



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2011 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS

Issued on July 27, 2011

Highlights

Highlights of Report Number: 2011-30-069 to the Internal Revenue Service Deputy Commissioner for Operations Support.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98) requires the IRS to ensure that managers do not evaluate enforcement employees using any record of tax enforcement results (ROTTER) or base employee successes on meeting ROTTER goals and quotas. Based on the results of our sample, TIGTA believes the IRS's efforts to enforce the employee evaluation requirements under Section 1204 are generally effective and are helping to protect the rights of taxpayers.

WHY TIGTA DID THE AUDIT

TIGTA is required under Internal Revenue Code Section 7803(d)(1)(2000) to annually evaluate whether the IRS complies with restrictions on the use of enforcement statistics under RRA 98 Section 1204. Our review determined whether the IRS complied with:

- Section 1204(a), which prohibits the IRS from using any ROTTER to evaluate employees or to impose or suggest production quotas or goals.
- Section 1204(b), which requires that employees be evaluated using the fair and equitable treatment of taxpayers as a performance standard.
- Section 1204(c), which requires each appropriate supervisor to self-certify quarterly whether ROTTERs were used in a prohibited manner.

WHAT TIGTA FOUND

The IRS achieved full compliance with Section 1204(a) requirements. TIGTA identified no violations of RRA 98 Section 1204(a) in performance evaluation documents for the 145 employees reviewed. Our review found that managers had not included ROTTERs in employees' performance evaluation documents.

Also, the IRS achieved full compliance with Section 1204(b) and (c) requirements. The IRS evaluated all employees on the fair and equitable treatment of taxpayers and prepared quarterly self-certifications showing whether or not ROTTERs were used to evaluate employees.

In a judgmental sample of 32 employees, nine (28 percent) did not understand the term "retention standard," and 13 (41 percent) were not sure they had received training on the retention standard.

For Fiscal Year 2011, the IRS mandatory RRA 98 Section 1204 training for managers and employees was launched through the Enterprise Learning Management System. Training delivery will be staggered from March 1, 2011, to September 30, 2011, to accommodate the operating and functional divisions' workload.

WHAT TIGTA RECOMMENDED

Although TIGTA made no recommendations in this report, IRS officials were provided an opportunity to review the draft report. IRS management agreed with the report language and conclusions presented in the report.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2011reports/201130069fr.pdf>.