

**COMPUTER MATCHING AGREEMENT
BETWEEN THE
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
AND THE INTERNAL REVENUE SERVICE**

I. PURPOSE

- A. This computer matching agreement between the Treasury Inspector General for Tax Administration (TIGTA) and the Internal Revenue Service (IRS) is executed to comply with the Privacy Act of 1974, 5 U.S.C. 552a, as amended by the Computer Matching and Privacy Protection Act of 1988, Pub. L. 100-503, and the Computer Matching and Privacy Protection Amendments of 1990, Pub. L. 101-508, as well as Office of Management and Budget Guidelines pertaining to computer matching.
- B. This agreement sets forth the terms under which TIGTA will match Department of Treasury/Internal Revenue Service computerized data to detect and deter fraud, waste, and abuse concerning activities of the Internal Revenue Service (IRS) and related entities (the IRS Oversight Board and Chief Counsel) as well as to identify IRS employees and former employees who have or are violating laws, rules or regulations and protect against attempts to corrupt or threaten the IRS or its employees.

II. LEGAL AND REGULATORY AUTHORITY

- A. The nature and scope of TIGTA's oversight and investigative responsibilities are established and/or set forth in the Inspector General Act of 1978, 5 U.S.C. Appendix 3 and Treasury Order 115-01. In order to enable TIGTA to perform its oversight and investigative functions, the Inspector General Act of 1978 authorizes TIGTA to access "all records, reports, audits, reviews, documents, papers, recommendations, or other material" maintained by the IRS. In addition, both the Privacy Act and I.R.C. 6103 authorize TIGTA to receive information for purposes of performing its official responsibilities.

III. JUSTIFICATION AND EXPECTED RESULTS

- A. A computer matching program is the most efficient and feasible method of performing comprehensive analyses of employee, taxpayer, and tax

administration data in order to prevent and detect fraud and abuse in the programs and operations of the IRS and related entities. In addition, TIGTA's computer matching program involves proactive efforts to detect fraud and prevent misuse of IRS computer data, systems, and operations. Further, this program will utilize computer matches to create models to identify alleged misconduct and criminal violations. The principal alternative to using computer matching would be to conduct a manual comparison of millions of records. Conducting manual matches would impose a considerable administrative burden.

- B. TIGTA's computer matching program will enable it to prevent and detect fraud and abuse in the programs and operations of the IRS and related entities. In addition, TIGTA's computer matching program is designed to proactively detect indicators of misconduct and to discourage and deter the perpetration of illegal acts and misconduct by IRS employees.

IV. RECORDS DESCRIPTION

A. System of Records

The following systems of records may be utilized by TIGTA as part of its computer matching program:

- a. Treasury Integrated Management Information System (TIMIS)
[Treasury/DO.002]
- b. FinCEN Data Base [Treasury/DO.200]
- c. Treasury Integrated Financial Management and Revenue System
[Treasury/DO.210]
- d. Suspicious Activity Reporting System [Treasury/DO.212]
- e. Bank Secrecy Act Reports System [Treasury/DO.213]
- f. Correspondence Files and Correspondence Control Files [Treasury/IRS
00.001]
- g. Correspondence Files/Inquiries About Enforcement Activities
[Treasury/IRS 00.002]
- h. Customer Feedback System [Treasury/IRS 00.003]

- i. Foreign Information System (FIS) [Treasury/IRS 22.027]
- j. Individual Returns Files, Adjustments and Miscellaneous Documents Files [Treasury/IRS 22.034]
- k. Unidentified Remittance File [Treasury/IRS 22.059]
- l. Automated Non-Master File (ANMF) [Treasury/IRS 22.060]
- m. Individual Return Master File (IRMF) [Treasury/IRS 22.061]
- n. Combined Account Number File [Treasury/IRS 24.013]
- o. Individual Account Number File [Treasury/IRS 24.029]
- p. Individual Master File (IMF) [Treasury/IRS 24.030]
- q. Business Master File (BMF) [Treasury/IRS 24.046]
- r. Audit Underreporter Case File [Treasury/IRS 24.047]
- s. Debtor Master File [Treasury/IRS 24.070]
- t. Acquired Property Records [Treasury/IRS 26.001]
- u. IRS and Treasury Employee Delinquency [Treasury/IRS 26.008]
- v. Lien Files (Open and Closed) [Treasury/IRS 26.009]
- w. Offer in Compromise (OIC) File [Treasury/IRS 26.012]
- x. Record 21, Record of Seizure and Sale of Real Property [Treasury/IRS 26.014]
- y. Returns Compliance Programs [Treasury/IRS 26.016]
- z. Taxpayer Delinquent Account (TDA) Files [Treasury/IRS 26.019]
- aa. Taxpayer Delinquency Investigation (TDI) Files [Treasury/IRS 26.020]

- bb. Counsel Automated Tracking System (CATS) Records [Treasury/IRS 90.016]
- cc. Audit Trail Lead Analysis System (ATLAS) [Treasury/IRS 34.020]
- dd. General Personnel and Payroll Records [Treasury/IRS 36.003]
- ee. Medical Records [Treasury/IRS 36.005]
- ff. Enrolled Agents and Resigned Enrolled Agents [Treasury/IRS 37.009]
- gg. Examination Administrative File [Treasury/IRS 42.001]
- hh. Audit Information Management System (AIMS) [Treasury/IRS 42.008]
- ii. Internal Revenue Service Employees' Returns Control Files [Treasury/IRS 42.014]
- jj. Classification/Centralized and Scheduling Files [Treasury/IRS 42.016]
- kk. Compliance Programs and Projects Files [Treasury/IRS 42.021]
- ll. Unified System for Time and Appeals Records UNISTAR [Treasury/IRS 44.003]
- mm. Case Management and Time Reporting System [Treasury/IRS 46.002]
- nn. Controlled Accounts (Open and Closed) [Treasury/IRS 46.004]
- oo. Treasury Enforcement Communications System (TECS) Criminal Investigation Division [Treasury/ IRS 46.022]
- pp. Automated Information Analysis System [Treasury/IRS 46.050]

B. DATA ELEMENTS

1. The specific data elements that will be used in this computer matching program vary for each system of records listed in this agreement. This program of computer matches will utilize any or all of the data elements in the above-referenced systems of records to the extent necessary to

accomplish a computer match.

2. Appendix A provides examples of computer matches and details the specific data elements that would be utilized in the example matches.

C. PROPOSED STARTING AND COMPLETION DATES

This matching agreement will become effective on the 40th day after all notice and reporting requirements to the Congress, the Office of Management and Budget, and the public are made and shall expire at the end of the 18th month thereafter. This agreement is proposed to begin in September 2001, and expire in March 2003.

V. NOTICE PROCEDURES

TIGTA will forward a public notice of the proposed matching program for publication in the *Federal Register* as required by subsection (e)(12) of the Privacy Act, at the same time the transmittal letter is forwarded to OMB and Congress. This notice describing the computer matching program will serve as constructive notice of TIGTA's matching program.

The IRS will provide each applicant for employment with the IRS with a fact sheet providing notice of, and information about, TIGTA's matching program.¹ In addition, once each year, the IRS is responsible for ensuring that a notice, providing information about TIGTA's computer matching program, will be mailed with each employee's Leave and Earnings Statement² and forwarded to the members of the Internal Revenue Service Oversight Board.

VI. VERIFICATION PROCEDURES

TIGTA will take appropriate steps to independently verify information produced in this program of computer matches through the use of independent inquiry to resolve any discrepancies or inconsistencies. Any employee whose rights or benefits are adversely affected by this matching program may exercise any applicable statutory and/or contractual right to contest the resulting action.

¹ As of the signing of this Agreement this responsibility belongs to Strategic Human Resources, Office of Career Management and Recruitment; and the Director, Personnel Services, Agency-Wide Shared Services (AWSS).

² As of the signing of this Agreement this responsibility belongs to Director, Personnel Services (AWSS).

VII. DISPOSITION OF MATCHING DATA

All matches under this agreement will be performed by TIGTA, and all information obtained from this program of computer matches will become part of various TIGTA systems of records and will be maintained in accordance with applicable federal disclosure laws and retained in accordance with TIGTA's record retention schedules.

VIII. SECURITY PROCEDURES

All information obtained and/or generated as part of TIGTA's computer matching program will be safeguarded in accordance with the provisions of the Privacy Act and 26 U.S.C. 6103, as well as TIGTA record safeguarding requirements which will conform with TD 80-05, Records and Information Management, and TD P 71-10, Department of The Treasury Security Manual and will be no less restrictive than the standards prescribed in IRS Publication 1075, Tax Information Security Guidelines for Federal, States and Local Agencies.

IX. RECORDS USAGE, DUPLICATION AND DISCLOSURE

- A. The information generated and/or obtained during TIGTA's program of computer matches will be used by TIGTA employees in the performance of their official responsibilities. Access to this information is limited to those individuals who have a need to know the information in the performance of their official duties. These individuals are subject to criminal and civil penalties for the unauthorized inspection and/or disclosure of this information.
- B. During the execution of this program of computer matches and the resultant analyses or investigation, the records used may be duplicated by TIGTA employees for use in performing their official duties.
- C. The information collected or generated as part of this program of computer matches may only be disclosed in accordance with the provisions of the Privacy Act, 26 U.S.C. 6103, and any other applicable federal disclosure provisions.

X. RECORD ACCURACY ASSESSMENTS

The accuracy of the data is generally contingent upon the correctness of the information provided by the employee with respect to personnel data or by the taxpayer with respect to tax account data. Both the IRS and TIGTA believe the accuracy of the

data used in this match program is so high that the probability of an erroneous match is small. The accuracy of the data generated as part of the matching program will be verified during the course of any investigation that may result from the computer matching program.

XI. ACCESS BY THE COMPTROLLER GENERAL

Consistent with 26 U.S.C. 6103, the Comptroller General of the United States or his or her authorized representative may access records used in this program of computer matches in the performance of the duties of the General Accounting Office.

XII. PERSONS TO CONTACT

A. IRS

M.R. Taylor
IRS Coordinator
Office of Governmental Liaison
CL:GLD:GL
Room 1611
1111 Constitution Ave, N.W.
Washington, DC 20224
Telephone: (202) 622-5145
Facsimile: (202) 622-3041

B. TIGTA

Melissa Stuart
Disclosure Officer
Suite 700A
IG:CC:D
1125 15th Street
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Telephone: (202) 622-4068
Facsimile: (202) 622-3339

XIII. SIGNATURES OF AUTHORIZED OFFICIALS

The undersigned officials of TIGTA and the IRS are authorized to commit their respective agencies to the terms of this Agreement.

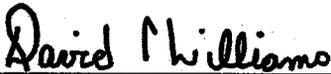
Internal Revenue Service (IRS)



8/24/01
Date

Acting
for Charles O. Rossotti
Commissioner of Internal Revenue

Treasury Inspector General for Tax Administration (TIGTA)



8/8/01
Date

David C. Williams
Inspector General for Tax Administration

The Department of Treasury Data Integrity Board has reviewed this Agreement and finds it in compliance with relevant statutes, regulations and guidelines and approves this matching agreement.



10-5-01
Date

James Flyzik, Chairperson
Treasury Data Integrity Board
Deputy Assistant Secretary (Information Systems)
and Chief Information Officer

APPENDIX A

**PROGRAM OF COMPUTER MATCHES
DETAILED PURPOSE AND SCOPE**

This appendix provides examples of potential matches that may occur as part of TIGTA's computer matching program. This is not a complete list; other matches, not described herein, may also be performed. Computer matching conducted as part of this program may be performed once, at established frequencies, or on an ad hoc basis throughout the term of this matching agreement.

Examples:

1. To detect unauthorized access to taxpayer records by IRS employees. Patterns of Integrated Data Retrieval System (IDRS) accesses by employees or accesses to a specific taxpayer's account will be analyzed. The following systems of records and significant data fields may be utilized in these types of matches.

a. Systems of Records

- i. Treasury Integrated Management Information System [Treasury/DO.002]
- ii. Individual Returns Files, Adjustments, and Miscellaneous Documents Files [Treasury/IRS 22.034]
- iii. Individual Return Master File (IRMF) [Treasury/IRS 22.061]
- iv. Individual Master File [Treasury/IRS 24.030]
- v. Business Master File [Treasury/IRS 24.046]
- vi. Audit Trail Lead Analysis System (ATLAS) [Treasury/IRS 34.020]
- vii. General Personnel and Payroll Records [Treasury/IRS 36.003]

b. Significant data fields

- i. Employee name, SSN, employee number, address
- ii. Employee spouse's name, SSN, address
- iii. Taxpayer name, TIN, address, wages, and AGI
- iv. Taxpayer entity information, including prior and current name
- v. Tax account status and tax period
- vi. Command code and command code definer
- vii. Inquiry date, inquiry time and terminal identification

2. To uncover employee involvement in fraudulent refund schemes or misapplication of taxpayer payments, TIGTA may perform the following types of matches: 1) comparisons of addresses where refunds were sent with employee addresses and Post

Office box addresses; 2) taxpayer information for accounts issued a refund and having an invalid Social Security Number (SSN) or Employer Identification Number (EIN) will be matched to employee data; and 3) Questionable Refund Detection Program records will be matched to employee data. The following systems of records and significant data fields may be utilized in these types of matches.

a. Systems of Records

- i. Treasury Integrated Management Information System [Treasury/DO.002]
- ii. Individual Master File [Treasury/IRS 24.030]
- iii. Business Master File [Treasury/IRS 24.046]
- iv. General Personnel and Payroll Records [Treasury/IRS 36.003]
- v. Case Management and Time Reporting System [Treasury/IRS 46.002]
- vi. Controlled Accounts (Open and Closed) [Treasury/IRS 46.004]

b. Significant fields

- i. Employee name, SSN, and address
- ii. Taxpayer name, SSN or EIN, and address

3. To expose employees who are embezzling money, TIGTA may match the following information: (1) taxpayer data for accounts that were adjusted by an employee will be matched to employee data to identify the existence of a relationship; (2) credit transfers that resulted in tax refunds to an account other than that debited will be matched to employee name and address information; and (3) the address of employees releasing undelivered refunds or issuing manual refunds will be matched to the address where the refunds were delivered. The following systems of records and significant data fields may be utilized in these types of matches.

a. Systems of Records

- i. Treasury Integrated Management Information System [Treasury/DO.002]
- ii. Individual Master File [Treasury/IRS 24.030]
- iii. Business Master File [Treasury/IRS 24.046]
- viii. Audit Trail Lead Analysis System (ATLAS) [Treasury/IRS 34.020]
- iv. General Personnel and Payroll Records [Treasury/IRS 36.003]
- v. Examination Administrative File [Treasury/IRS 42.001]
- vi. Audit Information Management System [Treasury/IRS 42.008]

b. Significant fields

- i. Employee name, ID Number, and SSN
- ii. Authorized Command Codes
- iii. Taxpayer entity information, including current and prior name control
- iv. Tax account transaction codes, dates, and amounts

4. To identify employees misusing their authority to benefit friends or relatives, TIGTA may match employee data with examination results to reveal any suspicious trends or patterns. The following systems of records and significant data fields may be utilized in these types of matches.

- i. Treasury Integrated Management Information System [Treasury/DO.002]
- ii. Individual Master File [Treasury/IRS 24.030]
- iii. Business Master File [Treasury/IRS 24.046]
- iv. General Personnel and Payroll Records [Treasury/IRS 36.003]
- v. Examination Administrative File [Treasury/IRS 42.001]
- vi. Audit Information Management System [Treasury/IRS 42.008]

The significant data fields in this type of match include:

- i. Employee name and address
- ii. Taxpayer name, SSN or EIN, and address
- iii. Disposal code and date
- iv. Examination case organization code
- v. Taxpayer entity information, including current and prior name control
- vi. Tax account transaction codes, dates, and transaction amounts
- vii. Tax account status code

5. To discover employees failing to properly disclose debts on their official financial disclosure and other personnel forms that may result in conflicts of interest, TIGTA may match the following systems of records using an employee's Social Security Number:

- i. Treasury Integrated Management Information System (TIMIS) [Treasury DO.002]
- ii. Debtor Master File [Treasury/IRS 24.070]
- iii. General Personnel and Payroll Records [Treasury/IRS 36.003]

6. To identify employees who have violated laws, rules or regulations regarding their own or another employees' indebtedness and tax obligations, TIGTA may match the following systems of records and significant data fields.

a. Systems of Records

- i. Treasury Integrated Management Information System (TIMIS) [Treasury DO.002]
- ii. Individual Returns Files, Adjustments and Miscellaneous Documents Files [Treasury/IRS 22.034]
- iii. Individual Return Master File (IRMF) [Treasury/IRS 22.061]
- iv. Combined Account Number File [Treasury/IRS 24.013]
- v. Individual Account Number File [Treasury/IRS 24.029]
- vi. Individual Master File [Treasury/IRS 24.030]
- vii. Taxpayer Delinquency Account Files and subsystems [Treasury/IRS 26.019]
- viii. Taxpayer Delinquency Investigation Files [Treasury/IRS 26.020]
- ix. General Personnel and Payroll Records [Treasury/IRS 36.003]

b. Significant fields

- i. Employee SSN
- ii. Taxpayer SSN
- iii. Tax account status and balance due

7. To identify employees who have been reported by financial institutions as being involved with check fraud or counterfeit checks, the names and social security numbers of suspected individuals reported by the financial institutions will be compared to the names and social security numbers of IRS employees. The following systems of records and significant data fields may be utilized in the match.

a. Systems of Records

- i. Treasury Integrated Management Information System [Treasury/DO.002]
- ii. Suspicious Activity Reporting System [Treasury/DO.212]
- iii. Bank Secrecy Act Reports System [Treasury/DO.213]
- iv. Audit Trail Lead Analysis System (ATLAS) [Treasury/IRS 34.020]
- v. General Personnel and Payroll Records [Treasury/IRS 36.003]
- vi. Internal Security Management Information System [Treasury/IRS 60.011]

b. Significant Fields

- i. Employee name and SSN
- ii. Transaction Amount
- iii. Internal Security Case information, including type of case and disposition

8. To determine if employees are embezzling funds through business entities, TIGTA may

match business entity data with employee data. The following systems of records and significant data fields may be involved in the match:

a. Systems of Records

- vii. Treasury Integrated Management Information System [Treasury/DO.002]
- viii. Business Master File [Treasury/IRS 24.046]
- ix. General Personnel and Payroll Records [Treasury/IRS 36.003]

b. Significant fields

- i. Employee Name and Address
- ii. Taxpayer entity information
- iii. Transaction Codes, dates, and transaction amounts

APPENDIX B

COST-BENEFIT ANALYSIS

TIGTA's computer matching program is expected to aid in the deterrence and detection of fraud, waste, and abuse concerning activities of the IRS and related entities as well as to protect the IRS against attempts to corrupt or threaten its employees. Generally, the investigative results of TIGTA's computer matching program do not result in monetary benefits; instead, the benefits are measured in terms of referrals for prosecution and/or administrative action taken by the IRS against its employees who have engaged in misconduct or illegal acts.

Non-monetary benefits have resulted from this program. For FY2000, TIGTA's matching program has generated 1,296 leads resulting in seventy-five (75) personnel actions by the IRS, including admonishments, suspensions, and terminations, as well as eighty-seven (87) resignations. In addition, TIGTA referred 217 cases to the United States Attorney's office during FY2000. As a result of information generated as part of its computer matching program, nine (9) cases were accepted for prosecution, twenty (20) cases are still awaiting disposition, and 188 were declined in lieu of IRS administrative action.

In addition, there are intangible benefits of the program that include deterring IRS employees from misconduct or violating the law which could compromise the integrity of the IRS and may negatively impact voluntary compliance with tax laws. These intangible benefits cannot be quantified. Further, although significant staff/resource savings result from automating the matching efforts, these benefits are not quantifiable.

In FY2000, TIGTA performed searches or matches of over 1.5 billion records. The cost of conducting this program of computer matching for FY2000 was approximately \$1.8 million dollars. This cost includes staff resources used to conduct matching, related analytical and investigative activities, computer costs, travel, and other incidental expenses. Therefore, the average cost of generating leads as part of the matching program is approximately \$1,390.00 per lead. Were TIGTA to attempt to perform these searches and matches manually, the cost of such efforts would be prohibitive.