



## Treasury Inspector General for Tax Administration Office of Audit

### INVOICE AUDIT OF THE FINANCIAL STATEMENT/GOVERNMENT ACCOUNTABILITY OFFICE AUDIT SUPPORT SERVICES CONTRACT TIRNO-00-D-00022

Issued on June 22, 2009

## Highlights

Highlights of Report Number: 2009-10-088 to the Internal Revenue Service Acting Chief for the Agency-Wide Shared Services.

### IMPACT ON TAXPAYERS

Contract expenditures represent a significant outlay of Internal Revenue Service (IRS) funds. TIGTA has made a commitment to perform audits of these expenditures. To the extent our reviews assist the IRS in identifying and recovering inaccurate, unsupported, and unallowable charges, contract expenditures are reduced and taxpayer funds are not spent inappropriately.

### WHY TIGTA DID THE AUDIT

This audit was initiated in 2006 at the request of the TIGTA Office of Investigations to determine whether the vouchers submitted under the contract and paid by the IRS were accurate, supported, and allowable. The audit work was suspended from 2006 through early 2009 to allow the Office of Investigations to complete its investigation.

### WHAT TIGTA FOUND

The IRS paid the contractor a total of \$5,249,111.36 for 150 invoices submitted between March 2001 and July 2006. The primary expenses claimed by the contractor consisted of labor costs and travel costs. TIGTA selected a random sample of 18 invoices totaling \$1,237,480.37 (24 percent) of the total expenses represented by the invoices.

TIGTA identified approximately \$782,000 in contractor-billed questionable charges. These charges consisted of unsupported labor and travel charges. The Federal Acquisition Regulation stipulates that a contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred and that costs shall be allowed to the extent they are reasonable, allocable, and allowable. The labor charges were considered questionable because the records did not provide the

necessary documentation to support that the charges were accurate and allocable to the contract.

The Federal Travel Regulation requires that airline, lodging, and car rental receipts be provided and that reimbursement be based on the actual cost not to exceed the per diem rate or other required cost limitation policies. The travel charges were considered questionable because there were 1) no receipts provided to support such items as airfare, lodging, mileage, and car rental charges and 2) instances of the contractor exceeding the standard rate allowable for per diem.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Director, Procurement, ensure the appropriate Contracting Officer reviews the identified questionable charges and initiates any recovery actions deemed warranted.

In their response to the report, IRS officials stated that they agreed with our recommendation. The IRS plans to work with the contractor to obtain any additional documentation. The Contracting Officer plans to conduct a thorough analysis of any additional supporting documentation, determine the amount of recoverable costs, and initiate the appropriate action to recover those costs.

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2009reports/200910088fr.pdf>.

Email Address: [inquiries@tigta.treas.gov](mailto:inquiries@tigta.treas.gov)  
Web Site: <http://www.tigta.gov>

Phone Number: 202-622-6500