



Internal Audit Charter

The Civil Aviation Authority of Thailand

Internal audit charter is prepared for all levels of staff within the Civil Aviation Authority of Thailand and the concerned person to have the comprehension of the purpose, chain of command, authority and responsibility of the Internal Audit Group to build assurance and consult for auditee. It serves as a regulatory tool for operation and administration auditing with standard and reliability of good corporate governance and to comply with the internal auditing standards and code of ethics including internal auditing quality assurance guidance.

1. Definition

" **Internal Auditing**" means an independent objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.

"**CAAT**" means the Civil Aviation Authority of Thailand.

"**Auditee**" means the unit responsible for the operation of the Civil Aviation Authority of Thailand.

"**Management**" means the executive at all levels of the Civil Aviation Authority of Thailand, including Director General, Deputy Director General, Manager of Department, Manager of Group, Head of Division, Head of Group who direct to Director General.

" **Client**" means a person or group of persons of the Civil Aviation Authority of Thailand who wish to receive counsel.

2. Purpose

The Internal Audit Group is an important unit established to provide assurance and consulting with independently and objectively in order to add value and improve performance to achieve the objectives of CAAT by assessing and improving governance, risk management, internal control including other works assigned by the Audit Committee and the Civil Aviation Authority of Thailand Board in order to ensure that CAAT has reliable financial and management information systems, good protection and preservation of property,

legal compliance, important regulations, also promotes the performance of all units in an efficient and effective manner.

3. Mission and Scope of Work

The mission and scope of work of the Internal Audit Group is divided into 2 types, as follows;

3.1 Assurance Service is an independence objective audit to get the assessment on risk management process, internal control and systematic governance with avoid conflict of interest.

3.2 Consulting Service is advisory and related to the CAAT service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an operation's processes, risk management, internal control, corporate governance and encourages the CAAT to achieve its objectives effectively without assuming the management responsibility.

Internal auditing generally consists of audit work to assurance services and consulting services. Both types of work do not include other investigations, such as special investigations and non-audit work. Internal auditors may consult on several types of audits the control analysis used to supervise the work system under development, work in the working group to analyze performance and to suggest as an advisor, but not to make internal auditors lack of independence, objectivity and impartiality including unable to perform work with conflict of interest, have an interest or unrelated to internal auditing.

4. Management structure of Internal Audit Group

4.1 Head of Internal Audit Group shall be the chief executive of all internal audit activities and tasks. Having a direct supervisory line with the Audit Committee. The annual merit of the Internal Auditors shall be in accordance with the recommendation of the Audit Committee to the Director General of the Civil Aviation Authority of Thailand.

4.2 Head of Internal Audit Group must report directly to the Audit Committee on the performance of the audit work and propose the findings of the Audit Committee to the Civil Aviation Authority of Thailand Board to consider and order the Director General of the Civil Aviation Authority of Thailand to take corrective action.

4.3 Head of the Internal Audit Group reports on the administration to the Director General of the Civil Aviation Authority of Thailand to support the working of the Internal Audit Group to operate smoothly and effectively.

The Director General of the Civil Aviation Authority of Thailand must recruit personnel and resources to ensure the proper functioning of the Internal Audit Group and conform with the workload and complexity of the CAAT activities, including the need to promote and support internal auditors to develop their knowledge, skill and abilities by participating in continuing professional development and training.

4.4 Top of Internal Audit Group must have status at least equivalent to the management of CAAT or other key heads in CAAT in order to manage effectively and efficiently and facilitates the presentation and discussion of internal audit results to the senior management of CAAT effectively.

4.5 The Audit Committee and Director General of the Civil Aviation Authority of Thailand are unable to appoint Head of Internal Audit Group and internal auditors to act for other positions or perform other duties at the same time. Also executives from other units are unable to appoint as Head of Internal Audit Group for the independence of the Internal Audit Group performance and expression of opinions.

4.6 Internal auditors must be independent of the activities they audit to perform the duty with integrity, without prejudice, and must not check the work that they used to manage or operate within 1 year before audit.

5. Authority to Audit

The Internal Audit Group are authorized to

5.1 To get the cooperation from management, the CAAT staff involved in accessing information, documents, assets related to audit objectives.

5.2 To have full and free access to the Audit committee.

5.3 To allocate resources, set frequencies, select subjects, assign scopes of work and apply the required techniques to accomplish audit objectives.

5.4 To request the necessary assistance from units where audits is performed as well as other specialized service from inside and outside the organization.

The Internal Audit Group are not authorized to

(1) Internal Audit Group does not have authority and responsibility to set policy and auditee's procedure including no responsibility for determining or correcting risk management and internal control. The responsibility in the processes is relevant management. Internal Audit Group is responsible for assessing and advising on such matters.

(2) To prepare or approve financial reports.

(3) To direct any officers and the CAAT employees not employed by Internal Audit Group, except to the extent of officers and employees, who have been assigned to audit team or to assist internal auditors.

6. Independence and Objectivity.

6.1 Internal Auditors must have knowledge, ability to perform duties with good attitude, integrity and honesty as well as confidentiality of the audit work and avoid any work that has or may have conflicts of interest or any factors that may affect the use of judgment in their work.

6.2 The Internal Audit Group should be supported by the Civil Aviation Authority of Thailand Board and management team to be able to operate independently.

6.3 Internal Audit Group is free of any interference from the organization, including the audit issue, scope, process, frequency, timing and audit findings report in order to maintain an independent and objectivity.

6.4 Internal Auditors should not be assigned to perform any other administrative tasks that may affect the independence and objectivity to Internal Auditors. In case of delegation from management to work in a working group or project should be clearly defined as a consultant, provide internal control advice and ensure that the operation does not affect the independence and objectivity of Internal Auditors.

6.5 Internal Auditors should not be assigned to audit the confidence in their previous management activities or their involvement for a period of one year prior to the audit in order to provide confidence in independence and objectivity in operation. However, internal auditors can provide advice on performance in previous activities.

6.6 Internal Auditors must not have prejudice against the Management of Auditee, regardless of whether the Management of Auditee accepts or does not accept the recommendations and suggestions that have been proposed.

6.7 If the independence or objectivity is affected by facts or by behavior that shows Internal Auditors must disclose the details of the impact to Head of Internal Audit Group and report to relevant persons such as the Audit Committee, Director General of the Civil Aviation Authority of Thailand, Head of responsible units, etc.

7. Duties and Responsibilities

7.1 Internal Audit Group must prepare internal audit charter in accordance with the scope of responsibility for the operation of the delegation to the Director General of the Civil Aviation Authority of Thailand for consideration before submit to the Audit Committee then submit to the Civil Aviation Authority of Thailand Board. The charter is reviewed at least once a year.

7.2 Internal Audit Group must prepare an annual internal audit plan and a long term internal audit plan (3 years) to be submitted to the Director General of the Civil Aviation Authority of Thailand for consideration before submit to the Audit Committee for approval, and propose to the Civil Aviation Authority of Thailand Board to acknowledge including a copy of the annual internal audit plan and submit it to the Office of the Auditor General within 30 days from the approval date. Except otherwise recommended by The Office of the Auditor General of Thailand.

7.3 To provide an internal audit plan base on the activity's risk level including the management's opinion on the risk or internal control and consideration of the plan and

sequence of activities to be audited, consider the urgency of the results of a substantive risk assessment.

7.4 To audit the performance of operations, administration, information systems, budget, finance, accounting and parcel of work under the responsibility of the commission. The policy of CAAT by reviewing and assessing the adequacy of the following.

7.4.1 Efficiency and Effectiveness of good corporate governance, risk management, internal control and the information technology of CAAT.

7.4.2 Accuracy and Reliability of financial information and operational reports

7.4.3 In compliance with policy, procedures, laws, regulations and related regulations

7.4.4 To verify transactions that may lead to conflict of interest.

7.4.5 Sufficiency and Effectiveness of risk management, internal control to prevent fraud in CAAT.

7.4.6 Efficiency and Effectiveness of operations and utilization of resources

7.4.7 Property care not to lose any.

7.5 Consulting services look like to give advice and it is generally available only when specifically requested by the service recipient. The nature and scope of the consulting mission depends on the agreement with the client.

7.6 To suggest the method or approach for improvement to make the performance of CAAT effective, efficient and economical.

7.7 To provide an internal audit report to the Audit Committee. Head of Internal Audit Group presents an internal audit report to the management of the audit unit and relevant senior executives including the Director General of the Civil Aviation Authority of Thailand to carry out the suggested improvements and summarize the key points in the performance report related to the internal audit to the Audit Committee for consideration.

7.8. In case the internal audit activity or any other work of the Audit Committee is necessary to rely on the knowledge and expertise of the specialists, the Internal Auditors may submit their opinions to the Audit Committee to consider the inviting or hiring specialists under the expenses of CAAT.

7.9 To perform careful examination in accordance with established monitoring guidelines. However, compliance with the established auditing guidelines does not guarantee the detection of fraud.

7.10 To perform other duties related to internal auditing beyond the specific annual audit plan as assigned by the Audit Committee.

7.11 To work or support the performance of relevant or assigned units without prejudice to the independence and impartiality of internal auditor.

8. Relationship

Internal Auditors should have appropriate and consistent working relationships with the Audit Committee, the management of CAAT including external auditors and other regulatory.

8.1 Relationship with the Audit Committee : Internal Audit Group has a mission to support the performance of the Audit Committee to achieve its goals effectively. Therefore, Internal Audit Group and the Audit Committee should be able to communicate directly and conveniently. Head of the Internal Audit Group should have the right to meet with the Chairman of the Audit Committee to discuss the issues as an appropriate including reports at least once a quarter. The Audit Committee is responsible for reviewing and approving internal audit plans and encourage Internal Auditors to maintain their independence and objectivity.

8.2 Relationship with Management: Internal Audit Group and management of CAAT should discuss any issues to plan audit work and cover significant or high risk issues that not conflict with the responsibility for internal auditing and coordinate with responsible risk management and internal control unit of CAAT to exchange information and apply the results of corporate risk assessment to provide internal audit plan.

8.3 Relationships with External Auditors and Other Regulatory Agencies : Internal Audit Group should coordinate with External Auditors to bring the past audit results of the External Auditor to prepare internal audit plan in order to ensure that internal auditing cover issues of risk and reduce duplicate as well as follow up on the External Auditor's suggestions and coordinate with other regulatory related to internal audits to exchange information with each other.

9. Standard of internal audit practices

Internal Auditors perform audits in accordance with International Standards for Professional Practice of Internal Auditing, as defined by The Institute of Internal Auditors (IIA).

10. Code of ethics for Internal Auditors

Internal Auditors shall conduct the internal auditor's work on the basis of ethics and professional principles appropriate to the performance of Internal Auditors.

10.1 Integrity: Internal Auditors must perform their work with honesty, diligence, responsibility, compliance with laws and regulations. Using their trusted judgment gives public confidence.

10.2 Objectivity: Internal Auditors must show their integrity. It is up to the highest level of professionals to gather, evaluate and communicate information about internal audit activities. Internal Auditors must evaluate with fairness, impartiality from the surrounding circumstances associated. There is no conflict of interest and in discretion must not be under the influence for all the benefits of their own and others.

10.3 Confidentiality: Internal Auditors must respect the value and ownership of information without appropriate authority unless there is a legal or professional obligation to do so.

10.4 Competency: Internal Auditors must apply the knowledge, skill, and experience needed in the performance of internal audit service.

11. Quality Assurance and Improvement Program

The Internal Audit Group has an extensive quality assurance and improvement program that cover all aspects of the Internal audit activities. The program will include an evaluation of the internal audit activity's concordance with the definition of internal auditing and the international standards for the professional practice of internal auditing and an evaluation of whether internal auditors apply the code of ethics. The program also assesses the efficiency and effectiveness of the Internal Audit Group and identifies opportunities for Improvement.

Head of Internal Audit Group will communicate to senior management and the Audit Committee on the audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conduct at least every five years.

12. Responsibilities of Auditee

12.1 To provide an effective internal control and risk management system including participate and support good corporate governance.

12.2 To account and filing documentation accurately records including financial reports to present, ready to be inspected by Internal Auditors.

12.3 To prepare plan/project details including documentation on the implementation of various tasks related to the work properly and ready to be audited.

12.4 To Facilitate and cooperate with Internal Auditors.

12.5 To clarify and respond the inquiries and to seek additional information for Internal Auditors.

12.6 The auditee management will involve in giving information and suggestions in order to validate the results and improve performance.

12.7 To follow complaints and suggestions of Internal Auditors.

12.8 To report improvement results to Internal Auditors within a specified period of time.

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Director General of the Civil Aviation Authority of Thailand

Mr. Abhichata Bensubha

Chairman of the Audit Committee

This charter has been approved by the Civil Aviation Authority of Thailand Board

Resolution No. 14/2559 on 26 December 2016