




U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: **INFORMATION:** Audit Announcement—Air Carriers’ Outsourcing of Aircraft Maintenance
Federal Aviation Administration
Project No. 05A3001A000

Date: May 19, 2005

From: David A. Dobbs 
Assistant Inspector General
for Aviation and Special Program Audits

Reply to
Attn of: JA-10

To: Ramesh K. Punwani
Assistant Administrator for
Financial Services/CFO

In efforts to reduce maintenance costs, many airlines are increasing the amount of total maintenance that is performed by outside maintenance providers. In fact, major air carriers now outsource an average of 53 percent of their maintenance expense, as compared to 37 percent in 1996. Although air carriers are required to report maintenance expenditures on Department of Transportation Form 41, that information lacks specificity about exactly how much and what types of maintenance work are being outsourced by the carriers.

Congressman James Oberstar, Ranking Democratic Member, Committee on Transportation and Infrastructure, and Congressman Peter DeFazio, in his capacity as then-Ranking Democratic Member, Subcommittee on Aviation, requested that we perform an independent analysis of the type (e.g., heavy airframe maintenance) and quantity of maintenance being shifted to certificated repair stations. They also expressed continuing concern that FAA might not be well positioned to effectively carry out the responsibility of monitoring this segment of the maintenance workforce.

Accordingly, the Office of Inspector General plans to conduct an audit of air carriers’ outsourcing of aircraft maintenance. The objectives of our audit will be to determine:

- the type and quantity of maintenance performed by outside repair stations, and
- whether FAA is effectively monitoring air carriers' oversight of the work performed by outside repair stations and verifying that safety requirements are met.

Our audit will include visits to FAA Headquarters and FAA offices responsible for oversight of air carrier maintenance programs and of work performed at aircraft repair stations. We will contact your audit liaison to schedule an entrance conference. If you have any questions or need additional information, please contact Lou E. Dixon, Program Director, at (404) 562-3770 or Robin P. Koch, Project Manager, at (404) 562-3776.

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cc: FAA Chief of Staff
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