

**Report on Follow-Up Audit of the Billing  
System**

**May 2004**

**Reference Number: 2004-1C-103**

**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.**

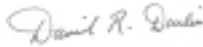


INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 20, 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: Report on Follow-Up Audit of the Billing System  
(Audit #20041C0228)

The Defense Contract Audit Agency (DCAA) re-examined the contractor Civil Group's billing system as of April 9, 2004, to assure their system of billing controls is adequate to provide billed costs that are reasonable, compliant with applicable laws and regulations, and subject to applicable financial control systems. The DCAA also evaluated the Civil Group's compliance with the billing system's internal control requirements. According to the DCAA, the purpose of this examination was to follow-up on the contractor's corrective actions taken in response to a previously issued audit report, dated November 22, 2002.

The DCAA indicated that compliance tests on the Civil Group's billing system were performed prior to an April 3, 2004, merger with another contractor. Therefore, the sampling universe did not include the acquired contractor's business units. Accordingly, the results of the audit are qualified to the extent that performing compliance tests on these billings may have resulted in billing system deficiencies.

The DCAA stated that, except for the qualification noted above, the billing system and related internal control policies and procedures of the Civil Group are adequate. During the course of the follow-up examination, the Civil Group adequately corrected the deficiencies cited in the original billing system audit.

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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