



DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON, DC 20420



System Review Report

September 18, 2024

Heather Hill, Acting Inspector General
Treasury Inspector General for Tax Administration
901 D Street, SW, Suite 600
Washington, DC 20024-2169

Dear Ms. Hill:

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 ending on March 31, 2024. A system of quality control encompasses TIGTA's organizational structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of TIGTA in effect for the year ending on March 31, 2024, has been suitably designed and complied with to provide TIGTA with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements 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*.

Letter of Comment

We have issued a letter dated September 18, 2024, that sets forth findings that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with generally acceptable *Government Auditing Standards* (GAGAS) and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Guide for *Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

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 GAGAS engagements and administrative files to test for conformity with professional standards and compliance with TIGTA's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the TIGTA audit organization, with an emphasis on capturing an audit from each business unit and those with high and low staff days.

In performing our review, we obtained an understanding of the system of quality control for the TIGTA 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 GAGAS 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.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with TIGTA managers to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The enclosure to this report identifies the engagements we reviewed.

Responsibilities and Limitation

TIGTA is responsible for establishing and maintaining a system of quality control designed to provide TIGTA with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and TIGTA's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may 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.

The VA OIG appreciates the professionalism, assistance, and cooperation from the TIGTA Office of Audit staff during this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Missal", with a stylized, flowing script.

MICHAEL J. MISSAL

Enclosures

SCOPE AND METHODOLOGY

The review included the semiannual reporting periods from April 1, 2023, through March 31, 2024. We tested compliance with the Treasury Inspector General for Tax Administration (TIGTA) system of quality control to the extent we considered appropriate. These tests included a review of eight of 64 audit reports issued and one of two terminated projects during April 1, 2023, through March 31, 2024. We also reviewed the most recent four internal quality control reviews performed by TIGTA.

In addition, we administered an electronic questionnaire to the 196 TIGTA Office of Audit employees who perform audits to determine whether TIGTA effectively communicated its quality control policies and procedures. We received a response rate of 97 percent. The responses showed policies and procedures were communicated to staff.

TIGTA Performance Audits and Terminated Project Reviewed by the VA OIG

We selected eight performance audit projects/reports and one terminated project to review. Table 1 identifies those corresponding projects and reports, along with their business units.

Table 1. TIGTA Performance Audits and Terminated Project

Business unit	Project number	Report number	Issue date	Report title
Compliance and Enforcement Operations (CEO)	202230011	2024-300-008	12/20/2023	Post-Pandemic Actions Have Contributed to Declines in Automated Collection System Level of Service and Collection Inventories
Compliance and Enforcement Operations (CEO)	202330008	2023-30-051	08/16/2023	Fiscal Year 2023 Mandatory Review of Restrictions on Directly Contacting Represented Taxpayers
Management Services and Exempt Organizations (MSE)	202210019	2023-10-043	08/02/2023	Controls Over Special Pay Incentives and Expenses
Management Services and Exempt Organizations (MSE)	2024100006	2024-100-018	03/07/2024	Fiscal Year 2024 Mandatory Review of Assessment Statute Extension Dates

Business unit	Project number	Report number	Issue date	Report title
Returns Processing and Account Services (RPA)	202240712	2023-47-035	06/14/2023	American Rescue Plan Act: Review of Reconciliation of the Child Tax Credit
Returns Processing and Account Services (RPA)	202340808	2024-408-002	10/02/2023	Inflation Reduction Act: Assessment of the IRS's Free, Direct Electronic Filing Proposal
Security and Information Technology Services (SITS)	202220015	2023-20-023	05/08/2023	Disaster Recovery of Information Systems that Support Mission Essential Functions Needs Improvement
Security and Information Technology Services (SITS)	202320002	2024-200-015	02/12/2024	Annual Assessment of the Internal Revenue Service's Information Technology for Fiscal Year 2023
Returns Processing and Account Services (RPA)	202340027	Not Applicable	Not Applicable	Accuracy of IRS Notices Issued During Tax Return Processing (Terminated Project)

Source: VA OIG analysis of TIGTA report data.



INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024

September 10, 2024

The Honorable Michael J. Missal
Inspector General
United States Department of Veterans Affairs
801 I Street, NW
Washington, D.C. 20001

Dear Mr. Missal:

Thank you for the opportunity to comment on your draft external peer review System Review Report of the Treasury Inspector General for Tax Administration received by our office on August 29, 2024. We are pleased to receive a peer review rating of *Pass*. We appreciate the review team's briefings on their review results and the opportunity to discuss our perspective on their preliminary findings.

We are firmly committed to maintaining an effective system of quality control and working continuously to improve our operations. We have provided a separate response to the findings and recommendations outlined in your Letter of Comment.

We would like to thank the Department of Veterans Affairs Office of the Inspector General peer review team for its thorough review of our operations.

Sincerely,

Heather Hill
Acting Inspector General