GOVERNMENT OF INDIA
OFFICE OF THE DIRECTOR GENERAL OF CIVIL AVIATION
TECHNICAL CENTRE, OPPOSITE SAFDARJUNG AIRPORT, NEW DELHI

MANUAL OF REGULATORY AUDIT

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| Issue 2   | Rev 0   | 1. In view of all the available resources with the DGCA and in accordance with risk based approach, the frequency of regulatory Audit is defined.  
2. Also the procedures and the responsibilities of the Team Leader, Team Members, DAS-HQ, and CA is defined.  
3. The procedure for conduct of audit, finalization of the report and closing of the observations has been defined. | August 2016 |
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Manual of Regulatory Audits

Foreword

Manual of Regulatory Audit has been developed to promote conformance with the aviation regulations and standards which collectively prescribe an acceptable level of aviation safety. It also ensures that the audit policies and procedures are applied uniformly across the State.

A regulatory audit is an effective means of providing civil aviation authorities with an in-depth view of an aviation document holder’s operation. It is a unique process in that DGCA's approach to the candidate organisation is one of complete openness throughout the activity.

Successful regulatory audits require auditors to adopt a positive and a professional approach while using proven methods for analysis. Equally important are the overall experience and auditing skills developed by each participant in the process. Only when all audit participants strive for the highest possible standards, can the final product be an accurate assessment of the audit organisation.

Operators are encouraged to use their own policy and procedures taking the guidance of this manual. DGCA officers are advised to follow the Regulatory Audit Manual when conducting Regulatory Audits.

(Shri B.S. Bhullar)
Director General Civil Aviation
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Chapter 1 Definitions, Abbreviations and Acronyms

1.1 Definitions

The following terminology is specific to the Regulatory Audit Program’s (RAP) Manual of Regulatory Audits (MRA):

**Additional approval** means extension to the existing scope of approval.

**Audit** means an in-depth review of the activities of an organisation to verify conformance to regulations and standards.

**Audit activities** mean those activities and procedures through which information is obtained to verify the auditee’s conformance to applicable regulations and standards. Such activities may include, but are not limited to: interviews, observations, inspections and the review of files and documents.

**Auditee** means the organisation to be audited. This term may be interchanged with “organisation”, “company”, “operator”, “air operator”, “private operator” or “flight training unit operator”.

**Audit Finding** means the determination of non-conformance of a product, process, practice or procedure or a characteristic thereof to a specified regulation or standard. This will be documented on the Audit Finding Form.

**Audit Report** means a report that outlines the audit process and provides a summary of the audit findings.

**Certification** means the process of determining competence, qualification, or quality on which the issuance of an aviation document is based. This includes the original issuance, denial, renewal or revision of that document.

**Characteristic** means any distinct property or attribute of a product, process, service or practice of which the conformance to a regulation or standard can be measured.

**Combined Audit** means an audit that targets both Airworthiness and Operations functional areas.

**Compliance** the state of meeting regulatory requirements.

**Confirmation** means the assurance that audit findings are in accordance with data obtained from different sources.

**Confirmation Request Form (CRF)** means a form issued during the inspection portion of an audit to the auditee by DGCA Officer requesting information that is not readily available. The auditee will be requested to respond within a specified time period.
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**Conformance** means the state of meeting the requirements of a regulation or standard.

**Convening Authority (CA)** The Director General of Civil Aviation or his representatives.

**Corrective Action Plan (CAP)** means a plan submitted to the CA or to his or her delegate by the auditee, following receipt of the audit report. This plan outlines the manner in which the company proposes to correct the deficiencies identified by the audit findings. Carrying out the plan should bring the auditee into full conformance with regulatory requirements.

**Depth** means the period of time over which a company will be audited, normally from the last audit up to the present day.

**Documented** means that which has been recorded in writing, photocopied or photographed and then signed, dated and retained so as to ensure the continuity of the evidence secured.

**Documented (evidence)** recorded in writing, by photocopy or by photography and signed, dated and retained in a manner to ensure continuity of the evidence secured.

**Follow-Up** means the activity following an audit that is dedicated to program modification based on an approved Corrective Action Plan. Follow-up ensures that the document holder meets regulatory requirements.

**Inspection** means the basic activity of an audit, involving examination of a specific characteristic of a company.

**In-Depth** extensively, completeness or thoroughly.

**Mandatory Information Request** A form issued by the auditee by DGCA officer requesting information, which is readily available. The auditee must respond within a specified time period.

**Regulatory Audit Program (RAP)** means the program that promotes conformance with the aviation regulations and standards that collectively prescribe an acceptable level of aviation safety. The RAP ensures that Civil Aviation audit policies and procedures are applied uniformly.

**Regulatory Audit Plan** means the annual plan of scheduled audits intended to measure the level of an organisation’s conformance. These organisations include designated airworthiness organisations and air operators.

**Non-Compliance** Non adherence to approved standards, deficiencies in characteristics of documentation or procedures.

**Non-Conformance** means the failure of characteristics, documentation or a procedure to meet the requirements of a regulation or standard, which renders the quality of a product or service unacceptable or uncertain.

**Observers** means a person(s) other than certified and approved auditors, assigned to participate in the audit for training purposes in an audit program. Observer is not an audit team member.

**Practice** means the method by which a procedure is carried out. **Product** means the end result of a procedure or process.

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

**Sampling** means the inspection of a representative portion of a particular characteristic to produce a statistically meaningful assessment of the whole.

**Scope** means the number of functional areas within a company that will be audited.

**Specialist Audit** means an audit that targets either Airworthiness or Operations functional areas.

**Special-Purpose Audit** means an audit intended to respond to special circumstances beyond initial certification, requests for additional authority or routine conformance monitoring.

**Standard** means an established criterion used as a basis for measuring an auditor’s level of conformance.

**Team Leader** means the individual, designated by the Convening Authority, responsible for the planning and conduct of an audit, including the production of the audit report.

**Team Member** means the individual appointed by the respective directorate to participate in either the Airworthiness or the Operations portion of the audit.

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

**Working Papers** means all documents required by the auditor or audit team to plan and implement the audit. These may include audit schedules, auditor assignments, checklists and various report forms.
1.2 Abbreviations and Acronyms

The following abbreviations and acronyms will be found throughout this manual:

AA ............................. Aeronautics Act
A/C ............................ Aircraft
ACA ........................... Aircraft Certification Authority
AD .............................. Airworthiness Directive
AEO ........................... Airworthiness Engineering Organisation
AFM .......................... Aircraft Flight Manual
AIP ............................ Aeronautical Information Publication
AIR ........................... Airworthiness Inspection Representative
AME .......................... Approved Maintenance Engineer
AMO .......................... Approved Maintenance Organisation
AN ............................. Airworthiness Notice
ATC ........................... Air Traffic Control
ATO ........................... Approved Training Organisation
ATR ........................... Action Taken Report
CA ............................. Convening Authority
CAMO ......................... Continuing Airworthiness Organization
CAME ........................ Continuing Airworthiness Management Exposition
CAP ........................... Corrective Action Plan
CDL ........................... Configuration Deviation List
C of A ........................ Certificate of Airworthiness
C of G ........................ Centre of Gravity
C of R ........................ Certificate of Registration
CRF ........................... Confirmation Request Form
DAO ........................... Design Approval Organisation
DAPM ......................... Design Approval Procedures Manual
DFO ........................... Director, Flight Operations
DG ............................. Dangerous Goods
DGCA ........................ Directorate General of Civil Aviation
ELT ........................... Emergency Locator Transmitter
FAM ........................... Flight Attendant Manual
ICAO ......................... International Civil Aviation Organisation
IFR ........................... Instrument Flight Rules
IFT ........................... Instrument Flight Test
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MEL ......................... Minimum Equipment List
MMEL....................... Master Minimum Equipment List
MMM ......................... Manufacturer’s Maintenance Manual
MRA......................Manual of Regulatory Audits
MRB ......................... Maintenance Review Board
N/A.......................... Not Applicable
RAP ......................... Regulatory Audit Program
NOTAM ........................ Notice to Airmen
NVFR ......................... Night Visual Flight Rules
PCSM ......................... Product Control System Manual
PIC ......................... Pilot-in-Command
PPC ......................... Pilot Proficiency Check
PF ......................... Parallel Finding
QA.......................... Quality Assurance
QAR ......................... Quality Assurance Review
QC .......................... Quality Control
SB .......................... Service Bulletins
SDR .......................... Service Difficulty Report
SIC .......................... Second-in-Command
STA .......................... Supplemental Type Approval
STC .......................... Supplemental Type Certificate
TA/TC ......................... Type Approval/Type Certificate
TBO ......................... Time Between Overhauls
TCM ......................... Training Control Manual
TDG .......................... Transportation of Dangerous Goods
TL .......................... Team Leader
TP .......................... Technical Publication
TSO ......................... Technical Standard Order
VFR .......................... Visual Flight Rules
WB .......................... Weight and Balance
Chapter 2 Audit Policy

2.1 Purpose
The Regulatory Audit Program (RAP) has been developed to promote conformance with the aviation regulations and standards that collectively prescribe an acceptable level of aviation safety. It also ensures that Civil Aviation audit policies and procedures are applied uniformly.

2.2 Approval
Regulatory Audits are conducted for the grant of approvals for Initial Certification, Additional Approval, Routine Conformance and Special Purpose Audit pursuant to the Aircraft Act 1934. The Director General of Civil Aviation or any other officer specially empowered in his behalf by the Central Government shall perform the safety oversight functions in respect of matters specified in this Act or the Rules made there under.

The Joint Director General Civil Aviation nominated by the Director General is responsible for all regulatory audits and inspections and is normally the Convening Authority.

2.3 Audit Types
The type of audit is determined by the circumstances under which the audit is convened.

2.3.1 Initial Certification Audit
Prior to the issuance of Air Operator Permit (AOP)/Aircraft Maintenance Organization (AMO) Approval, all the areas of a company shall be inspected to ensure that it has conformed to the required regulations and standards by the Regional office / HQ. Once the company has been issued with an Air Operator Permit (AOP)/Aircraft Maintenance Organization (AMO) Approval, an initial certification audit will normally be conducted approximately twelve months after the certification date.

2.3.2 Additional Approval Audit
An additional approval audit may be conducted prior to the granting of additional approval. When such an audit is to be conducted by the Regional office / HQ, specific notification to the company is not required.

2.3.3 Routine Conformance Audit
Companies are audited on a regular basis for the purpose of determining conformance to aviation regulations and standards. A company will be contacted approximately 30 to 60 days prior to the planned audit date to confirm the audit schedule. The complexity of the routine conformance audit will determine the lead time for contact with the company.

2.3.4 Special-Purpose Audit
A special-purpose audit is one conducted to respond to special circumstances other than those requiring an initial certification audit, an additional approval audit or a routine conformance audit. For example, a special-purpose audit may be convened with little or no notice and focus on specific areas of concern arising from safety issues. A “no-notice” audit may preclude certain team-member activities and responsibilities that would be normally associated with other types of audits.
2.3.5 Scope and Convening Authority (CA) Level Matrix

The following is a matrix of the scope and CA level for each type of audit.

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One or more specific area: Operations, Airworthiness, Air Safety, ATO, AEO, AMO

2.4 Audit Activities

The audit process consists of the following four distinct phases of activities:

the pre-audit (desk audit);

the physical audit;

the post-audit; and

the audit follow-up.

2.4.1 Pre-Audit

Planning and preparation during the pre-audit phase will ensure that the objectives of the audit are achieved effectively, efficiently and economically. The scope and depth of the proposed audit, to be addressed and justified within the audit plan, will determine the time schedule, personnel and financial resources required.

2.4.2 Physical Audit

The physical audit phase will be implemented in accordance with the audit plan. It includes the entry meeting with the audit, the determination of audit findings through interviews, inspections and the evaluation and verification of files and records, functional area debriefings and the exit meeting.

2.4.3 Post-Audit

Post-audit activities include completion of the audit report and parallel report.

2.4.4 Audit Follow-up

Audit follow-up includes the development and approval of the auditee’s Corrective Action Plan and ensures full implementation of the CAP.

2.5 Co-ordination

Audits will be co-ordinated through DAS (HQ). The team leader will ensure that the DAS(HQ) is informed of all relevant audit matters, and will be accountable for the management of audit resources and the integrity of the audit process.
2.6 Scope and Depth - Criteria

The scope and depth of the audit is determined by the following:

(a) the size and complexity of the company;
(b) the time since the last audit;
(c) the enforcement record of the company; and
(d) audit resources available.

2.7 Frequency

Keeping in view all the available resources with the DGCA and in accordance with risk bases approach, the regulatory Audit shall be carried out as per the frequency given below.

- All Scheduled Operator – Two year once
- NSOP (Operating more than 09 aircraft) – Two year once
- NSOP (Engaged in International Operation) – Two year once
- NSOP (Operating 03 to 09 aircraft) – Three year once
- NSOP (Operating less than 03 aircraft) – Five year once

2.7.1 Resource Allocation

One objective of the audit program is to target companies with poor conformance of safety records and organisation involved in accidents / serious incidents for more frequent audits. Accordingly, maximum resources will be directed at those companies where the risk of compromising aviation safety is the greatest.

2.7.2 Criteria

Audit targeting and frequency will consider the following factors:

a) risk indicators;
b) scope;
c) depth;
d) personnel resources available;
e) flexibility;
f) time;
g) financing or budgets;
h) accountability; and
i) a poor conformance record.

2.7.3 Risk Indicators

Although inspection and audit frequency will be determined by those factors outlined in paragraph 2.7.2, risk indicators are very important when determining
whether a company should be subject to additional special-purpose or more frequent inspections. A list of these indicators, with an explanation of each, follows. The ranking of each indicator may vary according to circumstances within the company when it is evaluated.

2.7.3.1 Financial Change

The effects of financial difficulties and the subsequent impact on operations and maintenance actions are potential indicators of operational safety. Examples could be “cash on delivery” demands made by suppliers; delays by the company in meeting financial obligations such as rent, payroll or fuel bills; spare-part shortages; and repossession of aircraft or other equipment.

2.7.3.2 Labour Difficulties

Labour unrest may occur during periods of seniority-list mergers, union contract negotiations, strikes, or employer lockouts, and may warrant increased regulatory monitoring.

2.7.3.3 Management Practices

Management controls employment, salaries, equipment, training and operational/maintenance processes. It can ensure that operations and maintenance functions are performed in a controlled and disciplined manner, or it can adopt a less active approach. Management can also determine how quickly problems are solved and weak processes rectified. These factors all determine the extent of regulatory monitoring required.

2.7.3.4 Poor Internal Audit or Quality Assurance Program

Companies and maintenance organisations have adopted formal quality controls. These may be in the form of a Quality Assurance Program or formal internal audits. The absence of these programs may influence the frequency of monitoring, inspections or audits.

2.7.3.5 Change in Operational Scope or Additional Authorities

Changes such as a new level of aircraft operations and associated service will require increased regulatory monitoring.

2.7.3.6 Changes in Contracting for Services

Any changes to aircraft handling or maintenance contracts may require increased monitoring to ensure that the company has conformed to regulatory requirements.

2.7.3.7 High Turnover in Personnel

A loss of experienced personnel or lack of employee stability may be the result of poor working conditions or management attitudes that result in operational inconsistencies or the inability to meet or maintain regulatory requirements. This situation will require increased monitoring.
2.7.3.8 Loss of Key Personnel
The replacement of operations managers, maintenance managers, chief pilots or other key personnel within a company will require increased regulatory monitoring to ensure a smooth transition.

2.7.3.9 Additions or Changes to Product Line
Any changes to a product line may require increased monitoring to ensure that appropriate regulatory requirements have been met.

2.7.3.10 Poor Accident or Safety Record
Incidents or accidents that occur during company operations may be an indicator of the company’s level of conformance and require additional monitoring, inspection or audits.

2.7.3.11 Merger or Takeover
Any merger or change in controlling management may require additional regulatory monitoring or inspection after initial recertification.

2.7.3.12 Regulatory Record
A company’s record of previous inspections and audits, the promptness with which the company has completed its CAP, and its overall conformance history are indicators that will influence the frequency of monitoring, inspections and audits.

2.7.4 Periodic Cycle
Every company holding an aviation document will be audited on a periodic cycle as per Para 2.7. This periodic cycle can be extended to a 60-month maximum for those companies with a strong internal audit program, a sound conformance record, and none of the risk indicators described in paragraph 2.7.3. The promptness with which previous non-conformances were corrected should also be a factor in the timing of the next audit.

2.8 Unity of Control
Team members assigned to an audit shall report to the designated Team Leader for the duration of the audit. To ensure continuity, inspectors assigned to an audit shall not be released from their audit duties prior to the completion of the audit unless written authorisation has been received by the Team Leader.

2.9 Qualifications
The audit team members’ qualifications will vary according to their respective duties and responsibilities. However, each member of the team (except those in training or serving as observers) should undergo the Audit Procedures Course.

2.10 Restrictions for an Officer In-Charge
To remain impartial throughout the audit process, Officer in-charge Operation and Officer in-charge Airworthiness should not participate in audits of their assigned companies except in an advisory capacity to assist the appropriate team leader. The CA, however, may approve their participation as an active member of the audit team, should circumstances and resources dictate.
2.11 Inconsistencies - DGCA Approvals
During an audit, the auditee may produce letters or approval documents which appear inconsistent with current legislation or policy. The Team Leader shall report such documentation to the CA immediately and include these inconsistencies in the parallel report. Unless safety is compromised, the auditee will not be required to make immediate program changes. The CA is responsible for resolving these inconsistencies and advising the auditee of any required action.

2.12 Confidentiality

2.12.1 Discussion of Audit Content
Owing to the sensitive nature of audits, confidentiality is of the utmost importance. Team members shall exercise discretion when discussing audit matters during an audit (whether on or off the site). Discussion of audit content shall be limited to the audit team.

2.13 Parallel Report
When audit findings are identified against Civil Aviation Requirements (CARs)/Aircraft Rules 1937, the Team Leader based on the inputs from team members of the audit team will prepare a parallel report and submit to CA/DAS (HQ). Chapter 3, Section 3.4.4 of this Part outlines the general procedures for preparing a parallel report.
Chapter 3 General Audit Procedures

3.1 Classes of Audits

3.1.1 General
(1) The two classes of audits are:
(a) Regulatory Audit;
(b) Special Audit.

For an audit to be a complete and effective review of a company’s operation, it should normally be conducted as a combined audit (i.e., as a joint airworthiness and operations audit). The combined audit should be the norm for air operators of any complexity in operations and maintenance.

3.1.2 Regulatory Audit
This includes Air Safety, Airworthiness and operations functional areas.

3.1.3 Special Audit
This audit focuses on specific functional areas within a company.

3.1.3.1 Airworthiness
An airworthiness specialist audit will review the activities of the following organisations:
(a) Approved Maintenance Organisations AMOs/CAMOs;
(b) Manufacturing Organisations;
(c) AME training organizations;
(d) Airworthiness Engineering Organisations (AEOs);
(e) Design Approval Organisations (DAOs); and

3.1.3.2 Operations
An operations specialist audit will review one or more of the following specific activities of a company:
(a) flight operations;
(b) cabin safety;
(c) dangerous goods;
(d) training organisations;
(e) flight simulators; and
(f) Operational Control System organisations.
3.1.3.3 Air Safety

An Air Safety specialist audit will review one or more of the following specific activities of a company:

(a) Flight Safety Set up
(b) DFDR/ FOQA;
(c) Reporting of Incidents;
(d) Accident Prevention work;
(e) Safety Management System;
(f) Pre Flight medical;
(g) Internal Safety Audits, and previous audit;
(h) Compliance of Safety recommendations.

3.2 Pre-Audit

The pre-audit process for audits begins with the selection of a team, followed by the preparation of an audit plan, the gathering of pre-audit documentation and the holding of a pre-audit team meeting. This process is illustrated as follows:

<table>
<thead>
<tr>
<th>Team Selection</th>
<th>Audit Plan</th>
<th>Pre-Audit Documentation</th>
<th>Pre-Audit Team Meetings</th>
</tr>
</thead>
</table>

3.2.1 Team Selection

The audit team, approved by the CA, will normally consist of the Team Leader, two team members, team members and observers as appropriate. For audits of smaller air operators the team may be reduced in size.

3.2.2 Convening Authority (CA)

3.2.2.1 Responsibilities

The convening authority shall:

(a) appoint the team leader each year before the finalization of Annual Surveillance Program;
(b) oversee the selection of the audit team;
(c) approve the objective, scope and depth of the audit;
(d) ensure that action is taken in an appropriate, timely manner for critical safety issues identified by the team leader during the physical audit;
(e) ensure that appropriate follow-up action is completed after the physical audit; and
3.2.3 Director Air Safety, Headquarter

The Director Air Safety, headquarter shall:
(a) will monitor the audit programme and apprise the same to CA
(b) in consultation with CA, will appoint the Team Leader /Team members for each audit
(c) will apprise CA with recommendation for action in the event of serious safety concern.
(d) review the comments received for ATR from the Nodal Officers of each Directorate before closure of the audit

3.2.4 Nodal Officer

Officer of the rank of Deputy Director or above shall be nominated as a Nodal Officer by each Directorate and intimated to Director Air Safety (HQ).

The Nodal Officer will coordinate and provide/receive the following information to/from Director Air Safety (HQ).

1. Coordinate for the nomination of audit team members in the respective Directorate.
2. Will be focal point for receiving the audit findings along with the action taken report (ATR) submitted by the operator, from DAS (HQ).
3. Will coordinate in the respective directorate for review of the ATR and submit the closure report to DAS (HQ) along with the relevant documents within a period of 02 months from the date of receipt of the ATR. In case any finding requires additional time, the projected time will be intimated along with the status.

3.2.5 Team Leader

Deputy Director Air Safety / Deputy Director Airworthiness/ Senior Flight Operations Inspector or higher officer shall normally be deputed as the Team Leader.

3.2.5.1 Terms of Reference

DAS (HQ) in consultation with CA will appoint a Team Leader for each audit. This individual will be from Air Safety / Airworthiness. This will allow sufficient time for research, familiarisation with the terms of reference, the selection of the audit team and the development of an audit plan. The Team Leader:
(a) will report to the CA through DAS (HQ) for all audit matters. Team members will report to the Team Leader until released from their audit duties; and
(b) will immediately contact the CA/DAS (HQ) with a recommendation for action in the event of an imminent threat to aviation safety;
3.2.5.2 Qualifications

The Team Leader shall:
(a) have completed the applicable Specialty Course and Audit Procedures Course and shall be familiar with the DGCA Audit Policy and Procedures;
(b) have minimum 15 years’ experience related to the type of organisation to be audited;
(c) possess a sound knowledge of Aircraft Rules 1937 and related Civil Aviation Requirements;
(d) have communication and management skills; and
(e) has acted as team member for at least two audits.

3.2.5.3 Responsibilities

The Team Leader shall:
(a) plan, organise, direct and control the audit process;
(b) negotiate dates sufficiently in advance to allow adequate planning prior to the audit;
(c) maintain an audit file, which will include all working notes, copies of audit-related documents and a copy of the audit report;
(d) develop an audit plan in consultation with the team members. The plan shall include the audit schedule and an indication of sampling sizes for audit files or records to be used to obtain information during the audit;
(e) notify the auditee by letter of the planned audit at least 15 days prior to the audit dates;
(f) ensure that the pre-audit documentation review is complete;
(g) convene a pre-audit team meeting;
(h) establish contact with the DAS (HQ) to relay fieldwork progress, potential problems, changes in the objectives, scope or depth of the audit, and other significant matters arising during the pre-audit phase;
(i) co-ordinate and chair the entry meeting with the auditee and maintain a liaison with the auditee’s senior management;
(j) advise DAS (HQ) immediately of any critical safety issues identified during the physical audit
(k) supervise auditors and observers;
(n) ensure that all audit findings are in reference to applicable regulations or standards and supported by specific examples;
(o) co-ordinate and chair the exit meeting with the auditee's senior management;
(p) prepare the audit report and submit to DAS (HQ) along with the supporting documents for approval by the CA
(q) ensure that a parallel report, if required, has been completed.

3.2.6 Team Members for Individual Area

Director/Deputy Director of Airworthiness/Operations/Air Safety Directorate or Flight Operations Inspector shall normally be nominated as the Team Member.

3.2.6.1 Appointment of Team Members / Auditors
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The DAS (HQ) in consultation with the concerned Directorates and CA will appoint team member and auditors from respective area of audit. There will normally be one team member each for Operations, Air Safety and Airworthiness, although special circumstances may require the appointment of team members for other audit areas. Depending on the scope, depth and complexity of the audit, a team member may delegate selected duties to one or more deputies.

3.2.6.2 Qualifications
The team member shall:
(a) have completed the applicable Specialty Course and Audit Procedures Course and shall be familiar with the DGCA Audit Policy and Procedures;
(b) have minimum 10 years’ experience related to the type of organisation to be audited;
(c) possess a sound knowledge of Aircraft Rules 1937 and related Civil Aviation Requirements;
(d) have communication and management skills; and
(e) have acted as team member for at least two audits.

3.2.6.3 Responsibilities
The team member shall:
(a) support and assist the Team Leader;
(b) direct and control his or her specialty team's activities;
(c) become familiar with the audit terms of reference;
(d) shall prepare or revise the audit checklists applicable to the assigned functional areas;
(e) keep the team leader informed of the audit progress in his or her specialty area;
(f) review and verify draft audit findings and specific sections of the audit report as required by the team leader; and
(g) brief audit team on his or her specialty area during daily briefings and at the exit meeting.
(h) shall submit the audit report along with audit finding form to Team Leader within 07 working days after completion of audit.

3.2.7 Observer
An observer may join the audit team with the approval of the DAS (HQ) / Team leader.

3.2.8 Audit Plan
The Team Leader will develop an audit plan in consultation with team member. 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. The audit plan should address the following items:

3.2.8.1 Objective
The audit plan should state the class and type of audit (i.e., combined-routine
3.2.8.2 Scope and Depth

The following factors should be considered when determining the scope and depth of an audit:
(a) the areas of the company to be audited (the entire operation or a specific area);
(b) the depth (i.e. how far back in time) to which the audit will reach;
(c) the geographical dispersion; and

3.2.8.3 Company Data

The audit plan should provide specific information on the company’s
(a) aircraft types, models, serial numbers and type certificates;
(b) approved points of operation, main bases and sub-bases;
(c) training facilities and simulators used;
(d) maintenance bases, main bases, sub-bases and contract bases; and
(e) employees and their location (base of operation).

3.2.8.4 Approach

The audit plan should describe the Regulatory Audit Program (RAP) approach to auditing by describing:
(a) the manner in which the audit is to be conducted (i.e. whether it is a combined or specialist audit); and
(b) the specific procedures to be followed (Sample checklists and forms).

3.2.8.5 Specialist Assistance

The audit plan should address the issue of specialist assistance by determining whether:
(a) there are team members who understand these systems; and
(b) Specialists will be required (those with aircraft-type, non-destructive testing, engineering examination).

3.2.8.6 Scheduling

The following points should be considered when scheduling an audit:
(a) the feasibility of the audit dates and timeframes;
(b) the sufficiency of time allotted for the completion of the audit;
(c) the time allotted for the physical audit, with a daily schedule of inspection for each specialist functional area (airworthiness and operations);
(d) travel time; and
(e) the preparation of the audit findings and distribution of the audit report.

3.2.9 Pre-Audit Documentation
This includes a thorough review of all company files and documentation and the opening of a company audit file. Information gathered during the pre-audit phase will assist the audit team in determining the specific areas, systems and activities that warrant examination; supplementing audit checklists; or amending the scope of the audit. This audit phase should:

(a) ensure that all reference manuals and documents to be used during the audit in accordance with the Reference Material Matrix are readily available and include the latest approved amendments;
(b) review the auditee’s approved manuals for conformance to the appropriate Civil Aviation Requirements (CARs);
(c) review the auditee’s files and records;
(d) itemise areas which require further review;
(e) Select the appropriate checklist items from the procedural manual of the respective directorates.
(f) Complete all pre-audit sections of the checklists;
(g) Ensure that all audit documentation is chronologically recorded on the company audit sub-file; and
(h) Ensure that each auditor has received appropriate portions of the audit plan.
(i) previous inspection or Audit Reports;
(j) accident or incident data;
(k) any enforcement action;
(l) appropriate extracts from regulations, standards and policies; and
(m) Flight permits, waivers, approvals, aircraft type approvals, manufacturing limitations and operations specifications authorisations.

3.2.10 Pre-Audit Team Meeting
This meeting should:
(a) confirm individual auditors’ duties and responsibilities;
(b) ensure that all auditors have received appropriate portions of the audit plan;
(c) ensure that all auditors are aware of restrictions regarding audit report distribution;
(d) outline the overall audit plan;
(e) clarify any outstanding issues or problems;
(f) address the issues of conflict of interest, confidentiality and access to information.

3.3 Physical Audit
3.3.1 General
The physical audit consists of the entry meeting, evaluation, verification, daily briefings and exit meeting.

3.3.2 Entry Meeting
The entry meeting should discuss the plan of the physical audit. It should be attended by the auditee’s senior management and identified members of the audit team. It will outline
the audit process to the company and confirm any administrative requirements so that the physical audit may be conducted both effectively and efficiently, while minimizing disruptions to the company’s operation.

(1) The entry meeting should:
   (a) take place on the auditee’s premises;
   (b) be attended by the auditee’s senior management;
   (c) specify audit details and procedures; and
   (d) be brief, specific and courteous.

(2) The team leader shall:
   (a) explain the purpose of the entry meeting;
   (b) introduce audit team members, including specialists and observers;
   (c) state the objective, scope and depth of the audit;
   (d) address the means of communication between the audit team and the auditee;
   (e) explain that company officials will be briefed daily on progress of the audit;
   (f) describe the manner in which any audit finding detected will be handled;
   (g) establish a location and time for the exit meeting;
   (h) emphasise that the purpose of an audit is to identify non-conformances and that enforcement action may result from any of these findings; and
   (i) respond to all questions from the auditees.

(3) The auditee may agree to provide:
   (a) adequate, preferably private, working space;
   (b) access to a photocopier and facsimile machines;
   (c) measuring or test equipment;
   (d) access and admission to all facilities;
   (e) access to company files and records;
   (f) credentials and facility passes;
   (g) selected personnel for interviews; and
   (h) knowledgeable company advisors or liaison officers.

3.3.3 Evaluation

In the evaluation phase, the company’s level of conformance with regulations and standards contained in existing legislation and company control manuals will be assessed. The following are possible means of evaluation:

3.3.3.1 Pre-Audit Checklists

Pre-audit checklists will determine whether all essential controls appear to be in place and are properly designed. Based on the results of the checklist, a summary of the strengths and weaknesses of the auditee’s control system will be developed. This system will be most effective if all questions are answered.

3.3.3.2 Interviews

Interviews with company personnel are important during the evaluation phase to determine whether the control system documented in company manuals is that in use,
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and to assess the knowledge of supervisory personnel of their duties and responsibilities. Interviews may also confirm the validity of audit findings reached through observation or sampling. 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;
(b) explain why the interview is taking place;
(c) use open questions and avoid complex questions or phrases;
(d) listen carefully to answers and allow interviewee to do most of the talking;
(e) avoid being side-tracked from your original objectives;
(f) ensure that questions are understood;
(g) terminate the interview if the atmosphere becomes highly negative;
(h) document all responses; and
(i) thank the interviewee at the conclusion of the interview.

3.3.3.3 Sampling

The sample size of a population and selection criteria have a direct impact on the validity and confidence level of the results. The following guidelines should be used:
(a) each sample group must stand alone. If there are 1400 pilots, 2800 flight attendants, 180 maintenance personnel, and 15 dispatchers, each of the four groups must be considered separately;
(b) the RAP goal is to achieve a 95 per cent confidence level with the results of the sample tested. Often, this goal may not be appropriate; therefore, the audit team must carefully consider both the sample size and the time devoted to the task. Random sampling may be considered an acceptable alternative;
(c) For smaller populations, a larger sample must be examined and the following guide should be used:

<table>
<thead>
<tr>
<th>Populations</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>100:</td>
<td>50 per cent</td>
</tr>
<tr>
<td>199:</td>
<td>40 per cent</td>
</tr>
<tr>
<td>399:</td>
<td>35 per cent</td>
</tr>
</tbody>
</table>

3.3.4 Verification

(1) During this phase, the audit team will gather information to determine the company’s level of conformance. Specifically, verification will:
(a) determine whether company controls are operating effectively and as intended;
(b) determine whether the auditee’s operation conforms to the Civil Aviation Requirements and standards contained in the audit checklists; and
(c) Analyse particular deficiencies to assess their effects and identify the causes.

(2) Company files or records should not be accessed without appropriate company authorisation and, when possible, company representatives should be present during
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the review of these files and records.

(3) If the review and verification phases do not provide sufficient confirmation of the company’s level of conformance, further substantiation will be required to ensure that any evidence obtained up to that point supports the audit findings and conclusions. In short, other supporting documentation must be acquired and secured.

(4) Verification includes various types of inspections. These may be Aircraft Inspections (of each type of aircraft), Pre-Flight/Ramp Inspections, In-Flight Inspections (sampling of company routes, i.e. domestic, international and new routes) and Base Inspections. These inspections may be carried out as co-ordinated inspections.

3.3.5 Confirmation Request Form (CRF)

(1) The CRF is an effective audit tool in the following cases:

(a) where evidence indicates an audit finding, the company will be given the opportunity to show otherwise;

(b) the auditor will determine the course of action to be adopted based on the auditee’s response;

(c) the auditor will observe the state of the company records management system from the auditee’s perspective;

(d) arbitrary audit findings based on subjective examples will be eliminated;

(e) the auditee will not be surprised at the end of the audit, as all contentious issues will have been discussed openly during the physical audit;

(f) the auditor can concentrate on auditing rather than on researching company files and records

(g) the auditor will receive a signed document from the auditee for inclusion in the supporting documentation package.

(2) The CRF will be sent to the team leader or a delegate at the outset to avoid untimely surprises. It should then be recorded in a control log, the format of which will be determined by the team leader. It may range from a simple title, time and date log to a file of photocopied duplicates. All CRFs will be issued sequentially to ensure that, upon completion of the physical audit, the CRFs have responses and appropriate action has been taken.

(3) At the end of each day, the CRF control log should be compared with the returned CRF to ensure that it is current. For a large audit, this can be done at the daily briefing with the company. In this manner, both the company and the audit team will be updated as to the status of these documents. Regardless of the way in which the control log is maintained, all CRFs should be cleared prior to the completion of the physical audit at that site or base.

(4) When the CRF has been returned and appropriate action taken, this material should be filed according to the appropriate audit area, allowing documentation relating to high-profile items to be maintained for later reference. This file will also provide background and evidence for any enforcement action to be taken at a later date. A sample CRF is attached as Appendix 1.
3.3.6 Audit Finding Form

(1) Audit finding forms must be completed accurately as they form the basis of the audit report and a successful audit. Since a number of team members will be completing audit finding forms, it is important that a standardized approach to inputting data on the form be taken to reduce the number of data entry errors. A sample Audit Finding Form is attached as Appendix 2.

(2) All supporting documentation will be included with the completed audit finding form for review by the team leader. Although supporting documentation will not be included in the audit report, it will be retained in the audit file.

(3) All audit finding forms will be filed according to functional area.

3.3.6.1 Completion of Audit Finding Form

Non-conformances are recorded on audit finding forms. When completing these forms, auditors shall use the following checklist:

(a) at the top of the audit finding form:

(i) correctly identify the company name as found on the Air Operator’s Permit (AOP);
(ii) enter the location of the base or sub-bases;
(iii) identify the company by Air Operator’s Permit/DGCA approval file number;
(iv) identify the area of audit in accordance with the checklist; and
(v) identify the audit finding number in accordance with the checklist or as directed by the Team Leader.

(b) in the “Non-Conformance With” section 9 of the audit form:

i. correctly identify the title of the regulatory requirement to be referenced, without using acronyms or abbreviations;
ii. isolate the relevant portion of the regulatory requirement by reference to the chapter, section, sub-section, and paragraph as appropriate;
iii. refer the non-conformance to the most applicable regulatory requirement;
iv. use the phrase “which states” when an entire quotation is to be used, then quote the regulatory requirement word for word, ensuring that the quotation is relevant;
or
use the phrase “which states in part” when a partial quotation must be used (segmenting), then quote the regulatory requirement word for word, separating segments as necessary with the notation “...” and ensuring that the quotation is relevant; and
v. when segmenting, quote a sufficient portion of the text to clearly identify the regulatory requirement while avoiding the use of unnecessary words.

(c) in the section 7:
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(i) The non-conformity / deficiency observed should be illustrated with examples.
(ii) specify the three most applicable examples of the non-conformance, where practicable;
(iii) ensure that the examples illustrate non-conformance with the particular standard;
(iv) use an appropriate lead-in statement to introduce the examples; and
(v) support the audit finding with secured evidence (i.e. photocopies, photographs or seized perishable evidence to be retained in an appropriate location).

3.3.7 Daily Briefings

(1) Team briefings will normally 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) update the DAS (HQ) if necessary.

(2) Company briefings should be held at the end of each day, following team briefings, to update the auditee’s management on audit progress.

3.3.8 Exit Meeting

The exit meeting with the company’s senior management should provide an overview of the audit. The meeting should summarise the audit findings, stating areas of strength and weakness. A controversial discussion with company representatives regarding audit report content must be avoided. The process for the exit meeting is as follows:

(1) Normally, team leader and team members will attend the exit briefing, however, other members may be required for specific briefings.

(2) If team members other than the team leader and team members are required to speak at the exit meeting, the team leader will advise them in advance.

(3) All audit findings should have been discussed with company officials as each functional area was completed. New audit findings should not normally be identified at the exit meeting. The meeting should provide an overview of the audit and not become a debate between the team and the organisation. The auditee should be advised that the company will have an opportunity to respond formally to the audit report.

(4) The auditee will be advised of those audit findings that may be subject to enforcement action. The auditee will also be advised of the company’s responsibility to take appropriate action to correct all non-conformances and prevent their recurrence.

(5) The team leader shall advise the auditee that the audit report will be forwarded to the company and CAP must be submitted to DGCA (HQ) within 15 working days after the company has received the report.

3.4 Post-Audit

3.4.1 General
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This phase includes preparation of the audit report and the parallel report.

3.4.2 Audit Report

(1) The audit report should normally be presented to the company within 15 working days from its receipt by DAS (HQ). Any delay must be documented since the validity of the audit will be compromised if the report is not presented in a timely manner. Although draft audit finding forms may be left with the company as a courtesy, this is not mandatory.

(2) The team leader is responsible for the preparation of the audit report and its approval by the CA, through DAS (HQ).

(3) The audit report will include:

(a) Part I — Introduction, which summarises the audit process, Scope and extent of operations including details of the approvals obtained by the organisation, and areas covered during the audit;

(b) Part II — Executive Summary of Findings, which summarises the most significant findings for the information of the CA and senior management of the auditee. It may be groped as follows:
   i. Airworthiness, which contains the functional summaries for Airworthiness;
   ii. Operations, which contains the functional summaries for Operations;
   iii. Air Safety, which contains the functional summaries for Air Safety;
   iv. Dangerous Goods, which contains the functional summaries for Dangerous Goods;

(c) Part III — which contains the audit finding form for Airworthiness, Operations, Air Safety and Dangerous Goods.

(5) The audit report will be a factual account of the audit and will not include subjective statements, suggestions or recommendations.

(6) The DAS (HQ) will forward it, with a copy of the audit report, to the company. The letter will outline the procedure for responding to audit findings and specify the required response time of 30 working days from the time the company receives the report. A sample Regulatory Audit Report is attached as Appendix 3.
3.4.3 Parallel Report

(1) An audit may identify observations and/or deficiencies in, or the misapplication of Civil Aviation Requirements, Policies and Procedures. Where an observation or deficiency indicates a need for revised policies, standards, procedures or guidelines, a finding shall be made against Civil Aviation Requirements and not the auditee. Where a non-conformance to a regulatory requirement is found, and that requirement required DGCA approval (i.e., document or manual approval), a finding shall be made against the auditee. Non-conformance shall be resolved through the Corrective Action Plan (CAP).

(2) Findings against CARs will be described in a document called the parallel report. The team leader will forward the parallel report to the CA/DAS(HQ) within 30 days of the completion of the audit and shall identify the problem, cause, responsibility and recommended solution for each finding. All supporting documentation shall be included in the parallel report.

(3) Civil Aviation Requirements deficiencies shall neither be included nor referenced in the audit report.

3.4.4 Parallel Report Follow-Up

Parallel report items shall be forwarded to CA/DAS (HQ) who will co-ordinate and follow-up of those deficiencies.

3.5 Audit Follow-Up

3.5.1 General

Upon completion of the audit, the team leader will submit the audit report within 30 working days to DAS (HQ). DAS (HQ) after review will apprise CA about the salient findings and findings which may require enforcement action. The audit report will be forwarded to the auditee for submitting CAP. After CAP is received by DAS (HQ), it will be forwarded to the nodal officer of the concerned directorate for review of the CAP for its appropriateness and to ensure that all audit findings have been resolved in accordance with Corrective Action Plan (CAP). On satisfactory closers of the findings, the concerned Nodal officer will submit their status along with the supporting documents to DAS (HQ). DAS (HQ) will apprise CA about the status of the audit findings on periodic basis.

3.5.2 Corrective Action Plan (CAP)

(1) The covering letter of the audit report will advise the auditee that it must submit a CAP addressing the audit findings within 7 working days. Normally, this deadline will not be extended without the CA’s approval.

(2) It is important to review the company’s CAP to determine whether the company has developed a reasonable timetable for corrective action. It is also essential to ensure that the timetable has prioritized the corrective actions to address the most critical findings first.

(3) Depending on the nature of the audit findings, the company’s CAP should involve:

(a) Immediate Corrective Action (Level 1). This is action taken immediately upon identification of the audit finding to remove the immediate threat to aviation
(b) **Short-Term Corrective Action (Level 2).** This is short-term action to correct a non-conformance that does not pose an immediate threat to aviation safety, which ensures that conformance is established quickly until long-term action is completed to prevent recurrence of the problem. Short-term corrective action will normally take place within 30 days; and

(c) **Long-Term Corrective Action.** This is longer-term action and has two components. The first will involve identifying the cause of the problem and indicating the measures the company will take to prevent a recurrence. These measures should focus on a system change. The second component will include a timetable for company implementation of the long-term corrective action. Long-term corrective action will normally take place within 12 months. Long term corrective actions shall be decided by DGCA Hqrs.

(4) Long-term corrective action should be accompanied by the forwarding of supporting documents for review. Short-term corrective action should also be accompanied by the forwarding of supporting documents, which may take the form of logbook entries, purchase orders, memoranda or revised inspection procedure cards. It is important to verify as much supporting documentation as possible during subsequent surveillance.

(5) If the company’s CAP is not acceptable, the concerned Nodal officer will indicate the reasons, propose changes and intimate a new target date in consultation with the concerned organization. Otherwise, an alternative course of action may be pursued.

(6) Where the audit findings are of a minor nature, no threat to aviation safety exists and the company has a reputable quality assurance or internal audit program, a “paper follow-up” may be acceptable. In this case, the documents are submitted with the CAP and no interim surveillance is required. As the company completes its audit responses as Part of the CAP, its progress will be monitored.

(7) An audit will be formally closed when every audit finding has been corrected through the CAP, the corrections have been found to be acceptable by the follow-up officer and post-audit surveillance has been completed.

### 3.5.3 Post-Audit Surveillance

During audit follow-up, surveillance is the only means to ensure that companies with non-conformances comply with regulatory requirements and respond satisfactorily to audit findings. Post-audit surveillance can be conducted as informal visits or as a more structured follow-up audit.
## Confirmation Request form (CRF)

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>DATE: DD/MM/YYYY</th>
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<thead>
<tr>
<th>COMPANY REPRESENTATIVE</th>
<th>DESIGNATION</th>
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<tr>
<th>AREA OF INSPECTION (As per check list)</th>
<th>CRF NO.(to be developed by the team leader)</th>
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**SUBJECT MATTER:**

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<tr>
<th>NAME OF OFFICER:</th>
<th>DATE: DD/MM/YYYY</th>
<th>TIME</th>
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**SIGNATURE:**

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<tr>
<th>COMPANY’s RESPONSE:</th>
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**FOR DGCA USE ONLY:**

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<thead>
<tr>
<th>COMPANY RESPONSE ACCEPTED:</th>
<th>YES</th>
<th>NO</th>
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<tbody>
<tr>
<td>AUDIT FINDING:</td>
<td>YES</td>
<td>NO</td>
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**COMMENTS:**

<table>
<thead>
<tr>
<th>DGCA OFFICER</th>
<th>DATE: DD/MM/YYYY</th>
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<td>Name:</td>
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## Audit finding form (CA 2001)

### GOVERNMENT OF INDIA
OFFICE OF THE DIRECTOR GENERAL OF CIVIL AVIATION
OPP. SAFDARJUNG AIRPORT, NEW DELHI

### DEFICIENCY REPORTING FORM (CA-2001)

<table>
<thead>
<tr>
<th>1. Name of Organization</th>
<th>2. Reference No.</th>
<th>3. Issue Date</th>
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<table>
<thead>
<tr>
<th>4. Area of Surveillance/Audit</th>
<th>5. Name of Responsible Manager/QM</th>
<th>6. Date of Audit</th>
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<th>7. Non-Conformity/Deficiency Detail:</th>
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<tr>
<th>11. Name of the Team Member&amp;Auditors</th>
<th>12. Signature of the Team Member&amp; Auditors</th>
<th>13. Date</th>
<th>14. Target Date</th>
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### RESPONSE OF THE ORGANISATION

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<tr>
<th>15. Root Cause of Deficiency:</th>
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<tr>
<th>16. Corrective Action Details &amp; Number of Attachment Pages:</th>
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<tr>
<th>17. Name of the Responsible Manager</th>
<th>18. Signature of the Responsible Manager</th>
<th>19. Date</th>
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<tr>
<th>20. Name &amp; Designation Of the Head of Department</th>
<th>21. Signature of the Head of Department</th>
<th>22. Date</th>
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<tr>
<th>23. Comments of Auditor with reference to the action taken:</th>
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REGULATORY AUDIT REPORT

M/s Organisation Name

Date of Audit
PART I- INTRODUCTION

Objective and Scope

Company- General

Audit Summary

Audit Team

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<th>Name</th>
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Company Management

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PART II- EXECUTIVE SUMMARY

General

Significant Observation of following:

1. Airworthiness
2. Operations
3. Dangerous Goods
4. Cabin Safety
5. Air Safety

(Signature of the Team Leader)

(Note: Attach all Audit Finding Forms)