



# FAA

Report ZA2024019  
February 26, 2024

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## FAA's Information Technology and Telecommunications Contracting Practices Limit Best Value Outcomes



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*Self-initiated*

Federal Aviation Administration | ZA2024019 | February 26, 2024

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### What We Looked At

Each year, the Federal Aviation Administration (FAA) procures billions of dollars in information technologies (IT) and telecommunications (telecom) products and services in support of its mission to provide the safest and most efficient aerospace system in the world. For fiscal year 2024, the Agency requested approximately \$3.9 billion for its IT and telecom needs. Our prior audit of the Department of Transportation's (DOT) IT shared services contract vehicles identified issues with DOT's award and modification practices. Given our previous findings, and the high dollar amounts FAA expends for IT and telecom services, we initiated this audit. Our objective was to evaluate FAA's practices for awarding and modifying its IT and telecom contracts. We focused our review on the award and modification practices associated with (1) determining sound pricing and (2) promoting competition.

### What We Found

FAA's noncompliant IT and telecom contracting practices inhibit establishment of sound pricing. Per the Agency's Acquisition Management System (AMS), procurement teams are required to conduct price and, at times, cost analyses, and program offices must develop sound independent Government cost estimates (IGCEs) prior to contract awards. However, FAA officials could not provide the required price and cost analyses for 3 of 26 sample contracts or the required IGCE for 1 of these 3 contracts. Additionally, FAA developed inadequate IGCEs for 16 sample contracts. Without adequate IGCEs, FAA lacks a critical pricing tool to help conduct price analysis, detect unreasonable offerors, and establish sound pricing. FAA's IT and telecom contract award and modification actions also restrict competition. Specifically, FAA extended contracts noncompetitively, expanded the scope of a contract noncompetitively, and made questionable noncompetitive award decisions. These actions were largely due to the Agency's lack of sufficient procurement planning and unclear guidance in AMS. As a result, FAA denies other firms the opportunity to deliver IT and telecom products and services.

### Our Recommendations

We made seven recommendations to strengthen FAA's IT and telecom contract award and modification practices. FAA concurred with all seven recommendations. We consider all recommendations resolved but open pending completion of planned actions.

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## Memorandum

Date: February 26, 2024

Subject: ACTION: FAA's Information Technology and Telecommunications Contracting Practices Limit Best Value Outcomes | Report No. ZA2024019

From: Carolyn J. Hicks   
Assistant Inspector General for Acquisition and Procurement Audits

To: Deputy Assistant Administrator for Acquisition and Business Services

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Each year, the Federal Aviation Administration (FAA) procures billions of dollars in information technologies (IT) and telecommunications (telecom) products and services in support of its mission to provide the safest, most efficient aerospace system in the world. These procurements are critical to National Airspace System (NAS) operations and the Next Generation Air Transportation System infrastructure program. They also support basic administrative operations and enhance risk management and security across FAA.

FAA's IT and telecom budget has steadily increased over the past several years, with a significant jump in the recent fiscal year. Specifically, the Agency requested approximately \$3.9 billion for its fiscal year 2024 IT and telecom infrastructure needs—an increase of more than \$560 million (17 percent) from fiscal year 2023.

Our prior audit of the Department of Transportation's (DOT) IT shared services (ITSS) contract vehicles identified issues with the Department's award and modification practices.<sup>1</sup> These issues included awarding multiple noncompetitive actions to ITSS contract vehicles for sustaining certain IT and telecom services.

Given our findings in the prior ITSS report, and the high dollar amounts FAA expends for IT and telecom services, we initiated this audit. Our objective was to evaluate FAA's practices for awarding and modifying its IT and telecom contracts. Specifically, we focused our review on the award and modification practices associated with (1) determining sound pricing and (2) promoting competition.

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<sup>1</sup> *Weaknesses in DOT's ITSS Award and Invoice Processes Increase the Risk of Inefficiencies During Acquisitions of Critical IT Products and Services* (OIG Report No. ZA2022039), September 20, 2022. OIG reports are available on our website: <https://www.oig.dot.gov>.

We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology. Exhibit B lists the organizations we visited or contacted, and exhibit C lists the acronyms used in this report.

We appreciate the courtesies and cooperation of DOT representatives during this audit. If you have any questions concerning this report, please contact me or Jill Cottonaro, Program Director.

cc:     The Secretary  
          DOT Audit Liaison, M-1  
          FAA Audit Liaison, AAE-001

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## Background

IT and telecom services are essential to FAA and NAS operations. FAA's fiscal year 2024 budget request identified the safety, maintenance, and modernization of the NAS as key principles guiding Agency operations moving forward. This budget provides significant investment in IT and telecom infrastructure to support these efforts. Specifically:



**FAA uses IT funding** to migrate and modernize legacy systems to provide risk management, security, and common information management capabilities and services across the Agency. FAA's workforce relies on modern IT infrastructure and tools to effectively perform its data-driven analytical safety work and collaborate with both internal Agency and external aviation stakeholders. FAA's Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) program is a suite of mandatory contract vehicles for purchasing office products, facilities maintenance services, and IT products and services. The Agency is in the process of planning a new, multi-billion, multi-award SAVES contract intended to be used across DOT to consolidate IT product and service purchases.



**FAA uses telecom services** to support critical air traffic control requirements at thousands of facilities throughout the United States and all mission-critical applications across the NAS. This includes providing air traffic management every day to more than 45,000 flights and 2.9 million airline passengers traveling across over 29 million square miles of U.S. airspace. In support of these efforts, FAA awarded a 15-year, \$4 billion FAA Enterprise Network Services contract in March 2023 to serve as the Agency's primary means of acquiring telecom services as it phases out its legacy 21-year, \$5 billion FAA Telecommunications Infrastructure contract.

The Agency's Acquisition Management System (AMS) governs FAA's acquisition process, including its IT and telecom contracting practices.<sup>2</sup> FAA developed AMS as a set of policies and guidance designed to address the unique needs of the

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<sup>2</sup> In DOT's Appropriations Act for fiscal year 1996, Congress provided FAA with broad authority to develop its own acquisition system, which relieved the Agency from having to comply with the Federal Acquisition Regulation. AMS became effective April 1, 1996.

Agency, while also enabling it to select contractors that provide best value outcomes to satisfy its mission. According to FAA, AMS focuses on helping FAA get the best value from contractors by awarding and administering contracts that deliver high-quality products and services to the Agency in a timely, cost-effective manner at fair and reasonable prices. AMS also emphasizes competition and requires contracting actions and decisions to have appropriate supporting documentation.

We reviewed a sample of 26 FAA IT and telecom contracts—comprised of 19 direct contracts and 7 orders—totaling \$9.1 billion.<sup>3</sup> These contracts were awarded between 2002 and 2022, representing 17 competitive and 9 noncompetitive awards to both large and small businesses. FAA awarded these contracts as cost reimbursement, fixed price, firm-fixed price, cost plus fixed fee, cost plus incentive fee, labor hour, and time and material. The orders in the sample were issued off the Electronic FAA Accelerated and Simplified Tasks (eFAST) and General Services Administration (GSA) schedules.<sup>4</sup> See exhibit D for details on the 26 sample contracts.

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## Results in Brief

### **FAA's noncompliant IT and telecom contracting practices inhibit establishment of sound pricing.**

Per AMS, procurement teams are required to conduct price and, at times, cost analyses, and program offices must develop sound independent Government cost estimates (IGCEs) prior to contract awards. However, FAA officials could not provide evidence that required price and cost analyses were conducted prior to awarding 3 of 26 IT and telecom sample contracts. Also, FAA could not provide the required IGCE for the award of one of these three contracts. Further, Agency officials were unable to provide the required IGCEs for 13 modifications to 4 of the contracts in our sample.<sup>5</sup> It is unclear whether the missing IGCEs and price

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<sup>3</sup> Throughout this document, we refer to our universe and sample as “contracts,” although they include both contracts and orders. The total values reported throughout this report were calculated based on the final amount expended for sample contracts whose periods of performance have ended and the total potential value (base plus all option periods) for sample contracts whose performance was active at the time of our audit field work. These values are as of July 2023 unless otherwise noted.

<sup>4</sup> eFAST is FAA's preferred contracting vehicle for small business contracts. FAA awards vendors eFAST Master Ordering Agreements as Blanket Purchase Agreements which simply recognize that the vendors have been prequalified to participate in the eFAST program but sets no minimum guarantee they will receive work. GSA schedules are indefinite delivery contracts that make similar groupings of products and services available to all Government agencies at fair and reasonable prices. Both vehicles are intended to streamline the acquisition process.

<sup>5</sup> AMS requires IGCEs for modifications that increase the contract value by \$150,000 or more with a few exceptions, such as modifications that exercise priced options.



and cost analyses were due to FAA not completing these required actions or not maintaining documentation of completing these actions. Nevertheless, it represents noncompliance with Agency procurement policy requirements. Additionally, FAA provided inadequate estimates for the award of 16 of the remaining 25 sample contracts. This is due in part to challenges FAA faces with identifying the technologies and approaches necessary to achieve the requirements for the entirety of IT and telecom contracts. Without adequate IGCEs, FAA lacks a critical pricing tool that is intended to serve as an independent and objective benchmark to conduct price analysis, detect unreasonable offerors, and ultimately help establish sound pricing when awarding contracts. In response to a recommendation from our previous report on FAA's major program contracts' award practices, the Agency has taken some actions to help verify IGCEs are completed in compliance with Agency requirements. However, the overall issues we identified in this report indicate further process enhancements are necessary to verify FAA's compliance with fair and reasonable pricing requirements when awarding and modifying IT and telecom contracts. Based on the 7 of 26 sample contracts missing required price and cost analyses and IGCEs, we estimate the Agency put up to \$311.6 million at risk by not complying with requirements that are intended to determine fair and reasonable pricing.

#### **FAA's IT and telecom contract award and modification actions restrict competition.**

A fundamental principle of FAA's procurement policy is to encourage competition as the preferred method of contracting. AMS also permits noncompetitive contracting when necessary to fulfill FAA's missions, but only when such decisions are in the Agency's best interest and rationally supported. Despite these principles, FAA repeatedly extended certain IT and telecom contracts noncompetitively, added work outside of a contract's scope noncompetitively after award, and made several questionable noncompetitive IT and telecom award decisions. For example, among the 26 sample contracts, FAA awarded 40 modifications to extend 11 contracts noncompetitively beyond the initial base and option performance periods. These extensions were largely due to the Agency not planning an appropriate amount of time to award competitive follow-on contracts, and AMS places no restrictions on how many times or for how long a contract can be extended. In another instance, FAA modified a contract mid-performance to noncompetitively expand the scope. This noncompetitive expansion may have occurred due to a lack of clear guidance in AMS, which only addresses adding new work when a contract's performance period is extended, leaving contracting and program officials to infer when noncompetitive requirements apply. By adding work beyond the contract's scope, FAA does not support fair and transparent contracting practices and loses the benefits of awarding new work competitively. Additionally, FAA's rationale to bypass competition for seven contracts in our sample was based on the contractors' knowledge and experience, as well as the Agency's lack of sufficient



procurement planning to allow enough time to conduct competitive awards or account for a new vendor's learning curve. FAA made these noncompetitive award decisions even when they identified other capable vendors in the market. While these decisions do not violate the Agency's procurement policy, they appear to be based on convenience, administrative ease, and a lack of appropriate planning. Overall, FAA's contracting practices that restrict competition deny other capable firms the opportunity to provide the Agency necessary IT and telecom products and services and to deliver these necessities in more economical, efficient, and effective ways.

We made seven recommendations to strengthen FAA's IT and telecom contract award and modification practices.

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## FAA's Noncompliance With Key Procurement Requirements Inhibits Its Ability To Determine Sound IT and Telecom Contract Pricing

FAA recognizes that establishing fair and reasonable contract prices can save millions of dollars and help select contractors that provide the best value. As such, the Agency requires its Contracting Officers to ensure fair and reasonable pricing for all acquisitions and document this determination in the contract files. To make this determination, the procurement team is required to conduct price and, at times, cost analyses prior to contract award.<sup>6</sup> Additionally, the program offices must develop IGCEs.<sup>7</sup> FAA also requires IGCEs for modifications that increase the contract value by \$150,000 or more, with a few exceptions.<sup>8</sup>

FAA could not provide evidence that the required price and cost analyses were conducted prior to awarding 3 of the 26 IT and telecom sample contracts with a total value of \$57 million. Also, FAA officials could not provide the required IGCE for one of these three contracts. Further, Agency officials were unable to provide the required IGCEs for 13 modifications to 4 of the contracts in our sample, which

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<sup>6</sup> Price analysis is the process of examining and analyzing a proposed price without evaluating its separate cost elements and the offeror's proposed profit or fee. FAA requires a price analysis as part of any procurement process and for all offeror proposals. Cost analysis is the review and evaluation of the separate cost elements and the proposed profit or fee. FAA requires a cost analysis if certain requirements are not met such as when price analysis alone will not ensure fair and reasonable pricing or when awarding a contract noncompetitively.

<sup>7</sup> An IGCE is an unbiased internal Government estimate supported by factual or reasoned data that describes how much the Agency could reasonably expect to pay for needed products and services.

<sup>8</sup> Exceptions include modifications that exercise priced options or provide incremental funding, deliver orders for priced services or supplies under an indefinite-delivery contract, or have supplies or services with prices set by law or regulations.

increased the value of these contracts by \$150 million. For example, between 2017 and 2020, FAA modified its 2013 contract for SAVES commercial off-the-shelf (COTS) software and support services four times, extending the performance period and increasing the contract value by \$83.9 million. Program officials did not develop the required IGCEs prior to awarding each of these four modifications. Later, FAA did have IGCEs for four additional modifications that increased the contract value to a total of \$264.1 million. Table 1 provides details on the seven contracts missing price and cost analyses and IGCEs. The total cumulative contract value not covered by required price and cost analyses and IGCEs among these seven contracts is \$207 million (table 1 bold amounts).

Table 1. Summary of Sample Contracts Missing Required Price/Cost Analysis and IGCEs

Contract Service	Award Year	Total Contract Value (in millions)	Missing Price/Cost Analysis To Support Contract Value	Missing IGCEs	Value Not Covered by an IGCE (in millions)
Aeronautical Information Services Production Workflow System	2017	<b>\$5.6</b>	Yes	Yes (contract award)	\$5.6
Aeronautical Mobile Communications Services	2016	\$246.8	No	Yes (4 modifications)	<b>\$12.5</b>
Alaska Satellite Telecommunications Infrastructure Space Segment	2013	<b>\$46.4</b>	Yes	No	N/A
Facility Work Plan Tool and Program Management Tool Support	2019	<b>\$5.0</b>	Yes	No	N/A
Logistic Center Support System (LCSS) – Base Line Development Support	2018	\$9.7	No	Yes (1 modification)	<b>\$1.2</b>
SAVES COTS Software and Software Support Services	2012	\$109.6	No	Yes (4 modifications)	<b>\$52.4</b>
SAVES COTS Software and Software Support Services	2013	\$264.1	No	Yes (4 modifications)	<b>\$83.9</b>

Source: OIG analysis of contract documents

We could not obtain sufficient evidence to determine whether the missing IGCEs and price and cost analyses were due to FAA not completing these required actions or not maintaining documentation of completing these actions. Nevertheless, it represents noncompliance with Agency procurement policy requirements. According to AMS requirements, documentation of all contractual actions must be maintained in electronic files stored in the Agency's centralized contract file repository, and contract documents cannot be disposed of until 6 years after final payment or cancellation.<sup>9</sup> Yet, FAA officials were unable to provide the majority of requested award documentation for two of these seven contracts. Officials explained this was because the Contracting Officers assigned to the two contracts left the Agency and the award files could not be located. However, FAA should have all award documentation for both contracts as their performance periods were not over when the Contracting Officers left the Agency.

Beyond not being able to provide the required IGCE for the award of 1 contract, FAA provided inadequate estimates for the award of 16 of the remaining 25 sample contracts. We deemed these 16 IGCEs inadequate because each one varied by more than 15 percent from the selected offerors' proposed price—which is AMS' threshold for requiring the program office to submit reconciliations explaining the difference between the two amounts prior to contract award (see table 2). The majority of these IGCEs were significantly more than the selected offer and ultimate award amount, which could indicate that either FAA or the contractors may not know what technologies and approaches are necessary to achieve the contract requirements, or the bids may be unreasonably low to win the award. Significant variances between the amounts, higher or lower, can limit FAA's ability to use the estimates for their intended purpose—to serve as an independent and objective benchmark to conduct price analysis and ultimately help establish sound pricing. FAA awarded these 16 contracts between 2002 and 2022, representing a total value of \$8.2 billion. Further, program officials only provided the required reconciliations for four of these contracts dated prior to award.

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<sup>9</sup> This requirement is specific to records pertaining to goods and services. Longer retention is authorized if required for business use.

Table 2. Summary of 16 Sample Contracts With IGCEs Varying by More Than 15 Percent of the Selected Offer

Contract Service	Award Year	IGCE Amount (in millions)	Selected Offer (in millions)	Percent Difference
Alaska Satellite Telecommunications Infrastructure Space Segment	2013	\$98.6	\$46.4	53%
Common Support Services – Weather	2015	\$152.9	\$48.2	68%
Cybersecurity Testing	2021	\$74.4	\$59.4	20%
Enterprise Infrastructure Support	2020	\$809.9	\$380.0	53%
FAA Cloud Services	2015	\$235.8	\$109.0	54%
FAA Telecommunications Infrastructure	2002	\$2,378.0	\$1,749.0	26%
Facility Work Plan Tool and Program Management Tool Support	2019	\$1.9	\$2.2	(19%)
Information Security and Privacy Program Support	2014	\$76.4	\$54.5	29%
Information Technology Support Services	2019	\$255.5	\$188.0	26%
LCSS Supply Chain Transformation Support Services	2022	\$81.1	\$62.0	24%
LCSS Supply Chain Transformation Support Services	2019	\$10.0	\$8.1	19%
Next Generation Weather Processor	2015	\$251.1	\$77.6	69%
Real Estate Management System Support Services	2016	\$7.6	\$4.6	40%
SAVES COTS Software and Software Support Services	2013	\$149.5	\$104.5	30%
Terminal Flight Data Manager	2016	\$466.5	\$363.8	22%
Traffic Flow Management - 2 System	2017	\$974.0	\$677.5	30%

Source: OIG analysis

One factor contributing to the IGCEs with large variances is the challenge for program officials to identify the technologies and approaches needed to complete requirements for the length of the contracts—particularly given the necessity for FAA to anticipate future needs and advances in IT and telecom technology. For example, in March 2015, FAA awarded an 8-year contract for its

Common Support Services - Weather program.<sup>10</sup> The contract's scope covered multiple stages of technically-complex work, including the program's design, integration, testing, deployment, support, and maintenance. Due to this broad scope, it was difficult for FAA to determine all applicable requirements and reasonable pricing when awarding the contract. As such, FAA awarded the contract for \$48.2 million—which matched the winning bidder's proposed price—and set the contract ceiling of \$237.8 million. The IGCE for this award totaled \$152.9 million—68 percent more than the award amount and 55 percent less than the ceiling amount.

Several of our past audit reports have identified that FAA would benefit from using incremental acquisition strategies for larger, technical contracts—such as those for complex IT and telecom services—to address issues with uncertain requirements and pricing.<sup>11</sup> This incremental acquisition strategy would allow FAA to spread work across multiple stages over several successive contracts so program officials can better identify requirements and develop sound IGCEs. In response to our prior recommendations, FAA updated its AMS procurement planning template in 2021 to add a requirement that program and contracting officials consider various acquisition approaches when planning major acquisitions.<sup>12</sup> The approaches include breaking large procurements into smaller, more manageable contracts.

Additionally, in response to another of our prior audit report recommendations,<sup>13</sup> FAA took actions in 2020 and 2021 to help officials verify that IGCEs are completed in compliance with Agency requirements. FAA's actions included revising sections of AMS and FAA's IGCE Handbook to clarify IGCE requirements and criteria. The Agency also strengthened its standardized Contract Checklist by adding a front-line management signature block at the end of each procurement phase, which added accountability for ensuring all required steps and documents are properly completed and maintained. However, the modifications section of the Contract Checklist does not include IGCE requirements.

FAA's noncompliance with requirements regarding price and cost analyses and IGCEs puts the Agency at greater likelihood that it will be unable to determine

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<sup>10</sup> The Common Support Services - Weather program is a Next Generation transformational program that will enable NAS systems to access high-resolution aviation weather data and support NAS operations.

<sup>11</sup> *FAA's Competitive Award Practices Expose Its Major Program Contracts to Cost and Performance Risks* (OIG Report No. ZA2020020), March 9, 2020; *Greater Adherence to ADS-B Contract Terms May Generate Better Performance and Cost Savings for FAA* (OIG Report No. AV2017075), September 5, 2017; and *FAA Reforms Have Not Achieved Expected Cost, Efficiency, and Modernization Outcomes* (OIG Report No. AV-2016-015), January 15, 2016.

<sup>12</sup> A major acquisition is a capital project that requires special management attention because of its: importance to an agency's mission; high development, operating, or maintenance costs; high risk; high return; or significant role in the administration of an agency's programs, finances, property, or other resources.

<sup>13</sup> *FAA's Competitive Award Practices Expose Its Major Program Contracts to Cost and Performance Risks* (OIG Report No. ZA2020020), March 9, 2020.

fair and reasonable pricing for its IT and telecom contracts. This in turn exposes FAA to inefficiencies that could compromise timely and cost-effective delivery of IT and telecom products and services critical to the modernization and safety of our Nation's airspace. Further, based on FAA's inability to provide the required price and cost analyses and IGCEs for a cumulative total of \$207 million across seven sample contracts, we estimate the Agency put up to \$311.6 million<sup>14</sup> at risk by not complying with these requirements, which are intended to determine fair and reasonable pricing.

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## FAA's IT and Telecom Contracting Practices Restrict Competition

Competition is critical in contracting to deliver the best value solution on time and within budget. In a July 2021 Executive Order on promoting competition, the President identified a competitive marketplace as a longstanding cornerstone of the American economy that leads to more choices, better service, and lower prices.<sup>15</sup> The order also directed agencies to use procurement spending to promote competition. This aligns with a fundamental principle of FAA's procurement policy to encourage competition as the preferred method of contracting. FAA also designed AMS to permit noncompetitive contracting when necessary to fulfill its missions, but such decisions to bypass competition must be in the Agency's best interest and rationally supported. Despite these principles, FAA repeatedly extended certain IT and telecom contracts noncompetitively to sustain services. Additionally, FAA added work outside an IT and telecom contract's scope noncompetitively after award. Finally, FAA made several questionable noncompetitive IT and telecom contract award decisions.

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## Noncompetitive Extensions to IT and Telecom Contracts

Advanced planning is the foundation of effective competition, and FAA requires program office officials to conduct planning for each procurement valued at \$25,000 or more.<sup>16</sup> As part of this planning, program officials should consider methods to maintain competition throughout the product or service contract, as required by AMS. When FAA needs to sustain a contract's products and services

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<sup>14</sup> Our \$311.6 million estimate has a precision of +/- \$221.2 million (2.4 percent) at the 90-percent confidence level. This estimate is across the entire FAA IT and telecom contract universe valued at \$9.4 billion.

<sup>15</sup> Executive Order 14036, *Promoting Competition in the American Economy*, July 9, 2021.

<sup>16</sup> AMS requires a documented procurement plan for all procurements with an estimated value of \$25,000 or more.

after the initial performance period expires,<sup>17</sup> a Contracting Officer can either award a competitive or noncompetitive follow-on contract or noncompetitively extend the current contract. To noncompetitively extend the current contract, a Contracting Officer must award a modification citing the proper authority to extend the performance period, such as one of the Option to Extend clauses.<sup>18</sup>

FAA noncompetitively extended 11 of the sample contracts a total of 40 times via modifications to sustain certain IT and telecom services beyond the initial performance periods. FAA's use of these noncompetitive extensions demonstrates a lack of sufficient procurement planning rather than a need to bypass competition for fulfilling Agency missions. It also suggests that in some cases, FAA may be repetitively using these noncompetitive extensions for convenience and administrative ease. These noncompetitive extensions represented a cumulative increase of \$1.8 billion in total value and approximately 291 months (just over 24 years) in performance periods. Further, FAA awarded 32 of 40 extensions without citing proper authority to do so (see table 3).

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<sup>17</sup> We consider an "initial performance period" to include the base and any option periods that were evaluated as part of the initial solicitation and included in the contract at the time of award. We also included all contract extensions up to 6 months that were awarded under the authority of AMS clause 3.2.4-34, if that clause was part of the initial award terms.

<sup>18</sup> AMS clause 3.2.4-34, *Option to Extend Services* and 3.2.4-35, *Option to Extend the Term of Contract*.



Table 3. Summary of 11 Sample Contracts Noncompetitively Extended Beyond Their Initial Performance Periods

Contract Service	Award Year	No. of Extensions	Performance Period Increase (months)	Value Increase (in millions)	No. of Improperly Authorized Extensions	Total Value (in millions)
Aeronautical Mobile Communications Services	2016	4	4	\$12.5	4	\$246.8
Common Support System – Weather	2015	1	12	\$0	0	\$237.8
Enterprise Wireless Program	2015	2	15	\$0	1	\$22.1
FAA Telecommunications Infrastructure	2002	11	57	\$1,500.0	10	\$5,000.0
Facility Work Plan Tool and Program Management Tool Support	2019	1	2	\$0	1	\$5.0
Financial Management and Information Technology Support	2019	3	6	\$0.4	3	\$6.6
Information Security and Privacy Program Support	2014	5	41	\$49.5	5	\$110.3
Infrastructure & Operations Services Support	2016	3	27	\$40.6	1	\$107.7
Next Generation Weather Processor	2015	1	12	\$0	0	\$389.0
SAVES COTS Software and Software Support Services	2012	6	73	\$69.6	4	\$109.6
SAVES COTS Software and Software Support Services	2013	3	42	\$115.9	3	\$264.1
Totals		40	291	\$1,788.5	32	\$6,499.0

Source: OIG analysis

Of the 32 modifications FAA awarded without citing proper authority to noncompetitively extend the contract terms and services, 21 inappropriately cited an AMS change clause.<sup>19</sup> While there are multiple AMS change clauses that can be incorporated into contract terms, those that allow FAA to extend the contract performance period list specific and necessary administrative conditions within the general scope of the contract that elicit a unilateral extension. These conditions include such things as a change in the contractor's time of performance (hours of the day or days of the week), place of delivery, or description of services performed. However, none of these conditions were applicable at the time FAA cited the AMS change clauses as the authority to award these 21 extension modifications. Moreover, another 10 extension modifications incorrectly cited the contract's Enhancement or New Services section. While this section encourages the contractor to introduce enhancements or new service offerings at any time after the contract is awarded, it does not authorize extending the performance period. The final modification cited a funding clause not applicable to extending the performance period.<sup>20</sup> For example:

- On September 14, 2016, FAA awarded a 6-year (1 base, five 1-year option periods), \$212.4 million contract for Aeronautical Mobile Communications Services.<sup>21</sup> At the end of the 6 years, FAA appropriately extended the contract citing the Option to Extend Service clause to March 14, 2023. FAA then awarded four consecutive 1-month extensions, citing the contract's change clause each time as the authority to do so. These four extensions increased the contract value by \$12.5 million, to a total of \$243.7 million. However, none of the change clause conditions required to extend the performance period were applicable when FAA awarded the modifications. FAA's justification for each of these four extensions was to allow the Agency more time to conduct a competitive follow-on contract for the services, which indicates insufficient procurement planning.

We also found that FAA allowed four of the sample contracts to lapse before awarding noncompetitive modifications to extend the performance period, despite AMS explicitly stating a Contracting Officer cannot extend a contract after it has expired. Specifically, FAA allowed the four contracts to lapse anywhere from 13 to 14 days—totaling 53 days. This included a 13-day lapse in spring of 2022 in FAA's \$7.9 million time and material/labor hour contract to provide air traffic organization support services. This lapse occurred because FAA did not award the modification to extend the contract—via exercising an option year—in a timely

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<sup>19</sup> AMS clause 3.10.1-12, *Changes – Fixed Price* and 3.10.1-14, *Changes – Time and Materials or Labor Hours*.

<sup>20</sup> AMS clause 3.3.1-39, *Funding – Time and Materials and Labor Hour Contracts*.

<sup>21</sup> Aeronautical Mobile Communications Services provides high-frequency, international oceanic voice communication services between aircraft pilots and controllers.

manner. The Contracting Officer stated they provided the contractor a verbal authorization and a follow-up email to proceed with work during the lapse period, but the Contracting Officer was unable to provide documentation to support this statement. FAA eventually awarded modifications to extend the performance period for all four contracts but could not provide documentation to remedy the lapse periods. For example:

- On September 18, 2012, FAA awarded a 3-year, \$40 million SAVES program contract for COTS software and support services. After the 3 years concluded, FAA noncompetitively awarded six different modifications between September 2015 and April 2021 to cumulatively extend the contract an additional 6 years and 1 month to October 23, 2021. These six extensions increased the contract value by \$67.3 million, to a total of \$109.6 million. Four modifications cited the contract's change clause as the extension authority, yet none of the clause conditions required to permit extending the performance period were met when FAA awarded the modifications. Two other modifications awarded option periods that were not included in the initial award terms. FAA added in these option periods as its means to noncompetitively extend the contract. Only one of the two modifications cited an appropriate authority to extend the contract. Further, the Contracting Officer did not award one of the extensions until 14 days after the contract's performance period had ended—resulting in a lapse to the contract. FAA's justification for each of the six extensions was to allow more time to award a competitive follow-on contract to sustain the services.

Even after noncompetitively extending this contract over 6 years, FAA asserted it needed more time to award a competitive follow-on for these services. As a result, FAA awarded a 3-year, \$413.3 million noncompetitive follow-on contract to the incumbent contractor in October 2021.<sup>22</sup> As of August 2023, FAA is already anticipating they will need to extend this noncompetitive follow-on contract given the status of the competitive follow-on efforts. This award and the previous modifications indicate FAA conducted insufficient procurement planning.

Overall, FAA's decision to repeatedly extend contracts noncompetitively for known IT and telecom products and services appears to be largely due to the Agency not planning an appropriate amount of time to award competitive follow-on contracts. FAA's repetitive use of these noncompetitive extensions for certain IT and telecom needs also suggests that these procurement decisions may be more for convenience and administrative ease. Based on information

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<sup>22</sup> This contract was not included in our audit sample.

from the Contracting Officers associated with the sample contracts, there are several factors that contribute to delays in awarding competitive follow-on contracts. These factors include the time it takes program office officials to provide complete procurement request documentation, such as a sound IGCE. There are also substantial delays in the Chief Financial Officer (CFO) approval process for procurement actions. AMS does provide an acquisition lead time chart to help plan the award process for an FAA contract. However, this guidance only sets a standard number of days for making awards after the Contracting Officer receives a complete procurement request from the program office; it does not directly factor in the CFO approval process or account for the time it will take program staff to plan and develop their procurement request package and other required documents. The Contracting Officers also cited delays in legal approvals as well as outages in the Agency's contract writing system as reasons these lapses occurred.

Another reason for the multiple noncompetitive extensions is that AMS provides no guidance or restrictions on how many times and for how long a contract can be extended. Further, despite FAA developing a reference document that describes the common authorities for modifying contracts for products and services,<sup>23</sup> the Contracting Officers inconsistently interpret what is considered an appropriate authority to extend a contract. For example, 10 of 18 Contracting Officers associated with the contracts in our sample stated that the change clauses represented appropriate authorities for extending the contract performance period, 3 said they were not, 3 had no opinion, 1 said sometimes, and 1 did not respond.<sup>24</sup>

FAA officials recognize competition as the preferred method for contracting. They also highlighted that extenuating factors, such as changing requirements and continuing resolutions, can delay project milestones, which could impact competitive acquisition strategies. However, when FAA restricts competition by awarding noncompetitive extensions to IT and telecom contracts, the Agency is denied the well-established benefits of competition. Competitive contracts not only help save the taxpayer money, but can also improve contractor performance, curb fraud, and promote accountability. These benefits align with the fundamental principles of FAA's procurement system, including selecting the contractor representing the best value for satisfying FAA's critical mission. Therefore, when FAA officials use noncompetitive actions to sustain IT and telecom products and services, they risk paying more than the Agency should

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<sup>23</sup> *AMS Common Authorities For Modification For Supplies, Services, or Construction*, April 2022.

<sup>24</sup> Some Contracting Officers were assigned to more than one sample contract. Also, due to staffing changes, the Contracting Officers were not always assigned to the sample contracts at the time of award or modification.

and receiving less than the best-quality results. This in turn could negatively impact the efficiency of FAA's airspace safety and modernization efforts.

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## Noncompetitive Addition of Work Beyond the Contract Scope

The scope of a contract defines the expected services or work to be provided (i.e., what the Government can expect to receive). Additionally, the scope of work determines how vendors develop their proposals and bids, and what Government officials will use to develop IGCEs, conduct price analysis, and make source selection decisions.

FAA noncompetitively expanded the scope of a 5-year (1 base, 4 option periods), \$7.7 million competitive contract for the operation and maintenance of its Real Estate Management System (REMS).<sup>25</sup> Specifically, about 3 years into the contract, in May 2019, a Contracting Officer awarded a modification to add operation and maintenance support for the Agency's Automated Inventory and Tracking System (AITS)<sup>26</sup>—a completely different system from REMS.<sup>27</sup> FAA officials initially intended to award a competitive follow-on contract to sustain the AITS support services and extended the existing contract twice to allow time for this competitive award. FAA ultimately added this out-of-scope work noncompetitively to the REMS contract in the middle of its initial performance period. When the Contracting Officer added the AITS, it increased the REMS contract value by \$800,000 to a total of \$8.5 million. FAA's justification for the noncompetitive expansion of scope was that the REMS contractor had previously provided AITS services and was delivering similar services for REMS. However, the REMS contractor had submitted a proposal for the AITS support contract in 2014 that FAA deemed unacceptable due to the contractor's lack of experience and unqualified staff. FAA officials never reevaluated their REMS award decision based on the contract's expanded scope and significant increase in value. Furthermore, in August 2021, FAA noncompetitively awarded a 2-year (1 base, 1 option), \$4.1 million bridge contract<sup>28</sup> that extended the contractor's services for both REMS and AITS until the Agency could award a competitive follow-on contract.

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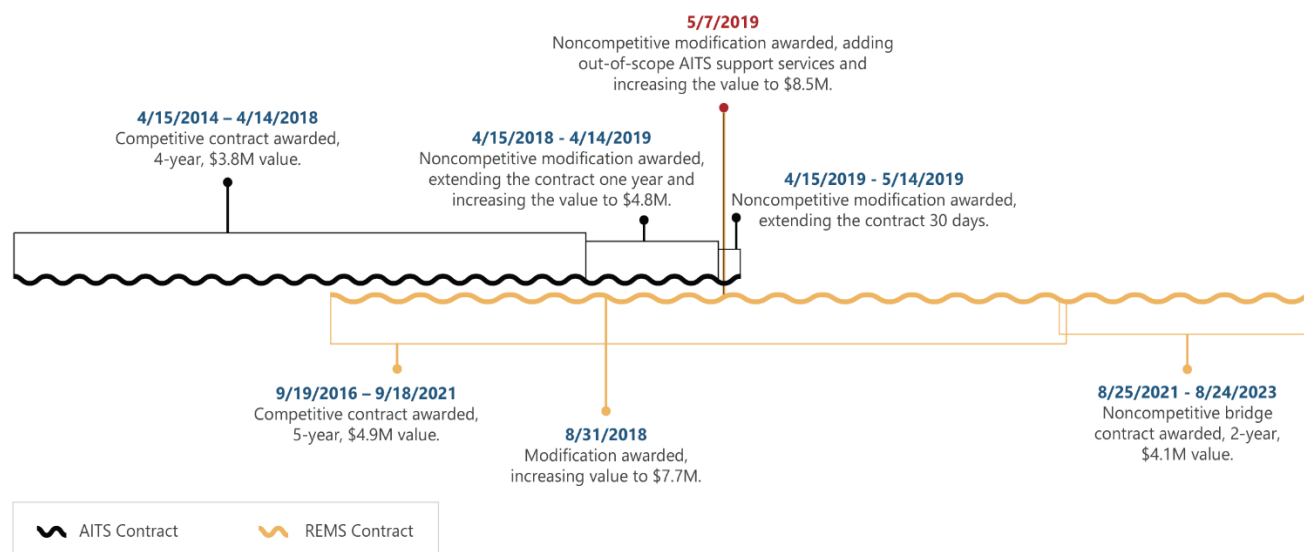
<sup>25</sup> REMS is FAA's database to track its real property assets inventory.

<sup>26</sup> AITS is a web-based system FAA used to record and track its personal property purchases.

<sup>27</sup> FAA owns both REMS and AITS and used both systems until August 2023.

<sup>28</sup> A bridge contract is a short-term, noncompetitive contract or contract extension to an existing contract to avoid a lapse in service—it "bridges" the time between the end of the original performance period and the competitive award of a follow-on contract. FAA does not mention or address bridge contracts in AMS.

Figure. Timeline of Contracts Providing REMS and AITS Support Services



Source: OIG analysis

This noncompetitive expansion of the contract’s scope may have occurred due to FAA lacking clear guidance. Specifically, while FAA’s common authorities for modifications guidance suggests the addition of out-of-scope work mid-contract constitutes a noncompetitive procurement, no Agency policy or guidance directly addresses when and how this addition is appropriate. AMS only addresses the addition of new work when a contract’s performance period is extended—in which case noncompetitive justification and approval apply. This gap in the Agency’s official procurement policy can create confusion among FAA program and contracting officials as to whether these noncompetitive requirements apply if new work is added mid-contract.

By adding work beyond the contract’s initial scope, FAA does not support fair and transparent contracting practices. Further, FAA loses the benefits achieved through competitive awards, including better pricing and contractor performance.

## Noncompetitive IT and Telecom Contract Award Decisions

According to AMS, a noncompetitive award decision must be in the Agency’s best interest and supported by a factual and reasoned rationale documented by the program office. The rationale should be based on actions that are “necessary and important” to support FAA’s mission. Procurement officials must also conduct market analysis to support any noncompetitive award over \$10,000. For

follow-on contracts procuring the same products and services, FAA officials are not required to seek additional competition if a noncompetitive rationale based on market analysis is documented and approved. Contracts directed to a small and disadvantaged business community vendor—such as 8(a)<sup>29</sup> or service-disabled veteran-owned small business (SDVOSB) contractors—are exempt from the market analysis requirement but are still required to have a rational basis documented for the noncompetitive decision.

FAA did not violate its procurement policy in the nine noncompetitive IT and telecom contracts in our sample. However, its decisions to noncompetitively award seven of these contracts—totaling \$569.9 million—are consistent with our concerns previously identified in several of our other audit reports, spanning almost two decades, regarding FAA’s use of noncompetitive contracts.<sup>30</sup> Specifically, FAA’s rationales to bypass competition were based on statements about the contractors’ knowledge and experience and FAA’s lack of time to conduct competitive awards or account for a new vendor’s learning curve. Also, FAA noncompetitively awarded IT and telecom contracts to the same contractors, even when there were other capable vendors in the market (see table 4).

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<sup>29</sup> The Small Business Association grants 8(a) status as part of its business development program to firms that are at least 51 percent owned and controlled by socially and economically disadvantaged individuals.

<sup>30</sup> *FAA’s Competitive Award Practices Expose Its Major Program Contracts to Cost and Performance Risks* (OIG Report No. ZA2020020), March 9, 2020; *Opportunities Exist For FAA To Strengthen Its Award and Oversight of eFAST Procurements* (OIG Report No. ZA2017046), May 8, 2017; and *FAA Lacks Adequate Controls To Accurately Track and Award Its Sole-Source Contracts* (OIG Report No. ZA2016065), May 9, 2016.



Table 4. Summary of the Seven Sample Contracts With Questionable Noncompetitive Award Decisions

Contract Service	Award Year	Total Value (in millions)	Contractor Status at Award	Market Analysis Supports Only One Vendor	Noncompetitive Rationale	
					Contractor Knowledge Experience	Time Sensitive
Facility Work Plan Tool and Program Management Tool Support	2019	\$5.0	8(a)	No	Yes	Yes
LCSS Base Line Development Support	2018	\$9.7	8(a)	No	Yes	Yes
LCSS Supply Chain Transformation Support Services	2019	\$7.9	8(a)	No	Yes	Yes
LCSS Supply Chain Transformation Support Services	2020	\$16.5	8(a)	No	Yes	Yes
Program Support Services	2021	\$7.9	SDVOSB	No	Yes	Yes
SAVES COTS Software and Software Support Services	2012	\$109.6	SDVOSB	No	Yes	Yes
SAVES COTS Software and Software Support Services	2021	\$413.3	Large Business	No	Yes	Yes

Source: OIG analysis

AMS states a noncompetitive rationale can be based on only one source available to satisfy a requirement within the time required. However, for five of the six noncompetitive follow-on contracts whose rationales cited time as an issue, the requirements were known well in advance, and the time sensitivity of the award was primarily due to FAA's lack of sufficient procurement planning. Additionally, all seven noncompetitive contracts were for common types of services and did not have proprietary parts. If the work was specialized or proprietary, FAA could have adequately justified the need to continue using the same contractor. Further, two were awards off FAA's small business contracting vehicle (eFAST) where multiple vendors have already been pre-qualified to do the common service work required. Therefore, it is not clear that FAA's noncompetitive decisions had rational bases including actions necessary and important to support FAA's mission. The decisions appear to be based on convenience, administrative ease, and insufficient procurement planning—the same issues that

contribute to FAA's need to noncompetitively extend certain IT and telecom contracts. For example:

- In October 2018, April 2019, and September 2020, FAA noncompetitively awarded consecutive bridge contracts to the same incumbent contractor to sustain engineering and support services for the Agency's Logistics Center Support System (LCSS) program asset management tool.<sup>31</sup> These noncompetitive bridge contracts totaled \$34.1 million. For both the 2018 and 2019 bridge contracts, FAA used the same noncompetitive rationale that the ongoing contract was going to reach its ceiling early and the services are imperative to maintain. FAA also referenced the contractor's 8(a) status,<sup>32</sup> although the Agency did not explicitly identify that these two noncompetitive awards were 8(a) directed. The noncompetitive justification for the 2019 bridge contract was unsigned.

Further, FAA used the same procurement plan for both the 2018 and 2019 bridge contracts. The plans' market analysis results stated that no other company had the experience or qualifications to perform at the levels expected but did not explain how these conclusions were reached. However, when an FAA official conducted market analysis for these efforts less than 2 years later in May 2020, they identified nine capable vendors—six of which were small and disadvantaged businesses—and concluded there was adequate competition. Yet, FAA awarded another noncompetitive bridge contract to the incumbent in September 2020 to sustain these services, citing a need for more time to conduct a competitive contract, and that the ongoing contract's ceiling would be reached early. Given that this incumbent contractor had over 13 years of history providing these services to FAA—via noncompetitive awards since at least 2013<sup>33</sup>—it also won the competitive award in May 2022.

- FAA noncompetitively awarded a 3-year, \$40 million contract in September 2012 for SAVES COTS software and support services. An FAA official conducted market analysis, including issuing a Request For Information in February 2012. Of the 11 vendors that responded, FAA determined 3 vendors—2 small businesses, 1 of which was the incumbent, and 1 large business—were capable of doing the work. Nevertheless, FAA decided to noncompetitively award the contract to the incumbent

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<sup>31</sup> The LCSS' mission is to support IT programs to re-engineer and automate FAA's logistics management processes. The LCSS program aims to modernize FAA's supply chain and replace the 20-year-old legacy system.

<sup>32</sup> This contractor's 8(a) status was valid between 2013 and 2022.

<sup>33</sup> FAA could not determine the competitive status of the contract for these services prior to the 2013 noncompetitive award because file documentation was not maintained electronically at that time.

contractor based on its experience and performance on the predecessor contract.

FAA's procurement system is designed to allow it to award contracts noncompetitively when necessary to fulfill the Agency's mission. We acknowledge this is an important flexibility for the right circumstances. We also recognize FAA's commitment to using small and disadvantaged businesses. However, consistent with our prior audit reports, our analysis shows that part of the reason for these noncompetitive decisions is program officials' desire to use the same contractor for convenience and administrative ease.<sup>34</sup> Several Contracting Officers associated with the contracts in our sample stated they raised concerns with program office officials regarding their contract request decisions, but the officials were not always receptive. Given the multiple examples of noncompetitive actions, we question why FAA officials would limit contract opportunities to one vendor if there are multiple businesses capable of competing for the work and likely to result in a better value. This includes when targeting small or disadvantaged businesses to allow equal opportunities for contract work.<sup>35</sup>

FAA stated that it strongly supports competition but awards noncompetitive contracts when in the best interest of the Agency. However, FAA's contracting practices that restrict competition deny other capable firms the opportunity to provide the Agency necessary IT and telecom products and services, and to deliver these necessities in more economical, efficient, and effective ways. Further, the lack of competition limits FAA's ability to verify it is selecting the best value contractor and meet its stated goal of using competition as the preferred contracting method.

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## Conclusion

FAA's IT and telecom contracts provide products and services critical to the Agency's mission to maintain the safest, most efficient airspace system in the world. Products and services provided by these contracts also play a key role in FAA's efforts to modernize the NAS with new and transformative IT and telecom technologies. However, until FAA addresses specific weaknesses in its IT and telecom contract award and modification practices, there is a risk that these contracts may not provide FAA with the best value outcomes. Addressing these

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<sup>34</sup> *Audit Of The Federal Aviation Administration's Results National Contracting Service* (OIG Report No. FI-2006-072), September 21, 2006; *FAA Lacks Adequate Controls To Accurately Track and Award Its Sole Source Contracts* (OIG Report No. ZA2016065), May 9, 2016; and *Opportunities Exist For FAA To Strengthen Its Award and Oversight of eFAST Procurements* (OIG Report No. ZA2017046), May 8, 2017.

<sup>35</sup> This was an issue we also identified in our report on FAA's eFAST procurements: *Opportunities Exist For FAA To Strengthen Its Award and Oversight of eFAST Procurements* (OIG Report No. ZA2017046), May 8, 2017.

weaknesses will help verify that the Agency's IT and telecom contracts represent a sound investment of taxpayer funds and give FAA higher-quality products and services to achieve its critical mission.

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## Recommendations

To strengthen the Federal Aviation Administration's (FAA) information technology (IT) and telecommunication (telecom) contract award and modification practices, we recommend that FAA's Deputy Assistant Administrator for Acquisition and Business Services:

1. Implement a written process for verifying compliance with Agency requirements for maintaining electronic, centralized files that include all documented contractual actions and determinations.
2. Implement a written process for verifying compliance with Agency requirements for developing independent Government cost estimates (IGCEs) for contract modifications. Implementing this recommendation could put up to \$311.6 million in Federal funds to better use by improving FAA's ability to establish contract pricing that is fair, reasonable, and realistic.
3. Implement a written process for verifying that any extension of a contract's performance period—including exercising an option period—is awarded prior to the contract expiring.
4. Update the Acquisition Management System (AMS) to specify what program offices are required to provide as part of an IT and telecom procurement request package. This documentation should include standard lead times for obtaining the Chief Financial Officer's approval, submitting complete procurement packages, and references to guidance on how to develop sound IGCEs and complete requirements.
5. Update AMS to include limitations on how long contracts can be extended.
6. Implement written guidance to explain what authorities are appropriate to use to extend contracts beyond their initial performance periods, including any limitations associated with using each authority.
7. Update AMS to include when it is allowable and what is required to add work outside of a contract's scope after the award is made.

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## Agency Comments and OIG Response

We provided FAA with our draft report on January 3, 2024, and received its formal response on February 8, 2024, which is included in its entirety as an appendix to this report. FAA concurred with our seven recommendations and provided appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

In responding to our draft report, FAA did not agree that OIG established a foundation to assert that implementing recommendation 2 could put up to \$311.6 million in Federal funds to better use. The foundation for our estimate is that FAA could not provide the required price and cost analyses and IGCEs for a cumulative total of \$207 million across the seven contracts identified in table 1 of this report represent fair and reasonable contract pricing. It is also unclear whether FAA officials completed the required price and cost analyses and IGCEs or simply could not locate them. Without these justifications, FAA does not have a rational basis to conclude that funds devoted to these seven contracts could not have been put to better use elsewhere. We maintain our assertion that FAA could have put up to \$311.6 million to better use.

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## Actions Required

We consider recommendations 1 through 7 resolved but open pending completion of planned actions.

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## Exhibit A. Scope and Methodology

This performance audit was conducted between December 2022 and January 2024. We conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of this self-initiated audit was to evaluate FAA's practices in awarding and modifying its IT and telecom contracts. To address our audit objective, we developed a universe of FAA IT and telecom contracts using data from the Federal Procurement Data System as of July 27, 2022. Specifically, we pulled all FAA service-related IT and telecom contract vehicles awarded or whose orders were awarded between fiscal years 2011 and 2022; were valued above \$250,000; and had completion dates of October 1, 2019, or later. The universe also included FAA-awarded orders off Governmentwide vehicles with the same parameters. In August 2022, we provided the universe to FAA to validate it for accuracy and completeness and to identify any IT and telecom contracts within our universe parameters that were not included. As a result, our final audit universe consisted of 67 FAA IT and telecom contracts valued at approximately \$9.4 billion.

From the universe, we selected a statistical sample of 23 contracts using a probability proportional to size sampling methodology where size equaled the total contract values. While validating our sample, we learned one of these contracts was awarded by a DOT Agency other than FAA, and we removed it from our sample. We also selected four contracts judgmentally to ensure the total sample allowed us to make more informed audit conclusions across the entire universe. As such, our final audit sample included a total of 26 FAA IT and telecom contracts with award dates spanning from fiscal years 2002 to 2022 and representing a cumulative value of \$9.1 billion (96.8 percent of the universe).

Our audit field work included reviewing FAA's AMS and other applicable Agency policy and guidance. Based on these criteria, we developed a standardized checklist of procurement award and modification requirements to guide our review of the contract documentation. For each sample contract, we requested specific award documents such as the IGCE, price/cost analysis, procurement plan, and award decision memo. We also requested a list of all modifications, including the general purpose of each modification. Based on the list, we identified and requested all modifications that changed the contract scope, value, or period of performance, as well as any associated supporting documentation

(i.e., justifications). FAA officials provided all requested contract documentation electronically.

We also conducted follow-up with various contracting officials to address any questions stemming from our analysis of the contract documentation. We interviewed the Contracting Officers as well as requested additional documentation necessary to obtain a complete and accurate analysis of FAA's award and modification practices. In addition, we sent a standardized questionnaire to the 18 Contracting Officers associated with our sample contracts to learn more about FAA's general IT and telecom award and modification practices.

In addition to working with FAA officials to validate the universe and sample contract data when planning the audit, we also validated the accuracy and completeness of the sample through our review of the actual contract documents during field work. Based on our validation work, we determined the universe and sample data were sufficient for the purpose of this audit.



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## **Exhibit B.** Organizations Visited or Contacted

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### **Department of Transportation**

Federal Aviation Administration

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## Exhibit C. List of Acronyms

AITs	Automated Inventory and Tracking System
AMS	Acquisition Management System
CFO	Chief Financial Officer
COTS	Commercial Off-the-Shelf
CPFF	Cost Plus Fixed Fee
CPIF	Cost Plus Incentive Fee
CR	Cost Reimbursement
DOT	Department of Transportation
eFAST	Electronic FAA Accelerated and Simplified Tasks
FAA	Federal Aviation Administration
FFP	Firm-Fixed Price
FP	Fixed Price
GSA	General Services Administration
IDIQ	Indefinite Delivery/Indefinite Quantity
IGCE	Independent Government Cost Estimate
IT	Information Technology
ITSS	Information Technology Shared Services
LCSS	Logistic Center Support System
LH	Labor Hour
NAS	National Airspace System
OIG	Office of Inspector General
REMS	Real Estate Management System
SAVES	Strategic Sourcing for the Acquisition of Various Equipment and Supplies
SDVOSB	Service-Disabled Veteran-Owned Small Business
T&M	Time and Material
Telecom	Telecommunications

## Exhibit D. IT and Telecom Contracts in Our Audit Sample

No.	Contract Service	Total Value	Period of Performance	Award Type	Contract Type
1	Aeronautical Information Services Production Workflow System	\$5,599,688	4/27/2017 to 4/26/2020	Competitive IDIQ	CPIF <sup>a</sup> and FFP <sup>b</sup>
2	Aeronautical Mobile Communications Services	\$246,846,667	9/15/2016 to 8/14/2023	Non-Competitive IDIQ	FFP and T&M <sup>c</sup>
3	Alaska Satellite Telecommunications Infrastructure Space Segment	\$46,420,899	10/1/2013 to 9/30/2023	Competitive IDIQ	FFP
4	Common Support Services - Weather	\$237,796,000	4/1/2015 to 3/31/2025	Competitive IDIQ	CPFF <sup>d</sup> and FFP
5	Cybersecurity Testing	\$59,424,216	7/30/2021 to 7/29/2026	Competitive IDIQ	T&M
6	Enterprise Infrastructure Support	\$377,901,255	4/15/2020 to 4/14/2030	Competitive IDIQ	FFP and T&M
7	Enterprise Wireless Program	\$22,072,645	11/1/2015 to 1/31/2022	Competitive eFAST Order	LH <sup>e</sup>
8	FAA Cloud Services	\$235,810,663	8/26/2015 to 8/25/2025	Competitive IDIQ	FP <sup>f</sup> and T&M
9	FAA Telecommunications Infrastructure	\$5,000,000,000	7/15/2002 to 6/30/2023	Competitive IDIQ	CPFF, CPIF, FFP, and T&M
10	Facility Work Plan Tool and Management Tool Support	\$5,021,573	4/1/2019 to 5/31/2023	Non-Competitive eFAST Order	T&M
11	Financial Management and Information Technology Support	\$6,627,461	6/1/2019 to 6/30/2021	Non-Competitive GSA Order	T&M
12	Information Security and Privacy Program Support	\$110,258,767	9/23/2014 to 8/22/2023	Competitive eFAST Order	T&M
13	Information Technology Support Services	\$187,991,041	4/1/2019 to 3/31/2024	Competitive IDIQ	FFP, LH, and CR <sup>g</sup>
14	Infrastructure & Operations Services Support	\$107,701,559	12/5/2016 to 12/4/2024	Competitive eFAST Order	T&M
15	LCSS Base Line Development Support	\$9,693,929	10/1/2018 to 9/30/2020	Non-Competitive IDIQ	LH and T&M

16	LCSS Supply Chain Transformation Support Services	\$7,908,984	4/1/2019 to 3/31/2021	Non-Competitive IDIQ	LH
17	LCSS Supply Chain Transformation Support Services	\$16,460,372	10/1/2020 to 3/30/2022	Non-Competitive IDIQ	CR, LH, and T&M
18	LCSS Supply Chain Transformation Support Services	\$61,970,862	5/13/2022 to 5/12/2027	Competitive IDIQ	LH and FP
19	Next Generation Weather Processor	\$388,982,000	3/31/2015 to 4/7/2025	Competitive IDIQ	CPFF and FFP
20	Program Support Services	\$7,867,007	3/20/2021 to 3/29/2024	Non-Competitive eFAST Order	LH and T&M
21	Real Estate Management System Support Services	\$8,065,592	9/19/2016 to 9/18/2021	Competitive eFAST Order	T&M
22	SAVES COTS Software and Software Support Services	\$109,632,854	9/18/2012 to 10/23/2021	Non-Competitive IDIQ	FP
23	SAVES COTS Software and Software Support Services	\$264,050,773	4/24/2013 to 10/23/2021	Competitive IDIQ	FFP
24	SAVES COTS Information Technology Software	\$413,281,941	10/22/2021 to 10/21/2024	Non-Competitive IDIQ	FP
25	Terminal Flight Data Manager	\$488,000,502	6/30/2016 to 6/29/2028	Competitive IDIQ	CPFF, CPIF, and FFP
26	Traffic Flow Management - 2 System	\$677,523,634	10/6/2017 to 10/5/2029	Competitive IDIQ	CPFF, CPIF, CR, FFP, and T&M

<sup>a</sup> Cost Plus Incentive Fee (CPIF)

<sup>b</sup> Firm-Fixed Price (FFP)

<sup>c</sup> Time and Material (T&M)

<sup>d</sup> Cost Plus Fixed Fee (CPFF)

<sup>e</sup> Labor Hour (LH)

<sup>f</sup> Fixed Price (FP)

<sup>g</sup> Cost Reimbursement (CR)

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## Exhibit E. Major Contributors to This Report

JILL COTTONARO	PROGRAM DIRECTOR
JERRI BAILEY	PROJECT MANAGER
STACIE SEABORNE	SENIOR ANALYST
DIANA RAFANELLO	ANALYST
FRANK GALEK	AUDITOR
MORGAN ATHERTON	WRITER-EDITOR
CHELSEA ARLANTICO	ASSOCIATE COUNSEL
GEORGE ZIPF	SUPERVISORY MATHEMATICAL STATISTICIAN

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## Appendix. Agency Comments



### Federal Aviation Administration

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## Memorandum

Date: February 8, 2024

To: Carolyn J. Hicks, Assistant Inspector General for Acquisition and Procurement Audits

From: Erika Vincent, Acting Director, Office of Audit and Evaluation, AAE-1

Subject: Federal Aviation Administration's Response to Office of Inspector General Draft Report: FAA's Information Technology and Telecommunications Contracting Practices

**ERIKA S  
VINCENT**

Digitally signed by  
ERIKA S VINCENT  
Date: 2024.02.08  
17:06:39 -0500

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The Federal Aviation Administration (FAA) is committed to the effective acquisition of information technology (IT) and telecommunications (telecom) products and services in support of its mission to provide the safest, most efficient aerospace system in the world. FAA's Acquisition Management System emphasizes competition and common-sense decision-making and provides the policies, procedures, and tools to enable the FAA to effectively determine our IT and telecom requirements to select the right vendors and make sound pricing decisions. The FAA continually seeks to increase competition and make all of our acquisition policies and processes more effective and efficient.

Upon review of the OIG's draft report, we concur with all recommendations; however, the FAA does not agree that the OIG has established a foundation to assert that implementing recommendation 2 could put up to \$311.6 million in federal funds to "better use." The FAA will implement recommendations 1, 2, 3, and 6, by October 31, 2024. For recommendations 4, 5, and 7, we will implement by January 31, 2025.

We appreciate this opportunity to respond to the OIG draft report. Please contact Erika Vincent at [Erika.Vincent@faa.gov](mailto:Erika.Vincent@faa.gov) if you have any questions or require additional information about these comments.

U.S. Department of Transportation  
Office of Inspector General

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