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Corrective Action Webinar

Lesson 10 – Supplier Disclosure Letters
Agenda

• Overview of Previous Webinars
• Command Media
• SDL Process
  – Roles and Expectations
  – Forms and Systems
• SDL Impact Discussion
• Summary
What is a Supplier Disclosure Letter (SDL)

• Definition:
  – a formal written notification from a supplier to LM Aero that a verified (actual) or potential non-conformance exists or may exist on previously delivered hardware. SDL notifications are a contractual requirement imposed via Appendix QX.

NOTES:
  ❑ Formal Supplier Disclosure Letters are a contractual requirement
  ❑ Supplier Disclosure Letters have two states: verified and potential
COMMAND MEDIA
7.4.2 Purchasing Information

Purchasing information shall describe the product to be purchased, including, where appropriate

- *requirements regarding the need for the supplier to*
- *notify the organization of nonconforming product*,
- *obtain organization approval for nonconforming product disposition*
Appendix QX

• Per Appendix QX, Para. 2.2

  Corrective Action, Preventive Action, Request and Reporting:
  – Seller shall:

  b. evaluate each nonconformance for its potential to exist in previously produced Items and notify Buyer, in writing, within 24 hours of potential or verified non-conformances impacting flight safety on Items in transit or delivered to Buyer; and

  c. notify Buyer in writing within 5 working days of all other potential or verified non-conformances…
AC-6930 – Supplier Disclosure Letter

• AC-6930 is the process which provides a “closed loop, single point of entry for suppliers to notify LM Aeronautics utilizing QADS of a known or suspect non-conforming product that is in route to LM Aeronautics from their facility or has already been received by LM Aeronautics.”

• It outlines:
  – Supplier Actions, Supplier Quality Engineer tasks, Program Integrator tasks, Quality Mgmt Engineering Representative tasks, and Factory Supplier Quality Engineer or Quality Engineer tasks

NOTE: Buyer tasks are outlined in AC-6799
SDL Process
SDL Process Considerations

1. Roles and Expectations
2. Forms and Systems
3. Supplier Notifications requiring SDLs vs Supplier Notifications not requiring SDLs

Disclosures are meant to be disclosed, formally or otherwise
Roles in the SDL Process

• Suppliers:
  – Initiate the Supplier Disclosure Letter utilizing the online Supplier Disclosure Letter template in the SQMS portal
  – Complete an SDL Investigation Response Form and provide to Supplier Quality Engineer

• SQEs:
  – Review SDL submission in SQMS portal
  – Review SDL Investigation Response Form
  – Initiate PVR in Supplier Quality website applications
  – Issue CAR, as necessary, to formalize CAP
  – Ensure Supplier’s execution of CAP

Documentation is a necessity, Execution is Key
Roles in the SDL Process

• Program Integrators:
  – Review SDL in QADS upon email notification of document submittal
  – Determine appropriate queue to assign SDL and inform SQE
  – Coordinate with designated parties on DFARS related disclosures
  – Provide assistance to all appropriate personnel
  – Communicate the specifics of an SDL with the effected Program Office, in writing, if the SDL identifies a definitive or potential Counterfeit Part issue
  – Collect all containment data in QADS, Disposition SDL

Program Integrator is your Voice of the Customer
Roles in the SDL Process

• **Quality Engineering Management Representatives:**
  – Acknowledge receipt of SDL from Program Integrator and assign to specific Quality Engineer

• **Factory SQEs or QEs:**
  – Accept SDL Source document from applicable queue in ICA
  – Create ICA Issue
  – Request MS/AS to locate/capture affected hardware, as appropriate
  – Tie all Source documents to Issue
  – Coordinate with SQE for Supplier RCCA
  – Verify and Validate Issue

**NOTE:** MS/AS performed for ‘verified’ N/Cs
Roles in the SDL Process

• Buyer:
  – Maintain regular communication with Suppliers to monitor performance
  – Stay current on events or activities that could adversely impact Supplier performance or ability to meet contractual requirements
  – If direct notification of Supplier notification, requiring SDL submission, notify Supplier to submit through SQMS portal
  – Take action as appropriate based on type of notification

AC-6799 outlines Buyer actions for all types of notifications
Supplier Notifications requiring SDLs

1. Notification of Nonconformance

2. Counterfeit Parts

3. International Sourcing Requirements Where An SDL Is Required To Report Non-Compliance

DFARS Clauses

- **252.225-7007**  Prohibition on Acquisition of US Munitions List Items from Communist Chinese Military Companies
- **252.225-7009**  Restriction on Acquisition of Certain Articles Containing Specialty Metals
- **252.225-7001**  Buy American and Balance of Payments Program
- **252.225-7016**  Restriction on Acquisition of Ball and Roller Bearings
Supplier Notifications NOT requiring SDLs

• Relocation of Facilities
• Quality Systems Status Changes
• Outsourcing Critical Parts
• Diminishing Manufacturing Sources (DMS)
• Supplier Engineering Changes
• Changes in Export Privileges
• International Sourcing Requirements (not SDL related)
• Changes in Supplier Financial Condition
• Changes in Status in Business System

• Change or Pending Change in Ownership
• Failure to Delivery Parts or Services on Time
• Strike Notification
• Changes in Key Personnel
• Notification of Overpayment
• Excessive Pass-Through Charges
• Supplier’s Point of Contact
• Material Legal Action

Though SDLs are not required, awareness is valuable
A Day in the Life of an SDL…

SDL occurrence is not slowing down…

- Nonconformances
- Counterfeit Parts
- DFARS Non-Compliance
A Day in the Life of an SDL…

- Supplier’s Submittal
- Potential/Verified Issue
- Use-As-Is Disposition
- Aircraft Survey
- Engineering Analysis
- Locate Part
- Material Survey
- Notification to Spares WHS
- Survey Board Review
- Minor Variance request
- Locate Aircraft
- Limited Effectivity Inspection
- DCMA Approval
- Issue Parts from Stock
- Pending DD250
- Partner Survey Requests
- Replacement Parts Available
- SFM Op Card Updates
- On-Aircraft Rework
- System Retest
- Inspection Test Requests
- Customer Approval