

**Vendor Evaluation Program****AWB** 02-016 **Issue :** 1  
**Date :** 13 June 2006**1. Applicability**

All AOC holders and maintainers

**2. Purpose**

This AWB advises operators about the importance of buying / importing aviation products or services that meet required standards from reliable vendors. Cheap acquisitions may not always prove to be the lowest cost in the long run.

**3. Background**

In response to increasing globalisation and economic pressures, all sectors of industry are sourcing products and services from the most economically efficient locations. The aviation sector in Australia is no different, and anecdotal evidence indicates that an increasing number of aircraft and components, overhauled and repaired, are being imported into Australia. This trend is likely to rise.

Recently an operator of turboprop aircraft experienced an in-flight engine shut down which was traced to faulty assembly of a lubricating oil pump. The engine was last overhauled/repared at an overseas maintenance facility which had approvals from a leading aviation regulatory authority. The engine had all the necessary documentation.

According to yet another service difficulty report (SDR), an Australian maintenance organisation received an engine for repair. The repair did not require turbine inspection but on general examination, life limited turbine disc was found to have an unapproved overhaul procedure incorporated. The disc was assessed and found to be unserviceable and unrepairable. The disc was replaced, preventing a potential uncontained disc failure.

In instances where the SDRs identify potential quality problems related to an overseas repair station, CASA contacts the relevant airworthiness agencies to initiate corrective actions. CASA rarely gets any feedback on corrective actions, if any, carried out by these overseas repair stations. Poor quality and workmanship leading to unsafe conditions are always hard to prove, especially when the facility is overseas. In a few cases, where proof is overwhelming, CASA has issued Australian unique Airworthiness Directives identifying the responsible overhaul facility (Airworthiness directive, AD/AL-250/76, for example).

For AOC holders, Civil Aviation ACT 28 BE requires that:

*"(1) The holder of an AOC must at all times take all reasonable steps to ensure that every activity covered by the AOC, and everything done in connection with such an activity, is done with a reasonable degree of care and diligence".*

It could be considered diligent for operators to have a vendor evaluation program that includes safety related aspects.

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Similarly, for maintenance organisations, Civil Aviation Advisory Publication (CAAP) 30-4 advises that the quality program addresses issues related to incoming materials and their sources:

“14.1 .....It should also describe the procedures to properly evaluate each supplier and should include: procedures to ensure, throughout the organisation, that only approved and authentic parts are used on Australian aircraft and components.....”

Accordingly AOC holders and CAR 30 AMO's should ensure that a vendor evaluation program is in place and working.

### 4. Recommendation

- a) Operators are advised to introduce a vendor evaluation program to log defects linked to vendors, so that risk associated with a vendor can be identified before any safety incident occurs. The extent and depth of vendor evaluation program should reflect the type and size of your operation as well as the complexity of the aircraft and associated systems in operation.
- b) Vendor audits are recommended, where possible. Vendor evaluation program should, among others, include information about quality related issues linked to the vendor. Include all in-service defects identified with the vendor supplied products.
- c) Vendor history should be considered when placing orders for products and services. Sharing vendor related information with other AOC holders operating similar product(s) may also help in an informal evaluation and resultant decision making. Remember lowest cost option may not necessarily be the best option.
- d) Small operators and owner-pilots, whose size of operation does not warrant a separate vendor evaluation program should seek advice from their designated AMOs.
- e) Initiate risk mitigation programs when a specific vendor is linked to safety related defects and incidents.
- f) Report all significant defects to CASA through SDR system

This proactive approach, in coordination with other relevant operators, can help mitigate the emerging risk associated with globalisation of the aviation industry.

### 5. Enquiries

Enquiries with regard to the content of this Airworthiness Bulletins should be made via the direct link e-mail address: [AirworthinessBulletin@casa.gov.au](mailto:AirworthinessBulletin@casa.gov.au)

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