

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System

September 12, 2022

Report Number: 2022-10-066

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.

HIGHLIGHTS: Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System

Final Audit Report issued on September 12, 2022

Report Number 2022-10-066

Why TIGTA Did This Audit

The Government Accountability Office found that, in Calendar Years 2015 and 2016, Federal contracts were awarded to thousands of contractors with unpaid taxes that were most likely delinquent.

Congress provided the IRS \$30 million to establish an application through which entities could request from the IRS a certification that the entity did or did not owe seriously delinquent taxes. This audit was initiated to identify entities registered in the System for Award Management that were awarded contracts or grants by a Federal agency while owing delinquent Federal taxes and to determine the status of IRS efforts to develop the Federal Contractor Tax Check System.

Impact on Tax Administration

From Fiscal Years 2018 to 2020, Federal agencies spent or obligated an average of \$7.3 trillion annually on awarded contracts and grants for goods and services. American taxpayers expect that entities receiving the benefits of contracts and grants from the Federal Government should satisfy their own Federal tax obligations.

What TIGTA Found

Federal agencies across the Government awarded contracts and grants to entities that owed millions in delinquent Federal taxes. Between October 2018 and December 2019, the Federal Government awarded 2.1 million Federal contracts and grants to more than 83,000 awardees. Of these, 3,040 contractors received almost \$10.2 billion in Federal contracts while owing \$621.8 million in delinquent Federal taxes. In addition, 938 grantees received \$22.7 billion in Federal grants while owing \$269.2 million in delinquent Federal taxes.



Further, such entities frequently did not self-certify their Federal tax status accurately, as required, prior to receiving contracts or grants. Specifically, 66 (93 percent) of 71 contractors selected in a judgmental sample certified in the System for Award Management that they either did not owe or had not yet been notified of delinquent Federal taxes when IRS systems indicated that a Federal tax debt was present.

Finally, the IRS made some progress establishing an application called the Federal Contractor Tax Check System that would allow prospective contractors and grantees to request a certificate from the IRS stating that they did or did not owe seriously delinquent taxes. The IRS designed a technical solution to build the Federal Contractor Tax Check System and planned a foundational release in November 2022.

What TIGTA Recommended

TIGTA recommended that the Deputy Commissioner for Operations Support should continue to prioritize the development of the Federal Contractor Tax Check System. The IRS agreed with this recommendation.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

September 12, 2022

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

Heather Hill

FROM: Heather M. Hill
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System (Audit # 202010006)

This report presents the results of our review to identify entities registered in the System for Award Management that were awarded contracts or grants by a Federal agency while owing delinquent Federal taxes and to determine the status of Internal Revenue Service efforts to develop the Federal Contractor Tax Check System. This review is part of our Fiscal Year 2022 Annual Audit Plan and addresses the major management and performance challenges of *Improving Tax Reporting and Payment Compliance to Reduce the Tax Gap and Reducing Fraudulent Claims and Improper Payments*.

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

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendation. If you have any questions, please contact me or Bryce Kisler, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations).

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Background

From Fiscal Years 2018 to 2020,¹ Federal agencies have spent or obligated an average of \$7.3 trillion annually on awarded contracts and grants for goods and services. The General Services Administration operates and manages the online System for Award Management (SAM), which is the official U.S. Government website for those that make, receive, or manage Federal awards as well as for public users searching for Government business information. One of the requirements for potential contract recipients is to register in the SAM at the time they submit an offer for a contract. The Federal Acquisition Regulation (FAR)² outlines other requirements for contract applicants. Grantee applicants are not subject to the FAR but instead follow the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, known as the Uniform Guidance.³

The SAM not only maintains information about each entity, such as identification numbers, size, and contact information, but also records an entity's responses to multiple representations and certifications, including whether it does or does not owe any delinquent Federal taxes. Entities must complete or update their representations and certifications electronically in the SAM at least annually as a part of their required registration.

Starting with the *Consolidated and Further Continuing Appropriations Act, 2015*,⁴ Congress now prohibits agencies Governmentwide from using appropriated funds to award a contract or grant to a corporation that owes any amount of delinquent Federal tax unless suspension or debarment is considered. In response to this legislation, the FAR was updated to require that contracting officers insert in all contract solicitations a clause that requires a corporation to self-certify that it does or does not have any outstanding Federal taxes that are not being paid in a timely manner.⁵ For an entity other than a corporation, the FAR requires the contractor to self-certify that it has or has not, within a three-year period preceding the offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,500 which remains delinquent.⁶

Since February 2019, grant applicants now sign a document in the SAM titled *Financial Assistance General Certifications and Representations* (see Appendix IV). These certifications do not specifically mention tax delinquency but do affirm that the grantee complied with all restrictions found in appropriations law. Since January 2020, updated grantee certifications are more specific and mimic the wording that contractors self-certify; however, this development took place after our audit period.

Federal taxes are delinquent if both of the following criteria apply:

- *The tax liability is finally determined.* The liability is finally determined if it has been assessed and all administrative and judicial appeal rights have been exhausted.

¹ See Appendix VI for a glossary of terms.

² FAR, 48 C.F.R. subpart 4.1102.

³ 2 C.F.R. 200 (2014).

⁴ Pub. L. No. 113-235 (2014).

⁵ FAR subpart 52.209-11 (2016) and 52.212-3(q) (2019). See Appendix III for the exact wording.

⁶ FAR subpart 52.209-5 (2015) and 52.212-3(h) (2019).

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- *The taxpayer is delinquent in making payment.* A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded, such as when the taxpayer is currently making timely payments through an installment agreement accepted by the Internal Revenue Service (IRS).

There are five separate certifications in the SAM regarding awardees owing delinquent Federal taxes. Three apply to contractors and grantees that are corporations and require them to indicate whether they have any amount of unpaid Federal tax. The other two apply to only contractors and require them to declare whether they have or have not, within the three years preceding the offer, been notified of delinquent Federal taxes greater than \$3,500.

At the time a prospective contractor or grantee is considered for an award, an affirmative answer to any of the certifications above does not necessarily result in withholding of an award; however, in such cases, the contracting or grant officer must contact the entity for more information and notify the agency's suspension and debarment officer to determine if suspension and debarment of the entity is necessary.⁷

In April 2019, the Government Accountability Office (GAO) found that, in Calendar Years 2015 and 2016, Federal contracts were awarded to thousands of contractors with unpaid taxes that were most likely delinquent.⁸ Specifically, the GAO found that, of the 120,000 Federal contractors that were awarded contracts in Calendar Years 2015 and 2016, more than 2,700 of them owed unpaid Federal taxes that were likely delinquent at the time they received their award. Additionally, in a recent report, the Treasury Inspector General for Tax Administration (TIGTA) found that the tax checks required for entities receiving IRS contracts were not always performed or, if performed, were not always completed within the required period.⁹ In that report, although TIGTA independently verified that these contractors did not have any delinquent Federal taxes at the time the IRS awarded the contracts, the contracting officers did not always timely examine whether the prospective contractors had any outstanding Federal tax indebtedness.

⁷ Entities that are suspended or debarred are ineligible based on statutory or other regulatory procedures and excluded from receiving awards under the conditions and for the period set forth in the statute or regulation. For this review, we did not evaluate Federal agencies' or the IRS's processes for suspension and debarment consideration.

⁸ GAO, GAO-19-243, *Federal Contracting: Opportunities to Improve Compliance with Regulations and Enhance Tax Collections* (April 15, 2019). This audit analyzed contract award and SAM entity registration data for five Federal agencies' contracts awarded in Calendar Years 2015 and 2016.

⁹ TIGTA, Report No. 2021-10-039, *Controls Over the Internal Revenue Service Contractor Tax Check Process Need to Be Improved* (June 2021).

Results of Review

Federal Contractors and Grantees With Delinquent Federal Taxes Received Billions of Dollars in Federal Awards

Between October 2018 and December 2019, Federal agencies awarded 2.1 million Federal contracts and grants to more than 83,000 awardees. We identified 3,978 entities that received \$32.9 billion in Federal awards while owing \$891 million in delinquent Federal taxes.¹⁰ This included 3,040 contractors that received \$10.2 billion in Federal contracts while owing \$621.8 million in delinquent Federal taxes and 938 grantees that received \$22.7 billion in Federal grants while owing \$269.2 million in delinquent Federal taxes. Of the 3,978 entities, there was

Figure 1 depicts the amounts of contracts and grants between October 2018 and December 2019 the Federal Government awarded to entities with delinquent Federal taxes.¹¹

Figure 1: Federal Contracts and Grants Awarded To Entities With Delinquent Taxes

	 Contractors	 Grantees
 Entities owing delinquent taxes that received Federal awards between October 2018 and December 2019.	3,040 Entities	938 Entities
 Federal awards that went to entities owing delinquent taxes.	\$10.2 billion	\$22.7 billion
 Delinquent Federal taxes owed.	\$621.8 million	\$269.2 million

Source: TIGTA analysis of entity data from the SAM, contracts data from the Federal Procurement Data System – Next Generation (FPDS-NG), grants data from USAspending.gov, and tax data from the IRS’s Taxpayer Service and Return Processing Category (TRCAT) reports.

¹⁰ Our analysis identified an entity as potentially tax delinquent as of the time of our data extract. It is possible that the entity satisfied the delinquency shortly after that date and, due to timing delays, the reports of taxpayer accounts with a balance due may not reflect the correction to offset the delinquency amount.

¹¹ For this review, we did not meet with any contracting or grant officers, nor did we review policies and procedures from the agencies that awarded the contracts and grants.

Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System

Through a series of Federal legislation and regulations, granting awards to entities owing delinquent Federal taxes is restricted. Entities acknowledge these restrictions at the time they submit their representation and certifications in the SAM. Restrictions vary depending on whether the:

- Entity is a corporation or some other type of business structure.
- Dollar amount of the award exceeds a certain threshold.
- Award is for commercial items.
- Award is a contract or grant.

Of the 938 grantees that received Federal awards while owing delinquent taxes, 45 percent were State and local government entities.¹² Because many of the Federal grants awarded during our scope were disbursed through State and local governments, the final recipients of these awards, and the status of their tax compliance, were not known. However, the GAO conducted a limited audit of the tax compliance of grant and other direct assistance recipients and found that tens of thousands of Federal grant recipients had Federal tax debt at the time they received assistance.¹³

The delinquent taxes for both contractors and grantees primarily consisted of business taxes that covered employee withholding. Overall, the average amount for contractors was just over \$204,000 and was delinquent an average of 607 days (1.7 years). For grantees, the average amount was just over \$287,000 and was delinquent an average of 474 days (1.3 years). Figure 2 provides a breakdown of contractor and grantee Federal tax delinquencies.

¹² For this report, government entities consists of State, local, and tribal agencies; municipal bodies such as school districts or transit authorities; and colleges and universities.

¹³ GAO, GAO-08-31, *Tax Compliance: Federal Grant and Direct Assistance Recipients Who Abuse the Federal Tax System* (Nov. 2007).

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Figure 2: Breakdown of Contractors and Grantees by Delinquent Taxes Owed

Range of Delinquent Taxes	Number of Delinquent Contractors	Number of Delinquent Grantees	Total Amount Delinquent at Time of Award (in millions)
\$100–3,500 ¹⁴	1,110	209	\$1.7
\$3,501–25,000	1,074	391	\$15.0
\$25,001–100,000	429	166	\$31.1
\$100,001–500,000	290	125	\$89.1
\$500,001–1,000,000	66	20	\$58.0
Above \$1,000,000	71	27	\$696.1
TOTALS	3,040	938	\$891.0

Source: TIGTA analysis of tax data from IRS TRCAT reports, contract data from the FPDS-NG, and grant data from USAspending.gov.

Only the IRS has access to taxpayer information that would confirm, before awarding a contract or grant, whether an entity owes delinquent Federal taxes. However, under Internal Revenue Code § 6103, the IRS is prohibited from disclosing taxpayer information for non-tax administration purposes, including awarding grants or contracts.¹⁵ In addition, there is no current process to provide an entity's tax delinquency status to the contracting and grant officers from other agencies. Without this ability, contracting and grant officers must rely on an entity's self-certification of its Federal tax delinquency status in the SAM. Sole reliance upon self-certifications may cause the contracting and grant officers to grant Federal awards to ineligible entities.¹⁶

When Federal agencies award contracts and grants to entities that owe delinquent Federal taxes, a potential violation of Federal appropriations law and the FAR could exist if certain conditions were not met. Although these awards made up about 5 percent of the contracts and grants we examined, the entities that received these awards collectively owed hundreds of millions of dollars at the time the contracts were awarded. See Appendix II for more information related to the Federal contractors and grantees that owed delinquent Federal taxes.

¹⁴ When registering in the SAM, corporations self-certify whether or not they owe any amount of delinquent Federal taxes (FAR clauses 52.209-11 (2016) and 52.212-3(q) (2019)), while all other types of businesses self-certify whether or not they owe more than \$3,500 in delinquent Federal taxes (FAR subpart 52.209-5 (2015) and 52.212-3(h) (2019)). With this distinction in mind, this first bracket (delinquent amounts less than or equal to \$3,500) consists exclusively of entities that are not corporations. We also eliminated any taxes owed of less than \$100.

¹⁵ 26 U.S.C. § 6103.

¹⁶ We discuss self-certification accuracy later in the report. We did not meet with any contracting or grant officers, nor did we review policies and procedures from the agencies that awarded the contracts and grants.

Contractors Frequently Did Not Self-Certify Their Federal Tax Status Accurately

We reviewed SAM self-certifications for a judgmental sample of 71 contractors and identified 66 (93 percent) that provided potentially inaccurate self-certifications regarding their Federal tax delinquency status.¹⁷

Specifically, these contractors indicated in their most recent SAM registration or recertification prior to receiving their award that they either did not owe or had not yet been notified of

delinquent Federal taxes above the threshold allowed by Federal appropriations law or procurement regulation. However, our analysis of IRS systems indicated that, on the date of their certification, they in fact did owe delinquent taxes above the allowable threshold.

Prospective contractors and grantees must annually complete representations and certifications electronically in the SAM as a part of their registration, including whether the entity does or does not owe delinquent Federal taxes; however, the SAM does not verify these certifications. Appendices III and IV include a full list of the delinquent tax-related certifications SAM registrants must make.

By submitting the SAM registration, the entity understands it may be subject to penalties if it misrepresents itself to the Government. Misrepresentation in order to obtain an award may subject the entity to criminal prosecution under the *False Statements Act*.¹⁸ Criminal penalties could include a fine, imprisonment, or both. An entity may also be referred for consideration of suspension and debarment or become ineligible to participate in programs conducted under the authority of the *Small Business Act*.¹⁹

Currently, verification of any delinquent Federal tax occurs only for entities receiving awards from the IRS because the IRS is the only agency that has access to taxpayer information. Our analysis shows that the majority of the contractor self-certifications that we reviewed are potentially inaccurate. Without the independent verification of the tax status of prospective contractors and grantees, the current self-certification process remains ineffective.

93 percent of the contractor self-certifications in our sample indicated that they either did not owe or had not yet been notified of delinquent Federal taxes despite our analysis indicating the opposite.

The Internal Revenue Service Has Made Progress Towards Developing the Federal Contractor Tax Check System

The IRS has made progress towards implementing an application called the Federal Contractor Tax Check System (FCTCS) that allows prospective contractors and grantees to request a certificate from the IRS stating whether they do or do not owe seriously delinquent taxes.

¹⁷ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. Because of the differences in self-certification criteria for contractors and grantees, we elected not to include grantees in this part of our analysis.

¹⁸ 18 U.S.C. § 1001.

¹⁹ 15 U.S.C. § 631.

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However, much work remains to be done while the IRS consults with the General Services Administration, the Office of Management and Budget (OMB), and other stakeholders on many policy questions, including tax information disclosure considerations and sharing information through information technology systems.

Congress provided the IRS with \$30 million to establish an electronic application through which entities registering and renewing registrations in the SAM could request from the IRS a certificate stating that the entity did or did not owe seriously delinquent taxes.²⁰ As of June 2022, the IRS spent \$8.54 million on design and implementation efforts.

The IRS began a working group to spearhead the development of the application. In October 2020, the working group started with a schedule of weekly and monthly meetings among key stakeholders. These key stakeholders included IRS internal divisions such as the Office of the Chief Financial Officer; the Office of the Chief Information Officer; the Office of the Chief Procurement Officer; the Office of Privacy, Governmental Liaison, and Disclosure; and the Small Business/Self-Employed Division. The IRS also coordinated implementation of the application with the General Services Administration and other agencies across the Government. This included identifying potential risks and suggesting an implementation timeline.

Finally, the IRS has designed a technical solution to build the FCTCS and plans a foundational release in November 2022 that automates the rules underlying the performance of a tax check for business taxpayers. The FCTCS allows prospective contractors and grantees to request a certification from the IRS stating whether they do or do not owe seriously delinquent taxes, and the entity can provide the certification to the Federal contracting and grant officers. There are still concerns by the stakeholders over policy and legislative requirements that need to be resolved before implementation of the FCTCS.

Implementation of this application should improve agencies' compliance with the Governmentwide provision prohibiting Federal agencies from using appropriated funds to enter into contracts with entities that owe delinquent Federal taxes unless certain circumstances are met. Until then, Federal contracting and grant officers must continue to rely on self-certifications by entities in the SAM. As mentioned previously, TIGTA has serious concerns about the accuracy of entities' tax-related self-certifications. We will continue to monitor the IRS's implementation of the FCTCS as part of our oversight responsibilities.

Recommendation 1: The Deputy Commissioner for Operations Support should continue to prioritize the development of the FCTCS.

Management's Response: The IRS agreed with this recommendation. The IRS continues to prioritize the FCTCS application development to provide tax check functionality that determines whether or not a business entity has seriously delinquent tax debt.

²⁰ *Consolidated Appropriations Act, 2020*, Pub. L. No. 116-93 (December 20, 2019); *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260 (December 27, 2020); and *Consolidated Appropriations Act, 2022*, Pub. L. No. 117-103 (March 15, 2022).

Appendix I

Detailed Objectives, Scope, and Methodology

The overall objectives of this review were to identify entities registered in the SAM that were awarded contracts or grants by a Federal agency while owing delinquent Federal taxes and to determine the status of IRS efforts to develop the FCTCS. To accomplish our objectives, we:

- Determined the number of entities awarded Federal contracts or grants while owing delinquent Federal taxes by matching SAM entity data, FPDS-NG contract data, and USAspending.gov grants data with IRS TRCAT reports that detail the type of tax, age, and delinquency status of individual and business taxpayer accounts.
- Determined the accuracy of the awardees' self-certifications in the SAM regarding whether or not they owed any delinquent Federal taxes at the time of award by examining the statements that the awardees made in their SAM profiles.
- Identified what plans, if any, the IRS had to develop an electronic FCTCS and what progress had been made to date.
- Examined contract and grant data involving the IRS and agencies outside the IRS. Although this audit followed generally accepted government auditing standards, for our first and second bulleted steps, we did not contact any awardees nor did we meet with any contracting and grant officers or review policies and procedures from the agencies that awarded the contracts and grants. For our third step, we met with the IRS offices responsible for developing the FCTCS. The IRS offices include the Office of Privacy, Governmental Liaison, and Disclosure; the Office of the Chief Financial Officer; the Small Business/Self-Employed Division; the Office of the Chief Information Officer; and the Office of the Chief Procurement Officer.
- Reviewed a judgmental sample¹ of 71 contractors from the population of 3,040 contractors identified as receiving Federal contracts between October 2018 and December 2019 while owing delinquent Federal taxes. We reviewed the SAM self-certifications made by these contractors. We determined a judgmental sample was sufficient to show a control weakness regarding contractors who might owe Federal taxes but did not certify to such in the SAM.

Performance of This Review

This review was performed with information obtained from the Office of the Chief Procurement Officer and the Office of the Chief Information Officer in Washington, D.C., during the period October 2019 through May 2022. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required 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 objectives. We believe that the evidence

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

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obtained provided a reasonable basis for our findings and conclusions based on our audit objectives.

Major contributors to the report were Bryce Kisler, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations); LaToya George, Director; Seth Siegel, Audit Manager; Kanika Kals, Acting Audit Manager; Lauren Bourg, Lead Auditor; Paige Krivda, Senior Auditor; and Laura Haws, Information Technology Specialist.

Validity and Reliability of Data From Computer-Based Systems

We performed tests to assess the reliability of data from the SAM, the FPDS-NG, IRS TRCAT reports, and USAspending.gov. We evaluated the data by 1) performing electronic testing of required data elements and 2) reviewing existing information about the data and the system that produced them. We determined that the data were sufficiently reliable for the purposes of this report.

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 that the following internal controls were relevant to our audit objectives: current Federal appropriations laws and procurement regulations regarding requirements that contracting and grant officers and awardees must follow regarding delinquent Federal taxes. Specifically, to evaluate these controls, we reviewed contracting and grant officers' requirements for determining the responsibility of a potential awardee, for informing the awardee of restrictions regarding delinquent taxes, and for notifying responsible officials of awardees with delinquent taxes.

Appendix II

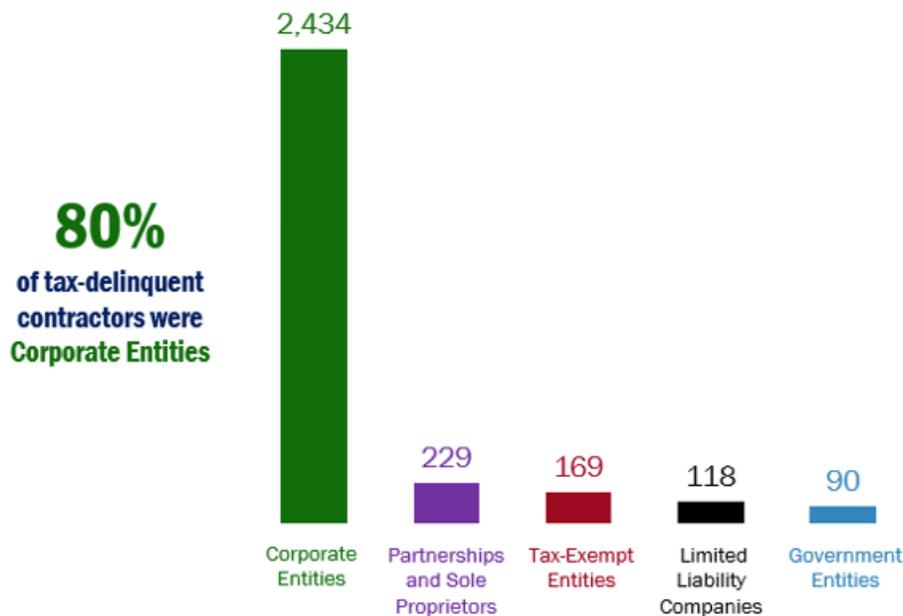
Descriptive Summaries of Tax-Delinquent Awardees

This appendix is separated into two sections to provide detailed breakdowns of our analysis of tax-delinquent contractors and tax-delinquent grantees identified during our review.

Contractors owed millions in delinquent taxes while receiving Federal contracts

We identified 65,711 contractors awarded at least one new Federal contract between October 2018 and December 2019.¹ Of these contractors, we identified 3,040 that owed delinquent Federal taxes while they received 102,869 contracts totaling almost \$10.2 billion. At the time they received these awards, these contractors owed \$621.8 million in delinquent Federal taxes. The majority of these contractors were corporations. Figure 1 provides a breakdown by business type of the contractors.

Figure 1: Contractors (by Business Type) That Received Awards While Owning Delinquent Taxes



Source: TIGTA analysis of entity data from the SAM.

The tax-delinquent businesses awarded contracts owed taxes that primarily consisted of business taxes that covered employee withholding. Overall, the average amount of delinquent tax was just over \$204,000 and was delinquent an average of 607 days (1.7 years). Figure 2 provides a breakdown of contractor Federal tax delinquencies.

¹ We analyzed FPDS-NG contract data and SAM entity data to identify contractors registered in the SAM that had a Taxpayer Identification Number (TIN). Entities not required to have a TIN were Federal Government agencies, nonresident aliens, or foreign corporations or partnerships that did not have income effectively connected with the conduct of a trade or business in the United States.

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Figure 2: Breakdown of Contractors by Amount of Delinquent Taxes Owed

Range of Delinquent Tax	Number of Delinquent Contractors	Total Amount of Delinquent Taxes at Time of Award (in millions)
\$100–3,500 ²	1,110	\$1.4
\$3,501–25,000	1,074	\$10.8
\$25,001–100,000	429	\$22.4
\$100,001–500,000	290	\$62.3
\$500,001–1,000,000	66	\$44.6
Above \$1,000,000	71	\$480.2
TOTALS	3,040	\$621.8³

Source: TIGTA analysis of tax data from IRS TRCAT reports.

Figure 3 provides a summary (ranked by dollars obligated) of the top agencies that awarded contracts to entities that owed delinquent Federal taxes at the time they received their contracts. The top agencies awarded 81 percent of the contract dollars that went to contractors with delinquent Federal taxes during our audit period.

Figure 3: Top Agencies (by Dollars Obligated) That Awarded Contracts to Contractors Owning Delinquent Taxes

Contract Awarding Agency	Number of Contracts Awarded	Number of Delinquent Contractors	Amount Obligated During Our Audit Period
Departments of the Navy, Army, or Air Force	4,503	1,363	\$3.7 billion
Defense Logistics Agency	73,422	445	\$3.2 billion
U.S. Transportation Command (USTRANSCOM)	349	12	\$700.6 million
Federal Acquisition Service	15,936	126	\$376.3 million
Department of Veterans Affairs	2,082	477	\$350.4 million
TOTALS	96,292	2,423	\$8.4 billion⁴

Source: TIGTA analysis of contract data from the FPDS-NG.

Figure 4 is a summary (ranked by dollars obligated) of the top types of goods and services provided by contractors that owed delinquent Federal taxes at the time they received their contracts. The top categories represented 99 percent of the contract dollars that went to contractors with delinquent Federal taxes during our audit period.

² We eliminated any taxes owed that totaled less than \$100.

³ Numbers do not add up exactly due to rounding.

⁴ Numbers do not add up exactly due to rounding.

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Figure 4: Top Goods and Services (by Dollars Obligated) Provided by Contractors Owing Delinquent Taxes

Description of Goods and Services ⁵	Number of Contracts Awarded	Number of Delinquent Contractors	Amount Obligated During Our Audit Period
Manufacturing	68,777	1,137	\$6.5 billion
Information, Finance, Real Estate, and Professional Services	4,174	1,075	\$1.7 billion
Trade, Transportation, and Warehousing	27,148	280	\$980.6 million
Mining, Utilities, and Construction	940	431	\$755.0 million
Education, Health, and Social Assistance	806	263	\$189.5 million
TOTALS	101,845	3,186⁶	\$10.1 billion

Source: TIGTA analysis of contract data from the FPDS-NG.

Grantees owed millions in delinquent taxes while receiving Federal grants

We identified 17,521 unique grantees awarded at least one new Federal grant between October 2018 and December 2019.⁷ Of these grantees, we identified 938 who owed delinquent Federal taxes while they received 11,781 grants totaling \$22.7 billion. At the time they received these awards, these grantees owed \$269.2 million in delinquent Federal taxes.

The majority of these grantees are tax-exempt or government entities.⁸ The Federal Government has provided State and local governments over \$700 billion in Federal grants in Fiscal Year 2019, funding a wide range of public policies, such as health care, transportation, income security, education, job training, social services, community development, and environmental protection. Some Federal grant programs award competitively, while others allocate Federal dollars to States based on formulas set in law. For example, the Federal-State Medicaid program, which provides subsidized health insurance to low-income households, is funded through a formula-based grant program. We did not distinguish between the various types of grant programs in our analysis; therefore, while we believe it is important to acknowledge that there are over 900 grant recipients with delinquent Federal taxes, we recognize that in many cases these recipients, especially State and local governments, are providing critical services that must be funded. Figure 5 provides a breakdown by business type of the grantees.

⁵ Descriptions are based the North American Industry Classification System.

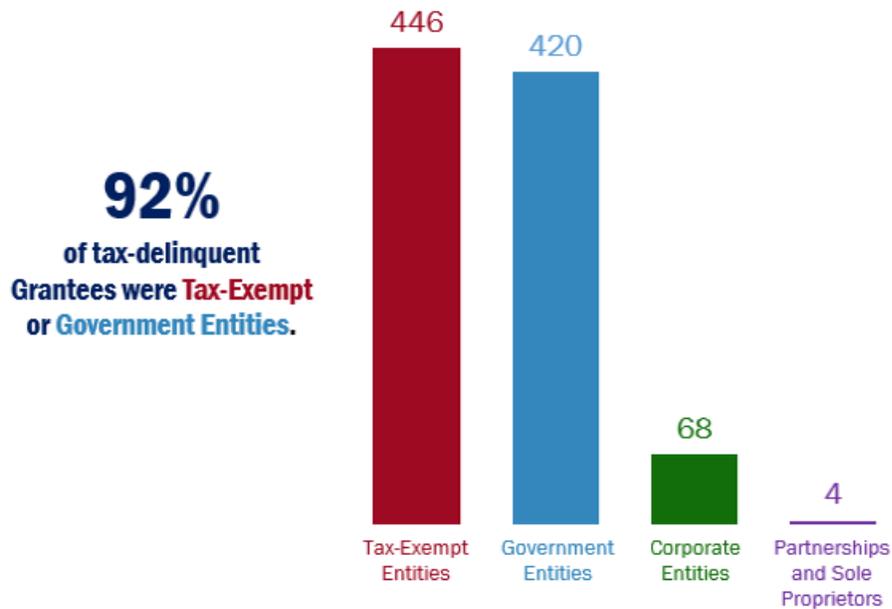
⁶ The total number of delinquent contractors reported here (3,186) was larger than what was reported elsewhere in the report (3,040). This occurred because a contractor might be counted more than once if it had been awarded more than one contract.

⁷ We analyzed USASpending.gov and SAM data to identify grantees registered in the SAM that had a TIN.

⁸ For this report, government entities consists of State, local, and tribal agencies; municipal bodies such as school districts or transit authorities; and colleges and universities.

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Figure 5: Grantees (by Business Type) That Received Awards While Owning Delinquent Taxes



Source: TIGTA analysis of grantee data from the SAM.

The tax-delinquent businesses awarded grants owed taxes that primarily consisted of business taxes that covered employee withholding. Overall, the average amount of delinquent tax was just over \$287,000 and was delinquent an average of 474 days (1.3 years). Figure 6 provides a breakdown of grantee Federal tax delinquencies.

Figure 6: Breakdown of Grantees by Amount of Delinquent Taxes Owed

Range of Delinquent Taxes	Number of Delinquent Grantees	Total Amount of Delinquent Taxes at Time of Award (in millions)
\$100–3,500 ⁹	209	\$0.3
\$3,501–25,000	391	\$4.2
\$25,001–100,000	166	\$8.6
\$100,001–500,000	125	\$26.8
\$500,001–1,000,000	20	\$13.4
Above \$1,000,000	27	\$215.9
TOTALS	938	\$269.2

Source: TIGTA analysis of tax data from IRS TRCAT reports.

⁹ We eliminated any taxes owed that totaled less than \$100.

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Figure 7 provides a summary (ranked by dollars obligated) of the top agencies that awarded grants to entities that owed delinquent Federal taxes at the time they received their grants. The top agencies awarded 97 percent of the grant dollars that went to grantees with delinquent Federal taxes during our audit period.

Figure 7: Top Agencies (by Dollars Obligated) That Awarded Grants to Grantees Owing Delinquent Taxes

Grant Awarding Agency	Number of Grants Awarded	Number of Delinquent Grantees	Amount Obligated During Our Audit Period
Department of Health and Human Services	6,686	596	\$17.9 billion
Department of Transportation	2,833	113	\$2.7 billion
Department of Agriculture	236	54	\$946.3 million
National Science Foundation	768	90	\$310.1 million
Department of Labor	158	63	\$288.6 million
TOTALS	10,681	916	\$22.1 billion

Source: TIGTA analysis of grant data from USAspending.gov.

Figure 8 is a summary (ranked by dollars obligated) of the top types of goods and services provided by grantees that owed delinquent Federal taxes at the time they received their grants. The top categories represent 96 percent of the grant dollars that went to grantees with delinquent Federal taxes during our audit period.

Figure 8: Top Goods and Services (by Dollars Obligated) Provided by Grantees Owing Delinquent Federal Taxes

Description of Goods and Services ¹⁰	Number of Grants Awarded	Number of Delinquent Grantees	Amount Obligated During Our Audit Period
Corporation for National and Community Service Programs	4,064	438	\$16.9 billion
Transportation Infrastructure Improvements	2,701	80	\$2.3 billion
Medical Assistance and Insurance Programs	2,680	345	\$994.5 million
Weather and Climate Programs	302	84	\$981.3 million
Unemployment and Jobs Training	542	231	\$492.0 million
TOTALS	10,289	1,178¹¹	\$21.7 billion

Source: TIGTA analysis of grant data from USAspending.gov.

¹⁰ Descriptions are based on the Catalog of Federal Domestic Assistance.

¹¹ The total number of delinquent grantees reported here (1,178) was larger than what was reported elsewhere in the report (938). This occurred because a grantee might be counted more than once if it had been awarded more than one grant.

Appendix III

Clauses Regarding Contractors Owing Delinquent Taxes

This appendix provides the clauses reviewed in this audit that concern contractors owing delinquent taxes. Specifically, the following reflect the provisions that registrants agree to in the SAM when they complete and submit their representations and certifications as required by the FAR. Furthermore, these clauses are incorporated into the awardee's contract. All clauses were edited to remove content not pertinent to this audit.

Applicable to Non-Corporations:

- **52.209-5 – Certification Regarding Responsibility Matters** (Oct. 2015)

(a)(1) The Offeror certifies, to the best of its knowledge and belief, that

(i) The Offeror and/or any of its Principals–

(A) Are___ / are not___ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(D) Have___ / have not___, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,500 for which the liability remains unsatisfied.

- **52.212-3 – Offeror Representations and Certifications-Commercial Items** (Dec. 2019)

The Offeror shall complete only paragraph (b) of this provision if the Offeror has completed the annual representations and certification electronically in the SAM accessed through <https://www.sam.gov>. If the Offeror has not completed the annual representations and certifications electronically, the Offeror shall complete only paragraphs (c) through (v) of this provision:

(h) *Certification Regarding Responsibility Matters.*

(For contracts with a value expected to exceed the simplified acquisition threshold.) The offeror certifies, to the best of its knowledge and belief, that the offeror and/or any of its principals–

(4) ___Have / have not___, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,500 for which the liability remains unsatisfied.

(i) Taxes are considered delinquent if both of the following criteria apply:

(A) *The tax liability is finally determined.* The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(B) *The taxpayer is delinquent in making payment.* A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full

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payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

Applicable to Corporations:

- **52.209-11 – Representation by Corporations Regarding Delinquent Tax Liability or a Felony Conviction under any Federal Law** (Feb. 2016)

(a) As required by sections 744 and 745 of Division E of the *Consolidated and Further Continuing Appropriations Act, 2015* (Pub. L. No. 113-235), and similar provisions, if contained in subsequent appropriations acts, the Government will not enter into a contract with any corporation that–

(1) Has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless an agency has considered suspension or debarment of the corporation and made a determination that suspension or debarment is not necessary to protect the interests of the Government;

(b) The Offeror represents that–

(1) It is ___ / is not ___ a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and

(2) It is ___ / is not ___ a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.

- **52.209-12 – Certification Regarding Tax Matters** (Feb. 2016)

As prescribed in 9.104-7 (e), insert the following provision:

(a) This provision implements section 523 of Division B of the *Consolidated and Further Continuing Appropriations Act, 2015* (Pub. L. No. 113-235), and similar provisions, if contained in subsequent appropriations acts.

(b) If the Offeror is proposing a total contract price that will exceed \$5,000,000 (including options), the Offeror shall certify that, to the best of its knowledge and belief, it

(3) Has not, more than 90 days prior to certification, been notified of any unpaid Federal tax assessment for which the liability remains unsatisfied, unless the assessment is the subject of an installment agreement or offer in compromise that has been approved by the IRS and is not in default, or the assessment is the subject of a non-frivolous administrative or judicial proceeding.

- **52.212-3 – Offeror Representations and Certifications-Commercial Items** (Dec. 2019)

The Offeror shall complete only paragraph (b) of this provision if the Offeror has completed the annual representations and certification electronically in the SAM accessed through <https://www.sam.gov>. If the Offeror has not completed the annual

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representations and certifications electronically, the Offeror shall complete only paragraphs (c) through (v) of this provision:

(q) Representation by Corporations Regarding Delinquent Tax Liability or a Felony Conviction under any Federal Law.

- (1) As required by sections 744 and 745 of Division E of the *Consolidated and Further Continuing Appropriations Act, 2015* (Pub. L. No. 113-235), and similar provisions, if contained in subsequent appropriations acts, the Government will not enter into a contract with any corporation that—
 - (i) Has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless an agency has considered suspension or debarment of the corporation and made a determination that suspension or debarment is not necessary to protect the interests of the Government;
- (2) The Offeror represents that—
 - (i) It is___ / is not___ a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability.

Appendix IV

Clauses Regarding Grantees Owing Delinquent Taxes

Since Calendar Year 2019, all grant applicants have been required to read and agree to the representations and certifications in this document. These clauses do not specifically mention tax delinquency, but do affirm that the grantee complies with all restrictions found in appropriations law. Beginning in January 2020, grantees are required to complete and submit their certifications in the SAM.

- ***Financial Assistance General Certifications and Representations (2019)***

As the duly authorized representative of [entity's name], I certify that [entity's name]:

1. Has the legal authority to apply for Federal assistance and the organizational, managerial and financial capability to ensure proper planning and management of any Federal financial assistance project covered by this Certifications and Representations document (See 2 C.F.R. 200.113 Mandatory disclosures, 2 C.F.R. 200.213 part 180 OMB Guidelines to Agencies on Governmentwide Suspension and Debarment (Nonprocurement), OMB Guidance A-129, "Policies for Federal Credit Programs and Non-Tax Receivables").
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives (See 2 C.F.R. 200.302 Financial Management and 2 C.F.R. 200.303 Internal controls).
3. Will disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy (See 2 C.F.R. 200.112 Conflict of interest).
4. Will comply with all limitations imposed by annual appropriation acts.
5. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing financial assistance awards and any Federal financial assistance project covered by this certification document, including but not limited to:
 - A. Trafficking Victims Protection Act of 2000, as amended, 22 U.S.C. 7104(g).
 - B. Drug Free Workplace Requirements for Federal Grant Recipients, 41 U.S.C. 8103.
 - C. Protection from Retaliation of Disclosure of Certain Information, 41 U.S.C. 4712.
 - D. National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 *et seq.*
 - E. Universal Identifier and System for Award Management, 2 C.F.R. part 25.
 - F. Reporting Subaward and Executive Compensation Information, 2 C.F.R. part 170.

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- G. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement), 2 C.F.R. part 180.
- H. Civil Actions for False Claims Act, 31 U.S.C. 3730.
- I. False Claims Act, 31 U.S.C. 3729, 18 U.S.C. 287 and 1001.
- J. Program Fraud and Civil Remedies Act, 31 U.S.C. 3801 *et seq.*
- K. Lobbying Disclosure Act of 1995, 2 U.S.C. 1601 *et seq.*
- L. Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d *et seq.*
- M. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601 *et seq.*
- N. Title IX of the Education Amendments of 1972, as amended; 20 U.S.C. 1681 *et seq.*
- O. Section 504 of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 794.
- P. Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 *et seq.*

[] I have read each of the certifications and representations presented on this page. By submitting this certification, I, [agent's name], am attesting to the accuracy of the certifications and representations contained herein. I understand that I may be subject to criminal prosecution under Section 1001, Title 18 of the United States Code or civil liability under the False Claims Act if I misrepresent [entity's name] by providing false, fictitious, or fraudulent information to the U.S. Government.

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Appendix V

Management's Response to the Draft Report



CHIEF PRIVACY OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

August 10, 2022

MEMORANDUM FOR HEATHER M. HILL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Robert Choi
Chief Privacy Officer

Robert Choi Digitally signed by Robert Choi
Date: 2022.08.10 16:02:24
+04'00'

SUBJECT: Draft Audit Report – Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System (Audit # 202010006)

Thank you for the opportunity to respond to the above referenced draft audit report. The IRS agrees with the Treasury Inspector General for Tax Administration's (TIGTA) recommendation and remains committed to implementing the Consolidated Appropriations Act legislative mandate to develop a mechanism to generate and provide electronic certificates stating whether or not contractors have a "seriously delinquent" tax debt in accordance with legislative prohibitions on Federal agencies' awarding contracts and grants to tax-delinquent entities.

While TIGTA found that Federal agencies across the government continue to award contracts and grants to entities that owed millions in delinquent Federal taxes, and that Federal agencies' reliance on the self-certifications in the System for Award Management (SAM) is ineffective, the report also correctly notes that the IRS is statutorily prohibited from disclosing taxpayer information for non-tax administration purposes, including other Federal agencies' contracting activities and grant awards. Internal Revenue Code (IRC) § 6103 prohibits the IRS from disclosing any information from a taxpayer's account to another Federal agency for this purpose, including answering the simple question of whether a prospective contractor does or does not have a seriously delinquent tax debt in order to verify a self-certification on SAM.

However, under IRC § 6103(e), the IRS may disclose this information to the taxpayer upon request, and the Federal Acquisition Regulations (FAR) can be revised to require business taxpayers registering on SAM to obtain the tax certificate directly from the IRS

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and provide it to an agency's contracting officer when submitting bids, proposals, and grant applications. This would ensure each agency knows whether or not prospective contractors and grantees have tax debts that may preclude a contract or grant award without relying solely on the SAM self-certification.

We appreciate your recognition of the positive steps taken by the IRS to prioritize development of the Federal Contractor Tax Check System (FCTCS). This system will allow contractors registering (and annually reregistering) in SAM to request an electronic certificate from the IRS stating whether they do or do not have a seriously delinquent tax debt. However, until the Office of Management and Budget (OMB) agrees with this approach and the publication of new requirements in the FAR, IRS cannot complete the design and development of FCTCS, and neither vendors nor other agencies will be required to obtain, provide, or consider the certificates.

While Appendices III and IV of the audit report detail the current FAR requirements for certifications and representations on SAM, these requirements are different from the "seriously delinquent" criteria in the Consolidated Appropriations Act, which the IRS must use to develop FCTCS. It is important to note that the IRS has no responsibility or oversight of other Federal agencies' contracting activities, that any actions taken by the IRS to develop FCTCS may or may not change TIGTA's findings concerning other Federal agencies' actions, and that implementing the IRS's proposed solution and realizing the benefits of this program will require amending the FAR to require contractors to come to the IRS for the certificates and to provide them to agency contracting officers.

The attachment outlines our corrective action.

If you have any questions, please contact me at 202-317-6449, or a member of your staff may contact Phyllis T. Grimes, Director, Governmental Liaison, Disclosure and Safeguards 202-317-4202.

Attachment

Reliance on Self-Certifications Resulted in Federal Agencies Awarding Contracts and Grants to Entities With Delinquent Federal Taxes; However, the IRS Is Making Progress on Establishing the Federal Contractor Tax Check System

Attachment
TIGTA Audit # 202010006

Recommendation 1: The Deputy Commissioner for Operations Support should continue to prioritize the development of the Federal Contractor Tax Check System (FCTCS).

Corrective Action: The IRS agrees with this recommendation. IRS will continue to prioritize FCTCS application development to provide tax check functionality that determines whether or not a business entity has “seriously delinquent” tax debt.

Implementation Date: January 15, 2023

Responsible Official(s): Chief Privacy Officer (Privacy, Governmental Liaison, and Disclosure)

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Appendix VI

Glossary of Terms

Term	Definition
Appropriation	Statutory authority to incur obligations and make payments out of Department of the Treasury funds for specified purposes.
Catalog of Federal Domestic Assistance	Contains financial and nonfinancial assistance listings (grants) administered by the Federal Government. The primary purpose of the Catalog is to assist users in identifying listings that meet specific objectives of the potential applicant and to obtain general information on Federal assistance listings.
Chief Financial Officer	The individual primarily responsible for managing the financial risk of an enterprise.
Chief Information Officer	Leads the IRS Information Technology organization and advises the IRS Commissioner about information technology matters, manages all IRS information system resources, and is responsible for delivering and maintaining modernized information systems throughout the IRS.
Contract	A definite commitment that creates a legal liability of the Government for the payment of goods and services ordered or received.
Contracting Officer	An agent of the Federal Government empowered to execute contracts and obligate Government funds.
Contractor	An organization or individual external to the IRS that supplies goods and services according to a formal contract and task order.
Delinquent Tax	In this report, Federal taxes are considered delinquent if both of the following criteria apply: (i) The tax liability is finally determined. The liability is finally determined if it has been assessed and all judicial appeal rights have been exhausted. (ii) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases in which enforced collection action is precluded, such as when the taxpayer is currently making timely payments through an installment agreement accepted by the IRS.
Federal Acquisition Regulation	The primary acquisition regulation for use by all Federal executive agencies in their acquisition of supplies and services with appropriated funds.
Federal Contractor Tax Check System	An IRS-designed application that automates the rules to perform a tax check for business taxpayers and will provide an electronic tax certificate of seriously delinquent debt directly to the business taxpayer.
Federal Procurement Data System – Next Generation	An online database that is considered the single authoritative repository for Federal procurement spending data from a total of 54 Federal agencies.
Fiscal Year	Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government’s fiscal year begins on October 1 and ends on September 30.

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Term	Definition
General Services Administration	An independent agency of the Federal Government established to help manage and support the basic functioning of Federal agencies. It supplies products and services to U.S. Government offices, including real estate acquisition and facilities management.
Government Accountability Office	An independent, nonpartisan agency that works for Congress. It reports to Congress on how well Government programs and policies are meeting their objectives. It advises Congress and the heads of executive agencies about ways to make the Government more efficient, effective, ethical, equitable, and responsive.
Grant	A legal instrument of financial assistance between a Federal awarding agency and a non-Federal entity for a specified purpose that does not provide for substantial involvement between the Government and the entity while the contemplated activity is performed.
Grant Officer	Responsible for ensuring that the award conforms to the grant specifications and includes appropriate general terms and conditions and any program-specific terms and conditions needed to specify applicable administrative, national policy, and programmatic requirements.
Internal Revenue Code	The body of law that codifies all Federal tax laws, including income, estate, gift, excise, alcohol, tobacco, and employment taxes. These laws constitute Title 26 of the United States Code. The United States Code is a consolidation and codification by subject matter of the general and permanent laws of the United States.
North American Industry Classification System	Developed as the standard for use by Federal statistical agencies in classifying business establishment for the collection, analysis, and publication of statistical data related to the business economy of the United States.
Obligation	In Federal budgeting and financial management, a binding agreement that results in payment. Many actions trigger obligations, including procurements and awarding grants.
Offer	Response to a solicitation that, if accepted, would bind the offeror to perform in the resultant contract. An offeror is also known as a bidder.
Office of Management and Budget	Federal agency that oversees the preparation and administration of the Federal budget and coordinates Federal procurement, financial management, information, and regulatory policies.
Office of Privacy, Governmental Liaison and Disclosure	The IRS organization that advocates for the protection and proper use of identity information.
Office of the Chief Procurement Officer	Provides acquisition services for all business units in the IRS and other bureaus and offices within the Department of the Treasury.

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Term	Definition
Representations and Certifications	Written guarantees or the submission of documents that serve as guarantees that an applicant meets certain standards or will comply with certain Governmental acts. Once an award is made, the awardee's representations and certifications are incorporated by reference into the contract or grant.
Small Business/ Self-Employed Division	The IRS organization that services self-employed taxpayers and small businesses by educating and informing them of their tax obligations, developing educational products and services, and helping them understand and comply with applicable tax laws.
Taxpayer Identification Number	A nine-digit number assigned to taxpayers for identification purposes. Depending upon the nature of the taxpayer, it can be an Employer Identification Number, a Social Security Number, or an Individual TIN.
Taxpayer Service and Return Processing Category reports	Files created as part of the IRS's Accounts Receivable Dollar Inventory. The files identify all taxpayer accounts with a balance due and also show the collection status of the accounts.
USAspending.gov	A single, searchable website accessible to the public listing information about every Federal award. It is overseen by the Department of the Treasury and is the official source for spending data for the Federal Government. The public can follow the spending from more than 100 agencies starting from the congressional appropriations to Federal agencies and down to local communities and businesses.

Appendix VII

Abbreviations

FAR	Federal Acquisition Regulation
FCTCS	Federal Contractor Tax Check System
FPDS-NG	Federal Procurement Data System – Next Generation
GAO	Government Accountability Office
IRS	Internal Revenue Service
OMB	Office of Management and Budget
SAM	System for Award Management
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TRCAT	Taxpayer Service and Return Processing Category



**To report fraud, waste, or abuse,
call our toll-free hotline at:**

(800) 366-4484

By Web:

www.treasury.gov/tigta/

Or Write:

Treasury Inspector General for Tax Administration

P.O. Box 589

Ben Franklin Station

Washington, D.C. 20044-0589

Information you provide is confidential, and you may remain anonymous.