

ORDER: 8300.10

APPENDIX: 3

BULLETIN TYPE: Flight Standards Handbook Bulletin for Airworthiness (HBAW)

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BULLETIN TITLE: Air Carrier's Outsource Maintenance Provider Oversight Responsibilities (Certificated Repair Stations/Noncertificated Facilities)

EFFECTIVE DATE: 10-20-2006

TRACKING NUMBER: OIG Report No.: AV-2006-031

APPLICABILITY:

M/M	ATOS Element	14 CFR	PTRS
NA	1.3.7 1.3.11	119, 121, 135.411(a)(2)*	3617/5617, *3624/5624

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NOTE: THIS BULLETIN REQUIRES SPECIFIC PTRS INPUT. SEE ITEM #5.

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1. PURPOSE. This bulletin provides guidance to principal inspectors (PI) assigned to Title 14 of the Code of Federal Regulations (14 CFR) parts 121 and 135 (10 or more) certificate-holding air carriers who outsource some or all of their maintenance to other persons. PIs should use these instructions for additional oversight of each air carrier's outsourced maintenance arrangements in conjunction with the following chapters of the Federal Aviation Administration (FAA) Order 8300.10, Airworthiness Inspector's Handbook:

- Volume 2, Chapter 69, Evaluate Part 121/135 (10 or More) Outsource Maintenance Arrangement
- Volume 3, Chapter 131, Inspect Operator's Maintenance Facility
- Volume 3, Chapter 132, Performance/Evaluation/Inspection and Assessment of a Part 121 Air Carrier's Outsource Maintenance System

- Volume 3, Chapter 133, Evaluate/Inspect a Part 121/129/135 and 125 Operator's Outsource Maintenance Organization Facility

2. BACKGROUND. This bulletin responds to the Department of Transportation's Office of Inspector General (OIG) report number AV-2006-031, Air Carrier's Use of Non-Certificated Repair Facilities, dated December 15, 2005. The OIG made seven recommendations to the FAA concerning oversight of certificate holder's outsourced maintenance arrangements. This bulletin addresses those recommendations. The OIG identified the following three major areas of concern:

- The proper qualification/authorization/limitations for the type of maintenance air carrier's outsource maintenance providers (OMP) are permitted to accomplish
- Adequate training and competence of on-call air carrier's OMPs
- Adequate FAA and air carrier oversight of air carrier's OMPs

**NOTE: As defined in 14 CFR part 1, § 1.1:**

***Maintenance means inspection, overhaul, repair, preservation, and the replacement of parts. For the purposes of this bulletin only, it includes preventive maintenance and alterations.***

***Person, means an individual, firm, partnership, corporation, company, association, joint-stock association, or governmental entity. It includes a trustee, receiver, assignee, or similar representative of any of them.***

A. There are no differences in oversight requirements of maintenance activities accomplished by the air carrier and those maintenance activities accomplished by the air carrier's OMPs. Each person who accomplishes any maintenance, preventive maintenance, or alterations under a certificate holder's Continuous Airworthiness Maintenance Program (CAMP) is acting on behalf of the certificate holder. The difference between maintenance performed by the certificate holder and maintenance performed by its OMPs should be seamless and transparent. Particularly in the case of a 14 CFR part 145 repair station or a part 65 airman, the maintenance, as well as the approval for return to service, is performed under the requirements of the part 121 or 135 air carrier certificate, not the part 145 or 65 certificate. This is consistent with the applicable sections of 14 CFR parts 119, 121, and 135, as listed below.

B. The regulatory basis for this outsourced maintenance arrangement oversight is outlined in the following sections of 14 CFR:

(1) Section 119.5(l), Certifications, authorizations, and prohibitions.

(2) Section 119.59, Conducting tests and inspections.

(3) Section 121.1(b), Applicability.

(4) Section 121.105, Servicing and maintenance facilities.

(5) Section 121.123, Servicing maintenance facilities.

(6) Section 121.135, Manual contents.

(7) Section 121.363(a)(2), Responsibility for airworthiness.

(8) Section 121.365, Maintenance, preventive maintenance, and alteration organization.

(9) Section 121.369(a), Manual requirements.

(10) Section 121.373 (b), Continuing analysis and surveillance.

(11) Section 121.379, Authority to perform and approve maintenance, preventive maintenance, and alterations.

(12) Section 121.709, Airworthiness release or aircraft log entry.

(13) Section 135.413, Responsibility for airworthiness.

(14) Section 135.437, Authority to perform and approve maintenance, preventive maintenance, and alterations.

(15) Section 135.443, Airworthiness release or aircraft maintenance log entry.

C. Any person who performs maintenance for a certificate holder, but is not considered their employee, is an OMP. Some examples of certificate holder's OMPs are persons who perform:

(1) On-aircraft maintenance at any tier.

(2) Maintenance accomplished on components that are removed from the aircraft at any tier.

(3) Contract maintenance, i.e., persons who are hired on a temporary basis by the certificate holder or OMP to supplement

staff during peak maintenance activities or to perform specific tasks on an unscheduled basis (on-call/emergency maintenance).

### 3. DISCUSSION.

A. Proper Qualifications for Scope of Maintenance. The OIG's audit focused on the extent certificate holders used OMPs to accomplish aircraft maintenance. Particularly, they were concerned that some OMPs were performing on-call type maintenance with no limitations on the scope of maintenance performed. The OIG noted that it had long been accepted that these OMPs performed minor maintenance tasks only, but in several instances this was no longer the case. The OIG identified numerous OMPs who were performing scheduled maintenance and some that performed critical maintenance. As stated in the audit, the OIG's primary concern is that the scope of maintenance these OMPs are now doing far exceeds the maintenance scope they were originally contracted to perform. In many cases, the certificate holder did not qualify or authorize the OMP to do this type of maintenance.

#### B. Training and Competency Issues Relating to On-Call OMPs.

(1) The OIG's audit findings showed that certificate holder's training for on-call OMPs was either inadequate or it no longer corresponded with the type and/or scope of maintenance these providers were being assigned. For example, a certificate holder typically provides about 3 hours of logbook and paperwork training to their on-call OMPs. However, in some instances, the same OMPs have performed complex and critical maintenance tasks, such as Required Inspection Items (RII), without proper training.

(2) Sections 121.375 and 135.433 include certificate holder maintenance training requirements. These regulations state, in part, that certificate holders must "have a training program to ensure that each person (including inspection personnel) who determines the adequacy of maintenance done is fully informed about procedures, techniques, and new equipment in use and is competent to perform his duties." There are additional training requirements in part 121, subpart L and part 135, subpart J. These rules apply to any person performing maintenance on behalf of the certificate holder, including on-call OMPs.

#### C. Adequate Oversight of OMPs by the Certificate Holder.

(1) During the audit, the OIG determined that certificate holder oversight of on-call OMPs and the use of contract, or temporary OMP personnel could be improved. For example, the OIG reviewed several air carrier maintenance records that were completed by on-call OMPs and found several discrepancies in those records. Additionally, certificate holders surveyed by the

OIG did not perform any audits of the on-call OMPs to ensure maintenance records were completed in accordance with (IAW) the certificate holder's manual procedures.

(2) Ensuring each OMP's continued compliance is part of each certificate holder's Continuous Analysis and Surveillance System (CASS). Certificate holders should establish a schedule for auditing and inspecting each of their OMPs. These audits should document the OMP's continuing compliance with part 121, subpart L, part 135, subpart J, and their CAMP. The audit schedule should be based on each certificate holder's unique set of circumstances and needs. It should not be fixed; rather, the frequency of audits or inspections should respond to such variables as the certificate holder's level of confidence in the OMP, the complexity and quantity of the maintenance, the quality of the maintenance produced, and the quality of the records and certifications provided. Based on these variables, audit schedules may not be the same for all certificate holders and should change in response to data analysis and information from their CASS.

#### 4. ACTION.

**NOTE: PIs should take steps to evaluate their respective certificate holder's OMP program within 90 days from the receipt of this bulletin.**

A. Ensure the OMP has Proper Qualifications for the Scope of Maintenance. The assigned PI must do the following:

(1) Consistent with § 119.59(b)(1)(ii) and (c), obtain the list of OMPs that the certificate holder is required to make and keep under §§ 121.369(a) or 135.427(a) from the responsible individual.

(2) Accomplish a review of the OMP list obtained under paragraph 4A(1). Verify the following:

(a) The list includes *all* OMPs whom the certificate holder uses to perform RIIs, and other maintenance, preventive maintenance, or alterations.

(b) The list includes a general description of maintenance that the certificate holder has authorized each OMP to perform.

(c) The certificate holder has procedures to update the OMP list when they make arrangements with new OMPs, discontinue using certain OMPs, or when they change the scope or type of maintenance that a current OMP is authorized to accomplish.

(d) The certificate holder personnel "directly-in-charge" of OMP activities, or assigned to oversee OMP work (e.g., maintenance control), keep their assigned copy of the OMP list up-to-date with the changes and additions furnished to them and have the list accessible when performing assigned duties.

(3) Accomplish a review of the policies and procedures in the certificate holder's manual used to qualify, authorize and train new OMP personnel or to change the scope and type of maintenance a current OMP is authorized to perform. Verify the certificate holder's manual contains procedures requiring the certificate holder to conduct an appropriate audit of each OMP candidate to confirm compliance with pertinent requirements of part 121, subpart L or part 135, subpart J before any maintenance is assigned or performed.

(4) Verify the certificate holder's manual contains a risk assessment process to determine the appropriate type of audit (i.e., onsite, questionnaire, telephone, etc.). The certificate holder must be able to demonstrate, through this audit or by some other means, that the OMP is capable of performing assigned maintenance consistent with the requirements of their CAMP and that the OMP candidate meets all of the following requirements:

(a) The capability to do the assigned maintenance.

(b) An organization that is adequate to do the maintenance.

(c) Personnel who have that level of competence necessary for the proper performance of the assigned maintenance.

(d) Relevant and current technical and administrative material from the certificate holder's manual for the assigned maintenance.

(e) Adequate facilities and equipment to do the maintenance.

(f) The ability to transfer and receive data and other pertinent information necessary to perform the contracted maintenance and support the certificate holder's CASS.

(g) A current listing of individuals trained, qualified, and authorized by the certificate holder to conduct RIIs. The list must identify these individuals by name, occupational title, and the inspection(s) they are authorized to perform.

(5) Verify that the certificate holder's manual contains specific procedures for obtaining unscheduled, short notice, and

unanticipated on-call maintenance services. Verify that the manual includes:

(a) Procedures for obtaining maintenance services under unscheduled, short notice, unanticipated conditions.

(b) Procedures for the certificate holder's assigned "directly-in-charge" person to administer, control, and direct unscheduled, short notice, unanticipated on-call maintenance.

(c) Provisions to ensure that unscheduled, short-notice requirements for maintenance do not relieve the certificate holder of the responsibility to determine that each OMP has the organization, adequate facilities and equipment, competent personnel, and appropriate portions of the certificate holder's manual for the maintenance that is to be done.

(d) Procedures to ensure these determinations are made *before* the OMP starts maintenance on their aircraft.

(e) Procedures to ensure that previously qualified and authorized OMPs are not assigned maintenance and do not accomplish work that is not consistent with the type and scope of maintenance that has been documented and authorized in the OMP list referenced above in 4A(1) above.

(6) Review the certificate holder's manual to ensure it has procedures to assign responsibilities and to administer, control, and direct maintenance consistent with the certificate holder's OMP list.

B. Review Training and Competency Issues Relating to On-Call OMPs. Ensure the certificate holder's manual contains the following processes:

(1) A process to ensure that all on-call OMPs are competent to perform the type and scope of maintenance, preventive maintenance or alteration assigned by the certificate holder and described on its OMP list.

(2) Adequate controls are in place to ensure these providers are competent *prior* to performing designated inspections. Specifically, RIIs must be accomplished IAW the RII program procedures in the certificate holder's manual and the requirements of §§ 121.371 and 135.429.

**NOTE: Refer to the current edition of Advisory Circular 120-16, Air Carrier Maintenance Programs, Chapter 10, for further information on training programs.**

C. Ensure Adequate Oversight of OMPs by the Certificate Holder. Review the certificate holder's manual to verify whether the CASS processes:

(1) Ensure that all maintenance performed on aircraft or component parts is done IAW the certificate holder's manual, the CAMP, and is consistent with type and scope of maintenance described on the certificate holder's OMP list.

(2) Demonstrate effectiveness in detecting, identifying and providing timely corrective actions for problem areas uncovered in its CAMP and programs covering other maintenance, preventive maintenance, and alterations, as well as maintenance recordkeeping. When working properly, this system will highlight discrepancies, and aid in the correction of any deficiency in those programs, regardless of whether the programs are carried out by the certificate holder or by an OMP.

(3) Tracks and evaluates the quality of maintenance accomplished by any OMP in relation to the standards of performance set by the certificate holder. The CASS must include provisions for timely corrective action if the quality of maintenance or adherence to the program becomes unsatisfactory.

#### 5. PROGRAM TRACKING AND REPORTING SUBSYSTEM (PTRS).

A. Non-Air Transportation Oversight System (ATOS) Part 121 Air Carriers. PIs should complete the PTRS record using activity code 3617/5617, showing the completion of this evaluation, IAW the PTRS Procedures Manual (PPM).

B. Part 135 (10 or More) Air Carriers. PIs should complete a PTRS record using activity code 3624/5624, showing the completion of this evaluation, IAW with the PPM.

C. Discrepancies. Any discrepancies found during this evaluation should be documented under the corresponding PTRS activity code which best describes it. For example, if a problem is found involving manuals, that discrepancy would be documented under PTRS activity code 3626/5626.

**NOTE: Enter "HBAW0605" in the "National Use" field (without the quotes). If other guidance requires the use of the "National Use" field, place "HBAW0605" in the "Miscellaneous Use" field (without the quotes).**

6. ATOS. ATOS Certificate Management Teams (CMT) will use a Constructed Dynamic Observation Report (ConDOR) to accomplish the items listed in this bulletin. A standardized ConDOR for this evaluation will be made available by the Flight Standards Certification and Surveillance Division, AFS-900. Non-ATOS CMTs



may elect to use the ConDOR as a job aid for the accomplishment of the evaluation.

**NOTE: ATOS CMTs may find it beneficial to review their data collected under Element Performance Inspection (EPI) Data Collection Tools 1.3.7, Outsource Organization, and 1.3.11, Continuing Analysis and Surveillance, while planning for this special inspection.**

7. INQUIRIES. The Air Carrier Maintenance Branch, AFS-330, developed this bulletin. If you need additional information or guidance regarding this issue, you should direct inquiries to Joel Schlossberg at (202) 267-8908.

8. LOCATION. The information in this bulletin will be incorporated into vol. 2, ch. 69 and vol. 3, chs. 131, 132 and 133. Until this information is incorporated into the handbook, inspectors should refer to this bulletin in the appropriate margins of their handbook.

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