



Fiscal Year 2014

# Annual Audit Plan

Treasury

Inspector General  
for Tax

Administration

## ***Table of Contents***

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<u>Message From the Deputy Inspector General for Audit</u> .....	1
<u>The Mission and the Organization</u> .....	3
<u>Audit Program for Fiscal Year 2014</u> .....	4
<u>Office of Audit’s Program Areas</u> .....	5
<u>Appendix I – Organization Chart – Office of Audit</u> .....	7
<u>Appendix II – Major Management and Performance Challenges Facing the Internal Revenue Service</u> .....	8
<u>Appendix III – Office of Audit’s Fiscal Year 2014 Staff Day Allocation</u> .....	9
<u>Section A – Major Challenges Facing Internal Revenue Service Management</u> .....	9
<u>Section B – Audit Focus Areas</u> .....	10
<u>Section C – Mandatory, Risk-Based, and Requested Audits</u> .....	11
<u>Appendix IV – List of Planned Audits for Fiscal Year 2014 by Major Management and Performance Challenges</u> .....	12
<u>Challenge 1 – Security for Taxpayer Data and IRS Employees</u> .....	12
<u>Challenge 2 – Implementing the Affordable Care Act and Other Tax Law Changes</u> .....	15
<u>Challenge 3 – Tax Compliance Initiatives</u> .....	17
<u>Challenge 4 – Modernization</u> .....	25
<u>Challenge 5 – Fraudulent Claims and Improper Payments</u> .....	27
<u>Challenge 6 – Providing Quality Taxpayer Service Operations</u> .....	31
<u>Challenge 7 – Human Capital</u> .....	33
<u>Challenge 8 – Globalization</u> .....	34
<u>Challenge 9 – Taxpayer Protection and Rights</u> .....	35
<u>Challenge 10 – Achieving Program Efficiencies and Cost Savings</u> .....	37
<u>Appendix V - List of Planned Mandatory Audits for Fiscal Year 2014</u> .....	41

## *Fiscal Year 2014 Annual Audit Plan*

### *Message From the Deputy Inspector General for Audit*

The past year has been one of significant change at the Internal Revenue Service (IRS). New leadership has been put in place, and the Acting Commissioner has outlined a plan to chart a path forward at the IRS, which focuses on improvements in its Exempt Organizations function to address the problems that were brought to light this past year. The IRS also continues to face significant challenges on many other fronts, which include implementing new laws and programs, addressing growing attempts to commit tax fraud, improving tax compliance efforts, and providing timely assistance to taxpayers—all while operating with a substantially reduced budget.

In Fiscal Year (FY) 2014, the Office of Audit will be focusing on key emphasis areas in addition to its coverage of the major management challenges facing the IRS. These emphasis areas require continuing coverage because of their significance and impact on tax administration.

- **Tax-Exempt Organizations** – The IRS’s use of inappropriate criteria for selecting and reviewing applications for tax-exempt status is of continuing concern to both Congress and organizations seeking tax-exempt status. There have been a number of congressional hearings, and there are ongoing congressional investigations into this matter. The IRS will continue to face a high level of scrutiny in the exempt organizations area in FY 2014, and this area will be a continued area of focus for the Treasury Inspector General for Tax Administration (TIGTA).
- **Identity Theft** – Identity theft continues to be a serious and growing problem which has a significant impact on tax administration. The IRS must make significant improvements in its ability to stop fraudulent payments and provide adequate taxpayer service to victims. Incidents of identity theft affecting tax administration have continued to rise since Calendar Year 2011, when the IRS identified more than one million incidents of identity theft. For the first half of Calendar Year 2013, the IRS had identified almost 1.9 million incidents of identity theft.
- **Return Preparers** – Every year, more than one-half of all taxpayers pay someone else to prepare their Federal income tax returns. In an effort to ensure that all paid tax return preparers have at least a minimum level of competency and adhere to professional standards, the IRS put forth new regulations which provide for registration, competency testing, and continuing education. A recent court decision stopped the IRS’s actions to implement some of its paid preparer regulations. The IRS has appealed this decision.
- **Whistleblower Program** – The IRS Whistleblower Program plays an important role in reducing the Tax Gap by providing an avenue for reporting tax evasion. Whistleblowers and their representatives continue to express concerns with the operation of this program, especially the lack of communication from the IRS regarding their claims.

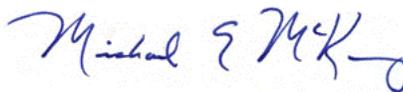
TIGTA – Office of Audit  
Fiscal Year 2014 Annual Audit Plan

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- **Contracts** – The IRS spends approximately \$2.1 billion annually on contracts. It is imperative that contract actions result in the best value to the taxpayer. There are continued risks for fraud and abuse in this area.

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. We plan to devote approximately 18 percent of FY 2014 audit resources to projects mandated by law or at the specific request of Congress, the IRS, the IRS Oversight Board, and other stakeholders. Our audit coverage is determined by assessing the risks associated with the potential audit universe and identifying the highest priority audits to address each of the top 10 IRS major management challenges. The factors considered during the risk assessment process include stakeholders' concerns; significant changes; potential waste, fraud, and abuse; internal controls; taxpayer impact; and size of the program. Our FY 2014 Annual Audit Plan is designed to address the programs most critical to an effective and efficient tax administration system.



Michael E. McKenney  
Acting Deputy Inspector General for Audit

## *The Mission and the Organization*

TIGTA was established in January 1999, in accordance with the IRS Restructuring and Reform Act of 1998 (RRA 98),<sup>1</sup> with the powers and authorities given to other Inspectors General under the Inspector General Act.<sup>2</sup> TIGTA provides independent oversight of Department of the Treasury matters involving IRS activities, the IRS Oversight Board, the National Taxpayer Advocate, and the IRS Office of Chief Counsel.

TIGTA's focus is devoted entirely to the IRS and its related entities, and it conducts independent and objective audits, inspections and evaluations, and investigations of the IRS's programs and activities. TIGTA is organizationally placed within the Department of the Treasury, but is independent of the Department and all other offices and agencies within it. TIGTA is committed to providing timely, useful, and reliable information to IRS officials (including its Chief Counsel), the IRS Oversight Board, the Department of the Treasury, Congress, and the public.

TIGTA's Office of Audit identifies opportunities to improve the administration of the Nation's tax laws by conducting comprehensive, independent performance and financial audits of IRS programs, operations, and activities to:

- Assess efficiency, economy, effectiveness, and program accomplishments.
- Ensure compliance with applicable laws and regulations.
- Prevent, detect, and deter fraud, waste, and abuse.

The Office of Audit program consists of reviews mandated by statute or regulation as well as reviews identified through the Office of Audit's planning and evaluation process. The Office of Audit strategically evaluates IRS programs, activities, and functions so that resources are expended in the areas of highest vulnerability to the Nation's tax system. It provides recommendations to improve IRS systems and operations, while ensuring the fair and equitable treatment of taxpayers.

Under the leadership of the Inspector General, the Deputy Inspector General for Audit is responsible for the Office of Audit. Five Assistant Inspectors General for Audit report to the Deputy Inspector General for Audit. They cover:

- (1) Management Services and Exempt Organizations;
- (2) Security and Information Technology Services;
- (3) Compliance and Enforcement Operations;
- (4) Returns Processing and Account Services; and
- (5) Management Planning and Workforce Development.

Please see [Appendix I](#) for the Office of Audit organization chart.

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<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

<sup>2</sup> Inspector General Act of 1978, 5 U.S.C. app. 3 (2010).

## *Audit Program for Fiscal Year 2014*

The Office of Audit FY 2014 Annual Audit Plan communicates TIGTA’s audit priorities to the 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 2014 Annual Audit Plan includes 164 new audits or in-process audits.

Each year, TIGTA identifies and addresses the major management and performance challenges and key cross-cutting issues confronting the IRS. This Annual Audit Plan is organized by its list of the major challenges facing the IRS for FY 2014 ([Appendix II](#)). The Plan includes mandatory coverage imposed by the RRA 98 and other statutory authorities and standards involving computer security, taxpayer rights and privacy issues, and financial audits.

TIGTA’s audit work is concentrated on high-risk areas and the IRS’s progress in achieving its strategic goals. To identify FY 2014 high-risk areas for audit coverage, TIGTA uses a risk-assessment strategy within its core business areas. The Assistant Inspectors General for Audit advise the Deputy Inspector General for Audit on the major risks facing the IRS in their respective program areas and annually propose a national audit plan based on perceived risks, stakeholder concerns, and follow-up reviews of previously audited areas with significant control weaknesses. In addition, to keep apprised of operating conditions and emerging issues, the Office of Audit maintains liaison and working contact with applicable stakeholders such as IRS executives, the IRS Oversight Board, the Department of the Treasury, Government Accountability Office officials, and Congress. The Office of Audit’s staff day allocation for the next fiscal year is highlighted in [Appendix III](#).

## *Office of Audit's Program Areas*

The following narratives briefly describe the alignment of TIGTA's business units and the areas within the IRS that these units will review during FY 2014.

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### **Management Services and Exempt Organizations**

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The Management Services and Exempt Organizations unit reviews several IRS programs, including Financial Management, the Tax Exempt and Government Entities Division, the Agency-Wide Shared Services function, the IRS Human Capital Office, the IRS Oversight Board, and acquisition and procurement fraud.

The Management Services and Exempt Organizations unit also addresses IRS offices reporting directly to the IRS Commissioner, including the Taxpayer Advocate Service; Office of Chief Counsel; Office of Appeals; Office of Equity, Diversity, and Inclusion; Office of Research, Analysis, and Statistics; and Office of Compliance Analytics.

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### **Security and Information Technology Services**

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The Security and Information Technology Services unit assesses the IRS's information technology programs by implementing audit strategies that evaluate: (1) cybersecurity, including reviews of the Federal Information Security Management Act of 2002 (FISMA),<sup>3</sup> audit trails, privacy, security monitoring and reporting, and incident management; (2) systems modernization and applications development, including reviews of the Modernization Program, computer applications supporting the Patient Protection and Affordable Care Act<sup>4</sup> (Affordable Care Act), and other high-priority projects and applications; and (3) information technology operations, including reviews of Computing Center operations, asset management, and information technology procurement.

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### **Compliance and Enforcement Operations**

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The Compliance and Enforcement Operations unit reviews reporting, filing, and payment compliance IRS-wide. This includes the Examination and Collection functions of all taxpayer groups, both international and domestic (except for tax-exempt organizations). This unit focuses

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<sup>3</sup> Pub. L. No. 107-347, Title III, 116 Stat. 2899, 2946-2961 (codified as amended in 44 U.S.C. §§ 3541-3549).

<sup>4</sup> Pub. L. No. 111-148, 124 Stat. 119 (2010), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

on all activities concerning compliance with and enforcement of tax laws and regulations, including Criminal Investigation and tax preparers involved in inappropriate or criminal activity.

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### **Returns Processing and Account Services**

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The Returns Processing and Accounts Services unit reviews activities related to the preparation and processing of tax returns and the issuing of refunds to taxpayers. This includes customer service activities, outreach efforts, tax law implementation, taxpayer assistance, notices, submission processing, and upfront compliance such as the Frivolous Returns Program and the Taxpayer Assurance Program. This unit focuses on (1) all activities leading to the preparation, filing, processing, posting, and adjusting of tax returns and related tax account information for both business and individual taxpayers, and (2) the authorization and monitoring of tax preparers and electronic filing (e-file) providers.

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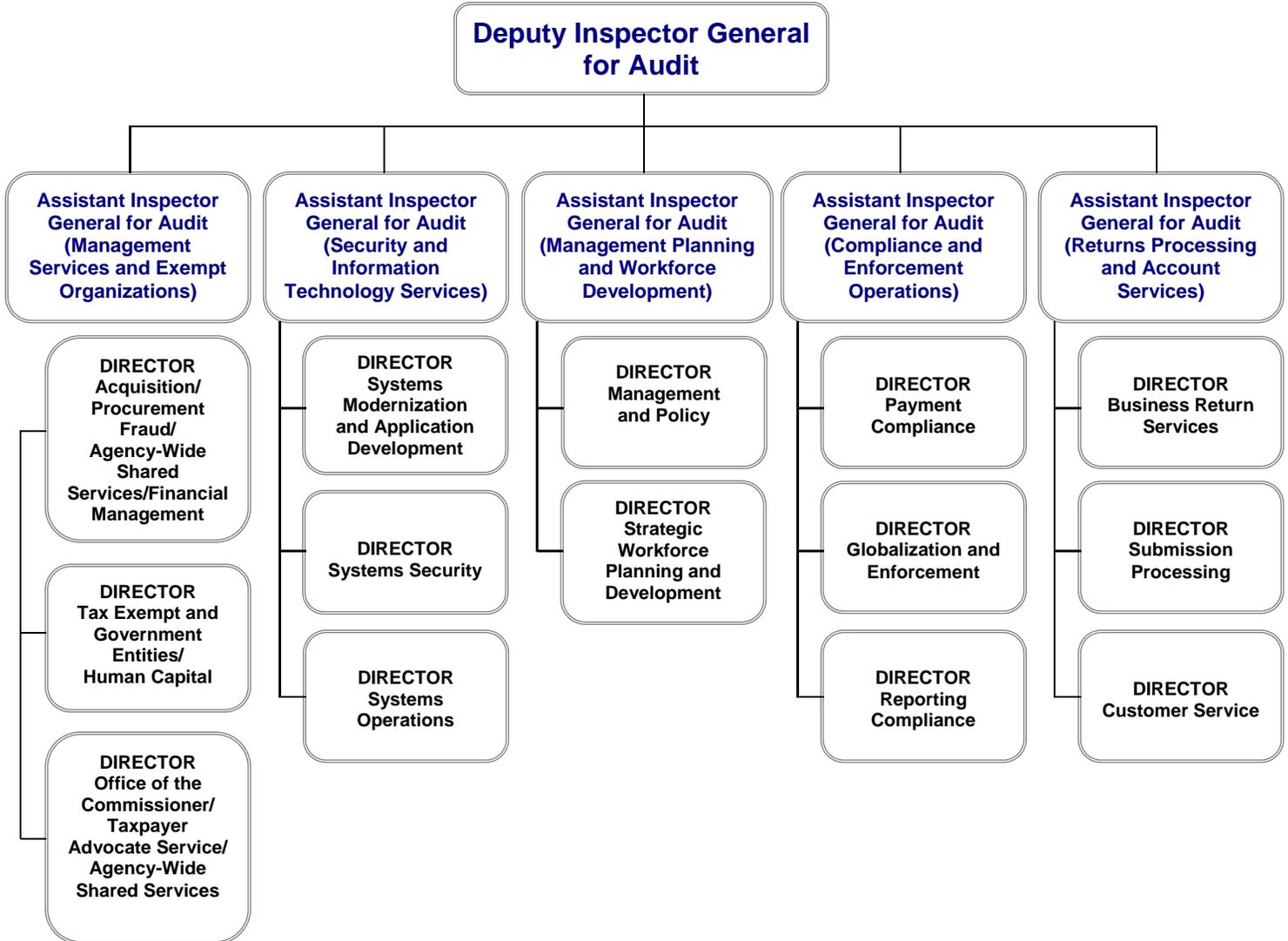
### **Management Planning and Workforce Development**

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The Management Planning and Workforce Development unit provides both mission-critical support and assistance to the entire Office of Audit organization. Key audit management responsibilities include guidance and direction for strategic and annual planning; quality assurance and oversight; recruiting, training, and professional developmental activities; performance budgeting; and integrity. Specifically, this unit ensures direction and collaborative support needed to assist the Office of Audit in meeting its plans to address the major management and performance challenges and key cross-cutting issues confronting the IRS.

## Organization Chart

### Treasury Inspector General for Tax Administration Office of Audit



## ***Major Management and Performance Challenges Facing the Internal Revenue Service***

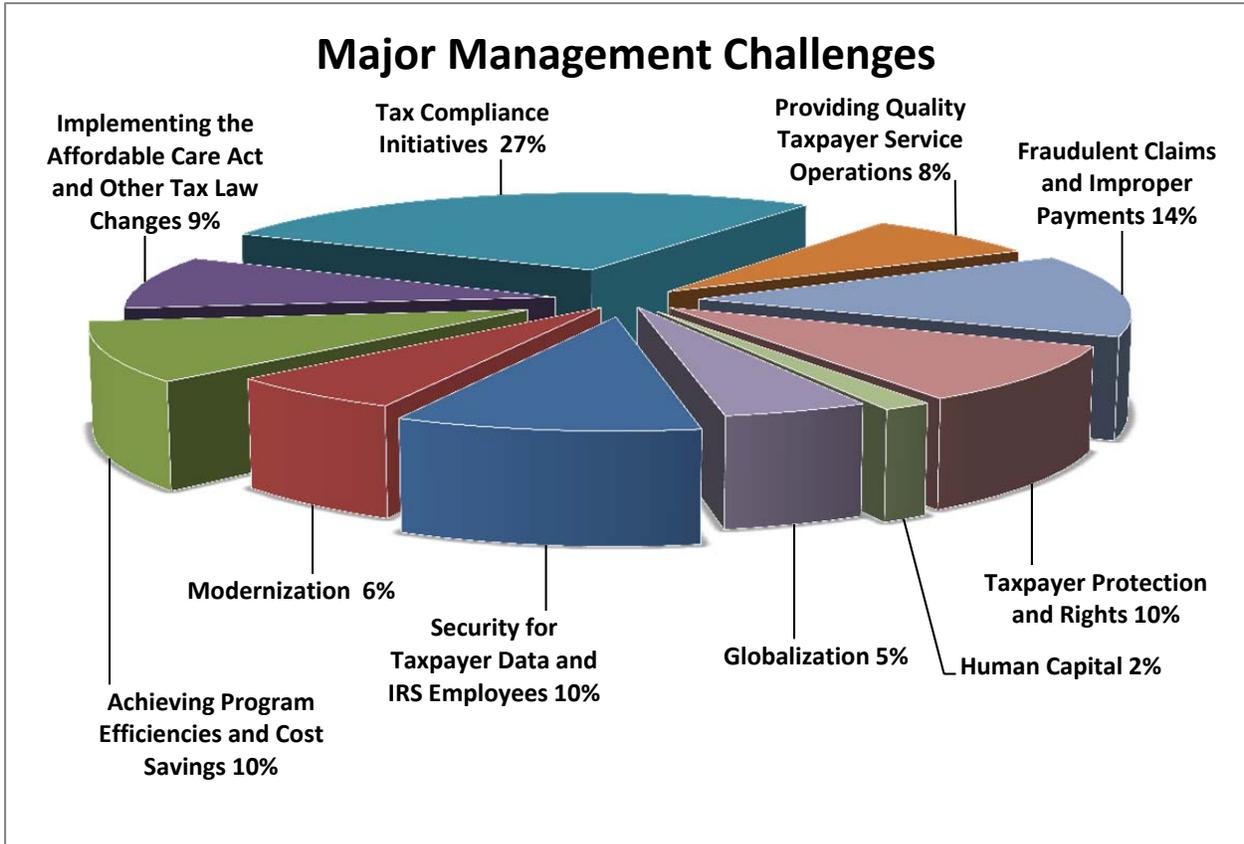
TIGTA has identified the following risk areas as the major management and performance challenges facing the IRS in FY 2014:

- ❖ Security for Taxpayer Data and IRS Employees
- ❖ Implementing the Affordable Care Act and Other Tax Law Changes
- ❖ Tax Compliance Initiatives
- ❖ Modernization
- ❖ Fraudulent Claims and Improper Payments
- ❖ Providing Quality Taxpayer Service Operations
- ❖ Human Capital
- ❖ Globalization
- ❖ Taxpayer Protection and Rights
- ❖ Achieving Program Efficiencies and Cost Savings

TIGTA's FY 2014 annual summary of these issues, including comments on progress the IRS has made toward resolving the challenges or the vulnerabilities that it continues to face in achieving results, may be viewed on the Internet at the following address:

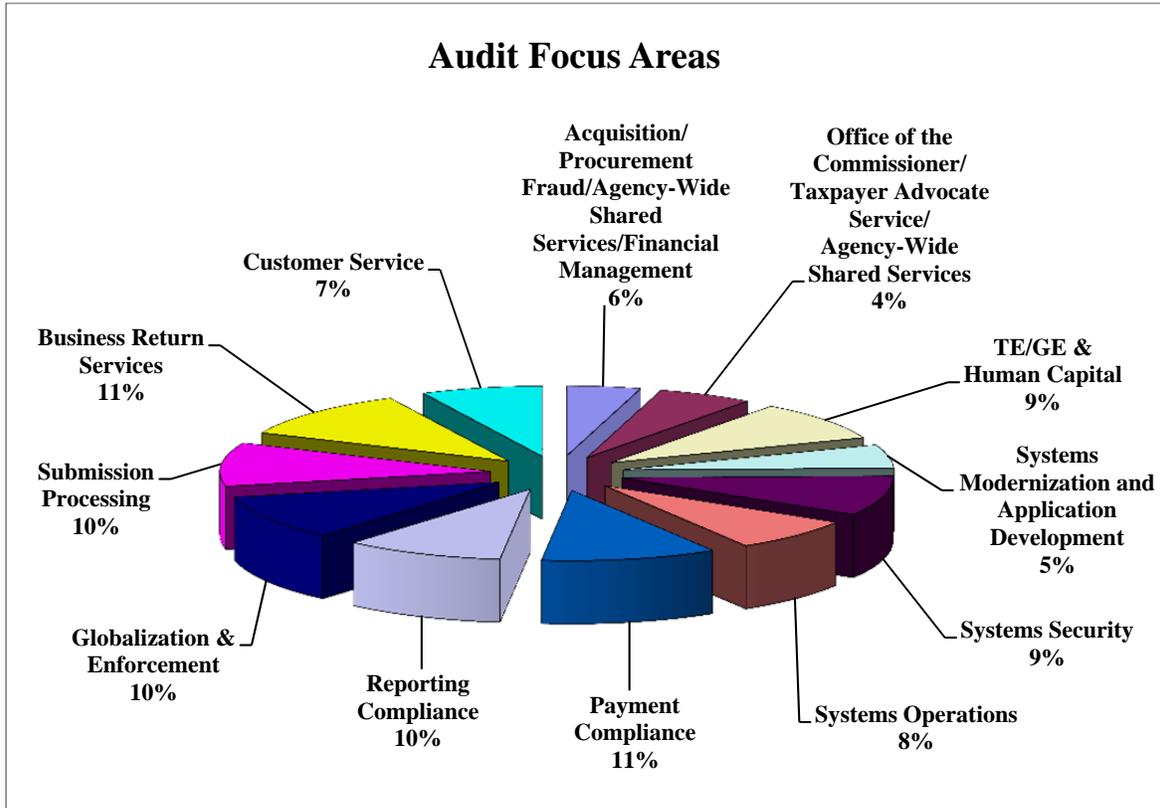
[http://www.treas.gov/tigta/oa\\_management.shtml](http://www.treas.gov/tigta/oa_management.shtml)

Office of Audit's Fiscal Year 2014  
**Staff Day Allocation**  
By Major Challenges Facing Internal Revenue Service Management



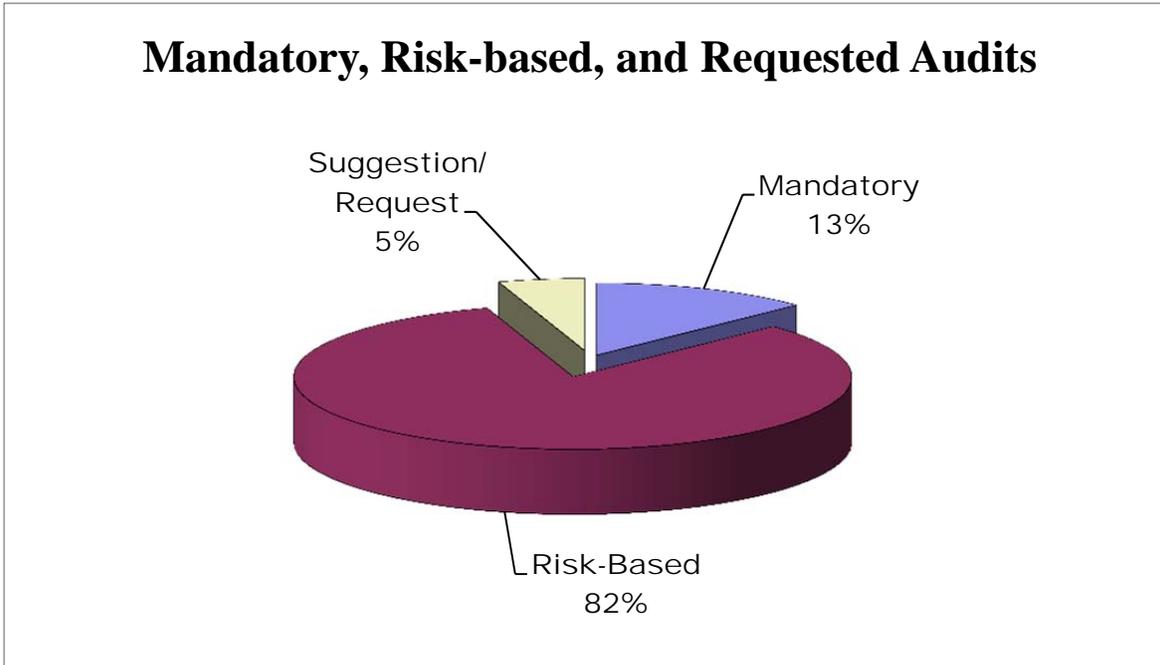
Note: Some audits relate to more than one major challenge area. In addition, FY 2014 staff days are included for audits that were started in FY 2013 with planned completion dates in FY 2014. Totals might not equal 100 percent due to rounding.

Office of Audit’s Fiscal Year 2014  
**Staff Day Allocation**  
By Audit Focus Areas



Note: FY 2014 staff days are included for audits that were started in FY 2013 with planned completion dates in FY 2014. TE/GE = Tax Exempt and Government Entities.

Office of Audit's Fiscal Year 2014  
**Staff Day Allocation**  
By Mandatory, Risk-Based, and Requested Audits



Note: FY 2014 staff days are included for audits that were started in FY 2013 with planned completion dates in FY 2014.

## **List of Planned Audits for Fiscal Year 2014 by Major Management and Performance Challenges**

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### **Fiscal Year 2014 Planned Audits for CHALLENGE 1: Security for Taxpayer Data and IRS Employees**

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*In addition to securing a vast amount of sensitive financial and personal data, the IRS must also protect approximately 100,000 employees and more than 630 facilities throughout the country. These are challenging operating conditions for the IRS that underscore the need for continued vigilance in the area of physical and personnel security. Effective information systems security becomes essential to ensure that data are protected against inadvertent or deliberate misuse, improper disclosure, or destruction, and that computer operations supporting tax administration are secured against disruption or compromise. The IRS faces the daunting task of securing its computer systems against the growing threat of cyberattack. We have 17 new or in-process audits for this major management and performance challenge.*

❖ ***Effectiveness of Physical Security for IRS Facilities***  
(FY 2014 – New Start – Audit Number: 201410004)

**Audit Objective:** Determine whether IRS Level IV and V facilities, which face the highest security risk, are in compliance with Implementation Steering Committee physical security standards.

❖ ***FY 2014 Federal Information Security Management Act***  
(FY 2014 – New Start – Audit Number: 201420001)

**Audit Objective:** Determine the progress made by the IRS in meeting the requirements of the 2014 Federal Information Security Management Act<sup>1</sup> mandatory review of the IRS's unclassified information technology system security program.

❖ ***Progress on Homeland Security Presidential Directive 12 Implementation***  
(FY 2014 – New Start – Audit Number: 201420003)

**Audit Objective:** At the suggestion of the IRS, evaluate the progress being made on the President's Cybersecurity Cross-Agency Priority goals on strong authentication, which ensures that only authorized employees have access to Federal information systems by requiring a higher level of assurance through using multifactor authentication with Homeland

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<sup>1</sup> Pub. L. No. 107-347, Title III, 116 Stat. 2899, 2946-2961 (codified as amended in 44 U.S.C. §§ 3541–3549).

Security Presidential Directive 12 Personal Identity Verification cards. We will also follow up on corrective actions from a prior audit.<sup>2</sup>

❖ ***Network Perimeter Security Controls***

(FY 2014 – New Start – Audit Number: 201420004)

**Audit Objective:** Determine whether network perimeter security controls are adequate and evaluate the IRS’s ability to thwart and detect advanced persistent threats.<sup>3</sup>

❖ ***Controls Over External Systems Interconnections***

(FY 2014 – New Start – Audit Number: 201420005)

**Audit Objective:** Determine whether controls are in place and operating effectively to protect IRS networks from security issues related to connections to external systems.

❖ ***The Use of Risk-Based Decision Over Security Vulnerabilities***

(FY 2014 – New Start – Audit Number: 201420006)

**Audit Objective:** Determine whether the IRS has properly implemented a risk-based decision making process in accordance with National Institute of Standards and Technology guidance.

❖ ***Web Server Security***

(FY 2014 – New Start – Audit Number: 201420007)

**Audit Objective:** Determine whether IRS systems offering web services are protected against web-based attacks, configured securely, patched timely, and remediated timely when vulnerabilities or misconfigurations are identified.

❖ ***Access and Password Controls Over Elevated Privileged Accounts***

(FY 2014 – New Start – Audit Number: 201420008)

**Audit Objective:** Determine whether access and password controls over elevated privileged accounts for systems, applications, and databases are appropriate and meet agency standards.

❖ ***Data Loss Prevention and Protection***

(FY 2014 – New Start – Audit Number: 201420024)

**Audit Objective:** Evaluate the IRS’s efforts to prevent unauthorized leakage of sensitive data and efforts to protect (encrypt) sensitive data in motion, at rest, and in use.

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<sup>2</sup> TIGTA, Ref. No. 2012-20-115, *Using SmartID Cards to Access Computer Systems Is Taking Longer Than Expected* (Sept. 2012).

<sup>3</sup> Advance persistent threats are sophisticated threats using multiple attack vectors, e.g., cyber, physical, and deception, to attack a targeted organization’s network for purposes of stealing information or disrupting operations. Advanced persistent threats can occur repeatedly over an extended period of time, adapt to defenders’ efforts to resist them, and continue until they execute their objectives.

❖ ***Eliminating the Use of Social Security Numbers – Follow-Up***

(FY 2014 – New Start – Audit Number: 201440012)

**Audit Objective:** Assess the IRS’s progress to eliminate taxpayer Social Security Numbers from outgoing correspondence and implement 2-D Bar Coding.<sup>4</sup>

❖ ***Contractor Background Investigation Process***

(FY 2013 – Work in Process – Audit Number: 201310028)

**Audit Objective:** Determine the effectiveness of the IRS’s controls to identify contract actions that require provisions to safeguard against unauthorized contractor access to sensitive information during the course of contract performance and the identification of related contractor positions requiring background investigations.

❖ ***Continuous Monitoring Strategy***

(FY 2013 – Work in Process – Audit Number: 201320003)

**Audit Objective:** Determine whether the IRS’s continuous monitoring of security controls has been effectively implemented and meets standards.

❖ ***Internet Protocol Version 6 Transition***

(FY 2013 – Work in Process – Audit Number: 201320009)

**Audit Objective:** At the suggestion of the IRS, determine whether the IRS has made adequate preparations and progress to comply with Office of Management and Budget’s requirements to convert to Internet Protocol version 6 (IPv6) for network traffic.

❖ ***Management of the Safeguard Program***

(FY 2013 – Work in Process – Audit Number: 201320029)

**Audit Objective:** Determine whether the IRS’s Office of Safeguards effectively provides oversight of agencies that receive Federal tax information.

❖ ***Disposal of Federal Electronic Assets***

(FY 2013 – Work in Process – Audit Number: 201320022)

**Audit Objective:** Validate the accuracy of the Disposal Asset Inventory and determine the effectiveness of the IRS’s actions taken to fulfill, or plans to fulfill, the requirements set forth by General Services Administration Bulletin Federal Management Regulation B-34.<sup>5</sup> Requirements were established for Federal agencies for the recycling, reuse, and disposal of Federal electronic assets.

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<sup>4</sup> TIGTA, Ref. No. 2010-40-098, *Target Dates Have Not Been Established to Eliminate or Reduce Taxpayer Social Security Numbers From Outgoing Correspondence* (Aug. 2010).

<sup>5</sup> U.S. General Services Administration, GSA Bulletin FMR [Federal Management Regulation] B-34, *Disposal of Federal Electronic Assets* (Feb. 29, 2012).

❖ ***Taxpayer Representatives With “Potentially Dangerous” Indicators***

(FY 2013 – Work in Process – Audit Number: 201340030)

**Audit Objective:** Determine the adequacy of processes and procedures for employees, who have direct contact with taxpayer representatives, to identify those representatives that are considered potentially dangerous or warrant caution upon contact.

❖ ***Law Enforcement Assistance Program***

(FY 2013– Work in Process – Audit Number: 201340037)

**Audit Objective:** Determine whether requests for tax return data under the Law Enforcement Assistance Program are processed accurately, timely, and securely.

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Fiscal Year 2014 Planned Audits for CHALLENGE 2:  
Implementing the Affordable Care Act and  
Other Tax Law Changes

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*Each filing season tests the ability of the IRS to implement major tax law changes made by Congress. Correctly implementing tax law changes remains a significant challenge because the IRS must often act quickly to assess the changes and determine the necessary actions to ensure that all legislated requirements are satisfied. In addition, the IRS must often create new or revise existing tax forms, instructions, and publications; revise internal operating procedures; and reprogram computer systems to accurately and timely process tax returns claiming the new tax law changes. The Affordable Care Act contains an extensive array of tax law changes that will present many challenges for the IRS in the coming years. The Affordable Care Act will have a far-reaching impact on the IRS and will require significant resources, particularly customer service resources as taxpayers turn to the IRS with questions. We have 14 new or in-process audits for this major management and performance challenge.*

❖ ***Security Over Health Insurance Exchange Information Required by the Affordable Care Act***

(FY 2014 – New Start – Audit Number: 201420302)

**Audit Objective:** Determine whether tax, health, and insurance information being exchanged between the IRS and other agencies are being adequately protected at rest and in transit.

❖ ***Affordable Care Act Information Returns Project***

(FY 2014 – New Start – Audit Number: 201420310)

**Audit Objective:** To determine whether the IRS is adequately mitigating systems development risks under the Affordable Care Act program to achieve business and information technology goals for the Information Returns Project as a core system for the program.

❖ ***The Foreign Account Tax Compliance Act System Development***

(FY 2014 – New Start – Audit Number: 201420013)

**Audit Objective:** Evaluate the system development controls for the Foreign Account Tax Compliance Act<sup>6</sup> program.

❖ ***Affordable Care Act Core Systems Within the Internal Revenue Service’s Enterprise Architecture***

(FY 2014 – New Start – Audit Number: 201420315)

**Audit Objective:** Determine whether the IRS is mitigating risks, including systems integration, for the Affordable Care Act Program Management Office core information technology projects within an Agency-Wide Enterprise Architecture Process.

❖ ***Implementation of the Affordable Care Act Health Insurance Providers Fee***

(FY 2014 – New Start – Audit Number: 201440303)

**Audit Objective:** Determine whether the IRS has developed processes to identify providers required to file premiums reports required for the Health Insurance Providers Fee (provision 9010), assess penalties on those that do not, and determine health insurance providers market shares and applicable annual fees.

❖ ***2014 Interim Filing Season***

(FY 2014 – New Start – Audit Number: 201440013)

**Audit Objective:** Provide select information relating to the IRS’s 2014 Filing Season.

❖ ***2014 Filing Season***

(FY 2014 – New Start – Audit Number: 201440014)

**Audit Objective:** Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2014 Filing Season.

❖ ***Small Business Health Care Tax Credit for Tax-Exempt Organizations***

(FY 2012 – Work in Process – Audit Number: 201210323)

**Audit Objective:** Assess whether the IRS has controls in place to provide reasonable assurance that tax-exempt organizations are appropriately claiming the Small Business Health Care Tax Credit.

❖ ***Annual Fees Assessed on Branded Prescription Pharmaceutical Manufacturers and Importers***

(FY 2013 – Work in Process – Audit Number: 201330328)

**Audit Objective:** Evaluate the IRS’s efforts to identify taxpayers who are not compliant with Section (§) 9008 of the Affordable Care Act and its associated enforcement efforts.

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<sup>6</sup> Pub. L. No. 111-147, Subtitle A, 124 Stat 71, \*96-116 (2010)(codified in scattered sections of 26 U.S.C.).

❖ ***Patient-Centered Outcomes Research Trust Fund***

(FY 2013 – Work in Process – Audit Number: 201330348)

**Audit Objective:** Evaluate the IRS’s implementation of the Affordable Care Act § 6301 for the Patient-Centered Outcomes Research Trust Fund and whether the IRS identifies and addresses any noncompliance with this requirement.

❖ ***Medical Device Excise Tax***

(FY 2013 – Work in Process – Audit Number: 201340332)

**Audit Objective:** Assess the effectiveness of the IRS’s processing of tax returns reporting the Medical Device Excise Tax and efforts to identify taxpayer noncompliance.

❖ ***Customer Service Strategy for the Minimum Essential Insurance Requirement and Premium Tax Credit Provisions in the Affordable Care Act***

(FY 2013 – Work in Process – Audit Number: 201340317)

**Audit Objective:** Evaluate the IRS’s customer service planning efforts to provide individuals with assistance relating to the Affordable Care Act provisions on obtaining minimum essential health insurance coverage and tax credits to offset health care expenses.

❖ ***Implementation of the Expanded Exclusion for Student Loan Repayment Programs for Certain Health Professionals***

(FY 2013 – Work in Process – Audit Number: 201340329)

**Audit Objective:** Evaluate the overall effectiveness of the IRS’s strategy to implement the expanded loan repayment/forgiveness exclusion from income provision for certain health professionals.

❖ ***Accuracy of the Income and Family Size Verification and the Maximum Advanced Premium Tax Credit Calculation***

(FY 2013 – Work in Process – Audit Number: 201340335)

**Audit Objective:** Assess the accuracy of the IRS’s calculation of family income for the purposes of determining insurance eligibility and the accuracy of its calculation of the Advanced Premium Tax Credit.

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Fiscal Year 2014 Planned Audits for CHALLENGE 3:  
**Tax Compliance Initiatives**

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*Despite an estimated voluntary compliance rate of 83 percent and IRS enforcement efforts, a significant amount of income remains unreported and unpaid. Tax compliance initiatives include the administration of tax regulations, collection of the correct amount of tax from businesses and individuals, and oversight of tax-exempt and government entities. We have 50 new or in-process audits for this major management and performance challenge.*

❖ ***IRS Employee Tax Compliance***

(FY 2014 – New Start – Audit Number: 201410005)

**Audit Objective:** Assess the IRS’s actions to address employee tax noncompliance.

❖ ***Exempt Organizations Function’s Oversight of §§ 501(c)(4)-(c)(6) Organizations Potentially Participating in Political Campaign Intervention***

(FY 2014 – New Start – Audit Number: 201410007)

**Audit Objective:** Assess the Exempt Organizations function’s process for identifying and addressing Internal Revenue Code (I.R.C.) §§ 501(c)(4)-(c)(6) organizations that are potentially involved in significant political campaign intervention.

❖ ***Excess Contributions to Retirement Plans – Follow-Up***

(FY 2014 – New Start – Audit Number: 201410008)

**Audit Objective:** Assess actions the IRS has taken to improve compliance with annual limits for contributing to retirement plans.<sup>7</sup>

❖ ***Status of Actions to Improve Identification and Processing of Applications for Tax-Exempt Status – Follow-Up***

(FY 2014 – New Audit – Audit Number: 201410009)

**Audit Objective:** Determine the status of the IRS’s corrective actions on recommendations to improve identification and processing of applications for tax-exempt status involving political campaign intervention.<sup>8</sup>

❖ ***Information Reporting Document Matching Systems Development***

(FY 2014 – New Start – Audit Number: 201420012)

**Audit Objective:** Determine whether the new Enterprise Project Management Office organization is adequately managing Information Reporting Document Matching systems development risks and achieving stated business and information technology requirements to improve compliance and reduce the Tax Gap.

❖ ***Trends in Compliance Activities Through Fiscal Year 2013***

(FY 2014 – New Start – Audit Number: 201430011)

**Audit Objective:** Provide various statistical information and data trends related to Collection and Examination function activities.

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<sup>7</sup> TIGTA, Ref. No. 2010-40-043, *A Service-wide Strategy Is Needed to Address Growing Noncompliance With Individual Retirement Account Contribution and Distribution Requirements* (Mar. 2010).

<sup>8</sup> TIGTA, Ref. No. 2013-10-053, *Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review* (May 2013).

❖ ***Delinquent Taxes Owed by State and Local Government Entities - Follow-Up***  
(FY 2014 – New Start – Audit Number: 201430012)

**Audit Objective:** At the suggestion of the IRS, evaluate the IRS's efforts to collect delinquent taxes and secure delinquent tax returns from State and local governments.<sup>9</sup>

❖ ***Accuracy of Financial Analyses During Collection***  
(FY 2014 – New Start – Audit Number: 201430013)

**Audit Objective:** Determine whether IRS Collection function employees are appropriately conducting and documenting financial assessments when assessing a taxpayer's ability to pay taxes owed.

❖ ***Effectiveness of the Embedded Quality and National Quality Programs in the Collection Field Function - Follow-Up***  
(FY 2014 – New Start – Audit Number: 201430014)

**Audit Objective:** At the suggestion of the IRS, evaluate the Embedded Quality and National Quality Programs used in the Collection Field function, including whether management uses the results to assess program performance.<sup>10</sup>

❖ ***Criminal Investigation Case Selection***  
(FY 2014 – New Start – Audit Number: 201430016)

**Audit Objective:** Evaluate the case selection process for the IRS's tax-related criminal investigations.

❖ ***Cost Basis Reporting On Security Transactions***  
(FY 2014 – New Start – Audit Number: 201430018)

**Audit Objective:** Evaluate the IRS's use of the expanded information reporting on Form 1099-B, *Proceeds-From-Broker-and-Barter-Exchange-Transactions*, to ensure that taxpayers accurately report the sale of investments, such as stocks, bonds, or certain commodities.

❖ ***Whistleblower Claims***  
(FY 2014 – New Start – Audit Number: 201430019)

**Audit Objective:** Determine whether the IRS ensures that whistleblower claims are appropriately and timely investigated to identify any noncompliance or potential fraud, including using statutory exceptions to the disclosure laws to discuss claims with whistleblowers.

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<sup>9</sup> TIGTA, Ref. No. 2007-10-166, *Efforts to Collect Delinquent Employment Taxes Owed by Government Entities Could Be Improved* (Aug. 2007).

<sup>10</sup> TIGTA, Ref. No. 2009-30-104, *Embedded Quality Is an Effective Measure of Field Collection Program Work, but Improvements Could Be Made* (Aug. 2009).

❖ ***Consideration of Preparer Penalties During Audits***

(FY 2014 – New Start – Audit Number: 201430020)

**Audit Objective:** Determine whether preparer penalties are appropriately considered in accordance with IRS procedures and guidelines during audits to promote compliance with tax laws.

❖ ***The National Quality Review System in the Small Business/Self-Employed Division Examination Function***

(FY 2014 – New Start – Audit Number: 201430021)

**Audit Objective:** At the suggestion of the IRS, determine the accuracy of the National Quality Review System and how IRS management uses the feedback to enhance the quality of Small Business/Self-Employed Division audits.

❖ ***Earned Income Tax Credit Two-Year Ban***

(FY 2014 – New Start – Audit Number: 201430022)

**Audit Objective:** Determine whether the IRS is appropriately imposing the two-year ban on claiming the Earned Income Tax Credit in accordance with statutory and administrative guidelines, and whether opportunities exist to improve taxpayer compliance.

❖ ***Tax Compliance of High Wealth Individuals***

(FY 2014 – New Start – Audit Number: 201430023)

**Audit Objective:** Determine the effectiveness of the IRS's efforts to ensure the tax compliance of high wealth individuals.

❖ ***Audit Selection***

(FY 2014 – New Start – Audit Number: 201430025)

**Audit Objective:** Evaluate the criteria the IRS uses to select income tax returns for audit.

❖ ***Processing of Schedule K-1***

(FY 2014 – New Start – Audit Number: 201440002)

**Audit Objective:** Assess the IRS's processes and controls to ensure that Schedule K-1<sup>11</sup> income and credits accurately reflect information reported on the business tax return.

❖ ***Federal Unemployment Tax Certification Program***

(FY 2014 – New Start – Audit Number: 201440008)

**Audit Objective:** Evaluate whether the IRS's Federal Unemployment Tax Certification Program ensures the accuracy of Federal Unemployment Tax Credit claims.

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<sup>11</sup> Form 1041 (Schedule K-1), *Beneficiary's Share of Income, Deductions, Credits, etc.*; Form 1065 (Schedule K-1), *Partner's Share of Income, Deductions, Credits, etc.*; and Form 1120S (Schedule K-1), *Shareholder's Share of Income, Deductions, Credits, etc.*

❖ ***Combined Annual Wage Reporting Program***

(FY 2014 – New Start – Audit Number: 201440009)

**Audit Objective:** Evaluate whether the IRS’s Combined Annual Wage Reporting Program ensures that employers report and remit the proper amount of employment taxes.

❖ ***Reporting of Simplified Employee Pensions Retirement Plan Contributions***

(FY 2012 – Work in Process – Audit Number: 201210031)

**Audit Objective:** Determine whether the IRS’s controls and third-party data are adequate to identify potentially improper deductions for contributions made by self-employed taxpayers to their own Simplified Employee Pension plan retirement account.

❖ ***Tax-Exempt Organizations With Unpaid Assessments***

(FY 2013 – Work in Process – Audit Number: 201310026)

**Audit Objective:** Determine whether, and to what extent, tax-exempt organizations have known unpaid Federal taxes and identify what actions the Exempt Organizations function has taken to address tax-exempt organizations’ noncompliance.

❖ ***National Research Program – Employment Tax Study***

(FY 2013 – Work in Process – Audit Number: 201310023)

**Audit Objective:** Determine whether the National Research Program – Employment Tax Study is being properly implemented and providing reliable results for making strategic planning decisions and measuring the Tax Gap.

❖ ***Retirement Savings Contributions Credit***

(FY 2013 – Work in Process – Audit Number: 201310027)

**Audit Objective:** Determine whether the IRS’s controls are adequate to identify questionable claims for the Retirement Savings Contributions Credit.

❖ ***Savings Incentive Match Plan for Employees Retirement Plan Contributions***

(FY 2013 – Work in Process – Audit Number: 201310014)

**Audit Objective:** Assess whether the IRS has adequate controls in place to determine if business expense claims for Savings Incentive Match Plan for Employees contributions to employee accounts are proper.

❖ ***Criteria to Identify Tax-Exempt Applications for Further Review***

(FY 2013 – Work in Process – Audit Number: 201310034)

**Audit Objective:** Assess the IRS’s development and use of selected criteria to identify tax-exempt applications for review.

❖ ***Field Insolvency***

(FY 2012 – Work in Process – Audit Number: 201230013)

**Audit Objective:** Determine whether the Field Insolvency operation has effective controls and procedures in place to take appropriate and timely actions to protect the Government's interest and taxpayer's rights during bankruptcy proceedings.

❖ ***Trust Fund Recovery Penalty Case Actions***

(FY 2012 – Work in Process – Audit Number: 201230015)

**Audit Objective:** Determine whether the Small Business/Self-Employed Division Collection Field function is timely and effectively making Trust Fund Recovery Penalty determinations.

❖ ***Refund Hold Program in Compliance Services Collection Operations***

(FY 2012 – Work in Process – Audit Number: 201230018)

**Audit Objective:** Determine the effectiveness of the Refund Hold Program under the direction of Compliance Services Collection Operations as a tool to promote the filing of tax returns that are delinquent.

❖ ***Collection Workload Selection Criteria***

(FY 2012 – Work in Process – Audit Number: 201230019)

**Audit Objective:** Determine how the IRS monitors and makes adjustments to its collection inventory selection process, including assigning the most productive cases.

❖ ***Impact of Budget Cuts on Collection Programs***

(FY 2013 – Work in Process – Audit Number: 201330010)

**Audit Objective:** Determine the impact that the IRS budget cuts have had on collection programs.

❖ ***Impact of Fresh Start Initiative on Future Tax Compliance***

(FY 2013 – Work in Process – Audit Number: 201330011)

**Audit Objective:** Determine the effectiveness of the Fresh Start Initiative in promoting future tax compliance.

❖ ***Impact of Redesigned Collection Notices on Taxpayer Response and Compliance Rates***

(FY 2013 – Work in Process – Audit Number: 201330012)

**Audit Objective:** Determine the impact of the IRS's collection notice redesign effort in improving taxpayer response rates and facilitating the resolution of cases earlier in the collection process.

❖ ***Collection Actions Involving Delinquent Federal Employees***

(FY 2013 – Work in Process – Audit Number: 201330013)

**Audit Objective:** Determine whether the IRS has controls in place to effectively identify and promote tax compliance among current and retired Federal employees.

❖ ***Collection Cases Closed Currently Not Collectible - Unable to Contact***

(FY 2013 – Work in Process – Audit Number: 201330014)

**Audit Objective:** Determine whether Currently Not Collectible cases closed as Unable to Contact or Unable to Locate are adequately researched, documented, and approved to ensure that all actions have been taken to collect outstanding taxpayer liabilities.

❖ ***Automated Collection System Inventory Management***

(FY 2013 – Work in Process – Audit Number: 201330017)

**Audit Objective:** Determine whether the Automated Collection System inventory management process can be improved to balance workload and maximize the assignment of productive cases.

❖ ***Defunct Corporations Closed As Currently Not Collectible***

(FY 2013 – Work in Process – Audit Number: 201330018)

**Audit Objective:** Evaluate the collection actions taken by the Collection Field function on taxpayer accounts closed as defunct.

❖ ***Return Preparer Program Coordinator Activities***

(FY 2012 – Work in Process – Audit Number: 201230021)

**Audit Objective:** Determine whether opportunities exist to enhance the compliance efforts of the Small Business/Self-Employed Division's Return Preparer Program coordinators.

❖ ***Fuel Tax Credits***

(FY 2012 – Work in Process – Audit Number: 201230024)

**Audit Objective:** At the request of the IRS, evaluate whether opportunities exist to improve the return classification and audit processes for individual income tax returns claiming a fuel tax credit.

❖ ***Frozen Credits***

(FY 2012 – Work in Process – Audit Number: 201230025)

**Audit Objective:** Determine what actions the IRS has taken to resolve individual and business taxpayer accounts with frozen credits.

❖ ***Impact of Automated Underreporter Notices on Compliance***

(FY 2012 – Work in Process – Audit Number: 201230026)

**Audit Objective:** At the suggestion of the IRS Oversight Board, determine the type and extent of noncompliance addressed by the Automated Underreporter Program and if additional steps could be taken to enhance program accomplishments.

❖ ***Estate and Gift Tax Programs***

(FY 2013 – Work in Process – Audit Number: 201330034)

**Audit Objective:** At the suggestion of the IRS, evaluate how well the IRS identifies and addresses potential areas of noncompliance on estate and gift tax returns.

❖ ***Audits Conducted Under the Tax Equity and Fiscal Responsibility Act***

(FY 2013 – Work in Process – Audit Number: 201330038)

**Audit Objective:** Analyze the types of noncompliance the IRS has detected among Tax Equity and Fiscal Responsibility Act<sup>12</sup> partnerships and assess the progress the IRS is making to address any noncompliance. We will also follow-up on the corrective actions taken in response to our prior reports.<sup>13</sup>

❖ ***Interest and Penalty Abatements***

(FY 2013 – Work in Process – Audit Number: 201330044)

**Audit Objective:** At the suggestion of the IRS, evaluate the IRS's processes for abating interest and penalties.

❖ ***Examination of Claims for Refunds***

(FY 2013 – Work in Process – Audit Number: 201330047)

**Audit Objective:** Assess how well the IRS is addressing the risks posed by claims for refund.

❖ ***Criminal Investigation's Use of Search and Seizure Warrants***

(FY 2013 – Work in Process – Audit Number: 201330049)

**Audit Objective:** Determine whether Criminal Investigation is properly processing search and seizure warrants and following the policies for maintaining the chain of custody for any evidence obtained.

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<sup>12</sup> Pub. L. No. 97-248, 96 Stat. 324 (codified in scattered sections of 26 U.S.C.).

<sup>13</sup> TIGTA, Ref. No. 2012-30-060, *Despite Some Favorable Partnership Audit Trends, the Number of No-Change Audits Is a Concern* (Jun. 2012); Ref. No. 2006-30-106, *Examinations of Partnerships Often Do Not Follow All Procedures Required by the Tax Equity and Fiscal Responsibility Act of 1982* (Jul. 2006).

❖ ***Seizure and Sale Program***

(FY 2013 – Work in Process – Audit Number: 201330016)

**Audit Objective:** Evaluate the IRS’s seizure and sale program.

❖ ***Implementation of the Work Opportunity Tax Credit***

(FY 2013 – Work in Process – Audit Number: 201340026)

**Audit Objective:** Determine whether controls are sufficient to ensure that employer claims for the Work Opportunity Credit are accurate.

❖ ***Professional Employer Organizations***

(FY 2013 – Work in Process – Audit Number: 201340024)

**Audit Objective:** Determine whether controls are adequate to protect the Government’s interest when Professional Employer Organizations are not compliant or when the relationship between the Professional Employer Organization and the client is terminated.

❖ ***Effectiveness of the Verification of Alimony Paid and Alimony Received***

(FY 2012 – Work in Process – Audit Number: 201240016)

**Audit Objective:** Determine whether individuals are accurately reporting alimony payments and deductions.

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Fiscal Year 2014 Planned Audits for CHALLENGE 4:  
**Modernization**

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*The Modernization Program is a complex effort to modernize IRS technology and related business processes. It involves integrating thousands of hardware and software components while replacing outdated technology and maintaining the current tax system. The IRS’s modernization efforts continue to focus on core tax administration systems designed to provide more sophisticated tools to taxpayers and IRS employees and will provide the foundation for implementing a real-time tax system, reducing improper payments and fraudulent refunds, and providing the technology infrastructure and architecture that will enable taxpayers and other stakeholders the capability to securely access tax account information. We have eight new or in-process audits for this major management and performance challenge.*

❖ ***FY 2014 Annual Assessment of the IRS’s Information Technology Program***

(FY 2014 – New Start – Audit Number: 201420009)

**Audit Objective:** To assess the progress of the IRS’s Information Technology program, including modernization, security, and operations, for FY 2014.

❖ ***Development Efforts for Financial System Requirements for the Customer Account Data Engine 2 System and for Addressing the Internal Revenue Service’s Material Weaknesses***

(FY 2014 – New Start – Audit Number: 201420011)

**Audit Objective:** To determine the progress of Information Technology (IT) organization, Chief Financial Officer, and Wage and Investment Division activities to address financial material weaknesses through the development of the Customer Account Data Engine 2 (CADE 2).

❖ ***Integrated Production Model Data Strategy***

(FY 2014 – New Start – Audit Number: 201420018)

**Audit Objective:** Assess the maturity of the Integrated Production Model data strategy for supporting data-centric systems modernization and applications development.

❖ ***Customer Account Data Engine 2 Transition State 2***

(FY 2014 – New Start – Audit Number: 201420019)

**Audit Objective:** Determine whether the IRS has developed adequate plans to achieve the goals of CADE 2 Transition State 2.

❖ ***Transitioning to a Storage-As-a-Service Contract***

(FY 2014 – New Start – Audit Number: 201420020)

**Audit Objective:** Evaluate the effectiveness and efficiency of the IRS’s initial and ongoing efforts to transition to the Enterprise Computing Center Support program.

❖ ***Filing Season Final Integration Testing***

(FY 2013 – Work in Process – Audit Number: 201320018)

**Audit Objective:** Evaluate the effectiveness of the IRS’s 2014 Final Integration Testing processes.

❖ ***Review of Customer Account Data Engine 2 Data Validation***

(FY 2013 – Work in Process – Audit Number: 201320030)

**Audit Objective:** Determine whether the IRS’s data validation plan will ensure that the data in the CADE 2 database are accurate and complete.

❖ ***Efforts to Increase the Electronic Filing of Business Tax Returns***

(FY 2013 – Work in Process – Audit Number: 201340023)

**Audit Objective:** Assess the effectiveness of the IRS’s efforts to increase the number of e-filed business tax returns.

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## Fiscal Year 2014 Planned Audits for CHALLENGE 5: Fraudulent Claims and Improper Payments

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*For the IRS, improper and erroneous credits and payments generally involve improperly paid refunds, tax return filing fraud, or overpayments to vendors or contractors. This challenge also includes refundable credits that the IRS administers and contracts or other payments made by the IRS. We have 24 new or in-process audits planned for this major management and performance challenge.*

❖ ***Government Charge Card Abuse Prevention Act of 2012 - Mandatory Review (October 1 - March 31)***

(FY 2014 – New Start – Audit Number: 201410010)

**Audit Objective:** The Government Charge Card Abuse Prevention Act of 2012<sup>14</sup> requires TIGTA to report by July 30, 2014: A summary description of confirmed violations involving misuse of a purchase card following the completion of an agency and/or Inspector General review; and a summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card.

❖ ***Compliance With the Consolidated Appropriations Act of 2012 and Related Suspension and Debarment Program***

(FY 2014 – New Start – Audit Number: 201410013)

**Audit Objective:** Determine whether the IRS has complied with the requirements of the Consolidated Appropriation Act of 2012,<sup>15</sup> whether suspension and debarment policies and procedures are in place, and whether the IRS is appropriately applying this administrative tool to protect the Government's interest.

❖ ***Return Review Program Implementation of Predictive Analytic Models, Business Rules Design, Testing, Maintenance, and Deployment***

(FY 2014 – New Start – Audit Number: 201420017)

**Audit Objective:** Evaluate the information technology and management related to predictive analytic models and business rules design, development, and testing.

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<sup>14</sup> Pub. L. 112-194.

<sup>15</sup> Pub. L. 112-74— 2012, § 630.

❖ ***Detection and Prevention of Identity Theft on Individual Tax Accounts - Follow-Up***

(FY 2014 – New Start – Audit Number: 201440001)

**Audit Objective:** Determine the effectiveness of the IRS’s ongoing efforts to detect and prevent identity theft.<sup>16</sup>

❖ ***Detection and Prevention of Identity Theft on Business Tax Accounts***

(FY 2014 – New Start – Audit Number: 201440004)

**Audit Objective:** Determine the effectiveness of the IRS’s efforts to implement a business return program to detect and prevent identity theft.

❖ ***Withholding on U.S. Income Tax Return of a Foreign Corporation***

(FY 2014 – New Start – Audit Number: 201440006)

**Audit Objective:** Assess the IRS’s procedures and controls to identify and prevent questionable withholding claims on Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*.

❖ ***Prior-Year Minimum Tax Credit***

(FY 2014 – New Start – Audit Number: 201440007)

**Audit Objective:** Assess the IRS’s controls to detect and prevent questionable claims for the prior-year minimum taxes on corporate tax returns.

❖ ***Efforts to Identify and Prevent Erroneous Education Credits – Follow-Up***

(FY 2014 – New Start – Audit Number: 201440015)

**Audit Objective:** Assess the IRS’s efforts to improve the detection and prevention of erroneous Education Credit claims.<sup>17</sup>

❖ ***Authentication of Individual Income Tax Return Filers***

(FY 2014 – New Start – Audit Number: 201440016)

**Audit Objective:** Assess the IRS’s efforts to authenticate individual taxpayers’ identities at the time a tax return is filed.

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<sup>16</sup> TIGTA, Ref. No. 2013-40-062, *The Taxpayer Protection Program Improves Identity Theft Detection; However, Case Processing Controls Need to Be Improved* (June 2013).

<sup>17</sup> TIGTA, Ref. No. 2012-40-119, *The Majority of Individual Tax Returns Were Processed Timely, but Not All Tax Credits Were Processed Correctly During the 2012 Filing Season* (Sept. 2012); Ref. No. 2011-41-083, *Billions of Dollars in Education Credits Appear to Be Erroneous* (Sept. 2011); Ref. No. 2009-30-141, *Improvements Are Needed in the Administration of Education Credits and Reporting Requirements for Educational Institutions* (Sept. 2009).

❖ ***Duplicate Use of Taxpayer Identification Numbers – Follow-Up***

(FY 2014 – New Start – Audit Number: 201440017)

**Audit Objective:** Assess the effectiveness of the IRS’s efforts to prevent taxpayers from inappropriately receiving tax benefits as a result of multiple uses of Taxpayer Identification Numbers.<sup>18</sup>

❖ ***Compliance With the Improper Payments Elimination and Recovery Act in FY 2013***

(FY 2014 – New Start – Audit Number: 201440018)

**Audit Objective:** Determine whether the IRS complied with the requirements contained in the Improper Payments Elimination and Recovery Act of 2010<sup>19</sup> for FY 2013.

❖ ***Compliance With Executive Order 13520, Reducing Improper Payments, in FY 2013***

(FY 2014 – New Start – Audit Number: 201440019)

**Audit Objective:** Determine whether the IRS complied with the requirements contained in Executive Order 13520, *Reducing Improper Payments*, with regard to reducing improper payments in FY 2013.

❖ ***Evaluation of the Automated Questionable Credit Program***

(FY 2014 – New Start – Audit Number: 201440020)

**Audit Objective:** Determine whether the Automated Questionable Credit Program is preventing the issuance of tax refunds which result from erroneous tax credit claims.

❖ ***Assessment of Individual Tax Return Information Used to Detect and Prevent Erroneous Tax Benefits***

(FY 2014 – New Start – Audit Number: 201440021)

**Audit Objective:** At the suggestion of the IRS Oversight Board, assess the adequacy of the IRS’s plans to improve the processing of paper tax returns, including efforts to reduce errors and to increase the amount of return information input into IRS computer systems.

❖ ***Detection of Erroneous Moving Expense Deductions***

(FY 2014 – New Start – Audit Number: 201440022)

**Audit Objective:** Assess the IRS’s efforts to detect erroneous moving expense deductions claimed on individual income tax returns.

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<sup>18</sup> TIGTA, Ref. No. 2010-40-117, *Multiple Use of Taxpayer Identification Numbers Continues to Result in Significant Erroneous Exemptions and Credits* (Sept. 2010).

<sup>19</sup> Pub. L. No. 111-204, 124 Stat. 2224.

❖ ***Controls Over Sole-Source Contracts***

(FY 2013 – Work in Process – Audit Number: 201310022)

**Audit Objective:** Determine whether sole-source contract awards are made in conformance with regulations relating to restricting competition.

❖ ***Government Charge Card Abuse Prevention Act of 2012 - Mandatory Review (April 1 - September 30)***

(FY 2013 – Work in Process – Audit Number: 201310031)

**Audit Objective:** The Government Charge Card Abuse Prevention Act of 2012<sup>20</sup> requires TIGTA to report by January 31, 2014: A summary description of confirmed violations involving misuse of a purchase card following the completion of an agency and/or Inspector General review; and a summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card. The Act also requires Inspectors General to report on the status of prior recommendation implementation.

❖ ***External Leads Program***

(FY 2013 – Work in Process – Audit Number: 201340028)

**Audit Objective:** Assess the effectiveness of the IRS's External Leads Program in recovering questionable tax refunds.

❖ ***Identification of Questionable Wage and Tax Statements***

(FY 2013 – Work in Process – Audit Number: 201340033)

**Audit Objective:** Assess the IRS's efforts to identify questionable Forms W-2, *Wage and Tax Statement*, received from the Social Security Administration that were prepared and submitted by individuals attempting to commit fraud.

❖ ***Assessing the Validity of Qualifying Advanced Energy Project Credits***

(FY 2013 – Work in Process – Audit Number: 201340127)

**Audit Objective:** Assess the effectiveness of the IRS's efforts to ensure manufacturer compliance with Qualifying Advanced Energy Project Credit requirements.

❖ ***General Business Credits Claimed on Business Tax Returns***

(FY 2013 – Work in Process – Audit Number: 201340022)

**Audit Objective:** Determine whether the IRS's controls are adequate to identify questionable claims for General Business Credits on business tax returns.

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<sup>20</sup> Pub. L. 112-194.

❖ ***Efforts to Reduce Erroneous Refundable Child-Based Tax Credit Payments***  
(FY 2013 – Work in Process – Audit Number: 201340031)

**Audit Objective:** Assess the IRS’s efforts to identify and address the root causes of erroneous Earned Income Tax Credit and Additional Child Tax Credit payments.

❖ ***Processing Forms 1040X, Amended U.S. Individual Income Tax Return***  
(FY 2012 – Work in Process – Audit Number: 201240043)

**Audit Objective:** Determine whether proper controls are in place to ensure that amended returns resulting in refunds were appropriate, contained the proper documentation, and were worked timely.

❖ ***Prisoner Fraud – Follow-Up***  
(FY 2013 – Work in Process – Audit Number: 201340016)

**Audit Objective:** Evaluate the effectiveness of the IRS’s corrective actions to identify and reduce prisoner fraud.<sup>21</sup>

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Fiscal Year 2014 Planned Audits for CHALLENGE 6:  
Providing Quality Taxpayer Service Operations

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*The IRS recognizes that the delivery of effective taxpayer service has a significant impact on voluntary tax compliance. Answering taxpayers’ questions to assist them to correctly prepare their returns reduces the need to send notices and correspondence when taxpayers make errors. Effective taxpayer service also reduces unintentional noncompliance and reduces the need for future collection activity. The IRS continues to focus on the importance of improving service by emphasizing it as a main goal in its strategic plan, including seeking innovative ways to simplify or eliminate processes that unnecessarily burden taxpayers or Government resources. We have 12 new or in-process audits for this major management and performance challenge.*

❖ ***System Development Efforts for the Taxpayer Advocate Service Integrated System***  
(FY 2014 – New Start – Audit Number: 201420014)

**Audit Objective:** Determine whether the IT organization is adequately managing the Taxpayer Advocate Service Integrated System development and testing processes to achieve stated business and information technology requirements for more than 4,400 documented system requirements.

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<sup>21</sup> TIGTA, Ref. No. 2011-40-009, *Significant Problems Still Exist With Internal Revenue Service Efforts to Identify Prisoner Tax Refund Fraud* (Dec. 2010).

❖ ***Development and Implementation of the IRS Enterprise Portal***

(FY 2014 – New Start – Audit Number: 201420022)

**Audit Objective:** Review the IRS’s development and implementation of the IRS Enterprise Portal.

❖ ***Specialized Identity Theft Teams in Collection***

(FY 2014 – New Start – Audit Number: 201430010)

**Audit Objective:** Determine whether referrals to the specialized identity theft teams in the Small Business/Self-Employed and Wage and Investment Divisions’ Filing and Payment Compliance function are properly processed and any new cases of identity theft are effectively worked and resolved.

❖ ***Issuance of Preparer Tax Identification Numbers***

(FY 2014 – New Start – Audit Number: 201440010)

**Audit Objective:** Evaluate the IRS Return Preparer Office’s process to issue Preparer Tax Identification Numbers and enforce requirements.

❖ ***Online Customer Service Strategy***

(FY 2014 – New Start – Audit Number: 201440011)

**Audit Objective:** Evaluate the effectiveness of the IRS’s strategy for providing online customer service.

❖ ***Undelivered and Returned Refunds***

(FY 2014 – New Start – Audit Number: 201440023)

**Audit Objective:** Evaluate the IRS’s efforts to reduce the number of individual tax refund checks that go undelivered or are returned to the IRS each year.

❖ ***Identity Protection Specialized Unit and Identity Theft Victims***

(FY 2014 – New Start – Audit Number: 201440024)

**Audit Objective:** Determine whether the Identity Protection Specialized Unit results in a streamlined process to resolve identity theft cases including providing victims with a single point of contact.

❖ ***Taxpayer Advocate Service Systemic Burden Cases***

(FY 2013 – Work in Process – Audit Number: 201310004)

**Audit Objective:** Determine whether the Taxpayer Advocate Service has an effective system to process taxpayer requests for relief when an IRS process, system, or procedure has failed to operate as intended.

❖ ***Clarity and Sufficiency of Letters and Notices***

(FY 2013 – Work in Process – Audit Number: 201340006)

**Audit Objective:** Determine whether the letters generated by the Correspondex System are clear, use plain language, and are sufficient to help taxpayers take the appropriate action to resolve their tax issues.

❖ ***Services Provided at Taxpayer Assistance Centers***

(FY 2013 – Work in Process – Audit Number: 201340005)

**Audit Objective:** Determine the efficiency and effectiveness of the Taxpayer Assistance Center Program.

❖ ***Credits for Excess Social Security and Railroad Retirement Taxes Withheld***

(FY 2012 – Work in Process – Audit Number: 201240017)

**Audit Objective:** Assess whether taxpayers are accurately taking advantage of excess Social Security and railroad retirement tax withholding deductions.

❖ ***Identity Theft Victim Assistance - Follow-Up***

(FY 2013 – Work in Process – Audit Number: 201340036)

**Audit Objective:** Determine whether the IRS is improving its assistance to victims of identity theft.<sup>22</sup>

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Fiscal Year 2014 Planned Audits for CHALLENGE 7:  
Human Capital

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*Human capital is the Federal Government's most critical asset, making strategic management of human capital a top priority of the IRS. The work performed by IRS employees continually requires greater expertise as tax laws become more complex and attempts by taxpayers and tax practitioners to evade compliance with the tax laws have significantly grown and become more sophisticated. We have two in-process audits for this major management and performance challenge.*

❖ ***Rehiring Employees With Prior Performance or Conduct Concerns***

(FY 2013 – Work in Process – Audit Number: 201310029)

**Audit Objective:** Determine whether processes for determining employment suitability provide reasonable assurance that former employees are only rehired after all prior performance and conduct issues have been considered and decisions are consistent with the Office of Personnel Management Suitability Processing Handbook.

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<sup>22</sup> TIGTA, Ref. No. 2008-40-086, *Outreach Has Improved, but More Action Is Needed to Effectively Address Employment-Related and Tax Fraud Identity Theft* (Mar. 2008).

❖ ***Outside Employment Request Process***

(FY 2013 – Work in Process – Audit Number: 201310009)

**Audit Objective:** Determine whether the IRS has an effective process to provide reasonable assurance that outside employment requests are documented and reviewed for potential conflicts with employees' official duties.

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Fiscal Year 2014 Planned Audits for CHALLENGE 8:  
**Globalization**

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*The scope, complexity, and magnitude of the international financial system present significant enforcement challenges for the IRS. As technology continues to advance and cross-border transactions rise, the IRS is increasingly challenged by economic globalization. Technological advances have provided opportunities for offshore investments that were once only possible for large corporations and wealthy individuals. We have seven new or in-process audits for this major management and performance challenge.*

❖ ***Implementation of the Foreign Account Tax Compliance Act***

(FY 2014 – New Start – Audit Number: 201430015)

**Audit Objective:** Evaluate the IRS's progress in implementing the Foreign Account Tax Compliance Act.<sup>23</sup>

❖ ***Advance Pricing and Mutual Agreement Program***

(FY 2014 – New Start – Audit Number: 201430017)

**Audit Objective:** Evaluate the Advance Pricing and Mutual Agreement Program.

❖ ***Foreign Investment in United States Real Property***

(FY 2013 – Work in Process – Audit Number: 201230022)

**Audit Objective:** Determine the effectiveness of the IRS's efforts to ensure taxpayer compliance related to the disposition of foreign investments in United States real property.

❖ ***International Collection Activities***

(FY 2012 – Work in Process – Audit Number: 201230038)

**Audit Objective:** Determine the effectiveness of the IRS's collection efforts on delinquent taxpayers residing in foreign countries.

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<sup>23</sup> Pub. L. No. 111-147, Subtitle A, 124 Stat. 71, \*96-116 (2010) (codified in scattered sections of 26 U.S.C.).

❖ ***International Tax Notices***

(FY 2013 – Work in Process – Audit Number: 201330022)

**Audit Objective:** Evaluate the impact on compliance of IRS tax notices sent to business and individual taxpayers residing outside of the United States.

❖ ***Foreign Tax Credit***

(FY 2013 – Work in Process – Audit Number: 201330050)

**Audit Objective:** Evaluate whether the Foreign Tax Credit is accurately processed when foreign government taxes are used to offset Federal taxes.

❖ ***Totalization Agreements***

(FY 2013 – Work in Process – Audit Number: 201330023)

**Audit Objective:** Evaluate the IRS's efforts to identify taxpayers affected by totalization agreements and ensure that their Social Security taxes are properly paid in accordance with these agreements.

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Fiscal Year 2014 Planned Audits for CHALLENGE 9:  
Taxpayer Protection and Rights

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*The IRS must ensure that tax compliance activities are balanced against the rights of taxpayers to receive fair and equitable treatment. The IRS continues to dedicate significant resources and attention to complying with taxpayer rights provisions of the RRA 98.<sup>24</sup> We have 13 new or in-process audits for this major management and performance challenge.*

❖ ***FY 2014 Mandatory Review of Collection Due Process***

(FY 2014 – New Start – Audit Number: 201410002)

**Audit Objective:** 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.

❖ ***Statutory Review of FY 2013 Fair Tax Collection Practices Act Violations***

(FY 2014 – New Start – Audit Number: 201410006)

**Audit Objective:** Obtain information on any IRS administrative or civil actions resulting from violations of the Fair Tax Collection Practices Act.<sup>25</sup>

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<sup>24</sup> Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

<sup>25</sup> I.R.C. § 6304.

❖ ***FY 2014 Mandatory Review of Liens***

(FY 2014 – New Start – Audit Number: 201430001)

**Audit Objective:** 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.

❖ ***FY 2014 Mandatory Review of Seizures***

(FY 2014 – New Start – Audit Number: 201430002)

**Audit Objective:** Determine whether seizures conducted by the IRS complied with legal provisions set forth in I.R.C. §§ 6330 through 6344 (1994 & Supp. IV 1998) and with the IRS's own internal procedures.

❖ ***FY 2014 Mandatory Review of Levies***

(FY 2014 – New Start – Audit Number: 201430003)

**Audit Objective:** Determine whether the IRS has complied with 26 U.S.C. § 6330, Notice and Opportunity for Hearing Before Levy.

❖ ***FY 2014 Mandatory Review of Disclosure of Collection Activities on Joint Returns***

(FY 2014 – New Start – Audit Number: 201430004)

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

❖ ***FY 2014 Mandatory Review of IRS Compliance With Restrictions on the Use of Enforcement Statistics***

(FY 2014 – New Start – Audit Number: 201430005)

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

❖ ***FY 2014 Mandatory Review of the Compliance With the Freedom of Information Act***

(FY 2014 – New Start – Audit Number: 201430006)

**Audit Objective:** Determine whether the IRS improperly withheld information requested by taxpayers in writing, based on the Freedom of Information Act (FOIA)<sup>26</sup> exemption (b)(3), in conjunction with I.R.C. § 6103, and/or FOIA exemption (b)(7), or by replying that responsive records were not available.

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<sup>26</sup> 5 U.S.C. § 552.

❖ ***FY 2014 Mandatory Review of Illegal Tax Protestors and Similar Designations***

(FY 2014 – New Start – Audit Number: 201430007)

**Audit Objective:** 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.

❖ ***FY 2014 Mandatory Review of Restrictions on Directly Contacting Taxpayers***

(FY 2014 – New Start – Audit Number: 201430008)

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

❖ ***FY 2014 Mandatory Review of Assessment Statute Extension Date***

(FY 2014 – New Start – Audit Number: 201430009)

**Audit Objective:** Determine whether the IRS is complying with the I.R.C. § 6501(c)(4)(B), which requires the IRS to provide notice to taxpayers of their right to decline to extend the assessment statute of limitations or to request that any extension be limited to a specific period of time or to specific issues.

❖ ***Implementation of the Voluntary Classification Settlement Program***

(FY 2013 – Work in Process – Audit Number: 201340025)

**Audit Objective:** Assess the IRS's Voluntary Classification Settlement Program.

❖ ***Reporting Complaints Against Tax Preparers – Follow-Up***

(FY 2013 – Work in Process – Audit Number: 201340008)

**Audit Objective:** Determine whether the process for taxpayers to report complaints against tax return preparers to the IRS is effective.<sup>27</sup>

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Fiscal Year 2014 Planned Audits for CHALLENGE 10:  
Achieving Program Efficiencies and Cost Savings

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*Given the current economic environment and the increased focus by the Administration, Congress, and the American people on Federal Government accountability and efficient use of resources, the American people must be able to trust that their Government is taking action to stop wasteful practices and ensure that every tax dollar is spent wisely. While the IRS has made progress in using its data to improve program effectiveness and reduce costs, this area continues*

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<sup>27</sup> TIGTA, Ref. No. 2009-40-032, *The Process Taxpayers Must Use to Report Complaints Against Tax Return Preparers Is Ineffective and Causes Unnecessary Taxpayer Burden* (Feb. 2009).

to be a major challenge. We have 17 new or in-process audits for this major management and performance challenge.

❖ ***FY 2013 Federal Financial Management Improvement Act Remediation Plan***  
(FY 2014 – New Start – Audit Number: 201410001)

**Audit Objective:** Determine the IRS's compliance with the Federal Financial Management Improvement Act<sup>28</sup> requirements.

❖ ***Consolidation of the Internal Revenue Service's Research Programs***  
(FY 2014 – New Start – Audit Number: 201410003)

**Audit Objective:** At the suggestion of the IRS Oversight Board, determine whether the IRS research community structure results in duplication or fragmentation of its management and resources.

❖ ***Financial Controls Over Field Office Mail Operations***  
(FY 2014 – New Start – Audit Number: 201410011)

**Audit Objective:** Determine whether the IRS is managing its field office mail service and express shipping needs in a cost-effective manner.

❖ ***Efforts to Reduce Real Estate Costs***  
(FY 2014 – New Start – Audit Number: 201410012)

**Audit Objective:** Assess the IRS's progress in 1) accurately calculating the net cost savings for space reduction projects reported to the Department of Treasury, 2) reducing its overall space inventory, and 3) incorporating workstation sharing to achieve maximum savings.

❖ ***Review of Case Management Processing Services***  
(FY 2014 – New Start – Audit Number: 201420016)

**Audit Objective:** Determine whether the new Applications Development organization is adequately managing Case Management Processing Services systems development risks to achieve stated business and information technology requirements.

❖ ***Network Scanning Tools***  
(FY 2014 – New Start – Audit Number: 201420021)

**Audit Objective:** Assess the IRS's efforts to reduce or prevent implementation of duplicate network scanning tools.

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<sup>28</sup> Pub. L. No. 104-208, 110 Stat. 3009.

❖ ***Controls Over the Excess Collection File***

(FY 2014 – New Start – Audit Number: 201430024)

**Audit Objective:** Determine whether the IRS ensures that expired credits in the Excess Collection File are timely identified and transferred to the Department of the Treasury general account.

❖ ***Implementation of Merchant Card Reporting***

(FY 2014 – New Start – Audit Number: 201440005)

**Audit Objective:** Assess the IRS's continued efforts to implement new information reporting requirements on credit card payments, Form 1099-K, *Payment Card and Third Party Network Transactions*.

❖ ***Award Program***

(FY 2013 – Work in Process – Audit Number: 201310025)

**Audit Objective:** Evaluate the IRS's compliance with procedures for expenditures on employee awards.

❖ ***Telecommunications Inventory Controls***

(FY 2013 – Work in Process – Audit Number: 201310002)

**Audit Objective:** Assess the efficiency and effectiveness of the IRS's accounting and inventory control for wireless aircards, cellular phones, and BlackBerry® devices.

❖ ***Conference Report Recommendations - Follow-Up***

(FY 2013 – Work in Process – Audit Number: 201310033)

**Audit Objective:** Determine the status of corrective actions taken by the IRS in response to recommendations made in a prior TIGTA report associated with IRS conference spending controls.<sup>29</sup>

❖ ***Controls Over Record Storage Costs***

(FY 2013 – Work in Process – Audit Number: 201310003)

**Audit Objective:** Determine whether the IRS is managing its paper records storage needs in a cost-effective manner.

❖ ***Review of the Implementation of the Sequestration-Required Budget Reductions***

(FY 2013 – Work in Process – Audit Number: 201310030)

**Audit Objective:** Evaluate the process used to allocate the sequestration-required reductions in the IRS's FY 2013 budget and determine the status of efforts to prepare for a continuation of the sequestration in FY 2014.

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<sup>29</sup> TIGTA, Ref. No. 2013-10-037, *Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California* (May 2013).

❖ ***FY 2013 Attestation Review of the Annual Accounting of Drug Control Funds***

(FY 2013 – Work in Process – Audit Number: 201310032)

**Audit Objective:** Perform an attestation review of the IRS's reporting of FY 2013 Office of National Drug Control Policy Expenditures and Related Performance for the purpose of expressing a conclusion about the reliability of each assertion made in the Detailed Accounting Submission and Accounting Summary Report.

❖ ***Procurement of Internet Protocol Version 6 Compliant Products***

(FY 2013 – Work in Process – Audit Number: 201320031)

**Audit Objective:** Assess whether the IRS purchased IPv6-capable equipment and software since December 2009 to comply with the Office of Management and Budget requirements, the Federal Register, and the Federal Acquisition Regulation.

❖ ***Data Mining and Analytics***

(FY 2012 – Work in Process – Audit Number: 201220220)

**Audit Objective:** Review the effectiveness of the IRS's usage of data mining and analytics to improve tax administration.

❖ ***Information Technology Management of Server Software License***

(FY 2013 – Work in Process – Audit Number: 201320024)

**Audit Objective:** Determine whether the IRS's IT organization effectively manages its server environment software licenses.

## **List of Planned Mandatory Audits for Fiscal Year 2014**

Each year, TIGTA performs audits on the mandatory coverage imposed by the IRS Restructuring and Reform Act of 1998 (RRA 98)<sup>1</sup> and other statutory authorities and standards involving computer security, taxpayer rights and privacy issues, and financial audits. These mandatory audits are listed here. We have 20 new or in-process mandatory audits in this Plan.

❖ ***FY 2014 Mandatory Review of Liens***

(FY 2014 – New Start – Audit Number: 201430001)

**Audit Objective:** 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.

❖ ***FY 2014 Mandatory Review of Seizures***

(FY 2014 – New Start – Audit Number: 201430002)

**Audit Objective:** Determine whether seizures conducted by the IRS complied with legal provisions set forth in I.R.C. §§ 6330 through 6344 (1994 & Supp. IV 1998) and with the IRS's own internal procedures.

❖ ***FY 2014 Mandatory Review of Levies***

(FY 2014 – New Start – Audit Number: 201430003)

**Audit Objective:** Determine whether the IRS has complied with 26 U.S.C. § 6330, Notice and Opportunity for Hearing Before Levy.

❖ ***FY 2014 Mandatory Review of Disclosure of Collection Activities on Joint Returns***

(FY 2014 – New Start – Audit Number: 201430004)

**Audit Objective:** 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.

❖ ***FY 2014 Mandatory Review of IRS Compliance With Restrictions on the Use of Enforcement Statistics***

(FY 2014 – New Start – Audit Number: 201430005)

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

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<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

❖ ***FY 2014 Mandatory Review of the Compliance With the Freedom of Information Act***

(FY 2014 – New Start – Audit Number: 201430006)

**Audit Objective:** Determine whether the IRS improperly withheld information requested by taxpayers in writing, based on the FOIA<sup>2</sup> exemption (b)(3), in conjunction with I.R.C. § 6103, and/or FOIA exemption (b)(7), or by replying that responsive records were not available.

❖ ***FY 2014 Mandatory Review of Illegal Tax Protestors and Similar Designations***

(FY 2014 – New Start – Audit Number: 201430007)

**Audit Objective:** 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 Protesters or any similar designations.

❖ ***FY 2014 Mandatory Review of Restrictions on Directly Contacting Taxpayers***

(FY 2014 – New Start – Audit Number: 201430008)

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

❖ ***FY 2014 Mandatory Review of Assessment Statute Extension Dates***

(FY 2014 – New Start – Audit Number: 201430009)

**Audit Objective:** Determine whether the IRS is complying with the I.R.C. § 6501(c)(4)(B), which requires the IRS to provide notice to taxpayers of their right to decline to extend the assessment statute of limitations or to request that any extension be limited to a specific period of time or to specific issues.

❖ ***FY 2014 Federal Information Security Management Act***

(FY 2014 – New Start – Audit Number: 201420001)

**Audit Objective:** Determine the progress made by the IRS in meeting the requirements of the 2014 Federal Information Security Management Act<sup>3</sup> mandatory review of the IRS's unclassified information technology system security program.

❖ ***FY 2014 Annual Assessment of the IRS's Information Technology Program***

(FY 2014 – New Start – Audit Number: 201420009)

**Audit Objective:** To assess the progress of the IRS's Information Technology program, including modernization, security, and operations, for FY 2014.

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<sup>2</sup> 5 U.S.C. § 552.

<sup>3</sup> Pub. L. No. 107-347, Title III, 116 Stat. 2899, 2946-2961 (codified as amended in 44 U.S.C. §§ 3541–3549).

❖ ***FY 2014 Mandatory Review of Collection Due Process***

(FY 2014 – New Start – Audit Number: 201410002)

**Audit Objective:** 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.

❖ ***Statutory Review of FY 2013 Fair Tax Collection Practices Act Violations***

(FY 2014 – New Start – Audit Number: 201410006)

**Audit Objective:** Obtain information on any IRS administrative or civil actions resulting from violations of the Fair Tax Collection Practices Act.<sup>4</sup>

❖ ***FY 2013 Federal Financial Management Improvement Act Remediation Plan***

(FY 2014 – New Start – Audit Number: 201410001)

**Audit Objective:** Determine the IRS's compliance with the Federal Financial Management Improvement Act<sup>5</sup> requirements.

❖ ***Compliance With the Improper Payments Elimination and Recovery Act in FY 2013***

(FY 2014 – New Start – Audit Number: 201440018)

**Audit Objective:** Determine whether the IRS complied with the requirements contained in the Improper Payments Elimination and Recovery Act of 2010<sup>6</sup> for FY 2013.

❖ ***Compliance With Executive Order 13520, Reducing Improper Payments, in FY 2013***

(FY 2014 – New Start – Audit Number: 201440019)

**Audit Objective:** Determine whether the IRS complied with the requirements contained in Executive Order 13520, *Reducing Improper Payments*, with regard to reducing improper payments in FY 2013.

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<sup>4</sup> I.R.C. § 6304.

<sup>5</sup> Pub. L. No. 104-208, 110 Stat. 3009.

<sup>6</sup> Pub. L. No. 111-204, 124 Stat. 2224.

❖ ***Government Charge Card Abuse Prevention Act of 2012 - Mandatory Review (October 1 - March 31)***

(FY 2014 – New Start – Audit Number: 201410010)

**Audit Objective:** The Government Charge Card Abuse Prevention Act of 2012<sup>7</sup> requires the TIGTA to report by July 30, 2014: A summary description of confirmed violations involving misuse of a purchase card following the completion of an agency and/or Inspector General review; and a summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card.

❖ ***Government Charge Card Abuse Prevention Act of 2012 - Mandatory Review (April 1 - September 30)***

(FY 2013 – Work in Process – Audit Number: 201310031)

**Audit Objective:** The Government Charge Card Abuse Prevention Act of 2012 requires TIGTA to report by January 31, 2014: A summary description of confirmed violations involving misuse of a purchase card following the completion of an agency and/or Inspector General review; and a summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card. The Act also requires Inspectors General to report on the status of prior recommendation implementation.

❖ ***FY 2013 Attestation Review of the Annual Accounting of Drug Control Funds***

(FY 2013 – Work in Process – Audit Number: 201310032)

**Audit Objective:** Perform an attestation review of the IRS's reporting of FY 2013 Office of National Drug Control Policy Expenditures and Related Performance for the purpose of expressing a conclusion about the reliability of each assertion made in the Detailed Accounting Submission and Accounting Summary Report.

❖ ***Assessing the Validity of Qualifying Advanced Energy Project Credits***

(FY 2013 – Work in Process – Audit Number: 201340127)

**Audit Objective:** Assess the effectiveness of the IRS's efforts to ensure manufacturer compliance with Qualifying Advanced Energy Project Credit requirements.

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<sup>7</sup> Pub. L. 112-194.

*DEPARTMENT OF THE TREASURY*  
*Office of the Inspector General for Tax Administration*

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