



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2015 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS

Issued on September 16, 2015

## Highlights

Highlights of Report Number: 2015-30-083 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

The 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 ROTER goals or quotas. Use of ROTERs may create the misperception that safeguarding taxpayer rights is secondary to IRS enforcement results.

### WHY TIGTA DID THE AUDIT

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

- Section 1204(a), which prohibits the IRS from using any ROTERs 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 ROTERs were used in a prohibitive manner.

### WHAT TIGTA FOUND

There were instances of noncompliance with RRA 98 Section 1204 requirements. TIGTA identified instances of noncompliance with each subsection of the law:

- Section 1204(a) – four potential violations.
- Section 1204(b) – 26 instances of documentation noncompliance.
- Section 1204(c) – 28 instances of noncompliance.

In addition, TIGTA identified three IRS policy violations. In these instances, managers did not identify employee self-assessments containing ROTER information and return them to be corrected as required.

TIGTA also noted that 33 managers were missing from the Fiscal Year 2014 Section 1204 manager listing and eight employees/managers did not complete the mandatory Section 1204 training. The IRS is in the process of updating the mandatory training and has plans for employees and managers to take the mandatory training no later than September 2015.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Section 1204 noncompliance and IRS policy violations identified in this report be discussed with the responsible managers and employees. TIGTA also recommended that Section 1204 managers and employees be properly identified as such within the IRS human resources system and that the mandatory Section 1204 training is assigned and completed.

The IRS agreed with all four recommendations and has taken or plans to take corrective actions. However, the IRS did not agree with one of the four Section 1204(a) potential violations, as well as 10 of the 26 instances of Section 1204(b) documentation noncompliance.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201530083fr.pdf>.