

AFRA  
PRESENTS:

*AFRA ACCREDITATION AND BMP  
OVERVIEWS*



# ***AGENDA TOPICS:***



- ***Why become Accredited? – Roy Resto***
- ***The Audit Process:- Roy Resto***
- ***You Firm's BMP Manual – Roy Resto***
- ***Understanding the BMP - Kelly Lyon***
- ***Elements of a successful audit – Kelly Lyon***

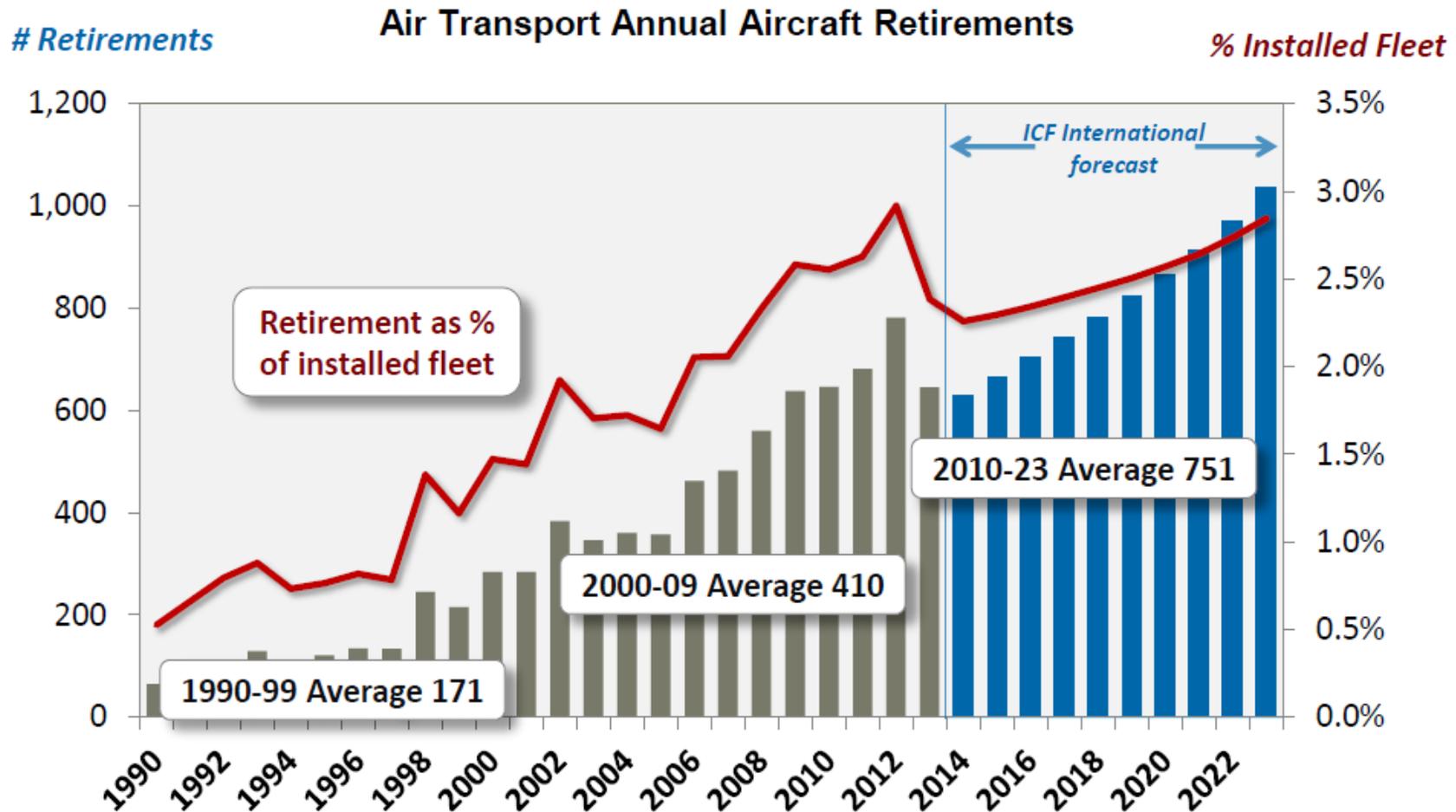


# Why become Accredited? – Roy Resto

## First, why even enter this business segment?



For the first time, annual retirements are expected to reach over 1,000 aircraft by 2023!



Includes Turboprops  
Source: FlightGlobal ACAS Dec 2013, ICF International Analysis

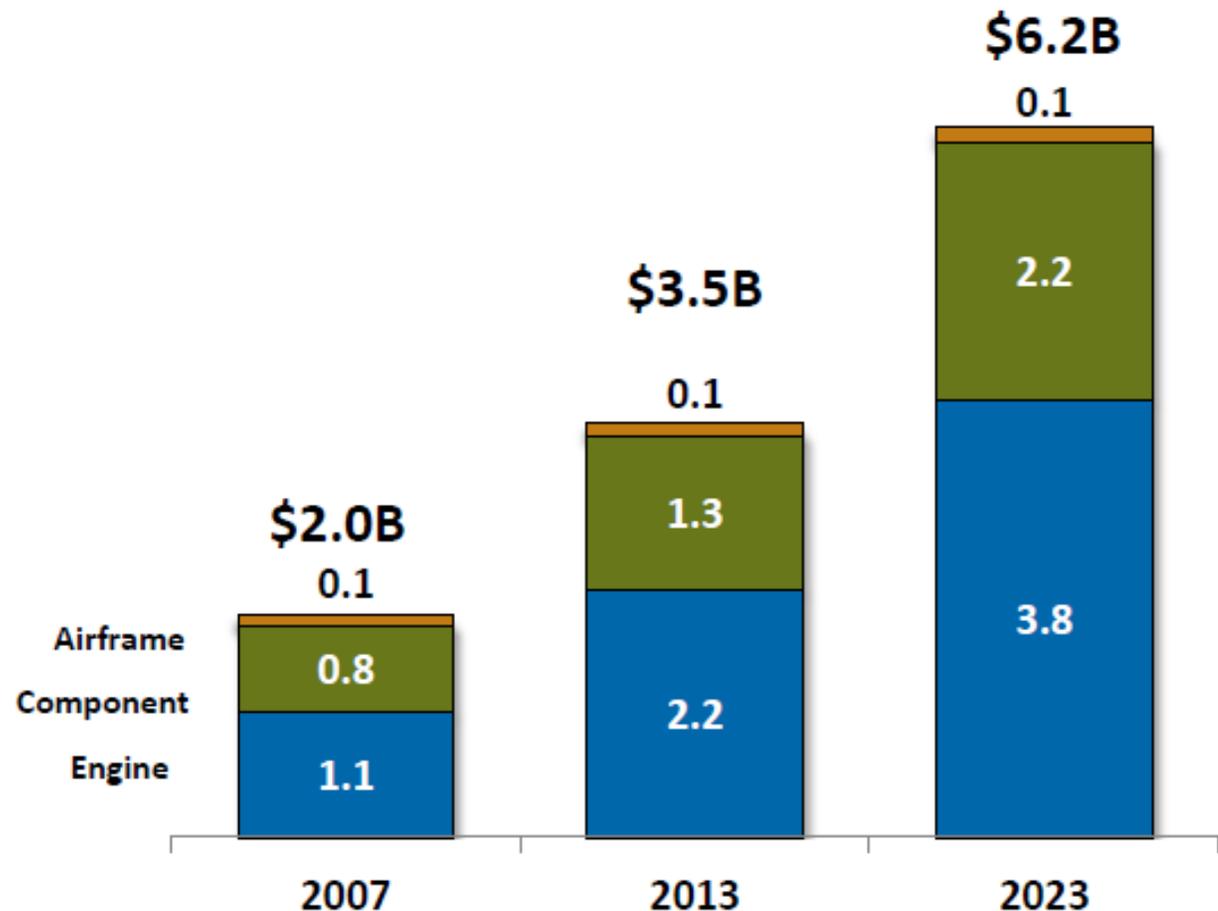
# *Why become Accredited? – Roy Resto*

## *First, Why even enter this business segment?*



ICF International Air Transport Surplus Market Growth Forecast (\$B)

ICF forecasts the surplus market to grow to \$6.2B by 2023 – a 5.5% CAGR



*Why become Accredited? – Roy Resto*  
*First, Why even enter this business segment?*



***ESTIMATES:***

The average cost to dismantle an aircraft was reported to be \$83,000, while the cost to dismantle an engine was reported to be \$28,000. By contrast, the average value of parts harvested from an aircraft and an engine over a three year period is estimated to be between \$2 million and \$3 million.



*So...Why become Accredited? – Roy Resto*



## ***GROWING RECOGNITION:***

- ***27 Companies AFRA Accredited***
- ***Airlines such as Delta, Cathay Pacific and ANA are referencing the AFRA standards in RFPs or using the Best Management Practices guide.<sup>1</sup>***
- ***FAA, San Francisco International Airport and US DoD have referenced AFRA standards in RFPs as well.<sup>1</sup>***

<sup>1</sup> Source: Case Studies: Innovative Recycling  
Moderator: Erin O'Donnell, Managing Deputy Commissioner,  
Chicago Department of Aviation, Midway International Airport  
Panelists: Marc Klein, CARE Plus; Kirk Marchand, Runway Safe;  
Ed Glueckler, Aircraft Fleet Recycling Association; Rachel Barry, Southwest Airlines

## *So...Why become Accredited? – Roy Resto*



# ***STANDARDISATION:***

- An expectation by your customers that you're doing it right – quality per a standard
- Mitigated Environmental and Safety Risks:
  - ENVIRONMENTAL:
    - Fuel
    - Oils
    - Chromated Paints
    - Depleted Uranium
  - SAFETY:
    - Foreign Object Damage (FOD)
    - Workplace
    - Preserve removed and reclaimed aircraft parts

- ***The Audit Process:- Roy Resto***



## Request Application

Email your request for AFRA BMP Accreditation application to: [Dawn Carberry](#)  
An application and additional details will be forwarded to you.

- You will receive the current BMP, and Accreditation Agreement. The Agreement basically states that once the Agreement is completed and returned, an invoice will be issued of which at least 50% must be paid before audit dates can be discussed

## Complete the Checklist

All companies will be required to complete the Audit Checklist (Appendix Two of the BMP) in order to have the application accepted by AFRA. [Merged BMP](#) – Appendix Two: Pages 65–104



- ***The Audit Process:- Roy Resto***



**Schedule Your Audit** Once your application has been accepted, AFRA staff will work with your company and the auditor to set up your audit date. The date will vary depending on availability.

Your company is responsible for the auditor's travel fees associated with your audit. However, when audits are scheduled in tandem with other nearby companies, you may be able to share travel fees with other companies being audited.

**About Your Audit** The AFRA Audit is expected to be 1 day long. However, the auditor may extend it if needed. Unless you are told otherwise, in order to pass the initial audit, the Auditee does not have to be actively involved in a disassembly. However, in order to maintain the accreditation, AFRA will need to observe a disassembly within 13 months of initial accreditation.



## *You Firm's BMP Manual – Roy Resto*



### *Article II b) BMP System Requirements.*

**BEST PRACTICE (II)(b) 1** – Each accredited company shall have a BMP Manual.

**BEST PRACTICE (II)(b) 2** – The BMP Manual is made up of all of the *Procedures* reflecting the company's compliance with this BMP.

From the Definitions Section: Procedure means a written method or practice for accomplishing a task



## *You Firm's BMP Manual – Roy Resto*

From the Definitions Section: Procedure means a written method or practice for accomplishing a task

For a moment, lets consider:

APPENDIX ONE: Best Practice Advisory Guidance

*Practice Guides and Minimum Standards*

A **Minimum Standard** states the minimum requirement in order to pass the AFRA BMP audit on the first audit. *A company that does not meet the minimum standard will not pass the audit.*

In the entire APPENDIX ONE, the Minimum Standard sections calls for a 'Procedure' 45 times

In the entire APPENDIX ONE, the Minimum Standard sections calls for a 'Written Description' 5 times

## *You Firm's BMP Manual – Roy Resto*



**BEST PRACTICE (II)(b) 3** - This BMP manual may be part of another manual system, and/or it may incorporate and/or commingle issues that are not reflected within this BMP; however the procedures found within the BMP Manual ***should include references to the BMP sections that they are each designed to meet***, either in the procedures themselves, in the headings to the procedures, or in an index to the BMP Manual and its procedures.

For simplicity, a matrix showing your procedures cross referenced to the applicable BMP Section would greatly simplify the auditing process. *NOTE: This is one way, but not the only way, to comply with this BMP requirement*

## *You Firm's BMP Manual – Roy Resto*



**BEST PRACTICE (II)(b) 4** - The BMP manual must have a change management tracking system, such as a list of sections affected that tracks the revision history of the BMP Manual.

This is typically met with a section called “RECORD OF REVISIONS” and a “LIST OF EFFECTIVE PAGES” (LOEP)

## *You Firm's BMP Manual – Roy Resto*



### **Royboy's Counsel for your manuals:**

- Resist the temptation to write the manual for 'benefit of the audit.' You should write it for the *benefit of your employees*
- Keep it up to date
- "Say what you do, and do what you say"



# *Understanding the BMP - Kelly Lyon*

## **MAJOR DIVISIONS OF THE ENTIRE BMP:**

**THE BEST PRACTICES**

**APPENDIX ONE: Best Practice Advisory Guidance.**

**APPENDIX TWO: Disassembly Best Practice Auditing Guidance.**

**APPENDIX THREE: Recycling Best Practice Auditing Guidance**

**APPENDIX FOUR: Reserved**

**APPENDIX FIVE: Best Practice Contracting Guidance for Disassembly Facilities**

# Understanding the BMP - Kelly Lyon

## THE BEST PRACTICES - Major Sections

### OVERVIEW

- Contains important historical and background info

### PART I: PROVISIONS APPLICABLE TO ALL FACILITIES

- Also contains valuable definitions

### PART II: PROVISIONS APPLICABLE TO DISASSEMBLY FACILITIES

### PART III: PROVISIONS APPLICABLE TO RECYCLING FACILITIES

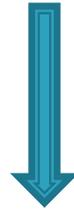
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## *Understanding the BMP - Kelly Lyon*

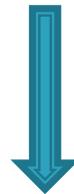
### **APPENDIX ONE: Best Practice Advisory Guidance *Practice Guides and Minimum Standards***

The entire Appendix is structured as follows:

• A restatement of a BEST PRACTICE Paragraph



• Practice Guides for that Paragraph



• The Minimum Standards for that Paragraph



# *Understanding the BMP - Kelly Lyon*

## APPENDIX ONE: Best Practice Advisory Guidance *Practice Guides and Minimum Standards*

### IMPORTANT DEFINITIONS

**Practice Guides** reflect advice from AFRA on how to meet the principles established by the Best Practices. Generally, they reflect one way but not necessarily the only way to meet the Best Practice. In some cases they might reflect the only practical manner in which to meet the Best Practice, and in other cases a Facility may employ other approaches that could be judged to meet the Best Practice.

A **Minimum Standard** states the minimum requirement in order to pass the AFRA BMP audit on the first audit. A company that does not meet the minimum standard will not pass the audit. Minimum standards do not take the place of the BMP Best Practice Standards; they are advisory in nature and they are meant to establish minimum levels for companies new to the industry. Companies are expected to evolve their own quality systems beyond the Minimum Standards in order to meet the intent of the BMP Standards. As the industry evolves, AFRA expects that the AFRA BMP Committee will raise the Minimum Standards.

# *Understanding the BMP - Kelly Lyon*

## **APPENDIX ONE: Best Practice Advisory Guidance** *Practice Guides and Minimum Standards*

### **SAMPLE EXCERPT**

#### ***Article III d) – Inventory Accounting & Audits***

**BEST PRACTICE (III)(d) 1** - The Facility shall have a procedure for periodic internal audits to the BMP Checklist.

#### **Practice Guide:**

1. Periodic verification of internal practices through auditing controls and procedures helps to assure that internal procedures are followed.

#### **Minimum Standards**

Procedure and copies of audit records (preferably using BMP checklist)



## *Understanding the BMP - Kelly Lyon*

### APPENDIX TWO: Disassembly Best Practice Auditing Guidance

Applies ONLY to Disassembly Accreditees

**NOTE: It is acceptable to use and cite this Appendix to meet the requirement to have an internal audit procedure**

**NOTE: The AFRA Auditor *will* use this Appendix to audit your facility**



## *Understanding the BMP - Kelly Lyon*

### APPENDIX TWO: Disassembly Best Practice Auditing Guidance

For Auditing efficiency, the Appendix is conveniently divided into these sections:

- Manual
  - Facility
  - Inventory
  - Audit Records
  - Tooling Records
  - Training Records
  - Work Package
  - Contract Review
- 

## *Understanding the BMP - Kelly Lyon*

### APPENDIX TWO: Disassembly Best Practice Auditing Guidance

#### SAMPLE EXCERPT

Best Practice Reference	Auditor Task	Procedure/Other References
Manual		
<b>BEST PRACTICE (III)(a) 1 -</b> The Facility shall have a fixed location for disassembly and/or recycling, or a procedure for assuring that the location for disassembly and/or recycling is adequately prepared, or both.	Identify whether there is a fixed location, remote location(s), or both	



## *Understanding the BMP - Kelly Lyon*

### APPENDIX THREE: Recycling Best Practice Auditing Guidance

Applies ONLY to Recycling Accreditees

**NOTE: It is acceptable to use and cite this Appendix to meet the requirement to have an internal audit procedure**

**NOTE: The AFRA Auditor *will* use this Appendix to audit your facility**



## *Understanding the BMP - Kelly Lyon*

### APPENDIX THREE: Recycling Best Practice Auditing Guidance

For Auditing efficiency, the Appendix is conveniently divided into these sections:

- Manual
  - Facility
  - Inventory
  - Audit Records
  - Tooling Records
  - Training Records
  - Work Package
  - Contract Review
  - Shipping
- 

## *Understanding the BMP - Kelly Lyon*

### APPENDIX THREE: Recycling Best Practice Auditing Guidance

#### SAMPLE EXCERPT

Best Practice Reference	Auditor Task	Procedure/Other References
Manual		
<b>BEST PRACTICE (III)(a) 1 -</b> The Facility shall have a fixed location for disassembly and/or recycling, or a procedure for assuring that the location for disassembly and/or recycling is adequately prepared, or both.	Identify whether there is a fixed location, remote location(s), or both	



## *Understanding the BMP - Kelly Lyon*

### APPENDIX FIVE: Best Practice Contracting Guidance for Disassembly Facilities

Applies ONLY to Disassembly Facilities

#### ***Contract Element Checklist***

*The following Appendix represents a list of questions that ought to be considered in preparing a contract between the disassembly facility and the owner of the asset to be disassembled. It is not meant to be complete or all-inclusive. It is only a guide to help stimulate consideration of certain important issues that ought to be addressed.*

## *Understanding the BMP - Kelly Lyon*

### APPENDIX FIVE: Best Practice Contracting Guidance for Disassembly Facilities

#### EXCERPT

- What is the asset and what is the scope of work? What exactly does the customer expect?
- Who identifies the need for, and obtains the licenses, associated with the work scope? Which set of laws applies to the disassembly?
- Where does the disassembly take place?
- Who is responsible for access to the site where the aircraft is located and who has access?



## *Understanding the BMP - Kelly Lyon*

### APPENDIX FIVE: Best Practice Contracting Guidance for Disassembly Facilities

#### It also contains:

A short sample list of specific issues to consider when drafting an agreement reflecting disassembly work to be performed:

- Airfield parking, landing, licenses and fees
  - Aircraft function test
  - Identification of parts removed
  - Certification of parts removed
  - Cabin interior (removal of articles)
  - Fluid disposal (fuel, hydraulic fluid, venting)
  - Packaging and delivery of parts
  - Disposal of remainder
  - Special handling or disposal of hazardous wastes
  - Protection and security of asset/location
  - Insurance
- 

## *Elements of a successful audit – Kelly Lyon*

### TWO AREAS TO ADDRESS:

- Preparation
- Common audit findings

#### Preparation:

- *Have you sent AFRA/Auditor your latest manual?*

- *Have the following compiled and accessible at the beginning of the audit:*
  - *A hard copy of the manual*
  - *Training Records*
  - *Internal Audit Records*

*Consider inviting key members of your staff to the in-briefing*

*Following the in-brief, consider giving the auditor a quick tour for his familiarisation and planning purposes*

## *Elements of a successful audit – Kelly Lyon*

### TWO AREAS TO ADDRESS:

- Preparation
- Common audit findings

#### Common Audit findings:

- *The Quality Manual does not reference the AFRA BMP, including cross references to other procedures*
- *The self audit program does not include a self audit to the AFRA BMP using the AFRA BMP Checklist*
- *Training is not documented*
- *No one is designated to ensure compliance with environmental , health, and safety compliance*

## *Elements of a successful audit – Kelly Lyon*

### Common Audit findings:

- The pre-disassembly procedures do not include draining of lavs*
- The contract with the customer does not specify who is responsible for moving the asset to the disassembly location*
- The procedures for securing the disassembly site does not address disassembly at a remote site*
- Parts from disassembled higher assemblies are not identified*
- Parts are not identified as they are removed from the asset*
- Procedures for disassembly of an asset are not the same for customer owned assets and assets owned by the disassembly facility*

# *Elements of a successful audit – Kelly Lyon*

## Common Audit findings:

- When work that is within the scope of the AFRA Accreditation are contracted to a third party, there is not a written management plan established to ensure compliance with the AFRA BMP by the contracted company. This would also include a periodic audit of the contracted company using the BMP Checklist*
- There is no procedure for ensuring compliance to applicable import and export regulations*
- There is no clear written understanding of who owns the asset after the disassembly is completed*

