# 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 the Treasury/Internal Revenue Service computerized data to detect and deter fraud, waste, and abuse concerning activities of the Internal Revenue Service and the Office of Chief Counsel as well as to identify IRS and Counsel employees and former employees who have violated or are violating laws, rules or regulations; and to protect against external 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 set forth in the Inspector General Act of 1978, 5 U.S.C. Appendix 3 and Treasury Order 115-01. To enable TIGTA to perform its oversight and investigative functions, the Inspector General Act of 1978 authorizes TIGTA access to "all records, reports, audits, reviews, documents, papers, recommendations, or other material" maintained by the IRS. In addition, both the Privacy Act and 26 U.S.C. § 6103(h)(1) 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, waste, 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, waste, and abuse in the programs and operations of the IRS and the Office of Chief Counsel. 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

In addition to information maintained in TIGTA's systems of records, the following systems of records maintained by the IRS and the Treasury Departmental Offices may be utilized by TIGTA as part of its computer matching program:

a.   Treasury Payroll and Personnel System [Treasury/DO.001]

b.   Treasury Child Care Tuition Assistance Records [Treasury/DO.003]

c.   Public Transportation Incentive Program Records [Treasury/DO.005]

d.   Treasury Financial Management Systems [Treasury/DO.009]

e.   Correspondence Files and Correspondence Control Files [Treasury/IRS 00.001]

f.   Correspondence Files: Inquiries About Enforcement Activities [Treasury/IRS 00.002]

g.    Taxpayer Advocate Service and Customer Feedback and Survey Records System [Treasury/IRS 00.003]

h.    Employee Complaint and Allegation Referral Records [Treasury/IRS 00.007]

i.    Third Party Contact Records [Treasury/IRS 00.333]

j.    Stakeholder Relationship Management and Subject Files, Chief, Communications and Liaison [Treasury/IRS 10.004]

k.    Stakeholder Partnership Education and Communication (SPEC) Taxpayer Assistance Reporting System (STARS) [Treasury/IRS 10.007]

l.    Volunteer Records [Treasury/IRS 10.555]

m.    Annual Listing of Undelivered Refund Checks [Treasury/IRS 22.003]

n.    File of Erroneous Refunds [Treasury/IRS 22.011]

o.    Foreign Information System (FIS) [Treasury/IRS 22.027]

p.    Individual Microfilm Retention Register [Treasury/IRS 22.032]

q.    Subsidiary Accounting Files [Treasury/IRS 22.054]

r.    Automated Non-Master File (ANMF) [Treasury/IRS 22.060]

s.    Information Return Master File (IRMF) [Treasury/IRS 22.061]

t.    Electronic Filing Records [Treasury/IRS 22.062]

u    Customer Account Data Engine (CADE) Individual Master File (IMF) [Treasury/IRS 24.030]

v.    CADE Business Master File (BMF) [Treasury/IRS 24.046]

w.    Audit Underreporter Case File [Treasury/IRS 24.047]

x.    Acquired Property Records [Treasury/IRS 26.001]

y.    Lien Files [Treasury/IRS 26.009]

z.     Offer in Compromise (OIC) File [Treasury/IRS 26.012]

aa.    Trust Fund Recovery Cases/One Hundred Percent Penalty Cases [Treasury/IRS 26.013]

bb.    Record 21, Record of Seizure and Sale of Real Property [Treasury/IRS 26.014]

cc.    Taxpayer Delinquent Account (TDA) Files [Treasury/IRS 26.019]

dd.    Taxpayer Delinquency Investigation (TDI) Files [Treasury/IRS 26.020]

ee.    Identification Media Files System for Employees and Others Issued IRS Identification [Treasury/IRS 34.013]

ff.    Security Clearance Files [Treasury/IRS 34.016]

gg.    Personnel Security Investigations, National Background Investigations Center [Treasury/IRS 34.021]

hh.    National Background Investigations Center Management Information System [Treasury/IRS 34.022]

ii.    IRS Audit Trail and Security Records System [Treasury/IRS 34.037]

jj.    General Personnel and Payroll Records [Treasury/IRS 36.003]

kk.    Practitioner Disciplinary Records [Treasury/IRS 37.007]

ll.    Enrolled Agent and Enrolled Retirement Plan Agent Records [Treasury/IRS 37.009]

mm.   Preparer Tax Identification Number Records [Treasury/IRS 37.111]

nn.    Examination Administrative File [Treasury/IRS 42.001]

oo.    Audit Information Management System (AIMS) [Treasury/IRS 42.008]

pp.    Compliance Programs and Projects Files [Treasury/IRS 42.021]

qq.    Anti-Money laundering/Bank Secrecy Act (BSA) and Form 8300 Records [Treasury/IRS 42.031]

rr.     Appeals Centralized Data System [Treasury/IRS 44.003]

ss.     Criminal Investigation Management Information System
        [Treasury/IRS 46.002]

tt.     Automated Information Analysis System [Treasury/IRS 46.050]

uu.     Tax Exempt/Government Entities (TE/GE) Case management Records
        [Treasury/IRS 50.222]

vv.     Employee Protection System Records [Treasury/IRS 60.000]

ww.     Chief Counsel Management Information System Records
        [Treasury/IRS 90.001]

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 use any or all of the data elements in
        the listed 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 used in said examples.

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 (OMB), and the public are made and shall expire at the end of the
eighteenth month thereafter. This agreement is proposed to begin March 11,
2012 and expire September 11, 2013.

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 and the Office of Chief Counsel with a fact sheet providing notice of, and information about, TIGTA's matching program. The IRS, on a periodic basis, will provide notice about TIGTA's computer matching program to all employees of the IRS and the Office of Chief Counsel.

VI.    VERIFICATION PROCEDURES

TIGTA will take appropriate steps to independently verify information produced in this program of computer matches through the use of an 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.

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 TIGTA's systems of records, will be maintained in accordance with applicable Federal privacy laws, and retained in accordance with TIGTA's record retention schedules. With respect to TIGTA's investigative files, the record retention is generally 15 years after the final report, or legal or administrative action.

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 5 U.S.C. § 552a, 26 U.S.C. § 6103, as well as TIGTA record safeguarding requirements which will conform with Treasury Directive (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, State and Local Agencies. Matches under this agreement will comply with the standards of OMB policy M-06-16, Protection of Sensitive Agency Information, requiring that sensitive information, including all Personally Identifiable Information be protected at all times.

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 investigations, 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 5 U.S.C. § 552a, 26 U.S.C. § 6103, and any other applicable Federal privacy 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 Government Accountability Office.

XII. PERSONS TO CONTACT

    A. IRS

        Debbie Asturias
        IRS Coordinator
        Office of Governmental Liaison
        24000 Avila Road, MS 2205
        Laguna Niguel, CA 92677
        Telephone: (949) 389-4401

    B. TIGTA

        Alexis Turner
        Office of Chief Counsel
        IG:CC
        1401 H Street, N.W. Suite 469
        Washington, DC 20005
        Telephone: (202) 927-3893
        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.
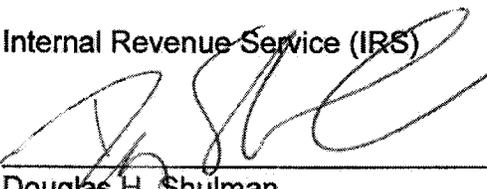
Treasury Inspector General for Tax Administration (TIGTA)
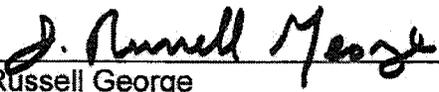
_____     _January 27, 2012_
J. Russell George                                                    Date
Inspector General


Internal Revenue Service (IRS)

_____     _2/28/2012_____
Douglas H. Shulman                                              Date
Commissioner of Internal Revenue


The Department of the Treasury Data Integrity Board has reviewed this Agreement and finds it in compliance with relevant statutes, regulations and guidelines and approves this matching agreement.
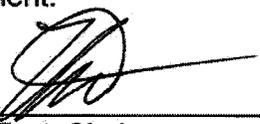
_____     _3-12-12_____
Robyn East, Chairperson                                       Date
Treasury Data Integrity Board
Deputy Assistant Secretary for Information Systems and
Chief Information Officer

## 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 accesses by employees or accesses to a specific taxpayer's account may 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 Payroll and Personnel System [Treasury/DO.001]
      ii. Subsidiary Accounting Files [Treasury/IRS 22.054]
      iii. Automated Non-Master File (ANMF) [Treasury/IRS 22.060]
      iv. Individual Return Master File (IRMF) [Treasury/IRS 22.061]
      v. CADE Individual Master File (IMF) [Treasury/IRS 24.030]
      vi. CADE Business Master File (BMF) [Treasury/IRS 24.046]
      vii. IRS Audit Trail and Security Records System [Treasury/IRS 34.037]
      viii. General Personnel and Payroll Records [Treasury/IRS 36.003]

   b. Significant data fields

      i. Employee name, Social Security Number (SSN), employee number, address
      ii. Employee spouse's name, SSN, address
      iii. Taxpayer name, Taxpayer Identification Number, address, wages, and Adjusted Gross Income
      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 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 Payroll and Personnel System [Treasury/DO.001]
      ii.    CADE Individual Master File (IMF) [Treasury/IRS 24.030]
      iii.    CADE Business Master File (BMF) [Treasury/IRS 24.046]
      iv.    General Personnel and Payroll Records [Treasury/IRS 36.003]

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 Payroll and Personnel System [Treasury/DO.001]
      ii.    CADE Individual Master File (IMF) [Treasury/IRS 24.030]
      iii.    CADE Business Master File (BMF) [Treasury/IRS 24.046]
      iv    IRS Audit Trail and Security Records System [Treasury/IRS 34.037]
      v.    General Personnel and Payroll Records [Treasury/IRS 36.003]
      vi.    Examination Administrative File [Treasury/IRS 42.001]

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 Payroll and Personnel System [Treasury/DO.001]
    ii.     CADE Individual Master File (IMF) [Treasury/IRS 24.030]
    iii.    CADE Business Master File (BMF) [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 (AIMS) [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 identify employees who have violated laws, rules or regulations regarding their own or other employees' indebtedness and tax obligations, TIGTA may match employee data with Individual Master File account information to reveal any indebtedness or suspicious activity on employee tax accounts. The following systems of records and significant data fields may be utilized in these types of matches:

a.  Systems of Records

    i.      Treasury Payroll and Personnel System [Treasury DO.001]
    ii.     Information Return Master File (IRMF) [Treasury/IRS 22.061]
    iii.    CADE Individual Master File (IMF) [Treasury/IRS 24.030]
    iv.    CADE Business Master File (BMF) [Treasury/IRS 24.046]
    v.     Taxpayer Delinquency Account Files [Treasury/IRS 26.019]
    vi.    Taxpayer Delinquency Investigation (TDI) Files [Treasury/IRS 26.020]

       vii.     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

6.   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 may 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 Payroll and Personnel System [Treasury/DO.001]
       ii.    IRS Audit Trail and Security Records System [Treasury/IRS 34.037]
       iii.   General Personnel and Payroll Records [Treasury/IRS 36.003]

   b.   Significant Fields

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

7.   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

       i.     Treasury Payroll and Personnel System [Treasury/DO.001]
       ii.    CADE Business Master File (BMF) [Treasury/IRS 24.046]
       iii.   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 Office of Chief Counsel, identify IRS and Counsel employees and former employees who violate the law, and to protect the IRS against attempts to corrupt or threaten its employees. TIGTA's matching program also identifies control weaknesses in IRS systems.

The benefits of TIGTA's computer matching program are generally measured in terms of referrals to the United States Attorney for prosecution and referrals to IRS management for appropriate administrative action taken against employees who have engaged in misconduct or illegal acts. One intangible benefit that is impossible to measure by conventional methods is the deterrent effect of TIGTA's matching program (e.g., deterring employees from making unauthorized accesses to confidential information in violation of the law). In most instances, the use of computer matching in the identification of unauthorized accesses to taxpayer information and criminal or administrative misconduct by IRS employees does not result in monetary benefits to the government; however, during FY 2011, financial recoveries in the amount of $99,319.07 resulted from investigations utilizing computer matching.

In Fiscal Year 2011, as a result of TIGTA's matching program, 175 investigations were initiated. As a result of TIGTA's matching program, there were 177 administrative actions taken by the IRS, including 4 admonishments, 50 suspensions, 28 removals, 46 cautionary letters, 44 employee resignations, and 5 other types of discipline. As a result of information generated as part of its computer matching program, TIGTA referred investigations to United States Attorneys' offices, and 5 employees were convicted.

The cost of conducting this program of computer matches during FY 2011 was $18,817.71 or an average of $107.53 per investigation developed (175 total cases). This cost includes basic salary, awards, personnel benefits, training, support and services, ADP supplies, space housing, phone service and other incidental costs in the matching/investigative process. Significant staff/resource savings result from automating the matching efforts. The manual comparison of IRS computerized data is impossible due to the millions of records contained in each database.