



U.S. Department of  
Transportation


Office of the Secretary  
of Transportation

Office of Inspector General

# Memorandum

Subject: INFORMATION: Audit Announcement—  
FAA's Use of Non-Competitive Contracts and Price  
and Cost Analyses  
Project No. 08Z3001Z000

Date: February 4, 2008

From: Mark H. Zabarsky   
Assistant Inspector General for Acquisition &  
Procurement Audits

Reply to: JA-60  
Attn of:

To: Assistant Administrator for Financial Services  
and Chief Financial Officer

Historically, a principal concern in non-competitive contracting situations has been how to ensure that prices proposed by contractors are fair and reasonable. A non-competitive contract is the result of an agency entering into a contract after soliciting and negotiating with only one vendor. The Federal Aviation Administration (FAA) reported more than 400 non-competitive contract actions in excess of \$100,000 valued at more than \$1.4 billion for FY 2007.

The Office of Inspector General plans to conduct an audit of FAA's process for awarding non-competitive contracts and use of price and cost analysis for those contracts. The objectives of the audit are to determine whether FAA: (1) sufficiently justified and properly reviewed and approved the use of non-competitive contracts; and (2) adequately performed and properly documented price and cost analyses applicable to the contract.

The audit will be conducted at the FAA. We will contact your audit liaison to schedule an entrance conference. If you have any questions or require additional information concerning this audit, please call me at (202) 366-1496 or Terry Letko, Program Director, at (202) 366-9917.

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cc: FAA Acting Administrator  
FAA Chief of Staff  
Vice President of Acquisition and  
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