

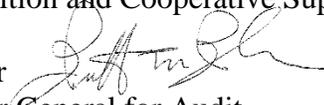


National Science Foundation • Office of Inspector General  
4201 Wilson Boulevard, Suite I-1135, Arlington, Virginia 22230

**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-16-1-015, Memorandum of Annual Direct Costs Claimed for 2005 Through 2012 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 Technical Service Company Polar Services' 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. The station proceeds are also the subject of separate OIG transmittal memoranda, NSF OIG Report No. OIG-16-1-014.

In the attached memorandum, dated August 13, 2015, DCAA explains that it verified that the direct costs claimed in the contractor's claim for each year from 2005-2012 reconcile to the draft final invoice. For Calendar Years (CY) 2005 – 2011, there was no difference between the contractor's claim and the draft final invoice. For CY 2012, the final invoice is \$10,814,552 greater than the contractor's claim.

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.



**DEFENSE CONTRACT AUDIT AGENCY**

NORTHEASTERN REGION  
RAYTHEON INTEGRATED DEFENSE SYSTEMS RESIDENT OFFICE  
50 APPLE HILL DRIVE  
MAILSTOP T3MF4  
TEWKSBURY, MA 01876-0901

IN REPLY REFER TO:

02801-2015D49200001-02

August 13, 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 Invoice 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. We verified that the direct costs claimed in the contractor's claim for each year reconcile to the draft final invoice.

Total Direct Costs By Contractor Year (CY)

<u>CY</u>		<u>Final Invoice</u>	<u>Claimed on Schedule H</u>	<u>Difference</u>	<u>Note</u>
2005	\$	152,597,767	\$152,597,767	\$ -	1
2006		142,547,691	142,547,691	-	1
2007		135,808,972	135,808,972	-	1
2008		125,327,674	125,327,674	-	1
2009		127,222,456	127,222,456	-	1
2010		143,934,438	143,934,438	-	1
2011		149,533,809	149,533,809	-	1
2012		██████████	██████████	██████████	2

Note 1: For CYs 2005 through 2011, we verified that the direct costs claimed in the draft final invoice, dated March 29, 2013, are the same amounts claimed in the contractor's incurred cost submission for each year.

Note 2: For CY 2012, the final invoice reflects the claimed costs excluding the CAS 418 credit. The actual credit was booked in CY 2012 as shown in Audit Report No. 2801-2012D10100001, dated September 25, 2014.



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[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], Acting Supervisory Auditor at [REDACTED], email: [REDACTED], or [REDACTED] Auditor, at [REDACTED], email: [REDACTED]

[REDACTED]

Resident Auditor  
DCAA Raytheon Integrated Defense Systems  
Resident Office

Copy furnished to:  
Ms. Pamela Franzel, Contracts (pfranzel@nsf.gov)

[REDACTED]

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. 02801-2015D49200001-02, *National Science Foundation (NSF) Negotiation Effort for Raytheon Technical Service Company (RTSC), Polar Services' Draft Invoice under Contract No. NSFPRSS-000073*, dated August 13, 2015.

cc: Richard Buckius  
Christina Sarris  
Kaitlin McDonald  
Brian Stone  
Pamela Franzel  
Martha Rubenstein  
Teresa Grancorvitz  
Gregory Steigerwald  
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