



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –
FAA's Management of NextGen Pre-
Implementation Funding
Federal Aviation Administration
Project No. 15A3005A000

Date: June 9, 2015

From: Matthew E. Hampton 
Assistant Inspector General
for Aviation Audits

Reply to
Attn. of: JA-10

To: Director, Audit and Evaluation

The Federal Aviation Administration's (FAA) Next Generation Air Transportation System (NextGen) is a multibillion-dollar infrastructure project intended to modernize our Nation's aging air traffic system. Since 2008, Congress has provided over \$6 billion for FAA's NextGen programs, including over \$1.5 billion in developmental projects funded through the Facilities and Equipment or capital account. These projects are intended to explore new concepts and evaluate alternatives to reduce uncertainty and risks associated with NextGen programs. FAA manages these projects through the use of annual Project Level Agreements (PLA) between the Office of NextGen and the organization performing the work (e.g., the Air Traffic Organization).

However, unlike major acquisition programs, these projects do not have formally approved cost and schedule milestones and do not receive the program oversight given to other procurement programs. Given the significant investment in these developmental efforts and the importance of NextGen, we are initiating an audit of FAA's management of NextGen pre-implementation funding through the use of PLAs. Specifically, our audit objectives are to assess FAA's procedures for (1) selecting, justifying, and measuring the outcomes of projects that received developmental funding, and (2) overseeing the execution of these projects.

We will conduct our work at FAA Headquarters and other relevant sites. We plan to begin the audit this month, and we will contact your audit liaison to schedule an

entrance conference. If you have any questions, please contact me at 202-366-0500 or Robin P. Koch, Program Director, at 404-562-3770.

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