



National Science Foundation • Office of Inspector General
4201 Wilson Boulevard, Suite I-1135, Arlington, Virginia 22230

MEMORANDUM

DATE: March 25, 2016

TO: Jeffery M. Lupis, Director
Division of Acquisition and Cooperative Support (DACCS)

FROM: Dr. Brett M. Baker 
Assistant Inspector General for Audit

SUBJECT: **NSF OIG Report No. OIG-16-1-014**, *National Science Foundation (NSF) Negotiation Effort for Raytheon Technical Service Company (RTSC), Polar Services' Draft Final Completion Invoice under Contract No. NSFPRSS-000073*

We contracted with the Defense Contract Audit Agency (DCAA) to review the Raytheon Polar Services' (RPS) draft "Final Completion Invoice" under Contract No. NSFPRSS-000073, dated March 29, 2013, to ensure that sustained questioned costs and station proceeds were accurately credited to the contractor's claimed costs and to the final invoice prior to final payment.

In the attached memorandum, dated June 30, 2015, DCAA explains that it verified that the station proceeds in the amount of approximately \$ [REDACTED] for the period October 2001 through June 2012 were credited in the draft "final completion" invoice. DCAA determined that RPS credited \$61,924 in excess of station proceeds. RPS indicated that it would not readjust the invoice because the excess amount was in the Government's favor. See the attached memorandum from DCAA for further details.

To fulfill our oversight responsibilities, we monitored the review including:

- Reviewed the approach and planning of the review;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the work at key points;
- Attended periodic meetings with DCAA;
- Reviewed DCAA's memorandum; and
- Coordinated issuance of the memorandum.

DCAA is responsible for the attached memorandum and resulting conclusions. We do not express an opinion on the conclusions presented in DCAA's memorandum.

We thank you and your staff for the assistance extended during the review. If you have any questions about this memorandum, please contact Sherrye McGregor at (703) 292-5003 or Jannifer Jenkins at (703) 292-4996.

Attachment: DCAA Memorandum No. 02801-2015D49200001-01, *National Science Foundation (NSF) Negotiation Effort for Raytheon Technical Service Company (RTSC), Polar Services' Draft Voucher under Contract No. NSFPRSS-000073*, dated June 30, 2015

cc: Richard Buckius
Christina Sarris
Kaitlin McDonald
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DEFENSE CONTRACT AUDIT AGENCY

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RAYTHEON INTEGRATED DEFENSE SYSTEMS RESIDENT OFFICE
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IN REPLY REFER TO:

02801-2015D49200001-01

June 30, 2015

MEMORANDUM FOR NATIONAL SCIENCE FOUNDATION, 4201 WILSON BOULEVARD,
ARLINGTON, VIRGINIA 22230

ATTENTION: Ms. Sherrye McGregor, NSF Office of Inspector General (smcgrego@nsf.gov)

SUBJECT: National Science Foundation (NSF) Negotiation effort for Raytheon Technical Service Company (RTSC), Polar Services' Draft Voucher under Contract No. NSFPRSS-000073

As requested on November 5, 2013, (IAA 1107325-0011-002), and continuous discussions between NSF and DCAA representatives through June 8, 2015, we have addressed the agreed upon areas for the RTSC Polar Services Draft "Final Completion Invoice" under Contract No. NSFPRSS-000073, dated March 29, 2013.

Station Proceeds

Raytheon Polar Services, in the draft "final completion" invoice, credited Other Station Proceeds in the amount of [REDACTED]. Based on the Raytheon General Ledger, for the period of October 2001 through June 2012, we determined that Raytheon Polar Services credited \$61,924 in excess as shown below:

<u>General Ledger</u> <u>Account No.</u>	<u>Station</u> <u>Receipts</u>	<u>General</u> <u>Ledger</u>	<u>Invoice</u>	<u>Difference</u>
315506	Fuel	\$ [REDACTED]	[REDACTED]	\$ -
315506	Food	[REDACTED]	[REDACTED]	-
315506	Resale	[REDACTED]	[REDACTED]	[REDACTED]
315506	Recreation	[REDACTED]	[REDACTED]	[REDACTED])
315506	McMurdo Store	[REDACTED]	[REDACTED]	-
315506	South Pole Store	[REDACTED]	[REDACTED]	[REDACTED]
315506	Palmer Store	[REDACTED]	[REDACTED]	[REDACTED])
		[REDACTED]	[REDACTED]	<u>\$ (61,924.33)</u>

Based on discussion with [REDACTED], Accounting Manager, Raytheon Polar Services, this was Raytheon's error in the Governments favor and they will not readjust the credited amount.

[REDACTED]

SUBJECT: National Science Foundation (NSF) Negotiation effort for Raytheon Technical Service Company (RTSC), Polar Services' Draft Voucher under Contract No. NSFPRSS-000073

CAS 418

The contractor booked a credit of [REDACTED] to reclassify costs that were originally charged direct to indirect. This amount consisted of [REDACTED] for [REDACTED] Costs and [REDACTED] for [REDACTED]. Our office issued a CAS 418, Allocation of Direct and Indirect Costs Noncompliance Audit Report 6161-2005T19200001 dated June 23, 2005. The report stated that indirect [REDACTED] were charged direct and were therefore in noncompliance with CAS 418. [REDACTED]

[REDACTED] he credit was applicable to CYs 2000 through 2004. We verified that this credit is reflected in the draft final voucher for CYs 2000-2004, while the credit was actually booked in CY 2012.

CY 2000 through 2004 Claimed and Sustained Questioned Costs

For CYs 2000 through 2004, we reconciled the direct costs claimed in the draft final invoice to the contractor's incurred cost submission with insignificant differences. The draft invoice direct costs for CY 2000 through 2004 does not include any questioned costs sustained by Ms. Pamela Franzel, Contracting Officer in NSF Memorandum dated August 9, 2013. We verified that the questioned direct costs sustained for CYs 2000 through 2004, in the amount of \$63,627 were credited to the contract. The credits were booked in CYs 2007 and 2008 and are reflected in the direct costs claimed in those years.

[REDACTED]

[REDACTED] The scope of work performed does not constitute an audit or attestation engagement under generally accepted government auditing standards (GAGAS).

Any questions on this matter should be directed to [REDACTED], Supervisory Auditor, at ([REDACTED]) or [REDACTED], Auditor, at ([REDACTED]).

[REDACTED]

[REDACTED]

DCAA Raytheon Integrated Defense Systems
Resident Office

Copy furnished to:

Ms. Pamela Franzel, Contracting Officer (pfranzel@nsf.gov)

[REDACTED]