

# BDS Terms and Conditions

**Clause Number: Q219P**  
**Effective: 04/27/2020**  
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## NONCONFORMING MATERIAL CONTROL AND DISPOSITION

Seller shall maintain a system that clearly identifies, documents, controls, and segregates nonconforming material. Shipment of goods containing nonconformities is not allowed until all disposition actions have been properly completed, including Buyer/Government approval when required.

Seller shall maintain, on a trend basis, a system of nonconformity level reporting for the purpose of demonstrating continuous improvements to the product quality.

Seller shall take prompt and effective action to correct and prevent recurrence of all nonconformities, inclusive of those that occur at Seller's subcontractors.

Terminology used herein is as defined in ISO9000 and MIL-HDBK-61A.

Dispositions of use-as-is or repair for the acceptance of nonconforming products shall only be implemented:

1. after approval by an authorized representative of the organization responsible for design; and
2. after authorization/approval by the Buyer/Customer when the nonconformity:
  - a. results in a departure from any contract requirement (e.g. Purchase Contract, Statement of Work, Drawing, Specification, etc.), or
  - b. affects a V22 Program product classified by the engineering requirements as a critical/process sensitive/flight safety part, component, or assembly, or
  - c. meets the definition of a CRITICAL or MAJOR deviation (shown below)

Critical	<ul style="list-style-type: none"><li>• The deviation consists of a departure involving safety or health</li><li>• When the configuration documentation defining the requirements for the item classifies defects in requirements and the deviations consist of a departure from a requirement classified as critical.</li></ul>
Major	<ul style="list-style-type: none"><li>• The deviation consists of a departure involving any of the following:<ul style="list-style-type: none"><li>- Fit, form, function, performance, weight, size, interchangeability, reliability, survivability, maintainability</li><li>- Durability of the item or its repair parts</li><li>- Effective use or operation</li><li>- Appearance (when a factor)</li></ul></li><li>• When the configuration documentation defining the requirements for the item classifies defects in requirements and the deviations consist of a departure from a requirement classified as major.</li></ul>

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Requests for Buyer disposition, authorization, and/or approval shall be submitted through Buyer's Supplier Quality data system, Material Review Request (MRR).

If the defect may be visibly identifiable after completion of the disposition then any proposed disposition should include marking the part with the non-conformance document number wherever possible.

Except for items procured under a Commercial Item Determination, on Buyer's government contracts Seller shall promptly notify the government representative who normally services Seller's facility to provide the opportunity to be included in Seller's disposition process for all use-as-is or repair dispositions. If a government representative does not normally service Seller's facility, Seller shall furnish a copy of this contract to the nearest Defense Contract Management Agency (DCMA) office. In the event the government representative or DCMA office cannot be located, Seller shall immediately notify Buyer's Authorized Procurement Representative. The Government has the right of approval / disapproval on all use-as-is or repair dispositions.

On items where the engineering requires manufacturing plan approval (e.g. per D8-0965, D210-10302-1, D210-10558-1, etc.), rework/repair planning shall be submitted for approval as required by the governing document.

- Rework planning does not require a separate MRR submittal for Buyer approval.
- Repair planning requires MRR submittal as well as repair planning approval, as required.

When a nonconforming item is reworked or repaired, it shall be subject to re-verification/re-inspection by Seller to demonstrate conformance to the requirements and to ensure no other nonconformity was incurred during the rework or repair process.

Items not suitable for use (e.g. Scrap, re-grade for test only, etc.) shall be conspicuously and permanently marked (e.g. painted red and identified with an alternate part number, etc.) to prevent any unintended use or co-mingling with conforming parts.

Seller's nonconforming material reports shall be maintained by Seller and made available for review by Buyer and Buyer's Customers.

Buyer and Buyer's Customers reserve the right to dispute Seller's disposition actions and/or audit Seller's non-conforming material procedures, processes and documentation at any time during the performance of this contract. When a nonconformance is discovered that may affect already delivered goods, Seller shall notify Buyer promptly by submitting a Notification of Escapement (NoE) in the Buyer's Supplier Quality data system.