

# DOD Commercial Airlift Division Newsletter--2011 V1

## *Risk Based Scheduling of Internal Audit/Evaluation Programs*

An Internal Evaluation Program (IEP), an Internal Audit Program (IAP), or combinations thereof function as a critical element within the DOD survey process. These elements provide a cornerstone of quality and safety expectations for our DOD passengers and cargo. Mature programs help a company design key operational processes, illuminate compliance requirements, measure success, identify deficiencies, promote improvements, and keep executive management informed. A comprehensive oversight process, when accomplished on a regular and ongoing basis, ultimately makes the carrier a more valued DOD partner.

A key component of successful quality assurance programs is continuous oversight. Effective programs operate on a pre determined schedule derived from a reoccurring timeline, management input, and process/risk assessment. Due to the dynamic nature of the aviation industry, we expect quality assurance programs to evaluate all operations areas to some degree on at least an annual basis. A risk-based schedule may be designed to operate on a 2-3 year cycle, but each operational area should be assessed annually against some criteria to ascertain if the current risk warrants a deeper look. A risk-based model should include a method for quantifying risk, defined metrics for such, and a recognized threshold for modifying an audit/evaluation schedule based on risk. A company-driven process proactively seeks indicators that warrant management intervention as necessary and identify deficiencies before they cause an event. It should not rely predominantly on FAA/regulatory oversight or a failure-induced event to act as a trigger.

Quality assurance programs which go dormant obviously provide no information to management and allow potentially critical safety issues to go undetected. Programs that lack a properly executed oversight schedule expose an operation to be overlooked.

As the industry transitions into the integration of the Safety Management System (SMS), we caution against an interim loss of quality assurance resources. We anticipate that SMS will ultimately result in a strengthened company, but do not view SMS integration as cause to allow an existing IEP to go dormant during SMS transition. Transition should not create gaps in oversight, even if going to an entirely new system. If moving to a risk-based audit/evaluation schedule, define the metrics to be used and the limits for such, as we will be interested in how senior management is aware of the health of the company at any given time. As is the established norm for a DOD survey, we will continue to expect the carrier to explain how they assess/analyze the risk, what feeds the analysis, and that there are formal documented procedures that explain how the program is managed and adequate documentation in place to support these programs and practices.

We have coordinated our efforts with the FAA to ensure compatibility of SMS and DOD Quality and Safety regulatory requirements. Please feel free to call our office and discuss this effort as your company transitions into the SMS realm and prepares for future DOD visits.

## *Vendor Oversight Audit Program*

The vendor audit program is a critical element in the Continuing Surveillance and Analysis System, DOD Quality and Safety requirements, and a cornerstone of ensuring safe air transportation for our DOD passengers. A robust vendor oversight program will help identify deficiencies, enact improvements, and ensure components are repaired to the highest standards. It is the DOD's firm belief that this process, when accomplished on a regular and ongoing basis, significantly enhances safety and ultimately makes the carrier a better company.

The FAA has revised vendor surveillance requirements related to air carrier maintenance providers as well as procedures within Operations Specifications D091. The revised guidance no longer requires the air carrier to perform on-site visits of vendors not considered essential maintenance providers. D091 states: "For nonessential maintenance providers, the certificate holder shall demonstrate, through an on-site audit or by some other means in accordance with 14 CFR §121.373(a), that the maintenance provider has an adequate organization, adequate facilities and equipment, competent personnel and is capable of performing the work that is consistent with the requirements of 14 CFR §121.367. The certificate holder shall make a determination that is based on a risk assessment of whether to accomplish an on-site audit of the maintenance provider. The risk assessment should take into account the aircraft part failure or system loss of function, and the consequence of the loss of function related to the work being accomplished by the maintenance provider." As a result, some carriers send mail-out questionnaires in lieu of conducting on-site audits of those maintenance providers that perform repair and overhaul of major aircraft components. In some cases, we have seen companies remove these vendors from their "Approved Vendor List" altogether, while still utilizing those vendors and not providing continued oversight.

***Bottom line, the DOD expectation is for carriers to continue to provide on-site oversight of those maintenance providers conducting repair and overhaul of major aircraft components.*** The DOD doesn't feel a mail-out questionnaire is sufficient oversight of maintenance providers performing repair and overhaul of major aircraft components. The DOD requires a documented process that continually evaluates vendor performance. This process includes a method to schedule and track audits, follow-up discrepancies, analyze results to determine the root cause, and ensure comprehensive corrective actions are in place to prevent recurrence. The goal is to identify deficiencies before they cause an event.

Quality and Safety (Q&S) Requirements concerning vendor oversight can be downloaded from: <http://www.amc.af.mil/library/businesscustomers.asp>

The vendor audit requirements are found under *Quality Assurance and Maintenance Inspection Activity* in the Q&S.

### ***Other References:***

FAA National Policy, "OpSpec D091, Requirements Air Carrier Maintenance Providers"

[https://employees.faa.gov/tool\\_resources/orders\\_notices](https://employees.faa.gov/tool_resources/orders_notices)

<http://fsims.faa.gov>