

**Report on Audit of Facilities Utilization of
Leased Space, Washington, D.C., and
Southern New Jersey Areas**

September 2004

Reference Number: 2004-1C-164

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

September 8, 2004

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

Daniel R. Devlin

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

SUBJECT: Report on Audit of Facilities Utilization of Leased Space,
Washington, D.C., and Southern New Jersey Areas
(Audit #20041C0246)

The Defense Contract Audit Agency (DCAA) evaluated the contractor's management and utilization of leased facilities within the Washington, D.C., and southern New Jersey areas. The DCAA performed the audit to evaluate the effectiveness of the contractor's policies and practices in managing its facilities in an efficient and economical manner. The audit was conducted from June 2001 through October 2001 and covered contractor operations for the fiscal year ended March 31, 2002.

The DCAA indicated that the contractor's Civil Group has the opportunity to achieve an annual savings of approximately \$3.5 million allocable to Government contracts. The DCAA evaluation disclosed that there is an opportunity for the contractor to either eliminate or consolidate leased space at 16 of its facilities within the Washington, D.C., and southern New Jersey areas. According to the DCAA, the contractor should consider either subleasing the excess space or terminating the applicable leases for the remainder of the lease terms.

The DCAA audit report was dated April 2002; however, we did not receive a copy of the report until August 2004. Neither the Internal Revenue Service (IRS) nor the Treasury Inspector General for Tax Administration (TIGTA) are shown on the DCAA report distribution list. We are transmitting the report to you to assist in the management of the

contract and to enable the IRS to track any financial accomplishments derived from negotiations with the contractor based on results from the DCAA report.

The information in this report should not be used for purposes other than those intended without prior consultation with the TIGTA 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.

The TIGTA seal was removed due to its size.