

**Report on Audit of Corporate Office Incurred
Costs for Fiscal Year 2003**

August 2004

Reference Number: 2004-1C-160

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

August 26, 2004

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

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

SUBJECT: Report on Audit of Corporate Office Incurred Costs for Fiscal
Year 2003 (Audit #20041C0242)

The Defense Contract Audit Agency (DCAA) examined the contractor's certified final corporate indirect cost proposal and related books and records for the reimbursement of Fiscal Year (FY) 2003 incurred costs. The purpose of the examination was to determine the allowability and allocability of corporate office indirect costs and to recommend contracting officer-determined corporate indirect costs for the period March 30, 2002, through March 28, 2003.

The DCAA examination of the contractor's FY 2003 corporate office incurred costs proposal disclosed questioned costs of significant items. However, the DCAA opined that the contractor's proposed corporate incurred costs are acceptable as adjusted by its examination. Additionally, for FY 2003, the DCAA considered the contractor's accounting system to be adequate for the accumulation and reporting of corporate office incurred 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.

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