



**Treasury
Inspector
General for Tax
Administration**

Office of Audit



Recovery Act

TIGTA reviewed 10 procurements from the IRS' Recovery Act Procurement Plans and determined that two did not comply with the new procurement requirements. In addition, the IRS used annual appropriated funds instead of Recovery Act funds for six of the 10 procurements. The IRS will continue to be at risk of noncompliance until IRS management provides the necessary oversight and guidance to IRS program office and procurement personnel.

One aspect of the Recovery Act's transparency and accountability requirements does not apply to IRS contractors. IRS contractors receiving Recovery Act funds are not required to report information on Recovery.gov, including how the funds were used, any jobs created or retained, and executive compensation package information. As a result, the public will not know how IRS contractors used the \$31.9 million in Recovery Act funds paid out as of February 19, 2010.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS strengthen controls for Recovery Act procurements, including developing written procedures, providing training to both program office and procurement personnel, and reevaluating the resources assigned to track and report IRS Recovery Act procurements.

The IRS agreed with the recommendation. Once the Department of the Treasury issues updated guidance, the IRS plans to issue a new policy memorandum and then meet with IRS operating divisions and program personnel to discuss the policy. The IRS has increased procurement staffing to provide coverage and backup, and it plans to periodically assess staffing assignments to ensure continued coverage for Recovery Act procurements.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2010reports/201011071fr.pdf>.

ADDITIONAL ACTIONS ARE NEEDED TO ENSURE READINESS TO COMPLY WITH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 PROCUREMENT REQUIREMENTS

Issued on June 28, 2010

Highlights

Highlights of Report Number: 2010-11-071 to the Internal Revenue Service Deputy Commissioner for Operations Support and Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) received an appropriation of \$203 million in American Recovery and Reinvestment Act of 2009 (Recovery Act) funds. TIGTA determined that the IRS did not always comply with Recovery Act procurement requirements and used annual appropriated funds instead of Recovery Act funds for some procurements. As a result, approximately \$385,000 was not available for other IRS mission-critical needs, such as improving taxpayer service or addressing the tax gap.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine the IRS' readiness to implement the requirements of the Recovery Act in planning, awarding, and reporting Recovery Act-funded procurements. The Recovery Act provided separate funding to TIGTA to provide oversight of IRS programs. This audit was conducted using Recovery Act funds.

WHAT TIGTA FOUND

The IRS took some proactive steps before the Recovery Act was enacted in February 2009 and continued to refine its efforts to plan, award, and report Recovery Act procurements during the remainder of Calendar Year 2009. However, it still does not have the necessary controls in place to ensure future procurements will comply with Recovery Act requirements. For example, the IRS has not developed written procedures regarding Recovery Act procurement requirements, provided formal training for those procuring goods and services, or dedicated sufficient resources to track and report Recovery Act procurements.

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