Subcontractor Indirect Cost Audit

The Office of Audit reviewed the 2009 overhead rate for a subcontractor.

— Bonus expenses in the amount $1,276,222.00 were not fully supported by an established plan or policy or a documented basis for the awards.

— Also, 2008 and 2010 expenses were included in the calculations for 2009 overhead costs.

— After excluding these expenses, the firm’s overhead rate was reduced to 179.02 percent from 217.71 percent.

The contracting officer will recoup the difference.