



Federal Aviation Administration

Memorandum

Date: August 15, 2022

To: Dave Rickard, Chief Financial Officer, ABA-1

From: Josh Pepper, Director, Investment Planning and Analysis, AFI-1

Subject: Request for CFO Concurrence on the proposal to increase the \$10 million CFO review threshold to \$15 million

Background

The requirement for approval of all acquisitions over \$10 million by the Chief Financial Officer (CFO) was established in Acquisition Management System (AMS) policy in 2006. The \$10 million threshold was based on a Department of Transportation Office of the Inspector General audit recommendation. In addition, since 2006, inflation has affected buying power significantly.

In response to multiple requests over time to reevaluate the CFO approval threshold, the analysis below will look specifically at the changes to buying power over the past 17 years since the CFO approval threshold was established and the percentage of acquisitions approved by the CFO that would be affected by an increase to that threshold.

Analysis

Over the last 17 years since the CFO review threshold of \$10 million was established, inflation has eroded the FAA's purchasing power. According to the Bureau of Economic Analysis's Gross Domestic Product deflator for government consumption expenditures and gross investment, cumulative inflation has been 52.4%. \$10,000,000 in 2006 is equivalent in purchasing power to approximately \$15,236,595 today. In assessing the impact of a change in the review threshold on the number of procurements that would be reviewed, over the past three years (2019 through 2022), AFI has reviewed 147 cases. Of those 147 cases, 15 fell in the range of \$10 million to \$15 million.

Since August 2022, an AMS waiver has been in place, waiving CFO approval of eFAST procurements under \$20,000,000. Under this waiver, AFI receives regular reports on eFAST procurements under the \$20 million threshold. To date, AFI has not identified any procurements

under the \$20 million threshold that raised concerns. While not conclusive, it indicates that many of these smaller procurements represent a lower risk to the Agency.

Recommendation

It is the opinion of AFI that increasing the CFO threshold represents low risk to the Agency. Acquisitions in the \$10 million to \$15 million range are most commonly smaller support services acquisitions with relatively simple requirements and Independent Government Cost Estimates. While AFI often is able to help refine the CFO packages to better project requirements and costs, significant changes to the acquisition through the CFO process are rare.

Considering the foregoing, I recommend that you concur with a modification of the CFO Review threshold in AMS policy from \$10 million to \$15 million for all acquisitions.

Dave Rickard
Deputy Assistant Administrator for Financial Services & CFO