



Report on Audit of Cost Impact Statement

December 2005

Reference Number: 2006-1C-011

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.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 20, 2005

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

Daniel R. Devlin

FROM: Daniel R. Devlin
Assistant Inspector General for Audit (Headquarters Operations
and Exempt Organizations Programs)

SUBJECT: Report on Audit of Cost Impact Statement (Audit # 20061C0202)

The Defense Contract Audit Agency (DCAA) examined the contractor's August 1, 2005, cost impact proposal reflecting the contractor's cost accounting practice change. The Corporate Administrative Contracting Officer has determined that the accounting practice change is a desirable change.

The DCAA opined that the contractor has submitted acceptable data and that the desirable change will result in no increased or decreased costs to the Federal Government on Cost Accounting Standard covered contracts. According to the DCAA, this change allows General and Administrative expenses to be burdened in a more equitable manner and promotes cost charging consistency across the corporation.

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

If you have any questions, please contact me at (202) 622-8500 or John R. Wright, Director, at (202) 927-7077.

Attachment

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 U.S.C. § 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.

