



## Treasury Inspector General for Tax Administration

### INVOICE AUDIT OF FEES PAID UNDER THE PRIVATE DEBT COLLECTION INITIATIVE

Issued on December 26, 2007

## Highlights

Highlights of Report Number: 2008-10-054 to the Internal Revenue Service Chief, Agency-Wide Shared Services.

### IMPACT ON TAXPAYERS

Contract expenditures represent a significant outlay of Internal Revenue Service (IRS) funds. TIGTA has made a commitment to perform audits of these expenditures. To the extent our reviews assist the IRS in identifying and recovering inaccurate, unsupported, and unallowable charges, contract expenditures are reduced and taxpayer funds are saved.

### WHY TIGTA DID THE AUDIT

This audit was conducted to determine whether selected invoices submitted and paid under the Private Debt Collection initiative were appropriate and in accordance with the contract terms and conditions.

### WHAT TIGTA FOUND

TIGTA found that the approximately \$2.7 million in fees charged on the 18 invoices reviewed were accurate, supported, and allowable. Minimal discrepancies in fee charges were identified but were insignificant to our overall conclusion. These charges were reported to the IRS under separate cover and the IRS later informed us that these charges were remedied in subsequent invoices outside the scope of this audit.

The TIGTA Office of Audit Small Business and Corporate Programs staff is currently performing a program audit of the Private Debt Collection Initiative. The overall objective is to evaluate the effectiveness of the implementation of the Initiative. Subobjectives include an evaluation of the appropriateness of case resolution through case reviews, contractor's compliance with laws and procedures, oversight and the Quality Review process, taxpayer satisfaction survey and results, Taxpayer Advocate Service referrals, and taxpayer complaints against the contractors. The results of that audit will be reported separately.

In performing this audit, our audit procedures were limited to conducting interviews with the Contracting

Officer and the Contracting Officer's Technical Representative to determine whether the contractor's deliverables were satisfactory. Based on these limited auditing procedures, nothing came to our attention that would lead us to believe there were significant problems with the deliverables associated with the contract. However, a final conclusion concerning contractor performance is contingent upon the results of the program audit.

### WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report and, therefore, did not require a formal written response from the IRS. However, key IRS management officials reviewed the report prior to issuance and agreed with the results of our review.

### READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2008reports/200810054fr.pdf>

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