



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 /www.oig.dhs.gov

DEC 11 2015

The Honorable J. Russell George
Inspector General
Treasury Inspector General for Tax Administration
1401 H Street, NW
Washington, DC 20005

Dear Mr. George:

We have reviewed the system of quality control for the audit organization of Treasury Inspector General for Tax Administration (TIGTA) in effect for the year ended March 31, 2015. A system of quality control encompasses TIGTA's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*¹. The elements of quality control are described in *Government Auditing Standards*. TIGTA is responsible for establishing and maintaining a system of quality control that is designed to provide TIGTA with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and TIGTA's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed TIGTA personnel and obtained an understanding of the nature of the TIGTA audit organization, and the design of TIGTA's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with TIGTA's system of quality control. The audits selected represented a reasonable cross-section of TIGTA's audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with TIGTA management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

¹ Issued by the Comptroller General, December 2011



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In performing our review, we obtained an understanding of the system of quality control for the TIGTA audit organization. In addition, we tested compliance with TIGTA's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of TIGTA's policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance.

There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies the TIGTA offices that we visited and audits that we reviewed.

In our opinion, the system of quality control for the audit organization of TIGTA in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide TIGTA with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. TIGTA has received an External Peer Review rating of **pass**. As is customary, we have issued a letter dated December 11, 2015 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Sincerely,

/s/ John Roth

John Roth
Inspector General

Enclosures



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ENCLOSURE 1

SCOPE AND METHODOLOGY

We tested compliance with TIGTA audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 8 of 88 audit reports issued during the period April 1, 2014, through March 31, 2015. We also reviewed an audit report that had an internal quality control review completed by TIGTA. Lastly, we visited TIGTA offices located in Washington, DC and Denver, CO.

Selected Audit Reports Performed by TIGTA

Report No.	Report Date	Report Title
2014-10-073	09/29/2014	Controls Over Outside Employment Are Not Sufficient to Prevent or Detect Conflicts of Interest
2015-10-006	12/30/2014	Additional Consideration of Prior Conduct and Performance Issues Is Needed When Hiring Former Employees
2014-20-088	09/29/2014	The Information Reporting and Document Matching Case Management System Could Not Be Deployed
2014-23-072	09/29/2014	Affordable Care Act: Improvements Are Needed to Strengthen Security and Testing Controls for the Affordable Care Act Information Returns Project
2014-30-067	09/26/2014	Additional Actions Are Needed to Ensure That Improper Fuel Tax Credit Claims Are Disallowed
2014-30-080	09/18/2014	Declining Resources Have Contributed to Unfavorable Trends in Several Key Automated Collection System Business Results
2014-40-058	09/03/2014	Processes Are Needed to More Effectively Address Potentially Erroneous Excess Social Security Tax Credit Claims
2014-40-093	09/29/2014	Existing Compliance Processes Will Not Reduce the Billions of Dollars in Improper Earned Income Tax Credit and Additional Child Tax Credit Payments
Audit Report Processed through TIGTA's Internal Quality Assurance Review		
2014-10-007	03/21/2014	The Awards Program Complied with Federal Regulations, but Some Employees with Tax and Conduct Issues Received Awards



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ENCLOSURE 2



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20005

December 7, 2015

The Honorable John Roth
Inspector General
Department of Homeland Security
245 Murray Lane, SW.
Washington, D.C. 20528

Dear Mr. Roth:

Thank you for the opportunity to comment on your November 23, 2015 draft external peer review report of the Treasury Inspector General for Tax Administration. We are pleased to receive a peer review rating of pass. We appreciate the review team's periodic briefings on their review results and the opportunity to discuss our questions and perspective on their preliminary findings.

We are firmly committed to maintaining an effective system of quality controls and work continuously to improve our operations. We have provided a separate response to the findings and recommendations outlined in your Letter of Comment.

If you have any questions regarding the response, please contact Michael E. McKenney, Deputy Inspector General for Audit, at (202) 622-5916.

Sincerely,

J. Russell George
Inspector General