



# **Audit Policy and Procedure Manual**

**Civil Aviation Authority of the Cayman Islands**

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Unit 4 Cayman Grand Harbor, P.O. Box 10277, Grand Cayman KY1-1003, Cayman Islands  
Tel: (345) 949 7811, Fax: (345) 949 0761, Email: [civil.aviation@caacayman.com](mailto:civil.aviation@caacayman.com)

[www.caacayman.com](http://www.caacayman.com).

#### Audit Policy and Procedure Manual.

This is an internal CAA policy manual. It contains guidance material intended to assist CAA employees and delegates in carrying out their regulatory responsibilities and may be made available to the public for information purposes only.

Reference should always be made to the applicable provisions of the Civil Aviation Act, Civil aviation Regulations and the Air Navigation (Overseas Territories) Order, rather than this manual, to ascertain the requirements of, and the obligations imposed by or under, the civil aviation legislation.

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## Foreword

The Civil Aviation Authority of the Cayman Islands regulatory safety oversight program has been implemented to promote and ensure compliance with national and international aviation regulations and standards, collectively prescribing an acceptable level of aviation safety.

In conducting regulatory audits and inspections, and documenting the activity process, the Civil Aviation Authority of the Cayman Islands is able to assess and demonstrate an aviation organization's level of compliance with regulatory requirements. Adherence to the guidance herein is imperative and will ensure that audit or inspection policies and procedures are uniformly applied throughout aviation activities in the Cayman Islands.

To maintain overall effectiveness of the audit or inspection activity, our approach to each organization must be one of transparency, with a high degree of professionalism, using experience, skills and communication as essential ingredients. Our audit and inspection program must be viewed as one that is fair and equitable in its application.

The Director General of Civil Aviation is responsible for the promulgation of Civil Aviation audit and inspection policy and procedure through the ***Audit Policy and Procedure Manual***. Complementary functional area and approval documents for each regulatory discipline have been developed to further assist staff in carrying out their audit and inspection duties.



## Chapter 1

### 1. Definitions

The following terminology is specific to this manual and to those portions of air safety, aerodrome certification, air traffic services, telecommunications and rescue and fire fighting services procedure control manuals that pertain to audits and inspections:

**audit plan** - the annual plan of scheduled audits approved by the CAA;

**audit program** - the CAA program that promotes compliance with aviation regulatory requirements that collectively prescribe an acceptable level of aviation safety;

**audit** - an in-depth review of the activities of an organization to verify compliance with regulatory requirements;

**audit activities** - those activities and procedures through which information is obtained to verify compliance with regulator requirements;

**auditee** - the organization to be audited;

**audit finding** - non- compliance with a specified regulatory requirement, identified during an audit and documented on a finding form;

**audit team leader** - the individual, designated by the Civil Aviation Authority of the Cayman Islands, responsible for the planning and conduct of an audit;

**audit report** - a report that outlines the audit process and provides a summary of the audit findings;

**certification** - the process of determining regulatory compliance and competence qualification.

**characteristic** - any distinct property or attribute of a product, process, service or practice of which compliance to a regulatory requirement can be measured;

**combined audit** - an audit that targets more than one functional area;

**confirmation** - the assurance that findings are in accordance with data obtained from different sources;

**compliance** - the state of meeting regulatory requirements;

**corrective action plan (CAP)** - a plan submitted in response to findings. The CAP outlines how the organization proposes to correct the deficiencies documented in the findings;

**documented** - that which has been recorded in writing, photocopied or photographed and then signed, dated and retained;

**finding** - non- compliance with a regulatory requirement;

**finding form** - a form used to document a finding;

**follow-up** - the final audit phase that focuses on corrective action to findings issued during an audit;

**functional area** – aerodromes, aeronautical information services, air traffic services, approved maintenance organizations, communications navigation and surveillance, flight operations, licensing, meteorology, rescue and fire fighting services, search and rescue;

**functional area procedure manual** - a manual (or manuals) that contain audit and inspection policies and procedures that are specific to that functional area and which includes the checklists, forms and guidance materials that will be used by inspectors in the course of their audit and inspection activities;

**inspection** - the basic activity of an audit, involving the systematic assessment of a specific characteristic of an organization to verify compliance with regulatory requirements. The term also refers to inspector tasks exercised in the performance of this activity;

**non- compliance** - the failure to meet regulatory requirements;

**observation finding** - a subjective determination that identifies the possible need to revise a regulatory requirement or a non-regulatory CAA policy, procedure or guideline;

**practice** - the method by which a procedure is carried out;

**procedure** or **process** - a series of steps followed methodically to complete an activity. This includes: the activity to be done and individual(s) involved; the time, place and manner of completion; the materials, equipment, and documentation to be used; and the manner in which the activity is to be controlled;

**quality assurance review (QAR)** - a review that measures the level of compliance to national policies, standards, procedures and guidelines;

**sampling** - the inspection of a representative portion of a particular characteristic to produce a statistically meaningful assessment of the whole;

**scope** - the number of functional areas, and specialty areas therein, that will be inspected, and the depth (back in time) of the review;

**specialty audit** - an audit that targets a single functional area;

**specialty area** - an area within a functional area that identifies common or similar requirements and for which checklists are provided and named after that specialty area, or after specific elements within that specialty area;

**standard** - an established criterion used as a basis for measuring an organization's level of compliance;

**team member** - the individual appointed by the audit team leader to participate in an audit;

**verification** - an independent review, examination, measurement, testing, checking, observation and monitoring to establish and document that, processes, practices, services and documents conform to regulatory requirements. This includes confirmation that an activity, condition or control conforms to the requirements specified in regulations, standards, specifications, program element descriptions, and technical procedures;

**working papers** - all documents required by the auditor or audit team to plan and implement the audit. These may include inspection schedules, assignments, checklists and various report forms.

## 2. Abbreviations and Acronyms

The following abbreviations and acronyms will be found throughout this manual and in respective functional area procedure manuals, including checklists and other guidance materials:

AN(OT)O .....	Air Navigation Overseas Territories Order
CAA .....	Civil Aviation Authority of the Cayman Islands
CAP.....	Corrective Action Plan
CEO.....	Chief Executive Officer
DANSR .....	Director of Air Navigation Services Regulation
DASR .....	Director of Air Safety Regulation
DGCA.....	Director General of Civil Aviation
ICAO.....	International Civil Aviation Organization
MORS .....	Mandatory Occurrence Reporting System
OTARS .....	Overseas Territories Aviation Requirements
QA .....	Quality Assurance
QAR .....	Quality Assurance Review
RFFS .....	Rescue and Fire Fighting Service
SMS .....	Safety Management System

## Chapter 2

### 2. Audit Policy

#### 2.1 Introduction

##### 2.1.1 Director General, Civil Aviation

The Director General of Civil Aviation (DGCA) is responsible for the development of audit and inspection policy and procedures.

##### 2.1.2 Audit Policy and Procedure Manual

This manual outlines general audit policy and procedures and serves as the principal guidance document for the conduct of audits carried out by the CAA.

*Note: The policy and procedures outlined in this manual are also applicable to inspections conducted at times other than during audits. Although such inspections may be less formal in planning and execution, the principles outlined in this manual remain; this is especially true as it pertains to using checklists, documenting findings, obtaining corrective actions and following up to ensure that such corrective actions are effective. Additional guidance on this may be provided in the appropriate functional area procedure manual.*

##### 2.1.3 Functional Area Procedure Manuals

These manuals contain audit and inspection policies and procedures that are specific to the functional area. This may include checklists, forms and guidance materials that will be used by inspectors in the course of their audit and inspection activities. This material is made available to inspectors through the CAA website.

The appointed director/manager having responsibility for a specific audit area is responsible for updating and promulgating information contained in these documents.

##### 2.1.4 Audit Program

The Audit Program has been developed to promote compliance with the AN (OT) O, related ICAO Annexes, OTARS and associated standards.

##### 2.1.5 Audit Unit

The respective unit director/manager, through the DGCA, is responsible for the management of the Audit Program, which includes the following:

- (a) defining audit policy, procedures and standards;
- (b) ensuring that audits are conducted by qualified inspectors;

- (c) maintaining the *Audit Policy and Procedure Manual* and assisting in the development and management of functional area procedure manuals;
- (d) administering the program to ensure that audit policies and procedures are applied uniformly; and
- (e) co-ordinating audits conducted under the Audit Plan.

## **2.2 Authority**

Audits and Inspections and are conducted pursuant to subsection 8 (2) (c) of the *Civil Aviation Act* and *Article 142 of the AN (OT) O*.

### **2.2.1 Inspector Delegation of Authority**

Inspectors receive the authority to conduct inspections through delegation of authority issued by the Director General of Civil Aviation.

## **2.3 Inspector Regulatory Powers**

Inspectors are delegated the authority to exercise regulatory powers when encountering a situation where there is an imminent threat to aviation safety. Inspectors are expected to use judgement and tact in dealing with such matters where the over-riding factor is safety to persons and property.

Although an inspector cannot permit a threat to safety to persist, it is important that the organization under review be advised of the specific safety concerns and be given the opportunity to address the situation voluntarily. Where applicable and possible, the audit team leader and/or manager shall also be consulted.

## **2.4 Audit Types**

The type of audit is determined by the circumstances under which the audit is convened and includes the following:

- (a) approval or certification audit;
- (b) routine compliance audit; and
- (c) special-purpose audit.

### **2.4.1 Approval or Certification Audit**

Once an application for an approval or certification of a specific discipline is received, an audit will be conducted to ensure that approval and certification requirements have been met.

### **2.4.2 Routine Compliance Audit**

A routine compliance audit will be conducted for the purpose of determining an organization's overall level of compliance with regulatory requirements. All applicable characteristics of the organization will be subject to review.

### **2.4.3 Special-Purpose Audit**

A special-purpose audit is one conducted to respond to circumstances other than those requiring a post-approval or certification audit, or a routine compliance audit. For example, a special-purpose audit may be convened with little or no notice arising from safety concerns. A "no-notice" audit may preclude certain team-member activities and responsibilities that would be normally associated with other types of audits.

## **2.5 Audit Classification**

Audits are classified as "combined" or "specialty". A combined audit will target more than one functional area whereas a specialty audit will focus on specialty areas, or elements (checklists) thereof, within a single functional area.

## **2.6 Scope**

### **2.6.1 Criteria**

The scope of an audit is influenced by the following:

- (a) the type and classification of the audit;
- (b) the period back in time that systems are subject to review (typically from the last audit to the present);
- (c) the enforcement record of the organization;
- (d) the time since the last audit (frequency of inspection);
- (e) the confidence in corrective actions taken by the organization as a result of a previous audit; and
- (f) inspector availability.

### **2.6.2 Consultation Requirement**

For other than routine compliance audits, the DGCA will be consulted before the scope of a particular audit is determined.

## **2.7 Frequency**

Audits are carried out every 24 months, on a biennial basis. This period is extended to 36 months if an organization's SMS demonstrates a high level of compliance with applicable standards and has a well managed self-audit and safety oversight program in place, or as appropriate to the nature of operations. Inspections can be used;

- To validate confidence in the certificate holder's obligations to collectively meet the auditing assessment requirement; and
- To assess compliance with agreed corrective action plans resulting from previous audit findings.

## **2.8 Overseas Audit Budgets**

### **2.8.1 General**

The audit team leader is responsible for resource utilisation and control during audits. Where applicable, forecast expenditures will be included in the proposed audit plan, to be approved by the DGCA, and should include a breakdown of travel and overtime costs for all inspection activities. Once the budget has been approved, the audit manager will ensure that expenditures fall within approved allocation areas. Upon completion of the audit, the audit leader will provide the DGCA with an expense summary.

Audits will have cost or responsibility centre numbers assigned with the appropriate funds allotted for each audit.

## **2.9 Audit Phases**

The audit process consists of the following four distinct phases:

- (a) pre-audit;
- (b) physical audit;
- (c) post-audit; and
- (d) audit follow-up.

### **2.9.1 Pre - Audit**

- (1) Planning and preparation during the pre-audit phase will ensure that the objectives of the audit are achieved effectively, efficiently and economically. The time schedule and the personnel and financial resources required will be determined by the scope of the proposed audit. This will be addressed and justified within the audit plan.
- (2) Information gathered during the pre-audit phase will assist the audit team in
  - (a) identifying the specific areas, systems and activities to be inspected;
  - (b) selecting the appropriate inspection checklists;
  - (c) determining if the scope of the audit is adequate; and
  - (d) finalising the audit plan.

### **2.9.2 Physical Audit**

The physical audit phase will be implemented in accordance with the audit plan. The purpose of this phase is to verify compliance with regulatory requirements and to assign findings where compliance has not been confirmed. Audit results will be communicated to the organization under review at daily meetings and/or the exit meeting.

### **2.9.3 Post-Audit**

Post-audit activities include completion of administrative details and production of the audit report.

### **2.9.4 Audit Follow-up**

Audit follow-up includes the development and approval of the organization's corrective action plan, ensures full implementation of that plan, and includes formal closure of the audit by the CAA.

## **2.10 Checklists**

### **2.10.1 Purpose**

- (1) Checklists provide a systematic approach for the conduct of an inspection and are designed to identify specific items for review and make reference to the applicable regulatory requirement, be it to a regulation or standard requirement.
- (2) Checklists should not limit the inspector's ability to explore other areas where warranted.

### **2.10.2 Applicability**

Inspection checklists will

- (a) be used to guide the inspection;
- (b) be completed or have areas that were not completed so annotated; and
- (c) be signed and dated by the team member using the checklist.

## **2.11 Audit Team**

### **2.11.1 Inspector Assignments**

- (1) Inspectors assigned to an audit team shall report to the audit manager for the duration of the audit. To ensure continuity, inspectors assigned to an audit shall not be released from their duties prior to the completion of their assignments set out in the audit plan unless written authorization has been received from the audit manager.

- (2) Team members must be able to focus on audit activities and must therefore be released from other responsibilities during the term of the audit.

### **2.11.2 Inspector Qualifications**

- (1) Audit team member qualifications will vary according to their respective duties and responsibilities and are specified in Chapter 4.
- (2) Where the qualifications referred to in subsection (1) have not been met, persons providing specialist assistance and inspectors under training may be included as team members with the approval of the DGCA. Any work undertaken by these individuals must be reviewed by a qualified member who will sign and take responsibility for work completed.

### **2.11.3 Inspector Restrictions**

- (1) To remain impartial throughout the audit process, principal inspectors who have been involved in regular oversight activities with an organization should not participate in audits of that organization. Principal inspectors shall, however, assist the audit team in an advisory capacity when requested to do so by the audit manager.
- (2) The DGCA may approve the participation of the inspectors referred to in subsection (1) as active members of the audit team should circumstances and resources dictate.

### **2.11.4 Audit Co-ordination**

Audits will be co-ordinated through the DGCA. The audit team leader will ensure that the DGCA is informed of all relevant matters and will be accountable to the DGCA for the management of personnel and financial resources and the integrity of the audit process.

### **2.11.5 Conflict of Interest**

Any member of the audit team who believes that their participation may be a conflict of interest shall advise the audit manager. The following are potential conflicts of interest:

- (a) former employment with the organization (depending upon recency of employment and the terms under which employment was terminated);
- (b) organizational ties with the organization;
- (c) direct organization involvement; and
- (d) the holding of organization shares by a family member or other family ties with the organization.

### **2.11.6 Specialists**

A specialist may join the audit team by mutual agreement of the DGCA, audit manager and appropriate team leader.

*Examples of specialists would be: persons experienced on an organization's computer system where the system is too complicated for team members to operate; or a voice switch manufacturer's technical representative; etc.*

#### **2.11.7 Observers**

An observer may join the audit team by mutual agreement of the DGCA, audit manager, appropriate team leader and auditee. This observer may be a CAA inspector or a representative from the aviation industry.

#### **2.12 Unit Directors Roles**

Unit Directors will monitor the effectiveness of the Audit Plans by means of Quality Assurance Reviews (QARs) using policies and procedures outlined in this manual and the appropriate functional area procedure manuals as the standard.

#### **2.13 Discrepancies Within CAA Mandate**

During an audit, the organization under review may produce CAA letters or approval documents, which are inconsistent with current regulation or policy. Where non-compliance to a regulatory requirement results, an audit observation finding will be assigned to the organization under review to ensure that the non-compliance is resolved through the corrective action plan.

#### **2.14 Observation Findings**

When observation findings are identified during an inspection, the required form will be completed in accordance with Chapter 5, section 5.1.

#### **2.15 Discrepancies Outside of CAA Mandate**

Where potential violations of regulations are outside the CAA jurisdiction (e.g. Security, Labour, Legislation) are identified, the audit team leader shall notify the DGCA. The DGCA will then determine if the inconsistency warrants interdepartmental or intergovernmental action and where required, will forward a formal report to the appropriate individual.

#### **2.16 Confidentiality**

Owing to the sensitive nature of audits, confidentiality of audit information is important; this is especially true during the physical audit. Inspectors shall exercise judgement and discretion when discussing matters pertaining to the audit; whether on or off the site. Discussion of audit content shall be limited to the audit team and

appropriate CAA management and shall be undertaken in accordance with the communication protocols specified in the audit plan.

### **2.17 Audit Report**

The audit report is the documentary result of an audit and is required for each audit. The report outlines the inspection process, provides a summary of the areas under review and includes copies of any audit findings. Section 3.4.1 outlines the general procedures for preparing an audit report.

## Chapter 3

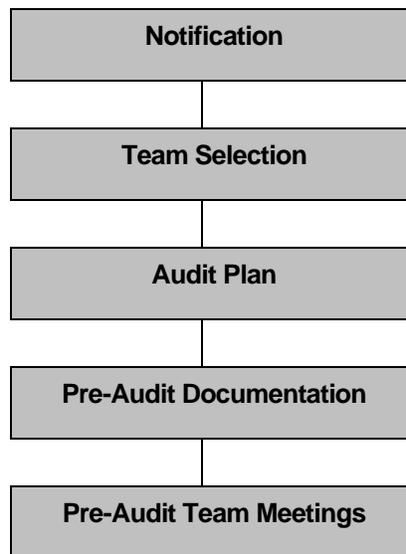
### 3. Audit Procedures

#### 3.1 Selection of Audit Procedures

Audit procedures are similar in application yet there are differences attributable to the size, scope and complexity of the organizations being audited. With some types of audits, not all procedures outlined in this Chapter will be employed. The appropriate functional area procedure manual will provide more specific detail on this subject.

#### 3.2 Pre-Audit

The phases of the pre-audit are illustrated by the following figure and involve, among other things, notifying the organization, selecting an audit team, developing an audit plan, reviewing files and related documentation, opening an audit file if one has not been opened prior to the audit, and convening the pre-audit team meeting.



##### 3.2.1 Notification

An organization will normally be contacted three weeks prior to the planned audit date to confirm the audit schedule. The complexity of the audit will determine the lead-time for this contact. Extenuating circumstances may dictate shorter or no notice periods.

##### 3.2.2 Team Selection

Audit team selection including team member terms of reference, qualifications and responsibilities are specified in Chapter 4.

### 3.2.3 Audit Plan

The audit manager will develop an audit plan for the DGCA approval. A sample of the audit plan will be provided in the appropriate functional area procedure manual. This plan ensures that the audit will be conducted in an organized manner and in accordance with predetermined criteria. Appropriate sections of the plan will be distributed to each member of the audit team to provide guidance and direction throughout the audit. In addition to this, the audit manager may wish to provide the auditee with portions of the plan. The audit plan should address the following items as applicable:

- (a) objective;
- (b) scope;
- (c) a description of the organization being audited;
- (d) methodology;
- (e) communications;
- (f) specialist assistance
- (g) parallel findings and observations;
- (h) budget;
- (i) organization management personnel;
- (j) team composition; and
- (k) audit schedule.

#### 3.2.3.1 Objective

- (a) The audit plan should state the audit type (Chapter 2, section 2.4) as applicable.

#### 3.2.3.2 Scope

The following should be specified where applicable:

- (a) the specialty areas (including elements therein) of the organization to be audited;
- (b) the period back in time that the audit will cover; and

#### 3.2.3.3 Organization Description

The audit plan should provide specific information on the organization. This will provide the reader with an overview of the organization and will include information pertaining to the following:

- (a) the number of employees and their location;
- (b) bases of operation; and
- (c) any other information required by the applicable functional area procedure manual.

#### 3.2.3.4 Methodology

The audit plan should describe the methodology to be used during the audit including:

- (a) the manner in which the audit is to be conducted (i.e., procedures specified in the *Audit Policy and Procedure Manual* and the appropriate functional area procedure manual);
- (b) the specific procedures to be followed (specialist guidance such as checklists, forms and guidance materials provided in the appropriate functional area procedure manual);
- (c) the sampling method(s) to be used; and
- (d) details pertaining to maintenance of the audit file required by section 3.2.5.

#### 3.2.3.5 Communications

The audit plan should identify the communication protocols that the audit team is to follow. This will include internal communications within the audit team and CAA personnel, as well as external communications with the auditee, external agencies and the public.

#### 3.2.3.6 Foreign Travel

When foreign travel is required or contemplated, the following information should be researched:

- (a) the requirement for government passports, visas, inoculations, notification of foreign civil aviation authorities; and
- (b) the availability of voice and data communications, diplomatic courier service and foreign currency exchange.

*The best resource for the above information is usually the auditee themselves.*

#### 3.2.3.7 Specialist Assistance

Specialists are persons who possess knowledge and expertise that is required of the audit team yet are not available from within the CAA.

#### 3.2.3.8 Observation Findings

The audit plan will indicate the process team members will follow when observation findings are identified.

#### 3.2.3.9 Budget

The following will be indicated in the audit plan:

- (a) amounts budgeted for overtime, travel, accommodation and daily allowances;
- (b) budget contingency (10 per cent); and
- (c) team member responsibility to report deviations from budget plan.

#### 3.2.3.10 Organization Management Personnel

The audit plan shall include a listing of organization management personnel who are relevant to the audit including the person's name, title and office phone number.

#### 3.2.3.11 Team Composition

The audit plan shall include a table or an organization chart of the audit team indicating the following where applicable:

- (a) names of the audit manager, team leader(s), support personnel, principle inspector(s), team members, observers and specialists;
- (b) team member technical specialty;
- (c) team member designator; and
- (d) office and mobile telephone number.

#### 3.2.3.12 Audit Schedule

An audit schedule shall be provided indicating the following team information where applicable:

- (a) team member travel dates to and from the audit;

*This may be indicated in the audit budget rather than the audit schedule.*

- (b) specialty area assignments including the applicable element summary responsibilities; and
- (c) pre-audit and physical audit assignments including start/complete dates/times.

### 3.2.4 Pre-Audit File and Documentation Review

This includes a thorough review of all files and documentation that are relevant to the organization. The following should be completed during this activity where applicable:

- (a) ensure that all reference manuals and documents to be used during the audit are readily available and include the latest approved amendments;
- (b) review the auditee's approved manuals for compliance with the appropriate standard;
- (c) review the auditee's files and records to include:

- (i) previous audits including corrective actions and follow-up where applicable,
  - (ii) accident or incident data, including MORS reports,
  - (iii) previous enforcement action, and
  - (iv) exemptions, approvals, limitations and authorizations;
- (d) identify areas that require further review during the physical audit;

*This can be added to the notes section of the applicable checklist.*

- (e) select the applicable checklist(s) from the appropriate functional area procedure manual in accordance with the scope of the audit; and
- (f) complete all pre-audit items on the checklists.

*Pre-audit items are designated "P - (item number)" whereas physical audit items are designated "A - (item number)".*

### **3.2.5 Audit File**

- (1) An audit file is required to track audit history and help determine audit frequency. It is also valuable in assessing the effectiveness of audit follow-up. Accordingly, an audit file shall be opened for each organization that is audited.
- (2) The audit file shall contain a complete chronological record of all correspondence and documentation dealing with audits including a complete record of audit follow-up action.
- (3) Items that appear inconsistent or incomplete during a review of the audit file must be flagged for verification during the physical audit.

### **3.2.6 Pre-Audit Team Meeting**

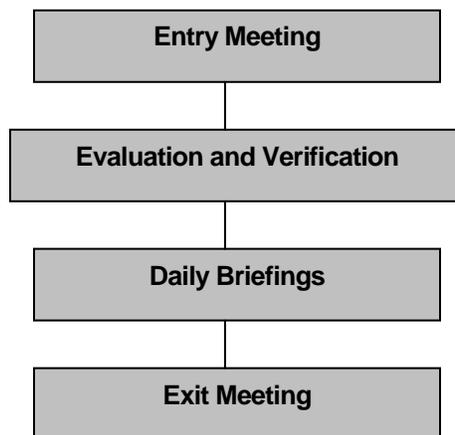
- (1) This meeting should include the following agenda items as applicable for the category, type and class of audit:
  - (a) administrative details;
  - (b) audit plan review and amendment, ensuring that all team members have received appropriate portions of the audit plan;
  - (c) budget information, including tracking of overtime and travel expenses;
  - (d) conflict of interest, confidentiality and access to information;
  - (e) forms administration;
  - (f) use of checklists;
  - (g) communications;
  - (h) pre-audit review and physical audit overview; and

- (i) where possible, principal inspector briefing on the organization's current activities, trends, performance and previous audit history including corrective action and follow-up.
- (2) Sample meeting notes can be found in the appropriate functional area procedure manual.

### **3.3 Physical Audit**

#### **3.3.1 General**

Activities conducted during the physical audit are illustrated by the following figure and consist of the entry meeting, evaluation and verification, daily briefings and the exit meeting.



#### **3.3.2 Entry Meeting**

- (1) The entry meeting should set the tone for the physical audit and should be attended by the auditee's senior management and members of the audit team. It will outline the audit process and confirm any administrative requirements so that the physical audit may be conducted both effectively and efficiently, while minimising disruptions to the auditee.
- (2) Sample entry meeting notes can be found in the appropriate functional area procedure manual.

#### **3.3.3 Evaluation and Verification**

During this phase, the audit team will:

- (a) confirm whether the auditee's operation is in compliance with applicable regulatory requirements;

- (b) confirm whether services are operating effectively and as intended and specified in the appropriate procedure manual; and
- (c) where non-compliance with a regulatory requirement is identified, gather evidence or supporting documentation (with the assistance of the enforcement point-of-contact if required) and prepare an audit finding.

#### 3.3.3.1 Audit Checklists

- (1) Use of the applicable checklists contained in the appropriate functional area procedure manual is mandatory as they will assist auditors in determining the level of compliance with regulatory requirements. Based on the results of the completed checklist, a determination of the strengths and weaknesses of the auditee's services will be possible. Although each item on the checklist need not be checked, this system will be most effective if all items are evaluated.
- (2) There may be times where it is not possible to review a particular specialty area element (i.e., an entire checklist). This shall be documented in the audit report and where applicable, an observation finding submitted.
- (3) Checklist will be made available to the auditee through the CAA website for their review and preparation between audit dates. Checklist are also made available to the auditee 30 days in advance of planned audits.

#### 3.3.3.2 Inspections

- (1) Inspections conducted during an audit range from the simple observation of an activity to the detailed analysis of a system or process using comprehensive checklists or forms. The term *inspection* includes such activities as: the review of files and records; interviews; the use of confirmation requests; air safety and aerodrome inspections; the observation of activities such as a fire fighting drill and air traffic control, engineering maintenance and flight operations.

*Where possible during combined or concurrent audits, inspections should be carried out as co-ordinated inspections. These are inspections conducted by auditors from different functional or specialty areas.*

#### 3.3.3.3 Sampling

##### General

- (1) It will not always be possible or necessary for the audit team to examine all of an organization's activities (i.e., a 100% inspection of all operations, processes, procedures and documents), especially if the activity involves review of a large number of items or a large volume of documentation (population). Time available to accomplish the inspection and the experience level of auditors are limiting factors.

Consequently, the audit manager may have to resort to the general concepts of sampling in collecting the necessary objective evidence.

- (2) Sampling is accomplished by examining only a representative sample of the population whose results would then make possible a reliable conclusion regarding the overall level of compliance of the auditee's system to regulatory requirements.
- (3) The Audit Manager has to be confident in the team's ability to detect systemic problems if such are present in the auditee's system. A organization producing a high percentage of non-compliances will only require a small sample to detect them. Similarly, an organization producing a low percentage of non-compliances will require a larger sample to detect non-compliances.
- (4) There is a statistical relationship between the probability that the sample will detect an acceptable percentage of non-compliances if they exist, and the sample size. An inspection sample specifies the minimum sample size that is required to confirm systemic problems in the auditee's system. This relationship is based on the risks involved in every sampling.
- (5) The CAA Audit Program has established as its goal, an acceptable probability of 95% that the sample will detect an acceptable level of 5% non-compliance. This is an accepted industry standard for sampling and establishes clearly defined sampling criteria.
- (6) The Audit Manager must use good judgement, experience and risk management techniques before deciding on how much to sample, or even to use sampling concepts at all. It must be recognised that there is a direct relationship with the importance of the characteristic(s) being inspected and the use of sampling concepts.
- (7) Where sampling is used, the inspector needs sufficient evidence (typically three examples) in order to reliably conclude that an audit finding is justified. Once this has been achieved, there is no need to inspect the whole sample.

#### Conclusion

- (8) It is important to understand that where sampling is used and non-compliance cannot be found in the sample, one cannot assume that the quality of the auditee's system is perfect. In sampling there is no guarantee that the results from the sample selected will reflect the true condition of the auditee's system. This consideration is more important for smaller populations where it is preferable to inspect 100% of the population.

#### 3.3.3.4 Interviewing Auditee Personnel

- (1) Interviews are verbal communications with the auditee's personnel and range from an informal discussion to a pre-arranged interview of the organization's President/CEO. Interviews are important to auditors in that they permit the auditor to:

- (a) determine whether the procedures documented in procedural manuals is that in use;
  - (b) determine the accuracy of information provided in operational manuals;
  - (c) assess the knowledge of supervisory personnel pertaining to their duties and responsibilities; and
  - (d) where applicable, confirm the validity of findings identified during an audit.
- (2) The following guidelines will be useful when preparing for an interview:
- (a) prepare carefully prior to the interview by defining the areas to be explored and setting specific objectives (guidance material may be included in the appropriate functional area procedure manual);
  - (b) explain why the interview is taking place;
  - (c) use open questions and avoid complex questions or phrases;
  - (d) ensure that questions are understood;
  - (e) listen carefully to answers and allow interviewee to do most of the talking;
  - (f) avoid being side-tracked from your original objectives;
  - (g) terminate the interview if the atmosphere becomes highly negative;
  - (h) thank the interviewee at the conclusion of the interview; and
  - (i) document responses during, or as soon as possible following the interview.

#### 3.3.3.5 Confirmation Requests

- (1) Confirmation requests are typically used where the auditor requires information and the appropriate organization representative is not immediately available to provide it. Communications are entered on the CAA Audit Finding Form (AFF) as an observation finding and forwarded to the auditee with a request that the information be provided by a specified date/time. A sample AFF can be found in Chapter 6.
- (2) Team members will forward AFFs to the team leader who will review the document, ensure that it is recorded in a tracking log (sample in Chapter 6) and forwarded to the appropriate person in the auditee's organization.
- (3) At the end of each day, the tracking log should be compared with the returned AFFs to ensure that the log is current. For a large audit, this can be done at the daily briefing with the auditee. In this manner, both the auditee and the audit team will be updated as to the status of these documents. Regardless of the way in which the tracking log is maintained, all AFFs should be cleared prior to the completion of the physical audit at that site or base.
- (4) When the AFF has been returned and appropriate action taken, this material should be filed according to the appropriate functional or specialty area, allowing documentation relating to high-profile items to be maintained for later reference. This file will also provide background and evidence/supporting documentation for any follow-up or enforcement action taken at a later date.

### 3.3.4 Audit Findings

#### 3.3.4.1 General

- (1) Audit findings must be prepared accurately as they form the basis of the audit report and a successful audit. A sample audit finding form can be found in Chapter 6.
- (2) When a number of team members will be completing finding forms, it is important that a standardized approach to inputting data on the form be taken.
- (3) All evidence and supporting documentation will be included with the completed finding form for review by the applicable team leader and the audit manager. Although this documentation will not be included in the audit report, it will be retained in the audit file.

#### 3.3.4.2 Issuance During the Physical Audit

- (1) Where it is determined that corrective action and subsequent follow-up to a non-compliance is required in a period less than that which occurs through the use of an approved corrective action plan (typically 45+ days), an audit finding may be issued during the physical audit. This type of finding is usually made where safety is compromised and corrective action is required immediately, or at the very least, prior to completion of the audit. The corrective action section of the audit finding form includes a checkbox and a line to specify the date/time that corrective action is required by.
- (2) The operator must respond to the audit finding by the date/time specified in the corrective action section of the finding form using a corrective action form. A sample corrective action form can be found in Chapter 6.
- (3) Issuance of audit findings during the physical audit will only be contemplated when the relevant audit manager and applicable team leader are in agreement with such action.
- (4) For the purposes of follow-up to corrective actions taken during the physical audit, the applicable team leader will act as the “Responsible Manager” for sign-off of the corrective action form.

#### 3.3.4.3 Filling Out the Audit Finding Form

When completing these forms, auditors shall use the following checklist:

- (a) at the top of the finding form:
  - (i) correctly identify the auditee; where applicable, use the organization’s name as found on the relevant aviation document;

- (ii) correctly identify the regulatory requirement to which the non-compliance applies in accordance with procedures specified in the appropriate functional area procedure manual;
  - (iii) enter the auditee's CAA audit file number;
  - (iv) identify the finding number in accordance with procedures specified in the appropriate functional area procedure manual
  - (v) check the relevant type of finding; and
  - (vi) enter a connected to audit finding number if connected to a previous audit finding.
- (b) in the "Finding" section:
- (i) identify the area of inspection (this will be the title of the checklist);
  - (ii) specify the area of non-compliance;
  - (iii) ensure that the information illustrate non-compliance with the particular regulatory requirement be it a regulation, standard or procedure manual requirement; and
  - (iv) make reference to any evidence or supporting documentation that confirms the validity of the finding.
- (c) in the "Corrective Action" section:
- (i) the auditee's corrective action plan should be recorded;
  - (ii) enter auditor's name, signature and date; and
  - (iii) enter the organization's representative name, signature date.
  - (iv) specify whether the finding is open/closed;
  - (v) specify a target completion date that corrective action is required by, if open;
  - (vi) enter whether follow-up audit is required; and
  - (vii) enter follow-up audit date if required;
- (d) in the "Corrective Action Verified" section:
- (i) enter auditor's name, signature and date; and
  - (ii) reason for audit finding closure.

### **3.3.5 Daily Briefings**

- (1) Team briefings should be held at the end of each day during the audit to
- (a) ensure adherence to the audit plan;
  - (b) validate confirmation requests and audit findings;
  - (c) resolve issues or problems arising from the day's activities; and
  - (d) provide the team leader with the information necessary to update the audit manager, where applicable.

- (2) Daily briefings should be held at a time convenient to the auditee. These briefings are conducted to update the auditee's management on audit progress and to discuss any audit findings that have been identified. The audit manager or team leaders may elect to have a team member brief the auditee's officials on specific items.

### **3.3.6 Exit Meeting**

- (1) Upon completion of the audit, the audit manager will convene an exit meeting with the auditee's senior management to brief them on the results of the audit. Normally, the DGCA and the audit management team will attend.
- (2) Where applicable, the audit team will have briefed the auditee on all audit findings during the daily meetings so debate between the team and the organization should not occur. The auditee should be advised that they will have an opportunity to respond formally to the audit report in their corrective action plan submission.
- (3) The audit manager shall advise the auditee that the audit report will be forwarded to them within the time period referred to in subsection 3.4.1.3 (2) and that a corrective action plan must be submitted to the CAA within 15 working days after the report has been received. Details of the corrective action process will also be discussed.

## **3.4 Post-Audit**

The post-audit process includes the wrap-up of audit administrative details, preparing the audit report and convening an audit report review committee where applicable.

### **3.4.1 Audit Report**

#### 3.4.1.1 General

- (1) The audit report is a document that summarises the results of an audit and includes the audit findings and where applicable, corrective actions taken to findings issued during the audit in accordance with section 3.3.6.2. The report is a factual account of the audit and will not include subjective statements, suggestions or recommendations.
- (2) The audit manager is responsible for the preparation of the audit report and its approval by the DGCA. The report will be printed in the English language.

#### 3.4.1.2 Report Format

- (1) The audit report will include:
  - (a) **Part I — Introduction**, which identifies the auditee and summarizes the audit process;
  - (b) **Part II — Executive Summary**, which summarizes the most

significant findings for the information of auditee and CAACI senior management. For combined audits, functional area summaries will be included in this Part;

- (c) **Part III / IV— Specialty Area Summaries**, which contains the specialty area element (checklist) summaries for each functional area audited; and
  - (d) **Appendix — Audit Findings**, which contains the audit findings assigned during the audit.
- (2) Audit reports may vary depending upon the category, type and class of audit, yet will follow the general structure specified in subsection (1). Refer to the appropriate functional area procedure manual for more detail and samples.

#### 3.4.1.3 Report Procedures

- (1) Although draft finding forms may be left with the organization as a courtesy, this is not mandatory. Audit findings issued to the auditee during the physical audit pursuant to section 3.3.6 (2) will be left with the organization and copies included in the audit report. Where the finding required corrective action prior to the end of the physical audit, the completed corrective action will be included in the audit finding form.

*Where draft findings are left with the auditee, the word “draft” must be added to the form header.*

- (2) The audit report is normally presented to the auditee within 15 working days calculated from the last day of the physical audit.
- (3) The DGCA will sign the report cover letter (sample provided in the appropriate functional area procedure manual) and forward the audit report to the auditee. The report will outline the procedure for responding to audit findings and specify the required response time of 15 working days from the time the auditee receives the report.
- (4) The audit report will be distributed according to procedures specified in the appropriate functional area procedure manual. The report may be released to other regulatory organizations after corrective action plan approval if authorized by the DGCA.

### 3.5 Audit Follow-Up

#### 3.5.1 General

- (1) Upon completion of the audit, the DGCA will delegate follow-up responsibilities to the manager(s) responsible for regulatory oversight of the appropriate aspect of the auditee’s operation or as specified in the appropriate functional area procedure manual.

- (2) The responsible manager(s) referred to in subsection (1) will ensure that:
  - (a) the corrective action plan and audit follow-up has been entered in the CAA database.
  - (b) where applicable, corrective actions required by a specific date on the corrective action section of the finding form have been completed by the date specified; and
  - (c) the corrective action plan is submitted in the appropriate time period, and is approved, implemented and effective in rectifying the applicable non-compliances.
- (3) Audit follow-up is considered complete when:
  - (a) the Audit Follow-up Responsible Manager have verified the corrective action and signed off all audit finding corrective actions;
  - (b) corrective action status has been recorded in the audit file; and
  - (c) the DGCA has been advised and a letter forwarded to the auditee advising them that the audit is closed. A sample letter can be found in the appropriate functional area procedure manual.
- (4) Follow-up action will be assessed through the QAR process.

### **3.5.2 Types of Corrective Action**

#### **3.5.2.1 Short-Term Corrective Action**

This action corrects the specific non-compliance specified in the audit finding and is preliminary to the long-term action that prevents recurrence of the problem. Short-term corrective action will be completed:

- (a) by the date specified in the corrective action section of the finding form, or
- (b) within 30 days from the date the auditee receives the audit report.

#### **3.5.2.2 Long-Term Corrective Action**

- (1) Long-term corrective action has two components. The first will involve identifying the cause of the problem and indicating the measures the auditee will take to prevent a recurrence. These measures should focus on a system change. The second component is a timetable for organization implementation of the long-term corrective action. Subject to subsection (2), long-term corrective action will take place within 90 days and will include a proposed completion date.
- (2) Some long-term corrective actions may require time periods in excess of 90 days (e.g., major equipment purchases). In this case, refer to Audit Closure section 3.5.5.3 (2) (c)(d), which explains how to deal with audit findings both beyond 90 days and closure of findings within 12 months. Where applicable, the organization will include

milestones or progress review points not exceeding 90 days leading up to the proposed completion date.

- (3) Where the short-term corrective action taken meets the requirements for long-term corrective action, this shall be so stated in the long-term corrective action section on the corrective action form.

### **3.5.3 Corrective Action Plan Submission**

- (1) The covering letter of the audit report will advise the auditee that it must:
  - (a) where applicable, submit corrective action forms for each audit finding requiring corrective actions by the date specified in the corrective action section of the finding form; and
  - (b) submit a corrective action plan addressing all other audit findings within 30 working days from the date of receipt of the audit report. Normally, this deadline will not be extended without the approval of the DGCA.
- (2) The CAA will include the name(s) of the person(s) to whom the corrective action plan shall be sent in the audit report covering letter. This person will normally be the responsible manager.
- (3) Corrective action plans received from the auditee should include completed corrective action forms (Chapter 6) and where applicable, supporting documentation that may take the form of memoranda, manual amendments, etc.

### **3.5.4 Corrective Action Plan Approval**

- (1) Where the corrective action plan is acceptable, the auditee will be so advised and the appropriate information (administrative/on-site follow-up, proposed completion date) will be entered on the corrective action form or where applicable, the corrective action tracking form, for the purpose of follow-up. A sample tracking form can be found in Chapter 6.
- (2) Before approving plans for findings that include long-term corrective actions exceeding 90 days as permitted in subsection 3.5.2.2(2), the responsible manager must be satisfied that the proposed corrective action is reasonable and that safety will not be jeopardised. These findings will then be considered closed for the purposes of corrective action plan follow up provided the requirements of subsection 3.5.5.1(3) are met.
- (3) If the auditee's corrective action plan is not acceptable, the DGCA will indicate the reasons, propose changes and negotiate a revised corrective action plan. Where the auditee is unresponsive to this action, an alternative course of action may be pursued; where applicable, such action could include the sending of a Notice of Suspension to the organization by the CAA.

### 3.5.5 CAP Follow-up

#### 3.5.5.1 Follow-up Process

- (1) Where the audit findings are of a minor nature, no threat to aviation safety exists and the auditee has a reputable quality assurance or internal audit program, an “administrative follow-up” may be acceptable. In this case, the documents referred to in subsection 3.5.3(3) must be reviewed and found acceptable. All other findings require “on-site follow-up” to ensure that non-compliances have been rectified and that corrective actions are effective.
- (2) Progress will be monitored as the auditee completes audit finding corrective actions. This will be accomplished by using either the follow-up section on the corrective action form or the tracking form. Both forms identify the finding number, the type of audit follow-up (administrative or on-site) and the date upon which the corrective action was completed.
- (3) Long-term corrective actions that have been approved in accordance with subsection 3.5.4(2) will be followed-up by the responsible Audit Team Leader who will advise when the item is complete. This follow-up will be confirmed through the QAR process and during the next scheduled audit.

#### 3.5.5.2 Audit Follow-up

The Audit Follow-up will

- (a) monitor the auditee to ensure that the 30 day response time for corrective action plan submission is observed or, where applicable, that corrective
- (b) actions required by a specific date (indicated on the corrective action section of the finding form) have been completed;
- (c) ensure that the corrective action plan addresses the most important findings first;
- (d) ensure that each proposed corrective action will rectify the non-compliance and prevent its recurrence;
- (e) determine that the auditee has developed a reasonable timetable for long-term corrective action and ensure that the proposed completion date is indicated on the appropriate section of the corrective action form or entered on the corrective action tracking form;
- (f) approve the corrective action plan in co-ordination with the responsible manager and where necessary, the audit manager and appropriate team leader and/or team member;
- (g) determine for each corrective action plan item whether the follow-up is to be administrative or on-site and indicate so on the corrective action form or corrective action tracking form;
- (h) monitor the progress of the corrective action plan by maintaining the follow-up section of the corrective action form or the corrective action tracking form

and ensuring that the appropriate follow-up (administrative or on-site) has been conducted;

- (i) ensure that all completed corrective action forms and corrective action tracking forms, together with any supporting documentation, are placed on the audit file; and
- (j) advise the responsible manager when all corrective actions have been completed.

### 3.5.5.3 Audit Closure

- (1) To enable the CAA to close regulatory audits within 12 months following Corrective Action Plan (CAP) acceptance, the following process should be applied. As a rule, the CAP should aim at having all corrective action in place within 90 days. However, it is not always possible to meet these deadlines and special consideration may be required to ensure audit closure in a timely fashion.
- (2) Audit findings will be categorized as follows:
  - (a) **An immediate safety issue**, corrective action must be carried out immediately in order for the organization to continue their activities. The finding should be written into the report. Should long-term corrective actions be required, depending on the circumstances, this will be dealt with as identified in paragraphs (b),(c) or (d).
  - (b) **Corrected within 90 days**, normally the majority of findings should fall into this category. The accepted CAP must indicate that the long and short-term corrective action will be in place within 90 days. The DGCA will ensure follow-up action.
  - (c) **Corrected between 90 days and twelve months**, in cases where it is anticipated that the corrective action will take more than 90 days after CAP acceptance. A risk assessment should be completed by the relevant organization before accepting the CAP.
  - (d) **Longer than 12 months**, in cases where it is not possible or reasonable to apply the corrective action within 12 months of acceptance of the CAP, a risk assessment study should be completed by the relevant organization. If the risk assessment confirms that the proposed period of time is justified, an exemption should be issued. The corrective action would therefore be completed.
- (3) The regulatory audit can be closed by the CAA 12 months after CAP acceptance, since the corrective action has either been completed or assessed to the point whereby an exemption could be issued.
- (4) The responsible manager(s) will confirm that all follow-up actions have been completed, entered in the CAA database and will so advise the DGCA. The DGCA will then forward a letter to the auditee informing them that the audit is closed.

### **3.5.6 Audit Follow-up Action**

- (1) Once the audit report has been sent to the auditee, the necessity or extent of any follow-up action will be determined by the Audit Manager after consulting with the DGCA. A decision record will highlight those audit findings that are to be investigated by and followed-up by the Audit Manager. This record will form part of the audit file.
- (2) The co-ordination outlined in subsection (1) may take place as a discrete activity or, alternatively, as a function of an audit review committee.

### **3.5.7 Audit Report Review Committee**

- (1) The audit report review committee will be convened at the direction of the DGCA. Audit reports resulting from combined audits should normally be subject to committee review, as should specialty audits of organizations with complex operations.
- (2) The purpose of the audit report review committee is as follows:
  - (a) to confirm the technical accuracy of the report with special attention given to the auditee's description, the functional and specialty area summaries, and the audit findings;
  - (b) to ensure that the report is an objective account of the audit and that no subjective statements are included in the report;
  - (c) to ensure that statements made in the functional and specialty area summaries are supported by the actual audit findings; and
  - (d) to determine if any findings identified in the report should be subject to further investigation.
- (3) The audit report review committee will consist of the DGCA and one or both of the following Directors, depending on the audit report functional area:
  - (a) DASR and DANSR;
- (4) To facilitate an effective review it will be necessary to provide copies of the report to committee members in advance of the committee meeting, yet it is acknowledged that the meeting must be held shortly thereafter in order to provide time to make any changes, produce the final report and forward same to the auditee within the time periods specified in subsection 3.4.1.3 (2).
- (5) Recommendations resulting from the committee review will be considered advisory and the DGCA will retain responsibility for the final report.

### **3.5.8 Post-Audit Surveillance**

- 3.5.8.1 During audit follow-up, surveillance is the only means to ensure that organizations with non-compliances comply with regulatory requirements and respond satisfactorily

to audit findings. Post-audit surveillance can be conducted as informal visits (inspections) or as a more structured follow-up audit.

## Chapter 4

### 4. Audit Team Requirements

#### 4.1 Team Selection

The audit team, approved by the CAA, will vary according to the category, type and classification of the audit. Specialty audits will often consist of only one inspector where that inspector is responsible for all audit duties. Large combined audits will have an audit team leader, team members, specialists and observers as appropriate. It is therefore recognised that an audit team may not require all the positions listed below and that various duties and responsibilities may be combined or deleted when assumed by a particular team member. This chapter outlines the terms of reference, qualifications and responsibilities of the DGCA, audit team leader and each team member.

#### 4.2 Director General of Civil Aviation (DGCA)

##### 4.2.1 Responsibilities

The DGCA shall:

- (a) determine the objective and scope of the audit;
- (b) appoint an audit team leader for each audit.
- (c) oversee the selection of the audit team;
- (d) approve the audit plan;
- (e) attend the entry meeting, when required;

*The DGCA will usually not attend the entry meeting as this would detract from the audit team leader's authority. The DGCA may wish to attend the meeting however, where the audit is convened under extraordinary circumstances.*

- (f) review and approve the audit report, sign the report cover letter and ensure that the auditee receives the report within the required timeframe;
- (g) ensure that action is taken in an appropriate and timely manner for any immediate threat to safety identified by the audit team leader during the physical audit;
- (h) ensure that appropriate follow-up action is completed after the physical audit; and
- (i) send a letter to the auditee confirming that all audit findings and corrective actions are complete and that the audit has been closed.

#### 4.3 Audit Team Leader

##### 4.3.1 Terms of Reference

The audit team leader terms of reference will be outlined in the appointment letter or memo and specify that the audit team leader:

- (a) will report directly to the DGCA until released from his/her audit duties;
- (b) will conduct all audit related matters in accordance with policy and procedures specified in the Audit Policy and Procedure Manual and the appropriate functional area procedure manual;
- (c) will immediately contact the DGCA with a recommendation for action in the event of an immediate threat to aviation safety;
- (d) is authorized to communicate directly with managers within the CAA to obtain the required personnel resources; and
- (e) will, where required, be assigned a responsibility centre number with the appropriate funding for travel, overtime and any related expenses to be incurred during an overseas audit the audit.

#### **4.3.2 Qualifications**

The audit team leader shall:

- (a) have satisfactorily completed an approved Audit Procedures Course applicable to the Functional Area(s) to be audited;
- (b) have experience related to the type of organization to be audited;
- (c) possess a sound knowledge of aeronautical legislation and regulations;
- (d) have demonstrated communication and management skills;
- (e) have experience with CAA administrative procedures; and
- (f) for other than smaller specialty audits, have acted as team leader during at least two audits.

#### **4.3.3 Responsibilities**

The audit team leader shall:

- (a) plan, organize, direct and control the audit process;
- (b) negotiate dates sufficiently in advance to allow adequate planning prior to the audit;
- (c) where applicable, select team members in consultation with the DGCA and confirm their assignment by letter or memo.
- (d) maintain an audit file, which will include the audit manager's letter of appointment and terms of reference, all working notes, copies of audit-related documents and a copy of the audit report;
- (e) develop an audit plan for approval by the DGCA;
- (f) notify the auditee by letter of the planned audit within a reasonable timeframe;
- (g) co-ordinate personnel requirements for the audit team with the appropriate CAA manager, as applicable;
- (h) ensure that the pre-audit documentation review is complete;
- (i) ensure that team members are knowledgeable in their assigned specialty areas;

- (j) co-ordinate with the appropriate CAA specialty areas to ensure that all non-audit departmental liaison and activities with the auditee are minimized and/or co-ordinated through the audit manager during the audit period;
- (k) convene a pre-audit team meeting where applicable;
- (l) establish contact with the DGCA and relay fieldwork progress, potential problems, changes in the objectives or scope of the audit, and other significant matters arising during the pre-audit phase;
- (m) co-ordinate and chair the entry meeting with the auditee and maintain communications with the auditee's senior management;
- (n) advise the DGCA immediately of any immediate threat to safety and ensure that the DGCA is aware of any safety issues identified during the physical audit;
- (o) ensure that any decisions to be made by, or approvals required from, the CAA during the physical audit are received in a timely manner;
- (p) exercise line authority over audit team members and observers;
- (q) ensure that all audit findings are tied to the applicable regulatory requirement and are supported by specific examples and evidence or other supporting documentation where applicable;
- (r) ensure that all draft findings have been discussed with the auditee prior to the exit meeting, where it is possible to do so;
- (s) co-ordinate and chair the exit meeting with the auditee's senior management;
- (t) prepare the covering letter and audit report for approval by the DGCA;
- (u) provide the DGCA with recommendations for possible enforcement action arising from the audit and co-ordinate subsequent action regarding regulatory audit findings;
- (v) ensure that team members have fulfilled all responsibilities prior to release from audit duties and confirm their release by letter or memo if released other than as planned;
- (w) submit a report of personnel resources used on team audits to the DGCA; and
- (x) ensure that observation findings have been completed and distributed in accordance with subsection 5.1(2).

#### **4.4 Team Member**

##### **4.4.1 Terms of Reference**

The team member's terms of reference will be outlined in the appointment letter or memo and specify that the team member:

- (a) will report directly to the audit team leader, until released from his/her audit duties;
- (b) will conduct all audit related matters in accordance with policy and procedures specified in the Audit Policy and Procedure Manual and the appropriate functional area procedure manual; and
- (c) will immediately contact the audit team leader, with a recommendation for action in the event of an immediate threat to aviation safety.

#### **4.4.2 Qualifications**

A team member shall:

- (a) have satisfactorily completed an approved Audit Procedures Course applicable to the Functional Area(s) to be audited;
- (b) have experience related to the type of organization to be audited; and
- (c) possess a sound knowledge of aeronautical legislation and regulations.

#### **4.4.3 Responsibilities**

A team member shall:

- (a) become familiar with the audit terms of reference;
- (b) become familiar with the auditee's policies and procedures;
- (c) conduct audit fieldwork and document audit findings;
- (d) document observation findings as they are encountered and forward these to the audit team leader, where applicable;
- (e) communicate with the team leader to ensure that audit progress is reported and potential problems are addressed;
- (f) review the validity and applicability of audit findings by ensuring that all findings are tied to the applicable regulatory requirement and are supported by specific examples and evidence or other supporting documentation where applicable; and
- (g) provide the team leader with the applicable specialty area element (checklist) summaries where requested to do so in the audit plan.

## Chapter 5

### 5. Observation Findings

#### 5.1 General

- (1) During the course of an audit, audit team members may make observation findings pertaining to deficiencies in, or the misapplication of, Civil Aviation regulatory requirements or non-regulatory policies, procedures or guidelines. These observation findings will be documented on the audit finding form as an observation, the purpose of which is to improve the quality and effectiveness of the CAA regulatory oversight program.
- (2) The audit team leader will forward all observation findings to the DGCA upon completion of the audit and ensure that any supporting documentation is placed on the appropriate file.
- (3) The DGCA will then make the necessary arrangements for appropriate co-ordination and follow-up.
- (4) Observation findings shall neither be included nor referenced in the audit report.

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## **Chapter 6**

### **6. Forms**

#### **6.1 General**

This chapter contains samples of the following forms:

- (a) Audit Finding and Corrective Action Form; and
- (b) Corrective Action Tracking Form;

#### **6.2 Audit File Reference**

- 6.2.1 The CAA internal audit file reference numbering system will be used to ensure that completed audit findings and corrective action forms are filed, accordingly.

#### **6.3 Tracking Process**

- 6.3.1 The audit finding numbering system on page 50 is used by the Air Navigation Services section of the CAA and assigned to each audit finding and corrective action form and then used with the corrective action tracking forms to assist with the follow-up implementation status of agreed corrective actions. Separate Flight Operations filing system procedures are issued in a controlled document, which may be accessed by contacting the DASR.

**Table 1. Finding Number System**

<b>Tracking Control Number Example: 05-AT-GSI-01N-RC</b>
“05” refers to the year of the audit.
<p>“AT” designates the functional area audited:</p> <p>AD – Aerodrome</p> <p>AE – Airport Emergency</p> <p>AT – Air Traffic Service</p> <p>AI – Aeronautical Information Service</p> <p>CN – Communication, Navigation and Surveillance</p> <p>MT – Aeronautical Meteorology</p> <p>RF – Rescue and Fire Fighting Service</p> <p>SR – Search and Rescue</p>
<p>“GSI” is the three letter identifier of the aerodrome audited:</p> <p>GSI – Gerrard-Smith International Airport</p> <p>ORI – Owen Roberts International Airport</p> <p>LCM – Little Cayman Airport</p>
“01” is the tracking number.
<p>“N” is the type of finding:</p> <p>N – Non-compliant</p> <p>O – Observation</p>
<p>“RC” is the audit type:</p> <p>AC – approval or certification audit</p> <p>RC – routine compliance audit</p> <p>SP – special purpose audit</p>



<b>AUDIT FINDING AND CORRECTIVE ACTION FORM</b>	
<b>Organization:</b>	<b>Audit Date:</b>
<b>Regulatory Reference:</b>	<b>Audit File Reference:</b>
<b>Type of Finding:</b> <input type="checkbox"/> Non-Compliance <input type="checkbox"/> Observation	<b>Finding Number:</b> <b>Connected to Audit Finding:</b>
<b>Finding:</b>	
<b>Corrective Action(s) – Implementation and Status:</b>	
<b>Auditor:</b>	<b>Organization Representative:</b>
<b>Signature:</b>	<b>Signature:</b>
<b>Date:</b>	<b>Date:</b>
Closed: <input type="checkbox"/> Open: <input type="checkbox"/>	<b>Target Completion Date:</b>
Follow-up Audit Required: Yes <input type="checkbox"/> No <input type="checkbox"/>	<b>Follow-up Audit Date:</b>
<b>Corrective Action Verified by:</b>	
<b>Auditor:</b>	<b>Date Closed:</b>
<b>Signature:</b>	
<b>Reason for Closure:</b>	

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**Appendix 1**

CAA ref. xx/xx

*{Insert date}*

*{Insert accountable manager's name}*

*{Insert accountable manager's address}*

**Notice of Planned Aerodrome Audit Inspections**

Dear *{Insert accountable manager's name}*:

In accordance with the Civil Aviation Authority of the Cayman Islands audit policy and procedures requirements, *{Insert name of aerodrome}* is scheduled to be audited from *{Insert dates}*.

*{Insert name of aerodrome}* have an obligation to meet International Civil Aviation Organization (ICAO) standards as specified in the Air Navigation (Overseas Territories) Order (AN (OT) O) and related Overseas Territories Aviation Requirements (OTARs) regardless of certification status. The objective of the above audit will be to assess compliance with this obligation and ensure that an acceptable level of safety is maintained.

Enclosed you will find details of the audit plan which includes a list of audit members, their area of responsibility and the defined scope for the audit.

You are requested to make arrangements for a boardroom in your facilities to host an entry meeting to begin the audit on the morning of *{Insert date and time}*. The purpose of this meeting is to introduce the audit team to your management staff and review the steps in the audit process to ensure everyone is aware of their responsibilities and scheduling requirements. This same room will be required on the afternoon of *{Insert date and time}* for an exit meeting.

Should you require additional information or clarification pertaining to this audit, please do not hesitate to contact me.

Yours sincerely,

*{Insert name of CAACI representative}*

*{Insert position}*

**Audit Plan for {Insert name of aerodrome}**

## Objective:

Conduct an audit of {Insert name of aerodrome} to assess compliance with the Civil Aviation Authority of the Cayman Islands international obligations and ensure that an acceptable level of safety is maintained at aerodromes in the Cayman Islands.

## Scope:

The scope and depth of the audit will encompass all activities that could affect the operation of the airport, including but not limited to:

- a review of all outstanding Findings from previous inspections/audits;
- a review of the aerodrome:
  - certification documentation;
  - physical characteristics;
  - obstacle limitation surfaces;
  - marking, lighting and signs;
  - marking of obstacles and restricted areas;
  - plans and procedures including ARFFS; and
  - compliance with OTARs Part 139, 140; and
  - regulatory obligations including SMS implementation.
- a review of Air Traffic Services:
  - compliance with OTARs Part 065, 172, 173, 176; and
  - regulatory obligations including SMS implementation
- a review of Telecommunications:
  - compliance with OTARs Part 171 and 172; and
  - regulatory obligations including SMS implementation

## Approach:

Standard audit procedures as described in the Civil Aviation Authority of the Cayman Islands Audit Policy and Procedures Manual will be used. This will include interviews with key personnel, facility inspections and a review of programs provided and associated documentation. The entry meeting will highlight this process.

A schedule for the audit plan will be provided 30 days in advance of the entry meeting to permit staff scheduling to support the on site inspections.

**Audit Team**

<b><u>Name</u></b>	<b><u>Specialty</u></b>
<i>{Insert auditor's name}</i>	<i>{Insert auditor's specialty area}</i>

**Appendix 2      Audit Areas- Airworthiness**

	<b>Airworthiness</b>
AW-1	Maintenance Exposition – <b>OTAR 145.51,57,123,125,127</b>
AW-2	Technical Library – <b>OTAR 145.111</b>
AW-3	Personnel – <b>OTAR 145.105,107, 39 Sub B,39 Sub E, 43.51, OTAR 66</b>
AW-4	Maintenance & Training Standards – <b>OTAR 145.107c</b>
AW-5	Technical Records – <b>OTAR 145.117, 39 Sub D, 43.53, 43.57</b>
AW-6	Fuel / Defuel – <b>OTAR 121.95, 121.97, MOE</b>
AW-7	De-Icing Procedures – <b>MOE/Ops Manual</b>
AW-8	Mandatory Occurrence Reports - <b>OTAR 145.119, OTAR 13</b>
AW-9	Defect Control (Deferral / Rectification) - <b>OTAR 145.115, 43.105,109,111,115.</b>
AW-10	Line / Ramp Procedures - <b>MOE</b>
AW-11	Facilities General – <b>OTAR 145.103</b>
AW-12	Aircraft Conformance C of A renewals – <b>OTAR 21 Sub.E</b>
AW-13	Sub-Bases - <b>MOE</b>
AW-14	Company Quality Assurance Audits – <b>OTAR 145.121</b>
AW-15	Equipment Tools and Material – <b>OTAR 145.109, 21 Sub. K, Sub M.</b>
AW-16	Engineering - <b>MOE</b>
AW-17	Stores Rotables/Consumables (Rec./Insp.) – <b>OTAR 21 Sub.K.</b>
AW-18	Maintenance / Inspection Program – <b>OTAR 39 Sub C, 43.59</b>
AW-19	Production Planning - <b>OTAR 145.113</b>
AW-20	Air Carrier Maintenance Agreements – <b>OTAR 121.601 Sub G.</b>
AW-21	Equipment, Tools and Material – <b>OTAR 145.109, OTAR 21 Sub K, Sub M.</b>