



*Positive Steps Have Been Taken to Enhance
the Sharing of Information Between Federal
Agencies, but Additional Actions Are Needed*

August 31, 2007

Reference Number: 2007-30-168

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Phone Number | 202-927-7037

Email Address | Bonnie.Heald@tigta.treas.gov

Web Site | <http://www.tigta.gov>



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 31, 2007

MEMORANDUM FOR DEPUTY COMMISSIONER FOR SERVICES AND
ENFORCEMENT

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Positive Steps Have Been Taken to Enhance the
Sharing of Information Between Federal Agencies, but Additional
Actions Are Needed (Audit # 200630040)

This report presents the results of our review of the Internal Revenue Service (IRS) FedFed Program. The overall objective of this review was to determine whether the Small Business/Self-Employed (SB/SE) Division FedFed Program is meeting its stated program goals and objectives. We initiated this review at the request of the Commissioner, SB/SE Division.

Impact on the Taxpayer

The IRS has recognized the need to collaborate with other Federal Government agencies to leverage resources and further its strategic goals. The sharing of information creates the potential to improve tax administration and help other Federal Government agencies achieve their goals. The IRS has a history of establishing relationships with Federal Government agencies and reported it has over 100 existing agreements. The FedFed Program was created to develop and manage current and future relationships with other Federal Government agencies. Although the FedFed Program has had several significant achievements, some goals of the Program remain incomplete because some key tasks have not been accomplished.



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Synopsis

The IRS recognized the need for partnering with other Federal Government agencies. Over the years, the IRS has had experience in participating with other Federal Government agencies in a variety of data-sharing initiatives and programs designed to exchange data, reduce taxpayer burden, increase compliance, provide disaster assistance, etc. Many of these initiatives or projects were part of longstanding agreements. However, until recently, there was no formal, agency-wide coordination of these relationships, and no established structure was in place. To address this issue, the IRS approved the FedFed Program for implementation.

Progress has been made in achieving the objectives of the FedFed Program since its inception in March 2006. A FedFed Council was established to provide strategic guidance and to assist in the rollout of the new Program. In addition, FedFed Program instructor and student guides were created; a template was created for IRS employees to submit initiatives for FedFed Program consideration; a Program team charter was developed; and meetings were held with several Federal Government agencies, resulting in new agreements. The Council developed an informal communication and action plan that identifies tasks to be accomplished.

However, the IRS needs to address several issues to ensure all of the objectives of the FedFed Program are accomplished. Complete and accurate databases of current Federal Government initiatives and associated contacts in other Federal Government agencies need to be developed because they are vital to ensure projects with other agencies are properly coordinated and monitored. As of April 2007, the IRS had not completed a verification and review of the existing database of FedFed Program initiatives to ensure its completeness and accuracy. Also, the database being used does not contain a field to enter the reason an initiative was rejected; this key element should be included.

In addition, the current strategy to communicate the existence and objectives of the FedFed Program needs to be improved. Future initiatives will originate from either IRS operating divisions or other Federal Government agencies. Because the Program's future success is heavily dependent on these groups, communication with them needs to be emphasized. The current communication plan needs to be developed further to inform both internal and external stakeholders of the FedFed Program and to solicit participation in the Program. While the IRS had developed a communication plan that included many specific goals and objectives, the plan did not contain key elements to ensure timely completion of tasks, accountability, and followup procedures for action items not completed.

Finally, simplification of the initial application process may encourage more ideas for initiatives. The time and resources necessary to receive initial consideration of a FedFed Program initiative may be precluding the development of new initiatives. In many instances, a preliminary screening of an idea for a new initiative may reveal factors preventing further development (e.g., disclosure issues regarding tax information, incompatibility of information systems



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between two Federal Government agencies, or insufficient funds available in the operating budget). However, an employee or unit within an IRS operating division with an idea for a FedFed Program initiative must currently prepare and submit all pertinent parts of the application.

Recommendations

The Deputy Commissioner for Services and Enforcement should follow up to make sure each IRS division provides updates to ensure the FedFed Program database is complete and accurate. The FedFed Program Manager should ensure all key data elements are included in the database. The Commissioner, Small Business/Self-Employed Division, should further develop the communication plan to inform both internal and external stakeholders of the FedFed Program and should consider allowing new initiatives to be submitted on a single-page template for initial consideration.

Response

The Commissioner, Small Business/Self-Employed Division, agreed with all of our recommendations and will take or has already taken corrective actions. The FedFed Council Inventory team is currently securing all of the updates to the FedFed Program database. Management has added fields to the FedFed Program database to ensure it is complete. The Commissioner, Small Business/Self-Employed Division, has agreed to include information in the communication plan to track the progress and results of messages management disseminates. The Commissioner, Small Business/Self-Employed Division, agreed to have the Governmental Liaison Headquarters review the initiative process to determine the best consistent product to facilitate ideas for the FedFed Program and FedState Program. Management's complete response to the draft report is included as Appendix IV.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Small Business and Corporate Programs) at (202) 622-5894.



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Abbreviations

GAO	Government Accountability Office
IRS	Internal Revenue Service
SB/SE	Small Business/Self-Employed



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Background

Over the years, the Internal Revenue Service (IRS) has had experience in participating with other Federal Government agencies in a variety of data-sharing initiatives and programs designed to exchange data, reduce taxpayer burden, increase compliance, provide disaster assistance, etc. Many of these initiatives or projects were part of longstanding agreements. However, until recently, there was no formal agency-wide coordination of these relationships, and no established structure was in place. To address this issue, the IRS approved the FedFed Program for implementation.

The FedFed Program was formally introduced to division Commissioners by a memorandum from the Deputy Commissioner for Services and Enforcement on March 22, 2006. This is considered the official launch date of the FedFed Program. The Deputy Commissioner noted in the memorandum that this Program would help ensure the IRS had a centralized process to appropriately coordinate new Federal Government initiatives and to provide an agency-wide inventory of current projects and initiatives. The memorandum included a request that the division Commissioners ensure the current inventory of FedFed Program initiatives was updated to include all existing initiatives and the information contained in the database was accurate.

Because the Governmental Liaison and Disclosure office under the Communications, Liaison, and Disclosure function in the Small Business/Self-Employed (SB/SE) Division had an established structure in place to promote interactions with State Government agencies, it was given responsibility for the new FedFed Program. In addition, a version of the existing FedState Program process was to be used to establish relationships with other Federal Government agencies.

This audit is part of the discretionary audit coverage under our Small Business and Corporate Programs unit and was one of the requests made by the Commissioner, SB/SE Division, for audit coverage during this fiscal year. According to its web site, the FedFed Program's goals are to:

1. Provide a systematic approach to developing initiatives with other Federal Government agencies.
2. Facilitate the development of initiatives.
3. Allow the ownership of an initiative to remain with the business unit requesting that the initiative be established.
4. Centralize the process to ensure initiatives with other Federal Government agencies are appropriately coordinated.
5. Create a database listing contacts in other Federal Government agencies.



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This review was performed at the Oklahoma City, Oklahoma, Governmental Liaison and Disclosure office during the period December 2006 through April 2007. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

The Internal Revenue Service Recognized the Need for Partnering With Other Federal Government Agencies

The IRS had already established many working relationships with other Federal Government agencies before the formal announcement of the FedFed Program in March 2006. These agreements can be beneficial to the IRS and other Federal Government agencies. According to an October 2005 Government Accountability Office (GAO) report,¹ Federal Government agencies estimated that they saved more than \$900 million in program costs in Calendar Year 2000 through data-sharing initiatives. The GAO also reported that data sharing between the IRS and other Federal Government agencies has the potential to improve tax compliance. In addition, its research showed certain data-sharing programs have value for increasing taxpayer compliance because these programs have identified discrepancies in income reporting amounts and, in some cases, enabled the assessment of additional dollars of unpaid taxes. In an effort to realize some of these benefits, the IRS has worked to collaborate and establish relationships with other Federal Government agencies.

In the same report, the GAO reported on the potential benefits of data sharing between the IRS and the United States Citizenship and Immigration Services. The GAO reported the data sharing could result in improved tax administration by the IRS, as well as improved immigration decisions by the United States Citizenship and Immigration Services. Recent United States Citizenship and Immigration Services meetings have explored information-sharing opportunities with the FedFed Program Manager. In addition, the IRS already has agreements with the Social Security Administration and recently met with that agency to discuss data sharing and obstacles that need to be addressed. The IRS currently assists the Social Security Administration in ensuring taxpayers get credit for all of their Social Security wages. These are just two of the agreements the IRS has with other agencies.

The IRS has agreements with many other Federal Government agencies. The large number of agreements provided the impetus to create a formal program that could manage the IRS' existing relationships with other agencies and new initiatives submitted by Federal Government agencies and IRS operating divisions. The SB/SE Division took on the added responsibility of managing current and future IRS agreements with other Federal Government agencies.

¹ *Options Exist to Enable Data Sharing Between IRS and USCIS but Each Presents Challenges* (GAO-06-100, dated October 2005). USCIS - United States Citizenship and Immigration Services.



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Progress Has Been Made in Achieving the Objectives of the FedFed Program

Since its inception in March 2006, the FedFed Program has had some significant achievements. A FedFed Council was established to provide strategic guidance and to assist in the rollout of the new Program. The Council has developed an informal communication and action plan that identifies tasks to be accomplished. A FedFed Program instructor and student guides were created. The instructor guide contains information covering the objectives in the student guide and prompts the instructor to conduct local FedFed Program relationship case study discussions. The student guide provides training for local government liaisons because FedFed Program management believes the opportunity for growth of the Program remains at the field level. The relationships that field governmental liaisons have with the local operating divisions and local Federal Government agencies will provide a basis for the identification and development of FedFed Program partnerships including data sharing, leveraging of resources, and educational outreach opportunities. These local contacts can also identify potential problems that may have national impact. In addition, a template was created for IRS employees to submit initiatives for FedFed Program consideration; a Program team charter was developed; and meetings were held with several Federal Government agencies, resulting in new agreements.

In 2006, a Commissioner's award was given to the Governmental Liaison and Disclosure Office for its work with internal partners and Federal and State Government agencies to develop innovative approaches to address compliance efforts. The Commissioner's award is a highly prestigious award given to teams who have made a significant contribution to tax administration. It is the highest honor bestowed by the Commissioner. Among the examples cited was the FedFed Program, which "provides a systemic approach for developing initiatives with other agencies, such as the State Department agreement to include social security numbers on passport and visa applications."

These accomplishments, combined with the additional improvements discussed in this report, will help in the development of a viable FedFed Program to share data among Federal Government agencies. This will help the IRS reduce taxpayer burden, increase compliance, provide disaster assistance, and assist other Federal Government agencies with maximizing their performance and results through improved collaboration.

Complete and Accurate Databases of Current FedFed Program Initiatives and Associated Contacts in Other Federal Government Agencies Need to Be Developed

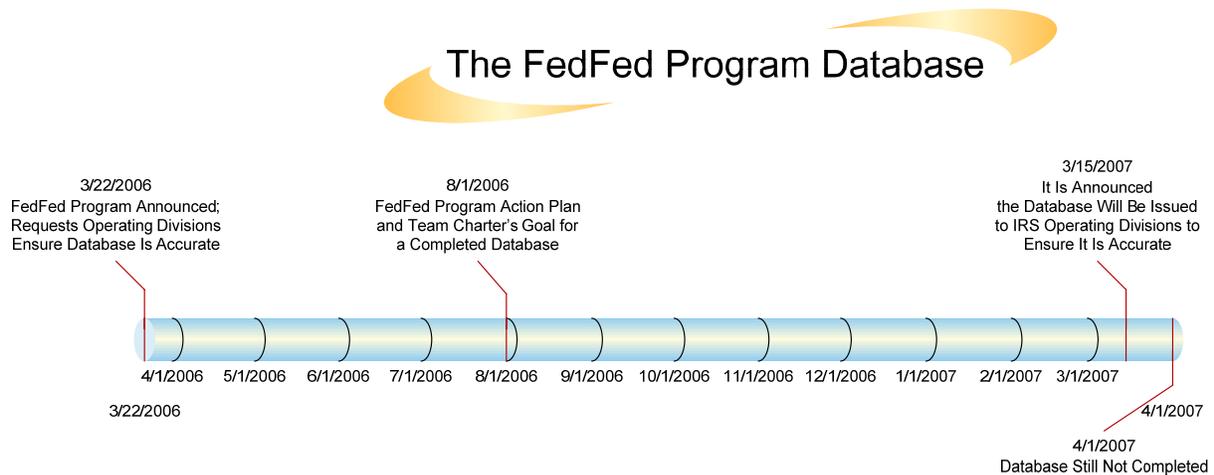
An inventory of all IRS agreements with other Federal Government agencies was last completed in July 2005. In March 2006, when the Deputy Commissioner for Services and Enforcement announced implementation of the FedFed Program, the division Commissioners were requested



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to review the existing database of Program initiatives and provide updates to ensure the database was complete and accurate. A complete and accurate database of initiatives is vital to ensure projects with other Federal Government agencies are properly coordinated and monitored. However, as of April 2007, this verification and review had not been completed. Although the initial request for updated information came from the Deputy Commissioner for Services and Enforcement, no followup had been initiated from that level. More than a year after the initial request, a formal memorandum was prepared from the Director, Communications and Liaison, to the various IRS division Commissioners to request that their staffs ensure the information entered in the FedFed Program database was updated and accurate. Previous followup requests for assistance in completing the database had not resulted in completion of that task. Figure 1 illustrates the timeline for updating the FedFed Program database.

Figure 1: Timeline for Updating the FedFed Program Database



Source: Our analysis of FedFed Program documents provided by the FedFed Program Manager.

The FedFed Program database needs to contain additional information including (but not limited to) a project description; a current Memorandum of Understanding; current contacts and IRS business owners of the initiative; and, if the project or initiative was not accepted, the reason for rejection. The database does not currently contain a field to enter the reason an initiative was rejected; this enhancement would improve Program efficiency. Rejected initiatives and the reasons for rejection should be included because financial, legal, or technological circumstances can change. An initiative that was rejected due to financial considerations may be reconsidered if budgetary conditions change. Rejected initiatives should be visible, to avoid employee submission of duplicate requests that cannot be enacted for specific reasons.



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In addition, we learned that 10 to 12² of the 160 initiatives being inventoried for the computer database could not be cross-matched to a business unit owner. Because one of the stated objectives of the FedFed Program is to allow ownership of an initiative to remain with the business unit that requested the initiative be established, controls must be put in place in the new database to address this situation.

Without having a complete and accurate inventory of agreements with other Federal Government agencies incorporated into a database, and a separate database of associated contacts at the various Federal Government agencies, the IRS could create duplicate initiatives and/or make unnecessary contacts with other Federal Government agencies. In addition, if Federal Government agencies are not actively working to share information, burden on taxpayers can be increased through the increased cost of Government. In Fiscal Year 2000, Federal Government agencies estimated they saved at least \$900 million annually in program costs through data-sharing initiatives.

Recommendations

Recommendation 1: The Deputy Commissioner for Services and Enforcement should follow up to make sure each IRS division provides updates to ensure the FedFed Program databases are complete and accurate.

Management's Response: IRS management agreed with the recommendation. As of July 23, 2007, the Director, Communications, Liaison, and Disclosure, issued a formal request to each operating division to update and validate the FedFed Program database. Operating divisions were asked to verify whether initiatives listed are current and complete, identify closed initiatives, and add any new initiatives. The FedFed Council has received 9 of 13 responses. The FedFed Council Inventory team is currently working to get the other responses and to load the received updates into the new FedFed Program Inventory database.

Recommendation 2: The FedFed Program Manager should ensure all key data elements are included in the updated database, including the reasons for rejecting initiatives and the internal business unit owners.

Management's Response: IRS management agreed with the recommendation, stating they have identified and made changes to the elements in the FedFed Program database so key information is available for proper coordination and monitoring. The updated database includes the following key fields: project description, business owners, current contacts, memorandum of understanding, project acceptance or

² This number range was provided by the IRS FedFed Program Manager; however, because the actual inventory has not been completed, only an estimate could be given.



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rejection, and reason for rejection. The additional fields recommended in this report have been included.

The Current Strategy to Communicate the Existence and Objectives of the FedFed Program Needs to Be Improved

The IRS has taken steps to communicate the existence and objectives of the FedFed Program. A communication plan was created that recognized future initiatives would originate from either IRS divisions or other Federal Government agencies. As part of the communication and marketing strategy, the IRS created informational webpages, flyers, and various internal communication documents to inform its internal and external customers of the existence and benefits of the FedFed Program. However, because the Program's future success is heavily dependent on these groups, communication with them needs to be emphasized.

Internal communications

Internally, the IRS needs a communication strategy that ensures all employees are informed of the FedFed Program, its objectives, and its active initiatives. The IRS has no formal procedures in the Internal Revenue Manual to inform employees what to do if they wish to submit an idea for a FedFed Program initiative. Four recently updated Manual sections refer to Federal Government initiatives, but only one mentions the FedFed Program directly, and their references to a template are directed to the FedState Program template.

Not all IRS division Intranet web sites, which have become an important source of information for IRS employees, have readily available or easily accessible information on the FedFed Program. For example, both the Office of the National Taxpayer Advocate and the Large and Mid-Size Business Division put significant information regarding the FedFed Program on their Intranet sites. However, the SB/SE Division only circulated a newsletter regarding the new FedFed Program to its employees, while the Office of Chief Counsel issued a one-time notice to employees announcing the establishment of the FedFed Program. We were unable to identify any significant communications regarding the FedFed Program made by the Wage and Investment and the Tax Exempt and Government Entities Divisions.

If IRS employees are not aware of the FedFed Program and its benefits, they may contact other Federal Government agencies without going through the IRS FedFed Program or may not be suggesting ideas for information-exchange opportunities with other Federal Government agencies. During our review, we were made aware of two instances in which IRS employees contacted other Federal Government agencies without going through the FedFed Program Manager. In addition, only one internal application for a new Program initiative has been submitted since March 2006.



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External communications

A similar strategy needs to be established for potential external FedFed Program partners. A memorandum that would introduce other Federal Government agencies to the FedFed Program and its potential benefits was scheduled to be completed by September 30, 2006. However, as of April 2007, such a memorandum had not been approved or issued.

The FedFed Program Manager has met with seven Federal Government agencies to determine what information is available for IRS use and what data the IRS can offer these agencies, and the Program Manager plans to meet with three more agencies. Although other FedFed Program officials have met with Federal Government agencies, the Program Manager has the majority of the responsibility for meeting with other agencies and establishing working relationships. The meetings have resulted in new agreements as well as the identification of problems and potential new data sources. However, many Federal Government agencies still need to be contacted.

The FedFed Program Manager is physically located in Oklahoma City, whereas most of the Federal Government agencies to be contacted are headquartered in Washington, D.C. For this reason, it is important that the Program have a well-thought-out, formal communication plan defining specific communications goals, methods of contact, frequency of contact, individuals responsible, and methods for tracking progress and results. Potential budgetary restrictions on Program spending make such a formal plan even more vital.

If other Federal Government agencies are not aware of the FedFed Program, both they and the IRS could be missing opportunities to share valuable information, leverage resources, and improve tax administration.

Recommendation

Recommendation 3: The Commissioner, SB/SE Division, should further develop the communication plan to inform both internal and external stakeholders of the FedFed Program and to solicit participation in the Program. The plan should define specific communication goals, individuals responsible, and methods for tracking progress and results.

Management's Response: IRS management agreed with the recommendation. Management agreed to add to the FedFed Council Communications Plan the methods for tracking progress and the results of the messages they disseminate. They also stated the Plan does include communication goals, a list of responsible individuals, and messages to be delivered to both internal and external stakeholders. In addition to providing information about the FedFed Program to business units for posting to their Intranet web sites, the IRS has issued several IRS-wide communication products, including articles in the IRS Headlines, SB/SE Division Headline News, and Leader's Alert. The Communications Sub-Team of the FedFed Council will continue to



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encourage participation in the Program by communicating the existence and objectives of the FedFed Program more effectively.

Simplifying the Initial Application Process May Encourage More Ideas for Initiatives

The time and resources necessary to receive initial consideration for a FedFed Program initiative may be precluding the development of new initiatives. The FedFed Program submission template is a modified version of the FedState Program template. The FedFed Program version has three separate and distinct sections and can require up to five pages of information.

The first part of the application must be completed for local initiatives such as special taxpayer assistance days to assist victims of floods, hurricanes, or other natural disasters. The information required is not substantial or complex and includes such items as the reason for the initiative, identification of the participating Federal Government agency, the expected results, and how those results will be measured.

The second part of the application must be completed when a proposed initiative “must be reviewed at the operating division level and tested before it is approved.” It appears this section must be completed for all information-sharing initiatives, as well as taxpayer assistance or outreach efforts on a national scale. Much more detail is required in this section, and areas such as labor relations issues, disclosure, information system certification, and resource requirements must be addressed. The third part of the application, while needing more indepth information, is required only for those initiatives that have been approved.

In many instances, a preliminary screening of an idea for a new initiative may reveal factors preventing further development (e.g., disclosure issues regarding tax information, incompatibility of information systems between two Federal Government agencies, or insufficient funds available in the operating budget). However, an employee or unit within an IRS division with an idea for a FedFed Program initiative must currently prepare and submit all pertinent parts of the application. The FedFed Program Manager had not considered an abbreviated version of the template to allow for initial screening of potential Program initiatives.

There has been only one FedFed Program initiative submitted internally since the Program was established in March 2006. IRS employees and managers may not want to invest the time necessary to fill out the entire document completely and accurately without an indication the initiative has merit and can be pursued. As a result, the IRS may be missing opportunities to increase compliance or decrease burden on taxpayers.



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Recommendation

Recommendation 4: The Commissioner, SB/SE Division, should consider allowing new FedFed Program initiatives to be submitted on a single-page template for initial consideration. If the initiative is acceptable in regard to disclosure and/or budgetary considerations, then the full application could be completed as required.

Management's Response: IRS management agreed with the recommendation, stating the Governmental Liaison Headquarters will be reviewing the process to determine the best consistent product to facilitate suggested ideas for both the FedFed Program and FedState Program.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether the SB/SE Division FedFed Program is meeting its stated Program goals and objectives. To accomplish this objective, we:

- I. Performed a risk assessment to identify any internal control weaknesses that needed to be included in our audit tests.
- II. Determined whether implementation actions for the FedFed Program assure intended Program goals and objectives will be achieved.
 - A. Reviewed memoranda and interviewed key managers to determine the original reasons for the Program and its intended goals and objectives.
 - B. Determined whether current Program goals and objectives are consistent with those envisioned.
 - C. Evaluated whether sufficient controls have been established to measure the achievement of goals and objectives. We reviewed the established controls and any information systems for the Program, as well as documentation covering the implementation process.
 - D. Reviewed Headquarters documentation of the establishment of the Program to determine whether there are any other significant areas that should be considered for inclusion in the Program.
 - E. Reviewed pertinent documentation from the FedState Program to determine whether there are best practices that need to be adopted by the FedFed Program.
 - F. Determined whether IRS managers have been surveyed by Program personnel to identify what data sharing they do with other Federal Government agencies, or what other initiatives they have with other agencies, and whether the initiatives have been included in the Program.
- III. Determined whether the FedFed Program is facilitating the development of initiatives with other Federal Government agencies and is effectively centralizing the process to ensure the initiatives are properly coordinated.
 - A. Conducted interviews with the Headquarters SB/SE Division Program staff to obtain information on what actions have been taken to establish and develop initiatives with other Federal Government agencies. We obtained any relevant documentation



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- including Internal Revenue Manual sections, memoranda, or meeting minutes that support the Program initiatives.
- B. Conducted interviews with the Headquarters Program staff to determine the effectiveness of actions they are taking to coordinate all of the Program's initiatives.
 - C. Obtained any relevant documentation or computer files that list all Program initiatives. In addition, we determined what controls are in place to avoid duplicate Program initiatives and reviewed the Program database for duplicates.
 - D. Determined whether the Program had created a database listing contacts with other Federal Government agencies. We reviewed the database to determine whether it contained complete contact and other significant information.
 - E. Obtained and reviewed Program procedures, manuals, memoranda, and guidance to determine whether there are sufficient controls in place to ensure the process is centralized.
 - F. Obtained any information, Internal Revenue Manual sections, reports, or documents regarding management's Program initiatives that have already been established with other agencies to evaluate how agreements are monitored.



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Appendix II

Major Contributors to This Report

Daniel R. Devlin, Assistant Inspector General for Audit (Small Business and Corporate Programs)

Kyle Anderson, Director

Bernard Kelly, Audit Manager

John Chiappino, Lead Auditor

Paul R. Baker, Auditor

Nancy Van Houten, Management Auditor



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Appendix III

Report Distribution List

Acting Commissioner C
Office of the Commissioner – Attn: Acting Chief of Staff C
Commissioner, Small Business/Self-Employed Division SE:S
Deputy Commissioner, Small Business/Self-Employed Division SE:S
Director, Communications, Liaison, and Disclosure, Small Business/Self-Employed Division
SE:S:CLD
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison: Commissioner, Small Business/Self-Employed Division SE:S



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Appendix IV

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

RECEIVED
AUG 20 2007

August 20, 2007

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kathy K. Petronchak *Kathy K. Petronchak*
Commissioner, Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – The Internal Revenue Service Has Taken
Positive Steps to Enhance the Sharing of Information
Between Federal Agencies, But Additional Actions Are
Needed (Audit # 200630040)

We have reviewed your draft audit report, "The Internal Revenue Service Has Taken Positive Steps to Enhance the Sharing of Information Between Federal Agencies, But Additional Actions are Needed." We appreciate your acknowledgment of the achievements of the FedFed Program as well as your suggestions to enhance this initiative.

In general we agree with your recommendations and expect execution of them will assist the IRS in cooperating more effectively with other federal agencies. We are pleased to advise you we have already implemented some actions in anticipation of your recommendations, such as establishing a process for each IRS business division to provide regular updates on their activities with other federal agencies to the FedFed Program. The alignment of our goals for the FedFed program highlights our shared commitment to successful relationships across federal agencies.

Your suggestions provide avenues for enhancing internal and external initiatives, ensuring that the FedFed program fulfills its promise of leveraging resources, and furthering strategic goals throughout the federal government. Suggestions such as making database entry more user-friendly and allowing new FedFed initiatives to be submitted on a single page template will assist us in streamlining our processes.

The opportunity for dialogue provided by the current report allows us to recognize our successes as well as areas for improvement. We are proud of the steps we have taken toward communicating information about the FedFed Program within the IRS and look forward to further improving communication channels between agencies.

Our comments on your recommendations are attached. If you have questions, please contact me at (202) 622-0600 or Beth Tucker, Director, Communications, Liaison and Disclosure at (972) 308-1681.

Attachment



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Attachment

RECOMMENDATION 1:

The Deputy Commissioner for Services and Enforcement should follow up to ensure each IRS business division provides updates to ensure the FedFed Program databases are complete and accurate.

CORRECTIVE ACTIONS:

As of July 23, 2007, the Director, Communications, Liaison and Disclosure issued a formal request to each operating division to update and validate the FedFed database. Operating Divisions were asked to verify if initiatives listed are current and complete, identify closed initiatives and add any new initiatives. The FedFed Council has received nine out of 13 responses. The FedFed Council Inventory team is currently working to get the other responses and to load the received updates in the new FedFed Inventory database.

IMPLEMENTATION DATE:

September 30, 2007

RESPONSIBLE OFFICIAL:

Director, Communications, Liaison and Disclosure, Small Business/Self-Employed Division

CORRECTIVE ACTION(S) MONITORING PLAN:

N/A

RECOMMENDATION 2:

The FedFed Program Manager should ensure all key data elements are included in the updated database, including the reasons for rejecting an initiative and the internal business unit owners.

CORRECTIVE ACTIONS:

We have identified and made changes to the elements in the FedFed database so that key information is available for proper coordination and monitoring. The updated database includes the following key fields: project description, business owners, current contacts, memorandum of understanding, project acceptance or rejection, and reason for rejection. The additional fields recommended in this report have been included.

IMPLEMENTATION DATE:

Completed

RESPONSIBLE OFFICIAL:

FedFed Program Manager

CORRECTIVE ACTION(S) MONITORING PLAN:

N/A



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Actions Are Needed*

RECOMMENDATION 3:

The Commissioner, SB/SE Division, should further develop the communication plan to inform both internal and external stakeholders of the FedFed Program and to solicit participation in the Program. The plan should define specific communication goals, individuals responsible, and methods for tracking progress and results.

CORRECTIVE ACTIONS:

We agree the FedFed Council Communications Plan does not currently include methods for tracking progress and the results of the messages that we disseminate. This information will be added. The plan does include communication goals, list responsible individuals and specify messages to be delivered to both internal and external stakeholders. In addition to providing information about the FedFed Program to business units for posting to their intranet websites, several Service-wide communication products have already been issued including articles in IRS Headlines, SB/SE Headline News and Leader's Alert. The Communications Sub-Team of the FedFed Council will continue to encourage participation in the program by communicating the existence and objectives of the FedFed Program more effectively.

IMPLEMENTATION DATE:

August 31, 2007

RESPONSIBLE OFFICIAL:

Director, Communications, Liaison and Disclosure, Small Business/Self-Employed Division

CORRECTIVE ACTION(S) MONITORING PLAN:

The Director, Communications, Liaison and Disclosure will monitor the status and advise the Commissioner, Small Business/Self-Employed of any delays in implementing.

RECOMMENDATION 4:

The Commissioner, SB/SE Division, should consider allowing new FedFed Program initiatives to be submitted on a single page template for initial consideration. If the initiative is acceptable in regards to disclosure and/or budgetary considerations, then the full application could be completed as required.

CORRECTIVE ACTIONS:

The FedFed template is an exact duplicate from the FedState Program. Governmental Liaison Headquarters will be reviewing the process to determine the best consistent product to facilitate suggested ideas for both the FedFed and FedState programs.

IMPLEMENTATION DATE:

September 30, 2007

RESPONSIBLE OFFICIAL:

Director, Communications, Liaison and Disclosure, Small Business/Self-Employed



Positive Steps Have Been Taken to Enhance the Sharing of Information Between Federal Agencies, but Additional Actions Are Needed

CORRECTIVE ACTION(S) MONITORING PLAN:

The Director, Communications, Liaison and Disclosure will monitor the status and advise the Commissioner, Small Business/Self-Employed of any delays in implementing