

**Audit of Proposed Fiscal Year 2004
Direct Labor Rates**

February 2004

Reference Number: 2004-1C-051

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

February 20, 2004

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: Audit of Proposed Fiscal Year 2004 Direct Labor Rates (Audit
#20041C0220)

The Defense Contract Audit Agency (DCAA) examined the contractor Civil Division's proposed Forward Pricing Direct Labor Bid Rates dated October 31, 2003. The purpose of the examination was to determine the reasonableness of the proposed forward pricing direct labor rates.

The DCAA opined that the contractor has submitted adequate cost or pricing data. According to the DCAA, the proposal was prepared in accordance with applicable Cost Accounting Standards and appropriate provisions of the Federal Acquisition Regulation. Therefore, the DCAA considers the proposal to be acceptable as a basis for negotiation of fair and reasonable forward pricing direct labor rates.

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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