



# 2021 Annual Audit Plan

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## Message from the Deputy Inspector General for Audit

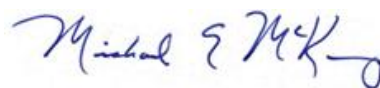
The Office of Audit Fiscal Year (FY) 2021 Annual Audit Plan communicates the Treasury Inspector General for Tax Administration's (TIGTA) audit priorities to the Internal Revenue Service (IRS), Congress, and other interested parties. Many of the activities described in the Annual Audit Plan address the fundamental goals related to the IRS's mission to administer its programs effectively and efficiently. The FY 2021 Annual Audit Plan includes 150 new and in-process audits.

This Annual Audit Plan is organized into seven main categories of operations at the IRS.

- ❖ **Response to the Coronavirus Pandemic**
- ❖ **Compliance and Enforcement**
- ❖ **Information Technology/Cybersecurity**
- ❖ **Operational Support**
- ❖ **Tax Exempt and Government Entities**
- ❖ **Tax Processing**
- ❖ **Taxpayer Service**

The Annual Audit Plan includes mandatory coverage specified in the IRS Restructuring and Reform Act of 1998 (RRA 98)<sup>1</sup> and other statutory authorities involving computer security, taxpayer rights, and privacy issues.

We are committed to delivering our mission of ensuring an effective and efficient tax administration system and preventing, detecting, and deterring waste, fraud, and abuse.



Michael E. McKenney  
Deputy Inspector General for Audit

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<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685.



## Response to the Coronavirus Pandemic

### [Preparedness and Response to the COVID-19 Pandemic \[202010622 \(Interim\) and 202110611 \(Final\)\]](#)

Review the actions the IRS took to execute its Pandemic Plan and protect the health and safety of its employees during the COVID-19 pandemic.

### **Taxpayer Advocate Service Response to Inquiries Regarding the Tax Provisions of the Coronavirus Aid, Relief, and Economic Security Act [202010623 (Interim) and 202110612 (Final)]**

Assess the Taxpayer Advocate Service's actions to assist taxpayers in response to the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.<sup>2</sup>

### **Controls Over COVID-19 Response Funding (202010625)**

Evaluate IRS controls to ensure that appropriated funds received for its COVID-19 response are adequately tracked and used only for their intended purpose.

### **Information Technology Security and Operations Over Processing the Economic Impact Payment for Individuals (202020626)**

Review the effectiveness of IRS systems security and operations related to the economic impact payment processing.

### **People First Initiative (202030628)**

Evaluate actions taken by the Small Business/Self Employed (SB/SE) Division and Wage and Investment Division that affected the filing and payment obligations of taxpayers in response to the COVID-19 pandemic.

### **Implementation of the Coronavirus Aid, Relief, and Economic Security Act Recovery Rebate for Individuals (202040632)**

Assess the IRS's outreach and assistance to individuals, accuracy of the computation of the Economic Impact Payment, and adequacy of controls to prevent ineligible individuals from receiving a payment.

### **Actions Taken to Ensure the Validity of Employer COVID-19 Advance Credits (202040633)**

Assess the IRS's processes for ensuring the validity of employer tax credit claims as well as the accuracy of employer reconciliations of advance credit payments.

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<sup>2</sup> Pub. L. No. 116-136, 131 Stat 281.

**Implementation of the Coronavirus Aid, Relief, and Economic Security Act Recovery Rebate for Individuals – Economic Impact Payment Eligibility (202040634)**

Assess the IRS's efforts to ensure that eligible individuals receive an Economic Impact Payment.

**Impact of the COVID-19 Pandemic on Customer Service Operations (202040635)**

Assess the impact of the COVID-19 pandemic on IRS customer service operations and the actions taken to resume these operations.

**Processing of COVID-19 Tentative Refund Claims (202040636)**

Assess the IRS's efforts to ensure the validity of refunds claimed from reporting a carryback loss.

**Assessment of Efforts to Address Backlogs of Business Taxpayer Returns Due to Tax Processing Center COVID-19 Closures (202040637)**

Assess the IRS's actions to address the backlog of unworked inventory affecting business taxpayers due to tax processing center closures.

**Oversight of Coronavirus Aid, Relief, and Economic Security Act Provisions Related to Retirement Distributions (202110620)**

Assess the IRS's efforts to oversee the relief from taxes associated with early retirement distributions and the required minimum distribution pursuant to the CARES Act.

**Implementation of Section 2304 of the Coronavirus Aid, Relief, and Economic Security Act (202130622)**

Evaluate the suspension of the loss deduction limits for non-corporate business taxpayers under Section 2304 of the CARES Act and evaluate the impact of Section 11012 of the Tax Cuts and Jobs Act<sup>3</sup> provision that set the initial limits.

**Corporate Taxpayer Compliance With Net Operating Loss Provisions (202130525)**

Review the IRS's implementation of both the Tax Cuts and Jobs Act and the CARES Act provisions pertaining to net operating loss and efforts to ensure corporate taxpayers' compliance.

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<sup>3</sup> Pub. L. 115-97. Officially known as "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for Fiscal Year 2018."



## Compliance and Enforcement

### **Non-Payment of Delinquent Tax Debts by High-Income Taxpayers (201830037)**

Determine whether the IRS is effectively addressing non-payment of taxes by high-income taxpayers and the impact of such non-payment on overall payment compliance.

### **Reasonable Compensation Determination in Examinations of Closely Held S Corporations and Their Shareholders (201930010)**

Determine whether the IRS has implemented policies, procedures, and practices to ensure that compensation is considered in examinations of single-owner shareholders of S corporations.

### **Earned Income Tax Credit Examinations (201930012)**

Determine whether the IRS's procedures for selecting returns with Earned Income Tax Credit claims for audit are effective for determining the highest tax compliance risks.

### **Correspondence Examinations (201930013)**

Determine the IRS's effectiveness in the selection and examination of correspondence audits.

### **Tax Compliance of Taxpayers Using Peer-To-Peer Payment Systems (201930019)**

Evaluate the effectiveness of the IRS's efforts to identify unreported income transferred via Peer-to-Peer payment systems.

### **Small Business/Self-Employed Division's High-Income, High-Wealth Strategy (201930026)**

Assess the performance of the SB/SE Division's High-Income, High-Wealth Strategy and perform trend analyses of the SB/SE Division selection methods used to identify high-income individuals' tax returns for examinations.

### **Tracking the Costs of the Private Debt Collection Program (201930027)**

Determine whether the IRS is effectively tracking and reporting all costs related to the Private Debt Collection program as required by Internal Revenue Code (I.R.C.) Section (§) 6306.

### **Detection and Prevention of Business Identity Theft (201940020)**

Assess the IRS's continued efforts to detect and prevent business identity theft.

**Efforts to Address Withholding Reporting and Payment Noncompliance (201940028)**

Assess the IRS's progress to make improvements to its Federal tax withholding processes and procedures.

**Self-Employed Retirement Plan Follow-up (202010001)**

Determine whether the IRS has sufficient controls to prevent and detect improper deductions for contributions made by self-employed taxpayers to their self-employed retirement plans.<sup>4</sup>

**Trends in Compliance Activities Through Fiscal Year 2019 (202030003)**

Provide various statistical information regarding Collection and Examination function activities as they relate to the IRS's efforts to bring taxpayers into compliance with their tax obligations.

**Employment Tax Examinations (202030005)**

Assess the IRS's controls over the selection and examination of employment tax returns and determine the resolutions of employment tax examination efforts, including relief from employment tax obligations that may be provided under Section 530 of the Revenue Act of 1978.<sup>5</sup>

**Implementation of Streamlined Audit Rules for Partnerships (202030006)**

Determine whether the IRS has adequately implemented the changes to the partnership audit rules as specified in Section 1101 of the Bipartisan Budget Act of 2015.<sup>6</sup>

**Efforts to Enforce Compliance With the Foreign Account Tax Compliance Act (202030010)**

Evaluate the IRS's efforts to use information collected under the Foreign Account Tax Compliance Act<sup>7</sup> to improve taxpayer compliance.

**Partial Pay Installment Agreements (202030013)**

Determine whether the IRS is effectively administering Partial Pay Installment Agreements.

**Low Income Housing Tax Credit Provisions (202030014)**

Assess the IRS's processes and procedures to ensure Housing Credit Agency, building owner, and taxpayer compliance with Low Income Housing Tax Credit provisions.

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<sup>4</sup> TIGTA, Ref. No. 2014-10-008, *Millions of Dollars in Potentially Improper Self-Employed Retirement Plan Deductions Are Allowed* (Mar. 2014).

<sup>5</sup> Pub. L. 95-600, 92 Stat. 2763.

<sup>6</sup> Pub. L. No. 114-74, § 101, 129 Stat. 625.

<sup>7</sup> Pub. L. No. 111-147, Subtitle A, 124 Stat. 71 (2010) (codified in scattered sections of 26 U.S.C.).

**Criminal Investigation’s Management and Utilization of Motor Vehicles (202030024)**

Determine whether Criminal Investigation’s management of Government vehicles promotes the efficient and effective use of resources.

**Taxpayer Correspondence Processing in the Compliance Services Collection Operations Function (202030025)**

Determine whether the Compliance Services Collection Operations function is effectively processing incoming taxpayer correspondence.

**Processing of Restitution Payments and Conditions of Probation – Follow-Up (202030026)**

Determine whether defendants convicted of tax-related crimes are held responsible for the payment of the taxes associated with the offenses that they committed.<sup>8</sup>

**Identification of Potentially Fraudulent Individual International Tax Returns (202040001)**

Evaluate the IRS’s process to identify and prevent potentially fraudulent individual international tax returns.

**Pre-Refund Refundable Credit Disallowance (202040004)**

Evaluate the reasons for disallowance of the Earned Income Tax Credit and Additional Child Tax Credit and the assistance provided to the taxpayer during this process.

**Prisoner Fraud – Follow-Up (202040005)**

Evaluate the effectiveness of IRS corrective actions to identify and reduce prisoner fraud.<sup>9</sup>

**Taxpayer Compliance With Requirements for the Qualified Business Income Deduction (202040008)**

Determine whether the IRS is ensuring that taxpayers claim the correct Qualified Business Income Deduction.

**Implementation of Opportunity Zones (202040029)**

Assess the IRS’s implementation of the Opportunity Zone provision of the Tax Cuts and Jobs Act.

**Private Debt Collection Program’s Impact on Taxpayer Compliance (202130010)**

Evaluate the impact that Private Debt Collection is having on taxpayer compliance.

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<sup>8</sup> TIGTA, Ref. No. 2012-30-012, *Procedures Are Needed to Improve the Accounting and Monitoring of Restitution Payments to Prevent Erroneous Refunds* (Jan. 2012).

<sup>9</sup> TIGTA, Ref. No. 2017-40-041, *Actions Need to Be Taken to Ensure Compliance With Prisoner Reporting Requirements and Improve Identification of Prisoner Returns* (Jul. 2017).



**Use of Lien Foreclosure Program (202130011)**

Determine whether the IRS is properly pursuing suits to foreclose on liens.

**Federal Employee Nonfilers (202130012)**

Determine whether the IRS is effectively addressing Federal employees who fail to file their tax returns.

**Small Business/Self-Employed Division Collection Hiring Initiatives (202130013)**

Evaluate the effectiveness of the SB/SE Division's hiring practices for the Collection function.

**Efforts to Identify and Audit High-Risk Partnership Issues (202130014)**

Determine whether the IRS is effectively identifying and auditing high-risk partnership issues.

**Taxpayer Digital Communications (202130015)**

Determine whether the Taxpayer Digital Communication program is an effective tool for reducing taxpayer burden and facilitating the IRS's compliance efforts.

**State and Local Tax Deduction Workaround (202130016)**

Determine whether the IRS is adequately identifying and examining taxpayers who are attempting to circumvent the State and Local Tax limitation.

**Large Business and International's Compliance Assurance Process Program (202130017)**

Determine whether results from the recalibrated Compliance Assurance Process program support the Large Business and International (LB&I) Division's efforts to improve taxpayer compliance and ensure the efficient and effective use of limited Government resources.

**High-Income Taxpayers With No Reported Income Tax Liability (202130018)**

Determine whether the IRS is effectively addressing high-income taxpayers who report no income tax liability.

**Efforts to Curb Fuel Tax Credit Noncompliance (202130019)**

Determine whether the IRS is adequately considering the fuel tax credit claimed by individual taxpayers and follow up on past recommendations.<sup>10</sup>

**Foreign Earned Income/Foreign Earned Income Exclusion Referral, Selection, and Examination Process (202130020)**

Assess the effectiveness of the IRS's compliance oversight of the Foreign Earned Income Exclusion and its effect on tax administration.

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<sup>10</sup> TIGTA, Ref. No. 2014-30-067, *Additional Actions Are Needed to Ensure That Improper Fuel Tax Credit Claims Are Disallowed* (Sep. 2014).

### **Compliance Efforts for the Tax Cuts and Jobs Act Section 965 Repatriation Tax (202130423)**

Determine the effectiveness of the IRS's compliance programs around the Tax Cuts and Jobs Act Section 965 repatriation tax.

### **Measuring Partnership Compliance Results (202130024)**

Evaluate the LB&I Division's approach to measuring partnership (Non-TEFRA)<sup>11</sup> compliance results and whether the current examination approach to partnership audits is effective.<sup>12</sup>

### **Large Business and International Division's Knowledge Management Focus and its Impact on Improving Taxpayer Compliance (202130026)**

Evaluate the effect the LB&I Division's knowledge management focus has had on the efficiency and effectiveness of its examinations.

### **Effectiveness of the International Examiner Program (202130027)**

Evaluate the LB&I Division's international component's contribution to domestic examination efforts.

### **Large Business and International Division Individual Return Case Selection (202130028)**

Review the selection process, use of resources, and examination productivity for individual returns examined by the LB&I Division.

### **Using John Doe Summons Data to Ensure Cryptocurrency Tax Compliance (202130029)**

Determine whether the IRS has an effective program to identify unreported virtual currency income using John Doe Summons information and other means of analysis (Forms 1099-K, *Payment Card and Third Party Network Transactions*, Schedules D, *Capital Gains and Losses*, etc.).

### **Processes to Ensure That Aliens File the Correct Tax Form Based on Their Residency Status (202140004)**

Determine whether IRS processes ensure that aliens working in the United States are accurately determining their residency status under the I.R.C. and are filing the proper income tax return.

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<sup>11</sup> Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Pub. L. No. 97-248, 96 Stat. 324 (codified as amended in scattered sections of 26 U.S.C.).

<sup>12</sup> TIGTA, Ref. No. 2015-30-004, *Additional Improvements Are Needed to Measure Success and Productivity of the Partnership Process* (Mar. 2015).

**Taxpayers Who Exceed Deduction and Credit Statutory Time Limits (202140005)**

Determine whether IRS processes effectively identify and prevent income deductions and tax credit claims that exceed the statutory time limit.

**Selection of Information Referrals for Compliance Treatment (202140007)**

Evaluate procedures to select information referrals for compliance treatment.

**Processing of Noncash Charitable Contribution Claims – Follow-Up (202140008)**

Evaluate improvements in the IRS's efforts to ensure the accuracy of noncash charitable contribution claims.<sup>13</sup>

**Evaluation of Business Tax Offsets (202140013)**

Assess the IRS's processes to identify and offset refunds associated with business accounts with debt owed.

**Evaluation of C Corporation Indicators to Ensure That Required Additional Interest Is Assessed (202140014)**

Assess the IRS's processes used to identify and collect interest payments from C corporations required to pay additional interest on tax underpayments.

**Processing of Employer Identification Number Applications and Maintenance of Business Accounts (202140015)**

Evaluate the effectiveness of the IRS's controls for processing Employer Identification Number (EIN) applications and ensuring it accurately consolidates accounts with multiple EINs.

**U.S. Residency Certification Program (202140016)**

Assess the U.S. Certification Program to ensure that taxpayers comply with filing requirements and receipt of fees before issuing certificates.

**Detection and Prevention of Business Identity Theft (Phase IV) (202140019)**

Assess the IRS's continued efforts to detect and prevent business identity theft.

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<sup>13</sup> TIGTA, Ref. No. 2013-40-009, *Many Taxpayers Are Still Not Complying With Noncash Charitable Contribution Reporting Requirements* (Dec. 2012).

## Audits Required by Statute

### **Fiscal Year 2021 Biannual Independent Assessment of Private Collection Agency Performance (202030015)**

Evaluate the Private Collection Agencies (PCA) to determine whether the PCA payment calculator has been improved. In addition, review the recommendations from the previous audit<sup>14</sup> that were implemented by the IRS and PCAs to determine whether there have been improvements in processes, effectiveness, and efficiency.

### **Fiscal Year 2021 Review of Liens (202130001)**

Determine whether liens issued by the IRS comply with legal guidelines set forth in the I.R.C. and related guidance in the Federal Tax Lien Handbook.

### **Fiscal Year 2021 Review of Seizures (202130002)**

Determine whether seizures were conducted in accordance with I.R.C. §§ 6330-6344 and IRS procedures.

### **Fiscal Year 2021 Review of Levies (202130003)**

Determine whether the IRS complied with RRA 98 requirements to notify taxpayers and/or their authorized representatives of the right to a Collection Due Process hearing prior to issuing levies and to suspend levy action during the time frames required pursuant to I.R.C. § 6330.

### **Fiscal Year 2021 Review of Disclosure of Collection Activity With Respect to Joint Returns (202130004)**

Determine whether the IRS is complying with provisions of the I.R.C. § 6103 (e)(8) as related to the disclosure of collection activities to joint filers.

### **Fiscal Year 2021 Review of Illegal Tax Protestors and Similar Designations (202130005)**

Determine whether the IRS complied with RRA 98 § 3707 and internal IRS guidelines that prohibit IRS officers and employees from referring to taxpayers as illegal tax protestors or any similar designations.

### **Fiscal Year 2021 Review of Assessment Statute Extension Dates (202130006)**

Determine whether the IRS is properly notifying taxpayers and their authorized representatives of the right to refuse to extend the period of limitations, or to limit such extensions to particular issues or to a particular period of time, on each occasion when the taxpayer is requested to provide written consent to extend the period of limitations for the assessment of tax.

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<sup>14</sup> TIGTA, Ref. No. 2019-30-018, *Fiscal Year 2019 Biannual Independent Assessment of Private Collection Agency Performance* (Dec. 2018).

### **Fiscal Year 2021 Review of Internal Revenue Service Compliance With Restrictions on the Use of Enforcement Statistics (202130007)**

Determine whether the IRS is complying with restrictions on the use of enforcement statistics to evaluate employees.

### **Fiscal Year 2021 Review of Fair Tax Collection Practices Act Violations for Fiscal Year 2020 (202130008)**

Obtain information on any reported violations of Fair Tax Collection Practices (I.R.C. § 6304) by IRS employees and on any reported or potential violations of the Fair Debt Collection Practices Act (15 U.S.C. §§ 1601 note, 1692-1692p (2010)) by PCA employees, including any related administrative or civil actions resulting from those violations, for collection cases closed during FY 2020.

### **Fiscal Year 2021 Review of Restrictions on Directly Contacting Taxpayers (202130009)**

Determine whether the IRS is in compliance with legal guidelines addressing the direct contact of taxpayers and their representatives as set forth in I.R.C. §§ 7521(b)(2) and (c).

### **Compliance With Improper Payment Reporting Requirements for Fiscal Year 2020 (202140001)**

Determine whether the IRS complied with annual improper payment reporting requirements for FY 2020.



## **Information Technology/Cybersecurity**

### **Virtual Host Infrastructure (202020003)**

Determine whether the Virtual Host Infrastructure is effectively managed and secured.

### **Hiring and Retention of Information Technology Personnel (202020018)**

Evaluate the IRS's efforts to hire and retain skilled Information Technology organization personnel.

### **Security Controls Over Criminal Investigation Electronic Crimes Labs (202020020)**

Determine whether Criminal Investigation is implementing effective security controls over digital evidence and the Electronic Crimes labs.

### **Data Protection at the Information Sharing and Analysis Center (202020510)**

Determine whether policies, procedures, and controls have been effectively implemented to ensure that disclosed return information is protected as required.

### **Implementation of Streamlined Critical Pay Authority in the Information Technology Organization (202020513)**

Determine whether the IRS's use of the streamlined critical pay authority in the Information Technology organization conforms to established laws and regulations.

### **Chief Information Officer Duties and Responsibilities (202020514)**

Assess the IRS's implementation of the Chief Information Officer's duties and responsibilities in relation to Section 2101 of the Taxpayer First Act.

### **Authentication and Suitability of Income Verification Express Services Participants (202040511)**

Assess controls to validate tax transcript requests received from Income Verification Express Services participants and implement Taxpayer First Act<sup>15</sup> provisions related to the Income Verification Express Services program.

### **Disclosure of Returns and Return Information to Other Agencies (202110009)**

Determine whether the Office of Safeguards provides adequate oversight of agencies receiving Federal tax information.

### **Database Security (202120003)**

Assess the security of database configurations and determine if vulnerabilities are being tracked, resolved, and reported timely.

### **Security of Cloud Services (202120004)**

Determine whether the security safeguards of cloud services are in place and working to protect taxpayer data against unauthorized access.

### **External Digital Identity (202120005)**

Determine whether the External Digital Identity initiative provides for secure electronic authentication technologies and protects e-Services applications against unauthorized access or misuse of IRS resources.

### **Endpoint Detection Response Capability (202120006)**

Determine whether the Endpoint Detection Response capability is effectively monitoring for and responding to indicators of compromise.

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<sup>15</sup> Pub. L. No. 116-25.

### **Progress and Security of Physical Entry and Monitoring Controls (202120007)**

Evaluate the progress and security of Enterprise Physical Access Control systems at IRS facilities.

### **Data At Rest Encryption (202120008)**

Evaluate whether the Data At Rest Encryption implementation is effectively protecting systems against data loss.

### **Efforts to Update Microsoft Operating Systems (202120010)**

Evaluate efforts to update Microsoft operating systems no longer supported and assess the justification for operating such products.

### **Recovery of Mission Essential Functions (202120011)**

Assess the effectiveness of site replication and recovery processes for mission-essential functions after a service outage or disaster.

### **Security of High-Value Assets (202120012)**

Evaluate IRS efforts to secure and protect its high-value assets.

### **Sanitization of Information Technology Hardware Assets (202120013)**

Assess the effectiveness of the Information Technology organization's hardware asset sanitization process.

### **Network Segmentation (202120014)**

Evaluate Information Technology organization efforts to limit the internal network risk exposure by segmenting key information technology systems.

### **Enterprise Case Management Migration Efforts (202120015)**

Evaluate efforts to migrate legacy case management applications to the Enterprise Case Management solution.

### **Customer Account Data Engine 2 Program's Individual Tax Processing Engine Project's Velocity and Timeline Estimation Methodology (202120016)**

Determine whether the methodology to estimate the Individual Tax Processing Engine Project's velocity and delivery date are reasonable.

### **Linux Infrastructure (202120017)**

Assess security controls over the Enterprise Linux Infrastructure.

### **Web Applications (202120018)**

Evaluate the development and implementation of new functionality in Web applications.

### **Implementation of Next-Generation Infrastructure (202120019)**

Assess IRS efforts toward implementing its next-generation infrastructure.

### **Enterprise Vulnerability Scanning Processes and Capabilities (202120020)**

Determine whether the IRS addresses system and network vulnerabilities effectively and efficiently.

## **Audits Required by Statute**

### **Fiscal Year 2021 Evaluation of the Federal Information Security Modernization Act of 2014 (202120001)**

Assess the effectiveness of the IRS information security program on a maturity model spectrum based on the FY 2021 Federal Information Security Modernization Act of 2014<sup>16</sup> domain metrics.

### **Annual Assessment of the Internal Revenue Service's Information Technology for Fiscal Year 2021 (202120002)**

Assess the adequacy and security of the IRS's information technology.



## **Operational Support**

### **Oversight of Government Travel Cards (202010004)**

Determine whether selected IRS internal controls are properly designed and implemented to prevent and detect individually billed travel card misuse.

### **Identification of Potentially Fraudulent or Abusive Domestic Travel Claim Reimbursements (202010005)**

Assess the effectiveness of controls over employee domestic travel claims.

### **Federal Contractors With Delinquent Federal Tax Debt (202010006)**

Identify awardees registered on the System for Award Management that were awarded contracts or grants by a Federal agency while owing delinquent Federal taxes and determine what plans, if any, the IRS has to develop a Governmentwide tax check portal.

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<sup>16</sup> Pub. L. No. 113-283. This bill amends chapter 35 of title 44 of the United States Code to provide for reform to Federal Information Security.



### **Vendor Tax Check Process (202010019)**

Determine whether the IRS vendor tax check process has adequate controls to ensure that: (a) tax checks of vendors are timely completed, include all required steps, and are adequately documented; and (b) the Treasury Suspension and Debarment official is notified of vendor tax delinquencies identified, as required.

### **Suspension and Debarment Practices (202010021)**

Determine whether the IRS has a process in place to identify and refer contractors that meet the criteria for suspension and debarment.

### **Misconduct Penalties (202010024)**

Determine whether the IRS has sufficient policies and procedures to address employee misconduct.

### **Selected Post-Award Activities for Information Technology Service Contracts (202020027)**

Assess the effectiveness of selected post-award activities of information technology service contracts.

### **Implementation of Recommended Facility Security Countermeasures – Follow-Up (202110006)**

Determine whether the IRS's process for implementing countermeasures recommended in facility security risk assessments ensures security vulnerabilities are addressed.<sup>17</sup>

### **Physical Security at Taxpayer Assistance Centers That Receive Cash – Follow-Up (202110008)**

Determine whether the IRS has adequate physical security controls over cash payments made at Taxpayer Assistance Centers.

### **Controls Over the Awarding of Contracts to Designated Recipients (202110013)**

Determine whether IRS Contracting Officers are complying with the requirements of the small business program.

### **Implementation of the Enterprise Risk Management Program – Phase II (202110014)**

Determine whether the IRS is effectively incorporating Enterprise Risk Management into its functional level decisionmaking processes, including those related to resource allocation.

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<sup>17</sup> TIGTA, Ref. No. 2016-10-077, *To Avoid Duplication, the Internal Revenue Service Should Make Use of Federal Protective Service Risk Assessments* (Sep. 2015).

### **Trust Fund Program Administration Cost Calculations (202110015)**

Determine whether the IRS is accurately reporting the cost of the support it provides to Federal trust fund programs.

### **Controls Over Special Pay Incentives and Expenses (202110016)**

Determine the effectiveness of the IRS's processes over documenting recruitment, retention, and relocation incentives.

### **Controls Over Employees' Use of Various Leave Options (202110021)**

Determine whether controls are sufficient to ensure that leave taken by IRS employees is authorized, appropriate, and properly approved.

### **Oversight of Mobile Devices (202120009)**

Determine whether the IRS is effectively and efficiently managing its mobile devices.

## **Audits Required by Statute**

### **Implementation of the Digital Accountability and Transparency Act of 2014 – Phase IV (202010008)**

Evaluate the IRS's implementation of the Digital Accountability and Transparency Act of 2014.<sup>18</sup>

### **Government Charge Card Abuse Prevention Act of 2012 Semiannual Mandatory Review [202010026 (April 1, 2010, through September 30, 2020) and 202110003 (October 1, 2020, through March 31, 2020)]**

Assess the IRS's continued compliance with the Government Charge Card Abuse Prevention Act of 2012<sup>19</sup> requirements.

### **Attestation Review of the Internal Revenue Service's Fiscal Year 2021 Annual Accounting of Drug Control Funds (202110005)**

Perform an attestation review of the reliability of assertions made in the IRS's FY 2020 Office of National Drug Control Policy Detailed Accounting Submission and Performance Summary Report.

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<sup>18</sup> Pub. L. No. 113-101, 128 Stat. 1146 (2014).

<sup>19</sup> Pub. L. No. 112-194 (Oct. 2012).



## Tax Exempt and Government Entities

### **Exempt Organizations Detection of Noncompliant Activities (201910021)**

Review the IRS's policies and audit procedures to identify improper conduct by tax-exempt organizations, and determine whether the IRS has sufficient information to combat abuse and enforce Federal tax laws.

### **Implementation of the Compliance Planning and Classification Unit (201910022)**

Determine the effectiveness of the Tax Exempt and Government Entities (TE/GE) Division's implementation of the Compliance Planning and Classification Unit to consolidate examination identification, planning, assignment, and monitoring.

### **Tax Exempt and Government Entities Division's Examinations of Unrelated Business Income Tax (201930025)**

Review the TE/GE Division's efforts to identify and examine organizations with unreported or underreported unrelated business income tax.

### **The Indian Tribal Government Office's Compliance Program (202010013)**

Determine whether the Indian Tribal Government Office's compliance activities are effective at helping Indian tribal governments understand and comply with applicable tax laws.

### **Fiscal Year 2019 Trends in the Tax Exempt and Government Entities Division (202010020)**

Provide various statistical information and data trends related to the TE/GE Division.

### **Tax-Exempt Compliance for Organizations That Filed the Streamlined Application for Recognition of Exemption Under Section 501 (c)(3) (202110017)**

Assess whether the streamlined application for recognition of exemption results in fewer compliant tax-exempt organizations.

### **Implementation of the Tax-Exempt Nonfiler Notification Requirement in the Taxpayer First Act (202110018)**

Assess the IRS's implementation of the new notice requirement for tax-exempt organizations that have not filed an annual return or notice for two consecutive years.

### **Compliance With Excise Taxes on Tax-Exempt Organizations With Highly Compensated Employees (202110019)**

Assess the IRS's efforts to ensure that tax-exempt organizations with highly compensated employees comply with excise tax reporting requirements.

### **Federal, State, and Local Governments' Employment Tax Compliance (202110022)**

Determine whether the IRS ensures that Federal, State, and Local governments comply with their employment tax.

### **Employee Plans Examinations Workload (202110023)**

Determine whether the Employee Plans Examination function is properly developing all identified issues and is working with the Compliance, Planning, and Classification function to identify and properly consider other noncompliance issues.



## **Tax Processing**

### **[Accuracy of Error Resolution System Processing \(201940007\)](#)**

Evaluate the effectiveness of the IRS's use of the Error Resolution System to address potentially erroneous individual tax returns.

### **2020 Filing Season Individual Tax Return Processing (202040513)**

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2020 Filing Season.

### **2021 Filing Season Individual Tax Return Processing [202140002 (Interim) and 202140003 (Final)]**

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2021 Filing Season.

### **Effectiveness of the Processes to Ensure the Accountability of Manual Refunds (202140009)**

Evaluate the effectiveness of the IRS's controls to minimize the risk of issuing erroneous manual refunds.

### **Modernize Paper Tax Return Processing – Follow-Up (202140010)**

Assess the IRS's efforts to modernize paper tax return processing.<sup>20</sup>

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<sup>20</sup> TIGTA, Ref. No. 2009-40-130, *Repeated Efforts to Modernize Paper Tax Return Processing Have Been Unsuccessful; However, Actions Can Be Taken to Increase Electronic Filing and Reduce Processing Costs* (Sep. 2009); TIGTA, Ref. No. 2014-40-084, *A Service-Wide Strategy Is Needed to Increase Business Tax Return Electronic Filing* (Sep. 2014).

## **Continued Consolidation of the Tax Processing Centers (202140017)**

Evaluate the IRS's efforts to close the Fresno Tax Processing Center and the IRS's continued planned closure of the Austin Tax Processing Center.



## **Taxpayer Service**

### **Efforts to Address Misdirected Refunds (202040028)**

Evaluate the IRS's processes and procedures to address misdirected refunds.

### **Taxpayer Advocate Service Low Income Taxpayer Clinic Program Office (202110007)**

Evaluate how the Taxpayer Advocate Service Low Income Taxpayer Clinic Program Office oversees, manages, and administers the Low Income Taxpayer Clinic grant program.

### **Office of Appeals Implementation of Taxpayer First Act Provisions (202110510)**

Evaluate actions taken by the Office of Appeals to implement Taxpayer First Act provisions.

### **Accuracy of Notices Issued During Tax Return Processing (202140006)**

Determine whether processes and procedures are sufficient to ensure that notices issued during tax return processing are accurate.

### **Oversight of the Free File Program – Follow-Up (202140011)**

Assess the IRS's efforts to improve oversight of the Free File program.<sup>21</sup>

### **Assistance to Taxpayers With Limited English Proficiency and Disabilities (202140012)**

Assess the IRS's strategy to assist taxpayers with limited English and disabilities.

### **Processes for Resolving Problems With Taxpayer Payments (202140018)**

Evaluate the effectiveness of the IRS's processes to accurately resolve problems with taxpayer payments.

### **Identification and Resolution of Accounts Maintenance Research Transcripts (202140020)**

Evaluate the IRS's identification and resolution processes for the Accounts Maintenance Research program.

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<sup>21</sup> TIGTA, Ref. No. 2020-40-009, *Complexity and Insufficient Oversight of the Free File Program Result in Low Taxpayer Participation* (Feb. 2020).

## Audits Required by Statute

### **Fiscal Year 2021 Review of Collection Due Process (202110001)**

Determine whether the Office of Appeals complied with 26 U.S.C. §§ 6320(b) and (c) and 6330(b) and (c) when taxpayers exercised their right to appeal the filing of a Notice of Federal Tax Lien or a Notice of Intent to Levy.

### **Fiscal Year 2021 Review of the Compliance With the Freedom of Information Act (202110002)**

Determine whether the IRS improperly withheld information requested by taxpayers in writing, based on 5 U.S.C. § 552(b)(7) or I.R.C. § 6103.