

PROCEDURE:	Subcontractor Management		
DOC. NO.	QSP-007.A	REVISION:	06
DATE:	March 14, 2005	PAGE:	1 of 3
PREPARED BY:	Keith Solomon	TITLE:	Procurement & Subcontracts
APPROVED BY:	Jim McCreadie	TITLE:	Manager, Quality

1.0 Purpose:

This procedure describes the system implemented at *Innovative Steam Technologies* for qualification & control of subcontractors.

2.0 Scope:

This procedure applies to qualification of subcontractors who supply production materials, products and services subject to ISO 9001, ASME Code and/or PED 97/23/EC requirements.

3.0 General

- a) The Approved Subcontractor List (ASL) is a **database** maintained by the Purchasing Department with required input by the quality, engineering and manufacturing departments. The database can be readily sorted to provide information in numerous categories.
- b) Only approved suppliers are placed on the (ASL). The selection of sources is dependent upon the supplier's demonstrated capability to provide acceptable product or perform services required.
- c) **Pressure Code Item** – is defined as any material, product, component/fitting or assembly that forms all of or part of a pressure retaining system subject to ASME, CSA or PED 97/23/EC requirements.
- d) **Quality Program Item** - is defined as any material, product, component or service that requires quality system compliance, documentation and/or qualification.
- e) **Commercial Product** – is defined as standard product and consumables with no direct bearing on product or service quality and no quality system requirements.
- f) **Field Service Support** – Subcontract work, when required by IST Field Service Department, to support field service work, on an occasional basis, may be approved by Field Service Supervisor, in consultation with the Procurement and Subcontractor Supervisor, and may not appear on the ASL. This may be necessary, if IST has no intention of using this subcontractor again.

PROCEDURE:	Subcontractor Management		
DOC. NO.	QSP-007.A	REVISION:	06
DATE:	March 14, 2005	PAGE:	2 of 3
PREPARED BY:	Keith Solomon	TITLE:	Procurement & Subcontracts
APPROVED BY:	Jim McCreadie	TITLE:	Manager, Quality

4.0 **Approved Subcontractor List:**

- a) Subcontractors (vendors) may be placed on the ASL by any one of , or combination of the following methods;
 - Subcontractor’s quality program is certified by an accredited third party to the applicable ISO, ASME or PED quality standards (or equivalent); or
 - IST audit/survey/program review of the subcontractor is acceptable; or
 - receiving or subcontractor site inspection is acceptable; or
 - a history of satisfactory performance has been established.
- b) The selection of subcontractor approval shall be consider the following;
 - type of product;
 - impact of subcontractor input into final product quality; and
 - level of technological and human resource capability necessary to provide the subcontracted product or service.
 - review of subcontractor quality assurance program and/or policies
- c) The Procurement and Subcontract Supervisor shall ensure the applicable vendor evaluation form (**Ref: SYS-104 Approved Vendor Check List**) are filled in prior to evaluation of potential new vendors.
- d) Potential new subcontractors will be jointly evaluated by the Procurement and Subcontract Supervisor, the Manager, Quality and the Chief Engineer or designate as required. The following factors shall be considered;
 - subcontractor product list;
 - subcontractor’s ability to meet delivery and pricing requirements;
 - subcontractor’s technical and human resource capability of manufacturing the product/material/parts or providing the services;
 - subcontractor’s ability to ensure compliance with product specifications; and/review of their quality assurance program & policies (compatibility with IST requirements);
 - Subcontractor’s references.
 - Quality Survey.
- e) All subcontractors are encouraged to utilize ISO 9000 requirements as a guideline for an effective quality system.
- f) When IST Quality audits or surveys of the subcontractor are required they shall be carried out by Quality Assurance (and/or the Customer when required), at the subcontractor’s Plant.
- g) The Approved Subcontractor List details the following:
 - Subcontractor name, address, phone number and fax number;
 - Subcontractor and product categories
 - description of services and/or supplies;
 - approval basis and date/quality system survey information.

PROCEDURE:	Subcontractor Management		
DOC. NO.	QSP-007.A	REVISION:	06
DATE:	March 14, 2005	PAGE:	3 of 3
PREPARED BY:	Keith Solomon	TITLE:	Procurement & Subcontracts
APPROVED BY:	Jim McCreadie	TITLE:	Manager, Quality

- h) Customer recommended Subcontractors may be placed on the ASL following the same procedure as an IST Approved Subcontractor.

5.0 Maintenance of ASL

Approved Subcontractors must continually demonstrate the ability to fulfil requirements of the purchase order (**Ref. QSP-007 Purchasing**) and the quality requirements of IST. Trend analysis of the subcontractor's ability to meet requirements will be evaluated and documented during incoming inspections (**Ref. QSP-013 Receiving Inspection and Testing**) or subcontractor source inspections.

- a) Approved Subcontractors will be evaluated at least once per year using a subcontractor scorecard. The subcontractor scorecard (**ref: SYS-125 Subcontractor Scorecard**) will evaluate the following criteria:
- Quality
 - Delivery
- b) Subcontractors demonstrating poor performance will be contacted to provide a corrective action plan. (**Ref. QSP-017 Corrective and Preventative Action**)
- c) In the event the Subcontractor fails to provide satisfactory corrective action plan and improve performance, they may be removed from the ASL.
- d) Subcontractors' performance shall be reviewed and discussed during management reviews or at any time when discrepancies in the subcontractors' performance are noted.
- h) The complete ASL will be reviewed annually. Any subcontractors discovered at this time who have not been used in the previous 24 months, will be reviewed, and if deemed necessary, moved to "Inactive" status.

6.0 Exhibits and Reference Documents:

[Form No. SYS-104](#)

[Form No. SYS-106](#)

[Form No. SYS-125](#)

[Approved Vendor Check List](#)

[Vendor Subcontractor Survey](#)

[Subcontractor Scorecard](#)