



*Report on Audit of Budget System Review*

**September 2005**

**Reference Number: 2005-1C-121**

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.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

September 26, 2005

**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 Budget System Review (Audit # 20051C0231)

The Defense Contract Audit Agency (DCAA) examined the contractor's budget and planning system as of March 21, 2005, to assure the contractor's budget and planning system and related internal controls comply with applicable laws and regulations and are operating effectively. Test procedures were applied from October 1, 2004, through March 21, 2005.

The DCAA opined that the contractor's budget and planning system and related internal control policies and procedures are adequate. However, during the course of the examination, the DCAA also noted other matters involving the budget and planning system and related internal controls which, although not considered to be significant deficiencies at this time, the DCAA believes should be communicated to the management of the contractor. These matters are detailed in the "Suggestions to Improve the System."

The DCAA examined only the budget and planning system. Accordingly, the DCAA expresses no opinion on the contractor's system of internal controls 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.

