



## SRI Quality System Registrar

Suite 304 • 300 Northpointe Circle • Seven Fields, PA • 16046  
Telephone: 724-934-9000 • Fax: 724-935-6825 • E-mail: [mail@sriregistrar.com](mailto:mail@sriregistrar.com)

# Registration Audit Report

## ISO 9001:2015

### CONFIDENTIAL

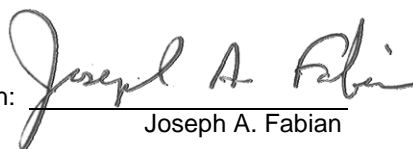
Report  
For

## JEMISON METALS, INC. Birmingham and Gadsden, Alabama; Madison Heights, Virginia; and Cleveland, Ohio

|  |  |
|--|--|
| Date of Report:                                    | February 21, 2019                                      |
| Date(s) of Audit:                                  | January 9-11, 15-18, 22-24, and<br>January 29-31, 2019 |
| Number of total mandays scheduled for this audit:  | 11.0   |
| Number of total mandays actually conducted:        | 11.0   |
| Audit Team Members (Lead name first):              | Donald Simmons   |
| Nonconformance(s) (CAN numbers) issued this audit: | None   |
| Nonconformance(s) (CAN numbers) closed this audit: | None   |

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Director, Certification:

  
Joseph A. Fabian

Date: February 21, 2019

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Right of perusal by a third party can only be obtained after permission of the audited company.*

## Executive Summary

A Registration Audit was conducted by certified SRI Lead Assessor Donald Simmons. The primary contact for the auditee was Rick Rowland, Sr. VP Quality & Engineering, Metallurgical Engineer. This visit follows a Quality Manual Review.

The description of the company audited, products, organizations, and scope are identified in the “Auditee Information” (R20.62) sections of this report. The purpose of the audit was to verify that the organization is maintaining a documented and effective Quality System to meet the organization’s objectives, in conformance with the Quality System requirements. A draft audit report, consisting of the audit team recommendations (R20.36) and related corrective action notifications (R20.35), was provided to the organization by the Lead Auditor prior to the closing meeting.

The Registration Audit followed the SRI Audit Plan as discussed at the opening meeting. The work of the audit team was conducted under the applicable SRI audit policies and procedures. SRI holds current accreditation by ANAB, RvA, and IATF as a certification body.

All applicable clauses of the Quality System were audited in their entirety. Details of the specific clauses are as presented in the auditor notes, which are on file. The Quality System documents were assessed. The results are noted in the Stage 1 Audit report and process summary (where applicable) of this report.

Any nonconformity cited during this audit event is summarized in the Corrective Actions List section of this report. The details are captured on SRI form R20.35 which has been provided to the auditee. The processes assessed and areas affected by noted nonconformances also are identified in the “Assessment Summary Matrix.” Timing requirements for responding to Corrective Action Notifications are listed on the second page of the R20.35 form, which is part of the draft audit report.

The recommendation in the draft audit report is any one of the following:

**Unconditional:** No nonconformances were issued. The registered organization was able to demonstrate the capability to implement and maintain an effective Quality Management System, to meet the organization’s objectives and intended results, in conformance with the Quality Management System requirements.

**Conditional:** One or more minor nonconformances were issued. The registered organization was able to demonstrate the capability to implement and maintain an effective Quality Management System, to meet the organization’s objectives and intended results, in conformance with the Quality Management System requirements, except where described in the Corrective Action Notification(s).

**Terminated:** The audit was stopped before a recommendation could be established.

**Failed (IATF audits only):** The certificate will be withdrawn.

**Registration Withheld or Status Notice (Suspension):** One or more major nonconformances were issued. The organization was unable to demonstrate the capability to implement and maintain an effective Quality Management System, to meet the organization's objectives and intended results, in conformance with the Quality Management System requirements. For uncertified organizations, no action to issue the initial certificate will occur until the major nonconformity(s) are closed. For certified organizations, SRI will determine if the certificate can be maintained or whether a suspension status or withdrawal of the certificate is warranted. A separate communication will identify the final decision and communicate how the closure of the nonconformity(s) will be handled.

**General observations made by the audit team:**

- The certificate scope was found to be appropriate.
- The audit objectives have been fulfilled.
- There were no deviations from the audit plan.
- There were no issues affecting the audit program.
- There were no unresolved issues at the end of the audit.

The audit evidence collected during an audit will inevitably be only a sample of the information available, partly due to the fact that the audit is conducted during a limited period of time and with limited resources. Therefore, there is an element of uncertainty inherent in all audits, and all users of the results of the audit should be aware of this uncertainty.

The audit team would like to thank all personnel for their hospitality and cooperation during the audit.

The Registration Review Panel (RRP) process will proceed after review and acceptance of response(s) to Corrective Action Notifications issued, if any, by the Lead Assessor.

## Auditor Commentary:

The organization has a good understanding of the context with development of interested parties, issues, and risks and opportunities related to each internal and external party. The system is equipped with Management Review and Corrective Action impact on the risk management and opportunity requirements. KPIs have been developed, with Top Management setting goals for each KPI related to each core process. Jemison Metals Quality Manual Revision Rev. B January 7, 2019, was reviewed. The Quality Policy meets the ISO 9001:2015 standard requirement for meeting customer requirements and continual improvement of the Quality Management System. The Quality Policy, scope, context of the organization, and all sections of the ISO 9001:2015 standard and incorporation of the Level II documents (procedures) into the manual were reviewed. As the ISO 9001:2015 standard does not require a manual, the current revision of the manual has documented the Quality Policy, for example, as part of the document and is not a standalone document. The manual meets the requirement of the ISO 9001:2015 standard.

To the extent of the core processes within this site, the required documented information and retained documented information meet and/or exceed the ISO 9001:2015 standard requirements.

The completion of the internal audits was prior to the Management Review dated August 27, 2018. The internal audits are process based and generated 23 findings, which are completed and closed. The internal audits restrict auditors from auditing their own areas of responsibility and include review of procedures directly impacting the process being audited. Process audits also are performed on processes revolving around manufacturing activities that are part of improvement activities. The process audits impact quality/internal audits and have minimized customer complaints. Auditor training is tracked and uses mentors and an instruction method of training. The Management Review is complete and addresses all input and output requirements. The presentation is slideshow based, with meeting minutes capturing that include action items to be addressed and assignments to Management to complete the action items. Risk and opportunities for improvement are implemented into the context related to internal and external interested parties issues and improvements spreadsheet. Based on the level of detail in the process-based internal audits, process audits, and Management Review with follow-up activities, the processes are effective.

Control of documented information and retained documented information is provided through a Level II procedure QMP 7.5 Documented Information Revision B dated November 1, 2018. Uncontrolled hard copies and electronic presentations also have a watermark on each page of the document, an indication of an uncontrolled document. Revision, date of revision, and unique title are provided on controlled documents. Revision history is maintained on the documents that include section numbers impacted by the change. A master list is maintained for controlled documents, with retention times established. Retained documented information is retained indefinitely unless indicated on the master list or per quality. External documented information is managed as internal documents, with control and retention time determined. Based on the control

of documented information, retained documented information including outside documents, preservation, access, and identification of authority personnel to make changes, the process is effective. Please see the Auditor Comments section for site-level document review. Please note that the Gadsden, Lynchburg (Madison Heights), and Cleveland sites were challenged related to document control of local documents, contributions to the context, continual improvement, and risks and opportunities.

A full cycle of Management Review has been completed by the client.

A full cycle of Internal Audits has been completed by the client.

Reviewed the following corrective actions: Supplier SCAR 001 December 18, 2018, 18 under thickness issues on several coils, and the mill was notified. The mill also found issues and stopped shipment of the remaining coils. Customer Complaint Case 14154 Beveled Edge issue changed ordering requirements to prevent issue. For internal audit finding 15578 Gadsden facility, redefined material handlers' duties include validation of material identification. Also reviewed CARs 14603 and 15421. All actions are well documented and include root cause analysis, containment actions, corrective action, effectiveness of the action, and any impact to the Quality Management System and/or risks and opportunities spreadsheet. The suspect material is segregated electronically to prevent use of the material, and the tag is identified with a large "R" to indicate rejected material. Master coils are not physically segregated but are identified as rejected. The electronic description for reason for rejection is maintained in coil and if sheet is also identified. Tracking and resolutions (i.e., reassign, return, or scrap) are options. Actions also are tracked to prevent items not being addressed in a timely manner. The process is effective. Reviewed Madison Heights CARs 14356 Customer issue, 16350 process-based issue, and both actions meet the ISO 9001:2015 standard inputs and requirements. The other sites audited also are consistent with the above in tracking and resolution of corrective actions and control of nonconforming product. The process is effective.

Customer complaints are maintained on a customer complaint spreadsheet that includes customer-requested actions and informal complaints that may require an internal corrective action or an action to prevent recurrence of the issue. The process is well documented and is discussed at the morning production meetings companywide. Sampled actions and corrective actions were done at all sites. An example is Cleveland CAR 14713 customer complaint into a corrective action issue of product not meeting width requirements. The system found the spot buy issue is noncompliant with action to increase surveillance on spot market buys, and Purchasing is to notify Quality and Operations of the purchase to ensure the process is valid and to prevent recurrence. Only 24 sheets of 1,000 sheets, amounting to 2.4% error, of the total order account for escaped product. Reviewed complaints at the other sites audited, and they are consistent with actions and resolutions. Complaints are shared across the organization, regardless of the site or issue, to ensure the same issue is occurring at other sites. The process is effective. Please note that required corrective-action type complaint responses and other complaints that do not require action per the customer are logged in a corporatewide database, with actions taken to resolve, including internal corrective actions.

### **Areas Identified as Not Applicable:**

8.3 Design and development of products and services

### **Review of Outsourced Processes:**

Reviewed coil slitting performed by an outside source that has been evaluated by the organization as a competent supplier, based on historical data and low number of quality claims. The purchase order was highly detailed and included accept/reject criteria, expected delivery date, and packaging requirements. Based on the level of control over the supplier and analysis of past performance, the process is effective. Outsourced processes include Slitting, Calibration, Leveling, and Coating. The Coating process is governed by the customer providing the directed supplier, with the required process method validated by sample testing flowed down by the customer and used for acceptance of product. Organization purchase order requirements are to be stated on the purchase order submitted to the designated supplier. Reviewed PO SMT-23374 with specification callout and CofC statement for validation of coatings.

### **Identified Regulatory and/or Statutory Requirements:**

Identified statutory or regulatory requirements (i.e., those recorded on the R20.62) were reviewed, and no issues were identified.

### **Important Observations/Significant Changes:**

Interviewed the CEO and discussed the strategic direction of the organization and the resource allocation for the various programs and training activities in process. The organization is aggressive in ensuring that the workforce and needed resources to support improvement activities are well managed and supported. The established KPIs for the identified core processes are aggressive but not beyond the capabilities of the organization. Top Management is deeply involved in the day-to-day operations of the organization, providing leadership and support. Communication within and outside the organization is provided through a robust intranet that is extended to all sites and includes required documents (e.g., quality manual, procedures). External communication to customers, suppliers, interested parties is established as to authority levels, operational activities, and so forth. Other methods include job work orders, work instructions, etc. Based on the level of control and the communication avenues, the process is effective. The company intranet is an effective means of communication between sites and Headquarters to sites. Daily production meetings are held to discuss the status of jobs and needed resources, customer focus, delivery status, and so forth. Communication of the Quality Policy was covered during interview of the employees, who were able to provide the Quality Policy and how they support, apply, and promote effectiveness/improvement within their function across the entire organization.

The company developed an organizational chart with reports, levels, and, through procedures and work instructions, indication of process owners, which includes duties and responsibilities.

Training: The new hire orientation includes the ISO 9001:2015 training, and additional training for specific job-related activities is the responsibility of the area supervisor. Temporary employees and contractors receive the same orientation related to ISO 9001:2015 requirements. Items such as forklift and overhead crane training are performed by the supervisor, but required forms are provided by HR and are maintained in the respective employee's file for the initial training. Reviewed the following training for personnel: IT training, past experience documented (i.e., military training and commercial training); for a new hire for Sales, reviewed the new-hire package that includes the necessary training and review of videos, procedures, etc., with employee signoff as completed and understood. The organization has developed a training matrix that provides the needed skill sets and the level of competency of the employee. For example, one employee is a Level III (Trainer) in the following categories: Material Manager, Supply Chain Manager, Material Support Specialist, and Director of Materials, with retained documented information to support his training; another employee is a Level III Material Manager and Material Support Specialist and a Level II Supply Chain Manager, with retained documented information to support her training. The training is effective and relevant to their positions. The matrix also provides cross training of employees as applicable. Based on the training and competence validation of needed skill sets, the process is effective.

The office areas at all audited sites are well organized, clean, and conducive to providing the necessary processing that meets customer, regulatory/statutory, and internal requirements. No special environment is necessary to execute the identified core processes at all audited locations. The IT activities include daily backup, both at Headquarters and mirrored remotely at the Cleveland location. During the audit at the Cleveland site, confirmed that the remote backup is in place and is active. Daily backup consists of differentials, and monthly backup is a total system backup that is stored in a fireproof container in-house. Any issues identified during the backup are noted and reviewed. Environmental control includes email notification of failure, power failure with a battery backup that includes line conditioners, and an electrical generator power supply that is monitored monthly.

Please note that Manufacturing processes are not performed at the Birmingham (Headquarters) site. Those other processes/sections are covered at the remote sites by their scopes. Although Inside Sales is done at some of the other sites, it is considered a Headquarters activity attached to Sales and reports to Headquarters.

Please note the following:

The Birmingham site (Headquarters) provides the framework and support related to the processes outlined above (e.g., documented information and retained documented information, leadership, quality policy). Included are the following processes owned and

managed by Headquarters: Sales, Award Review, and Purchasing. Allocation of resources, Management Review, internal audits, and so forth, which also are managed by Headquarters, with compiling of data to show the corporate level of activities for the entire organization. The level of detail for each site is documented as to KPIs, trend analysis, resource needs, etc. Documented information and retained documented information related to each site are reviewed and validated as to the control and effectiveness of the process. Those activities specific to each site also are reviewed and documented within this report.

Gadsden, Madison Heights, and Cleveland: Confirmed the employee count as the same as the audit plan, including temporary, part-time, and full-time employees, with the exception of Madison Heights. Please see the Notable Changes section of this report for more details about employee counts.

Document review confirmed that all sites that were audited have access to corporate-level documents—that is, the Quality Manual, Level II documents, and forms necessary to operate the remote sites. Documents specific to the remote sites are controlled and require Top Management approval prior to release of the documents. Items such as internal audits, Management Reviews, and other retained documented information are accessed from the corporate database. Conversely, access to site-level data is viewable by Headquarters. Although there is site-level dedicated documented information, all revisions currently are reviewed and ultimately approved by the corporate designated authority. Sampled several operational procedures, forms, and records, all having the current revision level.

The following describes outsourced processes.

Gadsden:

Slitting of heavy-gauge products exceeding the capability of the site and calibration process. The coating process is done by a customer-directed supplier and is a drop-ship type of item, where the customer is responsible for reject/accept criteria and supplier flow-down instructions for performing the process and required testing (e.g., tape test and customer inspection of finished product from the processor). Any issue related to coating defects or corrective actions is the responsibility of the customer.

Madison Heights:

Calibration, slitting of heavy-gage, and painting acceptance are based on CofC per customer flow-down.

Cleveland:

Calibration, leveling heavy-gauge, and painting acceptance are based on CofC per customer flow-down.

Calibration:

Gadsden: Reviewed the Height Gauge 16105537, Caliper 1207, Micrometer 2089, Tape Measure T3046, Romer Arm 7530-3327-UC, and Surface Plate PQ-77-14.



Madison Heights: Reviewed the Mic 043, Tape Measure 04, Height Gauge 1700035, Caliper MF032, and Gage Blocks (standards) LM 007, 005, and 001. Validated the standards used to calibrate the equipment (i.e., calibration blocks, steel ruler, and calibration records for outside calibration all traceable to NIST).

Cleveland: Reviewed the micrometer RBI21, Caliper SH1, Crane Weight Scale Receiving Dock 1, and Weight Scale Floor 1. All are current and traceable to NIST. Also reviewed standards Blocks 980682, 980894, and 090051 and Rods 1, 8, and 12. All are calibrated by an outside source, with traceable to NIST and calibration source certified A2LA third-party certification.

The facilities audited are well organized and clean, considering the processes are able to manufacture products that meet customer, regulatory/statutory, and internal requirements. No special environments are required to manufacture product, but the general conditions are well maintained.

Improvements:

The following improvements are noted.

Gadsden: There are two new laser cutters and plans for expansion of the storage and processing areas.

Madison Heights: Improvements include two additional laser cutting process equipment, a press to improve forming, and two additional shifts added to meet customer and internal demands.

Cleveland: There is remote control to overhead cranes, a snow plow for access to loading docks, and an upgraded forklift safety upgrade.

Training:

Training is captured on a training matrix that is similar to the matrix called out in the Birmingham site, including backup records to support the status of the training.

Gadsden: Reviewed the training of three second-shift laser operators and one press operator.

Reviewed the training matrix for the following personnel covering all three shifts.

Madison Heights: Forming, second shift; Laser, first shift; and Laser, third shift.

Reviewed the training matrix for the following personnel.

Cleveland: A Shipping and Receiving employee; and the Plant Manager. The matrix provides the competency level for each employee. Training is complete and meets the ISO 9001:2015 standard requirements. Forklift training meets regulatory requirements to ensure operators receive refresher training within a three-year cycle.

Analysis of data for KPI status and trends are well documented and maintained, with actions taken based on the established goals. Other areas such as Quality Management System effectiveness and efficiency are measured and monitored by corporate, with actions to improve identified areas. The organization is highly motivated by data analysis to improve products, processes, and personnel.

### **Shifts Assessed:**

Birmingham, Alabama: 8:00am-5:00pm (one shift)

Gadsden, Alabama: 6:00am-4:30pm, 4pm-2:30am (two shifts)

Madison Heights, Virginia: 6:00am-4:30pm, 2:00pm-10:30pm, 10:00pm-6:30am  
(three shifts)

Cleveland, Ohio: 5:00am-2:30pm (one shift)

All shifts were physically audited.

### **Notable Changes:**

The Madison Heights employee count increased by 5 people from 24 to 29 employees, with no change in audit mandays.

The following scopes were developed for each site.

Birmingham (Corporate): Processing and distribution of ferrous and non-ferrous sheet and coil products, including plasma and laser cutting, forming, machining, kitting, slitting, cut-to-length, stretch leveling, blanking, and shearing operations.

Gadsden: Processing and distribution of ferrous and non-ferrous sheet and coil products, including plasma and laser cutting, forming, machining, kitting, and slitting operations.

Decatur: Processing and distribution of ferrous sheet products using cut-to-length and stretch leveling operations.

Sumter: Processing and distribution of ferrous and non-ferrous sheet and coil products, including plasma and laser cutting, forming, slitting, cut-to-length, blanking, and shearing operations.

Madison Heights: Processing and distribution of ferrous and non-ferrous sheet and coil products, including laser cutting, forming, kitting, cut-to-length, and blanking operations.

Cleveland: Processing and distribution of ferrous sheet and coil products, including slitting, cut-to-length, blanking, and shearing operations.

## R20.62 Auditee Information

**Auditee:** Jemison Metals, Inc.

**Auditee No:** 6796-01

**Address:** 3800 Colonnade Parkway, Suite 250  
Birmingham, AL 35244  
Main Phone Number: 205-986-6627  
Web Site: <http://jemisonmetals.com>

### **Auditee Contacts**

Mr. Rick Rowland, Sr. VP Quality & Engineering, Metallurgical Engineer  
Jemison Metals, Inc.  
3800 Colonnade Parkway, Suite 250  
Birmingham, AL 35244  
**Tel:** 205-986-6627  
**Email:** rrowland@jemisonmetals.com

### **Audit Event**

Registration: 01/09/2019 - 01/11/2019  
Donald Simmons, Lead Auditor

Total Mandays: 2.5

**SRI Customer Care Coordinator:** Linda Snyder  
**Coordinator Phone:** 724-934-9000 ext. 642  
**Coordinator Email:** lsnyder@sriregistrar.com

### **Audit Scope**

**Standard:** ISO 9001:2015 (non-design)

**Areas Identified As Not Applicable:** 8.3 Design and development of products and services

**Scope:** Processing and distribution of ferrous and non-ferrous sheet and coil products, including plasma and laser cutting, forming, machining, kitting, slitting, cut-to-length, stretch leveling, blanking and shearing operations.

**SIC Codes:** 5051

**IAF:** 29

**NACE Codes:** G51.5

**No. of Employees:** 28

**Products:** Steel

**Regulatory/Statutory Requirements:** REACH, RoHS, DOT, Conflict Minerals, NAFTA

**Accreditation Mark(s):** ANAB

**Registration Approach:** Sampling

**No Shifts:** 1

**Times of Shifts:** 8:00am-5:00pm

**Auditee: Jemison Metals, Inc.**

**Auditee No: 6796-03**

**Address:** 3001 Hickory Street  
Gadsden, AL 35902  
Main Phone Number: 256-549-5564  
Web Site: <http://jemisonmetals.com>

**Auditee Contacts**

Mr. Rick Rowland, Sr. VP Quality & Engineering, Metallurgical Engineer  
Jemison Metals, Inc.  
3800 Colonnade Parkway, Suite 250  
Birmingham, AL 35244  
**Tel:** 205-986-6627  
**Email:** rrowland@jemisonmetals.com

**Audit Event**

Registration: 01/15/2019 - 01/18/2019  
Donald Simmons, Lead Auditor

Total Mandays: 3.5

**SRI Customer Care Coordinator:** Linda Snyder  
**Coordinator Phone:** 724-934-9000 ext. 642  
**Coordinator Email:** lsnyder@sriregistrar.com

**Audit Scope**

**Standard:** ISO 9001:2015 (non-design)

**Areas Identified As Not Applicable:** 8.3 Design and development of products and services

**Scope:** Processing and distribution of ferrous and non-ferrous sheet and coil products,  
including plasma and laser cutting, forming, machining, kitting and slitting operations.

**SIC Codes:** 5051      **IAF:** 29      **NACE Codes:** G51.5

**No. of Employees:** 47

**Products:** Steel

**Regulatory/Statutory Requirements:** REACH, RoHS, DOT, Conflict Minerals, NAFTA

**Accreditation Mark(s):** ANAB

**Registration Approach:** Sampling

**No Shifts:** 2

**Times of Shifts:** 6:00am-4:30pm, 4:00pm-2:30am

**Auditee:** Jemison Metals, Inc.

**Auditee No:** 6796-06

**Address:** 188 Enterprise Drive  
Madison Heights, VA 24572  
Main Phone Number: 434-929-6802  
Web Site: <http://jemisonmetals.com>

**Auditee Contacts**

Mr. Rick Rowland, Sr. VP Quality & Engineering, Metallurgical Engineer  
Jemison Metals, Inc.  
3800 Colonnade Parkway, Suite 250  
Birmingham, AL 35244  
**Tel:** 205-986-6627  
**Email:** rrowland@jemisonmetals.com

**Audit Event**

Registration: 01/22/2019 - 01/24/2019  
Donald Simmons, Lead Auditor

Total Mandays: 2.5

**SRI Customer Care Coordinator:** Linda Snyder  
**Coordinator Phone:** 724-934-9000 ext. 642  
**Coordinator Email:** lsnyder@sriregistrar.com

**Audit Scope**

**Standard:** ISO 9001:2015 (non-design)

**Areas Identified As Not Applicable:** 8.3 Design and development of products and services

**Scope:** Processing and distribution of ferrous and non-ferrous sheet and coil products,  
including laser cutting, forming, kitting, cut to length, and blanking operations.

**SIC Codes:** 5051      **IAF:** 29      **NACE Codes:** G51.5

**No. of Employees:** 29

**Products:** Steel

**Regulatory/Statutory Requirements:** REACH, RoHS, DOT, Conflict Minerals, NAFTA

**Accreditation Mark(s):** ANAB

**Registration Approach:** Sampling

**No Shifts:** 3

**Times of Shifts:** 6:00am-4:30pm, 2:00pm-10:30pm, 10:00pm-6:30am

**Auditee:** Jemison Metals, Inc.

**Auditee No:** 6796-04

**Address:** 8100 Aetna Road  
Cleveland, OH 44105  
Main Phone Number: 216-271-1500  
Web Site: <http://jemisonmetals.com>

**Auditee Contacts**

Mr. Rick Rowland, Sr. VP Quality & Engineering, Metallurgical Engineer  
Jemison Metals, Inc.  
3800 Colonnade Parkway, Suite 250  
Birmingham, AL 35244  
**Tel:** 205-986-6627  
**Email:** rrowland@jemisonmetals.com

**Audit Event**

Registration: 01/29/2019 - 01/31/2019  
Donald Simmons, Lead Auditor

Total Mandays: 2.5

**SRI Customer Care Coordinator:** Linda Snyder  
**Coordinator Phone:** 724-934-9000 ext. 642  
**Coordinator Email:** lsnyder@sriregistrar.com

**Audit Scope**

**Standard:** ISO 9001:2015 (non-design)

**Areas Identified As Not Applicable:** 8.3 Design and development of products and services

**Scope:** Processing and distribution of ferrous sheet and coil products, including slitting, cut-to-length, blanking, and shearing operations.

**SIC Codes:** 5051      **IAF:** 29      **NACE Codes:** G51.5

**No. of Employees:** 27

**Products:** Steel

**Regulatory/Statutory Requirements:** REACH, RoHS, DOT, Conflict Minerals, NAFTA

**Accreditation Mark(s):** ANAB

**Registration Approach:** Sampling

**No Shifts:** 1

**Times of Shifts:** 5:00am-2:30pm

## Audit Plan

The audit plan, audit team members, and qualifications, representatives, working documents, audit plan schedule, process matrix, and auditor assignments have been reviewed with the organizations and are on file with SRI.

## Audit Records

Management System Documentation Review: The auditee's controlled system documentation was reviewed by the SRI Lead Assessor. The results are on file at SRI and have been documented in the Stage 1 Audit report, CANs, and/or process summary.

Registration Audit: The registration audit report and any required follow-up corrective action audit reports have been forwarded to the auditee and are on file at SRI.

Form R20.36: Shows the audit team's confirmation of the audit results, was completed, signed by both parties, returned to SRI, and is on file.

Assessment Narrative: The pre-audit and post-audit meeting list of attendees, notes, and agenda are on file.

The SRI Auditor Notes: Auditor notes were captured, returned to SRI, and are on file.

Assessment Summary Matrix: The Assessment Summary Matrix was completed by the lead assessor and indicates the areas in which the selected processes were assessed and the areas requiring corrective action. If there are several distinct audit tracks or business units, each has a matrix completed for it. The matrix is provided.

Process Summary: A summary of important observations -- positive as well as negative -- regarding implementation and effectiveness of the quality system has been documented by the audit team for each applicable process and is provided.

Corrective Actions: If any, are included with this report and summarized in numerical order, showing the referenced clause/process, a description of the nonconformity, and the level of severity indicated as "M" = "Minor" or "H" = "Hold/Major." Form R20.35 provides the detailed nature of the nonconformance. The organization's representative acknowledged and signed all corrective action notifications.

Opportunities for Improvement: If the lead auditor noted Opportunities for Improvement (OFIs), these were provided to the auditee during the post-audit meeting. The OFIs are listed.

## Report Distribution

Distribution by SRI is only to the auditee, the auditor assigned for the next scheduled audit event, SRI, and any accreditation body, when requested, where their oversight is required.

## Assessment Summary

| Processes Assessed     | Performance  |                           |                |                |
|------------------------|--------------|---------------------------|----------------|----------------|
|                        | Satisfactory | Org. Action Plan in Place | Not Identified | Unsatisfactory |
| Award Review           |              | X                         |                |                |
| Packaging and Shipping |              | X                         |                |                |
| Production and Service | X            |                           |                |                |
| Purchasing             |              | X                         |                |                |
| Receiving of Materials |              | X                         |                |                |
| Sales                  |              | X                         |                |                |



## Process Summary

| Process      | Comments   |
|--------------|--|
| Award Review | <p>The Award process is highly detailed to ensure the customer requirements are understood. Depending on the type of product fabrication, blanks, flat sheet, and coil configuration, this process is incorporated into Sales through development of the quote. The quote calls for new parts or new customers, including input from Sales, Quality, Top Management, Operations, Purchasing, etc. The output can include additional information as needed on customer flow-down, contact customers for clarification, analysis of drawings, tolerance requirements, nesting activity, and other pertinent information to ensure complete customer requirements are determined and understood. A great deal of detail and front-end work are done at the RFQ stage.</p> <p>At the Award segment of the analysis, actual planning is established to input information that will be used to develop the job work order. This information (part specification) is stored in the database and is accessed to generate the job work order. The organization has developed spreadsheets and mill data for purchase of coils based on grade, size, configuration, etc., including lead times, price, and items such as production cost per site, capability, and capacity, including risk analysis based on complexity, material, tolerance, and so forth. Repeat business is reviewed to ensure no changes or requirements have been added to the process that would impact the final product configuration. The job work orders include packaging, document package requirements, positioning on the delivery truck, and labeling information. Inspection points and authorization to accept the product are included in the job work order.</p> |

| Process                         | Comments  |
|---------------------------------|---|
| Award Review <i>(continued)</i> | <p>During the Award cycle, outsourced activities are determined, with control over the expected output from the supplier. Services such as tooling also are done through the Award process, with the clear identification of customer-supplied product provided on the coil tag. The coil tag information also is installed on the tag, with allocation of the material managed by Material Managers to ensure the logistics of staging the product at the determined site. The job work orders require confirmation of meeting requirements at the appropriate points during processing of the material. Customer PO 16269 for coil and flat sheet configuration and PO 368943 for fabrication configuration were reviewed. Based on the level of detail, the historical review, and access to internally developed spreadsheets, the process is effective. Please note the actions taken and positive trend of the KPI listed below.</p> <p>DPPM Internal Measure: Goal &lt;0.40%. Actual 0.42%</p> <p>The action plan includes upgrade and purchase of new process equipment, training, and Top Management support. The resulting trend is positive. The goal last year was lowered from 0.50% to 0.40% as the trend led Top Management to establish a new goal.</p> |
| Packaging and Shipping          | <p><u>Gadsden:</u></p> <p>Reviewed the following products being prepared for packaging and shipping to the customer: Job GAD-87666, Tag 628906, Customer PO 80949; Job GAD-81383, Tag HF26538, Customer PO 24194452; Job GAD-81205, Tag HF24491, Customer PO 24193828; and Job GAD-81552, Tag 628321, Customer PO 35125-TIC. Where possible, the organization will schedule products such that meet delivery requirements and will schedule enough product to fill a flatbed truck to capacity to minimize</p>  |

| Process                                       | Comments  |
|---|---|
| <p>Packaging and Shipping<br/>(continued)</p> | <p>transportation cost. Customer flow-down requirements for packaging, identification, and any special requirements are documented on the load order or production order on the computer database. An example of a special requirement is the customer requires colored wire ties to be placed on identified part numbers and a corresponding yellow wire tie put on that part. A computer spreadsheet calls out the P/N to colored wire tie color.</p> <p>Due to the company status for delivery of quality product, several customers allow parts to bypass the company quality inspection and be taken to stores or assembly areas. The organization also kits parts on customer-designed fabricated metal pallets. Traceability is maintained through the tag numbers that identify the heat lot number, the mill that produced the product, and the grade/chemical analysis of the product.</p> <p>Customer-supplied product is identified at receiving and is maintained throughout the manufacturing and delivery by tag identification proceeded by a CS or customer-supplied material. Products are placed in inventory and/or delivered to Shipping, with acceptance documented on the shop order or the shipping order. The product is visually inspected for appearance, quantity, and condition. The shipping order includes the requirement for product to be tarped or protected from the weather while being transported to the customer delivery point.</p> <p>Daily meetings are held, with Sales, Purchasing (Headquarters), Packaging and Shipping, Production Planning/Production, and Management discussing shipping activity/status, including resource needs, delivery issues, etc. This is a relatively new communication to minimize delivery issues, resulting in a sharp improvement in on-time</p> |

| Process                               | Comments   |
|---------------------------------------|--|
| Packaging and Shipping<br>(continued) | <p>delivery. Review of customer complaints and corrective actions over the previous six months showed only two customer complaints were identified due to packaging or transportation issues. Except for on-time delivery, the customer DPPM KPI status, the level of detail on the ship order, and communication with Purchasing, Manufacturing, and Sales, the process is effective.</p> <p><u>Madison Heights:</u></p> <p>Reviewed the following work orders related to kitting activity for the Packaging and Shipping process: 14066, 14063, and 14085. The job work orders provide the description of the material as follows: dimensional data, metal callout (e.g., AR400), quantity, orientation (such as sheet stock with line item no. 7 on the bottom of the pallet and with line item no. 1 on top), packaging material and configuration, tag with data such as heat lot number etc., and customer build number.</p> <p>Review of customer purchase order requirements for kitting reflects the work order developed by Headquarters Production Planners attached to the Production process. Reviewed the following job work orders: 9508 cut-to-length/leveling and 9582 laser cut. The work order provides the configuration of the packaging, including the pallet size and number of bands, ensuring the product is secured to the pallet, and as required, customer-furnished dunnage (e.g., pallets).</p> <p>Note that customer-furnished products and dunnage are clearly marked on labels and work orders as customer-supplied items. Labels are printed by Production to place on each pallet, with the labels attached to the pallet or on the band per instructions on the work order. In addition to placing the tag on the pallet, the tag number is written on the top protective sheet in case the tag is lost. With the exception of the on-time delivery KPI, the process is effective.</p> |

| Process                               | Comments   |
|---------------------------------------|--|
| Packaging and Shipping<br>(continued) | <p>Note that the delivery issue is being addressed and has a positive trend due to the actions taken. Except for on-time delivery, the customer DPPM KPI status, the level of detail on the ship order, and communication with Purchasing, Manufacturing, and Sales, the process is effective.</p> <p><u>Cleveland:</u><br/> Reviewed the following work orders: Shipping 70646, 71324, and 46013 (planned release of large order) and Packaging 71322 and 71349. Consistency of the sites audited is extensive, with very little difference from one site to the next. Material provided to the customer can expect the same level of detail and quality as demonstrated during the registration audit. The work order flow-down of specification, customer, and internal requirements is detailed and accurate. Reviewed work order 46013; the flow-down requirements are consistent with the customer purchase order. The part specification that is developed from customer requirements provides consistent information and is the method where any differences in requirements from the customer are effectively and efficiently identified at the beginning of the process to the shipping or end of the process of ensuring the customer receives what was ordered. Product is protected from receiving of material through processing and shipment as reflected in the KPI selection and monitoring outputs from each process. Based on the status of the KPIs and the level of detail, the process is effective.</p> <p><u>Gadsden:</u><br/> On-Time Delivery: Goal 98%. Actual 95.8%. Actions are being taken, and the resulting trend is positive.</p> <p>Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,237 DPPM.</p> |

| Process                               | Comments  |
|---------------------------------------|---|
| Packaging and Shipping<br>(continued) | <p><u>Madison Heights:</u><br/>KPIs:</p> <p>Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,088 DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 96.22%.<br/>Actions are being taken, and the resulting trend is positive.</p> <p><u>Cleveland:</u><br/>Customer DPPM: Goal &lt;3,900 DPPM. Actual 2,773 DPPM.</p> <p>Internal DPPM: Goal &lt; 0.40% of Revenue DPPM.<br/>Actual 0.34% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 100%.</p>   |
| Production and Service                | <p><u>Gadsden:</u><br/>Part of the Production process is the Planning process that is located on site or supported by planning in relative close proximity to the manufacturing of product. The input for Planning includes Sales, Management, Sales Analyst for selection of material, development of the part specification, and production to ensure the product meets customer requirements. Flow-down of production work orders is provided to Planning with the customer print, Jemison print, part specification, and expected delivery and quantity.</p> <p>Reviewed the following production work orders/PN: (Sheet) 2888, 1879692, 1333690, 1630384, and (Fabricated) P/N 113-0920. The outputs are the job work orders that contain the program number to install in the process equipment and other documents, such as prints, production report with</p> |

| Process                               | Comments   |
|---------------------------------------|--|
| Production and Service<br>(continued) | <p>frequency of inspection of the final product with accept/reject criteria, and the number of parts to check and record. Reviewed the outputs to the production work orders to inputs to the job work orders and found the inputs equal the outputs, which ensures the customer flow-down requirements are documented and ultimately meeting customer requirements. This portion of the process is well defined and is suitable to manufacture customer specifications.</p> <p>The related procedures for Manufacturing are linked to Planning and include Laser Procedure GAD FAB 001 and GAD Press Brake 001 Procedure.</p> <p>Reviewed slitter line Job 87539, where the cut width, tolerance, and electronic gauge are monitored to ensure the product meets customer requirements. Electronic gauge includes colored lights that indicate gauge across the entire width that is within tolerance. Depending on the issue, out-of-tolerance light or heavy, the gauge would alarm an out-of-tolerance condition. Risk issues include burrs, slag, etc. Customer feedback, setup issues, and so forth are discussed at scheduled weekly meetings.</p> <p>Plasma cutting is used for oversize parts that are too large for laser cutting. Reviewed job 86270 Programs 9955, 9966, and 9967 first-piece inspection is done to validate the program and is recorded on the worksheet. Over-thickness condition was identified with validation from the customer to allow the product to be used, through Quality and Sales contacting the customer. Risk includes validation that the computer sheet layout matches the job work order and that the material configuration for blank size and thickness also matches.</p> |

| Process                               | Comments  |
|---------------------------------------|---|
| Production and Service<br>(continued) | <p>Laser cutting also uses the programming provided on the job work order. Reviewed Job 88078 Program 104798 with first-piece validation of the program. During the production run, the job work order requires that one part per sheet be checked to ensure the product continues to meet requirements. The operator selects random parts to inspect. All operators interviewed visually check the equipment prior to startup. An example is that the process gas levels are monitored to prevent damage to parts and equipment. Reviewed second-shift operations to include laser, plasma, and brake press. All operations reviewed are per customer requirements, and records are maintained per the job work order. Second-shift support for Maintenance, Planning, Quality, and Management is done.</p> <p>Based on the level of detail provided through Sales to flow-down customer requirements, development and maintenance of the part specification, Purchasing to maintain raw material levels to support production, and the Production Planning as a significant part of the Production process, the process is effective.</p> <p><u>Madison Heights:</u><br/>Reviewed the work order 9508 on the blanking/cut-to-length configuration. Reviewed the following work orders on the brake press work orders: development of P/N 2900/BL05148000062000, work orders 9172, 9125, and 9130.</p> <p>Reviewed work orders on laser cutting. Continued through the first, second, and third shifts on the same work order 9585. The processes are well documented and include the requirements to validate the process by documenting finished product per the work order requirements (e.g., dimensional data, first-piece inspection with frequency such as 5% inspection). The process activity is carried out much like Gadsden as</p> |



| Process                               | Comments   |
|---------------------------------------|--|
| Production and Service<br>(continued) | <p>described above, and the process is effective, with the exception of internal DPPM and on-time delivery. Both items are trending positive with actions taken. The process is effective.</p> <p><u>Cleveland:</u><br/>Reviewed work orders 14066, 14063, 71319, 71349, 713481, and 14085. The work order is consistent with the other sites, in that all data needed to set up the job, tolerance requirements, and any previous issues are provided. Similar to the other sites, the level of detail, accountability, and KPI status, the process is effective.</p> <p><u>Gadsden:</u><br/>KPIs</p> <p>Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,237 DPPM.</p> <p>Internal DPP: Goal &lt;0.4% of Revenue DPPM. Actual 0.35% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 95.8%. Actions are being taken, and the resulting trend is positive.</p> <p><u>Madison Heights:</u><br/>Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,088 DPPM.</p> <p>Internal DPPM: Goal &lt; 0.4132% of Revenue DPPM. Actual 0.4255% of Revenue DPPM.</p> <p>Product on hand exceeded established levels due to a customer forecast issue that caused the product to be devalued. Sales is required to keep a closer track on customer forecast and product on hand to prevent a repeat of this condition. This was a first-quarter 2018 event, and the remaining quarters show a positive trend.</p> |

| Process                               | Comments  |
|---------------------------------------|---|
| Production and Service<br>(continued) | <p>On-Time Delivery: Goal 98%. Actual 96.22%. Actions are being taken, and the resulting trend is positive.</p> <p><u>Cleveland:</u><br/>Customer DPPM: Goal &lt;3,900 DPPM. Actual 2,773 DPPM.</p> <p>Internal DPPM: Goal &lt;0.40% of Revenue DPPM. Actual 0.34% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 100%</p>  |
| Purchasing                            | <p>Reviewed the following purchase orders: CLV-21595, CLV-25360, SMT-22145, SMT18442, and SMT-20935. The examples include raw material, service, and highly detailed purchases. The organization has developed an approved supplier list (ASL) and has identified key suppliers. The system has a built-in contingency in the event a key supplier is not able to support the company. The suppliers are monitored and measured by quarterly evaluations based on delivery, quality, responsiveness, and meeting some difficult requirements.</p> <p>Weighted scorecards for each of the key suppliers are maintained and are accessed by Purchasing agents to aid in selection of the supplier. The scorecards also are sent to the supplier, regardless of the score achieved. Suppliers that do not score to defined levels are notified and, if no actions are taken by the supplier, could be removed from the ASL. PO SMT-20935 is a directed supplier per customer requirements and is tracked in the same way as other suppliers. The purchase orders are highly detailed, with expected delivery and required documents (e.g., mill reports, testing). The ERP system does not allow purchases from suppliers that</p> |

| Process                         | Comments   |
|---------------------------------|--|
| Purchasing ( <i>continued</i> ) | <p>are not on the ASL. New suppliers are required to complete a self-evaluation form provided by the organization. The evaluation is reviewed and accepted or could generate additional questions. The forms are signed as reviewed and completed. If the supplier is third-party certified, it is noted in the supplier's scorecard, with certificates maintained on file.</p> <p>At least three trial purchases are done to ensure delivery and quality are acceptable. Reviewed POs GAD-14428 and GAD-14427 for a trial purchase from a mill located offshore to validate the supplier performance. The results of the scorecards are submitted to Top Management through the Management Review process. To date, casual supplier visits have been done to aid in improving the supplier's performance. A more robust method is in place to mitigate risk by using the evaluation form and performing an actual physical audit at the supplier's facility.</p> <p>Headquarters is responsible for purchases for all remote sites, with data feedback of product delivered and accepted or rejected to complete the purchase cycle. Review of the Receiving activities will be done at the remote sites. Additionally, Top Management has developed a highly detailed analysis of the key supplier base as to capacity, capability, products provided, and configuration of those products. Historical reviews and pricing also are part of the review and aid in assisting Sales with data when bidding on contracts for lead time, proximity to the remote sites, and ensuring the supplier is a good fit for the customer/organization. Based on the highly detailed purchase order flow-down, exceptional control over suppliers, and the status of the KPIs, the process is effective.</p> <p>On-Time Delivery: Goal 98%. Actual 95.8%. Actions are being taken, and the resulting trend is positive.</p> |

| Process                         | Comments   |
|---------------------------------|--|
| Purchasing ( <i>continued</i> ) | <p>Inventory Months on Hand: Goal 2.1 months on hand. Actual 2.1 months on hand.</p> <p>Age Master Coil &gt;120 Days: Goal &lt;10.7%. Actual 9.9%.</p>   |
| Receiving of Materials          | <p><u>Gadsden:</u><br/> Reviewed the following purchase orders that were received at the Gadsden facility: GAD-14824 and GAD-14749. The receiving data are captured on form GAD-009, which requires established fields to be completed, such as the purchase order, heat lot number, mill tag number, dimensional/configuration, etc. The data then are entered into the database. The data are checked against the purchase order requirements to ensure the needed documents, configuration, and so forth are complete and meet the purchase order requirements. After the data are entered, the information also is reviewed by the Production Planners as a peer review and alerts Planning that the product is on site. If the data are correct, the product is released into the database. Future improvement in the works is the grade chemical configuration is within tolerance and the product configuration is automatically validated to reduce human error and to improve processing time for material release. Based on the KPI status, the accuracy of recording incoming material, and peer review, the process is effective.</p> <p><u>Madison Heights:</u><br/> Reviewed the following purchase orders and receiving documentation: 2688, 2808, and 2689. The purchase order is documented against the receiving documentation such as chemical, properties and configuration of the product (e.g., coils, blanks). The weight is validated, and dimensional data are recorded to ensure the product ordered is received. Receiving at the dock is validated, and a checklist with required information is confirmed. Any variation is noted and is provided to the office. The tag (internal tracking) is issued and attached to the product to ensure traceability</p> |

| Process                                      | Comments  |
|--|---|
| Receiving of Materials<br><i>(continued)</i> | <p>and tracking of the product. Office personnel enter the data into the system and accept, hold, or reject the product. PO 2808 is on hold until the mill data, (e.g., chemical and properties) are received. Accepted material is released and entered into the system. With the receiving on the dock and reviewed by office personnel act as the peer review to minimize human error. With the status of the KPIs, the process is effective.</p> <p><u>Cleveland:</u><br/> Reviewed the following received POs 95330 and 25999, work order assigned 14066, 14063, and 14085. As was evaluated above, the purchase order information and product delivered were compared for weight, grade, chemical properties, and so forth to ensure the product met internal, customer, and specification requirements. The sites audited are consistent in the evaluation of product received and assigned to the customer jobs. There is a three-stage review from dock to data input in the Receiving office to final review assignment to the work order with release of the product and work order development and scheduling of the jobs. Based on the level of detail, evaluation, and development of the work order based on the part specification, the process is effective.</p> <p><u>Gadsden:</u><br/> Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,237 DPPM.</p> <p>Internal DPPM: Goal &lt;0.4% of Revenue DPPM. Actual 0.35% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 95.8%. Actions are being taken, and the resulting trend is positive</p> |

| Process                                      | Comments   |
|--|--|
| Receiving of Materials<br><i>(continued)</i> | <p><u>Madison Heights:</u><br/> Customer DPPM: Goal &lt;3,900 DPPM. Actual 3,088 DPPM.</p> <p>Internal DPPM: Goal &lt;0.4132% of Revenue DPPM. Actual 0.4255% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 96.22%. Actions are being taken, and the resulting trend is positive.</p> <p><u>Cleveland:</u><br/> Customer DPPM: Goal &lt;3,900 DPPM. Actual 2,773 DPPM.</p> <p>Internal DPPM: Goal &lt;0.40% of Revenue DPPM. Actual 0.34% of Revenue DPPM.</p> <p>On-Time Delivery: Goal 98%. Actual 100%.</p>  |
| Sales  | <p>Reviewed the following customer purchase orders: 244167, 10011607.0, 368943, and 09691. Customer complaints are documented on a customer complaint log and are reviewed at the scheduled daily production meetings. The entire organization (all sites) is in attendance to discuss issues, job status, and any corrective actions and reasons for late shipments. Top Management also is included on the meeting attendance and where needed resources are provided to support and aid in resolving issues.</p> <p>Initial contract review is established to ensure the quotation and the custom purchase order agree. The customer is provided an acknowledgment email that details the product and any exceptions or issues identified during the review. Any changes are evaluated and, depending on the stage of the manufacturing process, changes are accommodated</p> |

| Process                    | Comments  |
|----------------------------|---|
| Sales ( <i>continued</i> ) | <p>with a revised purchase order identifying the change, or a request is made to issue a new purchase order to process the change. Sales is the “go to” process to gain additional information as needed to ensure customer requirements are fully understood and are handed off to the Business Managers. The Business Manager is responsible for preparing quotations, gathering information, and coordinating quote calls (internal personnel) to aid in developing the quotation. This process initiates the Award Review. Please see the Award Review process for further information. Based on the status of the KPI for DPPM, the process is effective.</p> <p>On-Time Delivery: Goal 98%. Actual 95.8%. Actions are being taken, and the resulting trend is positive.</p> <p>DPPM Finished Goods: Goal &lt;0.1%. Actual 0.07%. Trend is positive.</p> |

## **Corrective Actions List**

No nonconformities were identified during this audit event activity.



## **Opportunities for Improvement**

No Opportunities for Improvement were identified during this audit event activity.