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Aeronautical Repair Station Association

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Richard Berg
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RE: Repair Station Oversight and Audit Review Project

Dear Richard:

The Aeronautical Repair Station Association (ARSA) appreciated the opportunity to discuss the above referenced project being conducted by FJ Leonelli Group, Inc. on behalf of the Federal Aviation Administration (FAA).

As we stressed during our meeting, the present reality of almost nonstop, overlapping and duplicative audits for repair stations is untenable. The industry is not only harmed by the diversion of scarce resources, but from taking focus away from actually performing work. Such distractions do not serve safety.

Although studying the issues that give rise to the current situation is desirable, the usefulness of any results are entirely dependent upon the information obtained. That is, to benefit the FAA, and industry, the research effort must ask the proper questions. With that in mind, Attachment 1 contains ARSA's remarks and observations to the draft questions you provided before our meeting.

Due to the significance of these issues to our industry, we also feel that any outcome must be confirmed through separate examination. To that end, ARSA plans to conduct a survey of its members that will gather relevant data on regulatory and customer oversight. The framework for that study will be available in the very near future, with results expected later in 2012.

Upon completion of the FAA and ARSA projects, and before any new efforts or changes to policy and guidance are implemented, we request that another meeting take place.   The participants should include at least representatives from your company, ARSA and the FAA. Discussions at that time will facilitate understanding of results and provide an opportunity to address any potential discrepancies.

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We welcome additional opportunities to discuss this project, and we look forward to future collaboration with you, and the FAA, for betterment of the industry.

Your time, and consideration of our comments, is greatly appreciated.

Sincerely,

Craig L. Fabian
Vice President Regulatory Affairs and
 Assistant General Counsel

cc: Steve Douglas
        Elbert Bush

ATTACHMENT 1

ARSA's comments and observations to the draft questions provided by FJ Leonelli, Inc. are contained below; the **bold** text repeats the original question, followed by our commentary in *italics*:

1. **How many different CAA certifications does your company currently hold?**

How many "different" certifications is not the bottom line; instead, "which countries require an independent audit by its own inspectors" is the point the FAA should care about.

The survey should collect "who" issues certificate; the legal requirements of each country (i.e., how is oversight responsibility fulfilled) and the ability to delegate oversight to a third party.

The ability to accept third party standards (see the preamble to "new" part 21 final rules) should also be included in the analysis.

A list of the International Civil Aviation Organization (ICAO) signatory countries should be included, with countries that have a bilateral with the U.S. highlighted; the responses from each repair station interviewed can be compared against that list.

2. **How many additional certifications are held that required schedule audits of your company?**

The word "additional" is unclear in this context (e.g., in question #1, above, focus is on the regulator). This question should center upon the certificate holder's requirements, not "additional" certificates. For instance, to an entity holding an FAA repair station certificate and working for an air carrier, the "certificate holder" (i.e., the repair station) must: 1) Perform internal audits (per a quality audit system); 2) Pass customer audits, either through "C.A.S.E." or as otherwise required by the customer's manual.

In "addition" to that requirement, the repair station may hold other qualifications (e.g., ISO, NADCAP) which include audit requirements. The "entity" may also be acting as a distributor; in that case, the "voluntary" accreditation program (as described in FAA Advisory Circular (AC) 00-56A) should be listed. Further, the entity may hold "part 21" approvals with systems requiring quality audits.

Each of these items must be clearly recognized, and addressed, in the question framework for the FAA to really "get its arms around" the auditing issue.

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3. How many customer audits does your company receive in a year?

The customers should be delineated by "certificate"—in other words, how many audits are generated by:

- *The part 145 repair station certificate (i.e., regulatory)*
  - *For part 91, 121, 125, 129 and 135 certificate holders (under § 145.205 requirements)*
  - *The repair station's quality system (also regulatory under §§ 145.211 and 145.205)*

- *Customers*
  - *Air carrier*
  - *Another certificated repair station*
  - *Other foreign or domestic customers*

- *A part 21 certificate held by the same entity that holds the repair station certificate*

- *The "commercial" certificates (e.g., accredited distributor)*

In a perfect world, there should be <u>one quality system</u>.

4. How many audits does your company conduct in a year?

It is not clear if this question refers to "internal" audits or audits of other entities (perhaps "internal" could be collected in question 3 or here?). In any case, external audits of others should again be delineated by certificate and type, for example:

FAA part 145
- *Repair station vendors, certificated and non-certificated (the FAA could verify by obtaining lists required by § 145.217(a)(2)(ii)):*
  - *In-person audit*
  - *Paper audit*

- *Repair station distributor vendors by*

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- o *In-person audit*
- o *Paper audit*

- *FAA part 21*
  - o *In-person audit*
  - o *Paper audit*

- *Other certificate requirements for external auditing (e.g., AS-9110, ASA-100), etc.*
  - o *In-person audit*
  - o *Paper audit*

5. **What is the total number of outside audits (regulatory and customer) you received in a year?**

If the above data is collected properly, this number will become self-evident and appropriately broken down to determine the duplicative nature of:

- *Regulatory audits—those that are required under the certificate holder's regulations (e.g., part 145), which would include:*
  - o *Regulatory authority audits to hold the certificate*
  - o *Customer audits to comply with § 145.*
  - o *5 and/or other regulations such as part 21*
  - o *Internal audits that may be part of the quality system developed to comply with § 145.211 requirements*

- *Commercial audits—those audits required to obtain and hold an accreditation, some of which are recognized by the "design" side of the FAA.*

6. **Does your company conduct audits of suppliers and distributors? If so how many?**

This question is unnecessary; the questions above should collect this information and should make sure that "vendors" under part 145 only include <u>maintenance</u> vendors. Many repair stations lump distributors, calibrators and other service providers in the maintenance vendor list.

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7. How many external audits of suppliers or sub contracts must you conduct in a year?

This question is unnecessary; the questions above will provide this information.

8. How many non-certificated sub-contractors does you company use?

This question is unnecessary; the questions above will provide this information.

9. How many audits does your company conduct on non-certificated sub-contractors in one year?

This question is unnecessary; the questions above will provide this information.

10. What is the impact on your company to support these audits (man-hours, cost)?

This question should be specifically delineated to provide:

- *Cost per man-hour*
- *Facility costs (e.g., dedicated meeting room and equipment)*
- *Required experience level to conduct audits (i.e., the training associated with the individual)*
- *Dedicated staff*
- *Travel*
- *Man days away from the office, or diverted from "normal" tasks*

11. Does this support require a dedicated staff? If so how many persons?

This information could be obtained in the previous question.

12. Would your company support a consolidation of audits under a single standardized program?

ARSA's answer to this question would be <u>yes</u>.

13. Would your company support a single source database to catalog the findings? Shared with the regulators?

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From ARSA's perspective, it depends. For instance, will the data assume guilt or innocence?

If the "findings" are based upon objective evidence of regulatory issues versus commercial issues, ARSA would support its membership's involvement. If, however, the "data" was not verified before a "finding" was "announced," ARSA would not support the mixing of government and commercial "findings."

That is, any potential issue should be stated as "observed… could cause a problem with X… potential regulatory violation" -- and the audited party should have the ability to respond/make corrections to valid observations before any "finding" is released in a report.

In order to take advantage of reduced audits, it must be agreed that audit reports will be shared with customers and regulators (i.e., provide access to the government).

14. **Would your company support a sharing of data among regulators and customers?**

Again, it depends. ARSA would support the "sharing" if the "data" was based upon objective evidence -- and the assumption of guilt currently pervasive in "auditing" was removed.

15. **Should the data be held within a government organization or privately (i.e. CASE, ARSA, IATA, ATA)?**

Again, it depends. The shared data must ensure freedom from exposure for all parties and it is not clear how that will be accomplished. It must first be decided what data the government requires be reported and/or made available; also, what will be "released" at the end of an appropriate governmental investigation, and what can be collected for aggregate exposure?