



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

September 12, 2018

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

Subject: External Peer Review Report on the Treasury Inspector General for Tax Administration, Office of Audit.

Dear Inspector General George:

Attached is the External Peer Review Report of the Treasury Inspector General for Tax Administration, Office of Audit conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

A handwritten signature in blue ink that reads "Carol F. Ochoa".

Carol F. Ochoa
Inspector General
U. S. General Services Administration

Attachment



U.S. General Services Administration
Office of Inspector General

System Review Report

September 12, 2018

The Honorable J. Russell George
Inspector General
Treasury Inspector General for Tax Administration

We have reviewed the system of quality control for the audit organization of the Treasury Inspector General for Tax Administration (TIGTA) in effect for the year ended March 31, 2018. 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*.¹ The elements of quality control are described in *Government Auditing Standards*. TIGTA is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and TIGTA's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.² During our review, we interviewed TIGTA personnel and obtained an understanding of the nature of TIGTA's audit organization and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with TIGTA's system of quality control. The audits selected represented a reasonable cross-section of TIGTA's audit organization, with emphasis on higher-risk audits. Prior to concluding the peer 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.

¹ Government Auditing Standards as issued by the Comptroller General in December 2011.

² Guide for Conducting Peer Reviews of the Audit Organizations of Federal Office of Inspector General, dated September 2014.

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 audits. 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 TIGTA office we visited and the audits that we reviewed. Enclosure 2 provides TIGTA's response to the draft report.

In our opinion, the system of quality control for the audit organization of TIGTA in effect for the year ended March 31, 2018, 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. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. TIGTA has received an External Peer Review rating of *pass*.



Carol F. Ochoa
Inspector General

Enclosures

ENCLOSURE 1

Scope and Methodology

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 9 of 83 audit reports issued, and one terminated audit, during the period April 1, 2017, through March 31, 2018. We also reviewed the internal quality control reviews performed by TIGTA.

We visited the TIGTA office located in Washington, DC.

Reviewed Audits Performed by TIGTA:

TIGTA Audit Business Unit	Report Number	Report Date	Report Title
MSE	2017-10-068	09/28/2017	<i>Better Documentation is Needed to Support Office of Appeals' Decisions on International Cases</i>
MSE	2017-10-054	09/28/2017	<i>Review of Selected Criteria Used to Identify Tax-Exempt Applications for Review</i>
SITS	2017-20-051	09/11/2017	<i>Sixty-Four Percent of the Internal Revenue Service's Information Technology Hardware Infrastructure is Beyond Its Useful Life</i>
SITS	2018-20-007	02/05/2018	<i>Electronic Authentication Process Controls Have Been Improved, but Have Not Yet Been Fully Implemented</i>
CEO	2017-30-078	09/29/2017	<i>A Significantly Reduced Automated Substitute for Return Program Negatively Affected Collection and Filing Compliance</i>
CEO	2017-33-044	07/24/2017	<i>The Internal Revenue Service Has Improved Processing and Review of Small Business Health Care Tax Credit Claims; However, Use of the Credit Has Decreased Significantly</i>
RPA	2018-40-012	01/31/2018	<i>Results of the 2017 Filing Season</i>
RPA	2017-40-033	05/22/2017	<i>Implementation of the Health Coverage Tax Credit Enrollment and Systemic Advance Monthly Payment Process</i>
RPA	2018-40-014	03/20/2018	<i>Transcript Delivery System Authentication and Authorization Process Do Not Adequately Protect Against Unauthorized Release of Tax Information</i>
MSE	2017-10-014	N/A	<i>Terminated: Review of Internal Revenue Service's International Travel Program</i>

Enclosure 2



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20005

September 4, 2018

The Honorable Carol Fortine Ochoa
Inspector General
General Services Administration
1800 F Street, NW
Washington, D.C. 20405

Dear Ms. Ochoa:

Thank you for the opportunity to comment on the report of your system review of the Treasury Inspector General for Tax Administration, Office of Audit. We are pleased that your review confirmed that our system of quality control has been designed to meet the requirements established by the Comptroller General of the United States and that our adherence to this system provides reasonable assurance of compliance with auditing standards and procedures.

We would like to thank the General Services Administration Office of the Inspector General peer review team for its thorough review of our operations.

Sincerely,

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

J. Russell George
Inspector General