

**TIRNO-00-D-00012, TIRNO-95-D-00063, and
TIRNO-95-D-00064, Supplemental Report on Audit
of Incurred Costs for Fiscal Year 2001**

March 2004

Reference Number: 2004-1C-056

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.

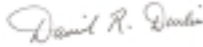


INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 17, 2004

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-00-D-00012, TIRNO-95-D-00063, and
TIRNO-95-D-00064, Supplemental Report on Audit of
Incurred Costs for Fiscal Year 2001 (Audit #20041C0221)

The Defense Contract Audit Agency (DCAA) examined the contractor's August 5, 2002, certified final indirect cost rate proposal and related books and records for the 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 January 1, 2001, through December 31, 2001. The proposed rates apply primarily to flexibly priced contracts.

The DCAA stated that this supplemental report incorporates fringe benefit rates and the general and administrative rate that were omitted from the previous supplemental audit report. Also, the DCAA qualified the audit report because results from all of the assist audits have not been received.

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

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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