



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –
FAA Controls over Overflight Fees
Federal Aviation Administration
Project No. 16F3010F000

Date: August 2, 2016

From: Louis C. King 
Assistant Inspector General for
Financial and Information Technology Audits

Reply to
Attn. of: JA-20

To: Director, Audit and Evaluation

The Federal Aviation Administration (FAA) charges overflight fees to most operators of aircraft that fly in U.S.-controlled airspace but do not depart or land in the United States. The Federal Aviation Reauthorization Act of 1996 gave FAA the authority to charge these fees, which are calculated based on cost and distances traveled by aircraft in each segment of U.S.-controlled en route and oceanic airspace. In 2015, we reported on issues with FAA's process for collecting overflight fees,¹ noting that, as of September 30, 2013, there were 1,666 invoices for delinquent overflight fees, totaling \$13.3 million.² Since then, the cumulative amount of unpaid overflight fees has continued to be an issue. Currently, there are 403 open invoices for overflight fees totaling almost \$14.2 million, and 1,452 delinquent debts, totaling almost \$10.9 million, dating from 2001 to 2016.³ Additionally, our audit of FAA's financial statements for fiscal years 2012 and 2013 identified errors in overflight-fee transactions that amounted to over \$100 million.⁴

Our objectives for this self-initiated audit are to assess FAA's policies and procedures for ensuring that (1) overflight fees are accurately computed, (2) exceptions are appropriately applied, and (3) fees are collected or referred to Treasury for collection in accordance with Federal laws and regulations. We plan to begin the audit the week of August 2, 2016, and will contact your audit liaison to schedule an entrance

¹ *Weak Internal Controls for Collecting Delinquent Debt Put Millions of DOT Dollars at Risk* (OIG Report Number FI-2015-065), July 9, 2015. OIG reports are available on our Web site: <https://www.oig.dot.gov/>.

² DOT reported these data to Treasury, as of September 30, 2013.

³ These data are from DOT's financial management system, Delphi, as of June 20, 2016.

⁴ *Quality Control Review of Audited Financial Statements for Fiscal Years 2013 and 2012* (OIG Report Number QC-2014-014), December 13, 2013.

conference. We will conduct our work at FAA Headquarters in Washington, DC; the Mike Monroney Aeronautical Center in Oklahoma City, OK; and other sites as needed. If you have any questions, please call me at (202) 366-4350, or Kevin Dorsey, Program Director, at (202) 366-1518.

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cc: DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100