



*Report on Audit of Cost Accounting
Standards 420, Accounting for Independent
Research and Development Costs and Bid
and Proposal Costs*

September 2005

Reference Number: 2005-1C-174

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 Audit of Cost Accounting Standards 420, Accounting for
Independent Research and Development Costs and Bid and Proposal
Costs (Audit # 20051C0240)

The Defense Contract Audit Agency (DCAA) examined the contractor's compliance with the requirements of Cost Accounting Standards (CAS) 420, Accounting for Independent Research and Development Costs and Bid and Proposal Costs. The purpose of the examination was to determine if the contractor complied with the requirements of CAS 420 and any applicable Federal Acquisition Regulation¹ Part 31 requirements during the period October 5, 2004, through April 28, 2005.

The DCAA reported that the contractor complied in all material respects with the requirements of CAS 420 during the period October 5, 2004, through April 28, 2005. The DCAA also noted the contractor's accounting policies and procedures for charging costs to Federal Government contracts are in accordance with applicable laws and regulations. The DCAA currently considers the environment and overall accounting system to be adequate.

¹ 48 C.F.R. pt 1-53 (2002).



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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.

