

# Industry Audit Standards: Fact or Fiction?

By Charles E. Priester

**T**he Air Charter Safety Foundation (ACSF) was created in 2007 to enhance the safety and security of the air charter community by advancing industry standards and best practices, promulgating safety, security, and service benchmarks, and promoting the universal acceptance of safety management systems through research, collaboration, and education. The ACSF also works to improve the public understanding of air charter providers as one of our nation's most important and versatile public transportation resources. Although NATA remains a big supporter of the ACSF, they are separate organizations, with the ACSF being a true non-profit organization qualified for 501(c)3 status.

In 2009, the ACSF launched the Industry Audit Standard (IAS), the only audit program that comprehensively evaluates both a Part 135 operator's safety management system (SMS) and its regulatory compliance. If you're a regular reader of the *Aviation Business Journal*, you've already read about the audit. This article will set the record straight on some common misunderstandings about how the IAS relates to other available audits, some of which were discussed again at the Air Charter Safety Symposium on March 2-3.

The primary goal of the IAS is to eliminate the need for a Part 135 charter operator to undergo multiple audits each year. Supporters of the IAS know this concept is a cultural change for Part 135 operators and their customers, and we don't expect this to occur overnight. However, if we as an industry expect our customers to shift their expectations toward the IAS, it's crucial that we thoroughly understand the intricacies of each audit standard. And this level of understanding requires some very frank discussions. There are many misconceptions about the IAS and other well-known aviation audits. These misconceptions are perpetuated by companies and organizations with profit to be made by continuing to foist multiple expensive audits upon Part 135 operators. It's important to note that it's difficult to conduct a side-by-side comparison as some audit standards are kept under lock and key and others seem to change based on the price an operator is willing to pay. However, operators regularly talk about their audit experiences and concerns.



Air Charter Safety Foundation Chairman Charlie Priester addresses the recent ACS Symposium. Photo courtesy of AINonline.

## Considering Some Common Audit Misconceptions

**There is no practical use for other audits. FICTION**

Other audits, including those provided by for-profit companies and the International Business Aviation Council, which publishes the International Standard for Business Aircraft Operations (IS-BAO), do in fact have a place in the general aviation industry. In the case of IS-BAO, the reality is in the name: business aircraft. Part 91 corporate flight departments can benefit greatly from an IS-BAO audit. IS-BAO subjects Part 91 aircraft operators to meeting a higher standard voluntarily, almost meeting Part 135 requirements in some cases. It also introduces aircraft operators to the concept of the SMS. The IS-BAO is a worthwhile endeavor for any Part 91 aircraft operator.

**All audits verify compliance. FICTION**

The IAS not only evaluates safety policies and

Continued on page 18

## Industry Audit Standards

Continued from page 17

procedures, it also confirms Part 135 compliance. In fact, the Federal Aviation Administration (FAA) oversaw some of the first IAS audits to evaluate the standard's potential use as a Part 135 oversight tool for the agency. The ACSF has published a matrix of IAS requirements and corresponding regulations to validate compliance. Other audits do not confirm Part 135 compliance. Specifically, a charter operator could successfully pass an IS-BAO audit but not meet the regulations for Part 135 operations. Following are a few examples.

- IS-BAO's standards related to rest time are relatively limited. You'll find a standard for fatigue countermeasures and another on how deviations from flight and duty times are authorized. IS-BAO's guidance and generic company operations manual provide flight and duty time roughly based on Part 135 requirements but do not include required days off each quarter or other limitations. You can probably think of many ways to meet this standard and still not meet FAR 135.267. Further, for Part 135 operations, deviations are permitted only within a very narrow window of regulatory limitations.
- IS-BAO's security requirements are very basic. The standards are a fantastic start for Part 91 operators, who in most countries are not required to have a formal security program. But Part 135 operators in the U.S. and commercial aircraft operators in other nations are typically subjected to a formal security program. The IS-BAO contains no provisions for a state-mandated program. You could presumably ace the security section of IS-BAO and have the Transportation Security Administration (TSA) descend on you the same day for an inspection with unpleasant results.
- The IS-BAO has two standards, a total of eight sub-standards, relating to operational control. If you've been involved with NATA over the past few years, it probably comes as no surprise to you that these eight sub-standards (one of which is related to weight and balance) are unlikely to

impress the FAA's operational control enforcement squad.

- The IS-BAO allows deviations to your company operations manual simply by asking your flight department manager. However, the FAA is not likely to accept your temporary deviation from your approved or accepted manuals or authorizations (except in an emergency scenario, of course).
- Do you know the pre-departure runway calculation? No need. If you think you can land there and the manufacturer data indicates you can, you're okay to go, even if you have hit the numbers and stop with your toe just this side of the dirt. IS-BAO only prohibits a takeoff at a weight that would result in a required landing distance greater than the total landing distance available.

The point is this: If you successfully pass an IAS audit, you can sleep well at night knowing that on the day of the audit with the information provided you're operating in compliance with Part 135 and the FAA won't be knocking down your door demanding your certificate. Will the IAS catch every instance of noncompliance? Of course not. There are ways to fleece an auditor intentionally, and there's only so much time to conduct each audit. But don't you want the standard to which you are being held to be the highest possible and that to which the FAA will hold you? See the table below for some of the IS-BAO requirements that require less of you than Part 135 regulations and leave you vulnerable to FAA or TSA enforcement action.

### The IAS is hard. **FACT**

The IAS will make you work. Even before the auditors get there, you will be given a pre-audit checklist with hundreds of standards and will be asked to conduct a gap analysis with that checklist. You're essentially doing your own internal audit before the auditors arrive, but this is a good thing. Many operators have more than 100 findings following an audit.

### IS-BAO Requirements That Could Leave a Part 135 Operator Vulnerable

6.13.1	Fatigue countermeasures program
6.13.2 a	If deviations from flight and duty time limitations are permitted, does the system include risk assessment process?
6.13.2 b	If deviations from flight and duty time limitations are permitted, does the system include identification of management person authorized to approve deviation?
6.13.2 c	If deviations from flight and duty time limitations are permitted, does the system include record of deviation, risk assessment and mitigation?
6.13.3	Deviations from flight and duty limitations require express approval from all personnel involved
15.1	Establish and maintain a security program proportionate to the threat against the operator, its personnel, aircraft and facilities

If you prepare properly, you might cut that number in half. This is easier than it sounds. Often it is discovered that operators are actually performing up to a particular standard, but there is no documentation of the policies or procedures for those activities. By using the pre-audit checklists, you'll identify activities your company does just because that's how you've always done it, and you'll be able to document those processes and procedures before they become audit findings.

Speaking at the recent Air Charter Safety Symposium, Executive Fliteways, Inc. (EFI) Director of Operations Ken Gray shared his first-hand experience of being audited to the IAS. "The ACSF audit standard was three times harder than any other audit our company has undergone," he said. "But we are a far better company because of it."

EFI began its IAS experience by developing an administration manual that lists every task performed at the company, who's responsible for doing it, and how it's accomplished. Developing such a manual is obviously a difficult project, but just like EFI, your company will be a far better one because of it!

### **I need IS-BAO to fly internationally. FICTION**

Some people believe the IS-BAO has been "approved" for flight operations into Bermuda, Aruba, the Cayman Islands, and Europe, with other nations on the way. The IS-BAO has in fact been granted official European recognition as an industry standard for business aircraft operations by the CEN (European Committee for Standardization), which is the official standards-setting body of the European Union. However, IS-BAO has not been approved by the European Aviation Safety Agency (EASA), the European equivalent of the FAA. It has also been recognized by the Overseas Territories of the UK, including Bermuda, for aircraft registered in those countries.

But what does that really mean to you, a charter operator of U.S.-registered aircraft? Nothing. The theory is that ICAO requires an SMS, therefore aircraft operators in ICAO-member states must have an SMS, so if you fly in to an ICAO state, you must have an SMS. This is simply not true. Read International Civil Aviation Organization Annex 6, Part



ACS Symposium attendees listen intently as Part 135 operators share their experiences with various industry audits.

1 carefully. It says, "States shall require, as part of their safety programme, that a [service provider] implement a safety management system acceptable to the State...." The U.S. has filed a difference with ICAO until the FAA can get through rulemaking. As FAA SMS Program Manager Dr. Don Arendt said at the Air Charter Safety Symposium, "There are no FAA-authorized procedures to accept or approve SMSs."

Put another way, there is no standard or SMS program currently approved or accepted by the FAA. If your aircraft is U.S.-registered, you're required to comply with the requirements of the FAA. The FAA has filed a difference with ICAO that the U.S. doesn't currently comply with the ICAO SMS requirement. There are many countries that do not comply with the ICAO SMS requirements for commercial operators and have informed the FAA that they will not impose restrictions on U.S. operators flying in their countries for the time being. Even Canada, which has an SMS requirement for its operators, isn't imposing restrictions on U.S. operators.

IBAC, as well, seems to know the IS-BAO is not required to fly internationally. The following is from a November 2009 IBAC Newsletter: "It is anticipated that non-commercial operators of complex motor-powered aircraft will be able to use their IS-BAO registration in their declaration to the civil aviation authorities as the means they use to meet the regulatory requirements and their associated responsibilities. It is also anticipated that national regulatory authorities will take into account IS-BAO registration in their regulatory oversight of business aviation operators engaged in commercial opera-

Continued on page 20



## Industry Audit Standards

Continued from page 19

tions.”

That is a far cry from being a *requirement* for international operations. (Also, note the focus on non-commercial operations.)

### I bought my SMS from a consulting company.

#### FICTION

No, you didn't. You bought an SMS *manual*. It's impossible to *buy* an SMS. Think about it for a moment. A major component of a successful SMS involves the culture of your company. Is it possible to purchase culture? No. It is possible to purchase an SMS manual to use as a starting point or to hire a consultant to assist you in implementation, but full implementation of an SMS requires a commitment from your company and your staff. It can't be done for you.

Attorneys speaking at the Air Charter Safety Symposium in March advised the attendees that the manuals they bought from a manual provider might actually do more harm than good, especially if they had been told that by purchasing it their companies instantly have an SMS. The truth is that by pur-

chasing the manual you might have acknowledged the value of having an SMS without putting in the work to implement one. This is fuel for a plaintiff's attorney if your company suffers an accident or incident.

### All auditors have similar training, experience, and liability coverage, ensuring a quality audit. FICTION

Although most of the well-known audit standards have minimum experience requirements and mandate a short training class, only the ACSF carefully controls the number of organizations that may perform audits. All IAS audits require two auditors, one with flight operations experience and one with maintenance experience. Not all audits (IS-BAO, for example) require an auditor from each category. Get a few price quotes for an IS-BAO audit, and you will see a wide range of rates. Get a price quote for the same operation through the ACSF, and you will get one price. This is because the ACSF has standardized training, qualifications, and other requirements of auditors, including a fixed rate based on fleet size, to maintain the integrity of the IAS.

### All aviation audits cover the same basic focus areas. FICTION

Most aviation audits assess flight operations and maintenance functions. The IAS is the only audit standard that looks closely at recordkeeping, document management, and the overall management of your organization. Why? Because these items are essential to a true SMS. The IAS has a holistic approach to the evaluation of your company. Further, although other audits include some maintenance requirements, they are not nearly as robust as the IAS maintenance standards. IAS gives you a bigger view of your operation, not just flight operations and basic maintenance.

This article is not intended to discredit other audit standards, which have their place in the general aviation industry, but to identify and dispel some common misconceptions about these standards and the IAS. Review the IAS for yourself. Visit the ACSF website at [www.acsf.aero](http://www.acsf.aero) for more information. And if you're really interested in seeing how the IAS stacks up to another common audit, contact the Air Charter Safety Foundation for a side-by-side comparison.

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