NOTICE

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

N 8900.556

National Policy

Effective Date:
7/24/20

Cancellation Date:
7/24/21

SUBJ: Evaluation of a Certificate Holder's Management of Significant Changes Parts 121, 135, and 91 Subpart K

1. Purpose of This Notice. This notice provides updates to the decision aids (Financial Condition, Rapid Growth/Downsizing, and Off-Hour) and the process that principal inspectors (PI) use in determining the certificate holder's ability to manage significant change. This notice also provides information on a change in the requirement of when PIs must use the decision aids.

2. Audience. The primary audience for this notice is Federal Aviation Administration (FAA) Safety Assurance offices and PIs (Operations, Maintenance, and Avionics) assigned to certificate holders conducting operations under Title 14 of the Code of Federal Regulations (14 CFR) parts 121, 135, and 91 subpart K (part 91K). The secondary audience includes all other Flight Standards divisions, branches, and offices, as well as the Safety Standards offices.

3. Where You Can Find This Notice. You can find this notice on the MyFAA employee website at https://employees.faa.gov/tools_resources/orders_notices. Inspectors can access this notice through the Flight Standards Information Management System (FSIMS) at https://fsims.avs.faa.gov. Operators can find this notice on the FAA's website at https://fsims.faa.gov. This notice is available to the public at https://www.faa.gov/regulations_policies/orders_notices.

4. Explanation of Changes. After a Department of Transportation (DOT) Office of Inspector General (OIG) audit of FAA Oversight of Regional Airlines, the following recommendations were identified in FAA Order 8900.1, Volume 6, Chapter 2, Section 18:

a. Update the scoring system and instructions in the Financial Condition Assessment Decision Aid to reflect that 10 characteristics that are being evaluated.

b. Develop and provide additional guidance and training to inspectors to clarify the differences in the choices (word pictures) provided in the decision aids.

c. Reevaluate the decision aids to validate that:

(1) They include the appropriate areas of focus during review of the financial condition and transition or growth of regional air carriers, and

(2) The weighting of the focus areas correlates to their potential impact on risk associated with financial distress or rapid growth or downsizing.

d. Revise validated guidance to emphasize the importance of completing decision aids periodically for baseline comparison.

e. Implement a retention policy for completed decision aids so they will be available to inspectors for comparison and analysis during risk assessments.

f. Develop and provide guidance and training to show inspectors how to detect triggers that require the completion of a decision aid, as well as the importance of using decision aids to adjust surveillance.

> **Note:** The revisions to Order 8900.1, Volume 6, Chapter 2, Section 18 address these recommendations. With the clarifications/updates provided in the guidance on how to detect triggers, and when/how to use the decision aids, the Aircraft Maintenance Division has determined that additional training is not required at this time.

5. Action. The PIs must complete all three assessment decision aids (Financial Condition, Rapid Growth/Downsizing, and Off-Hour) for a baseline assessment for all of their assigned parts 121, 135, and 91K certificate holders. The timelines and documentation for completion of the three decision aids are as follows:

a. PIs Assigned Part 121 Oversight. PIs must complete all three decision aids for each of their assigned part 121 certificate holders within 180 days after the publication of this notice. The completion of the decision aids must be uploaded into the Action Item Tracking Tool (AITT) in the Safety Assurance System (SAS) as an “Other” action, and annotate in the explanation box what type of decision aid(s) were completed and that they are the baseline assessment.

b. PIs Assigned Part 135 and 91K Oversight. PIs must complete all three decision aids for each of their assigned parts 135 and 91K certificate holders within one year after the publication of this notice. For part 135, the completion of the decision aids must be uploaded into the AITT in SAS as an “Other” action, and annotate in the explanation box what type of decision aid(s) were completed and that they are the baseline assessment. For part 91K, the completion of the decision aids must be documented in the Program Tracking and Reporting Subsystem (PTRS) using activity code 1629, 3644, or 5644, as appropriate, and enter “Baseline” in the “National” block of the PTRS.

(1) PIs are not required to duplicate the decision aids if the part 91K is also part of a part 135 certificate holder. If this is the case, SAS may be used to document use of the decision aids.

(2) Prior completion of decision aids before release of this notice cannot be used as a baseline assessment due to the significant changes in the decision aid scoring and associated word pictures.

(3) The PIs will work together as a team to complete one decision aid for each assessment. Only one PI needs to enter the information in SAS or PTRS, whichever is applicable.

c. Completion. After completion of the baseline assessment, the PIs must follow Order 8900.1, Volume 6, Chapter 2, Section 18 guidance on when it is required to accomplish future assessments.

> **Note:** The new Risk Profile in SAS will provide enhancements to the Certificate Holder Assessment Tool (CHAT) risk indicators. Once the PI-assigned certificate holders have the Risk Profile implemented in SAS, they will no longer be required to use the decision aids found in Order 8900.1, Volume 6, Chapter 2, Section 18. Deployment is due to begin in fiscal year (FY) 2020. If the Risk Profile is implemented within the timeframe allotted above for the baseline requirement, the PI does not need to use the decision aids to establish a baseline.

6. Disposition. We will incorporate the information in this notice into FAA Order 8900.1 before this notice expires. Direct questions and comments concerning the information in this notice to the Aircraft Maintenance Division, Air Carrier Maintenance Branch at 202-267-1675.

ORIGINAL SIGNED by

/s/ Robert C. Carty
Deputy Executive Director, Flight Standards Service