

**Agreed Upon Procedures
For 3a-----
(TIRNO-99-R-00009)**

February 2000

Reference Number 2000-1C-035

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Redaction Legend:

3a = Identifying information - Name of an Individual or Individuals



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

February 9, 2000

MEMORANDUM FOR JAMES A. WILLIAMS
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in black ink that reads "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Agreed Upon Procedures for 3a------(TIRNO-99-R-00009)

In response to your request, the Defense Contract Audit Agency (DCAA) evaluated the direct and indirect labor rates. The report pertains only to the performance of agreed upon procedures and does not reflect the results of an audit. Accordingly, DCAA does not express an opinion on the adequacy and compliance of the submitted cost or pricing data.

In summary, DCAA took no exception to the proposed direct labor and indirect rates. However, DCAA recommended implementation of a ceiling for the indirect rates to minimize the risk associated with cost type contracts. See page 2 of the DCAA report for additional details. DCAA was unable to comment on the adequacy of the contractor's purchasing, estimating and accounting systems since DCAA had no audit experience at this contractor.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510, or your staff may call Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations & Exempt Organizations Programs), at (202) 622-8500.

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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