



U.S. GENERAL SERVICES ADMINISTRATION
Office of the Inspector General

September 25, 2012

The Honorable J. Russell George
Inspector General
Treasury Inspector General for Tax Administration
1401 H Street NW, Suite 469
Washington, DC 20005

Subject: System Review Report on the Treasury Inspector General for Tax Administration Audit Organization

Dear Inspector General George:

Attached is the final System Review Report of the Treasury Inspector General for Tax Administration (TIGTA) audit organization. This review was conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines. Your response did not have any comments to the draft report as indicated in Enclosure 2.

We thank you and all of your staff for your assistance and cooperation during this review.

A handwritten signature in dark ink, appearing to read "B. Miller", written over a light-colored background.

Brian D. Miller
Inspector General
U.S. General Services Administration

Attachment



System Review Report

September 25, 2012

The Honorable J. Russell George
Inspector General
Treasury Inspector General for Tax Administration
1401 H Street NW, Suite 469
Washington, DC 20005

We have reviewed the system of quality control for the audit organization of Treasury Inspector General for Tax Administration (TIGTA) in effect for the year ended March 31, 2012. A system of quality control encompasses TIGTA's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards* (GAS). The elements of quality control are described in GAS. TIGTA is responsible for designing a system of quality control and complying with it to provide TIGTA with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control, and TIGTA's compliance, based on our review.

We conducted our review in accordance with GAS and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. During our review, we interviewed TIGTA personnel and obtained an understanding of the nature of the TIGTA audit organization and the design of TIGTA's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with TIGTA's system of quality control. We selected engagements that represented a reasonable cross-section of TIGTA's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with TIGTA management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for TIGTA's audit organization. In addition, we tested compliance with TIGTA's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of TIGTA's policies and procedures on selected engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies the offices of TIGTA that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of TIGTA in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide TIGTA with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*; *pass with deficiencies*; or *fail*. TIGTA has received a peer review rating of *pass*. As is customary, we have issued a letter dated September 25, 2012, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.



Brian D. Miller
Inspector General
U.S. General Services Administration

Enclosures

Scope and Methodology (Enclosure 1)

We tested compliance with the TIGTA audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 10 of 103 audit and attestation reports issued during the period April 1, 2011, through March 31, 2012. We also reviewed one of four internal quality control reviews performed by TIGTA.

We visited the Washington, D.C., office of TIGTA. We also contacted the following offices of TIGTA: Atlanta, Georgia; Baltimore, Maryland; Brookhaven, New York; Chicago, Illinois; Cincinnati, Ohio; Denver, Colorado; Farmers Branch, Texas; Kansas City, Missouri; Los Angeles, California; Memphis, Tennessee; New Carrollton, Maryland; Oakland, California; Ogden, Utah; and Philadelphia, Pennsylvania.

Reviewed Engagements Performed by TIGTA

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>	<u>Business Unit</u>
2011-41-037	4/15/2011	Millions of Dollars in Questionable Qualified Motor Vehicle Deductions Are Being Allowed	Returns Processing and Accounts Services
2011-10-041	5/31/2011	Challenges Continue With Reporting Complete and Accurate Information in the Federal Financial Management Improvement Act Remediation Plan	Management Services and Exempt Organizations
2011-10-067	7/19/2011	The Taxpayer Advocate Service Can More Effectively Ensure Low Income Taxpayer Clinics Are Appropriately Using Grant Funds	Management Services and Exempt Organizations
2011-30-102	9/15/2011	National Research Program Audits of Individuals Are Closely Monitored, but the Quality of Tests for Unreported Income Is a Concern	Compliance and Enforcement Operations
2011-20-110	9/20/2011	The Customer Account Data Engine 2 Database Implementation Project Made Progress in Design Activities, but Improvements Are Needed	Security and Information Technology Services
2012-40-008	12/13/2011	Eliminating the Automatic Mailing of Tax Packages Achieved Significant Savings, Although Some Taxpayers Were Burdened	Returns Processing and Accounts Services
2012-30-012	1/27/2012	Procedures Are Needed to Improve the Accounting and Monitoring of Restitution Payments to Prevent Erroneous Refunds	Compliance and Enforcement Operations

2012-30-014	2/3/2012	Criminal Investigation Can Take Steps to Strengthen Oversight of Its Undercover Operations	Compliance and Enforcement Operations
2012-20-019	3/12/2012	The Computer Security Incident Response Center Is Effectively Performing Most of Its Responsibilities, but Further Improvements Are Needed	Security and Information Technology Services
2012-40-036	3/30/2012	Interim Results of the 2012 Filing Season	Returns Processing and Accounts Services

Reviewed Quality Assurance Reviews Performed by TIGTA

<u>Report Date</u>	<u>Report Title</u>	<u>Business Unit</u>
9/15/2011	Internal Quality Assurance Review of the Security and Information Technology Services Business Unit	Management Services and Exempt Organizations

TIGTA's RESPONSE (Enclosure 2)



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20006

September 19, 2012

The Honorable Brian D. Miller
Inspector General
United States General Services Administration
1800 F Street NW.
Washington, D.C. 20405

Dear Mr. Miller:

Thank you for the opportunity to comment on the September 6, 2012 official draft report entitled *System Review Report on the Treasury Inspector General for Tax Administration Audit Organization*. We have no comments to the draft report. We appreciate the review team's periodic briefings on their review results and the opportunity to discuss our questions and perspective on their preliminary findings. We have provided a separate response to the findings and recommendations in the Letter of Comment.

If you have any questions regarding the response, please contact Michael McKenney, Acting Deputy Inspector General for Audit, at (202) 622-5916.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George".

J. Russell George
Inspector General

cc: Theodore R. Stehney
Assistant Inspector General for Auditing