

Treasury Inspector General for Tax Administration
Office of Inspections and Evaluations
Fiscal Year 2016 Program Plan



October 2015

TIGTA's Vision

Maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration.

TIGTA's Mission

Provide qualify professional audit and investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation's tax system.

TIGTA's Core Values

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

Organizational Innovation - *Model innovative practices in organizational structure, operational programs and processes, audit, investigative, and inspection and evaluation methodologies, and the application of advanced information technology.*

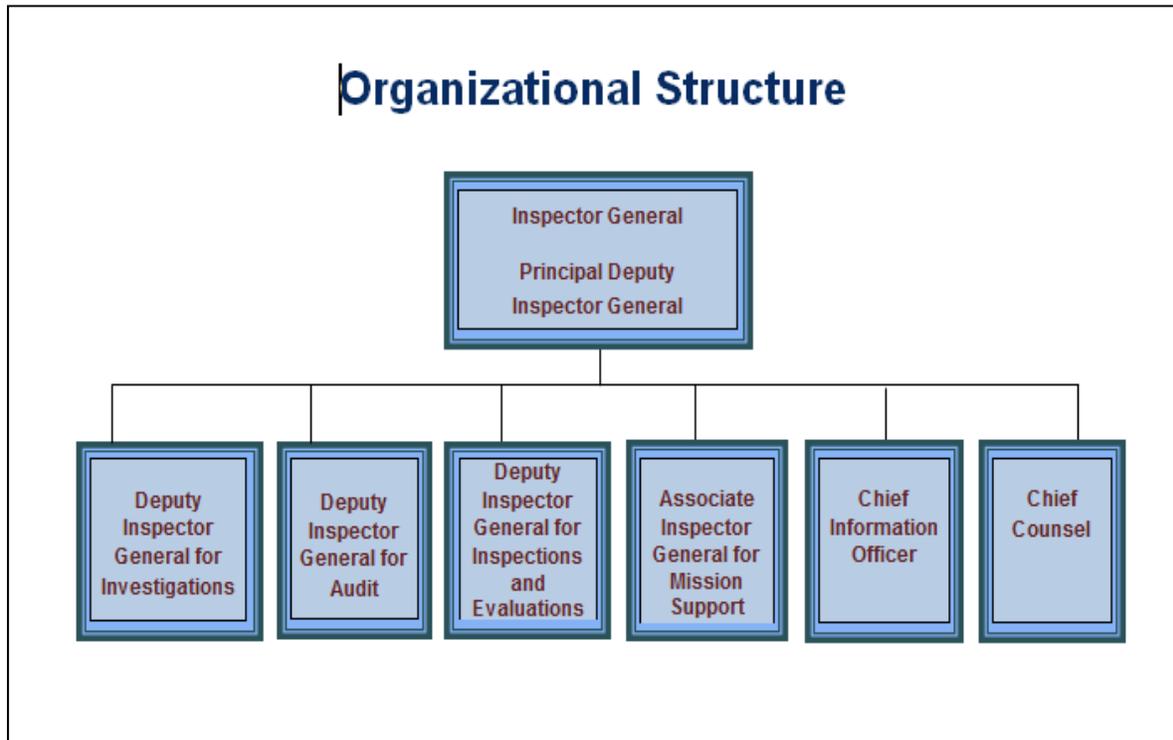
Communication - *Achieve effective organizational approaches and solutions by encouraging open, honest, and respectful communication among TIGTA's executives, employees, offices, and functions, as well as between TIGTA and its external stakeholders.*

Value Employees - *Respect the dignity, contributions, and work-life balance of our employees, 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-Government stakeholders.*

Overview

The Treasury Inspector General for Tax Administration (TIGTA) provides independent oversight of the Department of the Treasury matters involving the Internal Revenue Service (IRS). 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.



Office of Inspections and Evaluations

TIGTA's Office of Inspections and Evaluations (I&E) provides a range of specialized services and products, including inspections of IRS programs compliance with laws, regulations, policies and procedures and more in-depth evaluations. In addition, I&E performs reviews of internal TIGTA programs and controls.

I&E's senior executive and staff engage in an ongoing process to assess the emerging issues affecting tax administration. This involves discussions with IRS executives, members of Congress and their staffs, and Department of the Treasury officials. Additionally, I&E staff coordinate their planned activities with TIGTA's Office of Audit, and Office of Investigations (OI).

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.

Carried Over Reviews:

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

The Rehabilitation Act of 1973¹ prohibits employment discrimination against persons with disabilities within the Federal sector, and Section 508 of the Act requires that Federal agencies make their electronic and information technology accessible to employees with disabilities. The objective of this evaluation is to determine if the IRAP Office is able to timely meet the special information technology needs of IRS employees with certain disabilities. (IE-14-006)

The Status of Implementing the Goals of the Restructuring and Reform Act of 1998

The objective of the IRS Restructuring and Reform Act of 1998 (RRA 98)² was to transform the IRS into a modern financial services organization. The broadly scoped legislation changed the IRS mission, organization structure, and business focus while focusing on change in the organizational culture. Congress intended to transform the IRS from an enforcement first culture to a culture that valued taxpayer service to help taxpayers comply with their responsibilities. Since Fiscal Year 2010, the IRS encountered several challenging events that caused Congressional concerns.³ Accompanying these events, overall reductions in discretionary Government spending reduced the annual IRS budget by several billion dollars. The objective of the evaluation is to determine if selected goals of the RRA 98 have been substantially achieved by the IRS. (IE-14-014)

Review of IRS Payroll Tax Evasion Investigations

The large number of taxpayers who repeatedly accumulate payroll tax delinquencies continues to be a major compliance problem for the IRS. Employers are required to withhold amounts from their employees' salaries to cover individual Federal income tax, Federal Insurance Contribution Act (FICA) taxes, which includes Old-Age, Survivors and Disability Insurance (Social Security) and Hospital Insurance (Medicare Part A) taxes. Employers should also make matching contributions for their own amounts for Social Security and Medicare taxes and deposit both amounts with the IRS through the filing of employment tax returns. The willful failure to remit payroll taxes is a felony under Federal law.⁴ The objective is to evaluate IRS Payroll Tax Evasion Investigations to determine the levels of payroll tax noncompliance identified by the IRS and to determine the number and characteristics of criminal payroll tax evasion investigations conducted by IRS. (IE-14-032)

¹ Pub. L. No. 93-112, 87 Stat. 355 (codified as amended in scattered sections of the U.S. Code).

² 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., and 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.).

³ TIGTA, Ref. No. 2013-10-053, *Inappropriate Criteria Were Used to Identify Tax-Exempt Applications for Review* (May 2013); TIGTA, Ref. No. 2013-10-037, *Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California* (May 2013); and, TIGTA, Ref. No. 2015-40-024, *Victims of Identity Theft Continue to Experience Delays and Errors in Receiving Refunds* (March 2015).

⁴ 26 U.S.C. § 7202.

Long-term Taxable Travel for Non-Executives

The objective of this review is to determine whether the IRS ensures that non-executive employees accurately and timely report overnight long-term taxable travel (LTTT) and whether the IRS classifies and reports the taxability of long-term travel in accordance with Federal Travel Regulations, Revenue Rulings, and IRS policy. (IE-15-001)

IRS Criminal Investigation (CI) Special Agent Medical Requirements

The Office of Personnel Management 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 Investigations function are required to meet the standards developed for GS-1811 agents 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 and physical requirements for the GS-1811 position. (IE-15-002)

Review of IRS Offer in Compromise (OIC) Public Inspection File Program

An OIC is an agreement between a taxpayer and the IRS that settles a tax liability for payment of less than the full amount owed. The IRS is required to maintain certain documentation related to accepted OIC's in public inspection files. According to the IRS Data Book, in 2014 the IRS accepted around 27,000 OICs. Treasury Regulation⁵ requires that Form 7249, *Offer Acceptance Report*, be available for inspection and copying. These forms are to be available for one year from the date of execution in the location designated by the Small Business/Self-Employed (SB/SE) Division for the taxpayer's geographic area of residence. These OIC files are available at one of ten SB/SE Division offices around the country. The objective is to evaluate IRS's OIC public inspection file program to determine: if OIC public inspection sites contain the required files; the cost to administer the OIC public inspection files; and what efficiencies or cost savings could be gained by changes to OIC public inspection file procedures. (IE-15-019)

Non-Career Government Employee Involvement with Freedom of Information Act Requests

The Senate Committee on Home Security and Governmental Affairs requested Inspectors General to perform a review of non-career Government employee involvement with Freedom of Information Act (FOIA) requests. The Committee wants to ensure that there is not a political bias or interference by non-career employees in the FOIA process. If non-career officials were involved in the FOIA response process, the Committee requested we analyze whether their involvement resulted in any undue delay of a response to any FOIA request or the withholding of any document or portion of any document that would have otherwise been released but for the non-career official's involvement in the process. (IE-15-020)

⁵ 601.702(d)(8).

New starts:

Taxpayer Assistance Centers (TACs) Inspection CY 2016

TACs provide taxpayers face-to-face assistance. The IRS has about 380 TACs in which employees work with taxpayers to resolve tax issues, answer tax law questions, make adjustments to tax accounts, accept completed tax returns and payments, establish payment agreements for qualified individuals who cannot pay in full, and provide various tax forms and publications. The services provided in TAC offices have been evolving as the IRS moves to provide service through delivery channels other than direct face to face interactions. The objective of this inspection will be to determine whether the IRS's Wage and Investment Division - Field Assistance Office followed applicable IRS processes and procedures at selected TACs during the 2016 filing season (Tax Year 2015). Additionally and if approved by the Office of Management and Budget, TIGTA will survey taxpayers as they exit the TAC to gain the taxpayers' perspective of the service they received. (IE-16-001)

Start: First Quarter

IRS Strategic Human Capital Management

The Government Accountability Office (GAO) designated strategic human capital management as a Governmentwide high risk area in 2001, and nearly 15 years later, it remains on GAO's high risk list. Since 1992, the IRS has lost more than 30,000 full-time employees. Not only has the IRS seen a significant drop in full-time employees, the rate is accelerating. Since 2010, the IRS has lost over 13,000 employees, and at the end of FY 2014, IRS employed around 80,000 people.

The objective of the evaluation will be to determine whether the IRS is sufficiently implementing a knowledge management and retention program to mitigate the risks caused by the substantial loss of employees with significant institutional knowledge. (IE-16-002)

Start: Second Quarter

IRS Occupational Safety and Health Program On-Site Inspections

The Occupational Safety and Health Act⁶ requires the head of each agency to "provide safe and healthful places and conditions of employment." The IRS's occupational safety and health program includes policies and guidelines, program evaluations, and systems designed to report and document injuries and illnesses, and track hazards in the workplace. TIGTA plans to conduct on-site inspections at selected IRS locations for any existing safety hazards. (IE-16-003)

Start: Third Quarter

⁶ Occupational Safety and Health Act of 1970, Pub. L. No. 91-596.

IRS Facility Security – Points of Entry and Perimeter Security

The IRS staffs over 500 facilities with varying security requirements. TIGTA will conduct on-site physical security inspections of a limited number of IRS facilities to determine whether physical security controls are in place to detect and deter unauthorized entry, and determine their compliance with security policies and procedures established in the Internal Revenue Manual and by the Interagency Security Committee. (IE-16-004)

Start: Third Quarter

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