




Memorandum

Date: February 25, 2019

Subject: INFORMATION: Audit Announcement | FAA's Award Practices for Major Acquisition Program Contracts | Project No: 19Z3001Z000
Federal Aviation Administration

From: Mary Kay Langan-Feirson
Assistant Inspector General for Acquisition and Procurement Audits 

To: Director, Audit and Evaluation, FAA

In support of its mission to operate, maintain, and modernize the National Airspace System (NAS), the Federal Aviation Administration (FAA) relies on an expansive portfolio of capital assets—including infrastructure, technology, and systems. In fiscal year (FY) 2017, FAA managed a baselined acquisition portfolio that exceeded \$10 billion. The contracts associated with FAA's FY 2017 major acquisition programs¹ currently represent over \$8 billion in obligations.

Acquisition plays a key role in supporting FAA's mission to operate the NAS and modernize air traffic control through implementation of the Next Generation Air Transportation System (NextGen). Yet OIG and various stakeholders have identified significant issues surrounding the Agency's acquisition processes and practices over the years. Citing concerns that these problems have spanned decades despite the enactment of acquisition reform, Rep. Bill Shuster, then Chairman of the House Committee on Transportation and Infrastructure, requested that we review FAA's procurement programs and processes. Specifically, Mr. Shuster asked us to focus on the Agency's competitive award practices for its NextGen and air traffic control equipment and service contracts and its safeguards against conflicts of interest in the contracting process.

Based on this request, the fact that competition is a critical tool for achieving the best possible return on investment for taxpayers, and the magnitude of taxpayer dollars involved, our audit objectives are to assess FAA's (1) competitive award

¹ FAA defines a major acquisition program as one that is strategically important to the Agency and is designated as Acquisition Category 1, 2, or 3. FAA has five Acquisition Categories with designation criteria based on dollar thresholds, as well as such qualitative factors as program risk, complexity, security, political sensitivity, and likelihood of changes to the safety of the national airspace. Categories 4 and 5 are considered non-major programs.

practices for its major acquisition program contracts and (2) safeguards against conflicts of interest on the part of FAA officials involved in the award process.

We plan to begin this work immediately and will contact your audit liaison to schedule an entrance conference. If you have any questions or need additional information, please contact me at (202) 366-5225 or Darren Murphy, Program Director, at (206) 255-1929.

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