



*Report on Review of
Fiscal Year 2002 Incurred Costs*

September 2005

Reference Number: 2005-1C-119

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 15, 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 Review of Fiscal Year 2002 Incurred Costs
(Audit # 20051C0229)

The Defense Contract Audit Agency (DCAA) reviewed the contractor's December 16, 2004, certified final indirect cost proposal and related books and records for reimbursement of Fiscal Year 2002 incurred costs. The purpose of the review was to establish indirect cost rates for the period. The proposed rates apply primarily to the flexibly priced (sub) contracts.

The DCAA determined no significant costs were questioned in prior years and no indicators of audit risk had been identified. Accordingly, the DCAA limited its review to the verification of the mathematical accuracy of the proposal, claimed costs for unusual items, items having obvious potential for including significant unallowable costs, and compliance with special contract terms and conditions.

The DCAA noted nothing came to its attention that caused it to believe significant costs claimed on the Federal Government contracts were unallowable, unallocable, or unreasonable. According to the DCAA, the costs noted on the schedule of cumulative allowable costs represent costs that are considered allowable under each (sub) contract and, therefore, are reimbursable.

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.



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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.

