




U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Memorandum

Subject: INFORMATION: Audit Announcement —FAA's
Major Acquisitions
Project No. 04A3016A000

Date: September 7, 2004

From: David A. Dobbs 
Assistant Inspector General
for Aviation Audits

Reply to
Attn of: JA-10

To: Ramesh Punwani
Assistant Administrator for Financial
Services/CFO, ABA-1

The Federal Aviation Administration is requesting \$2.5 billion to modernize the National Airspace System (NAS) for fiscal year (FY) 2005. Historically, a significant portion of FAA's investment in air traffic control modernization is geared toward enhancing capacity and replacing aging equipment. FAA modernization projects have experienced considerable cost growth, schedule slips, and shortfalls in performance. FAA is requesting less for modernization than it did last year, and has cancelled or deferred several projects. At the same time demand for air travel is returning to pre-September 11th levels, and some airports are experiencing increasing delays. It is important that FAA keep the air traffic control modernization on track to help meet the demand for air travel.

As part of our oversight role, we plan to develop an overall status report on FAA's major acquisitions (such as satellite navigation, weather, and communications systems) to assist congressional and Agency decision makers. We prepared a similar analysis last year on 20 major air traffic control modernization projects. The objectives of the audit will be to update the cost and schedule of FAA's major acquisitions, and identify key issues affecting their implementation.

This audit is planned for FAA Headquarters and other locations as deemed necessary during our review. We plan to start this audit the week of September 7, 2004. We will contact FAA's audit liaison to arrange a formal entrance

conference. Kevin Dorsey is the Program Director for this audit. If you have any questions or need additional information, please call me at (202) 366-0500 or Mr. Dorsey at (202) 366-1518.

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cc: Federal Aviation Administrator, AOA-1
FAA Deputy Administrator, ADA-1
FAA Chief of Staff, AOA-2
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