

**TIRNO-92-C-00014, TIRNO-00-D-00024,  
TIRNO-99-D-0001, TIRNO-95-D-00099, and  
TIRNO-99-R-0009, Audit of Incurred  
Costs for Fiscal Year 2001**

**October 2003**

**Reference Number: 2004-1C-010**

**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

A handwritten signature in cursive script that reads "Daniel R. Devlin".

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

SUBJECT: TIRNO-92-C-00014, TIRNO-00-D-00024, TIRNO-99-D-0001,  
TIRNO-95-D-00099, and TIRNO-99-R-0009, Audit of Incurred  
Costs for Fiscal Year 2001 (Audit #20041C0205)

The Defense Contract Audit Agency (DCAA) examined the contractor's July 12, 2002, certified final indirect cost proposal and related books and records for reimbursement of Fiscal Year 2001 incurred costs. The purpose of the examination was to determine allowability and allocability of direct and indirect costs and to recommend contracting officer-determined indirect cost rates for December 30, 2000, through December 28, 2001. The proposed rates apply primarily to flexibly priced contracts.

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

The DCAA qualified its audit report because the results of assist audits for subcontract costs had not been received. The audits may disclose additional questioned costs.

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.

*The TIGTA seal was removed due to its size.*