

**TIRNO-94-D-00090 and TIRNO-00-D-00019,
Audit of Incurred Costs
for Fiscal Year 2001**

October 2003

Reference Number: 2004-1C-008

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.




INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 31, 2003

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

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

SUBJECT: TIRNO-94-D-00090 and TIRNO-00-D-00019, Audit of Incurred
Costs for Fiscal Year 2001 (Audit #20041C0203)

The Defense Contract Audit Agency (DCAA) examined the contractor's February 12, 2002, certified final indirect cost rate proposal and related books and records for reimbursement of Fiscal Year 2001 incurred costs. The purpose of the examination was to determine the allowability and allocability of direct and indirect costs and to establish audit-determined indirect cost rates for July 1, 2000, through June 30, 2001. The proposed rates apply primarily to flexibly priced contracts.

The DCAA stated that the contractor's indirect rates are acceptable as proposed. Additionally, claimed direct costs are acceptable and provisionally approved pending final acceptance.

According to the DCAA, the contractor claims exception from the practices required by the Cost Accounting Standards Board rules and regulations because the company considers itself a small business concern.

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.

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