

**Report on Audit of Revised Forward Pricing  
Indirect Rates for Fiscal Year 2004**

**July 2004**

**Reference Number: 2004-1C-122**

**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

July 14, 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 Audit of Revised Forward Pricing Indirect Rates for  
Fiscal Year 2004 (Audit #20041C0232)

The Defense Contract Audit Agency (DCAA) examined the contractor's May 20, 2004, revised forward pricing indirect rate proposal for Fiscal Year (FY) 2004. The purpose of the examination was to determine the reasonableness of the proposed forward pricing rates for the remainder of the contractor's FY 2004.

The DCAA considered the contractor's estimating system adequate to ensure the forward pricing rates are based on accurate, complete, and current cost or pricing data. The DCAA considered the proposal, as revised, to be acceptable as a basis for negotiating FY 2004 indirect rates for forward pricing purposes for FY 2004 only. Additionally, the DCAA took no exceptions to the revised overhead and general and administrative rates submitted.

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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