



# VERIFICATION PROGRAM POLICY

FEBRUARY 1996

## A. SCOPE AND AUTHORITY

The Board of Directors of SMACNA Testing & Research Institute (Institute) assumes broad authority to carry out its functions including:

1. Approval of applications and contracts with participants and with testing laboratories and
2. Maintenance of the quality of programs

To carry out these functions, the Board of Directors assumes the following scope:

The Board of Directors approves all Verification Programs, recommends the development of Verification Programs, continually reviews current Verification Programs and suggests such changes and improvements in the administration procedure as will increase the value of the Programs to the industry and to the public.

## B. POSITION ON DEVELOPMENT OF VERIFICATION PROGRAMS

It is the belief of the Board of Directors of the Institute that buyers of sheet metal components or products are entitled to components or products designed and built in compliance with proper industry standards.

The Board of Directors is fully aware that verification programs place an immediate and additional expense on the participants, but it feels very strongly, where there is a demonstrated need:

**First** - That, with care and forethought, a Verification Program can be developed and administered at a justifiable cost.

**Second** - That resulting increased public acceptance of industry products, recognition and improvement of our industry status and consequent improvement in quality would be a great and possible total offset to such added costs.

The dual purposes of the Institute Verification Program are to assure buyers that sheet metal products or systems meet identified and credible standards and, therefore, enhance buyer confidence in the performance of participating firms and to encourage fair competition in

the market.

An important operation objective is to make each verification program sufficiently effective and credible that buyers will request Institute verification when making purchasing decisions.

The Board of Directors emphasizes that it considers Verification Programs only as a means of increasing industry use and public recognition of industry standards, and not as an end in themselves.

Moreover, the Board of Directors believes that, in order to accomplish this objective, any Verification Program must be of sufficient strength to enlist maximum participation and public confidence.

The Board of Directors believes that Verification Programs should primarily be directed at enduser satisfaction and should be developed whenever cost/benefit is justified. The customer is the person making the buying decision.

The Board of Directors will operate on the basis of Institute Policy which is detailed in the next section.

### **C. INSTITUTE POLICY ON VERIFICATION PROGRAMS**

1. Recognizing its responsibility for leadership in the sheet metal and HVAC industry, the Institute will establish and maintain Verification Programs to promote the use of and compliance with SMACNA and other nationally recognized standards, including codes.
2. Programs shall be based on reasonable standards, published by nationally recognized bodies.
3. Programs shall require conformance to specific requirements of the referenced standard.
4. Standards shall not impose restrictions on design, and the terms of the program shall not contain any implication of restraint of trade. There shall also be no reference to prices.
5. Participation shall be open to all who can demonstrate that they can and will conform to the requirements of a verification program.
6. It is and shall be the basic policy of all Institute Verification Programs that testing shall be done in facilities of independent testing laboratories. This policy shall be the goal to be achieved in all verification programs. Any deviation shall only occur after the approval by the Institutes Board of Directors.
7. All Institute administered verification programs shall be administered by the Institute staff, under the overall supervision of the Board of Directors.
8. Staff administration shall be by the Executive Director with the advice of legal counsel as required.
9. Costs shall be borne entirely and equitably by the participant(s) in the Verification Program.

10. The income for support of each Verification Program shall be obtained from fees devised to cover all costs of operation except where the Institute Board of Directors acts otherwise
11. It shall be Institute policy to avoid when possible the inclusion of facility amortization expenses and obligations in testing contracts for verification programs. Testing organizations will be asked to submit bids or quote fees which do not include amortization charges, unless there is reason to believe that such a request will be disadvantageous to Institute.

Should a new or revised verification program require capital expenditures which a testing laboratory could not reasonably be expected to finance at its own risk, a proposal by the testing laboratory for Institute assistance in funding facility and equipment expenses may be considered. The following rules and guidelines will apply in such cases:

- a. A fixed contractual liability which is due and payable in the event of contract termination by Institute should be avoided.
- b. The Institute should accept an obligation for no more than 50% of the cost of one-time capital expenses related to initiation, revision or expansion of a testing program.
- c. An amortization fee payable for each test will be established and identified as such, payable by each participant for each test conducted in the verification program.
- d. Amortization fees will be structured to provide a reasonable expectation at the full amortization obligation will be retired within no more than five years.
- e. The Institute Board of Directors will be required to approve all testing contracts which involve amortization charges, regardless of the termination provisions.
- f. Programs will only be established for a firm actually manufacturing or constructing the product or system being verified.