

**Report on Follow-Up Audit of Facilities
Use of Leased Space**

August 2004

Reference Number: 2004-1C-161

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
Assistant Inspector General for Audit (Headquarters Operations
and Exempt Organizations Programs)

SUBJECT: Report on Follow-Up Audit of Facilities Use of Leased Space
(Audit #20041C0243)

The Defense Contract Audit Agency (DCAA) performed a follow-up audit of the contractor's management and use of facilities within Virginia, Maryland, New Jersey, and the District of Columbia. The DCAA performed the follow-up audit to evaluate the actions the contractor has taken in response to initial audit recommendations contained in the previous audit reports. The purpose of the audit was to determine whether the contractor's corrective actions are adequate and in agreement with the recommendations and whether further DCAA or Administrative Contracting Officer involvement is necessary.

The DCAA opined that the contractor's Federal Sector has been proactive and responsive in its actions pursuant to the recommendations set forth in the initial audit reports. In essence, the contractor has managed its facilities function more economically and efficiently since the original audits and has either eliminated or consolidated leased space.

The DCAA follow-up audit was limited to an examination of the contractor's current use of its facilities area in relation to the initial audit recommendations. As a result, the DCAA toured only those specific facilities for which cost avoidance was recommended in the initial audit reports and evaluated only the contractor's policies, procedures, practices, and related internal controls for facilities use applicable to those facilities. Accordingly, the DCAA expresses no opinion on the contractor's operating systems taken as a whole.

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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