

## SECTION 5 – SUPPLIER QUALITY SURVEILLANCE

**Bechtel National, Inc.**

Pueblo Chemical Agent-Destruction Pilot Plant

SUPPLIER QUALITY SURVEILLANCE

In accordance with Section 4, **General Conditions, Quality Standards**, the **PRODUCTS** covered by this Agreement will be subject to at least the minimum level of inspection actions as indicated on the attached Quality Surveillance Requirements.

### 5.1 INITIAL VISIT

Prior to the start of manufacturing, the assigned Supplier Quality Representative (SQR) may conduct an initial visit to review with responsible Seller management the quality requirements of the AGREEMENT.

### 5.2 QUALITY SURVEILLANCE (QS)

Quality surveillance is defined as the selective review, observation, and evaluation of processes, procurement, manufacturing operations, quality control systems and programs to determine Seller compliance with contractual quality requirements. Quality surveillance may consist of all or part of the following activities: Quality Planning, Surveillance Inspection, Supplier Evaluation, Quality Programs Verification, Audit of Quality Programs, and Order Status Verification.

### 5.3 WITNESS POINTS

Witness points are defined as critical steps in manufacturing and testing, whereby Seller shall advise the Buyer's SQR seven (7) working days in advance of the operation so that it may be witnessed by the SQR. The Seller may proceed with work past the witness point only if the SQR cannot attend. If a witness point is deferred by the SQR, the next same operation will be witnessed.

### 5.4 HOLD POINTS

Hold points are defined as critical steps in manufacturing and testing whereby the Seller is obligated to advise the SQR seven (7) working days (unless stated otherwise in the Quality Surveillance Plan) in advance of the operation so that it can be witnessed by the SQR. The Seller cannot proceed with work past the hold point without witness by the SQR, except by prior written agreement from the Project Engineering Manager with the concurrence of the Project Quality Assurance Manager.

### 5.5 SURVEILLANCE LEVEL

Level	Description
0	No quality surveillance required.
1	Final inspection prior to shipment - the SQR shall witness specific activities and verify specific characteristics.
2	Limited-scope quality surveillance - includes limited progressive quality surveillance status checks, routine coverage of the witness and hold points, and progressive reviews of associated documentation.
3	Full-scope quality surveillance - includes the progressive quality surveillance of level 2, plus the following: <ul style="list-style-type: none"><li>a. Increased monitoring of various manufacturing operations</li><li>a. Progressive reviews of Seller's quality verification documentation (QVD) and quality program implementation as Seller's quality history and current performance dictate.</li></ul>
4	Resident quality surveillance - entails Buyer's assignment of an SQR on a full-time (40 hr/wk) basis.