



Treasury Inspector General for Tax Administration

VOUCHER AUDIT OF THE INFORMATION PROCESSING SUPPORT SERVICES CONTRACT – TIRNO-00-D-00009

Issued on February 27, 2007

Highlights

Highlights of Report Number: 2007-10-050 to the Internal Revenue Service Chief, 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 saved.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether selected vouchers submitted and paid under contract number TIRNO-00-D-00009 were appropriate and in accordance with the contract's terms and conditions.

The purpose of the audit was to answer the following questions:

1. What process did the IRS establish for voucher verification prior to certifying payment to the contractor?
2. Were the voucher charges submitted by the contractor and paid by the IRS accurate, supported, and allowable?
3. Were the deliverables obtained through the contract acceptable as stipulated in the contract?

WHAT TIGTA FOUND

Our review identified \$3,411,179.10 in questionable charges. The questionable charges include:

- \$2,117,766.59 for consultant résumés not provided by the contractor.
- \$792,986.92 for the use of unqualified consultants.
- \$289,040.65 for improper experience waivers provided to consultants by the IRS.

- \$178,913.67 for subcontractor résumés not provided by the contractor.
- \$32,471.27 for unsupported labor hours, subcontractor charges, and travel charges.

The IRS does not have a complete voucher verification process established, especially in the area of confirming that consultants working on IRS contracts are qualified under the terms of those contracts. Allowing a contractor to use consultants who may not meet the requirements of the positions for which they are being charged could provide the contractor with an unfair advantage over other prospective contractors who did not bid on the solicitation because they did not have sufficient staff that met those specific contract requirements as stipulated in the solicitation.

This contract was designed to provide sources of information processing support services for the Department of the Treasury, the IRS, and other Department of the Treasury bureaus. The IRS was to be the primary user in the following four areas: Information Systems Services, Telecommunications Support Services, Organizational/Management Services, and Operational Support Services. During the review, nothing came to our attention that would lead us to believe there were significant problems with contractor performance or any of the deliverables associated with the vouchers included in our tests.

WHAT TIGTA RECOMMENDED

TIGTA recommended the Director, Procurement, require the appropriate Contracting Officer to (1) review the identified questionable charges of \$3,411,179.10 and initiate any recovery actions deemed warranted and (2) review the violations of the contract regarding qualification waivers and initiate any recovery actions or ratify the waivers, as warranted.

In their response to the report, IRS officials agreed with our recommendations. The Contracting Officer has reviewed the questionable charges and has requested additional supporting documentation from the contractor. The Contracting Officer will analyze the additional information and determine whether recovery of all or a portion of the questionable charges is warranted. In addition, the Contracting Officer will ensure the process for granting experience waivers complies with contractual requirements.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2007reports/200710050fr.pdf>.