

# 2020 Annual Audit Plan

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## *Table of Contents*

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<a href="#">Message from the Deputy Inspector General for Audit</a> .....	2
Fiscal Year 2020 List of Planned Audits .....	3
<a href="#">Compliance and Enforcement</a> .....	3
<a href="#">Information Technology/Cybersecurity</a> .....	11
<a href="#">Operational Support</a> .....	15
<a href="#">Tax Exempt and Government Entities</a> .....	17
<a href="#">Tax Processing</a> .....	19
<a href="#">Taxpayer Service</a> .....	21
<a href="#">Organization Chart – Office of Audit</a> .....	24

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

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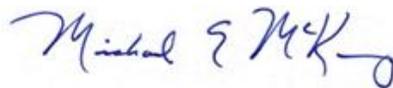
The Office of Audit Fiscal Year (FY) 2020 Annual Audit Plan communicates the Treasury Inspector General for Tax Administration's (TIGTA) audit priorities to the Internal Revenue Service (IRS), Congress, and other interested parties. Many of the activities described in the Annual Audit Plan address the fundamental goals related to the IRS's mission to administer its programs effectively and efficiently. The FY 2020 Annual Audit Plan includes 156 new and in-process audits.

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

- ❖ **Compliance and Enforcement**
- ❖ **Information Technology/Cybersecurity**
- ❖ **Operational Support**
- ❖ **Tax Exempt and Government Entities**
- ❖ **Tax Processing**
- ❖ **Taxpayer Service**

The Annual Audit 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, taxpayer rights, and privacy issues.

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



Michael E. McKenney  
Deputy Inspector General for Audit

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

## *Fiscal Year 2020 List of Planned Audits*

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### *Compliance and Enforcement*

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#### **Relief From Penalties for Early Distributions From Individual Retirement Plans**

(audit number: 201810029)

Determine whether the Automated Underreporter Program is identifying and working the most productive cases where taxpayers potentially owe an additional 10 percent tax on early distribution from retirement plans.

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#### **Suitability Tax Compliance Checks for IRS and Contractor Employees**

(audit number: 201910008)

Identify the types of suitability tax compliance checks that the IRS conducts of IRS employees, contractor employees, and applicants for employment with Federal agencies to determine whether these tax checks are appropriate for their purpose, comply with applicable authorities, and use consistent definitions and criteria for tax compliance.

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#### **Schedule C Audit Selection** (audit number: 201830016)

Determine whether the IRS's systemic and non-systemic methods and processes for scoring, selecting, and delivering tax returns, of nonfarm sole proprietors with Schedule C (Form 1040), *Profit or Loss From Business (Sole Proprietorship)*, are effective at identifying potential noncompliance.

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#### **Withholding Compliance of Partnerships With Foreign Partners** (audit number: 201830019)

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

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#### **Large Business and International Division's Corporate Return Case Selection Issues**

(audit number: 201830021)

Review the selection process, use of resources, and examination productivity for corporate returns.

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#### **Compliance Issues for Certain Cash Based Industries** (audit number: 201830022)

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

## *Fiscal Year 2020 List of Planned Audits*

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### **Virtual Currency Exchange Audits** (audit number: 201830034)

Evaluate the IRS's efforts to ensure the accurate reporting of virtual currency transactions as required under U.S. Code (U.S.C.) Titles 26 and 31.

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### **Use of Currency Transaction Report Data for Compliance Purposes**

(audit number: 201830035)

Evaluate the tax filing noncompliance of taxpayers who have received Currency Transaction Reports, and evaluate the accuracy of that data in the IRS's information systems.

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### **High-Income/High-Wealth Nonfiler Strategy** (audit number: 201830036)

Determine whether the IRS is effectively addressing high-income/high-wealth nonfilers and whether the new nonfiler strategy and related plans sufficiently include this segment of nonfilers.

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### **Non-Payment by High-Income Taxpayers** (audit number: 201830037)

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

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### **Efforts to Comply With Internal Revenue Code Section 6405** (audit number: 201830038)

Assess the effectiveness of the IRS's efforts to identify and examine returns with refunds in excess of \$2 million (\$5 million for C corporations).

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### **Tax Return Preparers Who Owe Significant Penalties and Taxes** (audit number: 201830039)

Evaluate the IRS's actions taken to ensure that tax return preparers are in compliance with their tax obligations.

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

Determine whether the IRS has implemented policies, procedures, and practices to ensure that compensation is considered in examinations of closely held S Corporations and their shareholders.

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### **Earned Income Tax Credit Examinations** (audit number: 201930012)

Determine the effectiveness of the IRS's Earned Income Tax Credit Examination Strategy.

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### **Correspondence Examinations** (audit number: 201930013)

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

## *Fiscal Year 2020 List of Planned Audits*

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### **Expatriation Tax** (audit number: 201930016)

Determine the effectiveness of the IRS's efforts in ensuring compliance with the expatriation tax provisions under Internal Revenue Code (I.R.C.) Sections (§§) 877 and 877A and its efforts to reduce taxpayer burden.

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### **Recipients of Form 1099-K – Nonfilers and Underreporters** (audit number: 201930023)

Determine whether the IRS is identifying and addressing taxpayers with underreported Form 1099-K, *Merchant Card and Third Party Network Payments*, income or with Form 1099-K income who did not file a tax return.

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### **Small Business/Self-Employed Division's High Income High Wealth Strategy**

(audit number: 201930026)

Evaluate the IRS's efforts to ensure tax compliance of high-income individuals.

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

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

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### **Large Business and International Division's Document Matching – Follow-up**

(audit number: 201840022)

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

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### **Assistance to Members of the Military** (audit number: 201840042)

Evaluate the IRS's assistance to current and former members of the military who are or have served in a combat zone or received a combat-related disability severance payment.

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### **Revenue Protection Strategy for Individual Tax Returns** (audit number: 201940003)

Assess the IRS's Service-wide revenue protection strategy for individual tax returns.

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### **S Corporation Elections** (audit number: 201940016)

Assess processes to ensure correct tax return filings and payments based on corporation elections.

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

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

## *Fiscal Year 2020 List of Planned Audits*

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### **Efforts to Address Withholding Reporting and Payment Noncompliance**

(audit number: 201940028)

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

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### **Affordable Care Act: Selection and Resolution of Noncompliant Employers Subject to the Employer Shared Responsibility Payment**

(audit number: 201940319)

Evaluate the IRS's identification and selection of nonfilers, and the notification, selection, and resolution processes to ensure Applicable Large Employer compliance with the Employer Shared Responsibility Provision.

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### **Self-Employed Simplified Employee Pensions – Follow-up**

(audit number: 202010001)

Determine whether the IRS has sufficient controls to prevent and detect improper deductions for contributions made by self-employed taxpayers to their Simplified Employee Pension plan accounts.<sup>2</sup>

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

(audit number: 202030001)

Determine whether the IRS has an effective program to identify unreported virtual currency income using John Doe Summons Information and other means of analysis (Form 1099-K, Schedule D, *Capital Gains and Losses, etc.*).

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### **Treatment of Large Refunds Under Internal Revenue Code Section 6405 Threshold**

(audit number: 202030002)

Determine whether the IRS is effectively assessing the compliance risk of large refunds that are under the I.R.C. § 6405 dollar threshold, including potentially fraudulent refunds.

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### **Trends in Compliance Activities Through Fiscal Year 2019**

(audit number: 202030003)

Provide various statistical information regarding Collection and Examination function activities.

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### **Fuel Tax Credits – Follow-up**

(audit number: 202030004)

Determine whether the IRS is adequately considering the fuel tax credit claimed by individual taxpayers and follow up on past recommendations.<sup>3</sup>

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<sup>2</sup> TIGTA, Ref. No. 2015-10-020, *Actions Can Be Taken to Further Improve the Strategy for Addressing Excess Contributions to Individual Retirement Arrangements* (Mar. 2015).

<sup>3</sup> TIGTA, Ref. No. 2014-30-067, *Additional Actions Are Needed to Ensure That Improper Fuel Tax Credit Claims Are Disallowed* (Sep. 2014).

## *Fiscal Year 2020 List of Planned Audits*

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### **Employment Tax – Internal Revenue Code Section 530 Relief** (audit number: 202030005)

Determine the effect of I.R.C. § 530 (safe harbor provision) on employment tax examination efforts.<sup>4</sup>

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### **Implementation of Streamlined Audit Rules for Partnerships** (audit number: 202030006)

Determine whether the IRS has adequately implemented the changes to the partnership audit rules as specified in Section 1101 of the Bipartisan Budget Act of 2015.<sup>5</sup>

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### **High-Income Taxpayers With No Income Tax Liability** (audit number: 202030007)

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

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### **Large Business and International Division’s Knowledge Management Focus and Its Impact on Improving Taxpayer Compliance** (audit number: 202030008)

Evaluate the effect the Large Business and International Division’s knowledge management focus has had on the efficiency and effectiveness of Large Business and International examinations.

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### **Compliance Assurance Process Program Recalibration** (audit number: 202030009)

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

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### **Efforts to Enforce Compliance With the Foreign Account Tax Compliance Act**

(audit number: 202030010)

Evaluate the IRS’s efforts to use information collected under the Foreign Account Tax Compliance Act<sup>6</sup> to improve taxpayer compliance.

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### **Partial Pay Installment Agreements** (audit number: 202030013)

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

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<sup>4</sup> TIGTA, Ref. No. 2018-30-077, *Improvements to the SS-8 Program Are Needed to Help Workers and Improve Employment Tax Compliance* (Sep. 2018).

<sup>5</sup> Pub. L. 114-74.

<sup>6</sup> Pub. L. No. 111-147, Subtitle A, 124 Stat. 97 (2010) (codified in scattered sections of 26 U.S.C.).

## *Fiscal Year 2020 List of Planned Audits*

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### **Low Income Housing Tax Credit Provisions** (audit number: 202030014)

Assess the IRS's processes and procedures to ensure taxpayer compliance with Low Income Housing Tax Credit Provisions.

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### **Corporate Taxpayer Compliance With Net Operating Loss Provisions**

(audit number: 202030411)

Review the Large Business and International Division's implementation of the Tax Cuts and Jobs Act<sup>7</sup> provisions pertaining to net operating loss and efforts to ensure corporate taxpayers' compliance.

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

(audit number: 202030412)

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

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### **Identification of Potentially Fraudulent Individual International Tax Returns**

(audit number: 202040001)

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

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### **Accuracy of Taxpayer Entries on Tax Return Lines Labeled As "Other"**

(audit number: 202040002)

Determine whether allowing taxpayers to enter deductions or tax credits without defining them results in errors and potentially erroneous or fraudulent refunds.

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### **Business Entity Classification Elections** (audit number: 202040003)

Assess processes to ensure correct tax return filings and payments based on various business elections.

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### **Prerefund Refundable Credit Disallowance and Assistance to Taxpayers**

(audit number: 202040004)

Evaluate the reasons for refundable credit prerefund examination adjustments and the assistance provided to taxpayers during the examination process.

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<sup>7</sup> Pub. L. 115-97. Officially known as "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for Fiscal Year 2018."

## *Fiscal Year 2020 List of Planned Audits*

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### **Prisoner Fraud – Follow-up** (audit number: 202040005)

Evaluate the effectiveness of the IRS's corrective actions to identify and reduce prisoner fraud.<sup>8</sup>

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### **Undistributed Long-Term Capital Gain Credit** (audit number: 202040006)

Determine whether the IRS has effective processes to prevent erroneous payments of the Undistributed Long-Term Capital Gain Credit.

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### **Identification of Taxable Cancellation of Debt** (audit number: 202040007)

Assess the effectiveness of the IRS's processes to identify unreported taxable cancellation of debt income at the time tax returns are processed.

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### **Taxpayer Compliance With Requirements for the Qualified Business Income Deduction** (audit number: 202040008)

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

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### **Selection of Information Referrals for Compliance Treatment** (audit number: 202040009)

Evaluate procedures in select information referrals for compliance treatment.

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## **Audits Required by Statute**

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### **Fiscal Year 2020 Mandatory Review of Seizures** (audit number: 201930024)

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

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

Evaluate the Private Collection Agencies (PCA) to determine whether the PCA payment calculator has been improved. In addition, review the recommendations from the previous audit<sup>9</sup> that were implemented by the IRS and PCAs to determine whether there have been improvements in process, effectiveness, and efficiency.

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<sup>8</sup> TIGTA, Ref. No. 2017-40-041, *Actions Need to Be Taken to Ensure Compliance With Prisoner Reporting Requirements and Improve Identification of Prisoner Returns* (Jul. 2017).

<sup>9</sup> TIGTA, Ref. No. 2019-30-018, *Fiscal Year 2019 Biannual Independent Assessment of Private Collection Agency Performance* (Dec. 2018).

## *Fiscal Year 2020 List of Planned Audits*

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### **Fiscal Year 2020 Mandatory Review of Levies** (audit number: 202030016)

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

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### **Fiscal Year 2020 Mandatory Review of Disclosure of Collection Activity With Respect to Joint Returns** (audit number: 202030017)

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.

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### **Fiscal Year 2020 Mandatory Review of Fair Tax Collection Practices Act Violations for Fiscal Year 2019** (audit number: 202030018)

Obtain information on any reported violations of Fair Tax Collection Practices (I.R.C. § 6304) by IRS employees and on any reported or potential violations of the Fair Debt Collection Practice Act (15 U.S.C. §§ 1601 note, 1692-1692p (2010)) by PCA employees, including any related administrative or civil actions resulting from those violations, for collection cases closed during FY 2019.

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### **Fiscal Year 2020 Mandatory Review of Internal Revenue Service Compliance With Restrictions on the Use of Enforcement Statistics** (audit number: 202030019)

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

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### **Fiscal Year 2020 Mandatory Review of Illegal Tax Protestors and Similar Designations** (audit number: 202030020)

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.

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### **Fiscal Year 2020 Mandatory Review of Liens** (audit number: 202030021)

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.

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### **Fiscal Year 2020 Mandatory Review of Assessment Statute Extension Dates** (audit number: 202030022)

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

## *Fiscal Year 2020 List of Planned Audits*

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### **Fiscal Year 2020 Mandatory Review of Restrictions on Directly Contacting Taxpayers**

(audit number: 202030023)

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

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### **Compliance With Improper Payment Reporting Requirements for Fiscal Year 2019**

(audit number: 202040010)

Determine whether the IRS complied with annual improper payment reporting requirements for FY 2019.

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## *Information Technology/Cybersecurity*

### **Implementation of Information Security Continuous Monitoring** (audit number: 201920003)

Determine the effectiveness and efficiency of the Continuous Diagnostics and Mitigation Program implementation.

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### **Progress on Identity Proofing of Taxpayers for Online Applications**

(audit number: 201920004)

Evaluate the identity-proofing capabilities for secure electronic authentication to online applications.

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### **Unauthorized Access Audit Trails – Follow-up** (audit number: 201920006)

Determine whether the IRS has effectively implemented UNAX audit trail policies and procedures.<sup>10</sup>

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### **Cloud Strategy Implementation** (audit number: 201920008)

Evaluate the implementation of the IRS's cloud strategy to ensure compliance with Federal guidance.

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### **Unified Access Implementation** (audit number: 201920011)

Evaluate the progress and effectiveness of efforts to deploy unified access controls to identify and authenticate authorized users and devices to the IRS's internal network.

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<sup>10</sup> TIGTA, Ref. No. 2015-20-088, *Improvements Are Needed to Ensure That New Information Systems Deploy With Compliant Audit Trails and That Identified Deficiencies Are Timely Corrected* (Sep. 2015).

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## *Fiscal Year 2020 List of Planned Audits*

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### **Active Directory Architecture** (audit number: 201920013)

Review the Active Directory Technical Advisory Board's effectiveness on implementing previous recommendations<sup>11</sup> and evaluate the effectiveness and efficiency of the Integrated Submission and Remittance Processing Active Directory implementation.

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### **Biennial Assessment of Information Technology Organization Closed Corrective Actions** (audit number: 201920017)

Determine whether corrective actions reported as closed by the Information Technology organization have been fully implemented, adequately documented, properly approved, and effectively corrected the identified deficiencies.

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### **Implementation of Robotics Process Automation and Intelligent Automation Technologies** (audit number: 201920018)

Assess the effectiveness of and efficiencies achieved through the IRS's implementation of robotics process automation technology.

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### **Taxpayer Data at Volunteer Income Tax Assistance Sites** (audit number: 201840010)

Assess IRS controls to safeguard taxpayer information at Volunteer Income Tax Assistance sites.

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### **Mainframe Systems Security and Operations** (audit number: 202020001)

Review the effectiveness and efficiency of the IBM mainframe systems security and operations to determine whether the controls implemented properly safeguard Federal information systems.

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### **Insider Threat Capability** (audit number: 202020002)

Determine the effectiveness of the IRS's efforts to implement an insider threat capability.

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### **Virtual Host Infrastructure** (audit number: 202020003)

Determine whether the Virtual Host Infrastructure is effectively managed and sufficiently secured against unauthorized access.

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### **Mitigating the Risks of Legacy Systems Management** (audit number: 202020004)

Assess the IRS's plans and efforts to replace its legacy systems.

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<sup>11</sup> TIGTA, Ref. No. 2018-20-034, *Active Directory Oversight Needs Improvement and Criminal Investigation Computer Rooms Lack Minimum Security Controls* (June 2018).

## *Fiscal Year 2020 List of Planned Audits*

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### **Security Over Internet Accessible Computer Resources** (audit number: 202020005)

Determine whether the IRS is effectively managing and securing external connections to ensure that access is limited to only those who need access.

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### **Wireless Network Security** (audit number: 202020007)

Evaluate the effectiveness of security controls and procedures over wireless networks in use at IRS facilities and preventative measures against rogue wireless access points.

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### **Security and Management Over PC-On-A-Stick Devices** (audit number: 202020008)

Determine whether the IRS is effectively managing and securing PC-on-a-Stick devices and whether the business need outweighs the cost and security risks.

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### **Security of the Domain Name System** (audit number: 202020009)

Determine whether Domain Name System hardware and software are secure against unauthorized changes and manipulation.

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### **Network Segmentation Implementation** (audit number: 202020011)

Evaluate the effectiveness of local area network segmentation efforts to allow only authenticated users and devices access to authorized IRS information technology data resources.

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### **Data Center Optimization** (audit number: 202020012)

Assess the IRS's efforts to consolidate and optimize its data centers.

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### **Customer Account Data Engine 2 Program's Individual Tax Processing Engine Project** (audit number: 202020015)

Determine whether the IRS is effectively and efficiently managing the Customer Account Data Engine 2 program's Individual Tax Processing Engine project to ensure timely completion.

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### **Enterprise Data Governance** (audit number: 202020016)

Assess IRS governance efforts to manage taxpayer data in relation to the Federal Data Strategy Action Plan.

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### **Enterprise Case Management** (audit number: 202020017)

Review efforts to implement an Enterprise Case Management solution.

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

Evaluate the IRS's efforts to hire, train, and retain skilled information technology personnel to address Modernization goals and objectives.

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## *Fiscal Year 2020 List of Planned Audits*

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### **Managing Technical Debt** (audit number: 202020019)

Evaluate the IRS's strategy for identifying, managing, and eliminating technical debt.<sup>12</sup>

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### **Information Technology Security Controls Over Criminal Investigation Computer Labs** (audit number: 202020020)

Determine whether Criminal Investigation's computer labs are operating in compliance with Federal and agency policies for information technology security controls.

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### **Web Applications** (audit number: 202020021)

Evaluate the IRS's efforts to develop and implement new functionality in Web applications.

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### **Secure Access Authentication Process** (audit number: 202020506)

Determine whether the secure access authentication process deployed to protect eServices tools provides effective mitigating or compensating controls for public facing applications.

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

Determine whether policies, procedures, and controls have been established and are working as intended to ensure return information being disclosed is being protected as required.

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### **Implementation of Information Technology Streamlined Critical Pay Authority** (audit number: 202020513)

Determine whether the IRS's use of the streamlined critical pay authority in the Information Technology organization conformed to established laws and regulations, and assess the costs associated with the program.

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### **Chief Information Officer Duties and Responsibilities** (audit number: 202020514)

Assess the IRS's implementation of the Chief Information Officer's duties and responsibilities in relation to Section 2101 of the Taxpayer First Act.<sup>13</sup>

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

Evaluate the effectiveness of the IRS's controls to ensure that only authorized users receive sensitive tax information.

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<sup>12</sup> Technical debt is a term used by software developers to refer to the "hidden" costs associated with a system's architecture and codebase.

<sup>13</sup> Pub. L. No. 116-25.

## *Fiscal Year 2020 List of Planned Audits*

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### **Audits Required by Statute**

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#### **Fiscal Year 2020 Evaluation of the Federal Information Security Modernization Act of 2014** (audit number: 202020022)

Assess the effectiveness of the IRS information security program on a maturity model spectrum based on the FY 2020 Federal Information Security Modernization Act of 2014<sup>14</sup> domain metrics.

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#### **Annual Assessment of the Internal Revenue Service's Information Technology** (audit number: 202020023)

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

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### ***Operational Support***

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#### **Confidential Funds, Undercover Travel Expenditures** (audit number: 201910009)

Determine whether Criminal Investigation's use of imprest funds for confidential travel expenses supporting undercover operations complies with IRS, Department of the Treasury, and Federal financial and travel policies.

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#### **Locating Paper Files** (audit number: 201910013)

Determine whether the IRS has an effective process for timely locating certain paper files.

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#### **Employee Exit Procedures – Access to Government Facilities – Follow-up** (audit number: 201910014)

Determine whether the IRS has implemented corrective actions to remove access to IRS facilities and computers when employees separate.<sup>15</sup>

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#### **Passport Management and Security Controls** (audit number: 201910016)

Evaluate IRS compliance with Federal requirements for passport management and security of official Government and diplomatic passports issued to IRS employees and appointees as of March 31, 2019.

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<sup>14</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.

<sup>15</sup>TIGTA, Ref. No. 2016-10-038, *Access to Government Facilities and Computers Is Not Always Removed When Employees Separate* (Jun. 2016).

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## *Fiscal Year 2020 List of Planned Audits*

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### **Non-Information Technology Assets** (audit number: 201910019)

Evaluate the IRS's controls over purchased non-IT asset inventory.

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### **Implementation of Recommended Facility Security Countermeasures – Follow-up**

(audit number: 202010002)

Determine whether the IRS's process for implementing countermeasures recommended in facility security risk assessments ensures that identified security vulnerabilities are addressed.

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### **Accounting for Tax Forum Revenue and Expenses** (audit number: 202010003)

Determine whether the IRS is adequately tracking and capturing the income derived from, and the expenses paid for, the IRS Tax Forums.

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### **Use of Government Travel Cards** (audit number: 202010004)

Determine whether controls are properly designed and implemented to prevent and detect travel card abuse or misuse.

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### **Domestic Travel Claim Reimbursements** (audit number: 202010005)

Assess the effectiveness of controls over employee domestic travel claims.

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### **Federal Contractors With Delinquent Federal Tax Debt** (audit number: 202010006)

Identify contractors registered in the System for Award Management with delinquent Federal tax liabilities and contracts with Federal agencies.

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

(audit number: 202010007)

Determine whether the IRS has implemented sufficient controls to ensure the accuracy and completeness of IRS employee reporting of time devoted to Union activities.

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### **Information Technology Managed Services Contracts** (audit number: 202020024)

Assess the IRS's use of information technology managed services contracts.

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### **Criminal Investigation's Management and Utilization of Motor Vehicles**

(audit number: 202030024)

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

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## *Fiscal Year 2020 List of Planned Audits*

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### **Audits Required by Statute**

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#### **Implementation of the Digital Accountability and Transparency Act of 2014**

[audit numbers: 201810005 (Phase III) and 202010008 (Phase IV)]

Evaluate the IRS's implementation of the Digital Accountability and Transparency Act of 2014.<sup>16</sup>

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

[audit number: 201910020 (April 1, 2019, through September 30, 2019) and 202010009 (October 1, 2019, through March 31, 2020)]

Assess the IRS's continued compliance with the Government Charge Card Abuse Prevention Act of 2012<sup>17</sup> requirements.

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#### **Administration of the Individual Taxpayer Identification Number Program**

(audit number: 201940005)

Statutory biennial review of the effectiveness of the IRS's processes to ensure that only individuals with a tax need are assigned an Individual Tax Identification Number.

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#### **Attestation Review of the Internal Revenue Service's Fiscal Year 2020 Annual Accounting of Drug Control Funds** (audit number: 202010010)

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

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## *Tax Exempt and Government Entities*

#### **Internal Revenue Code Section 6700 Tax Promotor Penalty Consideration Documentation**

(audit number: 201810023)

Determine whether IRS management has controls in place that provide reasonable assurance that examiners consider I.R.C. § 6700 Abusive Tax Shelter promotor penalties when performing tax-exempt bond examinations.

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<sup>16</sup> Pub. L. No. 113-101, 128 Stat. 1146 (2014).

<sup>17</sup> Pub. L. No. 112-194 (Oct. 2012).

## *Fiscal Year 2020 List of Planned Audits*

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### **Direct Pay Bond Refund Claims Process** (audit number: 201910015)

Determine whether the Tax Exempt Bonds office has developed and implemented controls to accurately and timely pay direct pay bond refund claims and prevent the disbursement of erroneous payments.

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### **Noncompliant Activity by Exempt Organizations** (audit number: 201910021)

Determine whether IRS processes are sufficient to detect potentially noncompliant activities by tax-exempt organizations.

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### **Tax Exempt and Government Entities Division's Examination Workload Selection Processes** (audit number: 201910022)

Assess the overall effectiveness of the Tax Exempt and Government Entities Division's Compliance, Planning, and Classification Unit Exempt Organization's examination selection processes.

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

Review the Tax Exempt and Government Entities Division's efforts to identify and examine organizations with unreported or underreported unrelated business income tax.

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### **Excise Taxes on Tax-Exempt Organizations With Highly Compensated Employees** (audit number: 202010012)

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

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### **Indian Tribal Governments Noncompliance** (audit number: 202010013)

Assess the Indian Governments function's efforts to identify noncompliant activity.

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### **Excise Tax on Investment Income of Private Colleges and Universities** (audit number: 202010014)

Evaluate the IRS's processing controls and guidance related to excise taxes on the net investment income of certain private colleges and universities.

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## *Fiscal Year 2020 List of Planned Audits*

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### **Nonprofit Hospitals' Compliance With Tax Exempt Requirements**

(audit number: 202010311)

Assess the implementation of the Patient Protection and Affordable Care Act<sup>18</sup> provisions that impose additional tax-exempt requirements on hospital organizations.

## *Tax Processing*

### **Tax Compliance of Taxpayers Using Peer-to-Peer Payment Systems**

(audit number: 201930019)

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

### **Accuracy of Error Resolution System Processing** (audit number: 201940007)

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

### **Consolidation of Tax Processing** (audit number: 201940024)

Continue evaluation of the IRS's efforts to close the Cincinnati Tax Processing Center. In addition, assess the business case basis supporting the IRS's continued planned closure of Tax Processing Centers.

### **2019 Filing Season Individual Tax Return Processing** (audit number: 201940402)

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2019 Filing Season.

### **Processing of Tax Returns With Retirement Distributions** (audit number: 202010015)

Determine whether Submissions Processing has processes and procedures in place to identify taxpayers who are not complying with the requirements for early retirement distributions.

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<sup>18</sup> Pub. L. 111-148, 124. Stat. 119 (2010) (codified as amended in scattered sections of the U.S. Code), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-124, Stat. 1029.

## *Fiscal Year 2020 List of Planned Audits*

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### **Accuracy and Timeliness of Excise Tax Reporting and Distribution**

(audit number: 202010016)

Assess the sufficiency of controls over the accuracy and timeliness of excise tax reporting and distribution by the IRS.

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### **Taxpayer Correspondence Processing in the Compliance Services Collection Operations Function**

(audit number: 202030025)

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

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### **Processing of Restitution Payments and Conditions of Probation – Follow-up**

(audit number: 202030026)

Determine whether defendants convicted of tax-related crimes are held responsible for the payment of the taxes associated with the offenses they committed.<sup>19</sup>

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### **Automated Collection System Business Results**

(audit number: 202030027)

Assess the business results of the Automated Collection System.

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### **Processes to Ensure the Accountability Over Manual Refunds**

(audit number: 202040014)

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

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### **Employer Identification Number Applications and Maintenance of Business Accounts**

(audit number: 202040015)

Evaluate the effectiveness of the IRS's controls for processing Employer Identification Number applications and ensuring that it accurately consolidates accounts with multiple Employer Identification Numbers.

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### **Evaluation of Business Tax Offsets**

(audit number: 202040016)

Assess IRS processes to identify and offset refunds associated with business accounts with Federal debt owed.

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### **Amended Business Tax Returns**

(audit number: 202040017)

Determine whether proper controls are in place to ensure the accurate processing of amendments to business tax returns.

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<sup>19</sup> TIGTA, Ref. No. 2012-30-012, *Procedures Are Needed to Improve the Accounting and Monitoring of Restitution Payments to Prevent Erroneous Refunds* (Jan. 2012).

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## *Fiscal Year 2020 List of Planned Audits*

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### **Miscellaneous Credits and Deductions Claimed on Business Returns**

(audit number: 202040018)

Evaluate the IRS's processes for ensuring the accuracy of other credits and deductions claimed on business tax returns.

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### **Resolving Taxpayer Payments** (audit number: 202040019)

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

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### **Continued Assessment of Electronic Filing of Business and Information Returns**

(audit number: 202040020)

Evaluate the IRS's continued efforts to increase electronic filing for business and information returns.

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### **Processes to Perfect Tax Returns for Processing** (audit number: 202040021)

Evaluate the effectiveness of the IRS's processes to perfect tax returns for processing.

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### **2020 Filing Season Individual Tax Return Processing**

[audit number: 202040512 (Interim) and 202040513 (Final)]

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

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## *Taxpayer Service*

### **Appeals Trust Fund Recovery Penalty Program** (audit number: 201810018)

Determine whether Office of Appeals' Trust Fund Recovery Penalty cases are processed according to IRS criteria and whether Appeals decisions are adequately documented.

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### **Taxpayer Advocate Service Offset Bypass Refunds** (audit number: 201910003)

Determine whether the Taxpayer Advocate Service is appropriately responding to taxpayers with unpaid tax liabilities who request refunds.

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## *Fiscal Year 2020 List of Planned Audits*

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### **Program Participation Suitability Checks** (audit number: 201840041)

Assess effectiveness of the IRS's process to ensure suitability of applicants seeking participation in IRS programs.

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### **Identification and Assignment of Unpostable Conditions** (audit number: 201940011)

Evaluate the IRS's efforts to ensure that unpostable conditions are working properly and routed to the correct function for resolution.

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### **Oversight of the Free File Program** (audit number: 201940025)

Assess the IRS's efforts to oversee the Free File Program.

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### **Authentication of Third-Party Authorization Requests – Follow-up**

(audit number: 201940026)

Evaluate the IRS's controls to authenticate third-party authorization requests to access taxpayer data.<sup>20</sup>

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### **Assistance to Victims of Identity Theft – Follow-up** (audit number: 201940027)

Assess IRS efforts to assist victims of identity theft and implement the victim assistance provisions in the Taxpayer First Act.<sup>21</sup>

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### **Assistance to Taxpayers With Limited English Proficiency and Disabilities**

(audit number: 202040022)

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

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### **Improvements to Service Delivery** (audit number: 202040023)

Evaluate the IRS's process for measuring taxpayer satisfaction with customer services to determine whether surveys are cost effective and sufficient.

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### **Quality of Telephone Assistance for Compliance Lines** (audit number: 202040024)

Determine whether the IRS provides accurate, professional assistance to taxpayers who call IRS compliance telephone lines.

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<sup>20</sup> TIGTA, Ref. No. 2018-40-062, *Improved Procedures Are Needed to Prevent the Fraudulent Use of Third-Party Authorization Forms to Obtain Taxpayer Information* (Aug. 2018).

<sup>21</sup> TIGTA, Ref. No. 2019-40-013, *Results of the 2018 Filing Season* (Dec. 2018); TIGTA, Ref. No. 2016-40-003, *Improvements Are Needed in the Identity Protection Specialized Unit to Better Assist Victims of Identity Theft* (Oct. 2015); TIGTA, Ref. No. 2016-40-065, *Processes Are Not Sufficient to Assist Victims of Employment-Related Identity Theft* (Aug. 2016); TIGTA, Ref. No. 2017-40-031, *The Number of Employment-Related Identity Theft Victims Is Significantly Greater Than Identified* (Jun. 2017); and TIGTA, Ref. No. 2018-40-016, *Most Employment Identity Theft Victims Have Not Been Notified That Their Identities Are Being Used by Others for Employment* (Feb. 2018).

## *Fiscal Year 2020 List of Planned Audits*

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### **Quality of Face-to-Face Assistance** (audit number: 202040025)

Evaluate the quality of assistance provided to taxpayers seeking face-to-face service.

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### **Processes to Resolve Complaints Against Tax Return Preparers – Follow-up**

(audit number: 202040026)

Assess the effectiveness of processes to resolve complaints against tax return preparers and take appropriate actions.<sup>22</sup>

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### **Resolution of Unpostable Conditions** (audit number: 202040027)

Determine the accuracy of the IRS's resolution of unpostable conditions.

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## **Audits Required by Statute**

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### **Fiscal Year 2020 Mandatory Review of Collection Due Process** (audit number: 202010017)

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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### **Fiscal Year 2020 Mandatory Review of the Compliance With the Freedom of Information Act** (audit number: 202010018)

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

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<sup>22</sup> TIGTA, Ref. No. 2018-30-042, *The Internal Revenue Service Lacks a Coordinated Strategy to Address Unregulated Return Preparer Misconduct* (Jul. 2018).

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# Organization Chart – Office of Audit

## Treasury Inspector General for Tax Administration Office of Audit

