



*Report on Audit of Billing System
Internal Controls*

September 2005

Reference Number: 2005-1C-168

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 Billing System Internal Controls
(Audit # 20051C0234)

The Defense Contract Audit Agency (DCAA) examined the contractor's billing system as of September 21, 2004, to assure that the contractor's billing system and related internal controls comply with applicable laws and regulations, are effective over compliance, and are adequate and operating effectively. Test procedures were applied from May through September 2004.

According to the DCAA, the contractor's overall billing system and related internal control policies and procedures are adequate. However, during the course of the examination, the DCAA noted matters involving the billing system and related internal controls that, although not considered significant deficiencies at this time, the DCAA believes should be communicated to the contractor's management. These matters are detailed in the "Suggestion to Improve the System." The DCAA examined only the overall billing system. Accordingly, the DCAA expresses no opinion on the contractor's system of internal controls taken as a whole.

The DCAA audit report was dated September 2004; however, we did not receive a copy of the report until August 2005. Neither the Internal Revenue Service nor the Treasury Inspector General for Tax Administration is 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 Internal Revenue Service to track any financial accomplishments derived from negotiations with the contractor based on results from the DCAA report.



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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.

