



*Significant Quality Issues Are Being  
Identified on Employee Plans  
Examinations, but Feedback Is Not  
Always Provided to Examiners*

**October 29, 2018**

**Reference Number: 2019-10-001**

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.

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## HIGHLIGHTS

### **SIGNIFICANT QUALITY ISSUES ARE BEING IDENTIFIED ON EMPLOYEE PLANS EXAMINATIONS, BUT FEEDBACK IS NOT ALWAYS PROVIDED TO EXAMINERS**

## Highlights

### **Final Report issued on October 29, 2018**

Highlights of Reference Number: 2019-10-001 to the Commissioner of Internal Revenue.

#### **IMPACT ON TAXPAYERS**

According to the Department of Labor, there were more than 693,000 employer-sponsored retirement plans with reported assets of more than \$8 trillion in Plan Year 2015. During Fiscal Years 2015 and 2016, the Tax Exempt and Government Entities (TE/GE) Division reported that its Employee Plans (EP) function completed nearly 17,000 examinations of employer-sponsored retirement plans. It is important that quality examinations are performed to increase assurances that millions of plan participants will receive promised retirement benefits.

#### **WHY TIGTA DID THE AUDIT**

The overall objective of this review was to assess how the TE/GE Division selects EP function examination cases for quality review, documents results, and provides feedback to employees performing examinations.

#### **WHAT TIGTA FOUND**

During Fiscal Years 2015 and 2016, the TE/GE Division met its statistical sampling goals by selecting and quality reviewing more than 700 EP function examinations. Detailed results of these quality reviews were documented for more than 30 quality review questions for five quality standards. As a result, the TE/GE Division was able to compute an overall examination quality rate of approximately 80 percent for each fiscal year and provide continual feedback to IRS executives on the quality of EP function examinations. The

TE/GE Division also provided indirect feedback to examiners through quarterly newsletters, lunch and learn sessions, and other methods.

However, the TE/GE Division generally did not provide direct feedback to responsible individual examiners and group managers on the results of quality reviews. TIGTA believes additional feedback is needed because some quality issues were more prevalent for particular examiners and groups. In addition, serious quality issues were identified that were not detected during managerial reviews. As such, the TE/GE Division is not providing effective and timely feedback, which is key to improving employee performance.

TE/GE Division personnel stated that this type of feedback was not being provided because quality review processes were primarily designed to compile aggregate results on the quality of examinations and to ensure that the examination program is meeting performance goals. As a result, individual examiners are unaware of quality issues identified on examinations they conducted and examination quality may not improve.

#### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Acting Commissioner, TE/GE Division, develop mechanisms for sharing detailed results of quality reviews with the individual examiners and group managers who were responsible for performing the examinations.

In their response, IRS management stated that statistical and narrative feedback is already provided, but efforts would be made to share the feedback on a regular basis.

TIGTA continues to believe that the IRS is missing a valuable opportunity to share detailed results of quality reviews with group managers and examiners who are responsible for performing EP function examinations. Sharing detailed review results would assist in efforts to improve employee performance.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

October 29, 2018

**MEMORANDUM FOR COMMISSIONER OF INTERNAL REVENUE**

**FROM:** Michael E. McKenney  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Significant Quality Issues Are Being Identified on Employee Plans Examinations, but Feedback Is Not Always Provided to Examiners (Audit # 201710021)

This report presents the result of our review to assess how the Tax Exempt and Government Entities Division selects Employee Plans function examination cases for quality review, documents results, and provides feedback to employees performing examinations. This audit was included in our Fiscal Year 2018 Annual Audit Plan and addresses the major management challenge of Improving Tax Compliance.

Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendation. If you have any questions, please contact me or Troy D. Paterson, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations).



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*Abbreviations*

EP	Employee Plans
FY	Fiscal Year
NTEU	National Treasury Employees Union
TE/GE	Tax Exempt and Government Entities
TEQMS	Tax Exempt Quality Measurement System



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*Background*

According to the Department of Labor, there were more than 693,000 employer-sponsored retirement plans with reported assets of more than \$8 trillion in Plan Year 2015. During Fiscal Years (FY) 2015 and 2016, the Tax Exempt and Government Entities (TE/GE) Division reported that its Employee Plans (EP) function completed nearly 17,000 examinations of employer-sponsored retirement plans. Within the TE/GE Division, the Special Review Unit is responsible for conducting quality reviews of completed EP function examinations. It is important that quality examinations are performed to increase assurances that millions of plan participants will receive promised retirement benefits.

***It is important that quality examinations are performed to increase assurances that millions of plan participants will receive promised retirement benefits.***

To assess quality, the Special Review Unit reviews a statistical sample of closed EP function examination cases that are subject to provisions of the Employment Retirement Income Security Act of 1974.<sup>1</sup> Figure 1 shows that the Special Review Unit quality reviewed more than 350 examination cases in both FY 2015 and FY 2016.

***Figure 1: Number of EP Function Examinations Quality Reviewed (FYs 2015 and 2016)***

<b>FY</b>	<b>Number of Examinations Quality Reviewed</b>
2015	362
2016	374

*Source: FY 2015 and FY 2016 Tax Exempt Quality Measurement System (TEQMS) reports.*

For each selected case, the Special Review Unit reviews the closed examination case file for adherence to five quality standards. Within each of the quality standards are multiple questions the quality reviewer must answer. Figure 2 shows the five standards and an example question within each of the quality standards.

<sup>1</sup> Pub. L. No. 93-406, 88 Stat. 829. The Employment Retirement Income Security Act of 1974 excludes retirement plans associated with State and local governments, churches, and plans taken over by the Pension Benefit Guaranty Corporation.



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**Figure 2: Five Quality Standards and Example Questions**

Quality Standard	Example Questions That Quality Reviewers Must Answer
Planning the Examination	Did the agent [examiner] obtain a sufficient understanding of the taxpayer's operations to adequately plan the examination?
Examination Technique	Were identified issues [from the examination] properly developed?
Workpapers/Case Processing	Was the case chronology record appropriately documented?
Application of Law and Issue Resolution	Were the agent's [examiner's] tax liability computations correct, and were penalties considered and applied as warranted?
Customer Service/Professionalism	Were documented interactions and correspondence with the taxpayer and/or representative courteous and professional?

*Source: TEQMS Case Review Survey Form EP Examinations.*

For each reviewed examination case, the Special Review Unit must answer a total of 32 questions<sup>2</sup> for the five quality elements. The questions may be answered as 'YES,' 'NO,' or 'NA' for not applicable. The Examination Quality Rate is an aggregate measure of the quality of examinations. It is calculated by dividing the total number of 'YES' answers for all quality reviewed examination cases by the total number of 'YES' and 'NO' answers for all quality reviewed examination cases. Ratings of 'NA' are excluded from the analysis. Based on the types of cases being examined each year, TE/GE Division management set a goal for the Examination Quality Rate and measure progress against this goal during each fiscal year. Figure 3 shows the planned and actual Examination Quality Rate for the last five fiscal years.

<sup>2</sup> The Special Review Unit answers a total of 35 questions for the five standards when reviewing closed large case examinations. This review excluded large case examinations.





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**Figure 3: Planned Versus Actual Examination  
Quality Rate (FYs 2013 Through 2017)**

FY	Examination Quality Rate	
	Planned	Actual
2013	80	75
2014	81	87
2015	88	79
2016	82	81
2017	82	83

Source: IRS Business Performance Reviews.

This review was performed with information obtained from TE/GE Division offices located in Mesa, Arizona, and Washington, D.C., during the period August 2017 through February 2018. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. 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 Tax Exempt and Government Entities Division Has Developed an Effective Program for Measuring the Quality of Examinations**

The TE/GE Division has developed an effective program for measuring the quality of examinations by 1) developing procedures for conducting quality reviews, 2) ensuring that Special Review Unit personnel are trained, 3) ensuring that statistically valid samples of closed examinations are selected and reviewed, and 4) enhancing the organizational independence of the Special Review Unit.

- **Developing Procedures for Quality Reviews** – The TE/GE Division created an Internal Revenue Manual describing the objective of the Special Review Unit, as well as roles and responsibilities and how examination cases are selected. In addition, the TE/GE Division created detailed procedures for how Special Review Unit personnel determine whether to answer ‘YES,’ ‘NO,’ or ‘NA’ to 32 review questions within five general quality standards and how those results should be recorded.
- **Training Special Review Unit Staff** – The TE/GE Division ensures that personnel conducting quality reviews remain competent by rotating employees in from the EP function Examination program on three-year assignments. When rotated to the Special Review Unit, employees receive training on reviewing cases that include one-on-one case reviews with the manager or a senior member of the Special Review Unit. Additionally, Special Review Unit staff periodically have cases reviewed to ensure consistency.
- **Selecting Statistically Valid Samples of Closed Examinations** – Annually, for general program cases, the TE/GE Division estimates the number of examinations it will close based on prior history. A statistician developed a program for the Special Review Unit that uses the estimated number of closed examinations for the coming fiscal year, a 95 percent confidence rate, and a  $\pm 5$  percent targeted margin of error<sup>3</sup> to determine a statistically valid sample of closed cases that need to be selected and reviewed each fiscal year. The Special Review Unit also reviews 100 percent of large case examinations.<sup>4</sup> We reviewed Special Review Unit documentation and determined it met

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<sup>3</sup> The actual margin of error is computed at the end of the fiscal year.

<sup>4</sup> Large case examination cases consist of all EP Team Audit examinations, Large Business and International Coordinated Industry Program examinations that have at least one 401(a) qualification issue being examined, and examinations from the Exempt Organizations Team Examination Program that have at least one 401(a) qualification issue being examined.



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its statistical sampling goals in FYs 2015 and 2016 by selecting and quality reviewing more than 700 EP function examinations. We also determined the Special Review Unit selected and reviewed all large case examinations in FYs 2015 and 2016, as required.

- **Enhancing the Independence of Quality Review Staff** – In April 2017, the TE/GE Division reorganized. This reorganization included moving the Special Review Unit from being structurally located within the EP function to being located in a shared services organization that does not report to management within the EP function. While the TE/GE Division completed this reorganization due to staffing issues and to eliminate redundancies by consolidating similar processes, among other reasons, this also enhanced the independence of the Special Review Unit which provides better assurance that it remains objective in its analysis of closed examinations.

As a result of taking these actions, the TE/GE Division has developed a solid base for conducting quality reviews of EP function examinations. In addition, the results of quality reviews are summarized and aggregated in the form of an overall examination quality rate to provide continual feedback to IRS executives on overall EP function examination quality. The TE/GE Division also used these results to create educational materials that were distributed to examiners through quarterly newsletters, lunch and learn sessions, and other methods.

**[Sharing Individual Quality Review Results With Examiners and Group Managers Responsible for Examinations Could Improve Employee Performance](#)**

While the IRS has put in place a well-defined process for performing quality reviews of examinations, provided valuable feedback to IRS executives on the quality of examinations, and provided feedback to examination program personnel through activities such as lunch and learn sessions, the IRS is not providing review results to the specific examiners and group managers who were responsible for quality issues identified by the Special Review Unit.

Providing feedback on the examinations is important because the EP function examination program identifies significant issues associated with the operation of retirement plans, and the examinations help protect plan participants. For example, the top issue identified by the EP function examination program for defined benefit retirement plans was that the plans were not sufficiently funded. Other top issues identified by examiners for defined benefit retirement



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plans included insufficient fidelity bonds,<sup>5</sup> erroneous cash-outs,<sup>6</sup> and prohibited transactions such as loans from retirement plans that do not provide for them.

TE/GE Division personnel stated that the quality review process for closed EP function examinations was primarily designed to compile aggregate results on the quality of examinations and to measure whether the examination program is meeting quality goals. Therefore, the TE/GE Division rarely<sup>7</sup> provides direct feedback on the results of examination quality reviews to individual examiners and group managers. However, this limits the benefits of the entire quality review process. We believe greater feedback to examiners and group managers is needed because 1) certain examiners and examination groups experienced quality issues more often than others and 2) serious quality issues are being identified that are not being detected during managerial reviews.

- **Quality Issues by Examiner and Examination Group** – We analyzed Special Review Unit documentation for all 374 closed EP function examinations that were quality reviewed in FY 2016 and found that certain examiners and examination groups experienced quality issues more often than others. For example, we determined the Special Review Unit identified 10 or more quality issues per examination case for several examiners, while identifying three or fewer quality issues per case for other examiners. In addition, we found some examination groups averaged six or more quality issues per examination case, while others averaged three or less quality issues per case.<sup>8</sup>
- **Serious Quality Issues Are Being Identified** – We analyzed Special Review Unit documentation for all 374 closed EP function examinations that were quality reviewed in FY 2016 and found certain quality issues of concern. For example, one question that Special Review Unit personnel must answer when conducting quality reviews is whether identified issues were properly developed. According to the TEQMS Manual, this question should be answered ‘NO’ if the facts and data in the examination case file were not sufficient to support determinations made by the examiner. Our analysis showed

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<sup>5</sup> A fidelity bond is a type of insurance that protects a plan against a loss caused by fraud and dishonesty. Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and others.

<sup>6</sup> A cash-out is a lump-sum distribution of a participant’s or beneficiary’s entire accrued vested benefit without consent, if the benefit is \$5,000 or less.

<sup>7</sup> The Internal Revenue Manual states that cases can be returned to examiners for various reasons, *e.g.*, the Special Review Unit believes an incorrect determination has been reached with regard to the qualification of a retirement plan, or there is evidence of fraud not identified by the examiner. For FY 2016, the Special Review Unit contacted examiners directly to discuss quality review results for four (1.07 percent) of 374 cases.

<sup>8</sup> When performing our analysis, we only considered examiners who had three or more examinations that were selected and reviewed by the Special Review Unit. We also only considered groups that had five or more examinations that were selected and reviewed by the Special Review Unit. Appendix IV provides additional information on quality issues identified by the Special Review Unit for examiners and examination groups.



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that 125 (33 percent) of the 374 examinations had issues that quality reviewers did not believe were properly developed.

In another example, quality reviewers determined that examiners had not properly discussed examination findings with taxpayers or authorized representatives, a key component in providing quality service to taxpayers, for 146 (39 percent) of the 374 examinations. The leading reason for this was that examiners did not notify plan administrators of the closure action or of actions needed to correct problems identified during the examination.

Quality reviews are conducted on closed examination cases. As such, quality issues discovered by the Special Review Unit were not identified by group managers and corrected during in-process reviews or when approving the closure of examinations.

According to the Office of Personnel Management,<sup>9</sup> feedback is critical to improving performance and, if effective feedback is given to employees, employee performance will improve. However, examiners and group managers are not provided specific feedback about quality issues identified during quality reviews. We interviewed examiners and group managers and found that most did not know about specific quality issues that were associated with their individual examinations. If direct feedback is not provided, group managers may, as one group manager stated, believe their groups are not responsible for the errors being made.

TE/GE Division personnel stated that direct feedback was not often provided to examiners and managers because the quality review program was not designed to do so. Instead, the program was designed to compile aggregate results on the quality of examinations and measure whether the examination program is meeting quality goals. In addition, IRS management stated that it was concerned about providing quality review results at the employee and group level because of constraints imposed by the IRS's employment contract with the National Treasury Employees Union (NTEU). Specifically, TE/GE Division personnel stated they were concerned about violating the restriction on the use of enforcement statistics for evaluative purposes; a practice specifically prohibited by the Taxpayer Relief Act of 1997.<sup>10</sup>

However, the NTEU contract does not preclude the IRS from using quality review data to identify improvement opportunities for individual employees or groups of employees. Figure 4 includes definitions from Article 12, section 2 of the NTEU contract.

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<sup>9</sup> Performance Management Cycle, Monitoring, *Feedback is Critical to Improving Performance*.

<sup>10</sup> Pub. L. No. 105-34, 111 Stat. 788 (1997).



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**Figure 4: Select NTEU Contract Provisions**

Contract Provision	Definition
<i>Records of Tax Enforcement Results</i>	Records of tax enforcement results are data, statistics, compilations of information or other numerical or quantitative recordations of the tax enforcement results reached in one or more cases, <b>but do not include tax enforcement results of individual cases when used to determine whether an employee exercised appropriate judgment in pursuing enforcement of the tax laws based upon a review of the employee's work on that individual case.</b>
<i>Tax Enforcement Results</i>	Tax enforcement results are the outcome produced by an IRS employee's exercise of judgment in recommending or determining whether or how the IRS should pursue enforcement of the tax laws. Examples of tax enforcement results include a lien filed, a levy served, a seizure executed, the amount assessed, the amount collected, and a fraud referral. <b>Tax enforcement results do not include quantity measures and data derived from a quality review or from a review of an employee's or a work unit's work on a case, such as the number or percentage of cases in which correct examination adjustments were proposed or appropriate lien determinations were made.</b>

*Source: 2016 National Agreement, Internal Revenue Service and National Treasury Employees Union.*

Based on our review of the select NTEU provisions in Figure 4, we believe quality review results from an analysis of closed examination cases, at both the examiner and examination group level, can be shared without violating the NTEU contract.

## **Recommendation**

**Recommendation 1:** The Acting Commissioner, TE/GE Division, should develop mechanisms for sharing detailed results of quality reviews with the individual examiners and group managers who were responsible for performing the examinations.

**Management's Response:** The IRS already provides statistical and narrative feedback to the Area Managers, managers, employees, and national level management. However, additional efforts will be made to ensure that the feedback is shared with group managers and employees on a regular basis.

**Office of Audit Comment:** While the IRS currently provides feedback on aggregate quality review results to its managers and employees, we continue to believe that the IRS is missing a valuable opportunity to provide direct feedback to responsible individual examiners and group managers on the results of specific quality reviews. Sharing detailed results with the staff responsible for examinations would better assist in efforts to improve employee performance.





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## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

The overall objective of this review was to assess how the TE/GE Division selects EP function examination cases for quality review, documents results, and provides feedback to employees performing examinations. To accomplish this objective, we:

- I. Determined whether the TE/GE Division has created a quality review program for EP function examinations that is independent of the EP function, developed procedures for conducting quality reviews, and trained personnel for conducting quality reviews.
  - A. Determined whether the organization performing quality reviews was structurally independent from the EP function.
  - B. Determined whether procedures were in place for conducting quality reviews and providing feedback to the EP function.
  - C. Determined whether training material was developed based on quality reviews of EP function examinations.
- II. Determined whether existing processes provided reasonable assurance that the sampling methodology used accurately estimated the results of EP function examinations for the five quality standards.
- III. Obtained FY 2016 TEQMS Survey Results data for all completed quality reviews and determined the data were reliable for our purpose by validating the results to the Reporting Compliance Case Management System.<sup>1</sup> We determined whether existing procedures and processes provided reasonable assurance that problem areas identified as a result of quality reviews were handled consistently.
- IV. Determined whether existing procedures and processes provided reasonable assurance that quality review staff provide feedback to field examination groups (and individual examiners) on the results of closed examinations, including recommendations for improving the quality of commonly identified issues.

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<sup>1</sup> Provides TE/GE Division personnel with the capability to perform operating division-wide inventory control, compliance testing, tax computing, education and outreach and team examination monitoring.



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**Internal controls methodology**

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: controls over ensuring the independence of the quality review function, forecasting the number of closed examinations for purposes of selecting a statistically valid sample of cases for review; quality reviewing closed examination case files; and providing feedback on the results of reviewing closed examinations. We evaluated these controls by obtaining the policies, procedures, and training documents for the quality review process; interviewing IRS employees who developed the quality review process; and interviewing IRS employees who quality reviewed closed examination cases. Additionally we reviewed TEQMS scores to identify significant issues at the group and employee level.





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**Appendix II**

*Major Contributors to This Report*

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)

Troy D. Paterson, Director

James V. Westcott, Audit Manager

Steve T. Myers, Lead Auditor

David M. Bueter, Senior Auditor



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**Appendix III**

*Report Distribution List*

Deputy Commissioner for Services and Enforcement  
Acting Commissioner, Tax Exempt and Government Entities Division  
Acting Director, Employee Plans, Tax Exempt and Government Entities Division  
Acting Director, Government Entities/Shared Services, Tax Exempt and Government Entities  
Division  
Director, Office of Audit Coordination



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**Appendix IV**

*Analysis of Data From Quality  
Reviews of Closed Examinations*

We analyzed the documentation created by the Special Review Unit for all 374 quality reviews conducted in FY 2016 of closed EP function examinations. Figure 1 shows that the average number of quality issues identified varies widely by examiner.<sup>1</sup>

**Figure 1: Variation in Quality Issues Identified by Examiner**

<b>Examiner<sup>2</sup></b>	<b>Number of Quality Issues Identified</b>	<b>Number of Closed Examinations Quality Reviewed</b>	<b>Average Number of Quality Issues Identified Per Quality Review</b>
Employee A	32	3	10.7
Employee B	53	5	10.6
Employee C	30	3	10.0
Employee Y	11	4	2.8
Employee Z	15	6	2.5

*Source: Our analysis of TEQMS quality review results.*

<sup>1</sup> When performing our analysis, we only considered examiners who had three or more examinations that were selected and reviewed by the Special Review Unit.

<sup>2</sup> We used generic employee names for presentation purposes.



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Figure 2 shows that the number of quality issues identified by examination groups varies.<sup>3</sup>

**Figure 2: Variation in Quality Issues Identified by Group**

<b>Examination Group<sup>4</sup></b>	<b>Number of Quality Issues Identified</b>	<b>Number of Closed Examinations Quality Reviewed</b>	<b>Average Number of Quality Issues Identified Per Quality Review</b>
Group A	110	15	7.3
Group B	60	9	6.7
Group C	109	17	6.4
Group Y	15	5	3.0
Group Z	45	18	2.5

*Source: Our analysis of TEQMS quality review results.*

<sup>3</sup> When performing our analysis, we only considered groups that had five or more examinations that were selected and reviewed by the Special Review Unit.

<sup>4</sup> We used generic examination group names for presentation purposes.



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**Appendix V**

*Management's Response to the Draft Report*



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

COMMISSIONER  
TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

July 27, 2018

MEMORANDUM FOR MICHAEL E. MCKENNEY  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: David W. Horton *David W. Horton*  
Acting Commissioner, Tax-Exempt and Government  
Entities Division (TE/GE)

SUBJECT: Draft Audit Report – Significant Quality Issues Are Being  
Identified on Employee Plans Examinations, but Feedback Is  
Not Always Provided to Examiners (Audit # 201710021)

Thank you for the opportunity to review your draft audit report: "Significant Quality Issues Are Being Identified on Employee Plans Examinations, but Feedback Is Not Always Provided to Examiners (Audit # 201710021). As you stated, "The TE/GE Division has developed an effective program for measuring the quality of examinations by 1) developing procedures for conducting quality reviews, 2) ensuring Special Review Unit personnel are trained, 3) ensuring that statistically valid samples of closed examinations are selected and reviewed, and 4) enhancing the organizational independence of the Special Review Unit."

In April 2017, a reorganization "enhanced the independence of the Special Review Unit which provides better assurance that it remains objective in its analysis of closed examinations." We appreciate the acknowledgement of the effectiveness of the Special Review Unit.

As you noted in the report, the TE/GE Special Review Unit has the ability to and does provide direct feedback to managers and employees; in addition, statistical and narrative feedback are provided through a variety of avenues. TE/GE will take additional steps to share feedback with group managers and employees.

We appreciate the opportunity to review and comment on the draft report. Attached is a detailed response outlining our corrective action to address your recommendation. If you have any questions, please contact me, or a member of your staff may contact Justin L. Abold-LaBreche, Acting Director, Government Entities and Shared Services, at (202) 317-8870.

Attachment



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Attachment

**Corrective Actions for TIGTA Draft Audit Report – Significant Quality Issues  
Are Being Identified on Employee Plans Examinations, but Feedback Is Not  
Always Provided to Examiners (Audit # 201710021)**

**RECOMMENDATION 1:**

"The Acting Commissioner, TE/GE Division, should develop mechanisms for sharing detailed results of quality reviews with the individual examiners and group managers who were responsible for performing the examinations."

**CORRECTIVE ACTION:**

IRS already does provide statistical and narrative feedback to the Area Managers, managers, employees and national level management. However, additional efforts will be made to ensure that the feedback is shared with group managers and employees on a regular basis.

**IMPLEMENTATION DATE:**

11/15/2018

**RESPONSIBLE OFFICIAL(S):**

Director, Compliance, Planning and Classification (CP&C),  
Tax-Exempt/Government Entities (TE/GE) Division

**CORRECTIVE ACTION MONITORING PLAN:**

IRS will monitor this corrective action as part of our internal management system of controls to ensure managers and employees are receiving feedback.