



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

December 10, 2015

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE CONTRACT AUDIT AGENCY
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

SUBJECT: Audit of Air Force Price Reasonableness Determination for Raytheon's
Subcontractor Costs from Northrop Grumman Electronic Systems (Project No.
D2016-D000AH-0068.000)

We plan to begin the subject audit in December 2015. This audit is being conducted in response to allegations to the Defense Hotline. Our objective is to determine whether the Air Force Life Cycle Management Center (AFLCMC) properly evaluated Northrop Grumman Electronic System's subcontract pricing proposal after awarding an undefinitized contract action to Raytheon. Specifically, we will determine if AFLCMC and Raytheon properly supported the fair and reasonableness price determination. We will consider suggestions from management on additional or revised objectives.

We will perform the audit at AFLCMC, Wright-Patterson Air Force Base, Ohio; Raytheon, Goleta, California; and Northrop Grumman, Rolling Meadows, Illinois. We may identify additional locations during the audit.

Please provide us with a point of contact for the audit within **10 days** of the date of this memorandum. The point of contact should be a Government employee—a GS-15, pay band equivalent, or the military equivalent. Send the contact's name, title, grade/pay band, phone number, and e-mail address to audapi@dodig.mil.

You can obtain information about the Department of Defense Office of Inspector General from DoD Directive 5106.01, "Inspector General of the Department of Defense (IG DoD)," April 20, 2012; DoD Instruction 7600.02, "Audit Policies," October 16, 2014; and DoD Instruction 7050.03, "Office of the Inspector General of the Department of Defense Access to Records and Information," March 22, 2013. Our website is www.dodig.mil.

If you have any questions, please contact



Jacqueline L. Wicecarver

Jacqueline L. Wicecarver
Assistant Inspector General
Acquisition, Parts, and Inventory