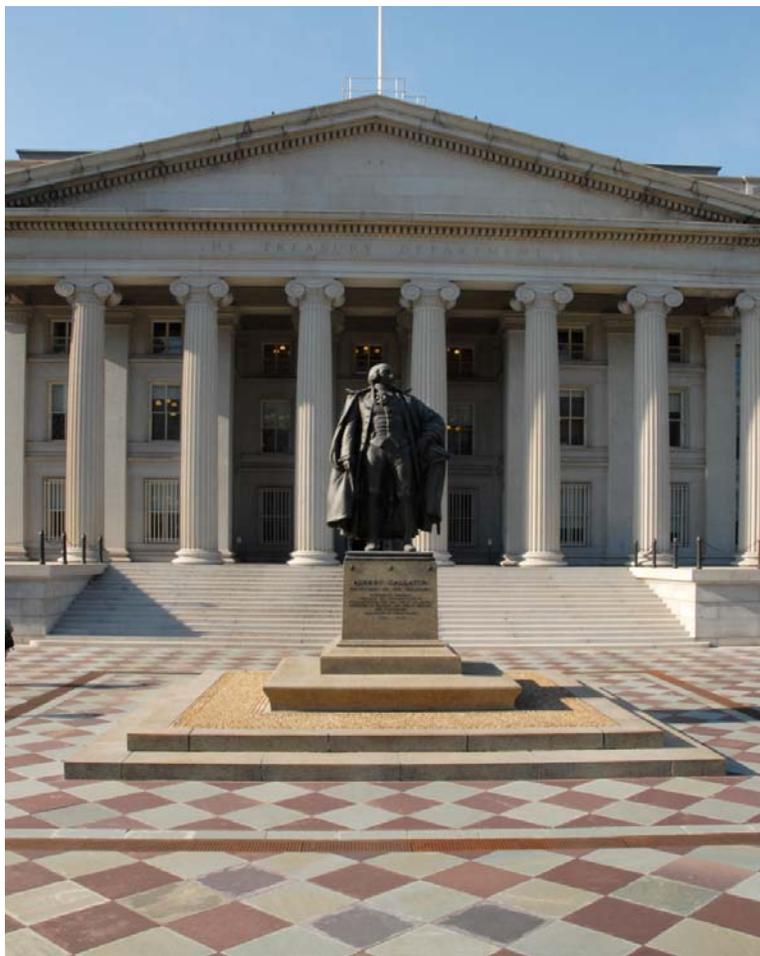


Treasury Inspector General for Tax Administration
Office of Inspections and Evaluations
Fiscal Year 2014 Program Plan



November 2013

TIGTA's Vision

To maintain a highly skilled proactive and diverse Inspector General organization with a record of protecting and promoting fair tax administration.

TIGTA's Mission

Provide integrated audit and investigative, and inspection and evaluation services that promote economy, efficiency and integrity in the administration of the internal revenue laws.

TIGTA's Core Values

***Integrity** - Maintain the highest professional standards of independence, objectivity and operational excellence in pursuit of TIGTA's mission.*

***Organizational Innovation** - Model advanced practices in organizational structure, audit, investigative, and inspection and evaluation methodology through adoption of cutting edge information technology.*

***Value Employees** - Respect employees' dignity, contributions, work-life balance, and recognize diversity as fundamental to the strength of our organization.*

***Commitment to Community** - Establish and maintain collaborative and professional relationships with other government and non-governmental stakeholders.*

Overview

The Treasury Inspector General for Tax Administration (TIGTA) provides independent oversight of the Department of the Treasury matters involving Internal Revenue Service (IRS) activities, the IRS Oversight Board, and the IRS Office of Chief Counsel. Although TIGTA is placed organizationally within the Department of the Treasury and reports to the Secretary of the Treasury and to Congress, TIGTA functions independently from all other offices and bureaus within the Department.

TIGTA's organizational structure is comprised of the Office of the Inspector General and six functional offices: the Office of Investigations; the Office of Audit; the Office of Inspections and Evaluations; the Office of Mission Support; the Chief Information Officer, and the Office of Chief Counsel.

Office of Inspections and Evaluations

The TIGTA's Office of Inspections and Evaluations (I&E) provides a range of specialized services and products, including quick response reviews, on-site office inspections, and more detailed evaluations.

I&E's senior executive and staff engage in an ongoing process to assess the emerging issues likely to affect tax administration. This involves discussions with IRS executives, members of Congress and their staffs, and periodic meetings with the IRS Oversight Board, and Department of the Treasury staff. Additionally, I&E staff coordinate their planned activities with TIGTA's Office of Audit and Office of Investigations. Because I&E responds to emerging IRS issues, this Program Plan is subject to change.

If the Deputy Inspector General I&E determines there is a need to respond to priority emerging issues, some of the projects listed may be deferred to a later date or dropped.

Projects Carried Over from Fiscal Year 2013

ARRA Capstone Report

The overall objective of this evaluation is to provide a high level assessment of the TIGTA's challenges and successes in implementing the requirements of the American Recovery and Reinvestment Act of 2009 (Recovery Act).¹ (IE-12-017-A)

Compendium of Unimplemented Audit Recommendations

Provide a value added analysis that identifies the most important unimplemented recommendations contained in TIGTA reports issued to the IRS. (IE-13-012)

Research Project IRS Criminal Investigation Imprest Funds

Investigative imprest funds provide special agents with funding for ongoing covert operations and are used by Criminal Investigation for all confidential and some non-confidential expenditures. In Fiscal Year 2013, Criminal Investigation had 26 imprest funds in operation and fund balances totaled about \$5 million for 140 covert operations conducted or ongoing as of May 2013. Inspect the controls over a sample of funds and operations to ensure funds are properly authorized, used only as intended, and are accounted for at all times. (IE-13-014)

Corporate Net Operating Losses

The overall objective is to evaluate the IRS plans, activities, and programs to administrate the tax laws for corporate net operating losses (NOLs) and NOL carryovers (loss carryback and loss carry-forward). (IE-13-015)

Research Project on IRS RAIVS/IVES Units and Reported Disclosures

The Return and Income Verification Services (RAIVS) Units and Income Verification Express Service (IVES) provide copies of returns or tax return transcript to taxpayers and qualified third parties. In Fiscal Year 2013 through June, a total of just over 5.5 million documents were provided. Also during this period there were 126 reported disclosure incidents. Inspect the controls over processing the information requests and the training provided to staff intended to limit inadvertent disclosures. (IE-13-017)

¹ Pub. L. No. 111-5, 123 Stat. 115 (2009).

Projects Planned to start in FY 2014

Follow-up Inspection of Controls over Religious Compensatory Time

TIGTA has conducted two reviews in this area and found that numerous employees had accumulated excessive religious compensatory time balances. The objective of this review is to follow-up on the corrective actions proposed in response to TIGTA's prior reviews, and to determine if controls have been implemented to significantly reduce the number of employees with excessive religious compensatory time leave balances. (IE-14-001)

IRS's Use of its Streamlined Critical Pay Authority

The IRS Restructuring and Reform Act of 1998 (RRA 98)² provided the IRS some personnel flexibilities to help the IRS recruit and retain employees. The streamlined critical pay authority allowed the IRS, with the approval of the Secretary of the Treasury, to hire well qualified individuals to fill positions deemed critical to IRS success and that required expertise of an extremely high level in an administrative, technical or professional field. The overall objectives of this review is to determine if the IRS's use of streamlined critical pay authority conforms to established laws and regulations, and to assess the costs associated with the program. (IE-14-002)

IRS's Compliance with the Lautenberg Amendment

The Lautenberg Amendment, codified as 18 U.S.C. Section 922(g)(9), prohibits anyone convicted of a misdemeanor crime of domestic violence from possessing firearms or ammunition, even in the line of duty. The objective of this inspection is to determine if the IRS has established procedures to ensure its special agents and contractor security guards comply with this requirement. (IE-14-003)

IRS's Compliance with Public Law 108-447 Section 111

The head of each Federal agency or department is required to provide each new employee education and training material as part of the orientation materials provided to new employees; and, provide educational and training materials concerning the United States Constitution to each employee on September 17 of each year. The overall objective of this review is to assess the IRS's compliance with the two provisions of the law. (IE-14-004)

² Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), 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.).

IRS's Compliance with Treasury Directive 25-10, *Information Sharing Environment Privacy and Civil Liberties Policy*

This directive establishes a privacy and civil liberties policy to guide the Department of the Treasury in its participation in the Information Sharing Environment (ISE). The overall objective of this review is to assess the IRS's compliance with Treasury Directive 25-10. (IE-14-005)

Evaluation of the IRS's Information Resources Accessibility Program (IRAP)

The IRAP Office provides information and services related to Section 508 compliance and assistive technology for IRS employees. The IRAP Office includes the 508 Program Office, and the 508 Customer Support Office. The 508 Program Office helps IRS employees understand and meet their Section 508 responsibilities; the 508 Customer Support Office selects, purchases, and supports assistive technology for employees with disabilities. The objective of this evaluation is to determine if the IRAP Office is able to timely meet the needs of IRS employees with certain disabilities. (IE-14-006)

IRS's Use of Recruitment and Retention Incentives

While the number of Recruitment and Retention incentives an agency can use is more limited than in years past, these tools are still available for use. The objective of this project is to determine if the IRS is properly controlling the use of these tools to recruit or retain qualified employees for hard to fill positions. (IE-14-007)

IRS's Use of the Wounded Warrior Intern Program

Review the IRS's use of the program and determine if any interns transitioned into full-time positions, and if the IRS is in compliance with Executive Order 13518, *Employment of Veterans in the Federal Government*,³ and Executive Order 13548, *Increasing Federal Employment of Individuals with Disabilities*.⁴ (IE-14-008)

Criminal Investigations Special Agent's Medical Requirements

The Office of Personnel Management (OPM) has established medical standards and physical requirements for certain Governmentwide positions which must be met in order for the applicant/incumbent to successfully and safely perform the duties of the position. In some instances the authority to establish the medical requirements for a position has been delegated to an agency. Special Agents within the IRS Criminal Investigation are required to meet the standards developed for GS-1811 Treasury Enforcement Agent promulgated by the Department of the Treasury. The objective of this inspection is to determine if the IRS has established procedures to ensure its GS-1811 Special Agents meet the medical requirements for the GS-1811 position. (IE-14-009)

³ 74 Fed. Reg. 58,533 (Nov.13, 2009).

⁴ 75 Fed. Reg. 45,039 (July 30, 2010).

Evaluate the IRS's compliance with Executive Order 13576, *Delivering an Efficient, Effective, and Accountable Government*⁵

Inspect the IRS's efforts to successfully reform information technology, reduce improper payments, leverage the Federal Government's purchasing scale, reduce high risk contracting practices, improve the management of Federal real estate, enhance customer service, and achieve agency and Federal Government priority goals identified pursuant to the Government Performance and Results Modernization Act of 2010.⁶ (IE-14-010)

Evaluate the IRS's compliance with Executive Order 13589, *Promoting Efficient Spending*⁷

Inspect the IRS's efforts to identify opportunities to promote efficient and effective spending, and reduce the combined costs associated with the activities covered by Sections 3 through 7 of the Executive Order, as well as activities included in the Administrative Efficiency Initiative in the Fiscal Year 2012 Budget, by not less than 20 percent below Fiscal Year 2010 levels. (IE-14-011)

IRS's Compliance Initiative Projects (CIP) Approval and Extension Process

CIPs are authorized activities outside of the planned strategies involving taxpayer contact for the purpose of correcting noncompliance that meet the mission, standards, and resources of the IRS. The objective of this review is to determine if the IRS is initiating and extending CIPs in accordance with the CIP process established in the Internal Revenue Manual.⁸ (IE-14-012)

Analysis of IRS Equal Employment Opportunity (EEO) Complaint Settlements

The objective of this inspection is to analyze IRS EEO complaint and settlement trends to identify divisions or business units that are outside the IRS norm and for any that appear to be outside the norm, identify any factor(s) that might account for number of cases reported. (IE-14-013)

IRS Restructuring and Reform Act

Evaluate whether the goals of the IRS Restructuring and Reform Act of 1998 were achieved 15 years after implementation. (IE-14-014)

IRS Employee Debt Collection

Evaluate IRS procedures to reduce and eliminate employee debt. (IE-14-015)

⁵ 76 Fed. Reg. 35,715 (June 20, 2011).

⁶ Pub. L. No. 111-352, 124 Stat. 3866 (2011).

⁷ 76 Fed. Reg. 70,863 (Nov. 15, 2011).

⁸ The Internal Revenue Manual is the IRS's primary official source of instructions to staff relating to the administration and operations of the IRS. It contains the directions employees need to carry out their operational responsibilities.

Child Care Centers Collocated in IRS Controlled Facilities

Evaluate IRS procedures applicable to collocated child care centers, to include requirements for physical security access controls, screening of center staff, and public access to the center. (IE-14-016)

Off-Site Facility Location Selection Process

Evaluate the criteria used by the IRS to determine the location of off-site campus support facilities and physical security plans for those facilities. (IE-14-017)

IRS’s Compliance with Federal policies and guidance over the use of social media

In January 2009, the President issued a memorandum, *Transparency and Open Government*, which encourages Federal agencies to use technology to communicate and engage with the public. Federal agency’s use of social media is governed by Federal law and policies issued largely by (but not limited to) the Office of Management and Budget, and the National Archives and Retention Administration. The overall objective of this review is to determine if the IRS’s use of social media conforms to established laws and policies. (IE-14-018)

Coordination of Low-Income Housing Credit and Low-Income Housing Grants

Under law, the only investors eligible for Low Income Housing Tax Credit (LIHTC) investments are large, widely-held C corporations. Title XII of the Recovery Act appropriated \$2.25 billion to the HOME Investment Partnerships Program, administered by the U.S. Department of Housing and Urban Development (HUD), for a grant program to provide funds for capital investments in LIHTC projects. HUD awarded Tax Credit Assistance Program (TCAP) grants to state housing credit agencies to facilitate development of projects that received LIHTC awards between October 1, 2006, and September 30, 2009. The State housing agencies were allowed to offer the assistance in either a grant or loan form to the properties. The objective of this review is to inspect IRS policies and programs to determine if the IRS has developed and implemented controls to ensure qualified corporations are not receiving both the grant and credits for the same properties. (IE-14-019)

Student Temporary Employment Program (STEP)

STEP provides opportunities for students to gain work experience, while enhancing their awareness of the Agency's mission and functions. STEP appointments are exempted from the usual competitive selection examining procedures; however, this does not negate the responsibility for ensuring a fair and open competitive process during the selection of STEP participants. The objective is to determine whether the IRS has controls in place to ensure the selection process for STEP employment opportunities is fair and open. (IE-14-020)

Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994⁹

USERRA protects the employment and reemployment rights of Federal and non-Federal employees when they leave their employment to perform military or other uniformed service and return to civilian employment after service. In general, the protected person is entitled to reemployment with the same status, seniority, and rate of pay as if continuously employed during the period of service. Additionally, Congress believes the Government should be a model employer in carrying out the USERRA provisions. The objective of this review is to inspect IRS policies and programs to determine if the IRS is in compliance with the law. (IE-14-021)

Timeliness of Resolution of Discrimination Complaints

Determine whether the IRS resolves discrimination complaints in a timely and efficient manner and effectively applies applicable policies and procedures in resolution of discrimination complaints as required by the Department of the Treasury. (IE-14-022)

Controls Over Administrative Time Allowed for Blood Donations

Determine if controls have been implemented to prevent or detect any misuse of administrative time allowed for employees to participate in blood donations. (IE-14-023)

⁹ Pub. L. No. 103-353, 108 Stat. 3149, (codified as amended in scattered sections of 5,10, 28, and 38 U.S.C.).

**Scheduled Internal Reviews of
TIGTA Programs/Operations FY 2014**

Review of Special Agent Readiness (IE-14-024)
Review of Investigation Imprest Fund – Dallas Field Division (IE-14-025)
Review of Investigation Imprest Fund – New York Field Division (IE-14-026)
Review of Investigation Imprest Fund – San Francisco Field Division (IE-14-027)
Review of Investigation Imprest Fund – Strategic Data Services (IE-14-028)
TIGTA’s Compliance with Public Law 108-447 Section 111 (IE-14-029)
TIGTA’s Compliance with the Lautenberg Amendment (IE-14-030)
TIGTA’s Special Agent’s Medical Requirements (IE-14-031)

TIGTA Office of Inspections and Evaluations Fiscal Year 2014 Program Plan



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