October 15, 2008

MEMORANDUM FOR SECRETARY PAULSON

FROM:      J. Russell George
           Inspector General

SUBJECT: Management and Performance Challenges Facing the Internal Revenue Service for Fiscal Year 2009

The Reports Consolidation Act of 2000\(^1\) requires that the Treasury Inspector General for Tax Administration (TIGTA) summarize, for inclusion in the Department of the Treasury Accountability Report for Fiscal Year 2008, its perspective on the most serious management and performance challenges confronting the Internal Revenue Service (IRS or Service). The top 10 challenges in order of priority are:

1. Modernization;
2. Security;
3. Tax Compliance Initiatives;
4. Providing Quality Taxpayer Service Operations;
5. Human Capital;
6. Erroneous and Improper Payments;
7. Complexity of the Tax Law;
8. Taxpayer Protection and Rights;
9. Processing Returns and Implementing Tax Law Changes; and
10. Improving Performance and Financial Data for Program and Budget Decisions.

TIGTA’s assessment of the major IRS management challenge areas for Fiscal Year 2009 has not changed substantially from the prior year. While the IRS has continued to address each challenge area, TIGTA was unable to remove any challenge areas at this time. We have, however, changed the priority order of certain challenges. For example, Human Capital went from sixth to fifth place, while Complexity of the Tax Law went from fifth to seventh place. This reorganization is based on our assessment of many factors, including our opinion that the IRS needs to address its gaps in talent because of the changes in the knowledge, skills, and competencies in mission-critical occupations.

The following is a discussion of each of the challenges.

**Modernization**

The Business Systems Modernization (Modernization Program or Program) is a complex effort to modernize IRS technology and related business processes. It involves integrating thousands of hardware and software components while replacing outdated technology and maintaining the current tax system.

The IRS originally estimated that the Modernization Program would last up to 15 years and incur contractor costs of approximately $8 billion. The Program is in its 10th year and has received approximately $2.5 billion for contractor services, plus an additional $310 million for internal IRS costs. The IRS planned to spend $267 million on the Program in Fiscal Year 2008, and the preliminary budget for Fiscal Year 2009 shows a reduction of 16.6 percent to $222.6 million. According to the IRS’s original plan, the Modernization Program would be past the halfway point in Calendar Year 2008. However, due to generally decreased funding since Fiscal Year 2005 and difficulties in managing contractor work, the IRS has had to reduce the scope of many Modernization projects. The IRS and its contractors must still overcome significant barriers in successfully implementing Modernization Program goals, including:

- Continued reductions in funding that have forced the IRS to adjust the scope of the Modernization Program portfolio and project release schedules; and
- Inconsistent adherence to established project development guidelines that has limited the effectiveness and growth of the Modernization Program.

Due mostly to funding shortfalls, the IRS had to forgo development of significant capabilities for the Modernized e-File Integration project. These capabilities would have allowed the IRS business divisions to better use the Modernized e-File system for enforcement activities. Because the Modernized e-File system is not being used to the extent originally planned, the intended benefits to the business divisions are not being achieved. As a result of the data access limitations, the Large and Mid-Size Business Division and the Tax Exempt and Government Entities Division are using their own systems to access Modernized e-File system tax return data. A second project, the Enterprise Return Retrieval system, was subsequently planned to deliver the capabilities that the Modernized e-File Integration project could not deliver. However, this project was not funded for Fiscal Year 2008.

The IRS achieved successes when the Modernization Program followed a systems development plan and management guidance. The Program has progressed more effectively with implementation of the Enterprise Services organization’s management components and with the development of the Information Technology Modernization Vision and Strategy as a map for future development. However, the IRS and its contractors could improve Program effectiveness and efficiency through closer

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3 The Modernized e-File system is a replacement of the current IRS tax return filing technology with a modernized, Internet-based electronic filing platform.
adherence to established guidelines such as the Enterprise Life Cycle\textsuperscript{4} and its related key processes, as well as the Federal Acquisition Regulation. Our audits found that the Modernization Program did not consistently implement Enterprise Life Cycle guidelines, including project management and requirements management activities.

The Modernization Program and processes have not progressed enough to eliminate the material weakness designation, and further reductions in funding could jeopardize the Program's ability to deliver planned improvements. We believe that until the IRS is able to show consistent progress and improvement in the management of its Modernization Program and adequately addresses past TIGTA and Government Accountability Office (GAO) recommendations, the Modernization Program will remain a high risk for the IRS and will continue to be considered a material weakness.

\textbf{Security}

Millions of taxpayers entrust the IRS with sensitive financial, personal, and other data that are processed by and stored on IRS computer systems. Reports of identity thefts from both the private and public sectors have heightened awareness of the need to protect these data. The risk that taxpayers’ identities could be stolen by exploiting security weaknesses in the IRS’s computer systems continues to increase, as does the risk that IRS computer operations could be disrupted. Internal factors (such as the increased connectivity of computer systems and increased use of portable laptop computers) and external factors (such as the volatile threat environment resulting from increased terrorist and hacker activity) require strong security controls.

The Incident Management Plan and Occupant Emergency Plan are designed to protect employees and visitors in IRS facilities; implement a clear command structure; and guide incident stabilization, assessment, and recovery efforts in the event of an emergency. However, these plans were not always complete or subject to regular exercises or tests to ensure readiness. As a result, we believe that in the event of an actual emergency such as a terrorist attack or natural disaster, these deficiencies could result in delays in ensuring employee and visitor safety and in beginning efforts to recover critical business processes, such as collecting tax revenue, processing tax refunds, and responding to taxpayer inquiries. Emergency preparedness at IRS facilities needs to be improved.\textsuperscript{5}

Section 301 of the \textit{Federal Information Security Management Act} (FISMA)\textsuperscript{6} requires each Federal Government agency to report annually to the Office of Management and Budget and to Congress on the effectiveness of its security programs and to perform an annual independent evaluation of its information security program and practices. The IRS has made steady progress in complying with FISMA requirements since the law’s enactment in 2002 and states that it continues to place a high priority on efforts to improve its security program. The IRS continues to develop an enterprise-wide

\textsuperscript{4} The Enterprise Life Cycle is a structured business systems development method that requires the preparation of specific work products during different phases of the development process.


approach to help employees understand their responsibilities for securing IRS systems and data and to implement the necessary controls. However, the IRS needs to do more to adequately secure its systems and data. Past audits have shown that the most significant areas of concern are compliance with mandated security configurations, implementation of access controls for its computer systems, and use of audit trails to detect computer intrusions and misuse. Additionally, the introductions of malware\(^7\) into the IRS network via email and phishing schemes\(^8\) are growing security concerns.

TIGTA works closely with the IRS to identify and investigate these schemes. Between January and July 2008, more than 1,900 phishing sites pretending to represent the IRS were identified. The IRS continues to designate computer security as a material weakness under the Federal Managers’ Financial Integrity Act of 1982.\(^9\)

**Tax Compliance Initiatives**

Another compelling challenge confronting the IRS is tax compliance. Tax compliance initiatives include the administration of tax regulations, collection of the correct amount of tax from businesses and individuals, and oversight of tax-exempt and government entities. Increasing voluntary compliance and reducing the Tax Gap are currently the focus of many IRS initiatives. Nevertheless, the IRS is facing significant challenges in 1) obtaining more complete and timely data, and 2) developing the methods necessary to interpret the data.

**Businesses and Individuals**

With the Tax Gap remaining center stage, TIGTA continues to focus considerable attention on the progress that the IRS is making to reduce the estimated difference between the amount of tax that taxpayers should pay and the amount that is paid voluntarily and on time. In August 2007, the Department of the Treasury and the IRS issued a report entitled *Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance*, which details the strategy being taken to address the Tax Gap by increasing voluntary compliance. TIGTA provided an evaluation of this strategy in 2008 and reported that the long-term success of the strategy will, in large part, be dependent on addressing several risk factors.

The IRS estimated the gross Tax Gap for Tax Year (TY) 2001 to be approximately $345 billion. Of this amount, about $54 billion (16 percent) is attributable to underreported employment taxes. In addition, the GAO recently reported that

\(^7\) Malware refers to a program inserted into a computer with the intent of compromising the confidentiality, integrity, or availability of the system’s data, applications, or operating system. Examples of malware include viruses, spyware, Trojan horses, and rootkits.

\(^8\) Phishing is the act of sending an email to a user falsely claiming to be an established, legitimate enterprise in an attempt to scam the user into surrendering private information that could be used for identity theft.

\(^9\) 31 U.S.C. §§ 1105, 1106, 1108, 1113, 3512 (2000). The Federal Managers’ Financial Integrity Act (FMFIA) requires that agency management establish and maintain effective internal controls to achieve the objectives of 1) effective and efficient operations, 2) reliable financial reporting, and 3) compliance with applicable laws and regulations. The FMFIA also requires the head of each Executive agency to report annually to the President and Congress on the effectiveness of the internal controls and any identified material weaknesses in those controls. Reporting material weaknesses under the FMFIA is not limited to weaknesses over financial reporting.
business taxpayers failed to pay to the IRS about $58 billion in Federal payroll taxes that they withheld from employees’ wages over the past 10 years.

TIGTA has previously reported on both of these issues and has planned several audits to provide more insight into this growing problem, including audits of the misclassification of employees by employers, the effectiveness of the IRS’s SS-8 determination program, the effectiveness of IRS actions on collection accounts, and the Trust Fund Recovery Penalty.

The IRS must continue to seek accurate measures for the various components of the Tax Gap and the effectiveness of the actions taken to reduce it. Broader strategies and better research are needed to determine what actions are most effective in addressing noncompliance.

Tax-Exempt Entities

The IRS continues to face challenges in administering programs focused on ensuring that tax-exempt organizations comply with applicable laws and regulations to qualify for tax-exempt status. The IRS has noted that the non-profit community has not been immune from the recent trends toward bad corporate practices that have been highlighted in the for-profit area.

For example, in a report issued in Fiscal Year 2008, we stated that the IRS needed to strengthen controls over examination closures to provide assurance that 1) capital raised from issuing tax-exempt bonds will be appropriately used for public works projects, and 2) examinations are conducted with integrity and fairness. In addition, we reported that there was a need for the Exempt Organizations function to perform more detailed analyses of completed casework related to recently established tax-exempt organizations to determine if taxpayer funds allocated to this

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10 A recent report issued by the GAO states that, “In its last comprehensive misclassification estimate, the IRS estimated that 15 percent of employers misclassified 3.4 million workers as independent contractors in 1984, resulting in an estimated tax loss of $1.6 billion (or $2.72 billion in inflation-adjusted 2006 dollars) in Social Security tax, unemployment tax, and income tax.”

11 The SS-8 program makes determinations of workers’ employment tax status as employees or independent contractors. Workers may request determinations by submitting Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding (Form SS-8) to the IRS. An IRS determination of a worker’s status has tax consequences for both the worker and the employer.

12 The Trust Fund Recovery Penalty is an enforcement tool the IRS uses to collect unpaid trust fund taxes. If a business taxpayer has failed to collect or pay trust fund taxes, the unpaid liability is assessed against the responsible officer(s). Although the IRS assesses this penalty on multiple taxpayers, these assessments represent only one liability. The IRS may collect the penalty from any combination of the business and related individual taxpayers.

13 Written Statement of Mark W. Everson, Commissioner of Internal Revenue, Before the Committee on Finance, United States Senate Hearing on Exempt Organizations: Enforcement Problems, Accomplishments, and Future Direction, April 5, 2005.

activity are being used wisely and tax-exempt organizations are being contacted only when necessary.\textsuperscript{15}

**Providing Quality Taxpayer Service Operations**

Since the late 1990s, the IRS has increased its delivery of quality customer service to taxpayers. However, the first goal in the IRS's current strategic plan is to improve taxpayer service. In July 2005, Congress requested that the IRS develop a five-year plan, including an outline of which services the IRS should provide and how it will improve services for taxpayers. The IRS developed the plan—the Taxpayer Assistance Blueprint—which focuses on services that support the needs of individual filers who file or should file the Form 1040 series tax returns.\textsuperscript{16}

The Blueprint identified strategic improvement themes by researching IRS services relative to taxpayers’ needs and preferences. It recommended 55 improvement initiatives—designed to enhance taxpayer service—called the Taxpayer Assistance Blueprint Service Improvement Portfolio. The Portfolio is categorized into initiatives called Electronic Interaction Enablement,\textsuperscript{17} Telephone Service Enhancements, Partner Services,\textsuperscript{18} Outreach and Education, and Marketing and Promotion. The IRS has begun implementing the initiatives, but many are dependent on future funding.

The Blueprint Phase 2 report issued in April 2007 devoted an entire section to the Taxpayer Assistance Centers (TAC), which are the IRS’s walk-in offices. It provided a step-by-step process for future decisions regarding TAC locations called the TAC Geographic Footprint. However, inaccurate and incomplete management information continues to delay implementation of the TAC Geographic Footprint. The IRS cannot measure the effectiveness of the TAC Program without accurate and complete data.

The Blueprint also recognizes the significant role of tax return preparers because more than one-half of all taxpayers use preparers to file their tax returns. As a result, services to both taxpayers and the preparer community are essential to ensure effective tax administration.

\textsuperscript{16} The Form 1040 series tax returns include any IRS tax forms that begin with “1040” such as the U.S. Individual Income Tax Return (Form 1040), U.S. Individual Income Tax Return (Form 1040-A), and Income Tax Return for Single and Joint Filers With No Dependents (Form 1040EZ).
\textsuperscript{17} The objective of the Electronic Interaction Enablement initiative is to maximize the taxpayer and partner value of the IRS Web site, making the electronic channel the first choice of taxpayers and partners for obtaining the information and services they need to comply with their tax obligations. The recommended initiatives for Electronic Interaction Enablement address services governance, content management, end-to-end portal and application monitoring, Web site design and usability, online support tools, publication search capability, evaluation of Frequently Asked Questions, and authentication for account-related tools.
\textsuperscript{18} The objective of the Partner Services initiative is to maximize assistance provided to tax practitioners, commercial preparers, community-based partners, and return preparation software vendors who are helping taxpayers understand and meet their tax obligations. The recommended initiatives for the Partner Services initiative address training and resources; tax practitioner, commercial preparer, and community-based partner collaboration; electronic and telephone resources; community coalition support; and coordination with Federal agencies.
**Human Capital**

In 2001, the President’s Management Agenda designated Strategic Management of Human Capital as the first of its five government-wide initiatives. Despite significant focus and progress over the past few years, the GAO has designated human capital as a “high risk” government-wide concern and reported that ample opportunities exist for agencies to improve. The GAO also reported that a government-wide framework to advance human capital reform is needed.  

Like many other Federal Government agencies, the IRS has experienced workforce challenges over the past few years, including recruiting, training, and retaining employees, as well as an increasing number of employees who are eligible to retire. In addition, the IRS, along with other Federal Government agencies, is slowly moving toward changing pay, classification, and performance management systems to transition to a more market-based and performance-oriented culture. While the IRS has made some progress, the strategic management of human capital remains one of the IRS’s major management challenge areas.

TIGTA has conducted audits in areas such as recruiting, workforce planning, training delivery, and employee turnover. As a result of these audits, we have made a significant number of recommendations for improvement. For example, in a report issued in Fiscal Year 2008, we stated that the IRS needed to complete significant work to ensure that future leaders are identified and developed, as the IRS might lose a large number of its leaders within the next several years. In addition, we reported that while the IRS has established some key parts of a workforce planning foundation, it has not made substantial progress in developing and implementing an agency-wide process that will consistently and accurately project future human resource needs. If accurate projections are not made, the IRS might struggle to fill unforeseen vacancies, which could affect overall service to taxpayers.

**Erroneous and Improper Payments**

As defined by the Improper Payments Information Act of 2002, an improper payment is any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts. For the IRS, improper and erroneous payments generally involve improperly paid refunds, tax return filing fraud, or overpayments to vendors or contractors.

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21 An IRS contractor reported a five-year staffing forecast in March 2006 for Fiscal Years 2006 through 2010. The number of employees projected to retire is expected to steadily increase through 2010, from 5.1 percent (about 4,900 employees) to 8.3 percent (about 8,300 employees).
Some tax credits, such as the Earned Income Tax Credit (EITC) and the Education Credit, provide opportunities for abuse in income tax claims. The IRS estimated that between $9.6 billion and $11.4 billion (23 percent to 28 percent) of the $41.3 billion in EITC claims paid for TY 2004 returns should not have been paid. While the EITC program has been successful in helping millions of taxpayers, the IRS still receives a substantial number of excessive or incorrect EITC claims. Because of the potential EITC compliance problems, Congress passed legislation requiring taxpayers who had had the EITC denied during examinations to prove eligibility before receiving the EITC again. In response to this legislation, the IRS initiated the EITC Recertification Program, which has been successful in helping to reduce the high level of fraud and abuse in the EITC program. However, since Calendar Year 2005, the IRS has been limiting the number of recertification examinations, which reduces the effectiveness of the program.

The IRS’s Criminal Investigation Division is responsible for detecting and combating tax refund fraud through its Questionable Refund Program, which was established to address the serious problem of refund fraud now estimated to exceed $1 billion annually. Although the IRS has taken actions to improve the Questionable Refund Program, we continue to have concerns with the growth of fraudulent refunds. The exponential growth in fraud in Processing Year 2007 presented a challenge for the IRS, which did not have the resources to handle the volume. If this trend continues over the next few years, the IRS might issue an even greater number of fraudulent refunds, possibly resulting in a significant annual revenue loss to the Federal Government. As a result, additional burden is placed on honest taxpayers whose tax dollars are being used to support this criminal activity.

**Complexity of the Tax Law**

Simplicity, transparency, and ease of administration are interrelated and desirable features of a tax system. Over the years, the Federal tax system, especially the Federal income tax, has become more complex, less transparent, and subject to frequent revision. Tax complexity and frequent revisions to the Internal Revenue Code make it more difficult and costly for taxpayers who want to comply with the system’s requirements and for the IRS to explain and enforce the tax laws.

Tax law complexity continues to challenge the IRS and taxpayers. The IRS Office of Chief Counsel assists in tax administration by providing correct and impartial interpretation of the revenue laws. While providing tax advice to IRS functional employees auditing tax returns and collecting tax liabilities, Chief Counsel also issued 391 regulations, revenue rulings, revenue procedures, and notices during Fiscal Year

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23 Estimates for TY 2004 include claims paid in error and a factor for erroneous payments identified and recovered by the IRS, as well as a factor for the impact of the TY 2002 tax law changes.
24 TIGTA estimated that the number of potentially fraudulent returns that would have been identified without dollar value and data-mining score restrictions rose by an alarming 70 percent between Processing Years 2006 and 2007. See Treasury Inspector General for Tax Administration, Ref. No. 2008-40-131, *While Progress Has Been Made, Limits on the Number of Examinations Reduce the Effectiveness of the Earned Income Tax Credit Recertification Program* (2008).
2007 through its Published Guidance Program, which is the IRS’s primary means of providing tax guidance to the general public. Throughout the year, Chief Counsel receives significantly more requests to clarify tax laws than available resources permit and must prioritize suggestions in the development of its annual business plan for published guidance.

Tax law complexity results in higher costs for both tax administration and tax compliance. For example, in Calendar Year 2006, computer checks identified about 226,000 discrepancies between the Alternative Minimum Tax (AMT) figures reported by the taxpayers and the amounts computed by the IRS. These complexities hamper IRS efforts to assist taxpayers. Without meaningful simplification, the complexities of the current tax code will likely continue to contribute to the Tax Gap.

**Taxpayer Protection and Rights**

The IRS continues to dedicate significant resources and attention to implementing the taxpayer rights provisions of the *IRS Restructuring and Reform Act of 1998* (RRA 98). Annual audit reports are mandated for the following taxpayer rights provisions:

- Notice of Levy;
- Restrictions on the Use of Enforcement Statistics to Evaluate Employees;
- Fair Debt Collection Practices Act Violations;
- Notice of Lien;
- Seizures;
- Illegal Protestor Designations;
- Assessment Statute of Limitations;
- Restrictions on Directly Contacting Taxpayers Instead of Authorized Representatives; and
- Separated or Divorced Joint Filer Requests.

In general, the IRS has improved its compliance with these statutory taxpayer rights provisions. The IRS has shown improvement over prior years when documenting that taxpayers were informed of their rights. The percentage of case files without documentation has steadily decreased over the last five years. However, there were still instances in which there was no documentation in the related case files to show that taxpayers were advised of their rights regarding assessment statute extensions, and

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26 To help taxpayers understand and meet their tax responsibilities and help the IRS apply the tax laws correctly and uniformly, Chief Counsel’s Published Guidance Program provides interpretations of the tax code or new legislation that is formally available and legally relied upon by taxpayers, tax practitioners, and tax officials. The Published Guidance Program is coordinated with the Department of the Treasury Office of Tax Policy.


the IRS did not always follow procedures for mailing notices to taxpayers or their representatives in Federal Tax Lien cases.

Some IRS management information systems do not track cases that require mandatory annual audit coverage. Thus, neither TIGTA nor the IRS could evaluate the Service’s compliance with certain RRA 98 provisions.

**Processing Returns and Implementing Tax Law Changes**

Each filing season tests the IRS’s ability to implement tax law changes made by Congress. It is during the filing season that most individuals file their income tax returns and call the IRS with questions about specific tax laws or filing procedures. Correctly implementing tax law changes is a continuing challenge because the IRS must identify the tax law changes; revise the various tax forms, instructions, and publications; and reprogram the computer systems used for processing returns. Changes to the tax laws have a major effect on how the IRS conducts its activities, what resources are required, and how much progress can be made on strategic goals. Congress frequently changes the tax laws. Thus, some level of change is a normal part of the IRS environment. However, certain types of changes can significantly affect the IRS in terms of the quality and effectiveness of its service and how taxpayers perceive the Service.

For example, the 2008 Filing Season was successful despite the challenges of 1) late enactment of legislation to extend relief from the AMT, and 2) the need to provide taxpayers with Economic Stimulus Payments. Late enactment of AMT relief required the IRS to delay the processing of tax returns with certain forms until February 11, 2008, in order to update and test its systems for the needed changes to these forms without major disruptions to other return processing operations. For the Economic Stimulus Payments, which Congress expected to be in the hands of individuals as soon as possible, the IRS did not have the option to delay implementation until after the 2008 Filing Season. To receive an Economic Stimulus Payment, individuals were required to file a Tax Year 2007 return. The IRS estimated that potentially 20 million individuals will file tax returns that they normally would not have filed.

The Economic Stimulus Payments will also affect the 2009 Filing Season because the payments are a credit for Tax Year 2008, even though the payments were estimated using information reported on Tax Year 2007 returns. Processes will need to be established for the 2009 Filing Season, because individuals who qualify for a larger payment as a result of changes between their Tax Year 2007 and Tax Year 2008 returns will receive the additional amount of payment. In addition, potential changes to the AMT and the possibility of another Economic Stimulus Payment might pose significant challenges for the IRS in the 2009 Filing Season.

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Improving Performance and Financial Data for Program and Budget Decisions

While the IRS has made some progress in using performance and financial data for program and budget decisions, this area is still a major challenge. The IRS lacks a comprehensive, integrated system that provides accurate, relevant, and timely financial and operating data that describes performance measures, productivity, and associated costs of IRS programs. In addition, the IRS cannot produce timely, accurate, and useful information needed for day-to-day decisions, which hinders its ability to address financial management and operational issues to fulfill its responsibilities. TIGTA has continued to report that various IRS management information systems are insufficient to enable IRS management to measure costs, determine if performance goals have been achieved, or monitor progress in achieving program goals. For example, our review of performance-based acquisition (PBA) found that lack of internal expertise within program offices on how to implement PBA as an acquisition strategy, insufficient time to complete procurements, lack of a vigorous planning phase, and the inability by program managers to define requirements contributed to underuse of PBA. As a result, the IRS has not achieved the desired PBA usage rates and might not have made the best use of its resources when acquiring goods and services.

PBA is a method for structuring all aspects of an acquisition around the need and outcome desired as opposed to the method by which the work should be done. For example, a need is identified for janitorial services with the desired outcome of clean office spaces. However, the Federal Government does not detail how the janitorial work should be done. This type of procurement shifts much of the risk from the Federal Government to industry because contractors become responsible for achieving the objectives in the work statement using their own best practices. It also allows the Federal Government to focus its monitoring efforts on the desired outcome—rather than on how the contractor performs the work—resulting in significantly fewer contract administration resources. When used properly, PBA increases performance, innovation, and competition among interested vendors and results in better value for the Federal Government.

Conclusion

These are the 10 major management challenges for the IRS in Fiscal Year 2009. TIGTA’s FY 2009 Annual Audit Plan contains our planned audits and is organized by these challenges. If you have questions or wish to discuss TIGTA’s views on the challenges in greater detail, please contact me at (202) 622-6500.

cc: The Deputy Secretary
Assistant Secretary for Management and Chief Financial Officer
Commissioner of Internal Revenue