



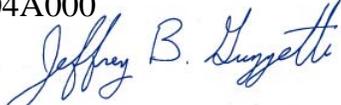
# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –  
Follow-Up Review of FAA’s Oversight of Foreign  
and Domestic Repair Stations  
Federal Aviation Administration  
Project No. 11A3004A000

Date: December 16, 2010

From: Jeffrey B. Guzzetti   
Assistant Inspector General  
for Aviation and Special Program Audits

Reply to  
Attn. of: JA-10

To: Director, Audit and Evaluation

In recent years, major U.S. airlines have steadily increased their use of contract repair stations to perform aircraft maintenance. Between 2000 and 2009, airlines increased their maintenance outsource spending by more than \$1.1 billion. Forecasts show that the maintenance, repair, and overhaul industry will grow annually by 4.4 percent over the next 10 years, yielding a market value of between \$50 billion to \$65 billion for this segment of the aviation industry. These upward trends are expected to continue as airlines continue to cut maintenance costs and increase profitability.

Since 2003, we have reported on the need for FAA to strengthen its oversight of repair stations to ensure that contract repairs meet FAA standards. While FAA has made a number of procedural changes in response, it has not addressed our most significant—and longstanding—recommendations to identify repair stations performing safety-critical repairs and repair stations air carriers use most often.

At the request of Representative Jerry F. Costello, Chairman of the House Subcommittee on Aviation, we are initiating a follow-up review of FAA’s oversight of repair stations. Our audit objectives are to (1) examine changes FAA has made to its repair station oversight, (2) assess the effectiveness of these changes in bolstering FAA’s oversight of both domestic and foreign repair stations, and (3) identify any additional challenges to effective oversight that FAA still needs to address.

Our audit will include visits to FAA Headquarters and regional offices as well as select Flight Standards Service field offices that oversee commercial airlines and repair stations.

We plan to begin the audit the week of January 3, 2011, and will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact me at (202) 366-0500 or Tina Nysted, Program Director, at (404) 562-3770.

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cc: Anthony Williams, AAE-001  
Martin Gertel, M-1