



**Treasury  
Inspector  
General for  
Tax  
Administration**

**Inspections and Evaluations**

## Highlights

Highlights of Report Number: 2011-IE-R004 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### WHY TIGTA DID THIS STUDY

This project was a follow-up review to our February 2009 report on IRS's controls over religious compensatory time (RCT). TIGTA conducted this follow-up inspection to determine if proposed corrective actions were implemented and if they significantly reduced the potential for employees to accumulate excessive RCT balances.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer modify the procedures to (1) require all employees (bargaining and non-bargaining) repay advanced RCT before approving voluntary requests to earn overtime, compensatory time, or credit hours, and (2) develop a standardized process and mechanism for requesting, authorizing, and documenting the use of RCT. We further recommended that the IRS Human Capital Officer require that all managers and timekeepers receive training on regulations and IRS policies concerning requesting and using RCT.

IRS management agreed with recommendations affecting bargaining employees, and plans to assess the status of RCT issues and consider proposing changes related to RCT in negotiations for the next labor agreement between the IRS and the Nation Treasury Employees Union (NTEU), which should start in October 2013. The IRS agreed to consider mandatory RCT training for managers only, and plans to use web communications to keep both managers and timekeepers aware their responsibility to adhere to RCT requirements.

**Issued on June 23, 2011**

## FOLLOW-UP REVIEW OF CONTROLS OVER RELIGIOUS COMPENSATORY TIME

### WHAT TIGTA FOUND

While the IRS has partially implemented corrective actions related to recommendations contained in TIGTA's February 2009 inspection report, TIGTA believes additional actions would further strengthen the controls to deter and prevent abuse of RCT.

TIGTA found that, between February 2008 and June 2010, the overall number of employees with RCT balances decreased by approximately 33 percent, and the number of employees with excessive RCT balances has decreased by nearly 37 percent. TIGTA also found that only about two percent of IRS employees have RCT balances, and the vast majority of these employees (about 81 percent) had relatively low balances.

Although the issue of excessive balances is not widespread within the IRS, the accumulation of excessive balances increases the risk that RCT may be used for unintended purposes. This includes earning RCT and not routinely using it with the intention of receiving a lump sum payment for the balance upon separation or retirement; using RCT in place of annual or sick leave; or allowing employees to earn RCT in lieu of overtime, compensatory time, or credit hours.

Additionally, TIGTA determined a few employees earned hundreds of overtime or credit hours without first repaying the advanced RCT balances they were carrying. This is due in part to the IRS's decision not to include this requirement in its revised 2009 National Agreement with the NTEU.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/iereports/2011reports/2011ier004fr.pdf>