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*TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION*

*Office of Inspections and Evaluations*



*Inspection of the Internal Revenue Service's  
Travel Gainsharing Program*

**May 6, 2013**

**Reference Number: 2013-IE-R005**

This report has cleared the Treasury Inspector General for Tax Administration (TIGTA) disclosure review process and information determined to be restricted from public release has been redacted from this document.

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TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 6, 2013

**MEMORANDUM FOR DEPUTY COMMISSIONER FOR OPERATIONS SUPPORT**

**FROM:** R. David Holmgren *R. David Holmgren*  
Deputy Inspector General for Inspections and Evaluations

**SUBJECT:** Final Inspection Report – Inspection of the Internal Revenue Service’s  
Travel Gainsharing Program (# IE-12-012)

This report presents the results of our inspection to determine the effectiveness of the controls established over the travel gainsharing program.

*Synopsis*

The Internal Revenue Service (IRS) established the Gainsharing Travel Savings Program (hereafter referred to as the gainsharing program) to allow IRS employees, who save the Government money while traveling, to receive one-half of the amount of those savings as an award. In Fiscal Years 2008 through 2011, 2,122 IRS employees participated in the gainsharing program and received approximately \$1.9 million in awards. The IRS generally has adequate controls in place to ensure adherence with gainsharing program requirements. However, we could not verify the accuracy of most awards in our sample because the IRS could not locate adequate supporting documentation. Additionally, IRS employees did not follow some of the gainsharing program requirements when applying for gainsharing program awards, which resulted in inaccurate award amounts. Better managerial oversight may have prevented many of these errors.



## *Inspection of the Internal Revenue Service's Travel Gainsharing Program*

### *Recommendations*

We recommended that the Chief Financial Officer (CFO) amend the Internal Revenue Manual<sup>1</sup> to better define document retention standards for gainsharing program awards and supporting documentation. Additionally, the CFO should either require that each business unit establish a centralized repository for gainsharing program award documentation or establish a centralized repository within the Office of the CFO for all gainsharing program award documentation generated Service-wide. We also recommend that the CFO revise Form 13631-A, *IRS Travel Savings*, to include a space for the first-level manager's initials, and that the CFO clarify in the Internal Revenue Manual that an employee can only receive one gainsharing program award per fiscal year.

### *Response*

IRS management agreed with all of the recommendations in the report. The CFO plans to better define document retention standards, require each business unit to establish a centralized repository for such documentation, revise Form 13631-A, and clarify the number of gainsharing program awards an employee may receive in a fiscal year.

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

Please contact me at (202) 927-7048 if you have questions, or Kevin P. Riley, Director, Office of Inspections and Evaluations, at (972) 249-8355.

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<sup>1</sup> The Internal Revenue Manual is the IRS's primary source of instructions to its employees relating to the administration and operation of the IRS. The manual contains the directions employees need to carry out their operational responsibilities.



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*Abbreviations*

CFO	Chief Financial Officer
FY	Fiscal Year
IRM	Internal Review Manual
IRS	Internal Revenue Service
TIGTA	Treasury Inspector General for Tax Administration



## Inspection of the Internal Revenue Service's Travel Gainsharing Program

### Background

In November 1999, the Internal Revenue Service (IRS) initiated the Gainsharing Travel Savings Program (hereafter referred to as the gainsharing program) to allow IRS employees, who save the Government money while traveling, to receive one-half of the amount of those savings as an award. Employees can qualify for the program by either paying less than the maximum lodging rate in a location or by using frequent traveler benefits to purchase airline, bus, or railroad tickets for official travel. While the employee must realize a minimum of \$100 in savings in a given fiscal year to receive a gainsharing program award, there is no limit to the gainsharing program award amount that an employee can receive.

The Chief Financial Officer (CFO) is responsible for establishing the gainsharing program at the highest level, the requirements for which are outlined in the Internal Revenue Manual (IRM).<sup>1</sup> Individual business units are then responsible for adhering to gainsharing program requirements and may write supplemental instructions to assist their staff in doing so.

Approximately \$1.9 million in gainsharing program awards were paid to 2,122 IRS employees in Fiscal Years (FY) 2008 through 2011. The average award amount per employee was \$665. Figure 1 documents the number of IRS employees who participated in the program and the funds awarded each fiscal year.

**Figure 1: Overview of the IRS Gainsharing Program**

	FY 2008	FY 2009	FY 2010	FY 2011	All Years
<b>Number of Employees Participating</b>	600	711	665	883	2,122 <sup>2</sup>
<b>Total Funds Awarded</b>	\$391,438	\$496,380	\$422,627	\$590,228	\$1,900,673
<b>Average Award Amount per Employee</b>	\$652	\$698	\$636	\$668	\$665

Source: IRS gainsharing program data for FYs 2008 through 2011.

This review was performed at the IRS National Headquarters in Washington, D.C., during the period June 2012 through January 2013. We conducted this inspection in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspections.

<sup>1</sup> The IRM is the IRS's primary source of instructions to its employees relating to the administration and operation of the IRS. The manual contains the directions employees need to carry out their operational responsibilities.

<sup>2</sup> The number of employees participating during each fiscal year does not equal the number of employees participating in all years because some employees participated in the program during multiple fiscal years.



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Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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## *Inspection of the Internal Revenue Service's Travel Gainsharing Program*

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### *Results of Review*

The IRS generally has adequate controls in place to ensure adherence with gainsharing program requirements. However, we observed that these controls are not always followed. First, most awards in our sample were not properly documented in accordance with the IRM. Second, IRS employees did not follow some of the gainsharing program requirements when applying for gainsharing program awards, resulting in inaccurate award amounts. Better managerial oversight may have prevented many of these errors.

#### ***Most Awards Were Not Properly Documented***

According to the IRM, as an employee accumulates travel savings over a fiscal year, he or she documents these savings using Form 13631-A, *IRS Travel Savings*. The employee must then provide this form and required documentation, including travel vouchers and receipts, to his or her first- and second-level managers for review. After the award is approved, both the first-level manager and the business unit must maintain copies of Form 13631-A and supporting documentation<sup>3</sup> for six years and three months. It should be noted that the IRS does not maintain the documentation in a central location for all business units, and the IRM does not require that each business unit maintain its gainsharing program documentation in a central location.

The Treasury Inspector General for Tax Administration (TIGTA) selected a judgmental sample<sup>4</sup> of 77 gainsharing program awards (totaling approximately \$279,000) to review for adherence with program requirements. The IRS was able to provide adequate documentation for 26 (approximately 34 percent) of 77 gainsharing program awards. However, the IRS did not provide any documentation for 13 (about 17 percent of the sample) awards and was unable to provide adequate documentation for 38 (about 49 percent of the sample) awards. These award amounts collectively totaled \$197,416.

The IRS failed to provide adequate documentation or provided no documentation for approximately 66 percent of the sample population, primarily because documentation was not properly retained by either the employee's first-level manager or business unit. Furthermore, the IRM section related to gainsharing program awards does not explicitly state how long gainsharing program documentation should be retained. The documentation retention standard for gainsharing program awards and supporting documentation is six years and three months, just as it is for other travel documents. However, officials in one business unit believed that gainsharing program documentation should be retained for three years (the usual retention period

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<sup>3</sup> IRM 1.32.14.6.2 (Sep. 27, 2011) and IRM 1.32.14.6.4 (Sep. 27, 2011).

<sup>4</sup> A judgmental sample is a nonstatistical sample, the results of which cannot be used to project to the population.

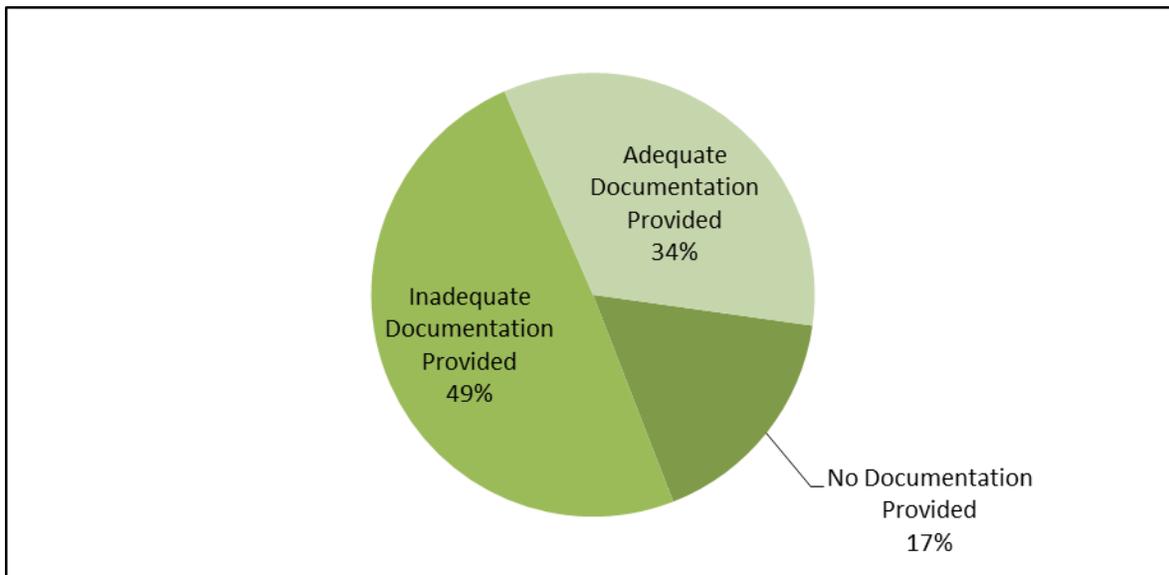


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for other award documents), resulting in the destruction of gainsharing program documentation after that period of time. CFO officials believe employees in other business units may also have prematurely destroyed supporting documentation related to other gainsharing program awards in our sample.

Figure 2 summarizes the level of documentation provided for the 77 awards sampled. Examples of inadequate documentation include missing Forms 13631-A,<sup>5</sup> travel vouchers, hotel receipts, and evidence of frequent flyer travel savings. Failure to properly document a gainsharing program award in accordance with the IRM prevents a third party from verifying the accuracy of the awards.

**Figure 2: Level of Documentation Provided  
for the Gainsharing Program Awards Sampled**



Source: Results from TIGTA case reviews. See Appendix V, Figure 7, for a summary of the extent of the documentation provided by each IRS business unit included in our sample.

### Recommendation

**Recommendation 1:** The CFO should amend the IRM to better define document retention standards for gainsharing program awards and supporting documentation to match that of other travel documents. The IRM should also either require that each business unit establish a centralized repository for gainsharing program award documentation or establish a centralized

<sup>5</sup> Documentation provided for eight awards did not include a Form 13631-A. For those awards, TIGTA did not further review the documentation provided.



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repository within the Office of the CFO for all gainsharing program award documentation generated Service-wide.

***Management's Response:*** IRS management agreed with this recommendation. The CFO plans to revise the IRM to better define document retention standards for gainsharing program awards and supporting documentation to match that of other travel documents. In addition, the revised IRM will require each business unit to establish a centralized repository for such documentation.

### ***Adequate Management Oversight May Have Prevented Errors***

IRS employees are not adhering to some of the gainsharing program requirements established in the IRM when applying for gainsharing program awards. Examples include employees not deducting excess transportation costs, using incorrect travel savings forms, requesting multiple awards per fiscal year, and requesting awards less than the minimum amount required to qualify for the program. Better management oversight and using the correct travel savings form may have prevented many of these errors.

### ***The majority of the awards reviewed lacked managerial oversight***

According to the IRM, as part of the gainsharing program award approval process, first-level managers are responsible for reviewing Form 13631-A and supporting documentation. The first-level manager initials and dates the bottom of Form 13631-A, indicating concurrence.<sup>6</sup> The second-level managers must then approve the gainsharing program award by signing and dating the form.<sup>7</sup> We received travel savings forms for 56 gainsharing program awards. In 47 (approximately 84 percent) of these cases, the first-level managers did not initial the travel savings forms to indicate their review and concurrence. Furthermore, second-level managers did not sign-off on 16 (approximately 29 percent) of the awards reviewed.

We believe that proper management oversight could have prevented many of the errors described in the remainder of this report. Figure 3 summarizes, by fiscal year, the number of awards where evidence of first- or second-level managerial review was missing.

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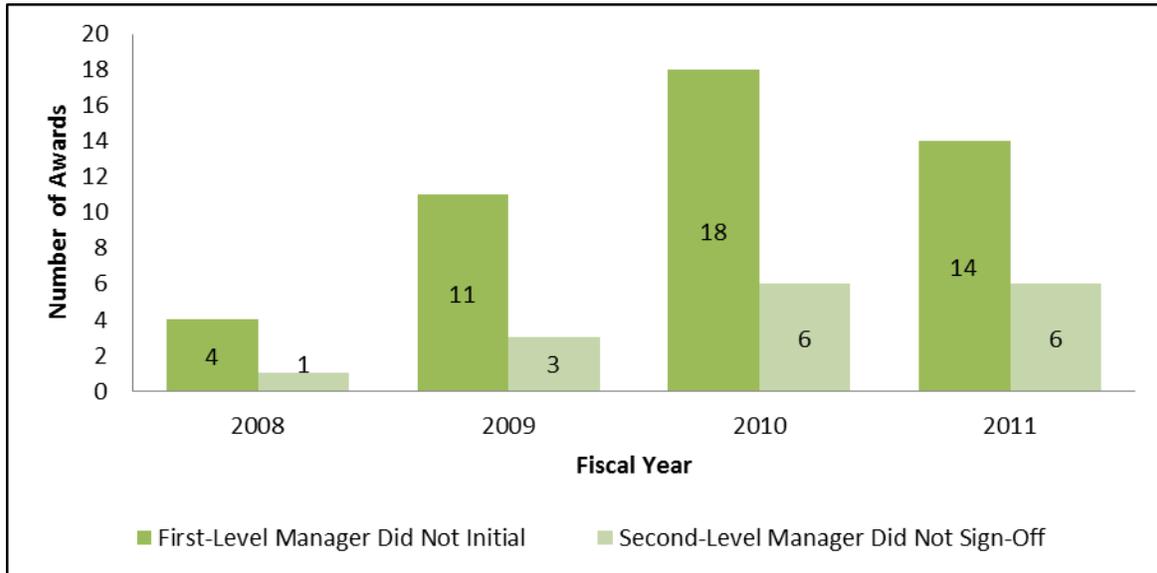
<sup>6</sup> IRM 1.32.14.6.2 (Sep. 27, 2011) and IRM 1.32.14.10(2) (Sep. 27, 2011).

<sup>7</sup> IRM 1.32.14.6.3 (Sep. 27, 2011).



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**Figure 3: Awards Where the First-Level Manager or the Second-Level Manager Did Not Review Form 13631-A**



Source: Results from TIGTA case reviews. See Appendix V, Figures 8 and 9, for further information, by both fiscal year and business unit, about the number of awards where evidence of first- or second-level managerial review was missing.

### **Recommendation**

**Recommendation 2:** The CFO should revise Form 13631-A to include a space for the first-level manager's initials.

**Management's Response:** IRS management agreed with this recommendation. The CFO plans to revise Form 13631-A to include a space for the first-level manager's initials.

### **Several errors were not detected and some employees did not deduct excess transportation costs**

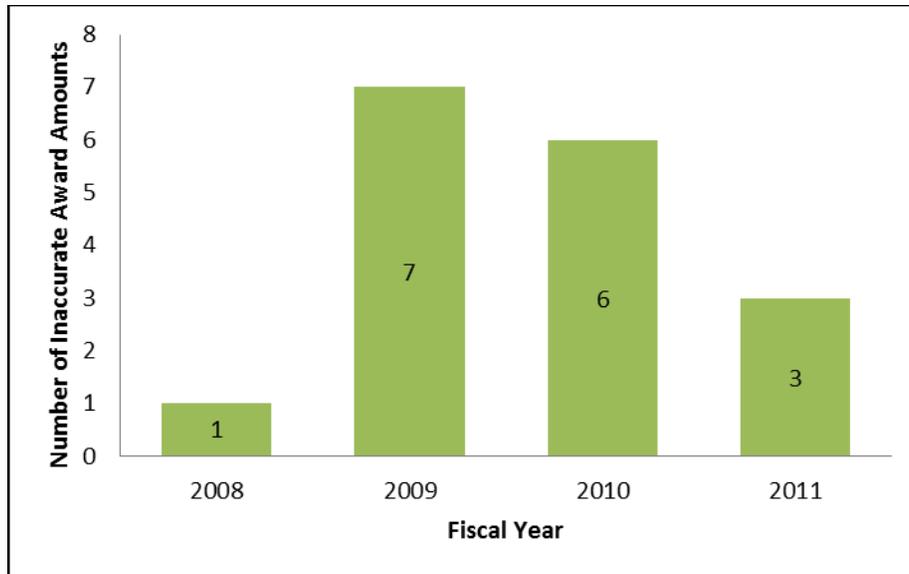
Proper managerial oversight should provide assurance that program requirements are followed and award amounts are calculated correctly. TIGTA reviewed awards for adherence with program requirements and accuracy, and disagreed with the calculation of 17 award amounts for a variety of reasons, including failure to deduct excess transportation costs, use of incorrect per diem rates, and claiming lodging expenses when the employee was not traveling. These are errors that a manager's review should have been detected; however, 16 of 17 of these awards lacked evidence of one or both levels of managerial review. These inaccurate award amounts led to a net overpayment of \$6,897 to IRS employees out of the \$175,787 in funds awarded that



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TIGTA had enough information to review. Figure 4 summarizes, by fiscal year, the number of award amounts with which we disagreed.

**Figure 4: Inaccurate Award Amounts**



Source: Results from TIGTA case reviews. See Appendix V, Figure 10, for further information about these awards by both fiscal year and business unit.

According to the IRM, an employee must deduct any excess transportation or miscellaneous costs from the lodging savings. Excess transportation costs include vehicle rentals when one would not normally be rented, driving a privately owned vehicle more miles than would normally be traveled, and taxi or other public transportation fares that would not normally be incurred, so that the employee could obtain free or reduced lodging.<sup>8</sup>

We found that IRS employees are not consistently deducting excess transportation costs from their lodging savings. We identified 16 cases where the employee incurred excess transportation costs. In 12 of these cases, IRS employees had already properly deducted excess transportation expenses. However, for the other four awards, the employees should have deducted excess transportation costs but did not. As a result, the IRS overpaid gainsharing program awards by \$2,394 (approximately 35 percent of the \$6,897 previously cited).

### **IRS employees rarely used correct forms**

The IRM requires IRS employees to document gainsharing program savings by using Form 13631-A.<sup>9</sup> Of the 56 awards sampled where a travel savings form was provided, IRS

<sup>8</sup> IRM 1.32.14.8 (Sep. 27, 2011).

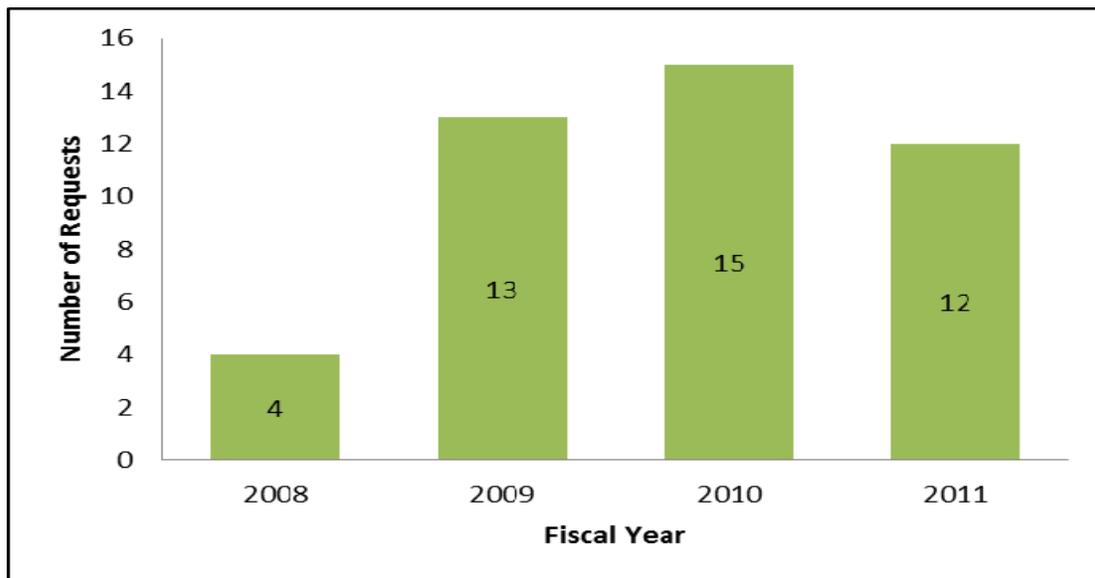
<sup>9</sup> IRM 1.32.14.7(3) (Sep. 27, 2011).



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employees used the correct form for 12 awards and used alternative forms for 44 awards.<sup>10</sup> Form 13631-A contains instructions for calculating award amounts that are not included in the alternate forms provided. Using alternative forms may increase the risk of award calculation errors, resulting in inaccurate award payments. Figure 5 summarizes, by fiscal year, the number of requests submitted using alternative travel savings forms.

**Figure 5: Requests Submitted With Alternative Travel Savings Forms**



Source: Results from TIGTA case reviews. See Appendix V, Figure 11, for further information about the use of alternative travel savings forms by both fiscal year and business unit.

### **Some IRS employees received multiple awards per fiscal year**

Although not specifically stated in the IRM, CFO officials indicated that an employee should not submit more than one claim for a gainsharing program award per fiscal year. Additionally, guidance issued by the Small Business/Self-Employed Division states that only one gainsharing program award should be given in a fiscal year.<sup>11</sup> Of the 2,957 awards given in FYs 2008 through 2011, in 87 instances, an employee received two or more gainsharing program awards in one fiscal year. While this occurred in less than 3 percent of the gainsharing program awards issued, multiple submissions result in unnecessary paperwork and increased employee time spent reviewing and processing these requests. In one case, an employee received six awards during FY 2011, while another employee received five awards during the same year. Figure 6

<sup>10</sup> The IRS provided documentation for 64 awards, but the documentation provided for eight awards did not include a Form 13631-A or alternative travel savings form.

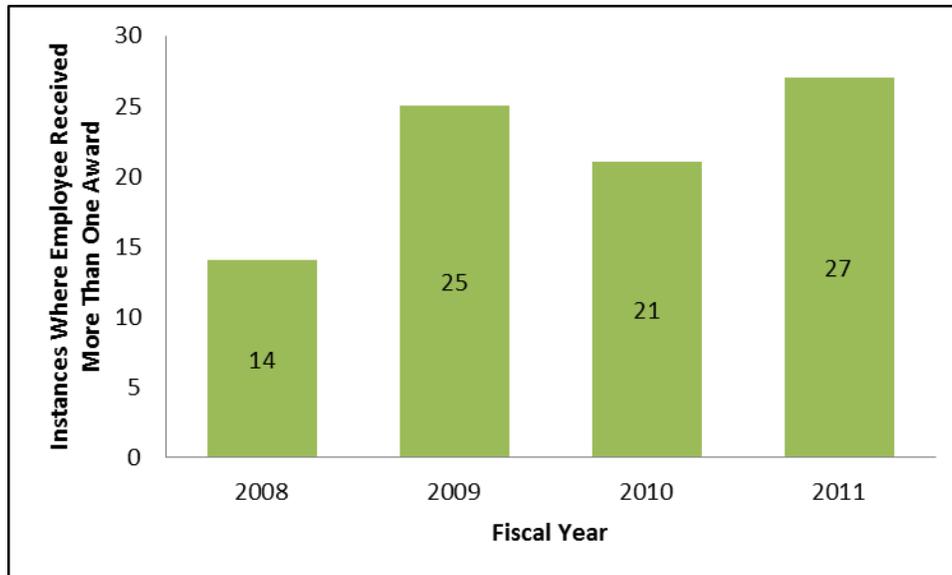
<sup>11</sup> IRS, SB/SE Division, *SB/SE Gainsharing Checklist* (2010).



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summarizes, by fiscal year, the number of instances where multiple awards were given to an employee in a fiscal year.

**Figure 6: Instances Where an Employee Received More Than One Award per Fiscal Year**



Source: Results from TIGTA analysis of IRS gainsharing program data for FYs 2008 through 2011.

### **Recommendation**

**Recommendation 3:** The CFO should clarify in the IRM that only one award can be given to employees per fiscal year.

**Management's Response:** IRS management agreed with this recommendation. The CFO plans to revise the IRM to clarify that an employee can only receive one gainsharing program award per fiscal year.

### **A few gainsharing program awards are less than the minimum amount required to qualify for an award**

The IRM states that an employee must realize a minimum of \$100 in savings within a fiscal year to receive a gainsharing program award.<sup>12</sup> However, our analysis of the 2,957 awards given in FYs 2008 through 2011 shows that the IRS gave gainsharing program awards to seven

<sup>12</sup> IRM 1.32.14.7(1) (Sept. 27, 2011).



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employees for travel savings of less than \$100, which resulted in \$266 awarded to employees who did not qualify for the award.



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## **Appendix I**

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

Our overall objective was to determine the effectiveness of the controls established over the gainsharing program. To accomplish this objective, we:

- I. Identified the controls in place to ensure that gainsharing program awards were granted correctly.
  - A. Interviewed IRS personnel from the Office of the CFO.
  - B. Reviewed IRS policies and procedures to determine the controls in place.
- II. Determined if gainsharing program awards were appropriately awarded in compliance with IRS policies and procedures.
  - A. Reviewed gainsharing program data for FYs 2008 through 2011 to determine if:
    1. Any individuals received more than one award in a given fiscal year.
    2. Each recipient saved the IRS at least \$100 in eligible travel costs for a given fiscal year.
  - B. Extracted a judgmental sample<sup>2</sup> of gainsharing program awards from an IRS Integrated Financial System extract for those records with Object Code 12.3 (Incentives) and Commitment Item 1236 (Gainsharing Award) for FYs 2008 through 2011. Reviewed supporting documentation to determine if:
    1. Savings were fully documented,
    2. Required documentation was retained by the appropriate official, and
    3. Awards met the requirements established by IRS policies.

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<sup>1</sup> We reviewed the gainsharing program data to ensure that all transactions were processed during FYs 2008 through 2011, and we compared a judgmental sample of transactions to supporting documentation.

<sup>2</sup> A judgmental sample is a nonstatistical sample, the results of which cannot be used to project to the population.

<sup>3</sup> A judgmental sample was selected to isolate transactions with specific risk factors, such as high-dollar awards and employees who received more than one award during the fiscal year.



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**Appendix II**

*Major Contributors to This Report*

Kevin P. Riley, Director, Inspections and Evaluations  
James Douglas, Supervisory Evaluator  
Lindsay Steward, Program Analyst



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**Appendix III**

*Report Distribution List*

Acting Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
Assistant Deputy Commissioner for Operations Support OS  
Chief, Agency-Wide Shared Services OS:A  
Chief Counsel CC  
Chief, Criminal Investigation SE:CI  
Chief Financial Officer OS:CFO  
Chief Technology Officer OS:CTO  
Commissioner, Large Business and International Division SE:LB  
Commissioner, Small Business/Self-Employed Division SE:S  
Commissioner, Tax Exempt and Government Entities Division SE:T  
Commissioner, Wage and Investment Division SE:W  
Associate Chief Financial Officer for Corporate Planning and Internal Controls OS:CFO:CPIC  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis RAS:O  
Audit Liaisons:  
    Chief, Agency-Wide Shared Services OS:A  
    Chief Counsel CC  
    Chief, Criminal Investigation SE:CI  
    Chief Financial Officer OS: CFO  
    Chief Technology Officer OS:CTO  
    Commissioner, Large Business and International Division SE:LB  
    Commissioner, Small Business/Self-Employed Division SE:S  
    Commissioner, Tax Exempt and Government Entities Division SE:T  
    Commissioner, Wage and Investment Division SE:W



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## **Appendix IV**

### *Outcome Measures*

This appendix presents detailed information on the measurable impact that our recommended corrective action will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

#### **Type and Value of Outcome Measures:**

- Cost Savings - Questioned Costs; \$197,416 in funds expended (see page 3).
- Cost Savings - Unsupported Costs; \$7,163 in funds expended (see pages 6-7 and 10).

#### **Methodology Used to Measure the Reported Benefit:**

TIGTA selected a judgmental sample<sup>1</sup> of IRS gainsharing program awards to test. The judgmental sample was comprised of 77 of the 2,957 gainsharing program awards given in FYs 2008 through 2011, totaling approximately \$279,000. We also identified individuals who received award amounts totaling less than \$50 in FYs 2008 through 2011. The IRS should deny these awards because the travel savings were below the minimum requirement.

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<sup>1</sup> A judgmental sample is a nonstatistical sample, the results of which cannot be used to project to the population.



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**Appendix V**

*Overall Results by Business Unit*

**Legend**

AWSS	Agency-Wide Shared Services
CFO	Chief Financial Officer
CI	Criminal Investigation
IT	Information Technology
LB&I	Large Business and International Division
SB/SE	Small Business/Self-Employed Division
TE/GE	Tax Exempt and Government Entities Division
W&I	Wage and Investment Division

**Figure 7: Gainsharing Program Awards Documentation**

Business Unit	Total Sample Requested	No Documentation Provided	Inadequate Documentation Provided	Adequate Documentation Provided	Total Errors	Error Rate
Chief Counsel	3	3	0	0	3	100%
AWSS	3	2	1	0	3	100%
CFO	3	1	2	0	3	100%
CI	9	1	5	3	6	67%
IT	8	0	5	3	5	63%
LB&I	3	0	1	2	1	33%
SB/SE	25	4	12	9	16	64%
TE/GE	12	0	3	9	3	25%
W&I	11	2	9	0	11	100%
<b>Totals</b>	<b>77</b>	<b>13</b>	<b>38</b>	<b>26</b>	<b>51</b>	<b>66%</b>

Source: Results from TIGTA case review of a sample of IRS gainsharing program data for FYs 2008 through 2011.



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**Figure 8: Awards Where the First-Level Manager Did Not Initial  
Form 13631-A, IRS Travel Savings**

Business Unit	FY 2008	FY 2009	FY 2010	FY 2011	Total Errors	Sample Items	Error Rate
AWSS	0	0	0	0	0	1	0%
CFO	0	1	1	0	2	2	100%
CI	1	5	2	0	8	8	100%
IT	0	0	3	4	7	7	100%
LB&I	0	0	2	1	3	3	100%
SB/SE	0	5	6	1	12	20	60%
TE/GE	3	0	3	6	12	12	100%
W&I	0	0	1	2	3	3	100%
<b>Total Errors</b>	<b>4</b>	<b>11</b>	<b>18</b>	<b>14</b>	<b>47</b>		

Source: Results from TIGTA case review of a sample of IRS gainsharing program data for FYs 2008 through 2011.

**Figure 9: Awards Where the Second-Level Manager Did Not Sign Form 13631-A**

Business Unit	FY 2008	FY 2009	FY 2010	FY 2011	Total Errors	Sample Items	Error Rate
AWSS	0	0	0	0	0	1	0%
CFO	0	0	0	0	0	2	0%
CI	0	1	1	0	2	8	25%
IT	0	0	2	2	4	7	57%
LB&I	0	0	2	0	2	3	67%
SB/SE	0	2	0	0	2	20	10%
TE/GE	1	0	0	2	3	12	25%
W&I	0	0	1	2	3	3	100%
<b>Total Errors</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>16</b>		

Source: Results from TIGTA case review of a sample of IRS gainsharing program data for FYs 2008 through 2011.



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**Figure 10: Inaccurate Award Amounts**

Business Unit	FY 2008	FY 2009	FY 2010	FY 2011	Total Errors	Sample Items	Error Rate
Chief Counsel	0	0	0	0	0	3	0%
AWSS	0	0	0	0	0	1	0%
CFO	0	1	1	0	2	2	100%
CI	1	2	1	0	4	8	50%
IT	0	0	1	0	1	7	14%
LB&I	0	0	1	1	2	3	67%
SB/SE	0	4	0	1	5	20	25%
TE/GE	0	0	1	1	2	12	17%
W&I	0	0	1	0	1	3	33%
<b>Total Errors</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>17</b>		

Source: Results from TIGTA case review of a sample of IRS gainsharing program data for FYs 2008 through 2011.

**Figure 11: Awards Submitted With Alternative Travel Savings Forms**

Business Unit	FY 2008	FY 2009	FY 2010	FY 2011	Total Errors
Chief Counsel	0	0	0	0	0
AWSS	0	0	0	0	0
CFO	0	1	1	0	2
CI	1	5	2	0	8
IT	0	0	3	4	7
LB&I	0	0	2	0	2
SB/SE	0	7	3	1	11
TE/GE	3	0	3	6	12
W&I	0	0	1	1	2
<b>Total Errors</b>	<b>4</b>	<b>13</b>	<b>15</b>	<b>12</b>	<b>44</b>

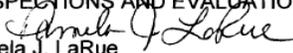
Source: Results from TIGTA case review of a sample of IRS gainsharing program data for FYs 2008 through 2011.



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**Appendix VI**

*Management's Response to the Draft Report*

	<p>DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224</p>
CHIEF FINANCIAL OFFICER	
	April 2, 2013
MEMORANDUM FOR R. DAVID HOLMGREN DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND EVALUATIONS	
FROM:	 Pamela J. LaRue Chief Financial Officer
SUBJECT:	TIGTA Draft Inspection Report – Inspection of the Internal Revenue Service's Travel Gainsharing Program (# IE-12-012)
<p>Thank you for the opportunity to review and respond to the draft report titled, "Inspection of the Internal Revenue Service's Travel Gainsharing Program" (# IE-12-012).</p> <p>We agree with your recommendations and our proposed corrective actions are discussed in the attachment. We will use the recommendations from this inspection to supplement ongoing efforts to improve our internal controls for the travel gainsharing program.</p> <p>If you have any questions, please contact William H. Maglin II, Associate Chief Financial Officer for Financial Management, at (202) 435-5540.</p> <p>Attachment</p>	



*Inspection of the Internal Revenue Service's  
Travel Gainsharing Program*

Attachment

**RECOMMENDATION 1**

The Chief Financial Officer (CFO) should amend the Internal Revenue Manual (IRM) to better define document retention standards for gainsharing program awards and supporting documentation to match that of other travel documents. The IRM should also either require that each business unit establish a centralized repository for gainsharing program award documentation, or establish a centralized repository within the office of the CFO for all gainsharing program award documentation generated Service-wide.

**CORRECTIVE ACTION**

The IRS agrees with this recommendation. The CFO will revise the Gainsharing Travel Savings Program IRM to better define document retention standards for gainsharing program awards and supporting documentation to match that of other travel documents. In addition, the revised IRM will require each business unit to establish a centralized repository for gainsharing program award documentation.

**IMPLEMENTATION DATE**

June 30, 2014

**RESPONSIBLE OFFICIAL**

Chief Financial Officer

**RECOMMENDATION 2**

The CFO should revise Form 13631-A to include a space for the first-level manager's initials.

**CORRECTIVE ACTION**

The IRS agrees with this recommendation. The CFO will revise Form 13631-A to include a space for the first-level manager's initials.

**IMPLEMENTATION DATE**

June 30, 2014

**RESPONSIBLE OFFICIAL**

Chief Financial Officer



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*Inspection of the Internal Revenue Service's  
Travel Gainsharing Program*

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**RECOMMENDATION 3**

The CFO should clarify in the IRM that only one award can be given to employees per fiscal year.

**CORRECTIVE ACTION**

The IRS agrees with this recommendation. The CFO will revise the Gainsharing Travel Savings Program IRM to clarify that only one award can given to an employee per fiscal year.

**IMPLEMENTATION DATE**

June 30, 2014

**RESPONSIBLE OFFICIAL**

Chief Financial Officer