
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Office of Inspections and Evaluations



*The Internal Revenue Service's Use of Its
Streamlined Critical Pay Authority*

December 5, 2014

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This report has cleared the Treasury Inspector General for Tax Administration 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

December 5, 2014

MEMORANDUM FOR HUMAN CAPITAL OFFICER

FROM: Gregory D. Kutz
Acting Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Inspection Report – The Internal Revenue Service’s Use of Its Streamlined Critical Pay Authority (#IE-14-002)

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98)¹ provided the IRS with certain personnel flexibilities, one of which was the streamlined critical pay (SCP) authority. The purpose of the SCP authority was to provide the IRS – with the approval of the Secretary of the Treasury – a management tool to quickly recruit and retain employees with high levels of expertise in technical or professional fields critical to the success of the IRS’s restructuring efforts. While this authority was originally authorized for 10 years, it was extended on two occasions and ultimately expired on September 30, 2013. This report presents the results of our inspection to determine whether the IRS’s use of the SCP authority conformed to established laws and regulations, and to assess the costs associated with the program.

Synopsis

Since the inception of the SCP authority, the IRS created a total of 168 critical pay positions which were occupied by 102 appointees. Approximately 38 percent of the critical pay appointees were retained and held different appointments after their initial appointment or assigned project ended. We reviewed a judgmental sample² of 47 critical pay packages for Fiscal Years 2010 through 2013 to determine if the procedures established to recruit, appoint, and establish compensation for SCP employees were followed and documented.

¹ Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app, 16 U.S.C, 19 U.S.C, 22 U.S.C, 23 U.S.C, 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

² A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.



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We determined that the critical pay positions were adequately justified, the need to recruit or retain exceptionally well-qualified individuals was demonstrated, pay limitations were adhered to, and the four-year cost of the program (Calendar Years 2010 through 2013) was approximately \$1.7 million. However, we also determined that most of the packages we reviewed had not been approved by the Secretary of the Treasury or any other Department of the Treasury official but were approved by the IRS Commissioner. This occurred because in November 2009, the Department of the Treasury delegated its approval authority to the IRS Commissioner. While RRA 98 did not explicitly prohibit the Secretary of the Treasury from delegating the authority, doing so eliminated the oversight control written into RRA 98 by Congress.

We also found that the IRS had appointed prior IRS employees, who had left Federal service and held private sector jobs for several years, into two SCP positions. While RRA 98 states "...appointees to such positions were not IRS employees prior to June 1, 1998," the IRS takes the position that to exclude such individuals would lead to a result not intended by Congress. The IRS's position is based on the wording of the Senate Committee Report (S. REP. No. 105-174) "...appointees to such positions are not IRS employees immediately prior to such appointment." Based on the relevant legislative history, the IRS's interpretation of the SCP authority appears to be consistent with the intent of Congress.

The IRS believes that the SCP program has been critical to its success, and the IRS Oversight Board has recommended that Congress provide the IRS SCP authority for the next five years as a short-term recruitment tool and consider granting the IRS the authority permanently.

We are not making any recommendations to the IRS concerning its use of the SCP authority. If Congress chooses to once again authorize the IRS SCP authority for a specific period of time, or permanently, we believe it would be beneficial to clearly define the extent of any independent oversight the program should have and who would be designated to provide the oversight. It would also be beneficial to clarify what, if any, period of separation former IRS employees must have observed before they might be rehired by the IRS as an SCP appointee.

Response

IRS management agreed with the facts presented in the draft report.

If you have any questions, please contact me or Kevin P. Riley, Director, Office of Inspections and Evaluations.



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Abbreviations

CY	Calendar Year
ES	Executive Service
FY	Fiscal Year
IRS	Internal Revenue Service
RRA 98	Restructuring and Reform Act of 1998
SCP	Streamlined Critical Pay
SES	Senior Executive Service
TIGTA	Treasury Inspector General for Tax Administration
U.S.C.	United States Code



The Internal Revenue Service's Use of Its Streamlined Critical Pay Authority

Background

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98)¹ made comprehensive changes related to the operations of the IRS. The goals of RRA 98 included increasing public confidence in the IRS and making the IRS an efficient, responsive, and respected agency that acts appropriately in carrying out its functions.

RRA 98 provided the IRS with certain personnel flexibilities, one of which was the streamlined critical pay (SCP) authority, which allowed the Secretary of the Treasury, before September 30, 2013,² to establish, fix the compensation of, and appoint up to 40 individuals to designated critical technical and professional positions needed to carry out the functions of the IRS, if:

1. The positions required expertise of an extremely high level in a technical or professional field and were critical to the IRS;
2. Exercise of the authority was necessary to recruit or retain an individual exceptionally well qualified for the position;
3. Designation of such positions was approved by the Secretary of the Treasury;
4. The terms of such appointments were limited to no more than four years;
5. Appointees to such positions were not IRS employees prior to June 1, 1998; and
6. The total annual compensation for any position (including performance and recruitment bonuses) did not exceed the rate of pay of the Vice President (currently \$233,000).³

These appointments would not be subject to the otherwise applicable requirements under United States Code (U.S.C.) Title 5⁴ governing appointments to the competitive service or the Senior Executive Service (SES). Furthermore, to expedite the hiring process, these appointments would not be subject to approval by the Office of Management and Budget or the Office of Personnel Management.

¹ Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app, 16 U.S.C, 19 U.S.C, 22 U.S.C, 23 U.S.C, 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

² RRA 98 provided the Secretary of the Treasury SCP authority for a period of 10 years. In December 2007, the Consolidated Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat. 1844, (2008), extended the original deadline to July 23, 2013. Subsequently, the Consolidated and Further Continuing Appropriations Act 2013, Pub. L. No. 113-6, 127 Stat. 198 (2013), extended the deadline to September 30, 2013.

³ Executive Order 13655 sets the Vice President's salary at \$233,000, effective on the first day of the first applicable pay period beginning on or after January 1, 2014; however, the Federal pay freeze in effect at that time limited the salary to \$230,700.

⁴ Title 5 of the U.S.C. outlines the role of Government organizations and its employees.



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The IRS Human Capital Officer is responsible for providing human capital strategies and tools for recruiting, hiring, developing, retaining, and transitioning a highly skilled and high-performing workforce to support IRS mission accomplishments. Within the Office of the Human Capital Officer, the Office of Executive Services provides integrated executive policy and operational personnel support services to the IRS's SES and SCP executives.

This review was performed at the IRS National Headquarters in Washington, D.C., in the Office of the Human Capital Officer, during the period March through August 2014. We conducted this inspection in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspections. Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



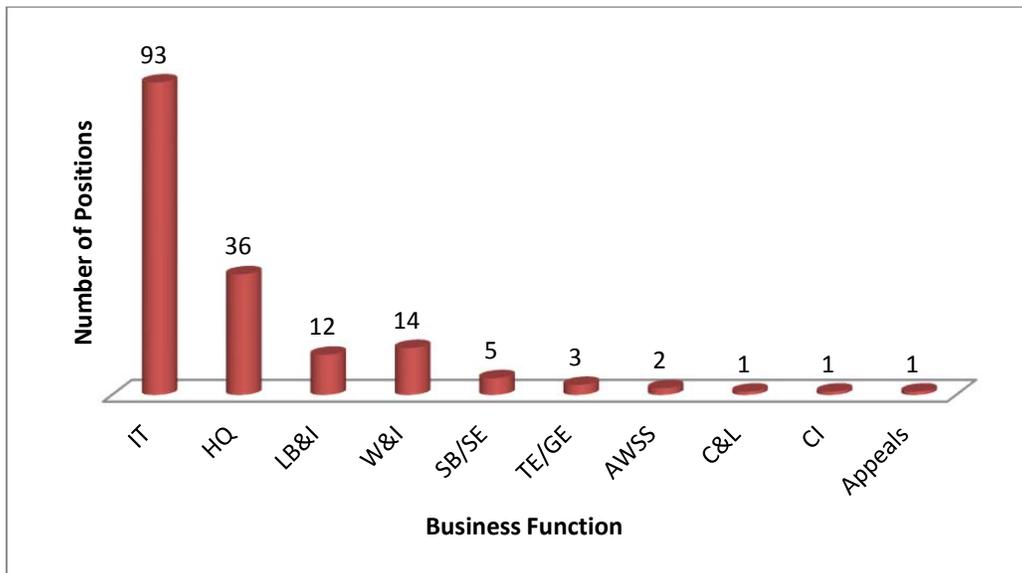
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Results of Review

The purpose of the SCP authority was to provide the IRS, with the approval of the Secretary of the Treasury, a management tool to quickly recruit and retain employees critical to the success of the IRS's restructuring efforts. The initial authority was for a 10-year period, but it was later extended by Congress to September 30, 2013, making it a 15-year program.

Since the inception of the SCP authority, the IRS created a total of 168 critical pay positions which were occupied by 102 individuals. Sixty-three of the 102 individuals held a single term appointment while the remaining 39 held two or more appointments. Figure 1 shows that the Information Technology function had the most critical pay positions over the 15-year period from July 22, 1998, to September 30, 2013.

Figure 1: Number of SCP Positions by Function⁵ From 1998 to 2013



Source: IRS SCP data as of April 3, 2014.

Private sector expertise had been crucial to introducing new leadership to supplement in-house expertise, and the IRS had taken advantage of the private sector expertise by retaining the critical pay appointees whenever feasible. Per our analysis of the SCP disposition pattern for the 15-year period, we found that 73 (43 percent) of the 168 positions were filled by SCP appointees

⁵ Information Technology (IT), Headquarters (HQ), Large Business and International (LB&I), Wage and Investment (W&I), Small Business/Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE), Agency-Wide Shared Services (AWSS), Communications and Liaison (C&L), and Criminal Investigation (CI).

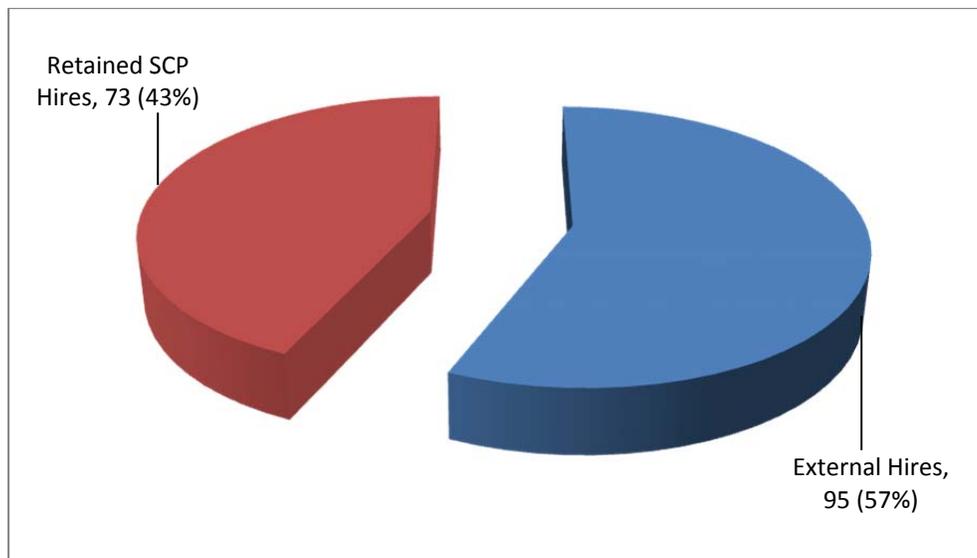


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who had previously held different critical pay positions at the IRS. The IRS determined that moving an SCP appointee into a subsequent position is permissible if the major duties of the subsequent position differ enough from the prior position to essentially constitute a new position.

We also noted that almost all of the SCP position conversions took place prior to or upon the expiration of the previous appointments, and only a few had a short break in service before the start of the new appointments. Figure 2 shows the number of persons hired externally or retained and placed in another SCP position.

Figure 2: Hiring Source for SCP Positions From 1998 to 2013



Source: IRS SCP data as of April 3, 2014.

Immediately after the passage of RRA 98, the Secretary of the Treasury's authority to designate, fill, and set compensation for the SCP positions was delegated to the Assistant Secretary for Management.⁶ Approximately 11 years later, this authority was delegated to the Commissioner of the IRS.⁷ Since RRA 98 specifically excluded the Office of Management and Budget and the Office of Personnel Management from the approval process for the SCP packages, and did not provide the IRS Oversight Board review authority of the IRS's SCP program, the latest delegation essentially eliminated the independent oversight of IRS's SCP program that Congress required in the original law.

⁶ The authority to designate, fill, and set compensation for the positions was delegated to the Assistant Secretary for Management in a memorandum from the Secretary of the Treasury titled "*Delegation of Personnel Authority Pertaining to Internal Revenue Service Restructuring and Reform*," dated August 7, 1998.

⁷ Pursuant to Treasury Order 102-01 and Treasury Directive 12-31, effective with the issuance of the Department of the Treasury transmittal number TN-09-009, dated November 25, 2009, this authority was delegated to the Commissioner of Internal Revenue.



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Overall, our review found that the IRS exercised the SCP authority in accordance with the governing law.

Designations of Critical Pay Positions Were Adequately Justified

The IRS justified the designation of its critical pay positions as mandated by Section 9503 of RRA 98, which provided that the positions must require expertise of an extremely high level in an administrative, technical, or professional field; were critical to the IRS's successful accomplishment of an important mission; and that the number of such positions did not exceed 40 at any one time.

We focused our review on the critical pay positions filled during the four-year period from Fiscal Years (FY) 2010 through 2013. We judgmentally selected and reviewed a sample⁸ of 47 critical pay position packages retained in the Office of Executive Services. If the candidate had occupied an SCP position prior to FY 2010 and the documentation related to that position was in the case file, we reviewed that information too. We found that the requests to establish the critical pay positions included a business case justifying the establishment of the positions. Furthermore, the requests were approved by the IRS Commissioner.

We also noted that the number of critical pay positions did not exceed the maximum number allowed by law. As of April 3, 2014, (the date the hiring data were provided to the Treasury Inspector General for Tax Administration (TIGTA)), the IRS had 28⁹ critical pay positions in effect.

The Need to Recruit or Retain Exceptionally Well-Qualified Individuals Was Demonstrated

RRA 98 required the IRS to demonstrate that exercise of the SCP authority was necessary to recruit or retain exceptionally well-qualified individuals. This authority was intended to give the IRS the ability to attract and acquire top-quality talent that was not available to it internally or at normal Federal salary levels.

As part of our inspection, we reviewed whether the critical pay hires' skills aligned with the needs of their positions. We judgmentally selected and reviewed the resumes of 32 appointees who have held 47 critical pay positions from FYs 2010 through 2013. According to IRS policy, a written resume or equivalent document must be provided describing the individual's qualifications¹⁰ for each SCP appointment. We then compared these resumes with the position's required skill sets as listed in the position description to determine if each appointee's work

⁸ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

⁹ Since the data were originally provided, the number of SCP executives has declined to 25 as of July 30, 2014.

¹⁰ The appointee's qualifications must include current position or explanation if unemployed and their most relevant experience, education, and achievements.



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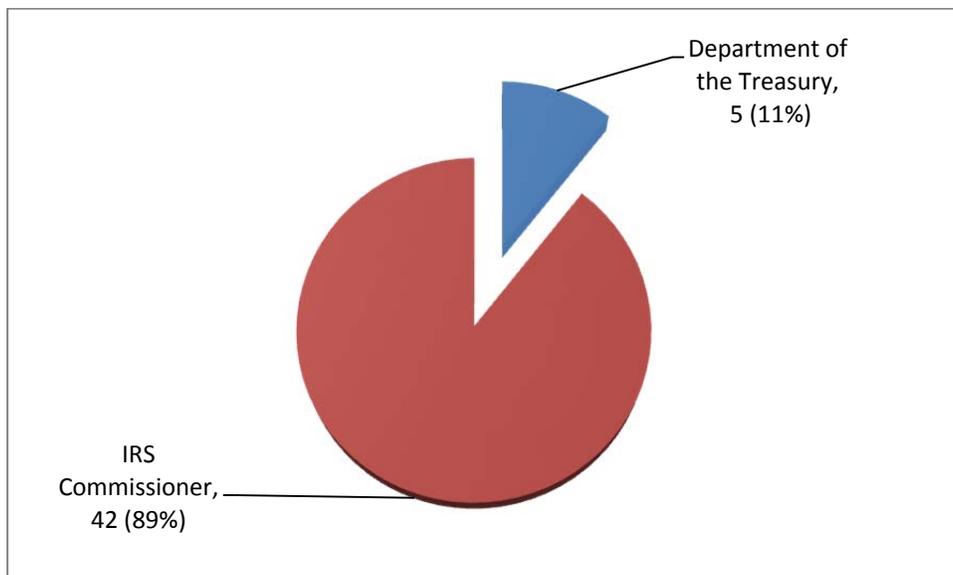
history indicated that he or she could meet the needs of the position. Overall, we found that the critical pay hires' skills and work history aligned with the needs of their positions.

Most of the Critical Pay Selection and Compensation Packages Were Approved by the Internal Revenue Service Commissioner

Once a critical pay position was approved, the business or functional unit identified potential candidates and forwarded that individual's name and supporting documentation for approval. Initially, the Department of the Treasury approved the critical pay selection and compensation packages. After the approval authority was delegated to the IRS, the IRS Commissioner was responsible for approving the packages.

All 47 critical pay packages were approved: five packages by the Department of the Treasury and 42 packages by the IRS Commissioner. The packages approved by the Department of the Treasury were for the SCP hires in early Calendar Year (CY) 2010. The IRS Commissioner approved the remaining packages. Figure 3 illustrates the critical pay package approval proportions.

Figure 3: Approval of Critical Pay Packages



Source: TIGTA's review of critical pay data.

Some positions appeared to have been established and filled on the same date

As required by the Department of the Treasury in its delegation memorandum, a written position description is required for each designated SCP position prior to making an appointment. We examined the date the IRS Commissioner approved the position description and the date the



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candidate was appointed. In six of 23 cases reviewed, we determined that the IRS Commissioner approved the position description, which documented the Commissioner's concurrence that the IRS needed to use its critical pay authority to fill that position, on the same date the Commissioner signed the Appointment Under "Streamlined Critical Pay Authority" 5 U.S.C. 9503 identifying the candidate selected for the position.

Oversight

To expedite the hiring process, the SCP authority specifically removed the need to seek Office of Personnel Management approval for such positions and granted the approval authority to the Secretary of the Treasury instead. However, once the Department of the Treasury delegated its approval authority to the IRS Commissioner, it eliminated the oversight function related to the SCP authority contained in RRA 98.

Although RRA 98 created the IRS Oversight Board to oversee the IRS, the statute did not provide for review of the IRS's SCP authority by the IRS Oversight Board. Section 1101(d)(3) explicitly requires the IRS Oversight Board to review the IRS Commissioner's selection, evaluation, and compensation of IRS senior executives who have program management responsibility over significant functions of the IRS. Therefore, the IRS Oversight Board only reviews the hiring of any person under the SCP authority who also is among the senior executives described by Section 1101(d)(3).

In August 2007, the Senate Finance Committee requested that the IRS Oversight Board evaluate the effectiveness of the SCP program and recommend whether the program should be extended, either as it existed then or in a revised form. In its response to the Senate Finance Committee,¹¹ the IRS Oversight Board stated that the SCP authority could continue to play an important role in attracting top-level expertise from outside the IRS to focus on the IRS's evolving challenges.

Also, in May 2013, during the hearing on the IRS's FY 2014 Budget Request,¹² the IRS Oversight Board recommended that the President extend the IRS's SCP authority which, at that time, was due to expire on September 30, 2013. In summary, the IRS Oversight Board recommended the extension of the SCP authority with the following changes:

- Extend the SCP authority for five years, and possibly indefinitely (permanent authority);
- Limit the application of SCP authority for non-technical positions;
- Allow an ongoing term to be extended up to two years;
- Replace the requirement that the authority not be used for individuals who were employees of the IRS prior to June 1, 1998, to a requirement that the individual not have been an employee of the IRS in the preceding 10 years; and

¹¹ IRS Oversight Board, *Evaluation of the IRS's Streamlined Critical Pay (SCP) Authority*, (Sept. 2007).

¹² IRS Oversight Board, *Hearing on the IRS FY 2014 Budget Request*, (May 2013).



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- Require the IRS to perform an annual assessment of the SCP program that is approved by the IRS Oversight Board.

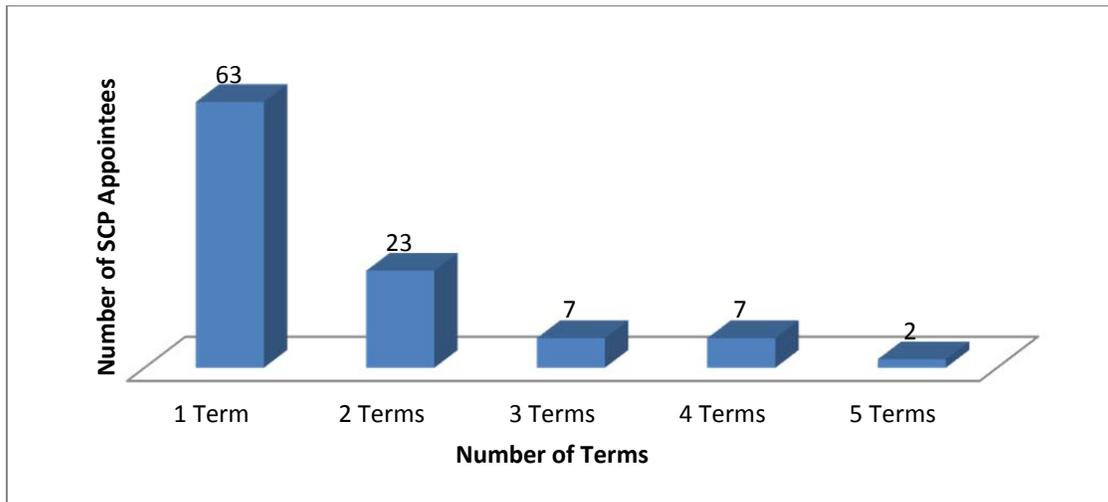
TIGTA believes the recommended changes to the SCP authority would help strengthen the internal controls associated with the SCP program. Additionally, because the designation of certain positions as critical indicates a high level of importance to the success of the IRS mission, TIGTA continues to believe that some form of independent oversight as was specified in the original SCP authority would further strengthen the controls over the program.

Appointment Terms and Compensation Limits Were Met

Appointment term

RRA 98 limited the term of SCP appointments to four years. We examined the number and length of terms held by the 102 SCP appointees for the 168 positions that the IRS created over the 15-year period, and observed that none of the SCP appointees served more than four years in a single appointment. The actual time served ranged from 15 days to four years, and averaged 2.2 years per position. Furthermore, 63 (62 percent) of the 102 SCP appointees held a single term appointment, and the remaining 39 (38 percent) held two or more appointments. Figure 4 illustrates the details of the appointments served.

Figure 4: Number of Terms Held by SCP Appointees From 1998 to 2013



Source: IRS SCP data as of April 3, 2014.

Moreover, of the 102 SCP appointees, 74 have completed or ended their appointments and are no longer with the IRS as SCP employees. These appointees served from 15 days up to 10.5 years on their single or multiple terms. The remaining 28 SCP appointees are still currently employed with the IRS and serving in their present SCP positions. Some of the current SCP hires have



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held previous SCP appointments. As of April 3, 2014 (the date the hiring data were provided to TIGTA), the current appointees' length of service ranged from approximately 0.5 to 9.45 years. Figures 5A and 5B show the details of the actual time served by SCP appointees.

Figure 5A: Length of Service by Non-Current SCP Appointees

Number of Terms	Number of Employees	Minimum Length of Service	Maximum Length of Service	Average Length of Service
1	49	0.04 Year (15days)	4.0 Years	2.60 Years
2	17	1.40 Years	6.7 Years	4.21 Years
3	4	3.90 Years	10.5 Years	7.15 Years
4	3	4.40 Years	7.9 Years	6.37 Years
5	1	7.50 Years	7.5 Years	7.50 Years
Total	74			

Source: IRS SCP data as of April 3, 2014.

Figure 5B: Length of Service by Current SCP Appointees

Number of Terms	Number of Employees	Minimum Length of Service	Maximum Length of Service	Average Length of Service
1	14	0.51 Years	3.25 Years	1.36 Years
2	6	1.63 Years	5.36 Years	3.54 Years
3	3	4.13 Years	7.31 Years	5.35 Years
4	4	4.91 Years	9.23 Years	6.51 Years
5	1	9.45 Years	9.45 Years	9.45 Years
Total	28			

Source: IRS SCP data as of April 3, 2014.

Compensation package

RRA 98 required that the total annual compensation (including performance bonuses) for any critical pay position could not surpass the rate of pay of the Vice President (determined under U.S.C. Title 3 Section 104).

The base pay, excluding bonuses, for members of the SES in CYs 2010 through 2013 ranged from \$177,000 (Executive Service (ES)-1) to \$179,700 (ES-6). Under the SCP authority, the base salaries the IRS paid ranged from \$130,000 to \$227,300 for the same review period. Coupled with performance bonuses, total SCP compensation packages ranged from \$140,000 to \$227,300 per person. In all instances, the salaries plus performance bonuses did not exceed the salary of the Vice President (\$227,300 to \$230,700 depending on the year of review).



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Some Critical Pay Appointees Were Former Internal Revenue Service Employees

One of the requirements under the SCP authority was that, "...appointees to such positions were not Internal Revenue Service employees prior to June 1, 1998." During our review, we found that the IRS recently hired two individuals as SCP employees who were IRS employees prior to June 1, 1998. Both of these employees separated from the IRS several years ago and were employed elsewhere for several years before being hired as SCP employees.

The IRS takes the position that to exclude individuals employed by the IRS prior to June 1, 1998, would lead to a result not intended by Congress. The IRS points out that RRA 98 was enacted in July 1998, shortly after the June 1, 1998, date; it is reasonable to conclude that Congress intended to prevent the appointment of then-current IRS employees or employees who resigned in order to accept an appointment to an SCP position.

Per the IRS, if an IRS employee who retired or resigned from the IRS entered into private or other Government employment, and developed a high level of expertise in the relevant technical, administrative or professional field since leaving the IRS, this expertise could make the employee a highly qualified candidate for an SCP position.

Based on the relevant legislative history,¹³ the IRS's interpretation of the SCP authority in TIGTA's opinion appears to be consistent with the intent of Congress. The legislative history did not mention the June 1, 1998, date. Instead, it reads "...appointees to such positions are not IRS employees immediately prior to such appointment."

The Streamlined Critical Pay Program Cost Was Not Substantial

TIGTA conducted an analysis of the SCP program cost for CYs 2010 through 2013 by comparing the base compensation at the highest level for the SES pay scale to the base salary of SCP positions. We found that the extra salary costs over the four-year period totaled approximately \$1.7 million. The average pay level for the highest graded SES positions (ES-6) was approximately \$179,000 a year while the average pay for the SCP positions was about \$198,000. We also noted that while most of the SCP employees' pay was higher than the maximum SES pay, some SCP employees' pay was lower than the maximum SES level.

According to a prior TIGTA audit report,¹⁴ in the past, the IRS had used executive search firms to identify highly qualified candidates for most critical pay positions and spent approximately \$3.2 million over a four-year period from 1999 to 2002. The report revealed that the IRS experienced a 52 percent success rate, which resulted in hiring 23 highly qualified candidates. We found in our current review that the IRS converted existing SCP appointees to other SCP

¹³ S. Rep. 105-174, 105th Cong., 2d Sess. 1998.

¹⁴ TIGTA, Ref. No. 2003-10-116, *Oversight of Streamlined Critical Pay Authority Could Be Improved* (June 2003).



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jobs and when seeking outside candidates, the IRS used major national sources such as the *Wall Street Journal* and Dice.com, which substantially reduced the recruitment cost to approximately \$60,000 over a four-year period from 2010 through 2013. The external sources yielded eight highly qualified candidates, seven of whom accepted the SCP appointments with the IRS and one declined.

We are not making any recommendations to the IRS concerning its use of the SCP authority. If Congress chooses to once again authorize the IRS SCP authority for a specific period of time, or permanently, we believe it would be beneficial to clearly define the extent of any independent oversight the program should have and who would be designated to provide the oversight. It would also be beneficial to clarify what, if any, period of separation prior IRS employees must have observed before they might be rehired by the IRS as an SCP appointee.



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Appendix I

Detailed Objective, Scope, and Methodology

The objective of our inspection was to determine whether the IRS's use of the SCP authority conformed to established laws and regulations, and to assess the costs associated with the program. To accomplish this objective, we:

- I. Determined if the SCP hiring process from FYs 2010 through 2013 conformed to established laws and regulations.
 - A. Interviewed Office of the Human Capital Officer officials to obtain SCP policies and procedures.
 - B. Reviewed a judgmental sample¹ of 47 critical pay packages to determine whether they included the appropriate critical pay position request, selection approval, former IRS employee status, and compensation package.
 - C. Interviewed the IRS Oversight Board's representative to determine its responsibility and involvement with the SCP authority.
- II. Assessed the costs associated with the SCP program.
 - A. Compared the base pay for members of the SES to the base pay for SCP hires for CYs 2010 through 2013.
 - B. Computed performance bonuses and incentives for the same SCP hires.
 - C. Determined the overall search/advertisement costs incurred during FYs 2010 through 2013 in association with recruiting SCP candidates.

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.



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Appendix II

Major Contributors to This Report

R. David Holmgren, Deputy Inspector General for Inspections and Evaluations
Kevin P. Riley, Director, Inspections & Evaluations
James A. Douglas, Supervisory Evaluator
Jacqueline D. Nguyen, Lead Auditor
Lindsay M. Stewart, Program Analyst



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Appendix III

Report Distribution List

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Appendix IV

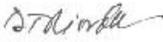
Management's Response to the Draft Report


HUMAN CAPITAL OFFICE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

September 10, 2014

MEMORANDUM FOR R. DAVID HOLMGREN
DEPUTY INSPECTOR GENERAL FOR INSPECTION AND
EVALUATIONS

FROM: Daniel T. Riordan 
IRS Human Capital Officer

SUBJECT: Draft Inspection Report – *The Internal Revenue Service's Use
of Its Streamlined Critical Pay Authority. (Audit # IE 14-002)*

Thank you for the opportunity to respond to the subject draft inspection report.

We agree with the facts in the draft report and acknowledge you did not offer any formal recommendations. Further, we appreciate your recognition that the IRS conformed with laws and regulations in exercising our Streamlined Critical Pay authority.

If you have any questions, please contact me at (202) 317-7600, or a member of your staff may contact Becky Barber, Director, Executive Services, Employment, Talent and Security Division at (202) 317-7100.