

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 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 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 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. Treasury Financial Management Systems [Treasury/DO .009]
- d. Integrated Financial Management and Revenue System [Treasury/DO .210]
- 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. Volunteer Records [Treasury/IRS 10.555]
- k. Annual Listing of Undelivered Refund Checks [Treasury/IRS 22.003]
- l. File of Erroneous Refunds [Treasury/IRS 22.011]
- m. Foreign Information System (FIS) [Treasury/IRS 22.027]
- n. Individual Microfilm Retention Register [Treasury/IRS 22.032]
- o. Subsidiary Accounting Files [Treasury/IRS 22.054]
- p. Automated Non-Master File (ANMF) [Treasury/IRS 22.060]
- q. Information Return Master File (IRMF) [Treasury/IRS 22.061]
- r. Electronic Filing Records [Treasury/IRS 22.062]
- s. CADE Individual Master File (IMF) [Treasury/IRS 24.030]
- t. CADE Business Master File (BMF) [Treasury/IRS 24.046]
- u. Audit Underreporter Case File [Treasury/IRS 24.047]
- v. Acquired Property Records [Treasury/IRS 26.001]

- w. Lien Files [Treasury/IRS 26.009]
- x. Offer in Compromise (OIC) File [Treasury/IRS 26.012]
- y. Trust Fund Recovery Cases/One Hundred Percent Penalty Cases [Treasury/IRS 26.013]
- z. Record 21, Record of Seizure and Sale of Real Property [Treasury/IRS 26.014]
- aa. Taxpayer Delinquent Accounts (TDA) Files [Treasury/IRS 26.019]
- bb. Taxpayer Delinquency Investigation (TDI) Files [Treasury/IRS 26.020]
- cc. Identification Media Files System for Employees and Others Issued IRS ID [Treasury/IRS 34.013]
- dd. Security Clearance Files [Treasury/IRS 34.016]
- ee. National Background Investigations Center Management Information System [Treasury/IRS 34.022]
- ff. IRS Audit Trail and Security Records System [Treasury/IRS 34.037]
- gg. General Personnel and Payroll Records [Treasury/IRS 36.003]
- hh. Practitioner Disciplinary Records [Treasury/IRS 37.007]
- ii. Enrolled Agent Records [Treasury/IRS 37.009]
- jj. Examination Administrative File [Treasury/IRS 42.001]
- kk. Audit Information Management System (AIMS) [Treasury/IRS 42.008]
- ll. Compliance Programs and Projects Files [Treasury/IRS 42.021]
- mm. Anti-Money Laundering/Bank Secrecy Act (BSA) and Form 8300 [Treasury/IRS 42.031]
- nn. Appeals Centralized Data System [Treasury/IRS 44.003]
- oo. Criminal Investigation Management Information System [Treasury/IRS 46.002]

- pp. Treasury Enforcement Communications System (TECS) Criminal Investigation Division [Treasury/IRS 46.022]
- qq. Automated Information Analysis System [Treasury/IRS 46.050]
- rr. Tax Exempt/Government Entities (TE/GE) Case Management Records [Treasury/IRS 50.222]
- ss. Employee Protection System Records [Treasury/IRS 60.000]
- tt. Chief Counsel Automated System Environment (CASE) Records [Treasury/IRS 90.016]

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 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 eighteenth month thereafter. This agreement is proposed to begin September 1, 2009 and expire March 31, 2011.

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 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 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, 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 (PII) 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 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 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

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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)

J. Russell George
J. Russell George
Inspector General

May 20, 2009
Date

Internal Revenue Service (IRS)

Douglas H. Shulman
Douglas H. Shulman
Commissioner of Internal Revenue

8/11/2009
Date

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.

for Diane C. Altman
Michael D. Duffy, Chairperson
Treasury Data Integrity Board
Chief Information Officer

8/27/09
Date

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, TIGTA may analyze patterns of Integrated Data Retrieval System (IDRS) accesses by employees or accesses to a specific taxpayer's account. 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. Information 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, 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 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. General Personnel and Payroll Records [Treasury/IRS 36.003]
- v. 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.
- 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]
 - v. Examination Administrative File [Treasury/IRS 42.001]
 - vi. Audit Information Management System (AIMS) [Treasury/IRS 42.008]
 - b. Significant fields
 - 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 type 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 [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, TIGTA may compare the names and Social Security Numbers of suspected individuals reported by the financial institutions 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 the Office of Chief Counsel, identify IRS and Counsel employees and former employees who violate the law, and 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 other 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 2008, financial recoveries in the amount of \$17,236.00 resulted from investigations utilizing computer matching.

In Fiscal Year 2008, as a result of TIGTA's matching program, 242 investigations were initiated. As a result of TIGTA's matching program, there were 259 administrative actions taken by the IRS, including 9 admonishments, 71 suspensions, 51 removals, 27 cautionary letters, 95 employee resignations, and 6 other types of discipline. As a result of information generated as part of its computer-matching program, TIGTA referred investigations to the United States Attorney's office and 13 employees were convicted.

The cost of conducting this program of computer matches during FY 2008 was \$28,297.65 or an average of \$116.86 per investigation developed (242 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.