



*Chief Counsel Should Take Steps
to Minimize the Risk of Outside
Influence on Its Letter Rulings*

August 29, 2013

Reference Number: 2013-10-081

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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HIGHLIGHTS

CHIEF COUNSEL SHOULD TAKE STEPS TO MINIMIZE THE RISK OF OUTSIDE INFLUENCE ON ITS LETTER RULINGS

Highlights

Final Report issued on August 29, 2013

Highlights of Reference Number: 2013-10-081 to the Internal Revenue Service Chief Counsel.

IMPACT ON TAXPAYERS

The IRS issues letter rulings that interpret and apply tax laws to a specific set of facts provided by corporations, individuals, and international entities. Because each letter ruling can impact millions of dollars of tax collections, the IRS must protect the integrity and independence of the letter ruling process. The appearance that practitioners could possibly manipulate the letter ruling process may result in the risk that inappropriate favorable rulings could cost the Government substantial tax revenue.

WHY TIGTA DID THE AUDIT

This audit was initiated to assess Chief Counsel's policy to limit the number of letter ruling requests handled by its attorneys from the same taxpayer or practitioner. Chief Counsel implemented this policy in order to address the taxpayers' and practitioners' reported strategy to increase their chances of obtaining expeditious and favorable letter rulings by having their requests handled by a preferred attorney.

WHAT TIGTA FOUND

Chief Counsel does not have written policies or an effective management information system to prevent practitioners or taxpayers from having letter ruling requests assigned to a preferred attorney. Specifically, five of the six associate offices that provide rulings had no written policies and insufficient management information to assess the potential risk of outside influence on the assignment of their letter rulings.

The remaining associate office responsible for corporate tax issues developed a written policy to limit the number of rulings assigned to an

attorney from the same taxpayer or practitioner. However, TIGTA found that this policy was not effectively implemented due to the lack of complete management information on its letter rulings inventory. Instead, management relied on each attorney to determine whether he or she should work directly assigned letter rulings or have them assigned to another attorney through the normal case assignment process. However, the attorneys did not always provide specific information about their decisions to work or not work the ruling to the front office for input in its inventory system.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Counsel:

- 1) develop written policies for all Associate Chief Counsel offices to oversee, manage, and, as appropriate, limit the number of letter ruling assignments from the same practitioner;
- 2) establish a centralized processing location for receipt and review by the Office of the Associate Chief Counsel (Corporate) for letter rulings sent directly to attorneys and require management to periodically review the inventory system to ensure that established policies and procedures are effective in limiting the number of letter rulings assigned to a specific attorney that originates from the same practitioner; and
- 3) periodically review the Technical Management Information System to ensure that front office staff is receiving and inputting all applicable letter ruling requests and related information in the inventory system.

The IRS agreed with all of our recommendations and plans to revise the written procedures on letter rulings to formalize and strengthen management oversight of its case assignment process.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 29, 2013

MEMORANDUM FOR CHIEF COUNSEL

FROM: Michael E. McKenney
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings (Audit # 201210024)

This report presents the results of our review to assess Chief Counsel's process to limit the number of letter ruling requests handled by its attorneys from the same taxpayer or practitioner. This review is included in our Fiscal Year 2013 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

Management's complete response to the draft report is included as Appendix IV.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).



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Risk of Outside Influence on Its Letter Rulings*

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Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings

Background

The mission of the Office of Chief Counsel is to serve America's taxpayers fairly and with integrity by providing correct legal and impartial interpretation of the Internal Revenue laws. Chief Counsel issues letter rulings as one way to provide taxpayers with guidance on the proper application of the Internal Revenue laws. A letter ruling is a written response that interprets and applies the tax law to the taxpayer's specific set of facts. The purpose of the letter ruling is to advise taxpayers regarding the tax treatment they can expect from the Internal Revenue Service in the circumstances specified by the ruling.

Taxpayers can request a letter ruling on a multitude of issues under the Internal Revenue Code. This could include questions ranging from changes in accounting methods to relief provisions that permit taxpayers to file late elections even when the statute requires a timely election¹ with the tax return. Letter rulings can help taxpayers confirm the tax treatment of proposed transactions before they are undertaken, so the timeliness of the advice is important. Therefore, letter rulings are generally provided to taxpayers before a tax return is filed. Six associate offices under the supervision of the Deputy Chief Counsel (Technical) issue letter rulings.² Each associate office specializes in providing legal services and advice on specific sections of the Internal Revenue Code relating to tax issues under their jurisdiction. These tax issues involve corporations, individuals, government entities, exempt organizations, financial institutions, specialized industries, and international persons or entities within the United States.

Correct and impartial interpretation is necessary to ensure that taxpayers are confident that the tax laws are applied with integrity and fairness. However, practitioners have reportedly developed strategies to increase their chances of obtaining expeditious and favorable rulings by having their letter ruling request assigned to a preferred attorney.³ Because of the fees associated with requesting a letter ruling (ranging from \$2,000 to \$18,000), associated attorney costs to prepare a letter ruling request (that can be as much as several hundred thousand

Correct and impartial interpretation is necessary to ensure that taxpayers are confident that the tax laws are applied with integrity and fairness.

¹ Elections can include an application for requesting to change or retain an accounting method or accounting period. However, it does not include an extension for filing a tax return.

² The Deputy Chief Counsel (Technical) participates in the interpretation and development of Internal Revenue laws and is responsible for supervising the six Associate Chief Counsel offices. The Associate Chief Counsel (Procedure and Administration) under the Deputy Chief Counsel (Operations) also issues letter rulings. However, this associate office was not included in our review because it issued only eight of the 1,003 letter rulings during Fiscal Year 2011.

³ Tax Analysts, Tax Notes Today, *The New Limits on Corporate Letter Rulings Explained* (January 31, 2012).



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dollars), and the potential tax impact of a favorable ruling, many practitioners view this strategy as a good business practice.

The basic strategy practitioners use to have their letter ruling requests assigned to a preferred attorney in Chief Counsel includes making direct, extended contact with an attorney whom they have a positive relationship, including scheduling a presubmission conference.⁴ If the Chief Counsel attorney indicates during the conference that a favorable ruling is likely, the practitioner will reference the preferred attorney in the letter ruling request for potential case assignment.

This review was performed at the Chief Counsel's Headquarters office located in Washington, D.C., during the period July 2012 through January 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We did not evaluate the accuracy of the legal interpretation of letter rulings, but focused on the processing of letter ruling requests. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

⁴ A presubmission conference can be requested to discuss the substantive or procedural issues relating to a proposed letter ruling request.



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Results of Review

Written Policies and an Effective Management Information System Are Needed to Limit the Potential Risk of Outside Influence on Letter Rulings

Chief Counsel does not have written policies and a management information system with complete and accurate information to assess the potential that tax practitioners or taxpayers have influenced the letter ruling process to obtain more expeditious and favorable letter rulings. Because of these limitations, we could not determine whether Chief Counsel's policy to limit the number of letter ruling assignments to a preferred attorney is effective to prevent any undue influence on its letter rulings.

Chief Counsel should develop written policies designed to prevent or minimize potential outside influence on its letter ruling process

Of the six Associate Chief Counsel offices, only the Associate Chief Counsel office responsible for corporate tax issues has developed a written policy to mitigate the potential of outside influence on its assignment of letter rulings. This policy attempts to reduce any outside influence on the letter ruling process by limiting the number of letter rulings that can be assigned to an attorney from a specific source or topic.⁵ The remaining Associate Chief Counsel offices do not have any written policies to determine whether taxpayers or practitioners have influenced their letter rulings. These remaining offices depend on their informal processes for the daily receipt, assignment, and control of letter ruling requests to identify strategies employed to obtain expeditious and favorable rulings. However, we determined that these informal processes do not require Chief Counsel's personnel to consider, identify, or assess the potential of outside influence on its letter rulings.

In an attempt to limit the practitioners' ability to influence which attorneys are assigned to work on their letter ruling requests, the Associate Chief Counsel office that deals with corporate tax issues implemented a system of procedures to address potential outside influence in its letter ruling process. According to these new procedures, attorneys can keep up to two-thirds of letter ruling requests received directly from a firm. If the letter ruling request received by the attorney exceeds the two-thirds rule, the attorney is required to decline involvement and send the request to the front office for assignment. These new requirements also limit the number of rulings to which an attorney may be assigned that address the same Internal Revenue Code section or topic.

⁵ A source includes law and accounting firms and Internal Revenue Service operating divisions. A topic includes Internal Revenue Code sections and the name of the tax matter.



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The remaining associate offices do not have any written policy regarding letter ruling assignment.

Management from the remaining associate offices stated that limiting the number of letter rulings to a specific attorney in each office is not practical due to factors unique to each office. For example, one associate office's main source of letter ruling requests is from the four largest accounting firms. As a result, management within this associate office believes a policy of limiting letter ruling assignments from the same source is impractical to implement.

While we understand that there may be some factors in each office that complicate the assignment of letter ruling requests, written policies to determine whether taxpayers or practitioners have influenced the outcome of letter rulings would provide Chief Counsel additional tools to minimize the potential risk. The appearance that practitioners could possibly manipulate the letter ruling process may result in the risk that inappropriate favorable rulings could cost the Government substantial tax revenue.

Actions should be taken to ensure that inventory information is complete to oversee the assignment of cases to attorneys

There are two ways an attorney in the Associate Chief Counsel office responsible for corporate tax issues can receive a request for a letter ruling. First, the Chief Counsel front office management can randomly assign incoming rulings to attorneys through the office's daily case assignment process. The front office assignment process considers the attorneys' expertise and current case assignment workload. Second, the taxpayer or practitioner can request the attorney to work their letter ruling. This associate office developed a written case assignment policy in an attempt to limit the reported strategy that practitioners have successfully placed their letter ruling requests with a preferred attorney. This policy is designed to limit the number of potential letter ruling assignments sent directly⁶ to an attorney rather than through the front office assignment process.

For the work received directly from practitioners, the attorney is supposed to consider the two-thirds rule when deciding to work the case. After applying the two-thirds rule, attorneys are required to notify the front office whether they want the letter ruling requests to be assigned to them or to be assigned through the office's normal case assignment process. When attorneys request that the resulting letter ruling be assigned to them, they are required to provide the front office staff specific information about their decisions to work or not work the requests so the front office can control and input the assignment information on its inventory system.

However, we found that this policy would not effectively limit taxpayers and practitioners from placing their letter ruling requests with a preferred attorney. For example, the Chief Counsel's

⁶ The written policy from the Associate Chief Counsel Office responsible for corporate tax issues shows that a directly placed letter ruling is a potential assignment that comes directly to an attorney other than through their front office assignment procedures.



Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings

Technical Management Information System (TECHMIS)⁷ did not always contain complete information on the inventory of letter ruling cases that would allow management to effectively assist in reviewing inventory assignments to identify noncompliance with the two-thirds rule. We determined that the support and management staff did not always enter this information as required or were not provided all necessary information from the attorneys for input to the database. Specifically, for Fiscal Years⁸ 2009 through 2011, we found the names of 244 practitioners and 2,094 firms were missing from the database. This information is critical for any reviews by management to ensure that attorneys are not exceeding the two-thirds rule when working multiple letter ruling requests.

In addition, management does not perform any reviews of inventory assignments to ensure that the case assignment policy is being followed. Instead, the attorneys in the Associate Chief Counsel office responsible for corporate tax issues are individually responsible for maintaining the information to show their decisions when applying the two-thirds rule. This process does not ensure that management has complete information needed to determine whether their attorneys are exceeding the two-thirds rule and whether the rule is being applied consistently throughout the office.

This decentralized case assignment and review process for letter rulings limits management's ability to ensure that the two-thirds rule is effectively applied. A more effective case assignment and review process, along with reliable case inventory data, would enable management to identify and prevent potential outside influence in the letter ruling assignment process and provide for a more consistent treatment of taxpayers throughout the program.

Recommendations

The Chief Counsel should:

Recommendation 1: Develop written policies for all Associate Chief Counsel offices to oversee, manage, and, as appropriate, limit the number of letter ruling assignments to any particular attorney originating from the same practitioner.

Management's Response: The Internal Revenue Service agreed with this recommendation. Chief Counsel plans to revise its written procedures for letter rulings to address the assignment of letter rulings in all Associate Chief Counsel offices. These revised written procedures will require management to 1) adopt additional safeguards on the presubmission conference process to minimize the ability of a practitioner to use the process as a tactic to direct the resulting letter ruling request to a particular attorney;

⁷ The TECHMIS is a case control and management inventory information system for all of Chief Counsel's technical and guidance work.

⁸ A 12-consecutive-month period ending on the last day of any month. The Federal Government's fiscal year begins on October 1 and ends on September 30.



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2) monitor the number of letter ruling requests from a particular practitioner that are assigned to each attorney; 3) consider the number of letter rulings from the same practitioner assigned to a specific individual attorney (as well as the subject matter expertise of the attorney), office workload considerations, and other relevant considerations when assigning new letter ruling requests; and 4) continue to use preissuance review processes as a substantive check on the holding(s) of letter rulings, and particularly to ensure that novel or otherwise significant interpretations of the law receive adequate review at the appropriate management level within each Associate Chief Counsel office.

Recommendation 2: Establish a centralized processing location for receipt and review by the Office of the Associate Chief Counsel (Corporate) for letter rulings sent directly to attorneys for the initial application of the two-thirds rule. In addition, require management to periodically review its inventory system to ensure that established policies and procedures are effective in limiting the number of letter rulings assigned to a specific attorney that originates from the same practitioner.

Management's Response: The Internal Revenue Service agreed with this recommendation. Chief Counsel plans to revise its written procedures for letter rulings to address the process for assigning letter rulings in each Associate Chief Counsel office, including the Office of the Associate Chief Counsel (Corporate). These revised written procedures will clarify that each associate office will have a centralized location for the receipt and assignment of letter ruling requests. Additionally, the revised written procedures will require management to review their inventory periodically to ensure that the letter ruling assignment procedures are being followed. Finally, Chief Counsel plans to periodically evaluate whether its assignment procedures provide an appropriate balance between the efficient use of its limited resources and minimization of potential outside influences on the letter ruling process.

Recommendation 3: Periodically review the TECHMIS to ensure that front office staff is receiving and inputting all applicable letter ruling requests and related information in the inventory system.

Management's Response: The Internal Revenue Service agreed with this recommendation. Chief Counsel plans to revise its written procedures for letter rulings to require that management periodically review the TECHMIS to ensure that the applicable information received with a letter ruling request (including the name and firm of the practitioner) is input into the inventory system. These written procedures also will require management to take this information into account when determining whether to assign a letter ruling request to a particular attorney.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to assess Chief Counsel's process to limit the number of letter ruling requests handled by its attorneys from the same taxpayer or practitioner. To accomplish this objective, we:

- I. Determined the case assignment process followed by Chief Counsel when receiving ruling requests from taxpayers/practitioners.
 - A. Reviewed the policies and procedures for receiving, assigning, and controlling letter ruling requests, including those designed to limit the number of times letter ruling requests from the same taxpayer/practitioner are assigned to a particular Chief Counsel attorney.
 - B. Determined how each branch within each Associate Chief Counsel office is organized, including what issues are under each branch's jurisdiction.
 - C. Interviewed key Chief Counsel personnel responsible for assigning letter ruling requests to attorneys within each Chief Counsel branch.
 - D. Determined the policies and procedures for conducting conferences¹ between Chief Counsel's attorneys and taxpayers/practitioners.
- II. Determined whether Chief Counsel has a review process to limit the number of letter rulings handled by its attorneys for the same taxpayer/practitioner.
 - A. Determined what policies and procedures are in place to limit the effectiveness of strategies employed by taxpayers/practitioners to increase their chances of obtaining favorable rulings.
 - B. Interviewed Chief Counsel management to determine how case assignments are monitored among Chief Counsel attorneys and associate offices to identify multiple requests by the same taxpayers/practitioners being assigned to the same attorney.
 - C. Determined what actions Chief Counsel has taken to identify and prevent multiple requests by the same taxpayer/practitioner from being assigned to the same attorney.

¹ These conferences include presubmission and a conference of right. Presubmission conferences are held to discuss substantive or procedural issues relating to a transaction prior to the filing of a ruling request. A conference of right may be granted to provide the taxpayer with an opportunity to present additional information or arguments when Chief Counsel is tentatively issuing an adverse letter ruling.



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- III. Determined whether Chief Counsel's process is effective to prevent multiple requests from the same taxpayer/practitioner from being assigned to the same attorney.
- A. Obtained from the TECHMIS² a computer extract of all letter rulings issued for Fiscal Years³ 2009 through 2011.
 - B. Reviewed the letter rulings closed during Fiscal Years 2009 through 2011 to identify whether the same attorney handled multiple requests from the same taxpayer/practitioner.

Data validation methodology

To achieve our audit objective, we relied on computer-processed data contained in the TECHMIS. We conducted validity tests to determine whether we received complete and accurate data. Based on the validity assessments, we concluded that the data are sufficiently reliable to be used in meeting our audit objective. However, as discussed in the body of the report, we found that the TECHMIS did not always contain complete information on the inventory of letter ruling cases that would allow management to effectively assist in reviewing inventory assignments to identify noncompliance with the two-thirds rule.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: Chief Counsel's policies and procedures for the receipt, assignment, and control of letter ruling requests. We evaluated these controls by reviewing attorneys' letter ruling case assignments, interviewing management, and analyzing information from Chief Counsel's inventory system used to control case assignments.

² The TECHMIS is a case control and management inventory information system for all of Chief Counsel's technical and guidance work.

³ A 12-consecutive-month period ending on the last day of any month. The Federal Government's fiscal year begins on October 1 and ends on September 30.



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Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)
Jeffrey M. Jones, Director
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Joseph F. Cooney, Audit Manager
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Meagan D. Green, Audit Intern



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Appendix III

Report Distribution List

Principal Deputy Commissioner
Office of the Commissioner – Attn: Chief of Staff C
Deputy Chief Counsel (Operations) CC
Deputy Chief Counsel (Technical) CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison: Chief Counsel CC



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Appendix IV

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

DEPUTY
CHIEF COUNSEL

August 1, 2013

MEMORANDUM FOR MICHAEL E. McKENNEY
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Erik H. Corwin 
Deputy Chief Counsel (Technical)

SUBJECT: Draft Audit Report – Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings (Audit #201210024)

Thank you for the opportunity to comment on the draft report for audit number 201210024, *Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings*. The letter ruling program helps promote voluntary compliance with, and consistent administration of, the internal revenue laws. Accordingly, a successful letter ruling program is essential to the Office of Chief Counsel's mission to serve America's taxpayers fairly and with integrity by providing correct and impartial interpretation of the internal revenue laws.

The Office of Chief Counsel takes seriously our obligation to provide taxpayers with prompt, unbiased, and legally correct interpretations of the law. We strongly believe that our existing processes for assigning letter ruling requests, as well as our pre-issuance review processes and public disclosure (in redacted form) of issued letter rulings, provide reasonable and adequate safeguards against attempts by practitioners to inappropriately influence the system. Indeed, your report does not identify any situations in which practitioner influence led to the issuance of inappropriate favorable rulings, nor are we aware of any such occurrence.

However, in response to the concerns raised by your report, we are in the process of revising our written procedures on letter rulings to formalize and strengthen management oversight of the case assignment process. Under the revised written procedures for letter rulings, the extent to which an attorney has previously been assigned ruling requests from the same practitioner will be taken into account in the



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assignment process along with other relevant considerations, including the specialized expertise of particular attorneys and the need to balance workload among attorneys, in order to minimize the risk of manipulation of the assignment process in a manner consistent with sound tax administration and the efficient use of the Office's limited resources.

Our response to your specific recommendations is detailed in the attachment. If you have any questions, please call me at (202) 622-3300, or members of your staff may contact Andrew Keyso, Associate Chief Counsel (Income Tax & Accounting) at (202) 622-4800.

Attachment



Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings

Attachment

RECOMMENDATION 1

The Chief Counsel should develop written policies for all Associate Chief Counsel Offices to oversee, manage, and, as appropriate, limit the number of letter ruling assignments to any particular attorney originating from the same practitioner.

CORRECTIVE ACTION

The Office of Chief Counsel is revising its written procedures for letter rulings to address the assignment of letter rulings in all Associate Chief Counsel offices. These revised written procedures will require management to (1) adopt additional safeguards on the pre-submission conference process to minimize the ability of a practitioner to use the process as a tactic to direct the resulting letter ruling request to a particular attorney; (2) monitor the number of letter ruling requests from a particular practitioner that are assigned to each attorney; (3) consider the number of letter rulings from the same practitioner assigned to a specific individual attorney, as well as the subject matter expertise of the attorney, office workload considerations, and other relevant considerations, when assigning new letter ruling requests; and (4) continue to utilize pre-issuance review processes as a substantive check on the holding(s) of letter rulings, and particularly to ensure that novel or otherwise significant interpretations of the law receive adequate review at the appropriate management level within each Associate Chief Counsel office.

IMPLEMENTATION DATE

August 1, 2014.

RESPONSIBLE OFFICIAL

Deputy Chief Counsel (Technical).

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 2

The Chief Counsel should establish a centralized processing location for receipt and review by the Office of the Associate Chief Counsel (Corporate) for letter rulings sent directly to attorneys for the initial application of the two-thirds rule. In addition, require management to periodically review its inventory system to ensure that established



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policies and procedures are effective in limiting the number of letter rulings assigned to a specific attorney that originates from the same practitioner.

CORRECTIVE ACTION

The process for receiving and assigning letter ruling requests in the Office of the Associate Chief Counsel (Corporate) is in fact centralized within that Office's front office, and that Office maintains spreadsheets that identify the source of letter ruling requests that it regularly uses (in addition to TECHMIS) to ensure that its procedures are followed. As we noted in our response to recommendation #1, however, we are revising our written procedures for letter rulings to address the process for assigning letter rulings in each Associate Chief Counsel office, including the Office of the Associate Chief Counsel (Corporate). These revised written procedures will clarify that each Associate office will have a centralized location for the receipt and assignment of letter ruling requests. Additionally, the revised written procedures will require management to review its inventory periodically to ensure that the letter ruling assignment procedures are being followed. Finally, we will periodically evaluate whether our assignment procedures provide an appropriate balance between the efficient use of our limited resources and minimization of potential outside influences on the letter ruling process.

IMPLEMENTATION DATE

August 1, 2014.

RESPONSIBLE OFFICIAL

Deputy Chief Counsel (Technical).

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 3

The Chief Counsel should periodically review TECHMIS to ensure that front office staff is receiving and inputting all applicable letter ruling requests and related information in the inventory system.



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CORRECTIVE ACTION

The Office of Chief Counsel will revise our written procedures for letter rulings to require that management periodically review TECHMIS to ensure that applicable information received with a letter ruling request (including the name and firm of the practitioner) is input into the inventory system. These written procedures also will require management to take this information into account when determining whether to assign a letter ruling request to a particular attorney.

IMPLEMENTATION DATE

August 1, 2014.

RESPONSIBLE OFFICIAL

Deputy Chief Counsel (Technical).

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.