



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION**: Audit Announcement –
The Federal Aviation Administration’s SE2020
Program Task Order Award and Oversight
Federal Aviation Administration
Project No. 16Z3006Z000

Date: April 19, 2016

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

Reply to
Attn. of: JA-60

To: Director, Audit and Evaluation

The Federal Aviation Administration’s (FAA) Next Generation Air Transportation System (NextGen) is a multibillion-dollar program intended to modernize our Nation’s aging air traffic system. To support NextGen and other aviation activities, FAA awarded a portfolio of seven contracts under the Systems Engineering 2020 (SE2020) portfolio. SE2020 is one of the largest portfolios of contracts that FAA has ever awarded with a total award baseline of \$1.1 billion.¹

In 2012, we reviewed FAA’s initial award of the SE2020 contracts and reported that FAA’s contracting practices were insufficient to effectively manage them.² Specifically, we found that unclear FAA Acquisition Management System requirements resulted in unreliable cost baselines and overstated contract values, which impeded FAA’s ability to manage total contract costs. In addition, FAA had insufficient practices for selecting contractors and overseeing their performance.

Due to the concerns we identified in 2012, the importance of SE2020 to NextGen’s success, and the significant funding involved, we are initiating an audit focused on FAA’s award and oversight of the SE2020 program. Our audit objective is to assess FAA’s actions for awarding SE2020 task orders and its oversight of task order execution.

¹ FAA reports the total award baseline as \$1.1 billion; however, our prior audit of this program found the contracts have a cumulative maximum value of \$7.3 billion.

² *FAA’s Contracting Practices Are Insufficient To Effectively Manage Its Systems Engineering 2020 Contracts*, OIG Report Number 2012-082, March 28, 2012. OIG reports are available at our Web site: <https://www.oig.dot.gov>.

We will conduct this audit at selected FAA offices and will coordinate with your audit liaison to schedule an entrance conference. If you have any questions, please contact me at 202-366-5225, or Anthony Wysocki, Program Director, at 202-493-0223.

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cc: DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100
DOT Senior Procurement Executive, M-60
DOT Chief Financial Officer / Assistant Secretary for Budget and Programs, B-1
FAA Acquisition Executive / Chief Acquisition Officer
FAA Assistant Administrator for Finance and Management