

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Indicators Used to Prevent Filing of Tax Returns for Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts

August 7, 2023

Report Number: 2023-40-044

HIGHLIGHTS: Indicators Used to Prevent Filing of Tax Returns for Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts

Final Audit Report issued on August 7, 2023

Report Number 2023-40-044

Why TIGTA Did This Audit

This audit was initiated because a concern was raised that the IRS was improperly locking taxpayer accounts as deceased, preventing taxpayers from filing and receiving refunds. This review evaluated the IRS's processes and procedures for ensuring the accuracy of deceased account locks.

Impact on Tax Administration

To prevent the use of a deceased individual's personal information for the purpose of filing a fraudulent tax return, the IRS developed an indicator that "locks" the decedent taxpayer's account. As of January 20, 2023, the IRS had locked 52.5 million taxpayer accounts with a deceased indicator. However, when the indicator is placed on a taxpayer's account in error, the unintended consequence is that legitimate taxpayers cannot file a tax return and receive a refund.

What TIGTA Found

Our analysis of tax account information through January 1, 2022, identified 77,868 taxpayers with potentially erroneous deceased account locks. In these instances, the Social Security Administration's (SSA) data did not indicate that the taxpayer was deceased, *i.e.*, there was no date of death present. Further analysis determined that the deceased account locks were input because of the filing of a return or other actions taken by the IRS.

The IRS confirmed that 20,222 taxpayer accounts were locked in error due to both human and computer programming issues when identifying the appropriate taxpayer accounts to be locked. TIGTA updated its analysis of deceased account locks for the period of January 2, 2022, through October 29, 2022, and found that taxpayer accounts continue to be erroneously locked. Specifically, our analysis identified an additional 14,193 taxpayer accounts that had been potentially erroneously locked during this time frame.

To address this issue, the IRS implemented new programming on January 31, 2023, to conduct an annual systemic reconciliation of the date of death information between the SSA and the IRS.

Finally, the IRS confirmed that 6,821 of 9,646 tax accounts issued a CP01H notice, *Tax Return Submitted with Locked Social Security Number*, were inappropriately locked. In these instances, the IRS could not process their tax return because of the erroneous account lock.

What TIGTA Recommended

TIGTA made seven recommendations to the IRS including to review the taxpayer accounts that TIGTA identified to determine if the deceased account lock was appropriate and take action to remove any account locks that were done in error; identify the cause of the erroneous actions that improperly locked taxpayer accounts; and update the CP01H notice to include that taxpayers can work with the IRS to resolve erroneous deceased account locks.

The IRS agreed with six recommendations. The IRS disagreed with our recommendation to update the CP01H notice stating that the notice already provides language for taxpayers to contact the IRS if assistance is needed. However, the notice instructs taxpayers to first resolve the error with the SSA. TIGTA continues to believe the IRS should clarify the notice so taxpayers are aware that they can work directly with the IRS to correct the erroneous deceased account locks.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

August 7, 2023

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

Heather Hill

FROM: Heather M. Hill
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Indicators Used to Prevent Filing of Tax Returns for Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts (Audit # 202240026)

This report represents the results of our review to evaluate the Internal Revenue Service's (IRS) processes and procedures for ensuring the accuracy of deceased account locks. This review is part of our Fiscal Year 2023 Annual Audit Plan and addresses the major management and performance challenge of *Improving Taxpayer Service*.

Management's complete response to the draft report is included as Appendix III. If you have any questions, please contact me or Diana M. Tengesdal, Assistant Inspector General for Audit (Returns Processing and Account Services).

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Background

To prevent the use of a deceased individual's personal information for the purpose of filing a fraudulent tax return, the Internal Revenue Service (IRS) developed a special indicator to place on a decedent's tax account. This indicator "locks" the decedent taxpayer's account. Thus, if an attempt is made to file a tax return using the decedent's Taxpayer Identification Number (generally a Social Security Number), the tax return will either be rejected (if electronically filed) or prevented (if paper-filed) from posting to the Master File. In addition, the IRS will issue a CP01H notice, *Tax Return Submitted with Locked Social Security Number (SSN)*, to the deceased individual's last known address. This notice advises that the tax return could not be processed because the IRS's records indicate that the primary or secondary taxpayer was deceased prior to the tax year of the filed return.

As of January 20, 2023, the IRS had locked 52.5 million taxpayer accounts with a deceased indicator. The IRS identifies deceased individuals through various sources including the following:

- **Social Security Administration (SSA) Updates:** The IRS receives a weekly update file from the SSA that contains name controls, Taxpayer Identification Numbers, and whether a taxpayer is deceased.
- **Collection Actions:** The IRS's Collection function can identify that a taxpayer is deceased during its collection activities.
- **Filing of a Return:** The IRS can identify a taxpayer is deceased when a final return with a date of death is processed.
- **Accounts Management:** The IRS's Accounts Management function can identify that a taxpayer is deceased while resolving taxpayer account issues.
- **Other Methods:** The IRS can identify deceased taxpayers through other methods, such as audit activities or taxpayer responses to notices.

We received a referral expressing concern that a taxpayer was not getting Economic Impact Payments because the IRS showed the taxpayer as deceased. Improperly locking taxpayer accounts as deceased prevents taxpayers from filing their tax returns and receiving refunds. This concern was raised during the COVID-19 pandemic, when the IRS was providing related relief to taxpayers through the issuance of Economic Impact Payments.¹ Taxpayers who were eligible to receive an Economic Impact Payment but did not otherwise have a Federal tax return filing requirement needed to file a tax return or submit information using the non-filers tool on the IRS's website to receive their payment.

¹ The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub. L. No. 116-136, 134 Stat. 281 (2020) (codified as amended in scattered sections of 2, 5, 12, 15, 20, 21, 29, 42, and 45 U.S.C.), authorized the IRS to make an advance payment of the Recovery Rebate Credit to eligible individuals. This advance payment is referred to as the Economic Impact Payment.

Results of Review

Indicators Used to Prevent Filing of Tax Returns for Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts

Our analysis of Master File information through January 1, 2022, identified 77,868 taxpayers with potentially erroneous deceased account locks. In these instances, the SSA's data indicated that the taxpayer was not deceased, *i.e.*, there was no date of death present. Further analysis determined that these potentially erroneous deceased account locks were input as a result of:

- The filing of a tax return or other actions taken by the IRS on the taxpayer's account (76,766 taxpayers).
- The result of IRS collection actions (1,102 taxpayers).

In addition, 9,646 (12 percent) of 77,868 taxpayers were issued a CP01H notice indicating that the IRS could not process their tax return because of the account lock. Although the deceased account lock is designed to prevent the filing of fraudulent tax returns, when there is an error, the unintended consequence is that legitimate taxpayers cannot file a tax return and receive a refund. These errors increase taxpayers' burden to get the matter resolved as well as the IRS's workload due to the receipt of additional telephone calls or correspondence from taxpayers.

Recommendation 1 (E-Mail Alert): Between February 23, 2022, and March 30, 2022, we alerted IRS management to our concerns and recommended that the Commissioners, Small Business/Self-Employed and Wage and Investment Divisions, review the 77,868 taxpayer accounts that we identified as having a potential erroneous account lock; determine if the deceased account lock was appropriate; and where the account lock was not appropriate, take the appropriate steps to update/correct these accounts including contacting the taxpayer.

Management's Response to Alert: The IRS agreed with our recommendation and reviewed the taxpayer accounts. The IRS confirmed that 20,222 (26 percent) of the 77,868 taxpayer accounts with the deceased lock were erroneously locked and it needed to take actions to correct the taxpayers' accounts. The IRS indicated that the remaining 57,646 (74 percent) were appropriately locked.

Management noted that taxpayer accounts were improperly locked because of both human and computer programming issues when identifying the appropriate taxpayer account to be locked. We evaluated the IRS's actions to correct the 20,222 erroneously locked accounts and found that the IRS has corrected all but 63 taxpayer accounts.

We also evaluated the IRS's rationale for the remaining 57,646 and agree that these taxpayer accounts should remain locked. The IRS noted these accounts should remain locked due to reasons such as, information returns, *e.g.*, Form 1099 series, have not been filed in years for the accounts, and no tax returns were filed on some of these accounts in five or more years.

Recommendation 2: The Commissioner, Wage and Investment Division, should review the unresolved 63 accounts to ensure removing the account lock is appropriate, and take the appropriate steps to update/correct these accounts.

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Management's Response: IRS management agreed with the recommendation and is researching the 63 accounts to determine why the transactions to release the decedent lock were not accepted for posting by the Master File. If removing the account lock is appropriate, the IRS will resubmit the transaction to release the lock.

Taxpayer accounts continue to be erroneously locked

We updated our analysis of deceased account locks for the period of January 2, 2022, through October 29, 2022, and identified an additional 14,193 taxpayer accounts with potentially erroneous deceased account lock indicators. Like the results from our original analysis, there was no date of death present for these taxpayers in the SSA's data. These deceased account locks were placed on the accounts due to either the filing of a tax return or other actions taken by the IRS. Moreover, 632 (4 percent) of these 14,193 accounts were issued a CP01H notice.

On February 8, 2023, we provided IRS management with information relating to the 14,193 taxpayer accounts and requested they take appropriate action to update/correct these accounts, as appropriate. Although the IRS is still reviewing these accounts, management acknowledged that solutions are needed to prevent IRS employees from continuing to make these errors.

The Commissioner, Wage and Investment Division, should:

Recommendation 3: Review the 14,193 taxpayer accounts that we identified as having a potential erroneous account lock; determine if the deceased account lock was appropriate; and where the account lock was not appropriate, take the appropriate steps to update/correct these accounts.

Management's Response: IRS management agreed with the recommendation and is reviewing the 14,193 additional accounts and will take action to release those found to have been locked in error or where subsequent information has been received that warrants release of the lock.

Recommendation 4: Evaluate the taxpayer accounts that were improperly locked to identify the cause of the erroneous actions and provide clarification and/or training to eliminate or reduce further input of erroneous actions.

Management's Response: IRS management agreed with the recommendation and has reviewed the accounts provided to them. Their review identified a mix of employee and taxpayer errors as the primary causes of the accounts locked in error. Upon completion of their analysis, the findings will be shared with the affected internal stakeholders to develop appropriate training, procedural guidance, and take other appropriate action.

Programming changes may help ensure that taxpayer accounts are appropriately locked

On January 31, 2023, the IRS implemented new programming to conduct an annual systemic reconciliation of the date of death information between the SSA and the IRS. The IRS receives an annual comprehensive file from the SSA in June which contains the complete date of death data. Once received, the IRS plans to run the new programming to complete a comparison of the SSA file to its date of death information and update IRS records accordingly. If during the annual reconciliation process an account has a date of death in the IRS's system, but it is not

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present in the SSA's data, a report will be generated for manual review to determine if account corrections are needed.

Recommendation 5: The Commissioner, Wage and Investment Division, should ensure that the new programming is working as intended.

Management's Response: IRS management agreed with the recommendation and on June 8, 2023, the Information Technology organization confirmed the annual SSA Date of Death refresh file containing 139,075,215 records had processed successfully. The programming, implemented in January 2023, identified 4,852 records for review. These accounts will be considered as the IRS completes its analysis and evaluation, and appropriate action will be taken when warranted.

Notice Associated With Potentially Deceased Taxpayers Should Be Updated

As previously discussed, 9,646 taxpayers, through January 1, 2022, were issued a CP01H notice indicating that the IRS could not process their tax return because the primary or secondary taxpayer was deceased. IRS management confirmed that 6,821 (71 percent) of these 9,646 accounts were inappropriately locked. As a result, the IRS did not process one or more returns for these taxpayers.

Our updated analysis for January 2, 2022, through October 29, 2022, identified an additional 632 taxpayer accounts that may have been erroneously locked and who also received a CP01H notice. As of April 12, 2023, the IRS was in the process of reviewing these accounts to determine if the lock was appropriate.

The CP01H notice states that if the taxpayer received this notice in error, they must contact the SSA to correct the situation. After the error is corrected, the taxpayer must provide the following information to the IRS:

- A copy of the CP01H notice.
- A written request to unlock the account.
- Proof of identity, *e.g.*, passport, driver's license, social security card, other valid Federal or State Government issued identification.
- Tax return with original signatures.

Our review identified accounts in which the SSA data did not have a date of death, but the taxpayer's tax account was still locked. As a result, the CP01H notice is placing an undue burden on taxpayers to try and resolve the issue with the SSA, when the error may be due to actions taken by the IRS. In our discussions with IRS management, they noted that even if the deceased lock was placed erroneously on an account by the IRS, the taxpayer will still have to follow the authentication procedures listed in the notice. Specifically, they need to confirm that the attempt to file the tax return was legitimate and not a potentially fraudulent attempt to file a tax return. In addition, the IRS explained that due to system constraints, it would be very difficult for tax examiners to identify the source of the error and correct the taxpayer account without the full authentication procedures, *i.e.*, proof of identity.

Because the errors are not solely attributable to information received from the SSA, we believe that a process is needed for taxpayers to resolve erroneous deceased account locks with the IRS

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without first requiring the taxpayer to contact the SSA. This would allow the IRS to determine if the erroneous lock was due to an IRS error and work directly with the taxpayer and the SSA, if necessary, to resolve the issue.

The Commissioner, Wage and Investment Division, should:

Recommendation 6: Develop procedures and training for tax examiners to identify erroneously locked accounts due to an IRS error and to assist taxpayers in the resolution of these accounts.

Management's Response: IRS management agreed with the recommendation and the IRS updated internal guidance on May 31, 2023, to clarify instructions for employees when addressing inconsistencies between tax returns and date of death information available on its processing system. In addition, training guides are being updated for use by the Error Resolution function in preparation for the 2024 Filing Season.

Recommendation 7: Update the CP01H notice to include that the taxpayer can work with the IRS to resolve the deceased account lock issue.

Management's Response: IRS management disagreed with the recommendation and does not plan to update the CP01H notice. The notice already provides the actions to take if an account has been locked in error and includes language that taxpayers should not hesitate to contact the IRS if assistance is needed.

Office of Audit Comment: While the CP01H notice indicates that taxpayers can contact the IRS if they need assistance, the notice still requires the taxpayer to first resolve the error with the SSA. We continue to believe the IRS should clarify the notice to ensure that taxpayers are aware they can work directly with the IRS to correct an erroneous deceased account lock.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the IRS's processes and procedures for ensuring the accuracy of deceased account locks. To accomplish our objective, we:

- Reviewed procedures used to lock deceased taxpayer accounts.
- Identified the population of taxpayers who received a deceased account lock on their account as of October 29, 2022, and how the lock was put on the account.
- Determined if the IRS implemented computer programming to fix mismatches between the date of death on the Master File with the date of death on the National Account Profile.

Performance of This Review

This review was performed with information obtained from the IRS Small Business/Self-Employed Division, Collection Operations function, in Holtsville, New York, and Wage and Investment Division, Operation Support function, in Atlanta, Georgia, during the period January 2022 through April 2023. 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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major contributors to the report were Diana Tengesdal, Assistant Inspector General for Audit (Returns Processing and Account Services); Darryl Roth, Director; Nina Hill, Audit Manager; and Tanya Boone, Lead Auditor.

Validity and Reliability of Data From Computer-Based Systems

We performed tests to assess the reliability of data extracts from the IRS's Individual Master File and the National Account Profile table that were available on the Treasury Inspector General for Tax Administration's Data Center Warehouse. We ensured that each file contained the specific data elements relevant to our review. We selected random samples from each extract and verified that the data in the extracts were the same as the data captured in the Integrated Data Retrieval System. We determined that the data were sufficiently reliable for 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 objective: procedures and processes followed when locking and unlocking deceased accounts. We evaluated these controls by

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reviewing the Internal Revenue Manual, meeting with IRS management, and reviewing relevant documentation and data provided by the IRS.

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Actual; 20,222 taxpayer accounts with erroneous deceased account locks (see Recommendation 1).

Methodology Used to Measure the Reported Benefit:

We identified 77,868 taxpayer accounts with a deceased lock and SSA's data indicated that the taxpayer was not deceased, *i.e.*, there was no date of death present. IRS management determined that 20,222 (26 percent) of 77,868 taxpayer accounts were erroneously locked through January 1, 2022.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 3,690 taxpayer accounts with erroneous deceased account locks (see Recommendation 3).

Methodology Used to Measure the Reported Benefit:

We identified 14,193 taxpayer accounts with a deceased lock in which the SSA's data indicated that the taxpayer was not deceased, *i.e.*, there was no date of death present. We estimate that 3,690 (26 percent) of 14,193 taxpayer accounts with a deceased lock were erroneously locked during January 2, 2022, through October 29, 2022. We based our estimate on IRS management's review of the potential erroneously locked accounts we identified through January 1, 2022, which confirmed that 20,222 (26 percent) of 77,868 were erroneously locked.

Type and Value of Outcome Measure:

- Taxpayer Rights and Entitlements – Potential; 7,270 taxpayers with tax returns that were prevented from processing due to erroneous deceased account locks (see Recommendation 7).

Methodology Used to Measure the Reported Benefit:

Our analysis identified 9,646 taxpayers, through January 1, 2022, that were issued a CP01H notice indicating that the IRS could not process their tax return because the primary or secondary taxpayer was deceased. IRS management confirmed that 6,821 (71 percent) of these 9,646 accounts were inappropriately locked. Additionally, we identified 632 taxpayer accounts from January 2, 2022, through October 29, 2022, that may have been erroneously locked who also received a CP01H notice. We estimate that 449 (71 percent) of the 632 taxpayer accounts were inappropriately locked. This results in a potential 7,270 (6,821 + 449) taxpayer accounts impacted.

Management's Response to the Draft Report



COMMISSIONER
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

June 27, 2023

MEMORANDUM FOR HEATHER M. HILL
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kenneth C. Corbin Kevin M. Morehead Digitally signed by Kevin M. Morehead
Date: 2023.06.27 14:13:41 -04'00'
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – Indicators Used to Prevent Filing of Tax Returns for Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts (Audit # 202240026)

Thank you for the opportunity to review and comment on the subject draft report. Early in the last decade, bad actors lured by the increasing availability of refundable tax credits disbursed through the tax system, and using the stolen identities of individual victims, exponentially increased the rate of identity theft-related refund fraud. Deceased individuals, whose names and Social Security Numbers were improperly obtained by the fraudsters, represented a significant portion of the identity theft victims. In 2012, we implemented programming changes that effectively stopped the payment of refunds on fraudulent claims made using decedent accounts.

When information is obtained that indicates an individual is deceased, their account is updated to reflect that status and an indicator is applied that will prevent tax returns from posting to the account if the tax year of the return is later than the year of death. Returns filed electronically that meet this condition are rejected at the time of submission and a notification is sent by email informing of the rejection. A paper return meeting the condition will not be allowed to complete processing and a CP01H notice, *Tax Return Submitted With Locked Social Security Number (SSN)*, will be mailed to the return address. Guidance is provided on steps to take if it is believed the account has been locked in error.

The majority of decedent accounts are identified through information obtained from the Social Security Administration (SSA); however, if a death has not been reported to the SSA, the account will not show a date of death. Due to systemic limitations, a correction of a previously reported date of death by the SSA may not systemically clear the decedent indicator from the account if the update is not received within 18 months of the

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original notification. Decedents may also be identified when a final return is filed by their heirs or estates, or through other interactions in the normal course of tax administration.

Recognizing that errors can occur, our employees are empowered to remove the account lock when an individual has authenticated themselves as the legitimate taxpayer. Each year, we receive a file from the SSA containing a complete list of accounts for which a date of death is available in their records. Programming was implemented in January 2023 that compares this file to the information in our system and generates a report of accounts for which there is no SSA date of death, but a date is present in the IRS records. This list will be reviewed to identify for correction accounts that are likely to have been erroneously locked.

Attached is a detailed response with our planned corrective actions to your recommendations. If you have any questions, please contact me, or a member of your staff may contact Karen Truss, Director, Operations Support, Wage and Investment Division, at 470-639-3459.

Attachment

**Indicators Used to Prevent Filing of Tax Returns for
Deceased Taxpayers Were Incorrectly Placed on Some Taxpayer Accounts**

Attachment

Recommendation

RECOMMENDATION 1 (E-Mail Alert)

Between February 23, 2022, and March 30, 2022, we alerted IRS management to our concerns and recommended that the Commissioners, Small Business/Self-Employed and Wage and Investment Divisions, review the 77,868 taxpayer accounts that we identified as having a potential erroneous account lock; determine if the deceased account lock was appropriate; and where the account lock was not appropriate, take the appropriate steps to update/correct these accounts including contacting the taxpayer.

CORRECTIVE ACTION

We reviewed the list of identified accounts. Action was taken on 20,222 to release the decedent lock on those accounts where it was found to have been set in error or had not been released when corrected information became available.

IMPLEMENTATION DATE

Implemented

RESPONSIBLE OFFICIAL

Director, Business Technology Operations, Operations Support, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 2

The Commissioner, Wage and Investment Division, should review the unresolved 63 accounts to ensure removing the account lock is appropriate, and take the appropriate steps to update/correct these accounts.

CORRECTIVE ACTION

We are researching the 63 accounts to determine why the transactions to release the decedent lock were not accepted for posting by the Master File. Some account conditions, such as freezes set by the Criminal Investigation organization, prevent account changes. The transactions will be resubmitted for any account not affected by such a condition.

IMPLEMENTATION DATE

December 15, 2023

RESPONSIBLE OFFICIAL

Director, Business Technology Operations, Operations Support, Wage and Investment Division

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CORRECTIVE ACTION MONITORING PLAN

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

Recommendations

The Commissioner, Wage and Investment Division, should:

RECOMMENDATION 3

Review the 14,193 taxpayer accounts that we identified as having a potential erroneous account lock; determine if the deceased account lock was appropriate; and where the account lock was not appropriate, take the appropriate steps to update/correct these accounts.

CORRECTIVE ACTION

We are reviewing the 14,193 additional accounts and will take action to release those found to have been locked in error or where subsequent information has been received that warrants release of the lock.

IMPLEMENTATION DATE

December 15, 2023

RESPONSIBLE OFFICIAL

Director, Business Technology Operations, Operations Support, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

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

RECOMMENDATION 4

Evaluate the taxpayer accounts that were improperly locked to identify the cause of the erroneous actions and provide clarification and/or training to eliminate or reduce further input of erroneous actions.

CORRECTIVE ACTION

Our review of the accounts provided by the audit team is indicating a mix of employee error and taxpayer error as the primary causes of accounts locked in error. Upon completion of our analysis, the findings will be shared with the affected internal stakeholders to develop appropriate training, procedural guidance, and take other appropriate action.

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IMPLEMENTATION DATE

January 15, 2024

RESPONSIBLE OFFICIAL

Director, Business Technology Operations, Operations Support, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

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

Recommendation

RECOMMENDATION 5

The Commissioner, Wage and Investment Division, should ensure that the new programming is working as intended.

CORRECTIVE ACTION

On June 8, 2023, the Information Technology organization confirmed the annual Social Security Administration Date of Death refresh file, containing 139,075,215 records, had processed successfully. The programming implemented in January 2023 identified 4,852 records for review. These accounts will be considered as we complete our analysis and evaluation, and appropriate action will be taken when warranted.

IMPLEMENTATION DATE

December 15, 2023

RESPONSIBLE OFFICIAL

Director, Business Technology Operations, Operations Support, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

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

Recommendations

The Commissioner, Wage and Investment Division, should:

RECOMMENDATION 6

Develop procedures and training for tax examiners to identify erroneously locked accounts due to an IRS error and to assist taxpayers in the resolution of these accounts.

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CORRECTIVE ACTION

In response to preliminary findings from our analysis, Internal Revenue Manual 3.12.3.7.3.3, Correction Procedures (EC 052), was updated on May 31, 2023, to clarify instructions for employees when addressing inconsistencies between tax returns and date of death information available on our processing system. Training guides are also being updated for use by the Error Resolution function in preparation for the 2024 filing season.

IMPLEMENTATION DATE

January 15, 2024

RESPONSIBLE OFFICIAL

Director, Submission Processing, Customer Account Services, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

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

RECOMMENDATION 7

Update the CP01H notice to include that the taxpayer can work with the IRS to resolve the deceased account lock issue.

CORRECTIVE ACTION

We do not plan to update the CP01H notice, *Tax Return Submitted With Locked Social Security Number (SSN)*. The majority of the notices are sent because taxpayer accounts are appropriately locked. It already provides the actions to take if an account has been locked in error and includes language that taxpayers should not hesitate to contact us if assistance is needed. The notice provides both an address and telephone number for inquiries or requests for assistance.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A

Glossary of Terms

Term	Definition
Data Center Warehouse	A collection of IRS databases containing various types of taxpayer accounts and IRS and Treasury Inspector General for Tax Administration (TIGTA) employee information that is maintained by TIGTA for the purpose of analyzing data for ongoing audits.
Integrated Data Retrieval System	IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.
Master File	The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.
National Account Profile	A compilation of selected entity data from various IRS Master Files that also includes data from the Social Security Administration.
Social Security Administration	An agency of the Federal Government that assigns Social Security Numbers and administers the Social Security retirement, survivors, and disability insurance programs.
Social Security Number	A nine-digit number issued to an individual by the Social Security Administration. The IRS uses this number to process tax documents and returns.

Abbreviations

IRS	Internal Revenue Service
SSA	Social Security Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at www.tigta.gov or via e-mail at
oi.govreports@tigta.treas.gov.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

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