

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

**February 2000**

**Reference Number: 2000-1C-048**

**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 28, 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 labor, escalation, and indirect rates. The report pertains only to the performance of agreed upon procedures and does not reflect the results of an audit. Accordingly, the DCAA does not express an opinion on the adequacy and compliance of the submitted cost or pricing data.

In summary, the DCAA took exception to the proposed indirect rates and determined the contractor's accounting system inadequate for identifying, segregating, accumulating, and reporting costs incurred under Government contracts. In addition, the DCAA had not completed an audit of the contractor's purchasing system, billing and estimating system, or financial capability.

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 and 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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