



# Fiscal Year 2018 Annual Audit Plan

Treasury Inspector  
General for Tax  
Administration

# ***Table of Contents***

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<a href="#">Fiscal Year 2018 Annual Audit Plan</a> .....	1
<a href="#">The Mission and the Organization</a> .....	2
<a href="#">Office of Audit’s Program Areas</a> .....	3
<a href="#">Organization Chart – Office of Audit</a> .....	5
<a href="#">Major Management Challenges Facing the Internal Revenue Service</a> .....	6
<a href="#">List of Planned Audits for Fiscal Year 2018 by Major Management Challenges</a> .....	7
<a href="#">Challenge 1 – Security Over Taxpayer Data and Protection of IRS Resources</a> .....	7
<a href="#">Challenge 2 – Identity Theft and Impersonation Fraud</a> .....	11
<a href="#">Challenge 3 – Providing Quality Taxpayer Service and Expanding Online Services</a> .....	12
<a href="#">Challenge 4 – Upgrading Tax Systems</a> .....	13
<a href="#">Challenge 5 – Implementing Tax Law Changes</a> .....	14
<a href="#">Challenge 6 – Improving Tax Compliance</a> .....	15
<a href="#">Challenge 7 – Reducing Fraudulent Claims and Improper Payments</a> .....	22
<a href="#">Challenge 8 – Impact of Global Economy on Tax Administration</a> .....	24
<a href="#">Challenge 9 – Protecting Taxpayer Rights</a> .....	25
<a href="#">Challenge 10 – Achieving Program Efficiencies and Cost Savings</a> .....	28

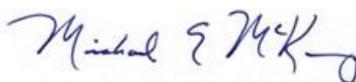
## [Fiscal Year 2018 Annual Audit Plan](#)

The Office of Audit Fiscal Year (FY) 2018 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 2018 Annual Audit Plan includes 146 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 2018. The Plan includes mandatory coverage imposed by the IRS Restructuring and Reform Act of 1998 (RRA 98)<sup>1</sup> and other statutory authorities involving computer security and taxpayer rights and privacy issues.

TIGTA’s audit work is concentrated on high-risk areas and the IRS’s progress in achieving its strategic goals. To identify FY 2018 high-risk areas for audit coverage, TIGTA uses a risk-assessment strategy within its core business areas and identifies 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. 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 Department of the Treasury, Government Accountability Office officials, and Congress.

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.

## [The Mission and the Organization](#)

TIGTA was established in January 1999, in accordance with the RRA 98, 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 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 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.

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<sup>2</sup> Inspector General Act of 1978, 5 U.S.C. app. 3 (amended 2008).

## **Office of Audit's Program Areas**

The following narratives briefly describe the alignment of the Office of Audit's business units and the areas within the IRS that these units will review during FY 2018.

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

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The Management Services and Exempt Organizations unit reviews several IRS programs and offices, including Financial Management, the Tax Exempt and Government Entities Division, the Agency-Wide Shared Services function, the IRS Human Capital Office, 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; and Office of Research, Applied Analytics, and Statistics.

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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<sup>3</sup> and its amendment called the Federal Information Security Modernization Act of 2014,<sup>4</sup> audit trails, privacy, security monitoring and reporting, and incident management; (2) systems development, including reviews of the Key Modernization Investments, computer applications supporting the Affordable Care Act, and other high-priority projects and applications; and (3) information technology operations, including reviews of Computing Center operations, asset and data management controls, disaster recovery capabilities, and information technology procurement practices.

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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 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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<sup>3</sup> Pub. L. No. 107-347, Title III, 116 Stat. 2899, (2002) (codified as amended in 44 U.S.C. §§ 3541-3549).

<sup>4</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.

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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 providers.

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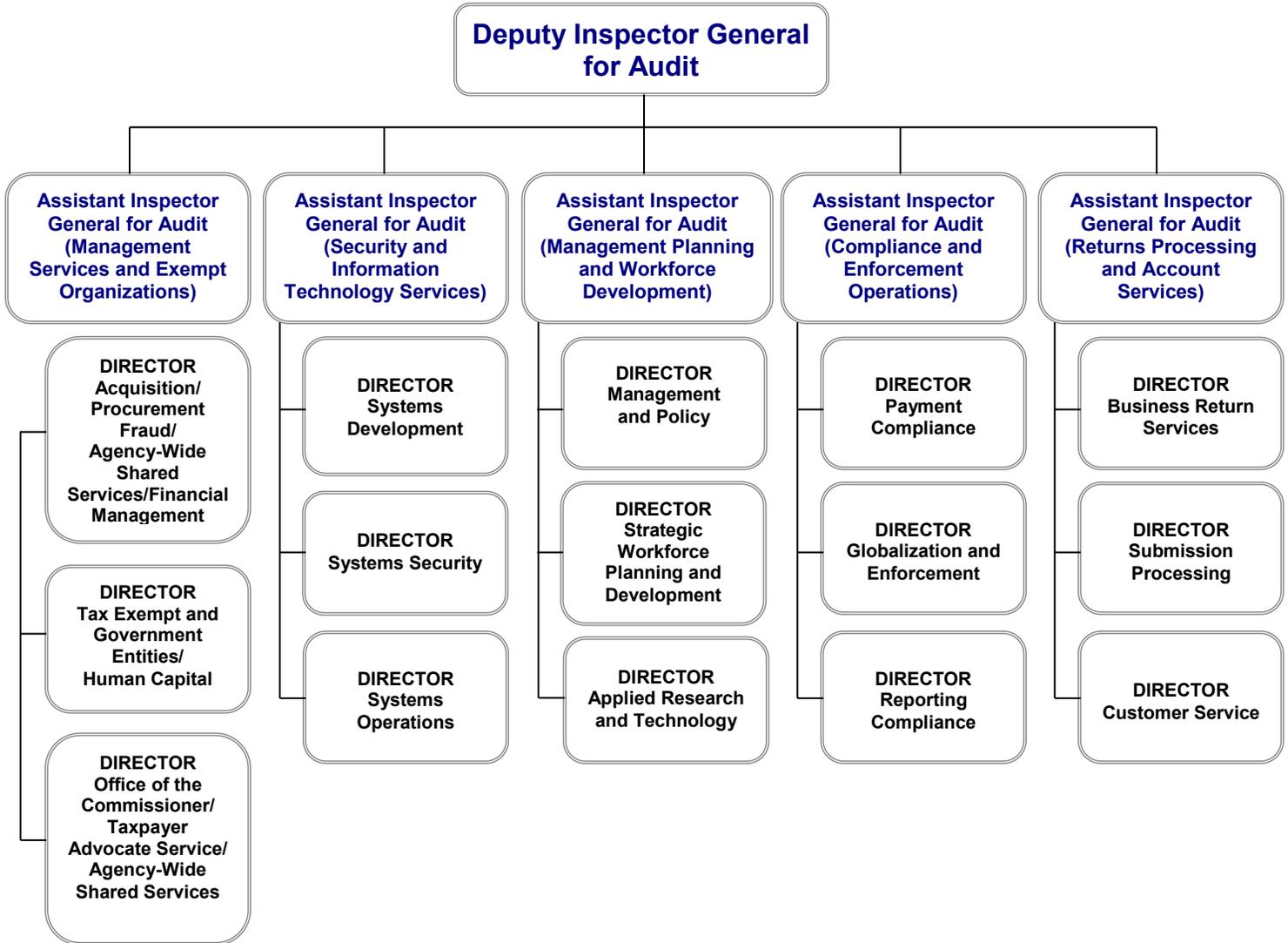
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## Management Planning and Workforce Development

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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; and performance budgeting. 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 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 2018:

- ❖ Security Over Taxpayer Data and Protection of IRS Resources
- ❖ Identity Theft and Impersonation Fraud
- ❖ Providing Quality Taxpayer Service and Expanding Online Services
- ❖ Upgrading Tax Systems
- ❖ Implementing Tax Law Changes
- ❖ Improving Tax Compliance
- ❖ Reducing Fraudulent Claims and Improper Payments
- ❖ Impact of Global Economy on Tax Administration
- ❖ Protecting Taxpayer Rights
- ❖ Achieving Program Efficiencies and Cost Savings

## [List of Planned Audits for Fiscal Year 2018 by Major Management Challenges](#)

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### Fiscal Year 2018 Planned Audits for CHALLENGE 1: [Security Over Taxpayer Data and Protection of IRS Resources](#)

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*Protecting the confidentiality of taxpayer information continues to be a top concern for the IRS. The IRS relies extensively on its computer systems to support both its financial and mission-related operations. These computer systems collect and process extensive amounts of taxpayer data. We have 25 new or in-process audits for this major management and performance challenge.*

#### ***Fiscal Year 2018 Federal Information Security Modernization Act on Internal Revenue Service Unclassified Systems***

(FY 2018 – Mandatory New Start – Audit Number: 201820001)

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

#### ***Annual Assessment of the Internal Revenue Service’s Information Technology***

(FY 2018 – Mandatory New Start – Audit Number: 201820002)

**Audit Objective:** Assess the adequacy and security of the IRS’s information technology program.

#### ***Effectiveness of Controls to Prevent Data Loss and Exfiltration***

(FY 2018 – New Start – Audit Number: 201820003)

**Audit Objective:** Determine the effectiveness of controls to prevent data loss, including any large scale data exfiltration, of sensitive information.

#### ***Activity Logs on the Mainframe zSeries/Operating System***

(FY 2018 – New Start – Audit Number: 201820004)

**Audit Objective:** Determine whether activity logging on the Mainframe zSeries/Operating System is properly capturing data and being timely reviewed to ensure policy violations, including failures and successes, are identified and resolved.

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<sup>1</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.

***eAuthentication Risk Assessment Process***

(FY 2018 – New Start – Audit Number: 201820005)

**Audit Objective:** Evaluate the efforts to reexamine the eAuthentication risk assessment of online applications that provide IRS data to external parties.

***Database Security***

(FY 2018 – New Start – Audit Number: 201820006)

**Audit Objective:** Assess the security of the IRS’s database configurations and determine whether vulnerabilities are being tracked, resolved, and reported timely.

***Progress on the Homeland Security Presidential Directive-12’s Physical and System Access***

(FY 2018 – New Start – Audit Number: 201820007)

**Audit Objective:** Evaluate the implementation progress of the Homeland Security Presidential Directive-12 Personal Identity Verification cards for physical and system access to IRS resources.

***Security Patch and Vulnerabilities Management of Non-Information Technology Organizations***

(FY 2018 – New Start – Audit Number: 201820008)

**Audit Objective:** Determine whether IRS Divisions outside of the Information Technology (IT) organization have deployed effective and timely security patch and vulnerability management.

***Security of Bring Your Own Device Program***

(FY 2018 – New Start – Audit Number: 201820009)

**Audit Objective:** Determine whether appropriate security measures and procedures have been implemented to ensure that data is protected for Bring Your Own Device program participants.

***Follow-Up Review of Recommendations Made to the Information Technology Organization***

(FY 2018 – New Start – Audit Number: 201820013)

**Audit Objective:** Determine whether closed corrective actions reported by the IT organization from prior TIGTA audits have been fully implemented and adequately documented.

***Foreign Account Tax Compliance Act International Data Exchange Service  
Cloud-Based System***

(FY 2018 – New Start – Audit Number: 201820018)

**Audit Objective:** Review the controls in place for the Foreign Account Tax Compliance Act<sup>2</sup> International Data Exchange Service cloud-based system to ensure compliance with Federal requirements and guidelines.

***Firewall Environment Administration***

(FY 2018 – New Start – Audit Number: 201820019)

**Audit Objective:** Determine whether the firewall environment is being effectively administered to ensure that the IRS's internal networks are protected against external threats.

***Controls to Safeguard Volunteer Income Tax Assistance Taxpayer Data***

(FY 2018 – New Start – Audit Number: 201840010)

**Audit Objective:** Assess IRS controls to safeguard Volunteer Income Tax Assistance taxpayer data at sites and on IRS provided computers.

***Background Investigations Completed by United States Investigations Services  
for Current Internal Revenue Service Employees and Appointees***

(FY 2016 – Work in Process – Audit Number: 201610009)

**Audit Objective:** Determine whether there was derogatory (adverse) information not identified in the Office of Personnel Management background investigations conducted by the support contractor United States Investigations Services on IRS employees or appointees, and determine whether the IRS had effective processes to determine whether investigation results provided by the Office of Personnel Management were sufficiently complete to support the IRS employee suitability adjudication processes.

***Follow-Up Review of Recommendations Made to Agency-Wide Shared Services***

(FY 2017 – Work in Process – Audit Number: 201710008)

**Audit Objective:** Determine whether closed corrective actions reported by the Agency-Wide Shared Services to TIGTA in prior audits have been fully implemented and documented.

***Compliance With Privacy Laws and Regulations***

(FY 2017 – Work in Process – Audit Number: 201720002)

**Audit Objective:** Determine whether the IRS is complying with privacy laws and regulations.

***Software Version Control Management***

(FY 2017 – Work in Process – Audit Number: 201720007)

**Audit Objective:** Determine whether the IT organization is adequately managing software versions and timely updating outdated software versions used on its systems.

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<sup>2</sup> Pub. L. 111-147, Subtitle A, 124 Stat 71, \*96-116 (2010) (codified in scattered sections of 26 U.S.C.).

***Private Debt Collection Data Protection***

(FY 2017 – Work in Process – Audit Number: 201720010)

**Audit Objective:** Evaluate data protection measures of the Private Collection Agencies participating in the Private Debt Collection program.

***Security Practices and Controls for High Value Assets***

(FY 2017 – Work in Process – Audit Number: 201720016)

**Audit Objective:** Evaluate the IRS's efforts in implementing controls to protect its High Value Assets.

***Internal Revenue Service's Active Directory Controls***

(FY 2017 – Work in Process – Audit Number: 201720019)

**Audit Objective:** Determine whether the IRS implemented and manages controls over the Active Directory sufficient to protect its network and data.

***Access Control Review of the Cybersecurity Data Warehouse***

(FY 2017 – Work in Process – Audit Number: 201720029)

**Audit Objective:** Determine whether the IRS is implementing effective access controls over Cybersecurity Data Warehouse data.

***Management Controls Over Information Technology Hardware Asset Inventory***

(FY 2017 – Work in Process – Audit Number: 201720030)

**Audit Objective:** Evaluate the IRS's management controls over its information technology hardware asset inventory.

***Electronic Federal Payment Posting System Payment Authentication and Validation***

(FY 2017 – Work in Process – Audit Number: 201740032)

**Audit Objective:** Evaluate the IRS's processes and procedures to authenticate and validate payments made through the Electronic Federal Payment Posting System.

***Assistance to Victims of External Data Breaches***

(FY 2017 – Work in Process – Audit Number: 201740036)

**Audit Objective:** Assess the IRS's efforts to assist victims of external data breaches.

***Authentication of Correspondence Requesting Access to Taxpayer Data***

(FY 2017 – Work in Process – Audit Number: 201740038)

**Audit Objective:** Evaluate the IRS's controls to authenticate requests received from individuals seeking access to taxpayer data.

Fiscal Year 2018 Planned Audits for CHALLENGE 2:  
**Identity Theft and Impersonation Fraud**

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*Tax-related identity theft continues to have a significant impact on tax administration. Identity theft for the purpose of tax fraud occurs when an individual uses another person's name and Taxpayer Identification Number, generally a Social Security Number, to file a fraudulent tax return to obtain a tax refund. Unscrupulous individuals are stealing identities at an alarming rate for this purpose. We have four in-process audits for this major management and performance challenge.*

***Criminal Investigation's Identity Theft Strategy***

(FY 2017 – Work in Process – Audit Number: 201730026)

**Audit Objective:** Evaluate Criminal Investigation's efforts in investigating and prosecuting identity theft related tax fraud.

***Effectiveness of the Internal Revenue Service's Efforts to Detect and Prevent Identity Theft***

(FY 2017 – Work in Process – Audit Number: 201740007)

**Audit Objective:** Determine the effectiveness of the IRS's ongoing efforts to detect and prevent identity theft.

***Assistance to Innocent Victims Affected by the Taxpayer Protection Program's Identity Theft Filters***

(FY 2017 – Work in Process – Audit Number: 201740013)

**Audit Objective:** Assess efforts to reduce the burden of innocent taxpayers affected by the Taxpayer Protection Program's identity theft filters.

***Follow-Up Review of Business Identity Theft***

(FY 2017 – Work in Process – Audit Number: 201740037)

**Audit Objective:** Determine the effectiveness of the IRS's efforts to detect and prevent business identity theft.

Fiscal Year 2018 Planned Audits for CHALLENGE 3:  
**Providing Quality Taxpayer Service and Expanding Online Services**

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*Providing taxpayers with quality customer service is a key component of the IRS's mission. Ensuring that taxpayers understand and meet their tax responsibilities is crucial for the IRS in its effort to encourage voluntary compliance with the tax laws. Resolving questions before tax returns are filed helps taxpayers avoid unintentional errors and noncompliance and also reduces burden on both taxpayers and the IRS that results from the issuance of notices and correspondence. Successfully addressing and resolving taxpayer inquiries through a quality customer service process allows the IRS to direct its limited resources more efficiently. We have eight new or in-process audits for this major management and performance challenge.*

***Appeals Trust Fund Recovery Penalty Program***

(FY 2018 – New Start – Audit Number: 201810008)

**Audit Objective:** Determine whether Appeals' decisions on Trust Fund Recovery Penalty cases are adequately documented.

***Locating Taxpayer Files***

(FY 2018 – New Start – Audit Number: 201810010)

**Audit Objective:** Determine whether certain paper IRS files are stored in a manner that is retrievable and are kept for the required retention period.

***Follow-Up Review of the Internal Revenue Service's Disaster Relief Assistance to Taxpayers***

(FY 2018 – New Start – Audit Number: 201840014)

**Audit Objective:** Assess the efficiency and effectiveness of the IRS's disaster relief assistance.

***Follow-Up Review of Telephone Performance Measures***

(FY 2018 – New Start – Audit Number: 201840025)

**Audit Objective:** Evaluate IRS telephone performance measures to determine whether they provide an accurate measurement of service to taxpayers who seek assistance via the IRS's toll-free telephone.

***Taxpayer Advocate Service's Centralized Case Intake Function***

(FY 2017 – Work in Process – Audit Number: 201710026)

**Audit Objective:** Determine whether the Taxpayer Advocate Service's Centralized Case Intake function provides effective, reliable service to taxpayers needing assistance.

***Notification Letters to Victims of Employment Identity Theft***

(FY 2017 – Work in Process – Audit Number: 201740033)

**Audit Objective:** Assess IRS processes to notify employment-related identity theft victims in Processing Year 2017.

***Withholding on Veterans' Disability Payments***

(FY 2017 – Work in Process – Audit Number: 201740041)

**Audit Objective:** Determine whether the IRS has processes and procedures in place to accurately process retroactive veterans' disability claims.

***Internal Revenue Service Assistance to Victims of Hurricanes Harvey and Irma***

(FY 2018 – New Start – Audit Number: 201740042)

**Audit Objective:** Assess the IRS's efforts to assist victims of hurricanes Harvey and Irma.

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Fiscal Year 2018 Planned Audits for CHALLENGE 4:

**[Upgrading Tax Systems](#)**

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*Successful modernization of IRS systems and the development and implementation of new information technology applications are critical to meet the IRS's evolving business needs and to enhance services provided to taxpayers. The IRS's reliance on legacy systems that are more than 50 years old, in addition to its use of outdated programming languages, pose significant risk to the IRS's ability to deliver its mission. We have six new audits planned for this major management and performance challenge.*

***Mitigating the Risks of Legacy Systems Management***

(FY 2018 – New Start – Audit Number: 201820012)

**Audit Objective:** Assess the effect of legacy systems on the IRS's ability to deliver modernized tax administration.

***Return Review Program Disaster Recovery Capability***

(FY 2018 – New Start – Audit Number: 201820016)

**Audit Objective:** Evaluate the Return Review Program Disaster Recovery Capability.

***Internal Revenue Service's Enterprise Managed Services Governance and Management Controls***

(FY 2018 – New Start – Audit Number: 201820020)

**Audit Objective:** Determine whether the IRS has an enterprise-wide program for procurement, governance, development, service level agreements, and deployment for managed services.

### ***Customer Account Data Engine 2 Project***

(FY 2018 – New Start – Audit Number: 201820021)

**Audit Objective:** Determine the IRS’s project total expenditures to date, progress developing the Customer Account Data Engine 2 project, and retirement strategy for the Individual Master File.

### ***Unified Work Request Process***

(FY 2018 – New Start – Audit Number: 201820022)

**Audit Objective:** Review the process to ensure that the Unified Work Requests selected for implementation are aligned to the Future State Vision and support Agile rapid delivery development methodology.

### ***IRS.gov Website Redesign Development***

(FY 2018 – New Start – Audit Number: 201820023)

**Audit Objective:** Review the IRS’s development efforts from OpenText TeamSite to Drupal open source free software for improving IRS.gov.

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## Fiscal Year 2018 Planned Audits for CHALLENGE 5:

### **Implementing Tax Law Changes**

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*One of the continuing challenges the IRS faces each year in processing tax returns is the implementation of new tax law changes as well as changes resulting from expired tax provisions. Before the filing season begins, the IRS must identify the tax law and administrative changes affecting the upcoming filing season. Once identified, the IRS must revise the various tax forms, instructions, and publications. It also must reprogram its computer systems to ensure that tax returns are accurately processed based on changes in the tax law. Errors in the IRS’s tax return processing systems may delay tax refunds, affect the accuracy of taxpayer accounts, or result in incorrect taxpayer notices. We have four new or in-process audits for this major management and performance challenge.*

### ***2018 Filing Season***

[FY 2018 – New Start – Audit Numbers: 201840003 (Interim Report) and 201840004 (Final Report)]

**Audit Objective:** Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2018 Filing Season.

### ***Processing Health Coverage Tax Credit Claims***

(FY 2017 – Work in Process – Audit Number: 201740034)

**Audit Objective:** Evaluate the IRS’s implementation of the Health Coverage Tax Credit advance payment process and accuracy of processing tax returns claiming the credit.

***Affordable Care Act: Implementation of Processes to Identify Noncompliant Employers Subject to the Employer Shared Responsibility Payment – Phase II***  
(FY 2017 – Work in Process – Audit Number: 201740317)

**Audit Objective:** Evaluate the IRS’s implementation of processes to ensure compliance with the Employer Shared Responsibility Provision and related information reporting requirements.

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Fiscal Year 2018 Planned Audits for CHALLENGE 6:

**Improving Tax Compliance**

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*The Tax Gap remains a serious and persistent challenge, despite IRS efforts to reduce it. The Tax Gap is defined as the difference between the estimated amount taxpayers owe and the amount they voluntarily and timely pay for a tax year. In FY 2016, the IRS issued Tax Gap estimates for Tax Years 2008 through 2010 that suggest compliance is substantially unchanged since the last estimate for Tax Year 2006. The Tax Gap for Tax Years 2008 through 2010 is estimated to be \$458 billion annually, compared to the \$450 billion estimated for Tax Year 2006. In an effort to lower the Tax Gap, the IRS identifies questionable tax returns to determine if any adjustments to the information reported on the tax returns are needed. In addition, the IRS issues notices and contacts taxpayers to collect delinquent taxes. If necessary, the IRS takes enforcement action, such as filing liens and seizing assets, to collect the taxes. We have 44 new or in-process audits for this major management and performance challenge.*

***Internal Revenue Service Employee Tax Compliance Adjudication Process***  
(FY 2018 – New Start – Audit Number: 201810009)

**Audit Objective:** Evaluate the process for determining whether cases of employee tax noncompliance rise to the level of willful noncompliance, and determine what actions the IRS takes to address employees with repeated tax noncompliance issues.

***Foreign Account Tax Compliance Act Intergovernmental Agreement of Host Country Tax Authority Information Systems***  
(FY 2018 – New Start – Audit Number: 201820017)

**Audit Objective:** Review the IRS’s evaluation and certification of Foreign Account Tax Compliance Act Intergovernmental Agreement of Host Country Tax Authority Information Systems.

***Biannual Reporting of Private Debt Collection Contractor Performance***  
(FY 2018 – Mandatory New Start – Audit Number: 201830011)

**Audit Objective:** Determine whether Private Debt Collection contractor performance complies with the vendors’ statements of work and meets the expectations and goals established by the IRS, and continue assessing the IRS’s implementation of the Private Debt Collection program.

***Amended Returns With Earned Income Tax Credit Claims***

(FY 2018 – New Start – Audit Number: 201830013)

**Audit Objective:** Determine whether the manual process for identifying amended returns with Earned Income Tax Credit claims for examinations is being performed effectively and efficiently.

***Mergers and Dissolutions***

(FY 2018 – New Start – Audit Number: 201830015)

**Audit Objective:** Assess the use of certain forms that notify the IRS of mergers, acquisitions, and dissolutions in reporting compliance. Evaluate how well the IRS is addressing the compliance risk posed by mergers, acquisitions, and dissolutions.

***Schedule C Audit Selection***

(FY 2018 – New Start – Audit Number: 201830016)

**Audit Objective:** Determine whether the IRS is effectively selecting returns of nonfarm sole proprietors with potential noncompliance.

***Solar Investment Tax Credit When Financing Project Costs***

(FY 2018 – New Start – Audit Number: 201830017)

**Audit Objective:** Determine whether the IRS's controls are effective in identifying and examining returns that claimed an Investment Tax Credit related to solar energy products, and ensure that the principal portion of related loan payments was not deducted.

***Trends in Compliance Activities Through Fiscal Year 2017***

(FY 2018 – New Start – Audit Number: 201830018)

**Audit Objective:** Provide various statistical information regarding Collection and Examination function activities.

***Partnership Withholding Compliance With Foreign Partners***

(FY 2018 – New Start – Audit Number: 201830019)

**Audit Objective:** Determine the effectiveness of the IRS's efforts in ensuring withholding compliance of partnerships with foreign partners.

***Large Business and International Corporate (Form 1120) Return Case Selection Issues***

(FY 2018 – New Start – Audit Number: 201830021)

**Audit Objective:** Review the selection process, use of resources, and examination productivity for corporate returns.

***Compliance Issues for Certain Cash Based Industries***

(FY 2018 – New Start – Audit Number: 201830022)

**Audit Objective:** Evaluate the IRS’s examination and education approach to certain cash based industries, including legal marijuana operations (e.g., medical marijuana production and use).

***Accuracy of Error Resolution System Processing***

(FY 2018 – New Start – Audit Number: 201840007)

**Audit Objective:** Evaluate the effectiveness of the IRS’s use of the Error Resolution System to address potentially erroneous individual tax returns.

***Follow-Up Review of the Efforts to Detect and Prevent Erroneous Excess Social Security Tax Credit Claims***

(FY 2018 – New Start – Audit Number: 201840008)

**Audit Objective:** Evaluate the IRS’s efforts to detect and prevent erroneous Excess Social Security Tax Credit claims.

***Administration of the Excise Tax Registration Program***

(FY 2018 – New Start – Audit Number: 201840011)

**Audit Objective:** Evaluate the IRS’s administration of the excise tax registration program and accounting of excise tax trust funds.

***Processing Information Referrals Received From Individuals and Businesses***

(FY 2018 – New Start – Audit Number: 201840012)

**Audit Objective:** Evaluate the accuracy of the IRS’s processing of tax fraud referrals.

***Assignment and Consolidation of Accounts With Multiple Employer Identification Numbers***

(FY 2018 – New Start – Audit Number: 201840016)

**Audit Objective:** Ensure that the IRS accurately processes bulk requests for Employer Identification Numbers and properly consolidates accounts when more than one Employer Identification Number exists.

***Nonfilers of Employment Tax Returns***

(FY 2018 – New Start – Audit Number: 201840017)

**Audit Objective:** Evaluate whether employment tax nonfilers identified through the IRS’s Combined Annual Wage Reporting Program are being adequately worked in the Examination function of the IRS.

***Processes to Ensure Accuracy of Research Credits Claimed Against Payroll Taxes***

(FY 2018 – New Start – Audit Number: 201840018)

**Audit Objective:** Assess the IRS’s procedures to reconcile research credits claimed against payroll taxes.

***Follow-Up Review of Efforts to Address Noncompliance With Alimony Reporting Requirements***

(FY 2018 – New Start – Audit Number: 201840019)

**Audit Objective:** Evaluate the IRS’s use of systemic processes to identify and address alimony deduction claims when taxpayers do not comply with reporting requirements.

***Information Reporting Returns Strategy***

(FY 2018 – New Start – Audit Number: 201840020)

**Audit Objective:** Assess the IRS’s efforts to develop a Service-wide strategy to identify and address information reporting compliance deficiencies.

***Follow-Up Review of Large Business and International Document Matching***

(FY 2018 – New Start – Audit Number: 201840022)

**Audit Objective:** Determine whether the IRS has adequate controls in place to ensure that amounts reported as withheld on Forms 1042-S, *Foreign Person’s U.S. Source Income Subject to Withholding*, are actually reported on Forms 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, and are remitted to the IRS.

***Follow-Up Review of General Business Credits Claimed on Individual and Business Tax Returns***

(FY 2018 – New Audit – Audit Number: 201840023)

**Audit Objective:** Determine whether IRS controls are adequate to identify questionable claims for general business credits on individual and business tax returns.

***Hiring or Retention of Contractor Employees With Finally Determined and Assessed Tax Debt***

(FY 2016 – Work in Process – Audit Number: 201610018)

**Audit Objective:** Determine whether the IRS has implemented previous TIGTA recommendations regarding the continuous monitoring of tax compliance focused on the prevention of hiring or retaining contractor personnel with Finally Determined and Assessed Tax Debt, and determine whether current screening processes to detect noncompliance are adequate and mirror those for IRS employees.

***Referrals of Tax-Exempt Organizations Alleging Impermissible Political Activity***  
(FY 2016 – Work in Process – Audit Number: 201610025)

**Audit Objective:** Assess the Classification Referral Unit’s efforts to evaluate allegations of impermissible political activity by tax-exempt organizations.

***Implementation of the Private Debt Collection Program Phase I***  
(FY 2016 – Work in Process – Audit Number: 201630029)

**Audit Objective:** Evaluate the planning and implementation of the IRS’s Private Debt Collection program.

***Paid Preparer Misconduct***

(FY 2016 – Work in Process – Audit Number: 201630030)

**Audit Objective:** Determine whether IRS procedures, guidelines, and policies pertaining to paid preparer misconduct are being effectively administered.

***Bank Secrecy Act***

(FY 2016 – Work in Process – Audit Number: 201630034)

**Audit Objective:** Evaluate the IRS’s compliance efforts related to its delegated authority under the Bank Secrecy Act.<sup>3</sup>

***Employee Plans Examination Quality***

(FY 2017 – Work in Process – Audit Number: 201710021)

**Audit Objective:** Assess how the Employee Plans Special Review Unit selects cases, documents results, and provides feedback for quality reviews of Employee Plans function examinations.

***Excess Contributions to 401(K) Retirement Plans***

(FY 2017 – Work in Process – Audit Number: 201710027)

**Audit Objective:** Determine whether the IRS has effectively designed an IRS-wide strategy to identify and address excess contributions to 401(k) plans.

***Direct Pay Bond Refund Claims Process***

(FY 2017 – Work in Process – Audit Number: 201710030)

**Audit Objective:** Determine whether revised processes for processing direct pay bond refund claims are effective and efficient.

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<sup>3</sup> Pub. L. No. 91-508, 84 Stat. 1114-4 (1970) (codified as amended in scattered sections of 12 U.S.C., 18 U.S.C., and 31 U.S.C.). Regulations for the Bank Secrecy Act, and other related statutes, are found in 31 C.F.R. §§ 103.11-103.77 (2000).

***Enterprise Case Management***

(FY 2017 – Work in Process – Audit Number: 201720025)

**Audit Objective:** Assess the IRS’s efforts for implementing an enterprise-wide case management solution.

***Overview of the Worker Classification Program***

(FY 2017 – Work in Process – Audit Number: 201730016)

**Audit Objective:** Determine whether the Small Business/Self-Employed Division’s Examination function effectively administers the Worker Classification Program.

***Use of Currency Transaction Reports in Examinations***

(FY 2017 – Work in Process – Audit Number: 201730018)

**Audit Objective:** Determine how effectively the IRS uses Currency Transaction Report information to select and examine returns.

***Schedule K-1 Matching Program***

(FY 2017 – Work in Process – Audit Number: 201730020)

**Audit Objective:** Determine whether the processing of cases involving Schedule K-1 income in the IRS’s Underreporter Matching Program is effectively identifying noncompliant taxpayers and minimizing unnecessary notices to taxpayers.

***Internal Revenue Service Fed/State Program***

(FY 2017 – Work in Process – Audit Number: 201730021)

**Audit Objective:** Determine the effectiveness of the IRS’s use of data and information received from the States to increase tax compliance by identifying nonfilers and underreporters.

***Use of Schedule UTP, Uncertain Tax Position Statement***

(FY 2017 – Work in Process – Audit Number: 201730028)

**Audit Objective:** Determine whether the IRS has incorporated Schedule UTP into the examination process and is utilizing Schedule UTP information to improve return selection and examination.

***Effectiveness of Selecting Individual Tax Returns for Examination***

(FY 2017 – Work in Process – Audit Number: 201730031)

**Audit Objective:** Perform trend analyses of the Small Business/Self-Employed Division strategic priority selection methods used to identify individual income tax returns for examination by revenue agents, and assess the effectiveness of the strategic priorities with an emphasis on the Discriminate Index Function.

***Criminal Investigation’s Firearm Program***

(FY 2017 – Work in Process – Audit Number: 201730032)

**Audit Objective:** Determine whether Criminal Investigation has effective controls over the possession and use of firearms.

***Follow-Up Review of the Effectiveness of the Withholding Compliance Program***

(FY 2017 – Work in Process – Audit Number: 201730033)

**Audit Objective:** Determine the effectiveness of the Withholding Compliance Program.

***Follow-Up Review of the Pickup of Prior and/or Subsequent Returns During Field Examinations***

(FY 2017 – Work in Process – Audit Number: 201730034)

**Audit Objective:** Determine whether revenue agents are reviewing prior and subsequent tax returns during field examinations as required.

***Use of Civil Tax Penalties by the Large Business and International Division***

(FY 2017 – Work in Process – Audit Number: 201730035)

**Audit Objective:** Determine whether civil tax penalties in the Large Business and International Division are properly considered and assessed.

***National Tip Reporting Compliance Program***

(FY 2017 – Work in Process – Audit Number: 201730036)

**Audit Objective:** Determine how much progress the IRS has made in improving the National Tip Reporting Compliance Program and expanding it to other industries in which tipping is customary.

***Withholding Reported on Form 945***

(FY 2017 – Work in Process – Audit Number: 201740022)

**Audit Objective:** Determine whether the IRS has controls in place to ensure withholding reported on information returns is accurately reflected on Forms 945, *Annual Return of Withheld Federal Income Tax*, and paid to the IRS.

***Prioritizing Computer Programming Requests to Support Effective Tax Administration***

(FY 2017 – Work in Process – Audit Number: 201740040)

**Audit Objective:** Evaluate the impact that ineffective prioritization of information technology requests has on tax administration.

Fiscal Year 2018 Planned Audits for CHALLENGE 7:  
**Reducing Fraudulent Claims and Improper Payments**

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*The Office of Management and Budget describes an improper payment as any payment that should not have been made, was made in an incorrect amount, or was made to an ineligible recipient. The Improper Payment Information Act of 2002<sup>4</sup> requires Federal agencies, including the IRS, to estimate the amount of improper payments and report to Congress annually on the causes of and the steps taken to reduce improper payments. The Improper Payment Elimination and Recovery Act of 2010<sup>5</sup> amended the 2002 Act by strengthening agency reporting requirements and redefining significant improper payments. We have 13 new or in-process audits for this major management and performance challenge.*

***Government Charge Card Abuse Prevention Act of 2012 Semiannual Mandatory Review***

[FY 2018 – Mandatory New Start – Audit Numbers: 201710025 (April 2017 through September 2017) and 201810004 (October 2017 through March 2018)]

**Audit Objective:** Assess the IRS’s implementation of and compliance with the Government Charge Card Abuse Prevention Act of 2012<sup>6</sup> requirements for the semiannual reporting period.

***Compliance With the Improper Payment Reporting Requirements in Fiscal Year 2017***

(FY 2018 – Mandatory New Start – Audit Number: 201840001)

**Audit Objective:** Determine whether the IRS complied with annual improper payment reporting requirements for Fiscal Year 2017.

***Internal Revenue Service Assignment of Individual Tax Identification Numbers***

(FY 2018 – Mandatory New Start – Audit Number: 201840002)

**Audit Objective:** Evaluate the IRS’s efforts to ensure that only individuals with a tax need are assigned an Individual Tax Identification Number.

***Internal Revenue Service Efforts to Detect and Prevent Fraud on Schedule C, Profit or Loss From Business***

(FY 2018 – New Start – Audit Number: 201840006)

**Audit Objective:** Assess the IRS’s efforts to detect and prevent tax refund fraud related to Schedule C, *Profit or Loss From Business*.

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<sup>4</sup> Pub. L. No. 107-300, 116 Stat. 2350.

<sup>5</sup> Pub. L. No. 111-204, 124 Stat. 2224.

<sup>6</sup> Pub. L. No. 112-194 (Oct. 2012).

***Efforts to Address Tax Returns Claiming Frivolous Tax Arguments***

(FY 2018 – New Start – Audit Number: 201840009)

**Audit Objective:** Evaluate actions taken to address tax returns claiming frivolous tax arguments including the processing of Form 14242, *Reporting Abusive Tax Promotions and/or Promoters*.

***Process to Ensure Accurate Income Reporting by Tax Return Preparers***

(FY 2018 – New Start – Audit Number: 201840021)

**Audit Objective:** Evaluate IRS controls to identify tax return preparers who submit returns with fraudulent income and withholding.

***Follow-Up Review of the Detection and Prevention of Erroneous or Fraudulent Amended Tax Returns***

(FY 2018 – New Start – Audit Number: 201840026)

**Audit Objective:** Evaluate the effectiveness of the IRS's efforts to detect and prevent erroneous or fraudulent claims on amended tax returns.

***Integrity and Verification Operation Inventory Controls***

(FY 2016 – Work in Process – Audit Number: 201640036)

**Audit Objective:** Evaluate the Integrity and Verification Operation's controls to ensure that tax returns are properly screened and verified, and employees work only assigned cases.

***Public Transportation Subsidy Program***

(FY 2017 – Work in Process – Audit Number: 201710009)

**Audit Objective:** Evaluate controls in place to prevent, detect, and deter employee misuse of the Public Transportation Subsidy Program.

***Internal Revenue Service Assignment of Individual Tax Identification Numbers***

(FY 2017 – Mandatory Work in Process – Audit Number: 201740002)

**Audit Objective:** Determine whether the IRS has established effective processes to ensure that only individuals with a tax need are assigned an Individual Tax Identification Number.

***Processing Year 2017 Fraud Activities***

(FY 2017 – Work in Process – Audit Number: 201740029)

**Audit Objective:** Assess the IRS's Processing Year 2017 tax refund fraud detection activities to ensure that the Electronic Fraud Detection System capabilities are adequately addressed by other fraud and identity theft detection systems.

## ***Implementation of Refundable Credit Integrity Provisions Phase 2***

(FY 2017 – Work in Process – Audit Number: 201740031)

**Audit Objective:** Evaluate the effectiveness of the IRS’s efforts to implement select refundable credit integrity provisions in the Protecting Americans from Tax Hikes Act of 2015<sup>7</sup> intended to reduce Earned Income Tax Credit, Child Tax Credit/Advanced Child Tax Credit, and American Opportunity Tax Credit improper payments.

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## Fiscal Year 2018 Planned Audits for CHALLENGE 8: **Impact of Global Economy on Tax Administration**

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*The globalization of financial markets and the increased importance of multinational corporations are making it increasingly difficult for the IRS to administer and enforce tax compliance. As the IRS noted in its most recent strategic plan, the evolution and proliferation of virtual commerce have expanded the exchange of goods, services, and currencies – real and virtual – across jurisdictions further complicating tax administration.<sup>8</sup> We have six new or in-process audits for this major management and performance challenge.*

### ***Development of the Large Business and International Division’s Future State Compliance Campaigns Strategy***

(FY 2018 – New Start – Audit Number: 201830014)

**Audit Objective:** Assess the Large Business and International Division’s methodology for identification and selection of campaigns for its Future State Compliance Campaigns strategy.

### ***Large Business and International Division’s Form 1120-F Nonfiler Campaign***

(FY 2018 – New Start – Audit Number: 201830020)

**Audit Objective:** Determine the scope of Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, filing noncompliance and whether the Large Business and International Division’s Form 1120-F Nonfiler issue warranted a campaign. Determine how successful the campaign has been in increasing voluntary compliance with filing requirements by foreign companies with either a United States trade or business or a permanent U.S. establishment.

### ***Qualified Intermediary Program***

(FY 2018 – New Start – Audit Number: 201830024)

**Audit Objective:** Assess how the IRS is managing the Qualified Intermediary Program and its efforts to properly collect taxes.

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<sup>7</sup> Consolidated Appropriations Act of 2016, Pub. L. No. 114-113, 129 Stat. 2242 (2015).

<sup>8</sup> *Internal Revenue Service Strategic Plan – FY 2014-2017*, IRS Pub. 3744 (Rev. June 2014).

***Tax Treaty Exemptions Claimed by Businesses***

(FY 2018 – New Start – Audit Number: 201830025)

**Audit Objective:** Evaluate the IRS’s efforts to ensure the accuracy of treaty-based income tax exemptions claimed by foreign multinational corporations. Determine whether the IRS is effectively processing Forms 1120-F that claim treaty-based tax reductions under I.R.C. § 6114.

***Treaty-Based Income Tax Exemptions***

(FY 2017 – Work in Process – Audit Number: 201730024)

**Audit Objective:** Evaluate the IRS’s efforts to ensure the accuracy of treaty-based income tax exemptions claimed by nonresident alien individuals.

***Internal Revenue Service’s Compliance Activities for the Foreign Account Tax Compliance Act***

(FY 2017 – Work in Process – Audit Number: 201730029)

**Audit Objective:** Evaluate the IRS’s efforts to ensure that taxpayers, foreign financial institutions, and withholding agents comply with the Foreign Account Tax Compliance Act.

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Fiscal Year 2018 Planned Audits for CHALLENGE 9:

**Protecting Taxpayer Rights**

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*The IRS must balance its tax compliance activities against the rights of taxpayers to receive fair and equitable treatment. This challenge will have increased significance now that the IRS has begun assigning certain taxpayer accounts to private debt collection companies as mandated by the Fixing America’s Surface Transportation (FAST) Act.<sup>9</sup> Enacted in December 2015, the FAST Act includes a provision that requires the IRS to use private debt collection companies to collect unpaid tax debts involving certain inactive tax receivables. As a condition of receiving a contract, the private collection companies must respect taxpayer rights, including abiding by the consumer protection provisions of the Fair Debt Collection Practices Act.<sup>10</sup> The IRS will be challenged to ensure that collection company employees abide by these provisions and respect taxpayer rights during their contacts with taxpayers. We have 13 new or in-process audits for this major management and performance challenge.*

***Fiscal Year 2018 Mandatory Review of Collection Due Process***

(FY 2018 – Mandatory New Start – Audit Number: 201810001)

**Audit Objective:** Determine whether the Office of Appeals complied with 26 United States Code (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.

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<sup>9</sup> Pub. L. No. 114-94, Div. C, Title XXXII, § 32102, 129 Stat. 1312, 1733-36 (2015), codified in I.R.C. § 6306.

<sup>10</sup> 15 U.S.C. §§ 1601 note, 1692-1692p (2006).

***Fiscal Year 2018 Mandatory Review of Fair Tax Collection Practices Act<sup>11</sup>  
Violations for Fiscal Year 2017***

(FY 2018 – Mandatory New Start – Audit Number: 201810007)

**Audit Objective:** Obtain information on any IRS administrative or civil actions resulting from violations of the Fair Tax Collection Practices Act, I.R.C. § 6304.

***Fiscal Year 2018 Mandatory Review of Liens***

(FY 2018 – Mandatory New Start – Audit Number: 201830001)

**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.

***Fiscal Year 2018 Mandatory Review of Seizures***

(FY 2018 – Mandatory New Start – Audit Number: 201830002)

**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.

***Fiscal Year 2018 Mandatory Review of Levies***

(FY 2018 – Mandatory New Start – Audit Number: 201830003)

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

***Fiscal Year 2018 Mandatory Review of Disclosure of Collection Activity With Respect to Joint Returns***

(FY 2018 – Mandatory New Start – Audit Number: 201830004)

**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.

***Fiscal Year 2018 Mandatory Review of Illegal Tax Protestors and Similar Designations***

(FY 2018 – Mandatory New Start – Audit Number: 201830005)

**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.

***Fiscal Year 2018 Mandatory Review of Assessment Statute Extension Dates***

(FY 2018 – Mandatory New Start – Audit Number: 201830006)

**Audit Objective:** Determine whether the IRS is complying with 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

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<sup>11</sup> 15 U.S.C. §§ 1601 note, 1692-1692p (2010).

statute of limitations or to request that any extension be limited to a specific period of time or to specific issues.

***Fiscal Year 2018 Mandatory Review of the Compliance With the Freedom of Information Act***

(FY 2018 – Mandatory New Start – Audit Number: 201830007)

**Audit Objective:** Determine whether the IRS improperly withheld information requested by taxpayers in writing based on the Freedom of Information Act<sup>12</sup> exemption 5 U.S.C. § 552(b)(7) or I.R.C. § 6103 or by replying that responsive records were not available or did not exist.

***Fiscal Year 2018 Mandatory Review of Internal Revenue Service Compliance With Restrictions on the Use of Enforcement Statistics***

(FY 2018 – Mandatory New Start – Audit Number: 201830008)

**Audit Objective:** Determine whether the IRS is complying with restrictions on the use of enforcement statistics to evaluate employees as set forth in RRA 98 § 1204.

***Fiscal Year 2018 Mandatory Review of Restrictions on Directly Contacting Taxpayers***

(FY 2018 – Mandatory New Start – Audit Number: 201830009)

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

***Actions Taken by Criminal Investigation to Pursue Money Laundering Cases***

(FY 2018 – New Start – Audit Number: 201830023)

**Audit Objective:** Evaluate the focus of Criminal Investigation on money laundering cases (including the source and nature of cases, and their nexus, if any, to tax administration) as well as assess the pursuit of such cases after Criminal Investigation's public statements that fewer of such cases would be pursued.

***Small Business/Self-Employed Division Employment Tax Program for the Self Employed***

(FY 2017 – Work in Process – Audit Number: 201730014)

**Audit Objective:** Evaluate the effectiveness of the Small Business/Self-Employed Division Employment Tax Program, as it relates to the self employed, to reduce the Tax Gap.

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<sup>12</sup> 5 U.S.C. § 552 (2013).

Fiscal Year 2018 Planned Audits for CHALLENGE 10:  
**Achieving Program Efficiencies and Cost Savings**

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*Continuing to identify and achieve greater program efficiencies and cost savings is imperative for the IRS as it strives to successfully accomplish its mission in a period of shrinking budgets and declining resources. Implementing cost saving strategies is particularly critical as the IRS is tasked with additional responsibilities, often without additional budgetary funding. We have 23 new or in-process audits for this major management and performance challenge.*

***Annual Mandatory Review of the Internal Revenue Service’s Federal Financial Management Improvement Act Fiscal Year 2017 Remediation Plan***

(FY 2018 – Mandatory New Start – Audit Number: 201810002)

**Audit Objective:** Determine IRS compliance with Federal Financial Management Improvement Act of 1996 requirements.<sup>13</sup>

***Internal Revenue Service’s Implementation of the Digital Accountability and Transparency Act of 2014 Requirements – Phase III***

(FY 2018 – Mandatory New Start – Audit Number: 201810005)

**Audit Objective:** Evaluate the IRS’s implementation of the Digital Accountability and Transparency Act of 2014.<sup>14</sup>

***Service-wide Video Editorial Board Review***

(FY 2018 – New Start – Audit Number: 201810011)

**Audit Objective:** Evaluate the costs associated with using the IRS studios, and determine whether content and cost approval policies are being followed.

***Government Funded Resources Allocated to National Treasury Employees Union Activities***

(FY 2018 – New Start – Audit Number: 201810013)

**Audit Objective:** Determine whether the IRS has effective controls to ensure that Government funded resources allocated to National Treasury Employees Union (NTEU) activities are consistent with the NTEU current agreement.

***Internal Revenue Service’s Significant Backlog of Moderate Risk Background Investigations***

(FY 2018 – New Start – Audit Number: 201810014)

**Audit Objective:** Assess the potential risks associated with the IRS’s backlog of approximately 40,000 moderate risk investigations.

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<sup>13</sup> Pub. L. No. 104-208, 110 Stat. 3009.

<sup>14</sup> Pub. L. No. 113-101, 128 Stat. 1146 (2014).

***Use of Federally Funded Research and Development Centers***

(FY 2018 – New Start – Audit Number: 201810015)

**Audit Objective:** Determine whether IRS Federally Funded Research and Development Center contracts are being awarded for appropriate activities in compliance with the Federal Acquisition Regulations and internal IRS policies.

***Internal Revenue Service Drug-Free Workplace***

(FY 2018 – New Start – Audit Number: 201810016)

**Audit Objective:** Assess the IRS's actions to achieve the objective of a drug-free workplace in accordance with Executive Order 12564.

***Information Technology and the Transition to Future State***

(FY 2018 – New Start – Audit Number: 201820010)

**Audit Objective:** Assess the IT organization's involvement in the initial implementation of bridge and digital projects as the IRS transitions to its Future State.

***Information Technology Procurements***

(FY 2018 – New Start – Audit Number: 201820011)

**Audit Objective:** Assess the various procurement methods the IRS uses to obtain information technology hardware, software, and services to determine whether it followed established policies/procedures and were the most cost-effective for the Government.

***E-Mail Records Management Deployment***

(FY 2018 – New Start – Audit Number: 201820014)

**Audit Objective:** Determine whether the IRS is adequately managing its temporary and permanent e-mail records in accordance with the *Managing Government Records Directive*.

***Operational Controls for Event, Incident, and Problem Reporting for the Internal Revenue Service's Tax Administration Systems***

(FY 2018 – New Start – Audit Number: 201820015)

**Audit Objective:** Assess the effectiveness of Enterprise Operations processes and practices for resolving event, incident, and reported problems for the IRS's tax administration systems.

***Follow-Up Review of Reducing Undeliverable Mail***

(FY 2018 – New Start – Audit Number: 201840015)

**Audit Objective:** Asses the IRS's efforts to reduce undeliverable mail.

***Internal Revenue Service's Efforts to Reduce Real Estate Costs***

(FY 2016 – Work in Process – Audit Number: 201610008)

**Audit Objective:** Assess the progress made by the IRS in reducing the excess office space it currently leases, determine the effectiveness of workspace sharing in reducing the number of

workstations for out of office employees, and evaluate external and internal challenges that the IRS faces in its space consolidation efforts.

***Worker’s Compensation Claims***

(FY 2016 – Work in Process – Audit Number: 201610011)

**Audit Objective:** Determine the nature of IRS workers’ compensation claims and assess the IRS’s oversight of workers’ compensation claim initiation and monitoring.

***Internal Revenue Service’s Implementation of the Digital Accountability and Transparency Act of 2014 – Phase II***

(FY 2017 – Mandatory Work in Process – Audit Number: 201710005)

**Audit Objective:** Evaluate the IRS’s Implementation of the Digital Accountability and Transparency Act of 2014.

***Internal Revenue Service Research Applied Analytics and Statistics Performance Measures***

(FY 2017 – Work in Process – Audit Number: 201710012)

**Audit Objective:** Determine whether the Research Applied Analytics and Statistics (RAAS) implemented corrective actions responsive to TIGTA’s previous recommendations, and determine whether the RAAS has the ability to measure performance and track costs of its research efforts.

***Follow-Up Review of the Internal Revenue Service Awards***

(FY 2017 – Work in Process – Audit Number: 201710013)

**Audit Objective:** Evaluate whether the IRS has policies and procedures in place that consider employee conduct and tax compliance when providing awards, bonuses, or other recognition.

***Internal Revenue Service’s International Travel Program***

(FY 2017 – Work in Process – Audit Number: 201710014)

**Audit Objective:** Evaluate the IRS’s International Travel Program for compliance with Federal policies and procedures for travel administration and expenditures on employee travel, and with IRS internal guidance.

***Attestation Review of the Internal Revenue Service’s Fiscal Year 2017 Annual Accounting of Drug Control Funds***

(FY 2017 – Mandatory Work in Process – Audit Number: 201710023)

**Audit Objective:** Perform an attestation review of the IRS’s reporting of Fiscal Year 2017 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 Performance Summary Report.

***Federal Information Technology Acquisition Reform Act of 2014***

(FY 2017 – Work in Process – Audit Number: 201720014)

**Audit Objective:** Determine the IRS’s effectiveness in implementing the requirements of the Federal Information Technology Acquisition Reform Act of 2014<sup>15</sup> in relation to its Information Technology/Information Resources Management responsibilities, and follow-up on prior audit recommendations and completed corrective actions related to the Capital Planning and Investment Control process.

***Internal Revenue Service Software Tool Implementation***

(FY 2017 – Work in Process – Audit Number: 201720032)

**Audit Objective:** Determine the effectiveness of the IRS’s implementation of software tools acquired by the IT organization to address its software development and license management needs.

***Internal Revenue Service’s Migration From Oracle Solaris to IBM Linux***

(FY 2017 – Work in Process – Audit Number: 201720033)

**Audit Objective:** Review the IRS’s migration from Oracle Solaris to IBM’s Linux operating system zLinux and the procurement of zLinux software.

***Business Master File Submission Processing Consolidation***

(FY 2017 – Work in Process – Audit Number: 201740039)

**Audit Objective:** Determine whether the IRS has processes and procedures in place to effectively consolidate the processing of business tax returns to the Ogden Campus.

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<sup>15</sup> Pub. L. No. 113-291, Title VIII, Subtitle D (H.R. 3979).

***DEPARTMENT OF THE TREASURY***

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