



*Report on Accounting System Review*

**September 2005**

**Reference Number: 2005-1C-172**

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

*Daniel R. Devlin*

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

**SUBJECT:** Report on Accounting System Review (Audit # 20051C0238)

The Defense Contract Audit Agency (DCAA) examined the contractor's overall accounting system controls as of January 15, 2004, to assure the system is adequate to provide costs that are reasonable, compliant with applicable laws and regulations, and subject to applicable financial control systems. Test procedures were applied from October 10, 2003, through January 15, 2004.

According to the DCAA, the contractor's overall accounting system and related internal control policies and procedures are adequate. However, during the course of its examination, the DCAA noted a matter involving the accounting system and related internal controls that, although not considered a significant deficiency at this time, the DCAA believes should be communicated to management. This matter is detailed in the "Suggestion to Improve the System" section (page 8) of the DCAA report.

The DCAA examined only the overall accounting system. Accordingly, the DCAA expresses no opinion on the contractor's system of internal controls taken as a whole.

The DCAA report was dated March 2004; however, we did not receive a copy of the report until August 2005. The Treasury Inspector General for Tax Administration is not 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



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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 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.

