITY STATEMENT # 2*

#### **QUALITY SYSTEM REQUIREMENTS** **RISK INDEX=71-----94**

A Compliant Quality Management System is required. An auditable System containing required Elements of the ANSI/ASQC/ISO 9000 Standard shall exist. Applicable IPC workmanship standards shall be followed. Product will be inspected and accepted/rejected at destination by the FAA for Technical Specifications and Packaging Specifications, or as stated in the Contract. Certificates of Compliance shall be supplied where applicable.

*QUALITY STATEMENT # 3*

**QUALITY SYSTEM REQUIREMENTS**  
**RISK INDEX=Greater than 95**

A certified ANSI/ASQC/ISO 9000 Quality System shall exist. Applicable IPC workmanship standards shall be followed. Product will be inspected and accepted/rejected at destination by the FAA for Technical Specifications and Packaging Specifications, or as stated in the Contract. Certificates of Compliance shall be supplied where applicable.

The following Quality items shall be applicable:

- FIRST ARTICLE
- TEST PROCEDURE
- TEST DOCUMENTATION
- CDRLS( CONTRACT DATA REQUIREMENTS LIST)
- DIDs(DATA ITEM DESCRIPTIONS)

**Chapter 3 - Qualified Supplier Classification Step 3**

3-1 Purpose

- a. The purpose of this program is to provide a standard methodology to assess and measure the performance of development, production and maintenance facilities against uniform and definitive standards of excellence. Classification criteria are defined for both production and design/development together or separate. It provides a uniform, structured approach for supplier self-assessments and for FAALC assessment of supplier performance.
- b. This program defines the methodology to be used in validating supplier performance. These are aimed at increasing supplier performance while reducing overall supplier costs and FAALC administrative costs. It takes full advantage of a supplier's industrial practices and seeks to reduce unnecessary contractual requirements and FAALC oversight. In addition, this program is compatible with the international efforts to improve quality under (ANSI/ASQC/ISO 9000). This program provides general guidance in the planning and performance of on-site assessments of a facility's development, production, and maintenance activities leading to facility classification.
- c. This program discusses the benefits for both the FAALC and supplier and outlines some incentives of ANSI/ASQC/ISO 9000 classification for suppliers. Under Best Value principles, the FAALC should be able to reap significant savings by reducing oversight requirements on classified suppliers without accepting undue risk.

### 3-2 Scope

- a. The intent of this program is to provide guidelines which shall be used by FAALC activities.
- b. This program can be used by all suppliers for their self-assessments.  
This program contains all elements to be assessed with each supplier, however, the scope and depth of assessment may vary from supplier to supplier. For this reason, skilled auditors with the appropriate background experience should be used to provide judgments as to the detail assessment elements.

### 3-3 Concept

- a. The recognition and ultimate classification of suppliers under NISOC as defined herein fosters excellence and continuous improvement and offers numerous advantages to both the FAALC and suppliers. Properly planned, implemented and validated process improvements will improve quality, reduce costs, enhance productivity and materiel readiness, and assure user satisfaction.
- b. This concept envisions the classification being based on identified supplier facilities, products, processes, and technologies ongoing at time of classification. Changes in ownership, or major changes in facilities, products or processes and technologies may require reclassification of the facility.
- c. The NISOC effort is a teaming approach of supplier and FAALC. In a nonadversarial environment, the two entities team to improve the supplier's processes until the FAALC gains confidence that the supplier meets certain criteria and is on a continuous improvement path. NISOC is structured on the premise that suppliers will conduct an objective self-assessment of their performance. This will then be followed by FAALC on-site assessments to verify the supplier's assessment and corrective action. Although this is the preferred method, the FAALC is willing to provide assistance at any time, including prior to on-site assessments, to help the supplier improve their processes.
- d. Most on-site surveys or audits conducted by both FAALC and industry in the past have been directed toward the organizations responsible for the quality of the product or the product performance, rather than toward the processes that design and produce the product. A major factor contributing to this inefficient approach is failure to recognize that it is the processes that determine product quality and cost. The intent of this program is to describe an assessment methodology that is concerned with the total process, from design through acceptance of the manufactured product, rather than the more traditional, performance oriented review. Each of those functions is only important as it contributes to the processes that produce the products and to the acceptability of the product by the user.
- e. The methodology described herein is appropriate for the review of private industrial facilities. It is applicable to facilities in the development, production, service and maintenance business and to those involved in only a portion of the four areas. Entry into NISOC and classification will be accomplished on a facility and technology or process basis, i.e., the classification will clearly define the facilities being classified and describe the technologies or processes provided by the facility. Classification rating will be based upon the processes in use at the facility during the time of the assessments.
- f. The thrust of this program is directed toward the development, production, service and maintenance processes and how well these are controlled. Since it is likely that suppliers will only have a portion of these processes, the classification effort must be tailored to review only those portions that are appropriate.
- g. The success of both the self-assessment and the FAALC on-site assessments of the activity's ability to adequately control the processes is greatly dependent upon the skills and knowledge of the personnel conducting the assessment. The assessments, therefore, must be conducted by personnel knowledgeable in the various engineering, manufacturing, safety and environmental disciplines and how these disciplines should be employed in integrated product and process development. These participants must be trained in assessment techniques. Training of FAALC auditors is discussed herein.

### 3-4 Program Summary

- a. NISOC suppliers are formally rated who have successfully completed a classification process which represents demonstrated high quality and commitment to continuous improvement in the design/development, production, and maintenance of material or services delivered to the FAALC. All suppliers who have had or anticipate having FAALC contracts can volunteer to participate.
- b. The supplier can initiate the classification process by requesting entrance into the program. A self-assessment followed by FAALC/supplier validation are conducted per program criteria. Once acceptable performance against all criteria is validated, the supplier is encouraged to perform on products or services with a Risk Index equal to or less than their classified rating..
- c. Suppliers should demonstrate a total commitment to producing quality designs and product, aggressive utilization of process controls, and preventative/proactive internal and external control of processes. Additionally, suppliers should demonstrate continuous efforts to improve quality and productivity, stand behind their designs and/or products, and assure customer satisfaction.
- d. It is the responsibility of the supplier to pursue a Classification Rating..
- e. The rating of a supplier must not be made lightly. The act of classification will provide the supplier with more capability in meeting FAALC contractual requirements. This may result in a competitive advantage, thus care must be taken to assure the supplier is worthy of their rating. Classification recognition by other FAALC organizations is possible, therefore, it is incumbent on the certifier to assure all concerns of all customers, COs., project managers (PM), and Services are addressed.
- f. After classification the supplier must maintain excellence and continuing process improvement in order to remain classified. Specifically, the supplier must maintain a high level of quality, continue corporate commitment to customer satisfaction and continuous improvement, preserve effective process controls system for procured and manufactured material, maintain an aggressive user feedback system and continually employ proactive internal controls. Classification is maintained based on periodic reassessments by the FAALC. Reassessments are performed on regularly scheduled time frames, or whenever there is a question of a supplier's performance. The Quality Systems Group provides oversight, tracking continuous improvement trends and other indicators and may raise concerns at any time they feel there has been a significant degradation.

### **ASSESSMENT RATING SCHEME**

A numerical rating scheme will be used to assure that the supplier's Quality Management System is capable of successfully producing the product solicited under the RISK INDEX assigned by the NISOC process. All findings, in an assessment element, will be reviewed by the team leader. If necessary, the team leader will discuss findings with team members, prior to assigning a rating to that element. Based on the number and severity of the findings, and importance of that elements under review (i.e., Management Responsibility), the team leader will assign a rating of 0 to 5 for that element. The ratings will be recorded on the Assessment Ratings Summary Report for each of the 20 Elements of ANSI/ASQC/ISO 9000. The numerical ratings of all element will be combined to a value of 0—100. The numerical values are explained below:

## RATING SCALE

| RATING     | RATING DEFINITION   |
|------------|---|
| 0          | This element is absent from the supplier's system   |
| 3.5        | This element of ANSI/ASQC/ISO 9000 is included in the supplier's system. ( EXIST )                              |
| 1.2        | This element is included in the supplier's system and <u>complies</u> with ANSI/ASQC/ISO9000.                   |
| <u>.3</u>  | This element is included in the supplier's system and has been properly <u>certified</u> by a Third Party Audit |
| <u>0-5</u> | TOTAL POINTS FOR THIS ELEMENT   |

## Chapter 4 - Definitions

### 4-1 Introduction

This chapter presents definitions for the various terms and phrases used within this program.

### 4-2 Definitions

Significant definitions relating to the quality program criteria and methodology can be found in ISO 8402 and part two, paragraph 3 of ISO 9004.

## Chapter 5 - Assessment Methodology

Welcome to Chapter 5 of the FAALC Supplier Performance Classification Program. This section discusses the details of assessment methodology pertaining to the program.

NOTE: THIS SUPPLIER CLASSIFICATION PROGRAM SHALL BE IN EFFECT AS OF 3/10/98. PRIOR TO THIS DATE QUALITY RECORDS OF SUPPLIERS SHALL BE MAINTAINED BY THE QRO RESPONSIBLE FOR THE SUPPLIER IN QUESTION AS DESIGNATED BY THE ADMINISTRATIVE CONTRACTING OFFICER..

### 5-1 Introduction

- a. An introductory briefing, at the request of the supplier, is available by the QRO contacted explaining the details of the NISOC program. Phone # 405-954-4024. Briefing is performed per NISOC, Chapter 5.

Once the supplier has learned of the NISOC program through any of the various mediums available the following activities should occur:

### GETTING STARTED

In order to become listed as a Qualified Supplier under NISOC, a supplier must complete the following process.

1. Complete the 3 page Supplier Self Audit Qualification Form. Return completed form to:

Federal Aviation Administration  
AML-500 Quality Systems Group  
Mike Monroney Aeronautical Center  
6500 S. McArthur Blvd.  
Oklahoma City, Okla.  
73125

The supplier is encouraged to strive for the highest rating (100) and once classified, maintain an effort of continuous improvement.

The Final rating the supplier receives will correspond to the MAXIMUM PRODUCT RISK INDEX for solicitations for which they will be considered as a Qualified Supplier.

After receipt of the Supplier Self Audit Qualification Form. the QRO assigned to your assessment, will contact you and request documentation for a Desk audit which will substantiate the Self Assessment. After successful completion of the Desk Audit, you may immediately receive your QMS (Quality Management System) Rating or an onsite assessment may be required.

# Supplier Self Audit Qualification Form

Directions: Complete per Section 5 NISOC

SUPPLIER NAME \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PHONE # \_\_\_\_\_ FAX \_\_\_\_\_

## SUPPLIER INFORMATION

TYPE PRODUCT:                      ELECTRICAL ( )              ELECTRONIC ( )

SOFTWARE ( )              MECHANICAL ( )              HYDRAULIC ( )

CHEMICAL ( )              COMPUTER ( )

SPECIFIC ITEM: \_\_\_\_\_

TOTAL # EMPLOYEES \_\_\_\_\_

#EMPLOYEES-QUALITY \_\_\_\_\_

#EMPLOYEES-ENGINEERING \_\_\_\_\_

#EMPLOYEES-PRODUCTION \_\_\_\_\_

QUALITY REPRESENTATIVE \_\_\_\_\_

REPORT DATE \_\_\_\_\_

### CONTRACT REFERENCES:

FAA # \_\_\_\_\_

FAA # \_\_\_\_\_

DLA # \_\_\_\_\_

GSA # \_\_\_\_\_

OTHER \_\_\_\_\_



**Supplier Self Audit Qualification Form /ISO REGISTRATION DATA**  
**APPLICABLE ISO STANDARD** \_\_\_\_\_

**REGISTRAR** \_\_\_\_\_

**REGISTRATION #** \_\_\_\_\_

**DATE OF LAST CLASSIFICATION AUDIT** \_\_\_\_\_

**COMMENTS**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION STATEMENT**

**I certify to the best of my knowledge and belief the above assessment of the Quality Management System in use at this organization is true and valid.**

**MANAGEMENT WITH APPOINTED RESPONSIBILITY FOR QUALITY:**

**NAME** \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_

-----  
**FOR FAA USE ONLY**

**QRO (Quality Reliability Officer)** \_\_\_\_\_

**ASSIGNED NISOC REGISTRATION #** \_\_\_\_\_

**DATE RECEIVED** \_\_\_\_\_

**FINDINGS** \_\_\_\_\_

\_\_\_\_\_  
**RATING / EFFECTIVE DATE** \_\_\_\_\_ / \_\_\_\_\_

**QRO SIGNATURE** \_\_\_\_\_

The pre-assessment phase of the NISOC program consists of the following general requirements:

- a. The candidate supplier must have completed and returned the Supplier Self Audit Qualification form (FAALC Form 4.6) Attachment 1, to the FAALC Quality Management Group. This Questionnaire will provide a listing of all FAALC contracts held (including FAALC point of contact), facilities and organizational charts prior to the initial assessment. The listing will be used to identify other QROs or services with contracts with the candidate supplier.
- b. In the instance where more than one QRO has contracts with the candidate supplier a “lead” QRO for the classification effort will be identified by negotiation with all QRO’s involved. The lead QRO will serve as the single point of contact with the supplier for the program.
- c. The scope of the classification is determined by the supplier, in consultation with the FAALC, and can be; a joint Production and Design/Development classification, limited to Production Classification, or Design/Development Classification. For Joint Classifications the entire criteria section shall be used. For Production Classifications paragraph 6-2.4 on Design Control shall be deleted. For Design/Development Classification the entire criteria will be used.
- d. Each of the 20 elements contained in the assessment criteria will be rated as explained in Chapter 3. The ratings are based on a 0-5 scale for each element. For Supplier Classifications which do not encompass the Design Element or the Servicing Element, the Supplier shall be given an applicable point rating for those Elements and be noted NOT ELIGIBLE FOR DESIGN or NOT ELGIBLE FOR SERVICING.
- e. The assessment will be documented via a formal assessment report that is to be provided to all QROs participating and the supplier ( Appendix B ).
- f. The Supplier Database will be maintained by FAALC Quality Systems Group.

### 5-3 Assessment

The assessment phase commences with the receipt of the completed supplier self-assessment and consists of the following:

- a. The lead QRO will assign a NISOC registration # and perform a Documentation Audit of the completed Self Assessment and supporting documentation to determine Classification Rating or if a Compliance Audit is required.
- b. Should supporting evidence satisfy the claims of the Self Audit, the Supplier and Rating will be entered into the Qualified Supplier Database and closing report formal assessment will be completed by the QRO.
- c. Should a Compliance Audit be required, The lead QRO will assemble a formal assessment team to perform an on-site baseline assessment of the supplier. The assessment will conform to ISO 10011-1, Guidelines For Auditing Quality Systems, or other currently acceptable professional quality auditing standards.

### 5-4 Post-classification

The post-classification phase will consist of the following:

- a. Classification Rating is awarded for a two year period at which time the lead QRO is responsible for evaluating whether a full or partial re-assessment of the facility will be required for extension of the classification. Possible determining factors can include facility management changes, updates to the NISOC program and/or extension of the classification’s scope. All QROs will be repolled at this time.
- b. The lead QRO should conduct management/program reviews with a classified supplier at least annually.
- c. The lead QRO will compile and investigate customer complaints against a classified supplier. The suspension/declassification process, spelled out below, will be implemented as a response to a lack of effective corrective action to reported quality problems.
- d. Any QRO may send correspondence to a classified supplier concerning quality problems. The lead QRO will be furnished a copy.
- e. If a classified facility is acquired, the lead QRO has ninety days to determine the ramifications of possible management changes since notification. The classification continues in effect only for that portion of the new company which was classified.
- f. QROs can reserve the right to perform post-classification audits at the supplier after classification is awarded. Post classification assessments should be considered for significant management or product line changes, if continuous improvement metrics show deterioration, loss of process control , major discrepancies noted during customer or company audits, excessive customer complaints, non-responsiveness to customer complaints, product safety problems, delinquent deliveries, issuance of a method “C” corrective action request by the Administrative Contracting Officer (ACO), degradation of product quality, or declaration of bankruptcy.

- g. The declassification process includes a suspension that may be followed by revocation if circumstances warrant. The supplier's classification will be suspended if the supplier is under indictment for fraudulent, unethical or illegal activities. Suspension shall also occur if corrective actions required by post-classification assessment are not adequately addressed within 60 days. The lead QRO will issue a letter of suspension to the supplier which forbids further use of, or reference to, their classification, and rescinds all incentives and benefits. At this point the supplier may reinstate classification if they complete their approved corrective action and its implementation is verified. If corrective action is not implemented within a maximum of 120 days from suspension, the classification will then be revoked. Once revoked, the supplier can only regain classification by repeating the NISOC process. Revocation will also occur when the supplier has engaged in fraudulent, illegal or unethical activity.

## **Chapter 6 - Assessment Criteria**

### 6-1 Introduction

- a. This chapter is patterned after the criteria of ISO 9001, Quality Systems - Model For Quality Assurance in Design/Development, Production, Installation and Services (Second edition 1994).
- b. This chapter is organized in such a manner that the ISO 9001 paragraph is referenced at the beginning of each assessment element. The applicable ISO paragraph contains all basic criteria that must be met. Typical assessment criteria is provided for the auditor's general guidance. Detailed assessment criteria specific to a particular facility, process or technology will be developed by the lead QRO.
- c.

### **6-2 Assessment Elements**

#### **6-2.1 Management Responsibility**

The minimum criteria for management responsibility are contained in ISO 9001 paragraph 4.1. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for management responsibility.

#### **Assessment Criteria**

Has management communicated their quality policies and objectives to all levels of the company? A total quality management philosophy shall exist as evidenced by: Senior managers have visibly demonstrated commitment to continuous improvement. Resources are available for quality improvement activities. A formal quality improvement program exists and is publicized. Employees at any level can submit quality improvement ideas. Review, disposition and implementation of employee suggestions is documented and maintained. Teaming of employees is utilized to solve problems and improve processes. Teams actively meet and record results. Teams include employees from all levels of the organization. Success stories and lessons learned are documented and shared.

#### **6-2.2 Quality System**

The minimum criteria for the quality processes are contained in ISO 9001 paragraph 4.2. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for the quality processes.

#### **Assessment Criteria**

Are policies, responsibilities and functional relationships defined? Policies, responsibilities and functional interrelationships for the quality process must be defined. Specific functions, products and processes must be evident.

Are specific quality functions, products and processes evident?

Have specific functions such as configuration management and purchasing, adequately addressed quality?

### **6-2.3 Contract Review**

The minimum criteria for contract review are contained in ISO 9001 paragraph 4.3. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for contract review.

#### **Assessment Criteria**

- Does the supplier have a contract review process?
- Is the process producing the desired results?
- Do all identified functional elements participate in the review?
- Are records of all contract reviews maintained?

### **6-2.4 Design Control**

(Design/development classification)

The minimum criteria for design control are contained in ISO 9001 paragraph 4.4. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for design control.

#### **Assessment Criteria**

- Does the supplier have a documented design control process?
- Is the process producing the desired results?
- Does the supplier's Design policy provide procedures for all appropriate technical disciplines?

### **6-2.5 Document and Data Control**

The minimum criteria for document and data review are contained in ISO 9001 paragraph 4.5. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria in document and data control.

#### **Assessment Criteria**

- Does the supplier have a document control process?
- Is the process producing the desired results?
- Are all outdated documents removed from circulation?
- Are documents reissued after a practical number of changes have been made?
- Does a master list exist to identify current revision and location to ensure obsolete documents are not utilized?

### **6-2.6 Purchasing**

The minimum criteria for purchasing are contained in ISO 9001 paragraph 4.6. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria which must be met in the area of purchasing.

#### **Assessment Criteria**

Does the supplier have a process for the assessment and classification of sub suppliers, review of purchasing data, and the verification of purchased products? The supplier shall have procedures that ensure the correct flowdown of policy, procedure, design, and technical requirements to sub suppliers. The supplier system shall provide for the examination and verification of purchased parts to the extent necessary. A supplier to sub supplier feedback system shall be demonstrated.

The supplier shall have a vendor qualification program. The supplier shall ensure that all vendors are informed of the programs existence and its requirements. The program procedures should address and/or describe the assessment and selection of sub suppliers. The supplier shall develop and retain records demonstrating vendor selection, capability, and performance. Lot acceptance rates, on-time delivery, cost, and responsiveness should be factors in classification. Vendors are recognized for attaining classification, with an emphasis on long term partnerships. The supplier is encouraged to reduce the overall number of suppliers. Inspection of components from classified vendors is reduced or eliminated. Criteria for declassification of vendors exists.

### **6-2.7 Control of Customer-Supplied Product**

The minimum criteria for control of customer-supplied product are contained in ISO 9001 paragraph 4.7. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for control of customer-supplied product.

#### **Assessment Criteria**

Does the supplier control purchaser supplied products?

Is the control process producing the desired results?

Does the supplier examine material upon receipt and during storage?

Notification to the customer of product that is lost, damaged, or is otherwise unsuitable shall be documented and accomplished in a timely manner. Upon receipt, material shall be examined for damage in-transit, proper identification, and required quantity. The supplier shall provide for periodic inspection of stored material for deterioration. Stored material shall be properly identified to prevent unauthorized use.

### **6-2.8 Product Identification and Traceability**

The minimum criteria for product identification and Traceability are contained in ISO 9001 paragraph 4.8. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria which must be met in the area of product identification and Traceability.

#### **Assessment Criteria**

Has material been identified to the applicable drawing, specification, or other documents, during all stages of design, production, or delivery, where appropriate?

The supplier should maintain a process for identifying material from receiving, storage, handling, and all successive stages of production, acceptance and delivery/installation. The process will provide Traceability of individual assemblies, subassemblies, parts, lots or batches as appropriate. Identification can be accomplished using tags, travelers, bar coding or any other suitable and effective means.

### **6-2.9 Process Control**

The minimum criteria for process control are contained in ISO 9001 paragraph 4.9. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for process control.

#### **Assessment Criteria**

Does the supplier assure process control?

Are process controls producing the desired results?

Are work instructions available throughout the manufacturing process?

Are work instructions adequate for use?

Are work instructions being followed?

Are qualified personnel, equipment, or processes utilized as required?

### **6-2.10 Inspection and Testing**

The minimum criteria for inspection and testing are contained in ISO 9001 paragraph 4.10. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for inspection and testing.

#### **Assessment Criteria**

Does the supplier have a process for inspection and test?

Is the process producing the desired results?

How is urgent production release material handled?

Are inspections documented and reviewed prior to final inspection and test?

### **6-2.11 Control of Inspection, Measuring, and Test Equipment**

The minimum criteria for control of inspection, measuring and test equipment are contained in ISO 9001 paragraph 4.11. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for control of inspection, measuring and test equipment.

#### **Assessment Criteria**

Does the supplier have a process which complies with ISO 10012 or equivalent?

Is the process producing the desired results?

Is measuring and test equipment periodically calibrated?

Are records of calibration maintained and do they include actual values?

Are all gauges traceable to calibration records?

### **6-2.12 Inspection and Test Status**

The minimum criteria for inspection and test status are contained in ISO 9001 paragraph 4.12. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for inspection and test status

#### **Assessment Criteria**

Supplier's inspection and test program will positively identify the inspection or test status of product during all stages of the supplier's operation.

Does the supplier identify the inspection status of material to indicate conformance, nonconformance, or awaiting inspection?

### **6-2.13 Control of Nonconforming Product**

The minimum criteria for control of nonconforming product are contained in ISO 9001 paragraph 4.13. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for nonconforming product.

#### **Assessment Criteria**

Does the supplier control nonconforming material by segregating, identifying, and documenting the material?

Review and disposition of nonconforming product shall be accomplished by authorized personnel such as engineering, product assurance, manufacturing, and the FAALC representative if applicable. Reinspection of repair/reworked product will use documented procedures.

Does the MRB process include review by appropriate functional representatives including quality, engineering, manufacturing, and a FAALC representative?

### **6-2.14 Corrective and Preventive Action**

The minimum criteria for corrective and preventive action are contained in ISO 9001 paragraph 4.14. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for corrective and preventive action.

#### **Assessment Criteria**

The supplier shall establish an effective corrective action process that provides for the prompt detection, correction, and prevention of adverse quality conditions. Corrective actions which have been implemented and determined to be ineffective will be evaluated by the next level of management.

Is the process producing the desired results?

Does the supplier investigate the cause of nonconforming product and apply corrective action?

Does the supplier analyze process data, customer complaints, Quality Deficiency Reports (QDR), assessment reports, etc., to detect and eliminate potential causes of nonconforming product?

**6-2.15 Handling, Storage, Packaging, Preservation, and Delivery**

The minimum criteria for handling, storage, packaging, preservation, and delivery are contained in ISO 9001 paragraph 4.15. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for handling, storage, packaging, preservation and delivery.

**Assessment Criteria**

- Does the supplier have a process for handling, storage, packaging, and delivery?
- Is the process producing the desired results?
- Does the supplier have a system for assessing carriers?
- Does the supplier evaluate stored material for deterioration at regular intervals?

**6-2.16 Control of Quality Records**

The minimum criteria for control of quality records are contained in ISO 9001 paragraph 4.16. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for control of quality records.

**Assessment Criteria**

The supplier shall have a process that assures that quality records are generated and maintained. The records shall be complete, concise, retrievable, and adequately describe work accomplished during manufacturing, assembly, inspection, and tests performed. Records must be stored to prevent deterioration and have a definite retention time established. All records will be made available to the customer upon request.

**6-2.17 Internal Quality Audits**

The minimum criteria for internal quality audits are contained in ISO 9001 paragraph 4.17. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for internal quality audits.

**Assessment Criteria**

- Does the supplier have a process for internal audits?
- Is the process producing the desired results?
- Is there evidence of management review of and action on assessment findings?

**6-2.18 Training**

The minimum criteria for training are contained in ISO 9001 paragraph 4.18. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for training.

**Assessment Criteria**

- Does the supplier have a process for providing training?
- Is the process producing the desired results?
- Have positions requiring specialized training been identified?
- Are personnel performing special functions properly qualified or classified?

**6-2.19 Servicing**

The minimum criteria for servicing are contained in ISO 9001 paragraph 4.19. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for servicing.

**Assessment Criteria**

- When servicing is required, are results evaluated against contractual requirements?

**6-2.20 Statistical Techniques**

The minimum criteria for statistical techniques are contained in ISO 9001 paragraph 4.20. The following paragraph(s) contain(s) NISOC enhancements and/or additional criteria for statistical techniques.

**Assessment Criteria**

- Does the supplier have a process for SPC training?
- Is the process producing the desired results?

## Appendix A - Benefits Defined

### Supplier Benefits of NISOC Classification

- a. There are many benefits that a supplier gains from participating in NISOC. Even without any change in the way the FAALC does business, the supplier stands to gain certain benefits. These are addressed in this appendix.
- b. Perhaps the greatest benefit to a supplier from the NISOC process is the improvement that occurs in his processes and procedures. The NISOC process drives suppliers to improve their processes, and then to continue improving these after classification. The result of improved processes is seen in reduced scrap, rework, cycle times, elimination of non-value-added efforts, and overall increase in yields and the quality of end items. Developmental efforts result in a more defined design process, reduced cycle times in development, better use of up front concurrent engineering to eliminate costly oversights, and an overall increase in the probability that development efforts will be successfully completed as planned. These increases in efficiency should lead to an improved competitive process and overall lower costs. Additionally, the FAALC may also comment on areas that need improvement. Prior to NISOC, the FAALC would have been unable to influence a system that met minimum criteria of the contract. This leads to better systems and a more satisfied customer.
- c. ISO Certified and Compliant Suppliers are eligible to be advantaged as described below:

### Synopsis, ISO-9000 Incentive Program

#### Applicable to all MMAC/FAALC procurement Activities

In compliance with Element 4.6 of this standard, "Purchasing", and how it relates to products and services provided by the Logistics Center, the FAALC has implemented an evaluation incentive program to encourage contractors to offer products/services that are products/services of an ANSI/ASQC/ISO-9000-1994 certified process or an ANSI/ASQC/ISO-9000-1994 compliant process. The incentive will be used in the evaluation of offerors prices and **shall be applicable only in making a determination for contract award.** This evaluation incentive program allows for award to other than the low offeror in accordance with Section M, Provision titled, "Evaluation of Offers" of this screening information request (SIR) or solicitation.

To receive the evaluation incentive under a competitive formal contract, the offeror must offer a product/service processed under the standards identified above, complete the required provision in Section K, "Certifications and Representations" of the applicable SIR, and provide the documentation required therein. All referenced certification/ compliance requirements shall be met prior to the time set for this SIR or Request for Offer to close. The evaluation incentive program above will also be used on Request for Quotations and tele-quotes (formally called small purchase, but under AMS, not limited to \$25,000 and under). For these competitive acquisitions resulting in award using open market purchase order procedures, the vendors shall self certify to the level of compliance. The self certifications made above are subject to verification audit without notice and at any time by the FAA to confirm the self certified compliance level.

The evaluation of competitive acquisitions above shall be applied on an item by item basis or to any group of items on which award may be made, as specifically provided by the screening information request. Only those SIR/Solicitations falling under this program will contain clauses and provisions implementing the above process.

ANSI/ASQC/ISO 9000-1994 certification will be demonstrated by the presentation of a copy of an ANSI/ASQC/ISO 9000-1994 Quality System Registrar's authentic certificate or verification that the contractor is listed in the ANSI/ASQC/ISO 9000-1994 Registered Company Directory **or the supplier shall be maintaining a 100 NISOC Rating..** For information on receiving a copy of the directory, call Irwin Professional Publishing at (703)591-9008.

ANSI/ASQC/ISO 9000-1994 compliance will be demonstrated by the presentation of documented proof of a second party audit within the last twelve months and the findings of the audit confirm compliance **or the Supplier shall be maintaining a Minimum of 94 NISOC Rating.**

The FAA will award to ANSI/ASQC/ISO-9000-1994 certified or compliant contractors unless the price is determined to be unreasonable as follows:

(1) Unless the FAA determines otherwise, the offered price of a certified offer is unreasonable when the lowest acceptable certified offer exceeds the lowest acceptable non-compliant/non-certified offer by twelve (12) percent.

(2) Unless the FAA determines otherwise, the offered price of a certified offer is unreasonable when the lowest acceptable certified offer exceeds the lowest acceptable compliant offer by six (6) percent.

(3) Unless the FAA determines otherwise, the offered price of a compliant offer is unreasonable when the lowest acceptable compliant offer exceeds the lowest acceptable non-compliant/non-certified offer by more than six (6) percent.

d. Qualified Product List is a portion of NISOC which recognizes Suppliers who have achieved the Supplier rating necessary to qualify for the Risk Index assigned to the subject product or NSN, and have requested the Technical requirements for that product and demonstrated as identified in those requirements, their ability to comply.

Requirements can be acquired and processed through their NISOC QRO. Validity of such Performance demonstration is subject to the same criteria stated for NISOC Classification Ratings.

## **Appendix B - Detailed Assessment Reports**

Detailed Assessment Reports are used by Assessment Team members to record findings and observations during the assessment. Findings and observations include areas of nonconformance uncovered, as well as observations of positive aspects of the suppliers' operation. The findings should state the observed situation objectively and reference any document that gives the evidence of nonconformance. All observations should be witnessed by a supplier representative who should verify the content of the observation. The team and/or team leader should then classify the findings. All 20 assessment elements must be documented through the Detail Assessment reports. This includes elements found to be in total conformance to the assessment criteria for a particular element. At a minimum the documentation for a given assessment element will address all of the identified assessment criteria for that element.

A major finding is characterized by a demonstrated total absence of a necessary control element throughout the organization, or the particular elements were demonstrably inadequate, or where the number of failures of a particular control element in different areas clearly indicate a failure of the system or where the lack of or inadequacy of a particular control element impacts the acceptance of nonconforming hardware. A minor finding is characterized by a demonstrated absence of a necessary control element in one area of activity or the failure of a particular control element in one area of activity which is judged as an unacceptable risk or a number observations when considered in total are judged as an unacceptable risk. An observation is a system lapse of a minor nature. Each finding becomes a part of the final assessment report and is used by the team and/or team leader to rate conformance to each of the applicable elements.

Once the assessment reports are received the supplier is to fill out the planned action section, including estimated date of completion and responsible authority. The supplier will then return the reports to the team leader, who will determine the suitability of the planned action and verify its completion and effectiveness at a future in-process assessment.

**Appendix C - Assessment Report Form**

**Supplier Assessment Report**

**SUPPLIER NAME** \_\_\_\_\_

**STREET ADDRESS** \_\_\_\_\_

**CITY** \_\_\_\_\_ **STATE** \_\_\_\_\_ **ZIP** \_\_\_\_\_

**PHONE #** \_\_\_\_\_ **FAX** \_\_\_\_\_

**QRO (Quality Reliability Officer)** \_\_\_\_\_

**ASSIGNED NISOC REGISTRATION #** \_\_\_\_\_

**DATE RECEIVED** \_\_\_\_\_

**DOCUMENTATION AUDIT** Pending  Accepted  Rejected

**COMPLIANCE AUDIT** Waived  Pending  Accepted  Rejected

**OPEN CARS #** \_\_\_\_\_  
\_\_\_\_\_

**COMMENTS** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FINDINGS** \_\_\_\_\_  
\_\_\_\_\_

**TARGETED PRODUCT: NSN-** \_\_\_\_\_

**EXPENDED FUNDS:**

**TRIP DATE** \_\_\_\_\_ **COST** \_\_\_\_\_

**TRIP DATE** \_\_\_\_\_ **COST** \_\_\_\_\_

**RATING / EFFECTIVE DATE** \_\_\_\_\_ / \_\_\_\_\_

**QRO SIGNATURE** \_\_\_\_\_