

VOLUME 17 SAFETY MANAGEMENT SYSTEM

CHAPTER 1 GENERAL

Section 1 Safety Management System – Overview

17-1-1-1 GENERAL.

A. Purpose. This volume provides guidance for Federal Aviation Administration (FAA) Flight Standards Service (AFS) personnel on the acceptance and continued oversight of Title 14 of the Code of Federal Regulations (14 CFR) part 121 certificate holders' Safety Management Systems (SMS) as required by 14 CFR part 5, § 5.1(a).

1) This volume does not provide guidance on the approval of part 121 certificate holders' SMS implementation plans, as required by § 5.1(b) and (c).

2) Implementation plan approval is the subject of Notice 8900.281, Safety Management Systems (SMS) – Approval of Part 121 Certificate Holders' SMS Implementation Plans.

3) Advisory Circular (AC) 120-92, Safety Management Systems for Aviation Service Providers, has been developed to provide additional guidance on how certificate holders may comply with the requirements of part 5. The information in the AC is considered to be an acceptable means of compliance with part 5. While it is not mandatory for certificate holders to use this AC, they are encouraged to work with their Certificate Management Team (CMT) when developing and implementing their SMS.¹

B. Scope. This chapter explains the background for an SMS and part 5 and how existing programs such as an Aviation Safety Action Program (ASAP) and Continuing Analysis and Surveillance System (CASS) can be integrated into a certificate holder's SMS, and provides an overview of SMS implementation strategies.

C. Background.

1) The International Civil Aviation Organization (ICAO), in its March 2006 Amendment No. 30 to Annex 6, Part I, International Commercial Air Transport – Aeroplanes, established an international standard requiring member states to mandate SMS implementation for commercial operators.²

2) The Airline Safety and Federal Aviation Administration Extension Act of 2010 (Public Law 111-216, August 1, 2010), directed the FAA to conduct rulemaking to “require all 14 CFR part 121 air carriers to implement a safety management system.” Part 5 requires certificate holders authorized to conduct operations under part 121 to develop and implement an

¹ See Letter to George Braly from Rebecca MacPherson, Assistant Chief Counsel for Regulations (Nov. 24, 2010). The letter may be found at:

[http://www.faa.gov/about/office_org/headquarters_offices/agc/pol_adjudication/agc200/interpretations/data/interps/2010/braly%20-%20\(2010\)%20legal%20interpretation.pdf](http://www.faa.gov/about/office_org/headquarters_offices/agc/pol_adjudication/agc200/interpretations/data/interps/2010/braly%20-%20(2010)%20legal%20interpretation.pdf).

² SMS requirements were later transferred to a new Annex 19, Safety Management, in July 2013.

SMS by March 9, 2018. For its SMS to be considered implemented, a certificate holder must have SMS documentation (manuals, etc.) and resources (hardware, software, personnel, etc.) in place and ready to perform their intended functions.

3) Part 5 harmonizes U.S. requirements for air carriers operating under part 121 with ICAO SMS standards.³

D. SMS Fundamentals.

1) **What is an SMS?** SMSs can be a complex topic with many aspects to consider, but the defining characteristic of an SMS is that it is a decisionmaking system. An SMS does not have to be an extensive, expensive, or sophisticated array of techniques in order to do what it is supposed to do. Rather, an SMS is built by structuring safety management around four components: Safety Policy, Safety Risk Management (SRM), Safety Assurance (SA), and Safety Promotion. A brief description of these components is provided below.

a) **Safety Policy.** Safety Policy consists of setting objectives, assigning responsibilities, and setting standards. It is also where management conveys its commitment to the safety performance of the organization to its employees. As SRM and SA processes are developed, the organization should come back to the safety policy to ensure that the commitments in the policy are being realized and that the standards are being upheld.

b) **SRM.** The SRM component provides a decisionmaking process for identifying hazards and mitigating risk based on a thorough understanding of the organization's systems and their operating environment. SRM includes decision making regarding management acceptance of risk to operations. The SRM component is the organization's way of fulfilling its commitment to consider risk in their operations and to reduce it to as low a level as possible. In that sense, SRM is a design process, a way to incorporate risk controls into processes, products, and services or to redesign controls where existing ones are not meeting the organization's needs.

c) **SA.** SA provides the organization with the necessary processes to give confidence that the systems meet the organization's safety objectives and that mitigations or risk controls developed under SRM are working. In SA, the goal is to watch what is going on and review what has happened to ensure that objectives are being met. Thus, SA requires monitoring and measuring safety performance of operational processes and continuously improving the level of safety performance. Strong SA and safety data analysis processes will yield information used to maintain the integrity of risk controls. SA processes are thus a means of ensuring the safety performance of the organization, keeping it on track, correcting it where necessary, and identifying needs for rethinking existing processes.

d) **Safety Promotion.** The last component, Safety Promotion, is designed to ensure that an organization's employees have a solid foundation regarding their safety

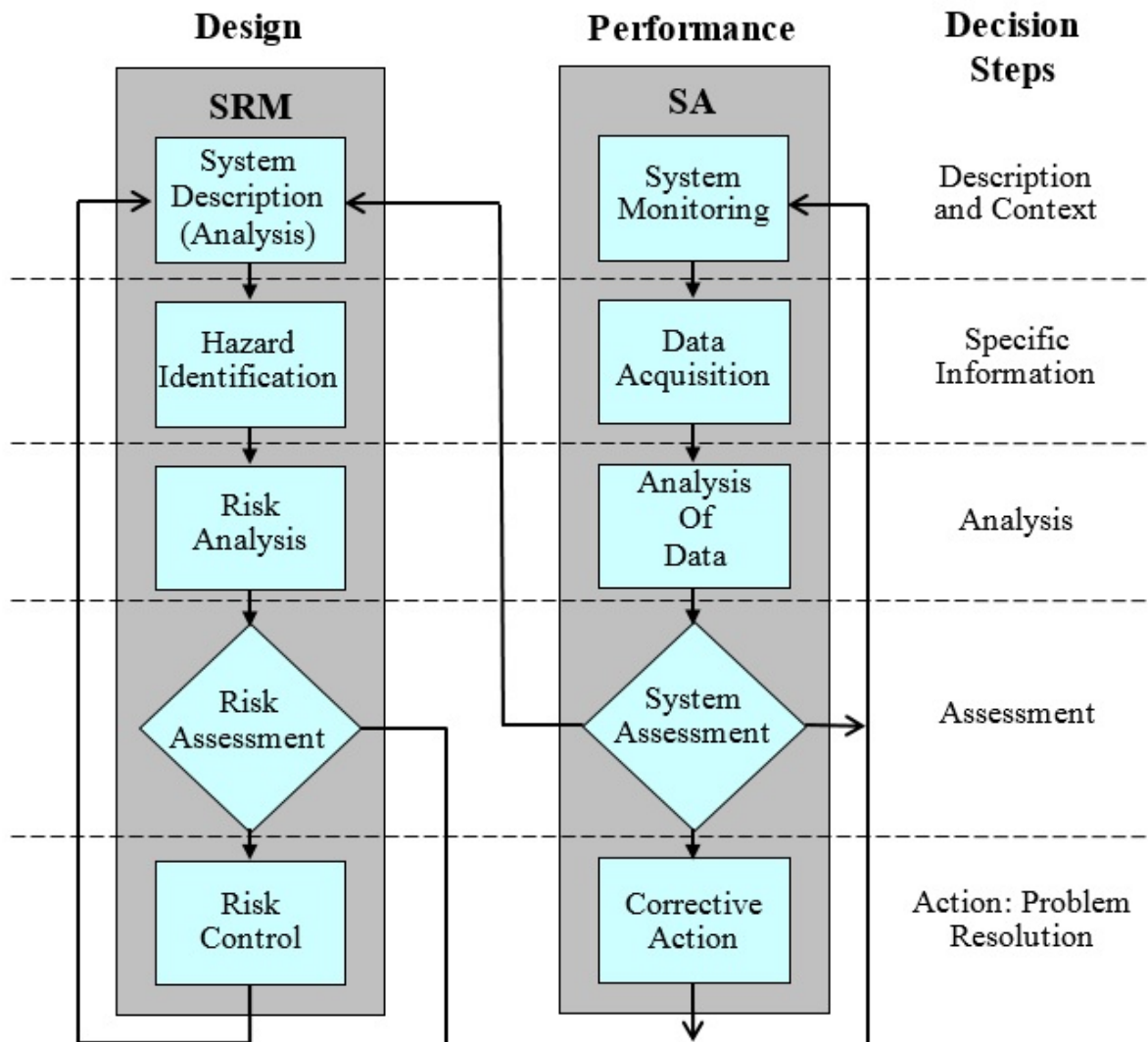
³ ICAO Safety Management standards require operators of airplanes over 27,000 kg to have include a Flight Data Analysis (FDA) program as part of their SMS. Part 5 will not require these programs. However, operators desiring to implement a Flight Operational Quality Assurance (FOQA) (FAA equivalent to FDA) program on a voluntary basis can obtain FAA approval for these programs. For more information and a link to AC 120-82, go to: https://www.faa.gov/about/initiatives/atos/air_carrier/foqa/.

responsibilities, the organization's safety policies and expectations, reporting procedures, and a familiarity with risk controls. Thus, training and communication are the two key areas of Safety Promotion.

2) Summary. An SMS does not have to be large, complex, or expensive in order to add value. If there are active involvement of the operational leaders, open lines of communication up and down the organization and among peers, vigilance in looking for new operations, and assurance that employees know that safety is an essential part of their job performance, the organization will have an effective SMS that helps decision makers at all levels.

E. Conceptual Overview of SRM and SA.

1) Graphical Overview of SRM and SA Processes. Figure 17-1, Safety Management Decisionmaking Processes, provides an expanded view of the two key components of the SMS: SRM and SA. In the discussion that follows, we will introduce some key terms and concepts related to SMS processes. A more detailed discussion of the SRM and SA processes is set out in the current edition of Advisory Circular (AC) 120-92, Safety Management Systems for Aviation Service Providers, Chapter 3, Safety Management Systems (SMS) Components Explained. Because safety management is a decisionmaking process, the SRM and SA processes follow a set of "Decision Steps" outlined in Figure 17-1. These Decision Steps work as follows. The "Description and Context" step requires the user of the process to gain an overall understanding and context of the operation that is being or will be performed. The "Specific Information" step requires the user of the process to obtain information about aspects of the systems and environments involved that may present risk. Under the "Analysis" step, the user analyzes or makes sense of that information. The "Assessment" step requires the user to make decisions regarding the acceptability or risk of system performance. Finally, under the "Action: Problem Resolution" step, the user takes necessary action.

Figure 17-1. Safety Management Decisionmaking Processes**2) SRM.**

a) In SRM, the first step “System Description (Analysis)” is used to understand the aspects of the operation that might cause harm. In most cases, “Hazard Identification” flows from this system analysis. Hazard identification requires an organization to ask: What hazards exist in the operational environment? What are the human factors issues of the operation (e.g., workload, distraction, fatigue, system complexity)? What are the limitations of the hardware, software, procedures, etc.?

b) While the diagram above shows a nice flow from box to box, it should be evident that, in practice, processes flow seamlessly from one to the other through each element of the system. For example, in a careful discussion of how a system currently works (system description and analysis), hazards will often become evident. Thus, the hazard identification step has also been at least partially accomplished.

c) The “Hazard Identification” process then progresses into a “Risk Analysis” of the potential consequences of operation in the presence of the identified hazards. This culminates in an assessment of the acceptability of operating with these hazards (Risk Assessment) or whether or not the risk of such operations can be mitigated to an acceptable level (Risk Control). For this reason, operational managers must be the persons who are accountable for these decisions.

d) After a system has been designed or revised using the SRM process, special attention should be given to the new or revised system using the SA process. It should not be surprising to find at this time that there are still things that have not been considered or that there are changes over time in the operational environment, requiring a return to SRM. Thus the SRM and SA processes operate in a continuous exchange.

3) SA and Interactions with SRM.

a) In SA, the process continues with measuring and monitoring the performance of the system operation (System Monitoring) with the designed risk controls in place. This involves a variety of data sources. As in SRM, the data will need to be analyzed in order for it to be useful in decision making (Risk Analysis). In the case of SA, the decision making (System Assessment) can result in several paths. If the data and analysis show that the system and its risk controls are functioning as intended, the result is confirmatory: the management now can have confidence in system safety performance.

b) If this is not the case, the analysis needs to continue to determine if the shortfall is due to the fact that the controls are not being used as intended (e.g., required training not accomplished, procedures not followed, improper tools or equipment provided, etc.) or if, even though the system is being used as intended, it is not producing the expected results. In the former case, action should be taken to correct the problem (Corrective Action). In the latter case, the system design should be reconsidered, using the path back to SRM.

c) The path back to SRM is a particularly important part of the SA process, especially for carriers who are transitioning into SMSs. Their operational systems likely have not been built using an SRM process, so they may lack formal or well understood risk controls. The SA process covers the day-to-day life of system operations, so, in many cases, the determination to review existing processes for hazard and risk may be the first time that these aspects of operation have been considered.

d) As in SRM, managers who are responsible for operational processes are the persons who are also responsible for assuring that they are performing as intended from a safety, as well as operational, standpoint. Moreover, correct design, performance, and risk control need to be concerns of top management, including the accountable executive.

F. Interface Considerations. The following interfaces are available/appropriate during a certificate holder's SMS development, implementation, and acceptance processes.

1) Flight Standards National Field Office, AFS-900.

a) Safety Management System Program Office (SMSPO). The SMSPO is responsible within AFS for SMS policy and guidance development and maintenance. The SMSPO may be contacted for advice on SMS policy and as a starting point to contact other FAA services and offices when their additional guidance and other expert opinion may be required.

b) Implementation Support Team (IST). Part of the SMSPO, the IST is the primary interface between the SMSPO and principal inspectors (PI), CMT personnel, field offices, and divisional SMS specialists. The IST provides briefings, orientation sessions, meetings, and/or seminars, as required. SMS IST members will provide guidance, facilitation, and suggestions on SMS issues to both the CMT and certificate holder. The IST is expected to be available as a resource throughout the part 5 SMS implementation period. SMSPO assistance can be obtained by emailing the SMSPO National Coordinator at 9-NATL-SMS-ProgramOffice@faa.gov.

2) Regional Points of Contact (RPOC). Most FAA regional Flight Standards division (RFSO) offices have an SMS RPOC. RPOCs are part of the regional staff and, with the assistance of the SMSPO, stay abreast of the latest SMS developments and information.

3) CMT and the Certificate Holder. During SMS implementation, the CMT should periodically review the certificate holder's implementation progress and provide informal feedback. This communication between the certificate holder and the CMT ensures that requirements in part 5 are addressed in a timely manner to allow course corrections during the implementation process.

17-1-1-3 GENERAL CONSIDERATIONS DURING CERTIFICATE HOLDER'S SMS IMPLEMENTATION.

A. Scalability. Section 5.3(a), requires that "The SMS must be appropriate to the size, scope, and complexity of the certificate holder's operation..." This means that resource commitment to SMS by different-sized organizations may vary, as those organizations will find different ways to satisfy the requirements of part 5. An SMS will include the parts of the organization that have direct impact on aviation safety, including operational lines of business (LOB) (flight operations, maintenance, cabin, cargo, etc.) as well as the organizational leadership (corporate, divisional, departmental, etc.). As the certificate holder develops and implements an SMS into its organization, it is necessary that part 5 requirements exist across all lines of business and leadership that have a direct effect on aviation safety. AC 120-92, Chapter 3, has additional discussion and examples of scalability for most part 5 requirements.

B. Oversight Considerations.

1) CMT Oversight. The CMT is responsible for certificate management of the certificate holder; therefore, the CMT manager will approve the certificate holder's SMS implementation plan and ultimately accept their SMS as required by part 5.

2) During SMS Implementation. As an SMS cannot be a substitute for other regulations, the CMT will continue all of its normal oversight and certificate management duties. Once the certificate holder's SMS implementation plan is approved, the certificate holder will follow that plan and begin to design, develop, modify, or align SMS processes to fit their business model and operational environment. Any changes to the plan will have to be submitted for and go through the FAA approval process.

3) Evaluation of Compliance. CMTs will assess the certificate holder's SMS implementation to include monitoring conformance to the plan's schedule, evaluating needs for changes to the plan, and evaluation of compliance with part 5. Evaluation of the carrier's SMS processes will utilize Air Transportation Oversight System (ATOS)⁴ Safety Attribute Inspections (SAI) 8.1.1, 8.2.1, 8.3.1, and 8.4.1, National SMS Implementation Constructed Dynamic Observation Reports (ConDOR) and Design Assessment Supplement (DAS) ConDORs, per Volume 17, Chapter 2, Section 1, paragraph 17-2-1-5, SMS Acceptance Tools.

4) After the SMS is Implemented. Normal oversight will incorporate assessment of the certificate holder's safety management design and performance per Volume 10, Air Transportation Oversight System.

17-1-1-5 INTEGRATION OF EXISTING PROGRAMS. Certificate holders can voluntarily choose to integrate their existing programs into their SMS. However, they must ensure that those programs, as applied to the SMS, satisfy the requirements of part 5 or are revised as necessary. Potential integration of existing programs is discussed in the part 5 preamble and examples are provided in AC 120-92, Chapter 5, Integrating Existing Safety Programs into the Safety Management System (SMS).

17-1-1-7 OVERVIEW OF CERTIFICATE HOLDER USING THE "PHASED" SMS IMPLEMENTATION STRATEGY. All part 121 certificate holders must submit their SMS implementation plan to the FAA for approval. While there is no structured regulatory requirement for the SMS implementation process itself, if a company elects to use a phased implementation process, they may refer to AC 120-92, Chapter 4, Implementation: Building a Safety Management System (SMS), for advisory guidance.

17-1-1-9 REFERENCES AND JOB AIDS.

A. References. The CMT may find the following documents to be helpful in evaluating an SMS.

1) FAA Documents (current editions):

- AC 120-92, Safety Management Systems for Aviation Service Providers.
- Information for Operators (InFO) 08022, FAA Safety Management System (SMS) developments- No. 1.
- Order 8000.368, Flight Standards Service Oversight.
- Order 8000.369, Safety Management System.

⁴ As ATOS is replaced by the Safety Assurance System (SAS), equivalent SAS tools and processes will be utilized in place of ATOS.

- Order FS 1100.1, Flight Standards Service Organizational Handbook.
- Order VS 8000.367, Aviation Safety (AVS) Safety Management System Requirements.
- Order VS 8000.370, Aviation Safety (AVS) Safety Policy.

2) International Publications:

- Annex 6 to the Convention on International Civil Aviation, International Commercial Air Transport – Aeroplanes.
- ICAO Document 9859, ICAO Safety Management Manual (SMM).

3) Additional Guidance. The following references may be of value to users of this document:

- AC 00-46, Aviation Safety Reporting System.
- AC 00-58, Voluntary Disclosure Reporting Program.
- AC 120-54, Advanced Qualification Program.
- AC 120-59, Air Carrier Internal Evaluation Programs.
- AC 120-66, Aviation Safety Action Program (ASAP).
- AC 120-79, Developing and Implementing an Air Carrier Continuing Analysis and Surveillance System.
- AC 120-82, Flight Operational Quality Assurance (FOQA).
- AC 120-90, Line Operations Safety Audit.

B. Job Aids. This task may require access to the following job aids:

- ATOS SMS SAI Data Collection Tools (DCT) for Element 8.1.1, Safety Policy (OPS/AW); Element 8.2.1, Safety Risk Management (OPS/AW); Element 8.3.1, Safety Assurance (OPS/AW); and Element 8.4.1, Safety Promotion (OPS/AW).
- The ATOS National SMS Implementation Constructed Dynamic Observation Report (ConDOR) DCTs.
- The ATOS SMS DAS ConDOR and/or the SMS Performance Assessment Supplement (PAS) ConDOR DCTs.
- The Web-Based Application Tool (WBAT), SMS Implementation Plan Manager Module.
- Detailed Gap Analysis Tool for certificate holders in the Safety Management System Pilot Project (SMSPP) who have chosen to continue using the tool, their current implementation plan and Notice N 8900.281, Appendix A, Safety Management System Pilot Project Participant Bridging Tool, as their new implementation plan.
- Title 14 CFR Part 5 Gap Analysis Tool for any certificate holder that chooses to use it for their part 5 implementation plan development.
- Notice N 8900.281, Appendix A, Safety Management System Pilot Project Participant Bridging Tool.

17-1-1-11 through 17-1-1-25 RESERVED.

VOLUME 17 SAFETY MANAGEMENT SYSTEM**CHAPTER 2 ACCEPTING A CERTIFICATE HOLDER'S SMS****Section 1 Description and Methods****17-2-1-1 GENERAL.**

A. Purpose. This chapter provides guidance for Federal Aviation Administration (FAA) Flight Standards Service (AFS) personnel on the acceptance of Title 14 of the Code of Federal Regulations (14 CFR) part 121 certificate holders' Safety Management Systems (SMS), as required by 14 CFR part 5, §§ 5.1(a) and 5.3(a).

B. Scope. This chapter explains "what" a Certificate Management Team (CMT) should evaluate regarding a certificate holder's SMS and "how" it should evaluate and record the acceptance of the SMS.

17-2-1-3 REGULATORY REQUIREMENT. Part 5 requires a certificate holder authorized to conduct operations in accordance with the requirements of part 121 to have an SMS that meets the requirements of part 5 and is acceptable to the Administrator by March 9, 2018.

17-2-1-5 SMS ACCEPTANCE TOOLS. Air Transportation Oversight System (ATOS) Data Collection Tools (DCT).

A. Safety Attribute Inspections (SAI). The FAA has developed eight SAIs (four for Operations and four for Airworthiness) in the ATOS System 8 to evaluate and record a certificate holder's SMS design. They are: Element 8.1.1, Safety Policy; Element 8.2.1, Safety Risk Management; Element 8.3.1, Safety Assurance; and Element 8.4.1, Safety Promotion, and are described in Volume 10, Air Transportation Oversight System. The ATOS system 8 SAIs will be the primary tool for inspectors to evaluate and record the certificate holder's SMS implementation efforts and for continuing oversight once an SMS is fully implemented.¹

B. System Attributes. Because an SMS is a complete system, system attributes (e.g., controls, interfaces, and measures) are built into the SMS SAIs' procedures section questions (unlike current ATOS element DCTs). As the other system attribute sections are addressed in the procedures section, they require no separate input. Additionally, SMS DCT questions are "system oriented." This means that most SMS questions ask about an entire system, process, or policy. In all other aspects, the ATOS System 8 DCTs follow Volume 10 functionality.

C. National SMS Implementation ConDOR. To aid inspectors in the completion of SMS validation activities, System 8 SAIs and, National SMS Implementation Constructed Dynamic Observation Reports (ConDOR) templates have been created using the System 8 SAI questions. The National SMS Implementation ConDORs may be used, as necessary, to evaluate

¹ As ATOS is replaced by the Safety Assurance System (SAS), equivalent SAS tools and processes will be utilized in place of ATOS.

and record the certificate holder's SMS implementation, piece by piece, as the SMS is developed.

17-2-1-7 HOW TO EVALUATE A CERTIFICATE HOLDER'S SMS FOR ACCEPTANCE. This paragraph provides standardized guidance for the evaluation process. The CMT and the certificate holder or applicant may come to an agreement upon any type of SMS that suits the certificate holder's unique business needs, provided that the result meets the requirements of part 5.

A. Follow the Certificate Holder's Implementation Plan. The certificate holder's implementation plan should describe how they intend to comply with the part 5 requirements. This may include plans for new systems, processes or procedures as well as incorporation of existing programs and processes.

1) The Certificate Holder's Approved Implementation Plan.

a) Following approval of an implementation plan, the certificate holder will begin to develop and implement their SMS. For part 5 requirements with which they are not yet compliant, the certificate holder will describe their intended compliance action(s), name the organization/group and/or individual(s) responsible for the action(s), and provide an estimated completion date for compliance.

b) Adjustment of estimated completion dates during the implementation process is expected, especially during the first year or two. As the certificate holder proceeds with their SMS implementation, they may need to reconsider various facets of their SMS and make revisions. Such revisions may necessitate delay of estimated completion dates. Some extension of estimated completion dates may be considered acceptable, but an excessive number of estimated completion date delays may impact the CMT's ability to effectively review and evaluate the certificate holder's proposed SMS. Changes to the certificate holder's approved implementation plan must be submitted to the CMT as soon as is practical and may or may not be approved.

NOTE: It should be made clear to the certificate holder that CMT approval of modified estimated completion dates in no way negates the certificate holder's responsibility to have an SMS that meets the requirements of part 5 and is acceptable to the Administrator by March 9, 2018.

2) Determine that the Certificate Holder Complies With Part 5 Requirements.

a) The CMT will evaluate certificate holder documentation to ensure the design of the certificate holder's SMS is in compliance with part 5 requirements.

b) Examples of documentation include:

- References to an organizational manual that describes the policy, procedures, controls, interfaces, etc. of the process that complies with part 5 requirements.

- Other documents, such as training material, records, interviews, observations, correspondence (e.g., email or memo), organizational charts, or meeting minutes.

c) To assist the recording of evaluations, CMTs may utilize the ATOS System 8 SAI DCTs and National SMS Implementation ConDORs, per Volume 10 (ATOS), Chapter 2, Procedures for Design and Performance Assessment. The result of CMT evaluations should be maintained in accordance with these procedures. There is no requirement to attach copies of certificate holder documents to the ConDOR. See further discussion below.

d) National SMS Implementation ConDORs can be opened and closed relatively quickly and allow the principal inspector (PI) the flexibility to assign ConDORs as the need arises. ConDORs allow the PI to gather oversight information across different time intervals as the certificate holder presents SMS processes for evaluation. For example, it may take some certificate holders the full 3 years allowed by part 5 to implement their SMS; however, keeping an SAI open for 3 years would be impractical. Using one or more National SMS Implementation ConDORs and assigning them at different timeframes might be a viable option.

e) The certificate holder may implement the same SMS processes in different departments or areas of functional responsibility within their organization. For example, the certificate holder may have an SRM process at the corporate level, at the maintenance division level, and within an engine repair department. This may be the same process (e.g., SRM) that has been implemented at the same carrier at three different levels of the organization: the corporate, division, and department. Evaluate the manner in which the SRM process is implemented at each level. Do not assume that an SRM process implemented at the corporate level reflects equivalent implementation of this process at other levels. A certificate holder is under no obligation to implement SRM or any other SMS process at multiple levels of their organization, nor is there an obligation for SMS to apply to non-aviation-safety-related processes. The SRM process is a certificate holder's responsibility; CMT evaluation should focus on establishment and utilization of the SRM process. If a certificate holder implements an integrated SMS, the CMT will not provide assistance or evaluation on the non-aviation-related processes.

f) In the example above, a PI may want to construct an Element 8.2.1 National SMS Implementation ConDOR for the SRM process at the corporate level, another ConDOR for the maintenance division, and a ConDOR for the engine department.

g) Certificate holders participating in the Safety Management System Pilot Project (SMSPP), the Safety Management System Voluntary Program (SMSVP), and those who have implemented an SMS on their own or through third party consultants/vendors may present their entire SMS to the CMT for acceptance as soon as part 5 becomes effective. Evaluation of an entire SMS, even for a small certificate holder, is a time- and resource-intensive activity for the CMT. The CMT should develop an evaluation plan and monitor progress against it. The plan should include the evaluation process steps, assign responsibility for evaluating sections of the SMS to individual CMT inspectors, and set a realistic schedule for completing the evaluation. For assistance in developing an evaluation plan, see Volume 3, Chapter 1, Section 1, subparagraph 3-4F, Phase Four Planning. The CMT should monitor progress and take appropriate action (add/reduce resources, extend or contract the timeline, etc.) for the evaluation

schedule to ensure that the SMS is adequately evaluated within a reasonable time. Should noncompliance issues be found, the CMT should provide timely feedback to the certificate holder and hold that evaluation step open until it is satisfied. The schedule should be amended accordingly. Within ATOS, the Corrective Action Tracking Tool (CATT) is a viable tool which can be used to track initial noncompliance issues that have been discovered.

h) The number and frequency of National SMS Implementation ConDORs is up to the CMT and the PIs. Once the PIs have verified that all SAI questions for an SMS component have been satisfactorily answered through National SMS Implementation ConDORs, they can then complete the corresponding ATOS System 8 SAIs using the information documented from the National SMS Implementation ConDORs. When all requirements of part 5 have been satisfactorily implemented, the CMT Manager can accept the certificate holder's SMS. See paragraph 17-2-1-9, Accepting a Certificate Holder's SMS, for acceptance procedures.

B. Unsatisfactory Submissions. Section 5.1(a) requires a certificate holder to "have a Safety Management System that meets the requirements of this part and is acceptable to the Administrator by March 9, 2018." Unsatisfactory submissions by the certificate holder do not imply that the CMT is obligated to accept the submissions if they do not comply with part 5, even if the deadline for acceptance is drawing near. Appropriate records of submissions and discrepancy findings (National SMS Implementation ConDORs, CATT, etc.) by the CMT should be maintained, as should evidence of evaluation timeliness on the part of the CMT. Differences of opinions between the certificate holder and the CMT on the acceptability of the SMS should be referred to the normal chain of authority through respective FAA regional and national offices.

17-2-1-9 ACCEPTING A CERTIFICATE HOLDER'S SMS. Procedures for acceptance of the certificate holder's SMS implementation plan should follow guidance contained in Volume 3, Chapter 1, The General Process for Approval or Acceptance.

A. Recording Acceptance of SMS Implementation. Once the CMT has determined that the certificate holder's SMS is satisfactorily implemented, the CMT manager (office, unit, frontline, etc.) who is the approving entity for all collective decisions of the team) will accept (per Volume 3, Chapter 1, Section 1, paragraph 3-6, Phase Five), the certificate holder's SMS implementation in a timely manner and ensure that SMS implementation acceptance information is entered into the Program Tracking and Reporting Subsystem (PTRS) as follows:

- 1) Activity number 1045.
- 2) Enter "SMS ACCEPTANCE" in the "National Use" box.

B. SMS Acceptance Failures. Failure of the certificate holder to implement an SMS by March 9, 2018 should be addressed in the same way as a noncompliance with any other 14 CFR requirements. The CMT should document and justify any rejection(s) of the certificate holder's SMS per Volume 3, Chapter 1, Section 1, subparagraph 3-3B, Incomplete or Unacceptable Proposal, and/or office policy. The result of the National SMS Implementation ConDOR

evaluations may be helpful in the development of this justification. (See subparagraph 17-2-1-7B, Unsatisfactory Submissions).

17-2-1-11 through 17-2-1-25 RESERVED.

VOLUME 17 SAFETY MANAGEMENT SYSTEM

CHAPTER 3 CONTINUOUS OVERSIGHT OF A CERTIFICATE HOLDER'S SMS PROCESSES

Section 1 Description and Methods

17-3-1-1 GENERAL.

A. Purpose. This chapter provides guidance for Federal Aviation Administration (FAA) Flight Standards Service (AFS) personnel on the continuous oversight of a Title 14 of the Code of Federal Regulations (14 CFR) part 121 certificate holder's Safety Management System (SMS). Volume 10, Air Transportation Oversight System, provides primary guidance for part 121 certificate holder oversight. This chapter, when used in conjunction with Volume 10, provides guidance for SMS-specific differences.

B. Scope. This chapter explains the "what" and "how" a Certificate Management Team (CMT) should evaluate and record oversight of a certificate holder's SMS.

17-3-1-3 REGULATORY REQUIREMENT. Title 14 CFR part 5, § 5.1(a) requires a certificate holder authorized to conduct operations in accordance with the requirements of part 121 to have an SMS by March 9, 2018 that meets the requirements of part 5 and is acceptable to the Administrator.

17-3-1-5 SMS OVERSIGHT TOOLS AND UTILIZATION.

A. SMS Oversight.

1) SMS oversight will be integrated into Air Transportation Oversight System (ATOS)¹ oversight activities upon acceptance of the certificate holder's SMS. All ATOS modules and risk management (RM) will be applied to the certificate holder's SMS per Volume 10.

2) The Design Assessment Supplement (DAS) Constructed Dynamic Observation Report (ConDOR) will be used to evaluate the certificate holder's Safety Risk Management (SRM) process as applied to elements of the air carrier's system. They will be used in conjunction with appropriate SAIs for Design Assessments (DA) of these elements for those instances where SRM is required (§ 5.51). The SRM process is a certificate holder's responsibility; CMT evaluation should focus on utilization of the SRM process.²

3) The Performance Assessment Supplement (PAS) ConDOR will be used to evaluate the air carrier's Safety Assurance (SA) practices as applied to elements of the air

¹ As ATOS is replaced by the Safety Assurance System (SAS), equivalent SAS tools and processes will be utilized in place of ATOS.

² FAA Order VS 8000.367A, Chapter 5, subparagraph 1c(1)(b) specifies that: "AVS services/offices must use outputs of their product/service provider organizations' SRM functions as inputs to their acceptance or approval (i.e., certification) of new and modified designs (e.g., product designs, organizational designs, new or modified operating practices)."

carrier's systems. They will be used in conjunction with appropriate EPIs in Performance Assessments (PA) of elements of the air carrier's system.³

B. SMS Safety Attribute Inspections (SAI). Once the certificate holder's SMS is implemented, ATOS System 8 SAIs will function in the same way as current ATOS element SAIs do. There is no change to present ATOS SAI utilization.

C. SMS Element Performance Inspections (EPI). Currently, there are no plans to develop specific SMS EPIs as stand-alone PAs. Rather, SMS performance questions will be added to most of the current EPIs as those EPIs are updated, changed, or modified. In the interim, a PAS ConDOR may be used to supplement current EPIs. For further PAS ConDOR discussion, see subparagraph 17-3-1-5E, below.

D. DAS ConDOR.

1) SRM and the DAS ConDOR. In accordance with § 5.51, when a certificate holder proposes a new system or a revision to an existing system, or develops operational procedures that directly impact aviation safety, they must assess the new or changed system or procedure for potential hazards and associated risk up front. In other words, while they are developing the change, they must perform SRM and design appropriate controls for unacceptable risk. To ascertain whether the SRM process was accomplished by the certificate holder prior to implementation of a proposed change, the DAS ConDOR may be used to assist the principal inspector (PI) by asking questions about the certificate holder's use of the SRM process (e.g., did they do it, and was it complete?).

2) Special-Use Optional Tool. The DAS ConDOR is a special-use optional tool which will assist the CMT in evaluations of the certificate holder's SRM processes. This should ensure that the certificate holder is applying SRM principles effectively. It should be remembered that the SRM process is a certificate holder's responsibility. Inspector evaluation should focus on the utilization of the SRM process. There is no need to conduct a DAS ConDOR for every event the carrier engages in.

3) Records. Certificate holders must maintain records showing that the SRM process has been completed on new or changed systems or procedures (per §5.97 (a)). SRM records do not need to be submitted to the CMT but must be available for inspection. It should be remembered that the SRM process is a certificate holder's responsibility; CMT evaluation should focus on accomplishment and completion of the SRM process.

4) ATOS Processes. The DAS ConDOR may be selected by PIs whenever ATOS DAs are being planned and resourced in Modules 2 and 3 of the ATOS business process. They should be considered when the CMT is involved with Comprehensive Assessment Plan (CAP) assessments (ATOS Module 2) or assigning actions during Assessment Determination and Implementation (ADI) (ATOS Modules 7 and 8). Further information on the DAS ConDOR may

³ Order VS 8000.367A, subparagraph 1c(2)(b) specifies: "AVS services/offices must use outputs from the product/service provider organizations' SMSs as inputs to their assurance of the safety management performance of those organizations."

be found in Volume 10 and in the ATOS automation under “specific instructions” for the DAS ConDOR.

E. PAS ConDOR.

1) The PAS ConDOR augments appropriate ATOS Element PAs or EPIs, or it may be used as a standalone tool. Part of a complete systematic evaluation of an operational element is determining if the certificate holder is properly conducting SMS SA activities; the PAS ConDOR is an aid in conducting such evaluations.

2) PIs may utilize the PAS ConDOR whenever ATOS PAs are being planned and resourced in Modules 2 and 3 of the ATOS business process. They should be considered when the CMT is involved with CAP assessments (ATOS Module 2) or assigning actions during ADI (ATOS Modules 7 and 8). Additionally, the PAS ConDOR may be used when the FAA identifies any regulatory nonconformance.

17-3-1-7 through 17-3-1-21 RESERVED.