

Treasury Inspector General for Tax Administration
SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2018 – MARCH 31, 2019



Internal
Revenue
Service
Building

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION (TIGTA)

TIGTA's VISION

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

TIGTA's MISSION

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

TIGTA's CORE VALUES

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

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

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

Value Employees – Respect the dignity, contributions, and work-life balance of our employees, and recognize diversity as fundamental to the strength of our organization.

Commitment to Collaboration – Establish and maintain collaborative and professional relationships with other Government and non-Government stakeholders.

Treasury Inspector General for Tax Administration
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Inspector General's Message to Congress

I am pleased to submit this Semiannual Report to Congress, summarizing the accomplishments of the Treasury Inspector General for Tax Administration (TIGTA) during the period October 1, 2018 through March 31, 2019. This report highlights a number of the notable audits, investigations, and inspections and evaluations performed by TIGTA in this reporting period, as we continue to carry out our mission of providing oversight of the Internal Revenue Service (IRS) and protecting the integrity of Federal tax administration.

During this reporting period, TIGTA's Office of Audit has completed 20 audits, and its Office of Investigations has completed 1,068 investigations. In addition, TIGTA's combined audit and investigative efforts have resulted in the recovery, protection, and identification of monetary benefits totaling more than \$1.4 billion.



January 2019 marked the 20th anniversary of TIGTA's establishment as an independent organization. In July of 1998, Congress approved and the President signed into law the IRS Restructuring and Reform Act of 1998. In January 1999, TIGTA became operational as a newly formed Office of Inspector General, and for 20 years now it has faithfully served the American people by providing fair, effective, and efficient oversight of the IRS and the Nation's tax administration system. I am confident that TIGTA will continue to successfully carry out its mission in 2019 and beyond.

As a result of the changes in the tax law contained in the Tax Cuts and Jobs Act of 2017 (TCJA), the 2019 Tax Season would have been extremely challenging to the IRS even without the IRS's lapse in appropriations that began just before the start of the new tax season. However, the effects of the partial Government shutdown and of the IRS employee furlough made the situation considerably more difficult. TIGTA will be monitoring the effects of the lapse in appropriations on the IRS's performance during this tax season and will report their impact, if any, later in the year.

TIGTA has identified the implementation of the TCJA and other recent tax law changes, as well as security over taxpayer data and protection of IRS resources, as among the IRS's most important management and performance challenges of Fiscal Year 2019. Consequently, this report contains the details of audits conducted by TIGTA in each of these areas during this reporting period.

As always, I am proud of TIGTA's continuing efforts to ensure the fair and impartial administration of our Nation's tax system. We will continue to work tirelessly, together with Congress, the Administration, and the IRS to promote integrity, economy, and efficiency in the administration of Federal tax laws and regulations.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George".

J. Russell George
Inspector General

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TIGTA's Profile

The Treasury Inspector General for Tax Administration (TIGTA) provides audit, investigative, and inspection and evaluation services that promote economy, efficiency, and integrity in the administration of the Internal Revenue laws. TIGTA also provides independent oversight of matters of the Department of the Treasury (Department or Treasury Department) involving activities of the Internal Revenue Service (IRS), the IRS Oversight Board, and the IRS Office of Chief Counsel. Although TIGTA is placed organizationally within the Treasury Department and reports to the Secretary of the Treasury and to Congress, it functions independently from all other offices and bureaus within the Department.

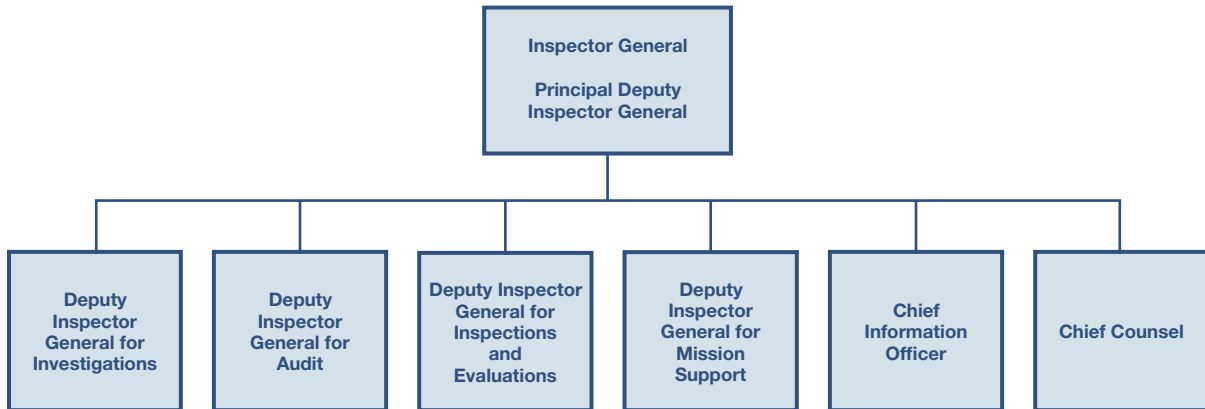
TIGTA oversees all aspects of activity related to the Federal tax system as administered by the IRS. TIGTA protects the public's confidence in the tax system by identifying and recommending strategies for addressing the IRS's management challenges and implementing the priorities of the Treasury Department.

TIGTA's organizational structure (see following page) is comprised of the Office of the Inspector General and six functional offices: the Office of Investigations; the Office of Audit; the Office of Inspections and Evaluations; the Office of Mission Support; the Office of Information Technology; and the Office of Chief Counsel.

Statutory Mandate

- **Protect** against IRS employee improprieties and external attempts to corrupt or threaten IRS employees.
- **Provide** policy direction and conduct, supervise, and coordinate audits and investigations related to IRS programs and operations.
- **Review** existing and proposed legislation and regulations related to IRS programs and operations and make recommendations concerning the impact of such legislation or regulations.
- **Promote** economy and efficiency in the administration of tax laws.
- **Prevent** and detect waste, fraud, and abuse in IRS programs and operations.
- **Inform** the Secretary of the Treasury and Congress of problems and deficiencies identified and of progress made in resolving them.

Organizational Structure



Authorities

TIGTA has all of the authorities granted under the Inspector General Act of 1978, as amended (Inspector General Act).¹ In addition to the standard authorities granted to Inspectors General, TIGTA has access to tax information in the performance of its tax administration responsibilities. TIGTA also reports potential criminal violations directly to the Department of Justice (DOJ) when TIGTA deems that it is appropriate to do so. TIGTA and the Commissioner of Internal Revenue (Commissioner or IRS Commissioner) have established policies and procedures delineating responsibilities to investigate potential criminal offenses under the Internal Revenue laws. In addition, the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98)² amended the Inspector General Act to give TIGTA the statutory authority to carry firearms, execute search and arrest warrants, serve subpoenas and summonses, and make arrests as set forth in Internal Revenue Code (I.R.C.) § 7608(b)(2).

¹ 5 U.S.C. app. (2012 & Supp. IV 2017).

² Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C. (2012)).

Promote the Economy, Efficiency, and Effectiveness of Tax Administration

TIGTA's Office of Audit strives to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

The IRS's implementation of audit recommendations results in:

- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

Each year, TIGTA identifies and addresses the IRS's major management and performance challenges. The Office of Audit places audit emphasis on statutory coverage required by RRA 98 and other laws, as well as areas of concern to Congress, the Secretary of the Treasury, the Commissioner of the IRS, and other key stakeholders.

Audit Emphasis Areas for October 2018 Through March 2019

- Security Over Taxpayer Data and Protection of IRS Resources
- Implementing the Tax Cuts and Jobs Act and Other Tax Law Changes
- Identity Theft and Impersonation Fraud
- Improving Tax Reporting and Payment Compliance
- Achieving Program Efficiencies and Cost Savings

The following summaries highlight significant audits completed in each area of emphasis during this six-month reporting period:

Security Over Taxpayer Data and Protection of IRS Resources

Actions Were Not Always Taken to Protect Taxpayers Associated With Reported External Data Breaches

Identity thieves continue to conduct increasingly sophisticated fraud schemes, using stolen tax information from employers and tax return preparers to file fraudulent returns that often mirror the actual taxpayers' returns. To assist taxpayers and help protect them from tax-related identity theft, the IRS must distinguish the identity thieves' tax returns from returns filed by taxpayers. This audit was initiated to assess the effectiveness of the IRS's assistance to victims of external data breaches.

In response to the increasing number of data breaches, the IRS has taken many actions to inform external stakeholders about how to protect taxpayer information, as well as actions to take if a data breach occurs. For example, the IRS developed and released tax tips, alerts, and news releases on its public website to educate stakeholders and the public about safeguarding taxpayer information and the actions they should take if their systems are subjected to a data breach.

For Calendar Year (CY) 2017, the IRS's Return Integrity and Compliance Services (RICS) organization recorded 730 external data breaches on its Incident Management Tracker Matrix. However, our review found that RICS analysts failed to record and monitor 89 data breaches of external entities that were reported to the IRS. For 70 of these incidents, the RICS analysts failed to request that the external entity provide the IRS with a list of stolen client Taxpayer Identification Numbers (TIN). The analysts should have also recorded these incidents on the tracker. In another four data breaches, the external entity declined to provide a TIN list. For these breaches, RICS analysts did not attempt to create a list of stolen TINs, as required.

For 15 of the data breaches, the external entity provided a TIN list. However, the RICS analysts neglected to record the incidents on the Incident Management Tracker Matrix. As a result, 11,406 Social Security Numbers (SSN) associated with these breaches were not added to the IRS's Dynamic Selection List (DSL) to protect taxpayers from tax-related identity theft. In 79 of these cases, the taxpayers had already experienced the burden of identity thieves' having used their SSNs to file fraudulent Tax Year (TY) 2016 or 2017 returns.

TIGTA's review also found that RICS analysts did not add to the DSL all of the TINs associated with 105 external data breach incidents recorded on the Incident Management Tracker Matrix in CY 2017, as they were required to do.

TIGTA recommended that the IRS:

- Record the 89 data breaches found by TIGTA not to have been recorded and monitored by RICS on the Incident Management Tracker Matrix and apply the appropriate treatment;
- Develop procedures to ensure that all reported data breaches are added to the Incident Management Tracker Matrix and ensure that RICS analysts add reported TINs to the DSL, if appropriate;
- Research the TINs that TIGTA identified as potentially not having been included on the DSL and add them, as appropriate; and

- Add to the DSL the TINs that TIGTA identified as missing, to allow detection of potential identity-theft returns filed using the TINs.

IRS management agreed with all of TIGTA's recommendations.

Reference No. 2019-40-010

Implementing the Tax Cuts and Jobs Act and Other Tax Law Changes

Tax Cuts and Jobs Act: Implementation of the Qualified Business Income Deduction

The Tax Cuts and Jobs Act of 2017 (TCJA)³ includes I.R.C. § 199A, which provides individuals with a new tax deduction for qualified business income. Section 199A provides a deduction from taxable income of up to 20 percent for an individual's domestic qualified business income. The IRS estimates that almost 24 million taxpayers may be eligible to claim the deduction. In addition, the Joint Committee on Taxation estimates a reduction in tax from this provision of \$27.7 billion in Fiscal Year (FY) 2018 and \$47.1 billion in FY 2019, and totaling \$414.5 billion over FYs 2018 through 2027. This review was part of TIGTA's overall audit strategy of assessing the IRS's implementation of the TCJA. We performed this separate review of the IRS's implementation of the § 199A Qualified Business Income Deduction because of its complexities and its impact on taxpayers.

The IRS took proactive steps to implement the Qualified Business Income Deduction, including establishing an implementation team, creating an action plan, and developing a communication strategy. However, IRS management indicated that, due to the timing of the release of guidance, the IRS was unable to develop a tax form for the deduction. A separate tax form would allow the IRS to capture data to assist in evaluating compliance with the deduction requirements. The IRS could use information from a form to improve systemic identification of erroneous deduction amounts. As an alternative, the IRS developed a worksheet to assist taxpayers with calculating the Qualified Business Income Deduction because this would not require the programming needed to develop a new form. The IRS is not requiring the worksheet to be attached with the taxpayer's filed tax return in support of the deduction.

TIGTA made three recommendations in this report. IRS management agreed with all of the recommendations and plans to take appropriate corrective actions.

Reference No. 2019-44-022

³ Pub. L. No. 115-97. Officially known as "An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for Fiscal Year 2018."

Identity Theft and Impersonation Fraud

Partnership With State and Industry Leaders Is a Key Focus in Further Reducing Tax-Related Identity Theft

Identity-theft tax refund fraud occurs when an individual uses another person's name and TIN to file a fraudulent tax return. In its most recent Identity Theft Taxonomy report for Processing Year (PY) 2016, the IRS estimated that it has prevented the issuance of between \$10.56 billion and \$10.61 billion in fraudulent tax refunds. However, the IRS also reported that identity thieves had obtained an estimated \$1.68 billion to \$2.31 billion in fraudulent tax refunds.

This audit was initiated to assess the effectiveness of the IRS's ongoing efforts to detect and prevent tax-related identity theft, measure undetected identity theft, and coordinate identity-theft information with other Government agencies and tax industry partners.

The IRS continues to expand its efforts to detect and prevent identity theft. For PY 2018, the IRS used 200 identity-theft filters to identify potentially fraudulent tax returns as they are filed and prior to issuance of a refund. As of December 31, 2017, the IRS had identified 652,119 fraudulent returns and prevented more than \$7.2 billion in fraudulent tax refunds as a result of these filters.

In addition, the IRS is continuing to work with the Security Summit⁴ to explore programs and processes to improve the sharing of identity-theft information, in an effort to further improve the detection and prevention of tax related identity theft through the Identity Theft Tax Refund Fraud Information Sharing and Analysis Center (ISAC). The IRS and its partners launched the ISAC as a pilot program in January 2017.

According to the April 2018 *Identity Theft Tax Refund Fraud ISAC Annual Report*, participation in the ISAC had increased from 18 participating organizations in CY 2017 to 60 participating organizations and more than 400 registered users in CY 2018. The report also stated that alert and data contributions by participating organizations had increased by more than six times since January 2017.

The IRS developed additional filters in response to TIGTA's recommendations to improve the detection of fraudulent tax returns that include Schedule C, *Profit or Loss From Business (Sole Proprietorship)*, and to improve the detection of income and foreign addresses. However, because of programming errors and the use of a dollar tolerance, these filters failed to identify 28,092 potentially fraudulent tax returns with refunds totaling more than \$4.4 million. Finally, the IRS began the Form W-2, *Wage and Tax Statement*, Verification Code initiative in PY 2016 as a pilot program, but IRS management informed TIGTA that PY 2018 was the last year in which it will operate as a pilot program. However, recently adopted legislation,⁵ as well as significant payroll provider data breaches, warrant

4 The Security Summit convened in CY 2015 and includes IRS officials, representatives from State Departments of Revenue, the chief executive officers of leading tax preparation firms, software developers, and payroll and tax financial product processors.

5 Consolidated Appropriations Act of 2016, Pub. L. No. 114-113, 129 Stat. 2242 (2015).

ensuring that the Verification Code initiative continues to have a business value before the IRS expands the program.

TIGTA recommended that the IRS revise identity-theft detection filters to eliminate specific dollar tolerances and ensure that the reduction in the risk of tax-related identity theft warrants full implementation of the Form W-2 Verification Code Program. The IRS disagreed with one of TIGTA's two recommendations, because it does not believe that eliminating the dollar tolerances from filters would be a wise use of its resources. TIGTA believes that, at a minimum, the IRS should consider reducing the dollar tolerance to reduce the known risk in this area.

Reference No. 2019-40-012

Improving Tax Reporting and Payment Compliance

Significant Quality Issues Are Being Identified on Employee Plans Examinations, but Feedback Is Not Always Provided to Examiners

According to the Department of Labor, there were more than 693,000 employer-sponsored retirement plans with reported assets of more than \$8 trillion in Plan Year⁶ 2015. During FYs 2015 and 2016, the Tax Exempt and Government Entities (TE/GE) Division reported that its Employee Plans (EP) function completed nearly 17,000 examinations of employer-sponsored retirement plans. It is important that quality examinations are performed to increase assurances that millions of plan participants will receive their promised retirement benefits.

This audit was initiated to assess how the TE/GE Division selects EP function examination cases for quality review, documents results, and provides feedback to employees performing examinations.

During FYs 2015 and 2016, the TE/GE Division met its statistical sampling goals by selecting and quality reviewing more than 700 EP function examinations. Detailed results for more than 30 of the questions relating to the five quality standards were documented. As a result, the TE/GE Division was able to compute an overall examination quality rate of approximately 80 percent for each fiscal year and to provide continual feedback to IRS executives on the quality of EP function examinations. The TE/GE Division also provided indirect feedback to examiners through quarterly newsletters, lunch and learn sessions, and other methods.

However, the TE/GE Division generally did not provide direct feedback to responsible individual examiners and group managers on the results of quality reviews. We believe that additional feedback was needed because some quality issues were more prevalent for particular examiners and groups. In addition, serious quality issues were identified that were not detected during managerial reviews, suggesting that the TE/GE Division is not providing effective and timely feedback, which is key to improving employee performance.

TE/GE Division personnel stated that they were not providing this type of feedback because quality review processes were primarily designed to compile aggregate results on the quality of examinations and to ensure that the examination program is meeting performance goals. As a result, individual examiners were unaware of quality issues identified on the examinations that they conducted, and such feedback may not improve examination quality.

⁶ A 12-month period designated by a retirement plan for calculating vesting and eligibility, among other things. The plan year can be the calendar year or an alternative period, for example July 1 to June 30.

TIGTA recommended that the IRS develop mechanisms for sharing detailed results of quality reviews with the individual examiners and group managers who were responsible for performing the examinations.

In its response, IRS management stated that it is already providing statistical and narrative feedback to area managers, managers, employees, and national level management, and that efforts would be made to share the feedback on a regular basis. We continue to believe that the IRS is missing a valuable opportunity to share detailed results of quality reviews with group managers and examiners who are responsible for performing EP function examinations. Sharing detailed review results would assist in efforts to improve employee performance.

Reference No. 2019-10-001

Taxpayers Generally Comply With Annual Contribution Limits for 401(k) Plans; However, Additional Efforts Could Further Improve Compliance

IRS records show that in TY 2014 an estimated 53 million taxpayers contributed almost \$255 billion to tax-qualified deferred compensation plans. A popular form of deferred compensation plan, known as the 401(k) plan, permits employees to save for retirement on a tax-favored basis. However, there are rules that limit the amount individuals can contribute to a 401(k) plan each tax year. Individual noncompliance with these rules results in revenue loss to the Federal Government. This audit examined whether IRS processes sufficiently identified and addressed excess contributions to 401(k) plans.

Our analysis of IRS records showed that the vast majority of taxpayers were complying with tax laws designed to limit the annual amount of compensation that can be contributed to 401(k) retirement plans. Nonetheless, we identified two areas in which compliance could be improved: 1) some 401(k) plans did not prevent taxpayers from exceeding the annual limit on contributions, and 2) some taxpayers exceed annual limits when contributing to multiple 401(k) plans.

We selected a statistical sample of taxpayers who may have exceeded annual limits when contributing to 401(k) plans in TY 2014. Based on this sample, we estimated that approximately 1,400 taxpayers appeared to have exceeded the statutory limit when contributing to a single 401(k) plan and, as a result, would owe additional taxes in the total amount of about \$8 million, if they all were found to be noncompliant. In these instances, 401(k) plan administrators did not appear to have controls in place to ensure that taxpayers who contributed to their 401(k) plans did not exceed annual limits.

We also determined, through our review of the statistical sample, that some taxpayers may have exceeded the annual limits when contributing to multiple 401(k) plans. We estimated that approximately 13,200 taxpayers who contributed to multiple 401(k) plans had potentially exceeded the annual limits and, as a result, would owe additional taxes totaling about \$33 million if found to be noncompliant.

TIGTA recommended that the IRS:

- Identify and provide guidance on those 401(k) retirement plans that potentially allow taxpayers to exceed annual contribution limits; and

- Take actions to bring taxpayers who contribute more than the annual limits to multiple 401(k) plans into compliance with the law.

IRS management agreed to take the appropriate corrective actions.

Reference No. 2019-10-002

Expansion of the Gig Economy Warrants Focus on Improving Self-Employment Tax Compliance

Given that the number of self-employed taxpayers is increasing with economic trends, it is important that the IRS provide accurate guidance and notices about self-employment tax obligations. The IRS last estimated that the self-employment portion of the annual Tax Gap⁷ was \$69 billion. The gig economy⁸ has since emerged and grown considerably, with thousands of new taxpayers each year being responsible for self-employment taxes. This audit evaluated the self-employment tax compliance of taxpayers who earned income in the gig economy and assessed the IRS's processes and controls that identify and address noncompliance with self-employment tax requirements.

TIGTA reviewed cases in the IRS's Automated Underreporter (AUR) program for taxpayers who worked in the gig economy and who had discrepancies between payments that were reported on their income tax returns and payments that were reported by taxpayers to the IRS on TYs 2012 through 2015 Forms 1099-K, *Payment Card and Third Party Network Transactions*. The review was limited to nine commonly recognized gig economy payer companies, and it identified 264,346 cases with potentially underreported payments included on Form 1099-K. The number of discrepancies involving Forms 1099-K from these gig economy payers increased 237 percent from TYs 2012 to 2015.

Like other types of AUR inventory, many cases (59 percent) were not selected to be worked by the AUR program due to the large volume of discrepancies that were identified. This includes 2,817 taxpayers who had potentially underreported their Form 1099-K income in all four tax years, which resulted in \$2.7 billion in payments potentially underreported on Form 1099-K. AUR employees removed thousands of cases from inventory without justification or with inaccurate justification. IRS examiners made errors in many of the cases that they worked. Also, AUR employees rarely referred to the Examination function questionable deductions claimed by taxpayers on amended returns filed in response to a notice from the AUR program.

Treasury Regulations do not require certain gig economy businesses to issue a Form 1099-K to a worker unless he or she earns at least \$20,000 and engages in at least 200 transactions annually. Consequently, many taxpayers who earn income in the gig economy do not receive a Form 1099-K and therefore do not report income to the IRS. When income is not reported to the IRS by a third party, taxpayers are more likely to be noncompliant.

TIGTA recommended that the IRS take several corrective actions to improve how the AUR program addresses self-employment tax noncompliance, selects cases, and conducts quality reviews. TIGTA also

⁷ The gross Tax Gap is the estimated difference between the amount of tax that taxpayers should pay and the amount paid voluntarily and on time and is estimated to be \$458 billion. In the IRS's most recent analysis in 2016, nonfilers accounted for \$32 billion of the Tax Gap during TYs 2008 through 2010.

⁸ A gig economy is a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs. It includes online platform companies that allow people both easy and convenient ways to obtain needed services and to work as self-employed individuals providing those services.

recommended that the IRS develop and issue guidance to help clarify current third-party reporting regulations, and that it work with the Department of the Treasury Office of Tax Policy to pursue regulatory or legislative change to reduce the information reporting gap.

IRS management agreed or partially agreed with nine of TIGTA's 11 recommendations. Management's disagreement with two recommendations was mainly due to other work priorities and the cost and difficulties associated with making changes to IRS systems. TIGTA contends that the implementation of all of these recommendations would be in the best interest of improving taxpayer compliance.

Reference No. 2019-30-016

Fiscal Year 2019 Biannual Independent Assessment of Private Collection Agency Performance

The 2015 Fixing America's Surface Transportation (FAST) Act⁹ required that the IRS begin using private collection agencies (PCA) to collect inactive tax receivables. This audit satisfies certain reporting requirements of the FAST Act regarding an independent biannual assessment of PCA performance.

As of September 2018, the IRS had assigned more than 700,000 taxpayer accounts to private collectors. The PCAs collected approximately \$88.8 million (2 percent) from the balance owed on these accounts. The PCAs also established more than 21,000 payment arrangements, but taxpayers later failed to make payments on more than half of them. Both the IRS and the PCAs monitor PCA performance using various attributes such as procedural accuracy and professionalism. All of the PCAs performed well under these attributes. However, the performance attributes focused almost entirely on the PCAs' telephone conversations with the taxpayers and did not measure other important aspects of case management, such as returning cases to the IRS when required and the accuracy of taxpayer payment arrangements.

During the review, TIGTA learned that PCA payment calculators did not calculate interest and penalties accurately. The IRS reviews and approves payment arrangements over a period of 60 months because the PCAs are prohibited by law from establishing agreements longer than 60 months. As of June 2018, the PCAs sent 2,547 such proposed payment arrangements to the IRS for approval. The PCAs' calculations of payment terms for 92 percent of the arrangements were inconsistent with IRS payment calculators. Payment terms were different than IRS calculations by an average of more than four months, and some differed by more than four years. The inaccuracies included arrangements that the PCAs computed as both too long and too short. Most PCA payment arrangements were 60 months or less, and the IRS did not check these arrangements. We sampled 100 such arrangements and determined that 65 percent differed from IRS calculations by at least one month.

In addition, the IRS supported one PCA's practice of encouraging taxpayers to borrow money from friends and family. The practice of asking whether taxpayers have friends and family who are willing and able to loan the taxpayer money to pay off the tax debt would likely lead to taxpayers describing the financial situation of friends and family and is at least inconsistent with the law's directive to only collect information about the taxpayer. PCA customer satisfaction scores were high, routinely in the low- to mid-90 percent range. However, customer service was just one of several performance criteria, and high customer satisfaction scores may not be entirely reflective of high overall performance.

9 Pub. L. No. 114-94.

We determined that improving the payment process could increase PCA revenue and reduce the number of defaulted agreements. Taxpayers who expressed a willingness to pay were unable to do so because of technical problems with the IRS's various payment options.

TIGTA made 13 recommendations to improve program efficiency and protect taxpayer rights. IRS management agreed or partially agreed with only nine of TIGTA's recommendations.

Reference No. 2019-30-018

Millions of Dollars in Potentially Erroneous Excess Social Security Tax Credit Claims Are Not Addressed

The Federal Insurance Contributions Act¹⁰ tax is a Federal payroll tax imposed on both employees and employers to fund Social Security and Medicare. Most employers withhold the Social Security tax from employees' wages and pay it to the IRS on the employees' behalf. Individuals with more than one employer whose combined Social Security tax withholdings from all employers exceeds the maximum annual withholding amount may claim the excess amount of Social Security tax withheld as a refundable credit. As of December 28, 2017, the IRS had received more than 1.5 million TY 2016 tax returns claiming the Excess Social Security Tax Credit. These taxpayers received credits totaling more than \$3.1 billion.

TIGTA initiated this audit to follow up on our previous audit recommendations¹¹ and to evaluate the IRS's efforts to detect and prevent erroneous Excess Social Security Tax Credit claims.

Our analysis of more than 2.5 million tax returns with an Excess Social Security Tax Credit claim that were e-filed in PYs 2017 and 2018 found that processes implemented in response to the prior audit have improved the IRS's identification of questionable claims. However, the IRS paid more than \$74 million in potentially erroneous Excess Social Security Tax Credits as a result of incomplete Social Security tax credit selection criteria, insufficient procedures, and tax examiner processing errors.

In addition, incorrect return selection criteria resulted in the IRS unnecessarily expending approximately \$1.1 million to manually review 737,735 valid Social Security Tax Credit claims filed during PYs 2017 and 2018. Finally, the majority of potentially erroneous Excess Social Security Tax Credit claims identified by its post-processing income matching program continue to not be addressed.

TIGTA made eight recommendations to improve the IRS's efforts to detect and prevent erroneous Excess Social Security Tax Credit claims. IRS management agreed with all eight recommendations and plans to take appropriate corrective actions.

Reference No. 2019-40-026

¹⁰ 26 U.S.C. §§ 3101-3128.

¹¹ TIGTA, Ref. No. 2014-40-058, *Processes Are Needed to More Effectively Address Potentially Erroneous Excess Social Security Tax Credit Claims* (Sept. 2014).

Achieving Program Efficiencies and Cost Savings

Management and Implementation of Information Technology Software Tools Need Improvement

The IRS uses tools for software development and software asset management. Efficient and cost-effective management and implementation of the IRS's software assets are crucial to ensure that information technology services continue to support the IRS's business operations and help provide services to taxpayers efficiently.

This audit was initiated to determine the effectiveness and efficiency of the IRS's implementation of software tools acquired to address its software asset management and software development needs. Federal regulations require agencies to: 1) manage, identify, and report software asset inventory; 2) determine the cost of each purchase; and 3) determine the cost for maintenance of these assets.

The IRS is successfully implementing the migration of IBM® Legacy Rational® tools to the Rational Collaborative Lifecycle Management tools solution. For example, in March 2018, the IRS timely completed the migration of one legacy tool used by 135 projects with 268 repositories. We attributed this success to the IRS's development of policies, procedures, and effective communication.

However, the IRS has not developed policy directives that outline the mandatory use of, and exceptions for not using, IBM Rational tools. It has not effectively managed the IBM Legacy Rational tools software licenses and has not actively monitored the costs associated with purchasing the software licenses and software subscription and support. As a result, the IRS purchased software licenses that it never deployed and purchased software subscriptions and support for licenses it did not use. We estimated that the IRS wasted approximately \$3.4 million between FYs 2015 and 2017 on unused software licenses and support. The IRS may have violated the bona fide needs rule¹² by not using licenses purchased in FYs 2015 and 2016. In addition, we estimated that the IRS overutilized software licenses and support worth between \$851,708 and \$2.8 million.

In addition, the IRS did not follow the Federal Acquisition Regulations and IRS guidance when purchasing the IBM BigFix® product. As a result, the IRS improperly identified the BigFix product as a viable solution to meet its need for a software asset management tool. Finally, the IRS had no formal acquisition process for using software credits to purchase the BigFix product, and the process used lacked internal controls.

TIGTA recommended that the IRS:

- Issue policy directives on the mandatory use of, and exceptions for not using, Legacy Rational tools;
- Implement a process that will improve license utilization and enhance license compliance;
- Review software maintenance renewals to ensure that coverage is purchased only for the number of licenses that show measured usage over the prior contract period;

¹² According to the Government Accountability Office's Principles of Federal Appropriations Law "a fiscal year appropriation may be obligated only to meet a legitimate, or bona fide, need arising in, or in some cases, arising prior to but continuing to exist in, the fiscal year for which the appropriation was made."

- Develop and implement controls to prevent system administrators from installing more licenses than acquired;
- Request that the IRS Chief Counsel determine whether the bona fide needs rule was violated;
- Ensure that required planning procedures are completed prior to purchasing software tools; and
- Document and implement policies for software and service credit purchases.

The IRS agreed with all of TIGTA's recommendations.

Reference No. 2019-20-005

The Solaris to Linux Migration Project Was Delayed and Needs Improved Governance

The IRS hosts approximately 1,400 databases and 190 applications designed to operate on the Solaris Sun Sparc architecture with the Solaris operating system. The Solaris Sun Sparc architecture runs on vendor (Oracle) proprietary hardware along with the Solaris operating system. The ability to implement Linux across the IRS's information technology environment without paying additional licensing fees could yield significant cost savings over the long term. Consequently, due to potential cost saving benefits, the IRS made a decision to consolidate platforms and migrate applications to Linux based operating systems.

This audit was initiated to review the IRS's migration from Oracle Solaris to IBM's zLinux operating system and the procurement of hardware and technical support to facilitate the migration.

The Linux Migration Project was operated without governance that was specific to its operations. Such governance proved to be inadequate and contributed to project delays. For example, the business case did not include key factors such as the amount of time required to train employees regarding how to set up and support a Linux environment. Prior to implementation, the IRS did not develop an initial project plan or conduct upfront assessments and technical analysis on the applications and databases that were to be migrated. Original project plans estimated that the Linux Migration Project would be completed in 2016.

The migration team did not initially follow standard software development practices when it established the Linux environment for a pilot project. As a result, the pilot project took 22 months to complete. The migration team eventually revised the pilot project to include the development of repeatable processes for future migrations.

As of February 2018, only eight of the 141 applications in the Linux Migration Project inventory had completed migration. In addition, the zLinux hardware and support purchased in September 2016 for \$6.8 million has been underutilized. For example, the Linux Migration Project had activated only 56 of the 262 available central processing units on the purchased zLinux hardware.

In January 2017, the Enterprise Demand Management process started requiring all projects to use the Linux Cross Functional Playbook and complete the required steps in order to migrate and deploy a system to Linux. This process has improved migration efforts. However, the Linux Migration Project has not implemented its planned disaster recovery or business continuity strategy.

TIGTA recommended that the IRS:

- Ensure that the Linux Migration Project operates under a governance board that aligns with the organization's governance model;
- Ensure that the procurement of hardware, service, and support includes a well-developed plan, process for utilization, and reasonable timelines; and
- Implement the Linux Migration Project's planned disaster recovery and business continuity strategy utilizing alternate site processing.

IRS management agreed with all of TIGTA's recommendations.

Reference No. 2019-20-008

Protect the Integrity of Tax Administration

TIGTA is statutorily mandated to protect the integrity of Federal tax administration. TIGTA accomplishes its mission through the investigative work conducted by the Office of Investigations (OI). Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely impact Federal tax administration, as well as administrative misconduct by IRS employees, both of which undermine the integrity of the Nation's voluntary tax system.

The Performance Model

The Office of Investigations accomplishes its mission through the hard work of its employees, whose efforts are guided by a performance model that focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

The Office of Investigations has adopted performance measures that identify results derived from those investigative activities that most accurately align with the strategic goals of the organization and that provide the greatest impact on the protection of the integrity of Federal tax administration.

IRS employee misconduct undermines the IRS's ability to deliver taxpayer services, to enforce tax laws effectively, and to collect taxes owed to the Federal Government. External threats against the IRS impede its ability to fairly, efficiently, and safely carry out its role as the Nation's revenue collector. Individuals who attempt to corrupt or otherwise interfere with the IRS through various schemes and frauds adversely impact the IRS's ability to collect revenue.

TIGTA investigates these serious offenses and refers them to IRS management when they involve IRS employee misconduct. When appropriate, TIGTA also refers its investigations to the DOJ or to State authorities for prosecution.

Performance Area: Employee Integrity

In order for the country's tax system to succeed, taxpayers must have confidence in the fair and impartial administration of Federal tax laws and regulations. IRS employee misconduct can erode the public's trust and impede the IRS's ability to effectively enforce tax laws.

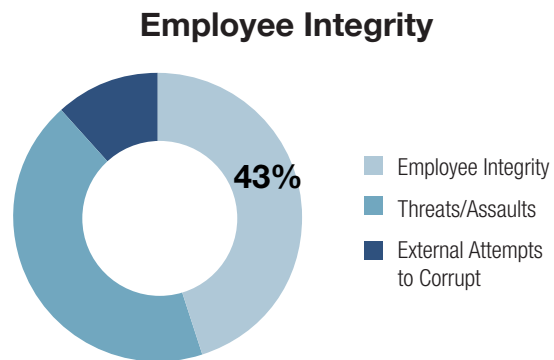
Employee misconduct can take many forms, such as: the misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuse; unauthorized access to, and disclosure of, tax return information; and identity theft.

During this reporting period, employee integrity investigations accounted for 43 percent of OI's work.

Identity Theft and the Insider Threat

It is particularly troubling when IRS employees, who are entrusted with the sensitive personal and financial information of taxpayers, misuse their positions to commit identity theft and other fraud. This breach of trust negatively impacts our Nation's voluntary tax system and erodes confidence in the IRS. TIGTA proactively reviews the activities of IRS employees who access taxpayer accounts for any indication of unauthorized accesses that may be part of a larger fraud scheme.

The following case represents OI's efforts to investigate identity theft committed by IRS employees during this six-month reporting period:¹³



IRS Employee Sentenced in a Stolen Identity Refund Fraud Scheme

On November 15, 2018, in the Northern District of Georgia, former IRS employee Stephanie Parker was sentenced for her role in a stolen identity refund fraud scheme. Parker previously pled guilty to aggravated identity theft related to the scheme on August 9, 2018.

According to the court documents, Parker had been employed by the IRS since November 2010 at its Chamblee, Georgia, office. Through her employment, Parker had access to the means of identification of others, which could include any information used to identify a specific individual, such as name, SSN, date of birth, and address.

From at least September 2012 through at least April 2013, Parker knowingly devised a scheme to defraud the IRS and to obtain money by means of materially false pretenses and representations. Parker also knowingly possessed and used the means of identification of others without lawful authority in relation to the scheme.

Specifically, through her IRS employment, Parker accessed taxpayer information, including the names and SSNs of five individuals, and used this information for her own benefit. Parker and others prepared and electronically filed fraudulent income tax returns in the names of those five individuals and directed the anticipated tax refunds to bank accounts held in the names of others. Some of the tax refunds were subsequently used to purchase money orders. The fraudulent returns all were electronically filed from Parker's residence in Atlanta, Georgia.

Parker was sentenced to 24 months' imprisonment followed by 12 months of supervised release. In addition, Parker was ordered to pay a special assessment fee of \$100 and restitution in the amount of \$5,964.

¹³ The facts in the summarized case narrative come from court documents of the jurisdiction.

Employee Integrity

The following cases represent OI's efforts to address employee integrity during this six-month reporting period:¹⁴

IRS Employee Indicted for the Unauthorized Disclosure of Suspicious Activity Reports

On February 28, 2019, in the Northern District of California, IRS employee John C. Fry was indicted for the unauthorized disclosure of Suspicious Activity Reports (SARs), misuse of a Government computer, and misuse of an SSN in violation of the law.

According to the court documents, Fry is an investigative analyst for IRS Criminal Investigation (IRS-CI) in San Francisco, California, and has worked for the IRS since 2008. In this position, he had access to various law enforcement databases, including the Financial Crimes Enforcement Network (FinCEN) and Palantir, which is an analytic software application used by IRS-CI. FinCEN manages the collection and maintenance of SARs, which financial institutions are required to generate under the Bank Secrecy Act to report potentially suspicious financial transactions. The disclosure of a SAR or its contents is unlawful, and employees or agents of Government authorities are prohibited from disclosing a SAR, or any information that would even reveal the existence of a SAR, except as necessary to fulfill official duties.

By virtue of his position as an investigative analyst, Fry intentionally exceeded authorized access to a computer and obtained information regarding SARs that was not necessary to fulfill his official duties. Further, between about May 4, 2018 and May 14, 2018, Fry knowingly disclosed the SARs by verbally describing and electronically sending images of the SARs to Newport Beach, California, attorney Michael Avenatti.

Specifically, on May 4, 2018, Fry conducted numerous searches from his work computer in the Palantir database that related to Michael Cohen and his business, Essential Consultants, LLC. During this access, Fry obtained and downloaded five SARs. Immediately after downloading the five SARs, Fry placed two outgoing phone calls to a number associated with Avenatti. Fry then logged into the FinCEN database from his work computer and conducted additional searches related to Michael Cohen, including searches using Cohen's driver's license and personal bank account numbers, as well as several business bank account numbers. On May 7, 2018, Fry again conducted searches in the FinCEN database, this time using Cohen's SSN and the term "Essential Consultants," among other things, and later that day, placed another call to Avenatti.

On May 8, 2018, Avenatti circulated a dossier on his public Twitter account releasing the confidential banking information related to Cohen and his company, Essential Consultants. On May 8, 2018, The Washington Post published an article that discussed in detail claims about Cohen's banking history that had been made public in Avenatti's dossier. On May 12, 2018, Fry placed an outgoing call to a number later identified as being associated with a reporter. On May 16, 2018, The New Yorker published an article written by this reporter titled, "Missing Files Motivated the Leak of Michael Cohen's Financial Records." The article reported that the source, identified only as a law enforcement officer, grew alarmed after being unable to find two important SARs regarding Cohen's financial activity. In fact, access to the two SARs in question had been restricted, and they were not available to all FinCEN users.

¹⁴ The facts in the summarized case narratives come from court documents of the respective jurisdictions.

Fry confessed to verbally providing SAR information to Avenatti and to sending Avenatti a screenshot of the narrative. Fry indicated the reporter had contacted him (Fry) to verify the information supplied to the reporter by Avenatti.

If convicted, Fry could face a maximum of five years' imprisonment for each violation.

Former Special Agent Sentenced for Designing a Scheme to Defraud and Obstruct the IRS

On October 23, 2018, in the Eastern District of California, former IRS-CI Special Agent Alena Aleykina was sentenced for filing false tax returns, theft of Government funds, and obstruction of justice. A jury previously found Aleykina guilty of the offenses on June 15, 2018.

According to the court documents, Aleykina, a resident of Sacramento, California, was employed as an IRS-CI special agent from approximately 2006 to 2014. Aleykina was also a certified public accountant.

Between 2010 and 2012, Aleykina prepared six false tax returns. Three of the returns were Aleykina's own individual income tax returns, and three were tax returns for trusts that she had established. Each was signed under penalty of perjury and contained false statements.

On Aleykina's individual tax returns, she falsely claimed head-of-household filing status. She claimed three dependents, tuition and fees deductions, and losses of up to \$25,000 for trusts that she had established. She had knowledge that all of these claims were false and was aware that she was not entitled to make these claims. Aleykina also stole public money and converted it to her own use, despite knowing that she was not eligible for such money, by causing the IRS to issue IRS Tuition Assistance Reimbursement payments to her. In addition, the three trust tax returns prepared by Aleykina contained false statements, including but not limited to, the amounts of rents received, deductions for negative income distributions, and claims of negative net income, all of which were declared as losses on two of her corresponding individual tax returns.

Additionally, Aleykina, knowingly and with the intent to obstruct the investigation, destroyed, altered, concealed, or falsified at least one record that was stored on a Government-issued computer and Government servers. Specifically, when special agents approached Aleykina to retrieve her Government laptop, she lied to them about its location and then began deleting files from it after they left.

Aleykina was sentenced to a total of 51 months' imprisonment followed by 36 months of supervised release. In addition, Aleykina was ordered to pay a special assessment fee of \$800 and restitution in the amount of \$4,000.

Former IRS Employee Sentenced in Conspiracy to Defraud the IRS

On February 22, 2019, in the Middle District of Florida, former IRS employee Dawn Avalle was sentenced for her role in a conspiracy to defraud the United States and for making and subscribing to a false tax return. Avalle previously pled guilty to the offenses on November 8, 2018.

According to the court documents, from about January 2011 through about July 2015, Avalle knowingly and willingly conspired with others to defraud the United States by impeding and obstructing the

lawful function of the IRS with deceit and dishonest means by preparing and filing fraudulent individual income tax returns.

Avalle was an IRS revenue officer at the time of the conspiracy and also operated a family-owned tax preparation service in Bradenton, Florida. She and her coconspirators prepared and electronically filed a number of individual tax returns with fraudulently inflated deductions, such as medical and charitable contributions, which resulted in refund amounts substantially greater than their clients were entitled to receive. After the fraudulent returns were filed, the conspirators then destroyed or otherwise disposed of their work papers and other information obtained from their clients. The total loss to the IRS stemming from the conspiracy was approximately \$249,000.

Additionally, under penalty of perjury, Avalle signed and filed with the IRS materially false returns, failing to report more than \$165,600 in income she had received from the tax preparation business over the course of five calendar years, which resulted in a tax loss of approximately \$49,600 to the IRS.

Avalle was sentenced to 60 months' probation on both counts and eight months' home detention. In addition, she was ordered to pay \$49,622 in restitution and a \$200 special assessment fee.

IRS Supervisor Pleads Guilty to Theft of Government Property

On January 31, 2019, in the Central District of California, IRS supervisor Leslie Williams pled guilty to two counts of theft of Government property. Williams was initially indicted for the offenses and arrested by TIGTA special agents in March 2018.

According to the court documents, at all times relevant to the charges, Williams was employed by the IRS as a supervisory individual tax advisory specialist in the Long Beach, California, office. Beginning on or about February 12, 2016, Williams knowingly and willfully embezzled, stole, and converted for her own use Federal funds as the purported surviving spouse of her ex-husband, who had died on about January 22, 2016, and from whom she had been divorced since about November 15, 2013. Specifically, Williams claimed that, as the alleged surviving spouse, she was entitled to receive death benefit payments issued by the Office of Personnel Management (OPM), as well as retirement plan contributions issued by the Federal Retirement Thrift Investment Board (FRTIB). In total, Williams stole \$34,204.50 from OPM and \$36,861 from FRTIB.

Additionally, on February 14, 2017, when interviewed by TIGTA special agents, Williams allegedly made a materially false statement by continuing to claim that she was married to her ex-spouse until his death, when, in fact, Williams knew she had been divorced since about November 15, 2013.

Williams could face a maximum statutory sentence of 10 years' imprisonment. Sentencing in this matter is scheduled for June 3, 2019.

Employee Integrity Projects

As part of its Employee Integrity focus, TIGTA also conducts proactive investigative initiatives to detect misconduct in the administration of IRS programs. During this reporting period, TIGTA initiated 21 proactive projects to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA's most successful integrity project involves the detection of IRS employees who abuse their access to taxpayer information in order to commit identity theft and other crimes.

Performance Area: Employee and Infrastructure Security

Collecting taxes is a critical function of the Federal Government. Threats and assaults directed at IRS employees, facilities, and infrastructure impede the effective and safe administration of the Federal tax system and the IRS's ability to collect tax revenue. In addition to traditional direct threat vectors, TIGTA also actively pursues, investigates, and mitigates emerging threats to the IRS' ability to conduct Federal tax administration in cyberspace.

All reports of threats, assaults, and forcible interference against IRS employees in the course of performing their official duties are referred to OI.

Contact with the IRS can be stressful and emotional for taxpayers. While the majority of taxpayer contacts are routine, some may become confrontational and even violent. TIGTA's special agents are statutorily mandated to provide physical security, known as "armed escorts," to IRS employees who have face-to-face contact with taxpayers who may pose a danger to the employee, and to ensure that IRS employees have a secure environment in which to perform their critical tax administration functions. During this six month reporting period, OI provided 13 armed escorts for IRS employees.

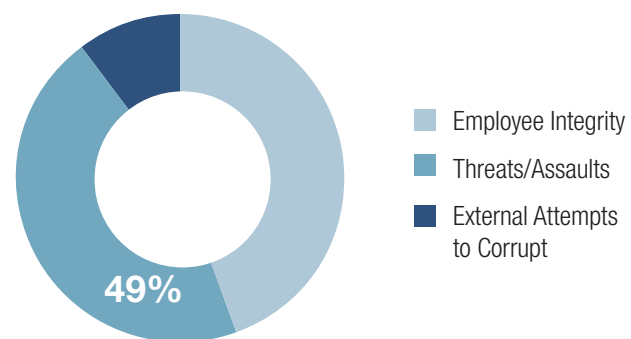
The Office of Investigations undertakes investigative initiatives to identify individuals who could commit violence against, or otherwise pose a threat to, IRS employees, facilities, or infrastructure. It also provides intelligence to IRS officials to assist them in making proactive operational decisions about potential violence or other activities that could pose a threat to IRS systems, operations, and employees.

The investigative information sharing between OI and the IRS's Office of Employee Protection (OEP) to identify "potentially dangerous" taxpayers is one example of TIGTA's commitment to protecting IRS employees. Taxpayers who meet OEP criteria are designated as potentially dangerous. Five years after this designation has been made, TIGTA conducts a follow-up assessment of the taxpayer so that OEP can determine if the taxpayer still poses a potential danger to IRS employees.

During this six-month reporting period, employee and infrastructure security investigations accounted for 49 percent of OI's work.

The following case represents OI's efforts to ensure the safety of IRS employees during the reporting period:¹⁵

Threats/Assaults



Miami Tax Services Provider Pleads Guilty to Forcibly Assaulting and Threatening IRS Employee With a Shotgun

On February 13, 2019, in the Southern District of Florida, tax services provider Jimmy Sierra pled guilty to forcibly assaulting, impeding, and intimidating an IRS revenue officer who was engaged in the

¹⁵ The facts in the summarized case narrative come from court documents of the jurisdiction.

performance of his official duties. TIGTA special agents arrested Sierra for the offense in May 2018, and he was subsequently indicted in June 2018.

According to the court documents, on or about May 21, 2018, the revenue officer conducted a field visit to collect a tax payment from a tax business in Miami, Florida, of which Sierra is a registered agent. Upon arrival, the revenue officer identified himself to Sierra as an IRS employee and presented his IRS credentials. Sierra subsequently invited the revenue officer inside. Once they were inside Sierra's office, Sierra pushed a button on his phone and another male showed up in his office. Sierra opened a drawer in his desk and pulled out what appeared to be a shotgun, pointed it at the unarmed revenue officer, and stated in part, "You want money...? I'm going to shoot you. You want it in the balls or you want it in the chest?" The revenue officer believed that Sierra had a fully functioning firearm and intended to shoot him. At that time, the revenue officer backed away, again displayed his IRS-issued credentials, and called 911.

Sierra again stated aloud to the other male that he was going to shoot the revenue officer. The revenue officer, believing that he was in a fight for his life, grabbed the shotgun stock and wrestled with Sierra over the weapon. During the exchange, Sierra struck the revenue officer, who sustained injuries. The revenue officer was able to flee Sierra's office and was later transported to a hospital for medical attention.

Sierra could face a maximum sentence of eight years' imprisonment. Sentencing is set for April 26, 2019.

Performance Area: External Attempts to Corrupt Tax Administration

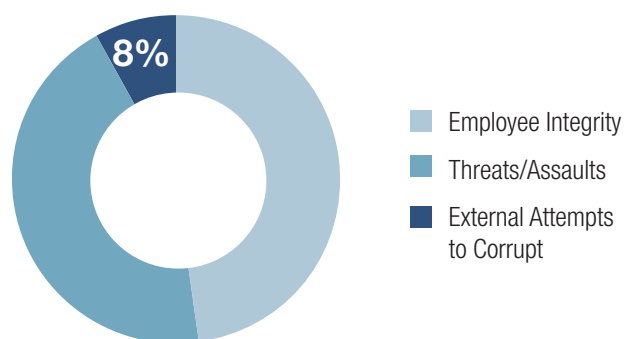
TIGTA also investigates external attempts to corrupt or impede tax administration. Individuals may interfere with the IRS's ability to collect revenue for the United States in many ways. For instance, they may impersonate IRS employees or misuse IRS seals and symbols; file false or frivolous documents against IRS employees; use fraudulent IRS documentation to perpetrate criminal activity; offer bribes to IRS employees to influence their tax cases; commit fraud in contracts awarded by the IRS to contractors; or commit cybercrimes. These attempts to corrupt or otherwise interfere with tax administration not only inhibit the IRS's ability to collect revenue, but also undermine the public's confidence in fair and effective tax administration.

During this reporting period, investigations into attempts to corrupt or impede tax administration accounted for 8 percent of OI's work.

Corrupt Interference

The following cases represent OI's efforts to address and deter external attempts to corrupt tax administration during this six-month period: ¹⁶

External Attempts to Corrupt



¹⁶ The facts in the summarized case narrative come from court documents of the jurisdiction.

Michigan Man Sentenced to More Than 13 Years in Prison for Scheme to Defraud the IRS

On January 29, 2019, in the Western District of Michigan, Oghenevwakpo Igboba was sentenced for conspiracy to defraud the United States, wire fraud, false claims, and aggravated identity theft. Igboba was initially indicted for the offenses and arrested by TIGTA special agents in February 2017.

According to the court documents, from at least December 2014 to about February 2016, Igboba conspired with others to defraud the IRS by knowingly devising and participating in a scheme to obtain income tax refunds by means of fraudulent representations. Igboba coordinated the conspiracy, which involved at least five participants, including his father, his sister, codefendant Charles Aghogho Ejinyere, and other individuals.

As part of the scheme, Igboba and his coconspirators obtained personally identifiable information (PII), including the names, dates of birth, addresses, telephone numbers, SSNs, and familiar information of numerous unrelated individuals. Using that PII, Igboba and others illegally accessed online IRS systems, including eAuthentication and Get Transcript, to obtain additional tax-related information of the individuals. They then filed or caused to be filed without authorization fraudulent tax returns with the IRS in the names of the taxpayers. Igboba and coconspirator Ejinyere directed refunds from the fraudulent returns to be deposited into bank and credit union accounts belonging to Igboba, his businesses, his family members, associates, and unwitting accomplices.

In September 2018, a jury found Igboba guilty of 18 counts of the 22-count indictment. The intended loss for the fraudulent tax refunds totaled more than \$4 million.

Igboba was sentenced to 162 months' imprisonment followed by three years of supervised release. He was further ordered to pay \$514,823 in restitution to the IRS and to forfeit \$48,205.

Los Angeles Attorney Charged in Connection With Scheme Involving Stolen Federal Tax Refund Checks

On October 5, 2018, in the Central District of California, Attorney Thaddeus Culpepper was indicted for his role in a scheme involving stolen Federal tax refunds issued via U.S. Treasury checks. TIGTA special agents had previously arrested Culpepper for the offenses on October 1, 2018.

According to the court documents, beginning no later than April 2015 and continuing through about September 2018, Culpepper opened accounts at three separate financial institutions in and around Los Angeles, California, all of which were insured by the Federal Deposit Insurance Corporation.

Culpepper and others fraudulently obtained 21 U.S. Treasury tax refund checks, totaling more than \$1.3 million and made payable to other individuals due refunds on their

Federal income taxes, and then forged the payees' endorsements without their permission. Culpepper then deposited the forged checks into the accounts in his control, also without the payees' permission. The listed payees confirmed that they never received their Federal tax refunds.

The 42-count indictment charges Culpepper with attempted bank fraud, bank fraud, aggravated identity theft, theft of Government property, and passing U.S. Treasury checks bearing forged endorsements.

Georgia Man Pleads Guilty to Offering IRS Employee \$30,000 to Falsify Audit Results

On February 7, 2019, in the Northern District of Georgia, Magdaleno Garcia Alonso pled guilty to corruptly offering a thing of value to an employee of the United States. Alonso was previously indicted for the offense on November 6, 2018.

According to the court documents, on or about September 19, 2018, Alonso offered an IRS revenue agent \$30,000 with the intent of inducing the revenue agent to commit an act that was in violation of his or her lawful duties. Specifically, Alonso offered the revenue agent \$30,000 to falsify the audit results of Alonso's personal Federal income tax returns and the returns of Acworth Georgia Concrete, Incorporated, for TYs 2015 and 2016.

Alonso could face a maximum statutory sentence of 15 years' imprisonment and consequences with respect to his immigration status. Sentencing is scheduled for May 14, 2019.

Ohio Man Pleads Guilty to Bank Fraud Involving U.S. Treasury Funds

On December 10, 2018, in the Northern District of Ohio, Jackus Williams pled guilty to six counts of bank fraud in connection with the theft of U.S. Treasury funds. Williams had initially been indicted for the offenses in July 2018.

According to the court documents, from about October 2015 to October 2017, Williams executed a scheme to defraud the Federal Reserve Bank of Atlanta and to obtain U.S. Treasury funds by means of false and fraudulent representations. Williams fraudulently used the Electronic Federal Tax Payment System (EFTPS) Insolvency Routing Number to release U.S. Treasury funds in order to enrich himself and others. The Insolvency Routing Number is designed for insolvency transactions and used almost exclusively by bankruptcy trustees in order to make payments to the U.S. Treasury General Account when the U.S. Treasury is a creditor in bankruptcy proceedings.

As part of his scheme, Williams linked his Target REDcard™ to the Treasury General Account, using the EFTPS Insolvency Routing Number as the routing number. He also used his SSN as the account number. Williams made material misrepresentations by representing that the REDcard was linked to his own accounts, when, in fact, it had been linked to the EFTPS Insolvency Routing Number in order to draw funds from the U.S. Treasury General Account. Williams used the fraudulently linked REDcard to make purchases and to receive cash back with U.S. Treasury funds at point-of-sale machines at Target stores. Williams' scheme caused the Federal Reserve Bank of Atlanta to release funds from the Treasury General Account in approximately 12 separate transactions.

Williams could face a maximum statutory sentence of 30 years' imprisonment for bank fraud.

Scams and Schemes

Individuals may corrupt tax administration by impersonating IRS employees in an effort to obtain PII from unsuspecting taxpayers or to steal their money. Such individuals may claim to be IRS employees on the telephone or may misuse IRS logos, seals, or symbols to create official-looking letters and e-mails. They often tell their victims that they owe money to the IRS and must pay through a preloaded

debit card, wire transfer, or gift card from Apple iTunes®, Walmart™, or Target™. Sometimes they trick victims into providing their PII, which the impersonator then uses to commit identity theft.

TIGTA aggressively investigates these criminal activities to ensure that taxpayers maintain confidence in the integrity of Federal tax administration.

Impersonation Scams

For more than 10 years, the IRS has compiled an annual list of commonly encountered scams, called the “Dirty Dozen” list of tax scams. Many of these scams peak during the filing season, as people prepare their returns or utilize the services of paid preparers. In 2019, the IRS telephone impersonation scam is, once again, included in that list.

Since 2013, the Treasury Inspector General for Tax Administration has investigated numerous instances in which individuals fraudulently represent themselves as IRS officials in order to extort money from taxpayers. We will not back down from our pursuit of these criminals and will continue to work with our law enforcement partners to bring them to justice.”

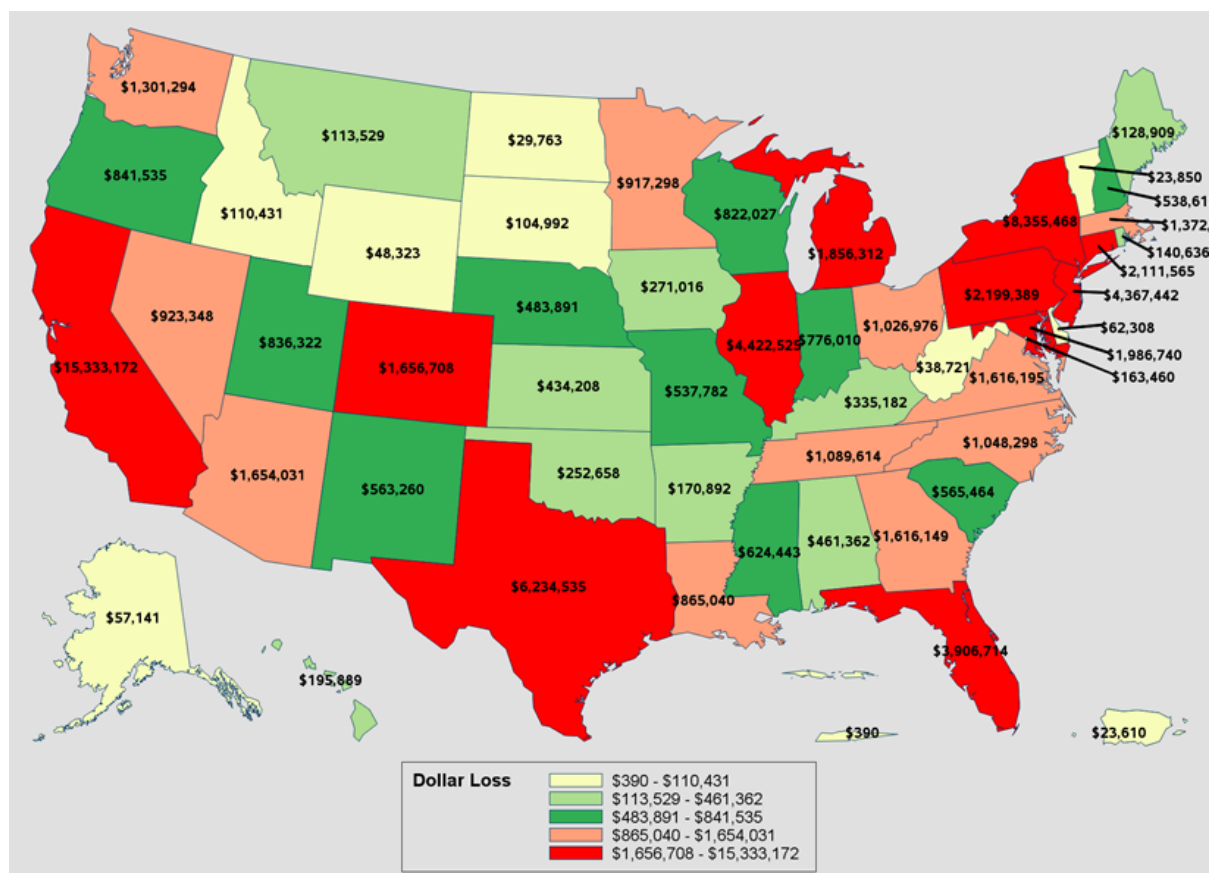
J. Russell George
Treasury Inspector General
for Tax Administration
United States Department of Justice
Press Release
November 8, 2018

Between October 2013 and March 2019, TIGTA logged more than 2.4 million contacts from taxpayers who reported that they had received telephone calls from individuals who claimed to be IRS employees.

The impersonators told the victims that they owed additional tax and that if they did not immediately pay, they would be arrested or face other adverse consequences. As of March 31, 2019, more than 15,453 victims have reported to TIGTA that they had lost upwards of \$75.1 million, collectively, to the scam’s perpetrators.

Because of their complexity, scams such as these are not typically resolved quickly. This wide-ranging scam has claimed victims in every State. The top five States by number of victims who have suffered financial losses are California, New York, Texas, Illinois, and New Jersey.

Financial Losses by State



Source: TIGTA's Office of Investigations.

In addition to its investigative efforts, TIGTA has taken numerous other steps to combat the IRS impersonation scam and protect taxpayers from being victimized. Specifically, OI created a three-pronged Advise and Disrupt strategy. The first part of this strategy involved analyzing the telephone numbers reported to TIGTA. If a number was confirmed to be part of the scam, OI identified the telephone carrier and requested that the carrier deactivate the number.

The second part of the strategy was to post scam-related telephone numbers on the Internet, which allowed potential victims to determine if the call they received was a part of the scam.

The final part of the strategy is to deploy a TIGTA auto-dialer to call the impersonators with a pre-recorded message ordering them to cease and desist their criminal activity, a procedure which also occupies the impersonators' time and telephone lines.

This procedure has resulted in more than 192,999 auto-dialed calls back to the scammers. As of March 31, 2019, more than 1,397 telephone numbers associated with the scam have been identified using the Advise and Disrupt strategy, and 98 percent of them have been successfully shut down, in some cases within a week.

TIGTA continues to work closely with the IRS, the Federal Trade Commission (FTC), the Federal Communications Commission (FCC), the Department of Veterans Affairs, the DOJ Elder Justice Initiative, the Offices of the U.S. Attorneys, and a variety of State and local governments, as well as media outlets, to publish press releases, warnings, and other public awareness announcements to alert taxpayers to this ongoing scam.

As part of its continuing collaboration with the FTC and the FCC, OI has worked with the USTelecom Consortium and the RoboCall Task Force to identify how technology could be used to stop the spoofed calls¹⁷ that are being placed by call centers located outside of the United States. In one successful pilot program, TIGTA and the Department of Homeland Security collaborated with a major telecom carrier to block almost 2 million calls that had been spoofed to appear as though the calls originated from the IRS.

As the impersonation scam progressed, OI worked with the private sector companies that were caught in the middle of this massive fraud. The companies whose services or products were used by the impersonators to monetize the scam cooperated by using techniques to help warn consumers. For example, when a prepaid debit card is purchased, there is a fraud warning that now appears on the signature screen. Likewise, MoneyGram® has placed banners on its kiosks advising customers that if they have been told to pay their taxes by MoneyGram, they are being scammed, and they should not proceed with the transaction.

Because Apple iTunes cards were being used by the impersonators as a means of cashing in on the fraud, Apple worked with TIGTA to create an audio message to help protect consumers. Apple also agreed to fund the nationwide distribution of this message at grocery and convenience stores, allowing it to reach more than 46 million shoppers. In addition, TIGTA has partnered with retailers such as Walmart, Target, and Best Buy to identify trends and mitigate fraudulent activity. For example, Walmart has agreed to train its employees on how to recognize the fraud and to post warning placards and fraud warning messages on cash envelopes. TIGTA also partnered with AT&T to analyze scam-associated telephone numbers provided by victims.

The following cases are representative of OI's efforts to investigate IRS impersonation scams during this six-month reporting period:¹⁸

California Man Sentenced for His Role in an Impersonation Scam

On March 13, 2019, in the District of Minnesota, Yu Zhang was sentenced for conspiracy to commit wire fraud in connection with an interstate scheme to defraud by falsely impersonating IRS employees. Zhang was indicted for the offense in July 2018, and pled guilty in October 2018.

According to the court documents, from at least March 12, 2018 to June 8, 2018, Zhang conspired with others to participate in a scheme to defraud and to obtain money by material false and fraudulent pretenses. Zhang's coconspirators contacted victims in numerous States throughout the country by telephone, falsely claimed to be IRS agents or other Government officials, and threatened the victims with arrest unless they made immediate payment for "delinquent taxes."

¹⁷ Call spoofing is the practice of causing the telephone network to indicate to the receiver of a call that the originator of the call is a station other than the true originating station.

¹⁸ The facts in the summarized case narratives come from court documents of the respective jurisdictions.

The caller instructed the victims to purchase Target gift cards and to provide the gift card numbers and activation codes over the phone. Zhang, at the direction of his coconspirators, traveled to Target stores in multiple States, including Minnesota, Illinois, and Colorado, to redeem the Target gift cards by purchasing third-party gift cards. In order to redeem the Target gift cards, a coconspirator would send Zhang a message on his cell phone containing the gift card number and redemption code immediately after the victim had purchased it. Zhang would then redeem the card within minutes of receiving the message by scanning a bar code displayed on his cell phone. To avoid detection by Target personnel, Zhang would use the self-checkout registers for his transactions and would travel to multiple Target stores each day.

For example, according to the indictment, on May 31, 2018, an individual claiming to be an IRS employee contacted a victim in Iowa, said the victim owed more than \$4,000 in taxes, and threatened the victim with arrest. The IRS impersonator then demanded that the victim go to the nearest Target store and purchase two \$2,000 gift cards, which the scammer claimed that the IRS used as “Taxpayer Identification Forms.” The victim complied, used cash to purchase the gift cards, and provided the card numbers and activation codes to the IRS impersonator. The impersonator then instructed the victim to purchase an additional gift card for \$2,000 to have the “arrest warrant” removed. The victim purchased a third \$2,000 gift card.

Target surveillance cameras showed the victim leaving the Target store in Iowa after purchasing the third gift card. Thirty minutes later, Zhang used that same gift card at a Target store in Minnesota to purchase \$1,000 worth of prepaid third-party gift cards issued by Google Play™ and Steam™. He then traveled to another Target store in Minnesota and used the remaining \$1,000 to purchase additional Google Play and Steam cards. Zhang was arrested at a Target store in Andover, Minnesota, and at the time of his arrest had in his possession several hundred third-party gift cards worth tens of thousands of dollars.

Zhang knew the funds he was handling were obtained through criminal activities and admitted that between May 28, 2018 and June 8, 2018, he had redeemed approximately \$240,000 worth of Target gift cards by conducting hundreds of transactions. He further admitted that between March 1, 2018 and May 28, 2018, he had traveled to Colorado and conducted more than \$10,000 in similar transactions.

Zhang was sentenced to 11 months’ imprisonment, with credit for time served, plus two years of supervised release and up to 20 hours of community service per week until employed. Zhang was further ordered to pay \$133,800.52 in restitution to the victims.

New Jersey Man Indicted for His Role in Scamming 87-Year-Old Woman

On October 31, 2018, in the District of Arizona, Joseph Batts was indicted for the offenses of conspiracy to commit mail fraud and wire fraud, wire fraud, and mail fraud, for his role in a fraudulent sweepstakes or lottery scheme.

According to the court documents, Batts, who at the time was living with his sister in New Jersey, voluntarily conspired with others to execute a scheme to obtain money by means of false and fraudulent representations. The primary purpose of the scheme was to obtain money from victims through a fraudulent sweepstakes or lottery scheme. As part of the conspiracy, the coconspirators would e-mail fraudulent letters purporting to be from the IRS and Publishers Clearing House®, falsely

representing that the victims had won a prize but that they were required to make arrangements to pay taxes or other fees in order to obtain their winnings.

For example, an 87-year-old victim residing in Arizona received the fraudulent communications, which included a letter on IRS letterhead. The victim subsequently communicated with one or more of the coconspirators by phone to make arrangements to pay the fee. The victim was led to believe she had won \$5 million and a brand new Lincoln MKZ automobile. The victim was instructed to deposit money into various bank accounts and to mail and/or wire the money. The victim withdrew all of her money, approximately \$72,000, from her individual retirement account. In total, the victim provided the coconspirators with approximately \$74,000. When she received a check from the coconspirators, she believed it was a portion of the prize winnings. But when the check was deposited, it was deemed fraudulent and did not clear. The victim never received any legitimate money or prize winnings.

If convicted, Batts could face a maximum sentence of 20 years' imprisonment.

Tax Preparer Outreach

In addition to promoting employee integrity, TIGTA is also committed to educating tax preparers on their role in maintaining the integrity of the tax system. Tax preparers play an important role in ensuring the integrity of tax administration because of their frequent contact with the IRS and their influence on tax compliance or noncompliance. Tax preparers can either assist in the enforcement of tax administration, by ensuring that taxpayers comply with Internal Revenue laws, or they can impede it.

During this semiannual reporting period, TIGTA special agents provided 18 integrity presentations to tax preparers at various locations nationwide. The presentations detailed TIGTA's role in protecting the integrity of tax administration; the differences between the respective jurisdictions of TIGTA and the IRS; how to identify various forms of preparer misconduct; and common IRS impersonation scams.

The following case represents OI's efforts to protect tax administration from unscrupulous tax preparers during this six-month reporting period:¹⁹

New Jersey Tax Preparer Sentenced in Scheme to Defraud the IRS and Clients

On December 21, 2018, in the District of New Jersey, tax preparer Brian A. Day was sentenced in connection with a scheme to defraud the IRS and misappropriate his clients' monies by the filing of false tax returns and bank fraud. Day previously pled guilty to the offenses in August 2018.

According to the court documents, Day, a resident of Port Murray, New Jersey, was self-employed as a tax return preparer. He was the sole owner and operator of various tax preparation businesses located in Essex County, New Jersey, including PTS, Tax Consultants, and Tax Consultants, LLC. Day met with taxpayers and collected information relating to the preparation of their individual income tax returns.

Day knowingly and intentionally executed a scheme to defraud and obtain money by means of false and fraudulent representations. The purpose of the scheme was for Day to misappropriate money from his taxpayer clients by falsely advising them that they owed tax payments to the IRS and directing them to give him checks made payable to the IRS in order to resolve their purported IRS liabilities. In fact, Day did not actually give the checks from his taxpayer clients to the IRS. Instead, he altered the

¹⁹ The facts in the summarized case narrative come from court documents of the jurisdiction.

names of the payees on the checks from the “IRS” to one of the names matching or resembling that of one of his tax preparation businesses and deposited the checks into his own business bank account. Day made false or fraudulent representations to at least five individuals, resulting in a total loss of approximately \$124,289.

According to the indictment, when Day’s clients contacted him regarding their checks, he presented fraudulent documents purportedly issued by the IRS to two of the taxpayers in an attempt to conceal and further his fraud. However, the IRS had never issued these documents. Additionally, Day prepared or presented at least 21 fraudulent and false tax returns to the IRS for TYs 2009 through 2015, resulting in a loss to the IRS of approximately \$491,007.

Day was sentenced to 32 months’ imprisonment followed by five years’ supervised release. He was further ordered to forfeit \$61,000, pay \$499,997.72 in restitution, and pay a special assessment fee of \$800.

Advancing Oversight of America's Tax System

TIGTA's Office of Inspections and Evaluations (I&E) identifies opportunities for improvement in IRS and TIGTA programs by performing inspections and evaluations that report timely, useful, and reliable information to decision makers and stakeholders.

This function has two primary product lines: inspections and evaluations.

Inspections are intended to:

- Provide factual and analytical information;
- Monitor compliance;
- Measure performance;
- Assess the effectiveness and efficiency of programs and operations;
- Share best practices; and
- Inquire into allegations of waste, fraud, abuse, and mismanagement.

Evaluations are intended to:

- Provide in-depth reviews of specific management issues, policies, or programs;
- Address Governmentwide or multi-agency issues; and
- Develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

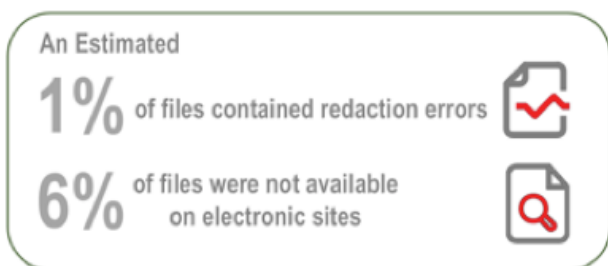
The following reports highlight some of the significant activities that I&E engaged in during this six-month reporting period:

Management of the Offer in Compromise Public Inspection Program Continues to Be a Concern

An offer in compromise (OIC) is an agreement between a taxpayer and the IRS to settle a tax liability for less than the full amount owed. The Internal Revenue Code permits public inspection and copying of accepted OIC files. Once an OIC is accepted, the IRS uploads an electronic copy of the file to one of seven storage sites, based on the taxpayer's geographical residence. To view the files, individuals must call the IRS in advance and request an appointment. If public inspection files are not properly redacted, public inspection sites expose sensitive taxpayer information to the risk of unauthorized disclosure and put taxpayers at risk of identity theft. TIGTA has previously reported that the IRS's offer in compromise public inspection file program was unable to ensure that paper-based files were available for review at designated sites and properly redacted of sensitive taxpayer information.

In its report, TIGTA found that the OIC public inspection file program continues to lack adequate management oversight to ensure that the files are complete and that sensitive taxpayer information

is protected. TIGTA estimates that around 1 percent of taxpayer transcripts included in OIC public inspection files contained improperly redacted sensitive taxpayer information, such as visible TINS and the names of spouses not participating in the offers. The IRS stated that these redaction errors occurred because employees used incorrect procedures to create these transcripts.



In addition, TIGTA estimates that approximately 6 percent of OIC public inspection files were missing from the appropriate electronic file storage site at the time of our review. IRS management attributed the incompleteness to an ineffective inventory reconciliation process.

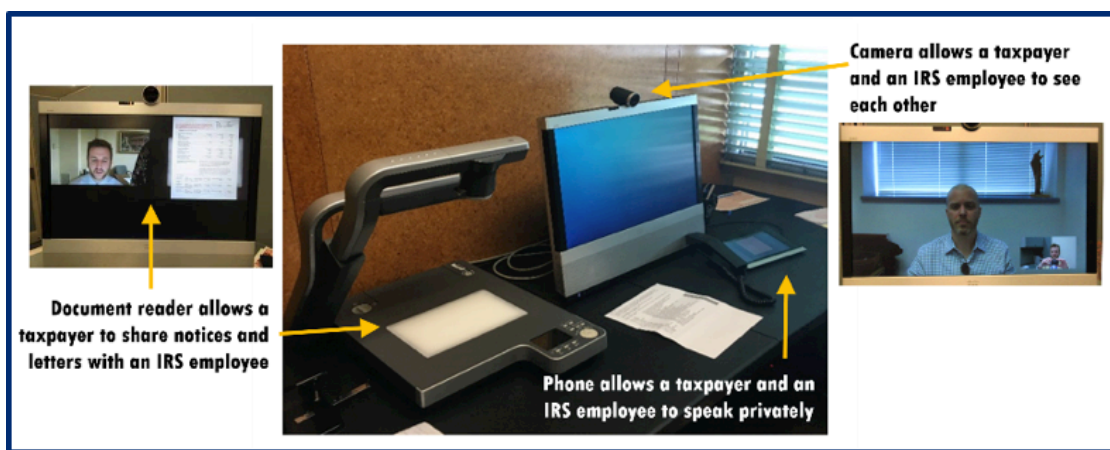
Although the IRS modified the format it uses to store the public inspection files from hard-copy paper folders to an electronic storage system, the experience remains the same for the taxpayer. Visitors must continue to access the files in person at the seven sites using printed versions of electronic files. IRS procedures require the creation of approximately 25,000 electronic public inspection files a year, regardless of the number of requests for inspection. This requires a considerable ongoing effort to create, review, reconcile, and store files that are viewed infrequently. IRS records indicate that during FY 2017, only one individual reviewed the public inspection files.

TIGTA recommended that the IRS consider alternative options to produce all OIC files, such as creating the files only when a visitor requests access.

IRS management agreed with TIGTA's recommendation.
Reference No. IE-2019-R001

Although Virtual Face-to-Face Service Shows Promise, Few Taxpayers Use It

Driven by changing taxpayer preferences and its own reduced budgets, the IRS continues to develop alternative ways to serve taxpayers. One of the ways that the IRS has chosen to meet the service needs and preferences of taxpayers is through video conferencing. Video conferencing technology



Source: Photographs taken by Treasury Inspector General for Tax Administration employees.

allows taxpayers to use a workstation with a video monitor, two-way audio, and a document reader to communicate with IRS employees in a different location. The IRS refers to this as the Virtual Service Delivery (VSD) program.

The IRS has struggled to define the goal of the VSD program or to quantify program effectiveness; however, the program shows promise. TIGTA used VSD equipment in nine locations and found that it is high-quality and user friendly. VSD facilitates an experience similar to an in person, face-to-face interaction.

However, less than 2,700 taxpayers used the service in FY 2017. TIGTA found that a number of factors contribute to infrequent taxpayer use of VSD. First, some VSD sites are located near Taxpayer Assistance Centers (TAC). IRS research shows that taxpayers prefer to visit a TAC rather than a VSD when they are in close proximity to a TAC. Second, none of the IRS's business units routinely advertise or promote VSD. Thus, it is likely that most taxpayers do not even know it is an option. Lastly, the VSD program is limited in the services it offers. For example, taxpayers cannot use VSD to apply for an Individual Taxpayer Identification Number or resolve potential identity-theft issues, because the IRS does not allow the virtual authentication of identification documents (although Federal guidelines do permit virtual authentication).

According to the IRS, it has spent about \$5.3 million since FY 2011 on the VSD program and will spend another \$1.7 million through FY 2020 in maintenance and customer support contracts. Absent significant changes in oversight and management, the VSD program will likely continue to reach a very limited audience.

Field Assistance and the Office of Appeals are piloting web based video conferencing software that could enable taxpayers to interact from their own homes with IRS employees. However, neither business unit has developed criteria to determine whether the pilots have been successful, and participation in the pilots has been limited.

In its report, TIGTA made a number of recommendations to improve the VSD program, including the development of goals and performance measures and a process to identify VSD locations that align with program goals. TIGTA also recommended that the IRS conduct activities to increase public awareness of the VSD program. Finally, TIGTA recommended that the IRS determine the feasibility of developing procedures that would allow taxpayers to verify their identities through the VSD program.

IRS management agreed with TIGTA's recommendations.

Reference No. 2019-IE-R002

Audit Statistical Reports

Reports With Questioned Costs

TIGTA issued no audit reports with questioned costs during this semiannual reporting period. The phrase “questioned costs” means costs that are questioned because of:

- An alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds; or
- A finding, at the time of the audit, that such cost is not supported by adequate documentation (an unsupported cost); or
- A finding that expenditure of funds for the intended purpose is unnecessary or unreasonable.

The phrase “disallowed cost” means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.²⁰

Reports With Questioned Costs

Report Category	Number	Questioned Costs ²⁰ (in thousands)	Unsupported Costs (in thousands)
1. Reports with no management decision at the beginning of the reporting period	2	\$477	\$0
2. Reports issued during the reporting period	0	\$0	\$0
3. Subtotals (Item 1 plus Item 2)	2	\$477	\$0
4. Reports for which a management decision was made during the reporting period			
a. Value of disallowed costs	0	\$0	\$0
b. Value of costs not disallowed	1	\$462	\$0
5. Reports with no management decision at the end of the reporting period (Item 3 minus Item 4) (Difference in amount due to rounding)	1	\$16	\$0
6. Reports with no management decision within six months of issuance	1	\$16	\$0

²⁰ “Questioned costs” includes “unsupported costs.”

Reports With Recommendations That Funds Be Put to Better Use

TIGTA issued two audit reports during this semiannual reporting period with the recommendation that funds be put to better use.²¹ The phrase “recommendation that funds be put to better use” means funds could be used more efficiently if management took actions to implement and complete the recommendation, including:

- Reductions in outlays;
- Deobligations of funds from programs or operations;
- Costs not incurred by implementing recommended improvements related to operations;
- Avoidance of unnecessary expenditures noted in pre-award reviews of contract agreements;
- Prevention of erroneous payment of refundable credits, *e.g.*, Earned Income Tax Credit; or
- Any other savings that are specifically identified.

The phrase “management decision” means the evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision concerning its response to such findings and recommendations, including actions deemed necessary.

Reports With Recommendations That Funds Be Put to Better Use

Report Category	Number	Amount (in thousands)
1. Reports with no management decision at the beginning of the reporting period	0	\$0
2. Reports issued during the reporting period	2	\$282,968
3. Subtotals (Item 1 plus Item 2)	2	\$282,968
4. Reports for which a management decision was made during the reporting period		
a. Value of recommendations to which management agreed		
i. Based on proposed management action	2	\$282,968
ii. Based on proposed legislative action	0	\$0
b. Value of recommendations to which management did not agree	0	\$0
5. Reports with no management decision at the end of the reporting period (Item 3 minus Item 4)	0	\$0
6. Reports with no management decision within six months of issuance	0	\$0

²¹ See Appendix II for identification of audit reports involved (Reference Nos. 2019-40-013 and 2019-40-013).

Reports With Additional Quantifiable Impact on Tax Administration

In addition to questioned costs and funds put to better use, the Office of Audit has identified measures that demonstrate the value of audit recommendations to tax administration and business operations. These issues are of interest to executives at the IRS and the Department of the Treasury, Members of Congress, and the taxpaying public, and are expressed in quantifiable terms to provide further insight into the value and potential impact of the Office of Audit's products and services. Including this information also promotes adherence to the intent and spirit of the *Government Performance and Results Act*.

Definitions of these additional measures are:

Increased Revenue: Assessment or collection of additional taxes.

Revenue Protection: Ensuring the accuracy of the total tax, penalties, and interest paid to the Federal Government.

Reduction of Burden on Taxpayers: Decreases by individuals or businesses in the need for, frequency of, or time spent on communication, record keeping, preparation, or costs to comply with tax laws, regulations, and IRS policies and procedures.

Taxpayer Rights and Entitlements at Risk: The protection of due process ("rights") granted to taxpayers by law, regulation, or IRS policies and procedures. These rights most commonly arise when filing tax returns, paying delinquent taxes, and examining the accuracy of tax liabilities. The acceptance of claims for and issuance of refunds ("entitlements") are also included in this category, such as when taxpayers legitimately assert that they overpaid their taxes.

Taxpayer Privacy and Security: Protection of taxpayer financial and account information (privacy). Processes and programs that provide protection of tax administration, account information, and organizational assets (security).

Inefficient Use of Resources: Value of efficiencies gained from recommendations to reduce cost while maintaining or improving the effectiveness of specific programs; resources saved would be available for other IRS programs. Also, the value of internal control weaknesses that resulted in an unrecoverable expenditure of funds with no tangible or useful benefit in return.

Reliability of Management Information: Ensuring the accuracy, validity, relevance, and integrity of data, including the sources of data and the applications and processing thereof, used by the organization to plan, monitor, and report on its financial and operational activities. This measure will often be expressed as an absolute value, *i.e.*, without regard to whether a number is positive or negative, of overstatements or understatements of amounts recorded on the organization's documents or systems.

Protection of Resources: Safeguarding human and capital assets, used by or in the custody of the organization, from accidental or malicious injury, theft, destruction, loss, misuse, overpayment, or degradation.

The number of taxpayer accounts and dollar values shown in the following chart were derived from analyses of historical data, and are thus considered potential barometers of the impact of audit recommendations. Actual results will vary depending on the timing and extent of management's

implementation of the corresponding corrective actions, and the number of accounts or subsequent business activities affected as of the dates of implementation. Also, a report may have issues that affect more than one outcome measure category. Management did not agree with the outcome measures in the following reports:

- Increased Revenue: Reference Numbers 2019-10-002, 2019-30-016, and 2019-40-026;
- Revenue Protection: Reference Numbers 2019-40-012 and 2019-40-014; and
- Reliability of Management Information: Reference Numbers 2019-10-006 and 2019-30-016.

The following reports contained quantifiable impacts other than the number of taxpayer accounts and dollar value:

Reliability of Management Information: Reference Numbers 2019-10-006, 2019-40-010, 2019-10-011, and 2019-30-016.

Reports With Additional Quantifiable Impact on Tax Administration

Outcome Measure Category	Number of Reports	Number of Taxpayer Accounts	Dollar Value (in thousands)
Increased Revenue	3	14,598	\$757,034
Revenue Protection	2	131	\$375,225
Reduction of Burden on Taxpayers	2	934,697	\$0
Taxpayer Rights and Entitlements at Risk	4	15,341	\$5,189
Taxpayer Privacy and Security	0	0	\$0
Inefficient Use of Resources	2	0	\$4,534
Reliability of Management Information	4	0	\$0
Protection of Resources	0	0	\$0

22 See Appendix II for identification of audit reports involved.

Investigations Statistical Reports²³

Significant Investigative Achievements

(October 1, 2018 – March 31, 2019)

Complaints/Allegations Received by TIGTA	
Complaints Against IRS Employees	1,928
Complaints Against Non-Employees	2,311
Total Complaints/Allegations	4,239
Status of Complaints/Allegations Received by TIGTA	
Investigations Initiated	680
In Process Within TIGTA ²⁴	357
Referred to IRS for Action	526
Referred to IRS for Information Only	1,199
Referred to a Non-IRS Entity ²⁵	0
Closed With No Referral	498
Closed Associated With Prior Investigation	922
Closed With All Actions Completed	57
Total Complaints	4,239
Investigations Opened and Closed	
Total Investigations Opened	1,129
Total Investigations Closed	1,068
Financial Accomplishments	
Embezzlement/Theft Funds Recovered	\$266,108
Contract Fraud and Overpayments Recovered	\$0
Court-Ordered Fines, Penalties, and Restitution	\$5,245,559
Out-of-Court Settlements	\$0
Potentially Compromised by Bribery	\$0
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$1,204,845
IRS Assets and Resources Protected Against Malicious Loss	\$0
Total Financial Accomplishments	\$6,716,512

²³ Includes the new reporting requirements under the Inspector General Empowerment Act (IGEA) of 2016, Pub. L. No. 114-317, 130 Stat. 1595.

²⁴ Complaints for which final determination had not been made at the end of the reporting period.

²⁵ A non-IRS entity includes other law enforcement entities or Federal agencies.

Status of Closed Criminal Investigations

Criminal Referral	Employee	Non-Employee	Total
Referred – Accepted for Prosecution	7	35	42
Referred – Declined for Prosecution	155	139	294
Referred – Pending Prosecutorial Decision	13	36	49
Total Criminal Referrals²⁶	175	210	385
No Referral	251	450	701

Criminal Dispositions²⁷

Criminal Disposition	Employee	Non-Employee	Total
Guilty	13	39	52
Nolo Contendere (no contest)	1	1	2
Pretrial Diversion	0	0	0
Deferred Prosecution ²⁸	0	1	1
Not Guilty	0		0
Dismissed	2	3	5
Total Criminal Dispositions	16	44	60

Administrative Dispositions on Closed Investigations²⁹

Administrative Disposition	Total
Removed/Terminated	22
Suspended/Reduction in Grade	62
Resigned/Retired/Separated Prior to Adjudication	94
Oral or Written Reprimand/Admonishment	97
Clearance Letter/Closed, No Action Taken	72
Alternative Discipline/Letter With Cautionary Statement/Other	74
Non-Employee Actions ³⁰	165
Total Administrative Dispositions	586

²⁶ Criminal referrals include both Federal and State dispositions.

²⁷ Final criminal dispositions during the reporting period. These data may pertain to investigations referred criminally in prior reporting periods and do not necessarily relate to the investigations referred criminally in the Status of Closed Criminal Investigations table above.

²⁸ Generally in a deferred prosecution, the defendant accepts responsibility for his/her actions and complies with certain conditions imposed by the court. Upon the defendant's completion of the conditions, the court dismisses the case. If the defendant fails to fully comply, the court reinstates prosecution of the charge.

²⁹ Final administrative dispositions during the reporting period. These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the investigations identified as closed in the Investigations Opened and Closed table.

³⁰ Administrative actions taken by the IRS against non-IRS employees.

Summary of Investigative Reports and Criminal Referrals

Criminal Referral Breakdown (October 1, 2018 – March 31, 2019)	
Number of Investigative Reports Issued	385
Referred to the Department of Justice for Criminal Prosecution	366
Referred to State/Local Prosecuting Authorities	19
Number of Indictments and Criminal Informations	45
Indictments	29
Criminal Informations	16

Interference

During the reporting period, there were no attempts by the IRS to interfere with the independence of TIGTA. Additionally, the IRS did not resist, object to oversight activities, or significantly delay access to information.

Instances of Whistleblower Retaliation

During the reporting period there was one investigation regarding allegations of whistleblower retaliation, which was unfounded.

Closed³¹ Investigations Involving Internal Revenue Service Senior Government Employees³²

Detailed Description of the Facts and Circumstances of the Investigation:	Result:	Disposition:	Criminal Status:	Date Referred:	If Declined, Date of Declination:
A senior Government employee was alleged to have inappropriately received danger pay.	Not Substantiated	Closed without action letter with cautionary statement	No referral made	N/A	N/A
A senior Government employee was alleged to have mailed out Christmas cards using Government envelopes and IRS-funded postage.	Substantiated	Separated during investigation	No referral made	N/A	N/A

31 When TIGTA refers an IRS employee investigation to the IRS, the investigation remains open until all actions are completed, including any penalty imposed upon the employee by the IRS. TIGTA closes an employee investigation after receiving notice from the IRS of the administrative action taken in response to that investigation.

32 For this report, a “senior Government employee” refers to an officer or employee in the Executive branch who occupies a position classified at or above GS-15 of the General Schedule. IGEA § 4(c) (3) (C).

Detailed Description of the Facts and Circumstances of the Investigation:	Result:	Disposition:	Criminal Status:	Date Referred:	If Declined, Date of Declination:
A senior Government employee was alleged to have made unauthorized changes to IRS virtualization servers and IRS pre-production and production systems; made misleading statements to IRS management; created problems with virtualization servers in order to inappropriately obtain overtime; inappropriately deleted access logs; and to have made unauthorized procurements and used vendor provided credits to obtain training without approval.	Not Substantiated	Closed without action letter	No referral made	N/A	N/A
A senior Government employee was alleged to have violated an individual's civil rights.	Not Substantiated	Clearance letter	Declined	05/08/17	05/08/17
A senior Government employee was alleged to have misused his/her position to serve a civil motion.	Unresolved	Separated during investigation	No referral made	N/A	N/A
A senior Government employee was alleged to have violated the Hatch Act, consumed alcohol while working, falsified time and attendance records, and threatened his/her subordinates.	Not Substantiated	Clearance letter	No referral made	N/A	N/A
A senior Government employee was alleged to have not followed proper management procedures and to have retaliated against a former IRS employee.	Not Substantiated	Closed without action letter	No referral made	N/A	N/A
A senior Government employee was reported to have been arrested on an unspecified sexual-related charge.	Substantiated	Separated during investigation	No referral made	N/A	N/A
A senior Government employee was alleged to have traveled to Mexico with another IRS employee, while in official travel status, and to have purchased a large quantity of prescription drugs and subsequently transported them back to the United States.	Substantiated	Admonished	Declined	07/16/18	07/16/18
A senior Government employee reported having left his/her IRS-issued laptop computer at an airport security checkpoint.	Substantiated	Separated during investigation	No referral made	N/A	N/A
A senior Government employee was alleged to have attempted to use his/her IRS e-mail account to send a document containing his/her own personal PII to his/her personal external e-mail address. (It was noted that the IRS software blocked the e-mail from being sent.)	Substantiated	Separated during investigation	No referral made	N/A	N/A

Inspections and Evaluations Statistical Reports

Evaluations Reports With Significant Unimplemented Corrective Actions³³

The Inspector General Act of 1978, as amended, requires identification of significant recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information from the IRS Office of Management Control's automated tracking system maintained by Treasury management officials.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No., P = Plan No.)
2018-IE-R002	February 2018	3/15/2020	<p>ADDITIONAL ACTIONS ARE NEEDED TO MAKE THE WORKER MISCLASSIFICATION INITIATIVE WITH THE DEPARTMENT OF LABOR A SUCCESS</p> <p><u>F-1, R-1, P-2</u>: Subject to the decision to continue the Memorandum of Understanding (MOU), IRS will conduct a program review one year after the MOU is revised to ensure the duties and responsibilities are executed as outlined in the revised MOU. Based on the results of the program review, appropriate recommendations will be made and implemented as needed.</p>
2018-IE-R002	February 2018	9/15/2019	<p>ADDITIONAL ACTIONS ARE NEEDED TO MAKE THE WORKER MISCLASSIFICATION INITIATIVE WITH THE DEPARTMENT OF LABOR A SUCCESS</p> <p><u>F-3, R-1, P-1</u>. Subject to the decision to continue the MOU, representatives from Employment Tax (ET) Workload Selection and Delivery, ET Policy, and Department of Labor will develop measurable goals and related performance measures to be included in the revised MOU.</p>
2018-IE-R005	August 2018	7/15/2019	<p>Controls Over Pocket Commissions Must Be Improved</p> <p><u>F-1, R-1, P-3</u>. The Chief, Facilities Management and Security Services (FMSS), should require a full physical inventory of all commission records with the objective of making the Personal Identity Verification Data Synchronization (PDS) a complete and accurate system of records for all non-enforcement commissions.</p>

³³ The Office of Inspections and Evaluations has previously designated one report with unimplemented recommendations as "Sensitive But Unclassified (SBU)." The SBU report concerns physical security of IRS facilities or subject matter that might create a risk of circumvention of the law if publicly released. There are no potential cost savings associated with any unimplemented recommendations from the report.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No., P = Plan No.)
2018-IE-R005	August 2018	2/15/2019	Controls Over Pocket Commissions Must Be Improved <u>F-1, R-1, P-5.</u> The Chief, FMSS, will certify the commission inventory in Velocity.
2018-IE-R005	August 2018	7/15/2020	Controls Over Pocket Commissions Must Be Improved <u>F-1, R-2, P-3.</u> The Chief, FMSS, will work through the business units to determine which of the remaining employees have pocket commissions that are not recorded in PDS and to identify any legacy, non-serialized and non-expiring commissions.
2018-IE-R005	August 2018	2/15/2020	Controls Over Pocket Commissions Must Be Improved <u>F-1, R-2, P-5.</u> The Chief, FMSS, will ensure that those previously unrecorded commissions are properly recorded in Velocity and are up-to-date (i.e., revoking legacy commissions for employees who no longer need them and replacing non-expiring legacy commissions with serialized commissions with printed and tracked expiration dates for those employees whose position requires a pocket commission).
2018-IE-R005	August 2018	5/15/2020	Controls Over Pocket Commissions Must Be Improved <u>F-1, R-3, P-2.</u> The Chief, FMSS, will revise and update policy in IRM 10.2.6 Non-Enforcement Pocket Commission to reinstate an annual reconciliation of the issued commissions to ensure that Velocity records remain complete and accurate.
2018-IE-R005	August 2018	2/15/2020	Controls Over Pocket Commissions Must Be Improved <u>F-2, R-3, P-3.</u> The Chief, FMSS, will ensure that the program report is complete for all serialized commission records in Velocity. ³⁴
2018-IE-R007	September 2018	10/15/2020	Improved Communication and Outreach With Federal Agencies Could Reduce the Number of Invalid Retirement Benefit Statements Filed Each Year <u>F-1, R-1, P-1.</u> Tax Exempt and Government Entities (TE/GE) will ensure that Notices 1313 (renamed to Notice 972F in 2019) are sent to all applicable agencies, regardless of threshold numbers of documents, when the agency issues a benefit statement with a missing or inaccurate SSN.
2018-IE-R007	September 2018	10/15/2019	Improved Communication and Outreach With Federal Agencies Could Reduce the Number of Invalid Retirement Benefit Statements Filed Each Year <u>F-2, R-2, P-1.</u> TE/GE will use a data driven approach to identify agencies in need of direct outreach, work with and support these agencies to foster voluntary compliance with Form 1099-R filing and reporting requirements. IRS agrees with the recommendation but lacks the resources to conduct one on one outreach with these agencies.

34 A software used for initiating, providing, and managing personal identity.



Appendix I

Statistical Reports – Other

Reports With Significant Unimplemented Corrective Actions³⁵

The Inspector General Act, as amended, requires the identification of any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information obtained from the Department of the Treasury's Joint Audit Management Enterprise System.^{36,37,38}

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2007-10-068	May 2007	6/30/19	INEFFICIENCIES IN PROCESSING OPERATIONS ASSISTANCE REQUESTS CAUSED TAXPAYERS UNNECESSARY DELAYS F-3, R-1: Revise Form 12412, Operations Assistance Request, to allow Requests to be closed as completed or as misrouted only if they had been sent to the wrong Operations liaison.
2008-20-176	September 2008	9/30/19	THE OFFICE OF RESEARCH, ANALYSIS, AND STATISTICS NEEDS TO ADDRESS COMPUTER SECURITY WEAKNESSES F-1, R-5: Ensure that audit and accountability controls are sufficient by requiring audit logs to be maintained a minimum of six years and to be periodically reviewed by the security officer.
2012-1C-003	December 2011	9/15/19	CONTRACTOR'S FISCAL YEAR 2007 INCURRED COST PROPOSAL F-1, R-1: Use the Defense Contract Audit Agency (DCAA) report in the administration of the contract and determine whether the questioned costs should be recovered. Potential Cost Savings: \$15,732.

³⁵ Acronyms used in this report are defined in the table titled "Acronyms Used Exclusively in Appendices."

³⁶ This summary data does not include reports that are specifically prohibited from disclosure by any provision of law, such as 26 U.S.C. § 6103, protecting tax returns and return information, or that are specifically required by Executive order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs.

³⁷ Office of Audit has previously designated three reports with unimplemented recommendations as "Sensitive But Unclassified (SBU)." These SBU reports concern physical security of IRS facilities or subject matter that might create a risk of circumvention of the law if publicly released. There are no potential cost savings associated with any unimplemented recommendations from these three reports.

³⁸ Recommendations designated as "On Hold" were agreed to by the IRS, but action was deferred pending the availability of funds.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2014-10-033	June 2014	6/30/19 6/30/19	THE TAXPAYER ADVOCATE SERVICE CAN IMPROVE THE PROCESSING OF SYSTEMIC BURDEN CASES F-1, R-1: Reissue guidance to explain the requirement to only contact authorized representatives when applicable, and emphasize this in future training. F-1, R-3: Review the results of sample findings and incorporate lessons learned into future training.
2014-40-084	September 2014	12/15/20	A SERVICE-WIDE STRATEGY IS NEEDED TO INCREASE BUSINESS TAX RETURN ELECTRONIC FILING F-2, R-1: Develop a less burdensome electronic signature process for businesses e-filing employment tax returns using the Modernized e-File system.
12016-40-009	December 2015	06/15/19	PROCESSES ARE NEEDED TO ENSURE RELIABILITY OF FEDERAL UNEMPLOYMENT TAX CERTIFICATION FILES AND TO WORK MULTI-STATE CASES F-1, R-1: Develop a process to identify errors in key data fields, <i>i.e.</i> , State wage fields, State unemployment tax rate fields, and State payment fields, used to calculate allowed Federal Unemployment Tax Act (FUTA) tax credit as part of the IRS's upfront data validation process for State FUTA Certification Data Files. For those errors that materially affect the calculation of allowed FUTA tax credit, request corrected files. Potential Increased Revenue: \$19,700,000.
2016-20-019	February 2016	04/15/19	MANAGEMENT OVERSIGHT OF THE TIER II ENVIRONMENT BACKUP AND RESTORATION PROCESS NEEDS IMPROVEMENT F-1, R-6: Identify and review all privilege groups of administrators with the capability to perform backup and restore duties to ensure that personnel are granted appropriate authorization.
2016-40-028	March 2016	On Hold On Hold On Hold	REVISING TAX DEBT IDENTIFICATION PROGRAMMING AND CORRECTING PROCEDURAL ERRORS COULD IMPROVE THE TAX REFUND OFFSET PROGRAM F-1, R-1: Revise identification processes to include sole proprietor information from Form SS-4, Application for Employer Identification Number, to identify individual tax refunds to offset to pay business tax debt. F-2, R-4: Revise computer programming to ensure that credit elects are offset to any associated tax debt on the Non-Master File. F-3, R-1: Revise computer programming to use the Limited Liability Company (LLC) indicator on the business tax account to ensure that individual tax refunds are not offset to the associated LLC's business tax debt.
2016-30-089	September 2016	07/15/19	THE LARGE BUSINESS AND INTERNATIONAL DIVISION'S STRATEGIC SHIFT TO ISSUE-FOCUSED EXAMINATIONS WOULD BENEFIT FROM RELIABLE INFORMATION ON COMPLIANCE RESULTS F-2, R-1: Develop and implement plans to streamline the Uniform Issue List (UIL) codes available to examiners, provide additional guidance for the appropriate use of UIL codes, and include UIL code accuracy in program and evaluative quality reviews.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2016-20-075	September 2016	10/15/19 10/15/19	<p>INFORMATION TECHNOLOGY: SHAREPOINT CONTROLS NEED IMPROVEMENT TO MITIGATE RISKS AND TO ENSURE THAT POSSIBLE DUPLICATE COSTS ARE AVOIDED</p> <p><u>F-1, R-1</u>. Ensure that an automated tool is identified, deployed, and routinely executed to identify SharePoint sites containing PII and SBU data.</p> <p><u>F-1, R-2</u>. Ensure that SharePoint site collections containing PII and SBU data have approved Privacy and Civil Liberties Impact Assessments.</p>
12017-30-010	October 2016	10/15/20	<p>EMPLOYEES SOMETIMES DID NOT ADHERE TO E-MAIL POLICIES WHICH INCREASED THE RISK OF IMPROPER DISCLOSURE OF TAXPAYER INFORMATION</p> <p><u>F-3, R-1</u>: Update the EEFax system to allow encrypted messages to be sent to the EEFax system server.</p>
12017-40-011	November 2016	On Hold	<p>ACTIONS CAN BE TAKEN TO IMPROVE PROCESSES OF A NEWLY DEVELOPED PROGRAM THAT ENABLES VICTIMS OF IDENTITY THEFT TO REQUEST COPIES OF FRAUDULENT TAX RETURNS</p> <p><u>F-1, R-2</u>: Implement an automated process to redact Personally Identifiable Information (PII) on copies of fraudulent returns provided to identity theft victims.</p>
2017-10-018	March 2017	4/15/19	<p>STATUS OF DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT IMPLEMENTATION EFFORTS</p> <p><u>F-1, R-2</u>: Pursue methods of automating the capture of data for 10 procurement-related elements required by the Digital Accountability and Transparency Act reporting in its successor procurement system.</p>
2017-40-026	March 2017	9/15/19	<p>INCONSISTENT PROCESSES AND PROCEDURES RESULT IN MANY VICTIMS OF IDENTITY THEFT NOT RECEIVING IDENTITY PROTECTION PERSONAL IDENTIFICATION NUMBERS</p> <p><u>F-2, R-1</u>: Ensure that all functions have consistent procedures for adding identity theft markers that create an Identity Protection Personal Identification Number for all confirmed victims of identity theft whose current address cannot be confirmed.</p>
2017-40-037	May 2017	On Hold On Hold	<p>IMPROVEMENTS ARE NEEDED TO ENSURE THAT TAX ACCOUNTS ON THE AUTOMATED NON-MASTER FILE ARE ACCURATELY PROCESSED</p> <p><u>F-1, R-1</u>: Correct Automated Non-Master File (ANMF) programming to compute and assess the Failure to File penalty on Form 1040NR, <i>U.S. Nonresident Alien Income Tax Return</i>, accounts in which the Taxpayer Identification Number (TIN) is an Employer Identification Number (EIN).</p> <p><u>F-1, R-2</u>: Correct ANMF programming to use the correct date when computing the Failure to Pay penalty. In addition, programming should be corrected to ensure that the proper penalty rate is used to compute the penalty amount.</p> <p>Potential Increased Revenue: \$354,153.</p>
2017-20-024	June 2017	7/15/20	<p>INFORMATION TECHNOLOGY: IMPROVEMENTS ARE NEEDED IN ENTERPRISE-WIDE DISASTER RECOVERY PLANNING AND TESTING</p> <p><u>F-2, R-1</u>: Reach consensus regarding the maximum tolerable downtime or recovery time objective for each mission essential function.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2017-40-031	June 2017	On Hold	<p>THE NUMBER OF EMPLOYMENT-RELATED IDENTITY THEFT VICTIMS IS SIGNIFICANTLY GREATER THAN IDENTIFIED</p> <p>F-1, R-2: Correct programming as needed to ensure that the employment identity-theft marker is placed on all victims' tax accounts for ITIN/SSN mismatches on e-filed tax returns.</p>
2017-40-038	July 2017	5/15/19 On Hold	<p>CASE SELECTION PROCESSES RESULT IN BILLIONS OF DOLLARS IN POTENTIAL EMPLOYER UNDERREPORTED TAX NOT BEING ADDRESSED</p> <p>F-2, R-1: Revise the case selection process to include auto-generated cases with the highest potential tax assessment and expand discrepancy case selection to include cases currently excluded from the systemic selection process.</p> <p>Potential Increased Revenue: \$7,266,926,976</p> <p>F-3, R-1: Establish a systemic process to match data fields to perfect unpostable Forms W-3, <i>Transmittal of Wage and Tax Statements</i>.</p>
2017-30-048	August 2017	On Hold 9/15/19	<p>ADDITIONAL CONTROLS ARE NEEDED TO HELP ENSURE THAT NONRESIDENT ALIEN INDIVIDUAL PROPERTY OWNERS COMPLY WITH TAX LAWS</p> <p>F-1, R-1: Request that a revision be made to Form 1040NR, U.S. Nonresident Alien Income Tax Return, to enable nonresident aliens to make an election under I.R.C. Section 871(d) and revise processing procedures to ensure that the IRS records the election.</p> <p>F-2, R-1: Develop a compliance initiative addressing nonresident aliens who do not report rental income generated by real property they own in the United States.</p> <p>Potential Increased Revenue: \$18,258,884.</p>
2017-40-085	September 2017	On Hold	<p>FURTHER ACTIONS ARE NEEDED TO REDUCE THE RISK OF EMPLOYMENT TAX FRAUD TO BUSINESSES THAT USE THE SERVICES OF PROFESSIONAL EMPLOYER ORGANIZATIONS</p> <p>F-3, R-1: Establish processes and procedures to reduce unnecessary resources expended notifying employers of an address change when programming incorrectly identifies an address change resulting from minor formatting revisions.</p>
2017-20-062	September 2017	9/15/19 9/15/19 9/15/19	<p>THE INTERNAL REVENUE SERVICE IS NOT IN COMPLIANCE WITH FEDERAL REQUIREMENTS FOR SOFTWARE ASSET MANAGEMENT</p> <p>F-1, R-1: Establish executive governance for Software Asset Management (SAM) within the IRS which acts as a centralized group to ensure that effective and knowledgeable decisions are being made timely by authorized personnel.</p> <p>F-1, R-2: Establish a SAM framework using Federal requirements and industry best practices as guidelines.</p> <p>F-1, R-3: Assess current SAM practices to identify gaps within the IRS's management of software licenses and take necessary corrective actions to resolve issues using the SAM framework.</p>
2017-30-084	September 2017	9/15/19	<p>IMPROVEMENT IS NEEDED IN COMPLIANCE EFFORTS TO IDENTIFY UNSUPPORTED CLAIMS FOR FOREIGN TAX CREDITS</p> <p>F-4, R-1: Evaluate the Functional Specification Packages to identify programming changes needed to calculate the amount of the Foreign Tax Credit limitation and account for mixed-component returns.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-10-006	November 2017	5/15/18	FISCAL YEAR 2017 DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT REPORTING COMPLIANCE <u>F-1, R-1</u> : Develop and implement policies and procedures that: 1) clarify the definition of Digital Accountability and Transparency Act (DATA) elements and associated data fields in the Procurement for Public Sector function, the Award Submission Portal, and the Federal Procurement Data System-Next Generation, 2) specify documentation that should be maintained in support of these elements in grant and contract files, and 3) provide mandatory training to all contracting officers and grant program staff to ensure understanding.
		5/15/18	<u>F-1, R-2</u> : Enhance quality assurance procedures to improve the accuracy of the DATA Act procurement and grant attribute information and provide additional assurance that contract and grant files contain current and appropriate documentation.
2018-40-010	January 2018	On Hold	PROCESSES NEED TO BE IMPROVED TO IDENTIFY INCOMPLETE AND FRAUDULENT APPLICATIONS FOR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS <u>F-3, R-1</u> : Modify the Real-Time System (RTS) consistency and validity checks to identify all duplicate uses of supporting documents.
		On Hold	<u>F-3, R-2</u> : Ensure programming changes are made to require mandatory review when the RTS alerts tax examiners that duplicate supporting documents were previously used to obtain an ITIN.
		On Hold	<u>F-3, R-3</u> : Establish systemic controls in the RTS to revoke ITINs determined to be issued in error after the three-day quality review period (i.e., the system should not accept a reject action).
		8/15/19	<u>F-3, R-4</u> : Review the 95,928 ITINs TIGTA identified that were issued with a rejected application and take the actions necessary to revoke the ITINs if appropriate.
		8/15/19	<u>F-3, R-5</u> : Review the 44,532 ITINs TIGTA identified that were issued to individuals and the 10,924 ITINs TIGTA identified that were issued to individuals who used duplicate supporting documents to determine the validity of the ITINs and take the actions necessary to revoke those ITINs that are determined to be invalid.
		8/15/19	<u>F-4, R-1</u> : Review the 8,110 ITINs identified with a revoked status in the RTS but still valid on the Individual Master File (IMF) and take necessary action to change the ITINs to invalid.
		8/15/19	<u>F-4, R-2</u> : Review the 1,237 ITINs identified with a revoked status in the RTS but still active on the National Account Profile (NAP) and take necessary action to remove the ITIN from the NAP.
		On Hold	<u>F-4, R-3</u> : Modify processes to systemically remove all revoked ITINs from the NAP and update the Individual Master File.
		On Hold	<u>F-4, R-4</u> : Develop processes and procedures to identify deceased ITIN holders and lock their tax accounts if they exist.
		7/15/19	<u>F-5, R-3</u> : Prior to acceptance into the Certified Acceptance Agent (CAA) program, ensure that the CAA-completed forensic training includes instruction on how to verify the security features on all original documents that the IRS accepts as proof of identity.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-40-011	January 2018	On Hold 8/15/19 8/15/19	<p>SOME LEGAL REQUIREMENTS TO DEACTIVATE INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS HAVE NOT BEEN MET</p> <p><u>F-2, R-1</u>: Revise computer programming to deactivate ITINs when the Form W-7, Application for <i>IRS Individual Taxpayer Identification Number</i>, was rejected and the ITIN status field in the ITIN RTS is blank.</p> <p><u>F-2, R-2</u>: Deactivate the 89,105 ITINs TIGTA identified that should have been deactivated.</p> <p><u>F-3, R-5</u>: Ensure that the IRS Master File accounts associated with the remaining 2,808 ITINs with an active IRS Master File Account are updated to reflect the inactive status of the ITIN.</p>
2018-40-012	January 2018	On Hold On Hold	<p>RESULTS OF THE 2017 FILING SEASON</p> <p><u>F-4, R-1</u>: Establish processes to use its math error authority to deny all e-filed and paper American Opportunity Tax Credit claims for which the taxpayer does not provide the institution Employer Identification Number for each student claimed on the return.</p> <p>Potential Cost Savings: \$3,297,127,798</p> <p><u>F-5, R-1</u>: Modify Form 2441, <i>Child and Dependent Care Expenses</i>, to ask taxpayers whether they fall under one of the exceptions to be able to file as Married Filing Separately, and revise computer programs to allow the credit only when a taxpayer attests that he or she meets the exception by checking the applicable box.</p>
2018-20-007	February 2018	 9/15/19	<p>ELECTRONIC AUTHENTICATION PROCESS CONTROLS HAVE BEEN IMPROVED, BUT HAVE NOT YET BEEN FULLY IMPLEMENTED</p> <p><u>F-2, R-2</u>: Ensure that the eAuthentication audit log captures the full Universally Unique UserIDs (UUID) in a separate field for all user transactions to allow for tracking and analysis of user activity.</p>
2018-40-013	February 2018	On Hold On Hold On Hold On Hold 6/15/19	<p>ACTIONS ARE NEEDED TO REDUCE THE RISK OF FRAUDULENT USE OF EMPLOYER IDENTIFICATION NUMBERS AND TO IMPROVE THE EFFECTIVENESS OF THE APPLICATION PROCESS</p> <p><u>F-2, R-1</u>: Correct programming to reject EIN applications when an EIN has previously been assigned to the same sole proprietor and to reject applications when IRS data indicate that the sole proprietor is deceased.</p> <p><u>F-3, R-1</u>: Perform an assessment to determine how an additional field could be added to the Business Master File so that both the decedent SSN and a responsible party TIN can be captured for estates and trusts.</p> <p><u>F-3, R-2</u>: Revise internal procedures, application instructions, etc., to require that estate and trust applicants applying on paper provide a responsible party.</p> <p><u>F-3, R-5</u>: Develop programming to reject estate applications if the decedent TIN is not that of a deceased individual.</p> <p><u>F-3, R-8</u>: Revise procedures to not allow applicants to designate another business as the responsible party.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-40-015	February 2018	9/15/19	EMPLOYER NONCOMPLIANCE WITH WAGE REPORTING REQUIREMENTS SIGNIFICANTLY REDUCES THE ABILITY TO VERIFY REFUNDABLE TAX CREDIT CLAIMS BEFORE REFUNDS ARE PAID F-1, R-1. Review the 4,509 tax returns that TIGTA identified for which the IRS incorrectly allowed the CTC, ACTC, EITC, and AOTC and take the steps necessary to recover the almost \$9.8 million paid to taxpayers in error.
		On Hold	F-3, R-1. Correct programming errors that resulted in the incorrect calculation of ITIN issuance dates and ensure that the Real Time System and the National Account Profile (NAP) are updated with the correct issuance date.
		On Hold	F-3, R-2. Identify all ITINs with a missing issuance date on the NAP and ensure that the NAP is updated with the correct issuance date.
2018-40-016	February 2018	4/15/19	MOST EMPLOYMENT IDENTITY THEFT VICTIMS HAVE NOT BEEN NOTIFIED THAT THEIR IDENTITIES ARE BEING USED BY OTHERS FOR EMPLOYMENT F-2, R-1. Reverse the employment identity theft marker placed on the 15,168 taxpayers' accounts and notify them that the prior notice was sent erroneously.
		On Hold	F-2, R-2. Revise ITIN/SSN mismatch programming to ensure that it does not place the employment identity theft marker on the accounts of SSN owners who are spouses of ITIN holders.
		4/15/19	F-2, R-3. Identify instances, prior to Processing Year (PY) 2017, in which the ITIN/SSN mismatch process erroneously placed the employment identity theft marker on the tax accounts of SSN owners who are spouses of ITIN holders. The marker should be reversed on those accounts.
2018-43-022	March 2018	5/15/20	AFFORDABLE CARE ACT: PROCESSES TO IDENTIFY EMPLOYERS SUBJECT TO THE EMPLOYER SHARED RESPONSIBILITY PAYMENT NEED IMPROVEMENT F-1, R-3. Improve the mail sorting process and provide additional training and guidance to employees to ensure that related paper Forms 1094 and Forms 1095 remain together during processing.
		2/15/20	F-3, R-1. Develop a Service-wide TIN validation strategy to reduce the number of TIN validation systems and programs to streamline and consolidate TIN validation efforts.
2018-30-023	March 2018	7/15/19	THE UNCERTAIN TAX POSITION STATEMENT DOES NOT CONTAIN SUFFICIENT INFORMATION TO BE USEFUL IN COMPLIANCE EFFORTS F-1, R-1. Consider the feasibility of either modifying Schedule UTP to include information needed to be useful for its intended purpose or removing the Schedule UTP filing requirement.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2019-10-020	April 2018	5/15/19	MORE EFFECTIVE WORKSTATION AND OFFICE UTILIZATION COULD RESULT IN RENTAL COST SAVINGS F-1, R-1. Evaluate and implement enhanced survey procedures or other methods to improve the accuracy of the Graphic Database Interface system workspace occupancy information.
		5/15/19	F-1, R-2. Revise space project design and implementation policies and procedures to: require staffing and telework and mobile fieldwork participation information used to develop space project designs to be validated by the Human Capital Office for each Strategic Facility Project prior to finalizing the space requirement design details; calculate and incorporate workstation and office sharing ratios into each project design, based on IRS National Workplace Standards, prior to determining the total number of square feet needed for each project and prior to providing initial project design space requirements to the General Services Administration; and ensure that deviations from the IRS National Workplace Standards and workspace sharing ratios of 3:1 for employees and 2:1 for managers (for example, due to business unit customer input on local considerations) are approved at the business operating division and functional unit executive levels and that associated written justifications are maintained in the FMSS function project planning records.
		5/15/19	Potential Funds Put To Better Use: \$80,399,060 F-1, R-4. Identify ways to incentivize business operating division and functional unit executives and executive champion representatives to achieve these goals through significantly increased workspace sharing and hoteling that results in the release of underutilized workspaces (and the associated space square footage) and achieves cost savings.
		5/15/19	F-1, R-5. Develop metrics to track the total square footage released and the number of workstations and offices reduced in each Strategic Facility Plan that can be directly attributed to workspace sharing and hoteling and document associated cost savings by business operating division and functional unit.
2018-10-026	May 2018	7/15/19	THE RESEARCH, APPLIED ANALYTICS, AND STATISTICS ORGANIZATION PROJECT MANAGEMENT PRACTICES NEED IMPROVEMENT F-1, R-1. Develop and implement effective performance measures to better assess and demonstrate the impact of its research projects on tax administration and taxpayers.
		4/15/19	F-2, R-1. Develop and implement guidance requiring Research, Applied Analytics, and Statistics divisions to record and monitor a research project's progress throughout its life cycle, along with the associated costs (including IRS and contractor employee labor time). This guidance should include comparing that information to the plans developed during project approval to determine whether research projects are within planned costs and time frames.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-029	May 2018	3/15/20	SECURITY OVER HIGH VALUE ASSETS SHOULD BE STRENGTHENED F-1, R-1. Implement the Office of Management and Budget Cybersecurity Strategy and Implementation Plan actions to identify and document current system hardware components for all IRS high value assets.
		8/15/19	F-1, R-2. Develop an effective process to update the Integrated Data Retrieval System and the Individual Master File system security plans, including any system changes outside of the security control assessment cycle.
		7/15/19	F-1, R-3. Develop an approach and implementation timeline for how to automate the process that identifies privileged users and their approved privileged access authorizations to enhance the IRS's ability to validate system access to high value assets and minimize access inventory.
2018-40-035	May 2018	8/15/19	PROGRAMMING ERRORS AND DEFICIENCIES IN TAX EXAMINER SCREENING RESULTED IN SOME HEALTH COVERAGE TAX CREDIT CLAIMS BEING ERRONEOUSLY PROCESSED F-1, R-2. Review the 2,222 tax returns that TIGTA identified (for which tax examiners erroneously disallowed the claim without first corresponding with the taxpayer to obtain missing eligibility or payment documentation) to ensure that taxpayers received the Health Coverage Tax Credits (HCTC) to which they were entitled and that erroneously issued HCTCs are recovered.
		8/15/19	F-1, R-4. Review the 664 tax returns that TIGTA identified (for which the Error Resolution Units erroneously input the HCTC claim in IRS computers) to ensure that taxpayers received the tax credits to which they were entitled and that erroneously issued tax credits are recovered.
		8/15/19	F-1, R-6. Review the 22 tax returns that TIGTA identified for which the taxpayer incorrectly used employer-sponsored health insurance premiums, reported on Form W-2, to support an HCTC claim. Identify erroneously issued HCTCs and take actions to recover the credit.
		On Hold	F-2, R-3. Implement Error Resolution Unit screening procedures to identify individuals who received advance HCTC payments and claimed the full amount of HCTC on their tax return.
		8/15/19	F-2, R-4. Implement Error Resolution Unit screening procedures to identify individuals who filed a Form W-2, Wage and Tax Statement, indicating that they obtained a new job.
		8/15/19	F-2, R-5. Review the 343 tax returns that TIGTA identified (for which an ineligible individual's HCTC claim was granted) to ensure that taxpayers received the HCTCs to which they were entitled and that erroneously issued HCTCs are recovered.
		8/15/19	F-2, R-6. Review the 45 tax returns that claimed the HCTC and had an attached Form W-2 to ensure that taxpayers received the HCTCs to which they were entitled and that erroneously issued HCTCs are recovered.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-030	June 2018	8/15/19	THE CYBERSECURITY DATA WAREHOUSE NEEDS IMPROVED SECURITY CONTROLS <u>F-2, R-1.</u> Ensure that automated controls and processes to capture and monitor the activities of all IRS personnel with access to transactional audit logs containing taxpayer data in the Cybersecurity Data Warehouse are implemented.
2018-20-034	June 2018	6/15/19 6/15/19 On Hold 7/15/19	ACTIVE DIRECTORY OVERSIGHT NEEDS IMPROVEMENT AND CRIMINAL INVESTIGATION COMPUTER ROOMS LACK MINIMUM SECURITY CONTROLS <u>F-1, R-1.</u> Review the current scope of the Active Directory Technical Advisory Board's (ADTAB) defined oversight responsibilities and modify as necessary to ensure that the ADTAB is providing agency-wide oversight of the Active Directory (AD) architecture, including the AD forests that operate outside of the Enterprise Operations organization. <u>F-1, R-2.</u> Update the existing ADTAB charter and ensure that all individual forest owners are appropriately represented on the ADTAB. <u>F-2, R-1.</u> Complete a cost analysis to: 1) determine the efficacy of relocating CI assets in each of the field offices to existing IRS computer rooms versus upgrading the CI computer rooms to ensure that assets are protected in accordance with Federal and IRM security requirements and 2) implement the most cost effective solution. <u>F-2, R-2.</u> Ensure that CI computer rooms are immediately updated to comply with IRM requirements for Limited Areas, key and cipher lock combination controls, and stand-alone fire extinguishers while a cost effective solution regarding the computer room location is identified and implemented.
2018-30-040	July 2018	12/15/19 09/15/19 12/15/19	DESPITE SPENDING NEARLY \$380 MILLION, THE INTERNAL REVENUE SERVICE IS STILL NOT PREPARED TO ENFORCE COMPLIANCE WITH THE FOREIGN ACCOUNT TAX COMPLIANCE ACT <u>F-1, R-1.</u> Establish follow-up procedures and initiate action to address error notices related to file submissions rejected by the ICMM to ensure that non-Intergovernmental Agreement (IGA) Foreign Financial Institutions (FFI) and Model 2 IGA FFIs submit Foreign Account Tax Compliance Act reports properly and to address unresolved record level errors to ensure that the FFIs correctly provide data for mandatory fields. <u>F-2, R-1.</u> Initiate compliance efforts to address taxpayers who did not file a Form 8938, Statement of Specified Foreign Financial Assets, but who were reported on a Form 8966 filed by an FFI. <u>F-2, R-2.</u> To reduce taxpayer burden in obtaining a Global Intermediary Identification Number from FFIs, add guidance to the Form 8938 instructions to inform taxpayers on how to use the FFI List Search and Download Tool on the IRS's website to search and identify an FFI's Global Intermediary Identification Number.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-041	July 2018	4/15/20	MANAGEMENT CONTROLS SHOULD BE STRENGTHENED TO IMPROVE HARDWARE ASSET INVENTORY RELIABILITY F-1, R-1. Review and update the existing Hardware Asset Management Inventory Certification Plan and reconciliation process to improve compliance, accountability, and participation of all asset inventory owners and stakeholders and to improve the accuracy of information of key Knowledge Incident/Problem Service Asset Management-Asset Manager (KISAM-AM) module fields during the annual certification process.
		8/15/19	F-1, R-2. Ensure that newly acquired assets are timely added into the KISAM-AM module by revising the current asset acquisition and receipt process to ensure the timely delivery of required vendor reporting and to improve accountability of personnel responsible for the receipt and acceptance process.
		2/15/20	F-1, R-3. Direct responsible personnel to research and update the KISAM-AM module records for all in-use assets to ensure that all identified blank User Name and/or Contact Name fields are populated accordingly.
		2/15/20	F-1, R-4. Improve the accuracy of the Location field in the KISAM-AM module for shared assets by capturing the specificity of the location for future hardware asset inventory certifications and transactions.
		9/15/19	F-1, R-5. Direct certifying officials to ensure that sufficient research is properly conducted to locate missing hardware assets prior to reporting them as lost.
		2/15/20	F-2, R-1. Identify high-risk hardware asset categories that may potentially contain Personally Identifiable Information, update guidance to further define that high-risk assets not verified for one inventory cycle be immediately categorized as missing in the KISAM-AM module, and specify a time frame to complete the 10 research steps for locating missing assets.
		2/15/20	F-2, R-2. Direct responsible personnel to prioritize locating high-risk missing assets that may potentially contain Personally Identifiable Information when conducting the 10 research steps and immediately report assets determined as lost to the IRS's Computer Security Incident Response Center and TIGTA's Office of Investigations.
2018-20-036	July 2018	8/15/19	THE REMEDIATION OF CONFIGURATION WEAKNESSES AND VULNERABILITIES IN THE REGISTERED USER PORTAL SHOULD BE IMPROVED F-1, R-1. Establish a policy for the contractor that determines the remediation time frames for configuration weaknesses, i.e., non-patch-related vulnerabilities. In addition, correct the Plan of Action and Milestones remediation time frame in the Integrated Enterprise Portal (IEP) Continuous Monitoring Plan that references the patching and installation schedule in Internal Revenue Manual 10.8.50.4.2.
		5/15/19	F-2, R-1. Ensure that the contractor performs, at a minimum, an annual reconciliation of the IEP inventory in the Continuous Management Database to ensure that it includes the components outlined in the System Security Plan and the Internal Revenue Manual 10.8.1.4.5.7(1)d to support effective component accountability.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-30-042	July 2018		THE INTERNAL REVENUE SERVICE LACKS A COORDINATED STRATEGY TO ADDRESS UNREGULATED RETURN PREPARER MISCONDUCT
		6/15/19	<u>F-1, R-1.</u> Develop a preparer misconduct strategy that encourages programs with the authority to address preparer misconduct to coordinate with one another to establish program goals and track progress towards those goals.
		10/15/19	<u>F-1, R-2.</u> Establish goals that support the Service-wide Return Preparer Strategy being developed and monitor progress towards those goals.
		6/15/19	<u>F-1, R-3.</u> Analyze procedures among the Return Preparer Coordinators for best practices and establish national procedures, including Program Action Case (PAC) referral criteria.
		6/15/19	<u>F-2, R-1.</u> Develop a compliance strategy that allows for the imposition of the I.R.C. Section 6695(c) penalty on return preparers who routinely fail to supply their Preparer Tax Identification Numbers on tax returns they have prepared (upon such thresholds that are deemed appropriate).
		10/15/20	<u>F-2, R-2.</u> Consider expanding use of the Preparer Risk Identification and Selection Model feature of the Return Preparer Database to assist the Lead Development Centers and the Examination function, and with the identification and development of the PACs
2018-30-053	July 2018	7/15/19	FISCAL YEAR 2018 STATUTORY REVIEW OF DISCLOSURE OF COLLECTION ACTIVITIES ON JOINT RETURNS <u>F-1, R-3.</u> Ensure the mirrored account training materials are consistent and complete to include the appropriate response to taxpayer inquiries on disclosure of collection activities with respect to joint returns when the taxpayers are no longer married or no longer reside in the same household and ensure that this guidance is included in other disclosure-related training courses.
2018-20-043	July 2018	9/15/19	INITIAL EFFORTS TO DEVELOP AN ENTERPRISE CASE MANAGEMENT SOLUTION WERE UNSUCCESSFUL; OTHER OPTIONS ARE NOW BEING EVALUATED <u>F-1, R-2.</u> Ensure that an Enterprise Case Management (ECM) solution is selected that will enable the IRS to consolidate the majority of the legacy case management system.
		9/15/19	<u>F-2, R-1.</u> Ensure that the base and mission-critical ECM program requirements are determined and all initial planning and program-level activities are completed prior to the technical solution procurement and the start of ECM projects.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-045	July 2018	7/15/19 7/15/19 7/15/19	<p>INFORMATION TECHNOLOGY INVESTMENT MANAGEMENT CONTROLS SHOULD BE BETTER ALIGNED WITH THE FEDERAL INFORMATION TECHNOLOGY ACQUISITION REFORM ACT OF 2014</p> <p><u>F-1, R-1.</u> Comply with the Treasury Department's Federal Information Technology Acquisition Reform Act guidance, which delegates to the IRS Chief Information Officer responsibility for reviewing the acquisition and contract sections in IRS business cases.</p> <p><u>F-1, R-2.</u> Establish processes to identify, review, and approve information technology acquisitions supporting major information technology investments enterprise-wide regardless of origination or funding source.</p> <p><u>F-2, R-1.</u> Report lessons learned trends to the heads of Information Technology organizations and governance bodies for consideration in recommending and overseeing changes to protect management processes.</p>
2018-20-039	July 2018	10/15/19 10/15/19 8/15/19	<p>PRIVATE COLLECTION AGENCY SECURITY OVER TAXPAYER DATA NEEDS IMPROVEMENT</p> <p><u>F-1, R-3.</u> Enforce the timely remediation of critical and high-risk vulnerabilities within 30 calendar days or consider removing the Private Collection Agency (PCA) from the Program.</p> <p><u>F-2, R-3.</u> Provide oversight to ensure that stronger security controls are included in the annual assessments such as the Lockbox Security Guidelines, including a separate secure room for mail processing and securing payments, and enhancing security camera coverage to include record times of all sensitive areas where taxpayer data are present.</p> <p><u>F-3, R-1.</u> Ensure that the data at rest being transferred to the PCAs are encrypted at the IRS and at the PCA.</p>
2018-30-046	July 2018	7/15/19	<p>CRIMINAL INVESTIGATION'S FIREARMS TRAINING AND QUALIFICATION OVERSIGHT NEEDS TO BE IMPROVED</p> <p><u>F-1, R-1.</u> Consider replacing trigger locks with life jackets to provide special agents with another way to safely secure fully loaded firearms at the residence and should assure Criminal Investigations agents are regularly trained in the safe use of trigger locks.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-40-061	August 2018	On Hold 4/15/19 4/15/19 4/15/19 4/15/19	<p>ADDITIONAL ACTIONS CAN BE TAKEN TO FURTHER REDUCE REFUND LOSSES ASSOCIATED WITH BUSINESS IDENTITY THEFT</p> <p><u>F-1, R-2.</u> Expand the use of business identity theft filters to include employment tax returns (e.g., Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return; Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; and Form 944, Employer's ANNUAL Federal Tax Return).</p> <p><u>F-2, R-1.</u> Review the IRS's Suspicious EIN Listing on a periodic basis to ensure that the dynamic selection lists include applicable cross-reference TINs and address information associated with the EINs on the IRS's Suspicious EIN Listing.</p> <p><u>F-2, R-2.</u> Ensure that the remaining 3,816 tax accounts on the IRS's November 2017 Suspicious EIN Listing are locked.</p> <p><u>F-2, R-3.</u> Develop a process to periodically review the IRS's Suspicious EIN Listing to ensure that the EINs on the list are still considered bogus or fictitious businesses. This should include taking actions to research the accounts and contact the businesses.</p> <p><u>F-2, R-4.</u> After performing each periodic review of the IRS's Suspicious EIN Listing, ensure that the EINs still deemed to be bogus or fictitious are locked.</p>
2018-30-059	August 2018	5/15/19	<p>FISCAL YEAR 2018 STATUTORY AUDIT OF COMPLIANCE WITH NOTIFYING TAXPAYERS OF THEIR RIGHTS WHEN REQUESTED TO EXTEND THE ASSESSMENT STATUTE</p> <p><u>F-1, R-1.</u> Ensure that management or other authorized officials verify that notification was provided to all taxpayers and authorized representatives, for both joint and other returns, and that notice has been properly documented in the case activity record in accordance with Internal Revenue Manual 25.6.22.3.</p>
2018-30-055	August 2018	7/15/19	<p>FISCAL YEAR 2018 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS</p> <p><u>F-3, R-1.</u> Implement an outreach strategy to ensure that employees and managers understand all responsibilities related to Section 1204. The strategy should include communications providing practical examples of the potential misuse of Restrictions with Use of Records of Tax Enforcement Results based on self-reported violations, IRS Human Capital Office independent reviews, and prior TIGTA audits.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-40-062	August 2018	6/15/19 On Hold 6/15/19	<p>IMPROVED PROCEDURES ARE NEEDED TO PREVENT THE FRAUDULENT USE OF THIRD-PARTY AUTHORIZATION FORMS TO OBTAIN TAXPAYER INFORMATION</p> <p><u>F-1, R-1.</u> Develop a program to send confirmation letters to taxpayers to confirm submissions prior to authorizing third-party access to their tax information. This confirmation letter program should be implemented until the Third-Party Authorization Tool is deployed and, after deployment, to taxpayers who continue to mail or fax authorization requests to the IRS.</p> <p><u>F-3, R-1.</u> Either remove the refund indicator from all 72,095 authorizations that were processed prior to January 2013 or update refund issuance programming to ignore all refund indicators on the Centralized Authorization File (CAF).</p> <p><u>F-4, R-2.</u> Correspond with representatives and designees assigned multiple CAF numbers to inform them that they are permitted to have one CAF number per location. The correspondence should request a response from each representative and designee specifying the CAF number that the IRS should retain. Excess numbers should then be removed from the CAF.</p>
2018-30-060	August 2018	5/15/19 8/15/19 7/15/19	<p>THE INTERNAL REVENUE SERVICE CAN MORE EFFECTIVELY ADDRESS NONCOMPLIANCE BY BETTER USING AND CONTROLLING THE FED/STATE PROGRAM</p> <p><u>F-1, R-1.</u> Expand the State Audit Report Program (SARP) to other State agencies by requesting that the Privacy, Governmental Liaison, and Disclosure (PGLD) Office contact each of the agencies. In addition, evaluate the responses and determine whether further actions are warranted to obtain State participation and coordinate those responses with the PGLD Office.</p> <p><u>F-1, R-2.</u> Evaluate high-income and repeat nonfilers prior to dropping them from SARP inventory and document the analysis if not selected for examination.</p> <p><u>F-2, R-1.</u> Ensure that all Fed/State agreements are accounted for in the Internal Revenue Service Agreement Database. In addition, routinely review and validate all agreements in the database to ensure that the database is current.</p>
2018-30-052	September 2018	9/15/19	<p>PRIVATE DEBT COLLECTION WAS IMPLEMENTED DESPITE RESOURCE CHALLENGES; HOWEVER, INTERNAL SUPPORT AND TAXPAYER PROTECTIONS ARE LIMITED</p> <p><u>F-3, R-3.</u> Establish a maximum period upon which an account can be assigned to the PCAs so that taxpayers are not effectively assigned on a permanent basis to the PCAs for their tax compliance-related issues.</p>
2018-30-068	September 2018	8/15/19	<p>FISCAL YEAR 2018 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES</p> <p><u>F-2, R-1.</u> Ensure that the corrective programming action scheduled for January 2019 is implemented and effectively prevents employees from incorrectly identifying Federal contractor levies.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-30-070	September 2018	6/15/19 9/15/19	<p>FISCAL YEAR 2018 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING TAXPAYERS</p> <p><u>F-1, R-2.</u> Update guidance to employees that clarifies the applicability of I.R.C. Sections 7521(b)(2) and (c) and add I.R.C. Section 6304(a)(2) related guidance and training to emphasize the importance of protecting taxpayers' right to representation when working with Appeals and that designates to whom group managers should report cases with potential violations.</p> <p><u>F-1, R-3.</u> Consult with the Office of Chief Counsel on the applicability of I.R.C. Section 7521(b)(1) to the Office of Appeals.</p>
2018-30-073	September 2018	10/15/19 1/15/20 10/15/19 1/15/20	<p>IMPROVEMENTS ARE NEEDED TO ENSURE ADEQUATE CONSIDERATION OF THE PICKUP OF PRIOR AND/OR SUBSEQUENT RETURNS DURING FIELD EXAMINATIONS</p> <p><u>F-1, R-1.</u> Update the Internal Revenue Manual with additional guidance on when it is appropriate to conduct an examination even though the statute is less than 12 months, and include statute extensions as an option to alleviate statute of limitation concerns.</p> <p><u>F-1, R-2.</u> Provide additional training to field examiners on when to expand examinations into the prior and/or subsequent tax return years, including the use of split closing for cases nearing the statute limitation or over-age cases and requesting statute extensions as needed.</p> <p>Potential Increased Revenue: \$246,214,311</p> <p><u>F-1, R-3.</u> Update the Internal Revenue Manual with guidance on when field examiners should conduct a more detailed comparative analysis for individual nonbusiness returns and specific details on how it should be documented.</p> <p><u>F-2, R-1.</u> Provide additional training to field examiners and managers to ensure that the Lead Sheet 130 includes an adequate explanation for not expanding to prior and/or subsequent year returns.</p>
2018-20-063	September 2018	5/15/19 5/15/19 5/15/19	<p>IMPROVED CONTROLS ARE NEEDED TO ENSURE THAT CORRECTIVE ACTIONS FOR REPORTED INFORMATION TECHNOLOGY WEAKNESSES ARE DOCUMENTED AND FULLY IMPLEMENTED PRIOR TO CLOSURE</p> <p><u>F-1, R-1.</u> Ensure that complete descriptions of the specific actions taken to close proposed corrective actions are documented in Forms 13872, Planned Corrective Action Status Update for TIGTA/GAO/MW/ SD/TAS/REM Reports.</p> <p><u>F-1, R-2.</u> Ensure that sufficient supporting documentation is uploaded to the JAMES to support proposed corrective action closure.</p> <p><u>F-1, R-3.</u> Ensure that the Internal Revenue Manual and instructions for Form 13872 are updated so that both the manager responsible for implementing the proposed corrective action and the executive responsible for the proposed corrective action are required to approve Form 13872 supporting the proposed corrective action's closure.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-065	September 2018	9/15/19 9/15/19	<p>REVIEW OF THE SYSTEM FAILURE THAT LED TO THE TAX DAY OUTAGE</p> <p><u>F-2, R-2.</u> Modify the Enterprise Storage Services (ESS) contract to require the contractor to provide the IRS with timely notifications of all alerts, to include “call home” events regardless of severity level.</p> <p><u>F-2, R-3.</u> Modify the ESS contract to address specific risks affecting IRS systems related to ESS performance monitoring and incident management, including 24-hour system monitoring and detailed incident response processes.</p>
2018-30-077	September 2018	12/15/19 8/15/19 10/15/19 10/15/19	<p>IMPROVEMENTS TO THE SS-8 PROGRAM ARE NEEDED TO HELP WORKERS AND IMPROVE EMPLOYMENT TAX COMPLIANCE</p> <p><u>F-1, R-1.</u> Create guidance and training for the responsible functions to ensure the accurate processing and determinations of worker classification requests, including gig economy worker classification requests.</p> <p><u>F-2, R-1.</u> Evaluate whether SB/SE’s Employment Tax Workload Selection and Delivery or the Campus SS-8 Program is the best function to identify potential cases and consider utilizing the experience of the SS-8 Program employees who have first-hand knowledge of the cases to encourage referrals to the Employment Tax Examination function.</p> <p><u>F-2, R-2.</u> Require employees to evaluate whether businesses are complying with determinations. Consider program changes and referrals to the Employment Tax Examination function as appropriate to increase business compliance with worker classification determinations.</p> <p><u>F-3, R-1.</u> Evaluate the process used in making worker classification determinations and opinions in the SS-8 Program and make necessary changes to improve processing.</p>
2018-20-066	September 2018	8/15/19 8/15/19	<p>CONTROLS CONTINUE TO NEED IMPROVEMENT TO ENSURE THAT ALL PLANNED CORRECTIVE ACTIONS FOR SECURITY WEAKNESSES ARE FULLY IMPLEMENTED AND SUPPORTED</p> <p><u>F-1, R-1.</u> Change the proposed corrective action status from closed to open in the JAMES for the corrective actions TIGTA identified as not fully implemented and the status of the proposed corrective actions should remain open until they are fully implemented.</p> <p><u>F-1, R-2.</u> Reopen the closed proposed corrective action associated with TIGTA, Ref. No. 2014-20-087, “While the Data Loss Prevention Solution Is Being Developed, Stronger Oversight and Process Enhancements Are Needed for Timely Implementation Within Budget,” and comply with the IRS’s internal guidance to submit a request with justification for the cancellation/rejection of the proposed corrective action to TIGTA for review and action. Once TIGTA provides a response, the information should be forwarded to the Internal Controls organization for uploading into the JAMES.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-20-066	September 2018	9/15/19	<u>F-1, R-3.</u> Update the Internal Revenue Manual to broaden the Audit Coordination and Outreach, Assessment and Reporting offices auditing to include reviewing management's corrective actions to ensure that the proposed corrective actions are fully and appropriately implemented.
		9/15/19	<u>F-2, R-2.</u> Ensure that Internal Controls organization reviewers improve the development of their skillsets to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions. Part of the development could include attending audit evidence training courses offered by the Federal Government and the private sector.
		9/15/19	<u>F-2, R-3.</u> Update the retention period in the Internal Revenue Manual for maintaining documentation with the JAMES Audit Coordinators to align with the Treasury Department's retention period for maintaining supporting documentation in the JAMES.
2018-30-072	September 2018	12/15/19	IMPROVEMENTS ARE NEEDED IN THE WITHHOLDING COMPLIANCE PROGRAM <u>F-2, R-1.</u> Identify noncompliant employers and determine the appropriate actions to enforce Internal Revenue Code Section 3403 by holding employers liable that fail to withhold Federal income tax from the employees as instructed in the lock-in letters.
		10/15/19	<u>F-2, R-2.</u> Work with Federal Government agencies that are not complying with the lock-in letters to advise them of the requirement to change withholding based on the letters they receive.
		5/15/19	<u>F-3, R-1.</u> Assess whether the Withholding Compliance System's (WHCS) focus on Federal Employee/Retiree Delinquency Initiative (FERDI) taxpayers is the most effective use of resources, considering the high percentage of unfiled returns that ultimately might result in refund returns when filed as well as the compliance resources that are already in place as part of the FERDI.
		On Hold	<u>F-3, R-2.</u> Analyze the current selection criteria used by the WHCS to determine if the taxpayers identified for systemic lock-in letter issuance are the best use of limited resources. This would include potentially identifying taxpayers with multiple years of underwithholding and the percentage of inventory that includes nonfilers.
2018-30-074	September 2018	1/15/20	FORMS, INSTRUCTIONS, PUBLICATIONS, AND PROCEDURES NEED TO BE IMPROVED FOR SOME NONRESIDENT ALIENS ELIGIBLE FOR TREATY-BASED INCOME EXEMPTIONS <u>F-1, R-1.</u> Consider updating the appropriate forms, instructions, and publications to clarify how nonresident aliens who do not file a Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, with their employer are still able to claim the treaty exemption.
		1/15/20	<u>F-1, R-2.</u> Increase outreach and education to withholding agents and nonresident aliens to improve their knowledge of the information reporting rules, improve the accuracy of information reporting, and reduce the number of erroneous tax returns

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-30-076	September 2018	12/15/19	THE INTERNAL REVENUE SERVICE STILL DOES NOT MAKE EFFECTIVE USE OF CURRENCY TRANSACTION REPORTS F-1, R-1. Establish formalized procedures for processing Bank Secrecy Act (BSA) Program referrals and begin formally tracking the time required to send referrals to the Field Exam Support Team.
		12/15/19	F-2, R-1. Clarify formal Internal Revenue Manual procedures to assist examiners in their consideration of Currency Transaction Report data in examinations.
2018-30-071	September 2018	6/15/19	THE INTERNAL REVENUE SERVICE'S BANK SECRECY ACT PROGRAM HAS MINIMAL IMPACT ON COMPLIANCE F-2, R-1. Leverage the BSA Program's Title 31 examination authority by incorporating its annual examination planning into the IRS's overall virtual currency strategy.
		6/15/19	F-5, R-1. Review the BSA criminal referral criteria and ensure that written procedures and policies are in place and being followed to maximize efficiency and enhance BSA referrals to Criminal Investigations to prevent unnecessary resources from being expended on referrals that will not be given consideration.
2018-30-079	September 2018	6/15/19	THE INTERNAL REVENUE SERVICE AND PRIVATE DEBT COLLECTORS TOOK SOME ACTION FOR 16 POTENTIAL VIOLATIONS OF FAIR TAX COLLECTION PRACTICES DURING FISCAL YEAR 2017 F-2, R-1. Ensure that the Performance Management Report is reviewed to identify potential Fair Debt Collection Practices Act (FDCPA) and other violations of the law. As well, require the PCAs to submit their corrective action reports and penalty guides. The corrective action reports will identify willful FDCPA and Fair Tax Collection Practices violations, and the administrative action taken for each willful violation, per the individual PCA penalty guide.
		6/15/19	F-2, R-2. Ensure that the PCAs' administrative actions are commensurate with the willful violation, per the individual PCA penalty guide.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-30-081	September 2018		BILLIONS IN TIP-RELATED TAX NONCOMPLIANCE ARE NOT FULLY ADDRESSED AND TIP AGREEMENTS ARE GENERALLY NOT ENFORCED
		1/15/19	<u>F-1, R-1.</u> Use a risk-based approach to more effectively prioritize the use of Field Examination resources for the National Tip Reporting Compliance Program (NTRCP). The risk-based approach should prioritize higher risk work with the greatest impact to tip reporting compliance.
		10/15/19	<u>F-1, R-2.</u> Ensure that NTRCP examiners consider extending the renewal term for employers with Gaming Industry Tip Compliance Agreements when annual monitoring indicates they are compliant with payment and reporting compliance so that resources can be used for higher risk work.
		1/15/19	<u>F-1, R-3.</u> Use data analysis and sampling to monitor tip agreement compliance and identify taxpayers that need a compliance review.
		10/15/19	<u>F-2, R-1.</u> Develop a risk-based case selection methodology using historical statistics and data analysis to identify the highest risk tip examination cases on an annual basis.
		10/15/19	<u>F-3, R-1.</u> Use the NTRCP Centralized Employment Tax Operations (CETO) function to complete the Notice and Demand letter process for closed tip examinations when Field Examination resources are limited.
		10/15/19	<u>F-3, R-2.</u> Update the Tip Examination Internal Revenue Manual to clarify the requirements for making a determination and documenting the reasons to expand or limit the scope to prior and/or subsequent years. The documentation should include the use of further analysis to justify the reason for expanding or limiting the scope of the audit to prior/subsequent years.
		10/15/19	<u>F-4, R-1.</u> Consider reducing the number of approvals necessary to revoke tip agreements with noncompliant employers.
		10/15/19	<u>F-4, R-2.</u> Update the Internal Revenue Manual to provide more specific criteria and examples of when to revoke a tip agreement if an establishment is substantially noncompliant with the commitments of the agreement and to provide more specific criteria and examples on how to perform compliance reviews, including the Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, analysis of unreported tips. Provide employee training on the changes to the Manual.
		10/15/19	<u>F-5, R-1.</u> Ensure that Form 4137, <i>Social Security and Medicare Tax on Unreported Tip Income</i> , compliance cases are addressed in the CETO function's annual work plans, including the TY 2013 through 2015 cases, which involved more than \$1.5 million in potential increased Federal Insurance Contributions Act tax revenue

Other Statistical Reports

The Inspector General Empowerment Act of 2016 requires Inspectors General to address the following issues for the Offices of Audit and Inspections and Evaluations:

Issue	Result for TIGTA
Interference/Access to Information Report any attempt to interfere with the independence of TIGTA, including: budget constraints designed to limit the capabilities of TIGTA; and incidents of resistance or objection to oversight activities of TIGTA. Report restricted or significantly delayed access to information, including the justification of the establishment for such action.	As of March 31, 2019, there were no attempts to interfere with the independence of TIGTA or any instances of restricted or significantly delayed access to information.
Disputed Recommendations Provide information on significant management decisions in response to recommendations with which the Inspector General disagrees.	As of March 31, 2019, there were no instances in which significant recommendations were disputed.
Revised Management Decisions Provide a description and explanation of the reasons for any significant revised management decisions made during the reporting period.	As of March 31, 2019, there were no significant revised management decisions.
Reports Issued in the Prior Reporting Period With No Management Response Provide a summary of each report issued before the beginning of the current reporting period for which no management response was received within 60 days of the report issuance date.	As of March 31, 2019, there were no prior reports for which management's response was not received within 60 days of issuance.
Disclosure Provide detailed descriptions of the circumstances of each inspection, evaluation, and audit that was closed by the agency and was not disclosed to the public.	As of March 31, 2019, there were no reports that had been closed and were not disclosed to the public.
Review of Legislation and Regulations Review existing and proposed legislation and regulations, and make recommendations concerning the impact of such legislation or regulations.	TIGTA's Office of Chief Counsel reviewed 157 proposed regulations and legislative requests during this reporting period.

39 Results listed are for this reporting period only.

Appendix II

Audit Products

October 1, 2018 – March 30, 2019

Audit Products		
Reference Number	Report Title	Outcome Measure(s)
October 2018		
2019-10-006	Review of the Processing of Referrals Alleging Impermissible Political Activity by Tax-Exempt Organizations	Reliability of Information: 1,011 Political Activity Referrals impacted.
2019-40-004	The Taxpayer Protection Program Includes Processes and Procedures That Are Generally Effective in Reducing Taxpayer Burden	Taxpayer Rights and Entitlements: 19 taxpayer accounts impacted.
2019-10-003	The Human Capital Office Administered the Drug Testing of Employees in Testing Designated Positions in Accordance With Established Guidelines	
2019-10-002	Taxpayers Generally Comply With Annual Contribution Limits for 401(k) Plans; However, Additional Efforts Could Further Improve Compliance	Increased Revenue: \$203,627,585 impacting 14,598 taxpayer accounts.
2019-10-001	Significant Quality Issues Are Being Identified on Employee Plans Examinations, but Feedback Is Not Always Provided to Examiners	
2019-10-009	The Taxpayer Advocate Service Centralized Case Intake Program Needs Improvement to Provide Better Customer Service	
November 2018		
2019-40-010	Actions Were Not Always Taken to Protect Taxpayers Associated With Reported External Data Breaches	Taxpayer Rights and Entitlements: 11,591 taxpayer accounts impacted; Reliability of Information: 89 database records impacted.
December 2018		
2019-20-008	The Solaris to Linux Migration Project Was Delayed and Needs Improved Governance	
2019-40-013	Results of the 2018 Filing Season	Funds Put to Better Use: \$208,940,152; Taxpayer Rights and Entitlements: \$2,548,107 impacting 1,539 taxpayer accounts.
2019-40-014	Processes Are Needed to Identify Small Businesses Erroneously Claiming the Research Tax Credit Payroll Tax Offset	Revenue Protection: \$11,677,376 impacting 131 ⁴⁰ taxpayer accounts.
2019-40-012	Partnership With State and Industry Leaders Is a Key Focus in Further Reducing Tax-Related Identity Theft	Revenue Protection: \$363,547,173.
2019-30-018	Fiscal Year 2019 Biannual Independent Assessment of Private Collection Agency Performance	

40 Some taxpayer accounts are not included in this total due to redactions in the publicly issued report.

Audit Products		
Reference Number	Report Title	Outcome Measure(s)
January 2019		
	No reports issued	
FEBRUARY 2019		
2019-10-011	Review of Processes to Identify and Assist in Investigations of Tax-Exempt Organizations With *****	Reliability of Information.
2019-30-016	Expansion of the Gig Economy Warrants Focus on Improving Self-Employment Tax Compliance	Increased Revenue: \$525,078,503; Taxpayer Burden: 272,147 taxpayer accounts impacted; Reliability of Information: 26 Automated Underreporter Quality Reviews.
2019-20-005	Management and Implementation of Information Technology Software Tools Needs Improvement	Inefficient Use of Resources: \$3,434,210.
2019-14-019	Review of the Issuance Process for Notice 2018 54	
2019-10-020	Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2018 Annual Accounting of Drug Control Funds and Related Performance	
MARCH 2019		
2019-10-023	Review of the Internal Revenue Service's Purchase Card Violations Report and the Status of Recommendations	
2019-40-026	Millions of Dollars in Potentially Erroneous Excess Social Security Tax Credit Claims Are Not Addressed	Funds Put to Better Use: \$74,027,960; Increased Revenue: \$28,327,843; Taxpayer Burden: 662,550 taxpayer accounts impacted; Inefficient Use of Resources: \$1,099,833; Taxpayer Rights and Entitlements: \$2,641,360 impacting 2,192 taxpayer accounts.
2019-44-022	Tax Cuts and Jobs Act: Implementation of the Qualified Business Income Deduction	

41 Some taxpayer accounts are not included in this total due to redactions in the publicly issued report.

42 Some taxpayer information is not included in this total due to redactions in the publicly-issued report.

43 Some taxpayer information is not included in this total due to redactions in the publicly-issued report

Appendix III

TIGTA's Statutory Reporting Requirements

The following table reflects the FY 2019 statutory reviews.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
Enforcement Statistics Internal Revenue Code (I.R.C.) § 7803(d)(1)(A)(i)	Requires TIGTA to evaluate the IRS's compliance with restrictions under RRA 98 § 1204 on the use of enforcement statistics to evaluate IRS employees.	Fieldwork currently in progress.
Restrictions on Directly Contacting Taxpayers I.R.C. § 7803(d)(1)(A)(ii)	Requires TIGTA to evaluate the IRS's compliance with restrictions under I.R.C. § 7521 on directly contacting taxpayers who have indicated they prefer their representatives be contacted.	Fieldwork currently in progress.
Filing of a Notice of Lien I.R.C. § 7803(d)(1)(A)(iii)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6320 (a) upon the filing of a notice of lien.	Fieldwork currently in progress.
Extensions of the Statute of Limitations for Assessment of Tax I.R.C. § 7803(d)(1)(C) I.R.C. § 6501(c)(4)(B)	Requires TIGTA to include information regarding extensions of the statute of limitations for assessment of tax under I.R.C. § 6501 and the provision of notice to taxpayers regarding the right to refuse or limit the extension to particular issues or a particular period of time.	Fieldwork currently in progress.
Levies I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6330 regarding levies.	Fieldwork currently in progress.
Collection Due Process I.R.C. §§ 7803(d)(1)(A)(iii) and (iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6320 and 6330 regarding taxpayers' rights to appeal lien or levy actions.	Fieldwork currently in progress.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
Seizures I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6330 through 6344 when conducting seizures.	Fieldwork currently in progress.
Taxpayer Designations – Illegal Tax Protester Designation and Similar Designations I.R.C. § 7803(d)(1)(A)(v)	An evaluation of the IRS's compliance with restrictions under RRA 98 § 3707 on designation of taxpayers.	Fieldwork currently in progress.
Disclosure of Collection Activities With Respect to Joint Returns I.R.C. § 7803(d)(1)(B) (TIGTA requirement) I.R.C. § 6103(e)(8)(IRS requirement)	Requires TIGTA to review and certify whether the IRS is complying with I.R.C. § 6103(e) (8), which requires the IRS to disclose information to an individual filing a joint return on collection activity involving the other individual filing the return.	Fieldwork currently in progress.
Taxpayer Complaints I.R.C. § 7803(d)(2)(A)	Requires TIGTA to include in each of its <i>Semiannual Reports to Congress</i> the number of taxpayer complaints received and the number of employee misconduct and taxpayer abuse allegations received by the IRS or TIGTA from taxpayers, IRS employees, and other sources.	Statistical results on the number of taxpayer complaints received are shown on page 42.
Administrative or Civil Actions With Respect to the Tax Collection Practices Act of 1996 I.R.C. § 7803(d)(1)(G) I.R.C. § 6304 RRA 98 § 3466	Requires TIGTA to include information regarding any administrative or civil actions with respect to violations of the fair debt collection provision of I.R.C. § 6304, including a summary of such actions and any resulting judgments or awards granted.	Fieldwork currently in progress.
Denial of Requests for Information I.R.C. § 7803(d)(1)(F) I.R.C. § 7803(d)(3)(A)	Requires TIGTA to include information regarding improper denial of requests for information from the IRS, based on a statistically valid sample of the total number of determinations made by the IRS to deny written requests to disclose information to taxpayers on the basis of I.R.C. § 6103 or 5 U.S.C. § 552(b)(7).	Fieldwork currently in progress.
Adequacy and Security of the Technology of the IRS I.R.C. § 7803(d)(1)(D)	Requires TIGTA to evaluate the IRS's adequacy and security of its technology.	Information Technology Reviews: Ref. No. 2019-20-008; Dec. 2018 RRef. No. 2019-20-005; Feb. 2019

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
Federal Financial Management Improvement Act of 1996 (FFMIA) 31 U.S.C. § 3512	Requires TIGTA to evaluate the financial management systems to ensure compliance with Federal requirements or the establishment of a remediation plan with resources, remedies, and intermediate target dates to bring the IRS into substantial compliance.	Fieldwork currently in progress.
Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission and Assertions National Drug Enforcement Policy, 21 U.S.C. § 1704(d), and the ONDCP Circular entitled <i>Drug Control Accounting</i> , dated May 1, 2007.	Requires TIGTA to authenticate the IRS's ONDCP detailed accounting submission and assertions.	Ref. No. 2019-10-020; Feb. 2019 TIGTA identified significant variances reported between IRS actual results and its performance goals. Additionally, ONDCP Circular requires an agency to provide a description of its plans and schedules for meeting future goals if any performance goal for the most recent fiscal year was not met. TIGTA found that the IRS did not include this information in its report.
Government Charge Card Abuse Prevention Act of 2012 Pub. L. No. 112-194 (October 2012)	Requires TIGTA to report on the IRS progress in implementing purchase and travel card audit recommendations.	Ref. No. 2019-10-023; Mar. 2019 The IRS identified and properly reported instances of confirmed and potential charge card misuse. TIGTA found no open recommendations associated with prior audits of IRS purchase or travel cards.
Improper Payments Elimination and Recovery Act of 2010 (IPERA) 31 U.S.C. § 3321	Requires TIGTA to assess the IRS's compliance with improper payment requirements.	Fieldwork currently in progress.
Digital Accountability and Transparency Act of 2014 (DATA Act) Pub. L. No. 113-101, 128 Stat. 1124 (2014)	Requires TIGTA to assess the completeness, timeliness, quality and accuracy of data that the IRS submits to comply with the DATA Act.	Fieldwork currently in progress.
Fixing America's Surface Transportation Act Pub. L. No. 114-94	Requires TIGTA to perform an independent biannual assessment of private debt collection (PCA) performance.	Ref. No. 2019-30-018; Dec. 2018 Performance attributes focus almost entirely on the PCA's telephone conversations with the taxpayers and do not measure other important aspects of case managements. TIGTA learned that PCA payment calculators do not calculate interest and penalties accurately.

Appendix IV

Section 1203 Standards

In general, the Commissioner of Internal Revenue shall terminate any IRS employee if there is a final administrative or judicial determination that, in the performance of official duties, such employee committed any misconduct violations outlined below. Such termination shall be a removal for cause on charges of misconduct.

Misconduct violations include:

- Willfully failing to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets;
- Providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;
- Violating, with respect to a taxpayer, taxpayer representative, or other employee of the IRS, any right under the Constitution of the United States, or any civil right established under Title VI or VII of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Age Discrimination in Employment Act of 1967; Age Discrimination Act of 1975; Section 501 or 504 of the Rehabilitation Act of 1973; or Title I of the Americans With Disabilities Act of 1990;
- Falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;
- Committing assault or battery on a taxpayer, taxpayer representative, or another employee of the IRS, but only if there is a criminal conviction or a final judgment by a court in a civil case with respect to the assault or battery;
- Violating the Internal Revenue Code of 1986, as amended, Department of the Treasury regulations, or policies of the IRS (including the IRM) for the purpose of retaliating against or harassing a taxpayer, taxpayer representative, or other employee of the IRS;
- Willfully misusing provisions of I.R.C. § 6103 for the purpose of concealing information from a congressional inquiry;
- Willfully failing to file any return of tax required under the I.R.C. on or before the date prescribed therefor (including any extensions), unless such failure is due to reasonable cause and not to willful neglect;
- Willfully understating Federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect; and
- Threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

The Commissioner of Internal Revenue may mitigate the penalty of removal for the misconduct violations outlined above. The exercise of this authority shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner, in his or her sole discretion, may establish a procedure that will be used to decide whether an individual should be referred to the Commissioner for determination. Any mitigation determination by the Commissioner in these matters may not be appealed in any administrative or judicial proceeding.

Appendix V

Inspector General Peer Review Activity

October 1, 2018 – March 31, 2019

This appendix implements Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act.⁴⁴

Peer Reviews Conducted of TIGTA by Another Office of Inspector General

There were no reviews conducted of TIGTA by another Office of Inspector General during the reporting period.

Outstanding Recommendations from Peer Reviews of TIGTA

There are no outstanding recommendations from peer reviews of TIGTA.

Peer Reviews Conducted by TIGTA

There were no reviews of another Office of Inspector General conducted by TIGTA during the reporting period.

Outstanding Recommendations from Peer Reviews Conducted by TIGTA

There are no outstanding recommendations from peer reviews conducted by TIGTA.


⁴⁴ Pub.L. 111-203, 124 Stat. 1376.

Appendix VI

Data Tables Provided by the Internal Revenue Service

The memorandum copied below is the IRS's transmittal to TIGTA. The tables that follow the memorandum contain information that the IRS provided to TIGTA and consist of IRS employee misconduct reports from the IRS Automated Labor and Employee Relations Tracking System (ALERTS) for the period October 1, 2018 through March 31, 2019. Also, data concerning substantiated RRA 98 § 1203 allegations for the same period are included. IRS management conducted inquiries into the cases reflected in these tables.

Internal Revenue Service Memorandum

 <p>DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224</p> <p>HUMAN CAPITAL OFFICE</p> <p>MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION</p> <p>FROM: Julia Caldwell Julia W. Caldwell Director, Workforce Relations Division</p> <p>SUBJECT: Input for the Treasury Inspector General for Tax Administration (TIGTA) Semiannual Report to Congress</p> <p>In response to your memorandum dated February 9, 2019, I am providing the following information to meet your reporting requirements as defined in 26 U.S.C. section 7803(d)(1)(E) and 26 U.S.C. section 7803(d)(2)(A)(ii) for October 1, 2018, through March 31, 2019.</p> <ul style="list-style-type: none">• Report of Employee Misconduct by Disposition Groups• Report of Employee Misconduct – National Summary• Summary of Substantiated Section 1203 Inquiries Recorded in Automated Labor and Employee Relations Tracking System (ALERTS) <p>The attached tables contain information about:</p> <ul style="list-style-type: none">• Alleged misconduct reported to IRS managers• Disposition of the allegations resolved during the period• Status of the inventory as of March 31, 2019 <p>The tables contain information about alleged misconduct that both TIGTA and IRS management investigated. The IRS received these allegations from taxpayers, IRS employees, and other sources, and recorded them in ALERTS.</p> <p>The Summary of Substantiated Section 1203 Allegations contains information on the disposition of substantiated Section 1203 allegations. During this period, IRS managers substantiated 255 Section 1203 allegations and removed 23 employees as a result, four (4) employees retired or resigned before a final administrative action by management. In three of the removals, IRS management considered information in a TIGTA investigation. The Commissioner mitigated proposed removals in 18 cases. The remaining 210 substantiated allegations are still in the adjudication process.</p>	<p>If you have any questions, please contact Shelia Barbee, Associate Director, LR/ER Field Operations at (202) 317-3307.</p> <p>Attachments (3)</p> <p>cc: Charles P. Rettig, Commissioner of Internal Revenue Kirsten Wielobob, Deputy Commissioner for Services and Enforcement Jeffrey Tribiano, Deputy Commissioner for Operations Support Terry Lemons, Chief, Communications & Liaison Mark Kaizen, Associate Chief Counsel (GLS) Robin D. Bailey, Jr., Chief Human Capital Officer</p>
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The Following Tables Are Provided by the IRS: Report of Employee Misconduct by Disposition Groups

October 1, 2018 – March 31, 2019

Disposition	TIGTA Report of Investigation	Administrative Case	Employee Tax Compliance Case	Employee Character Investigation	Totals
REMOVAL (PROBATION PERIOD COMPLETE)	22	45	21	0	88
REMOVAL AT OPM DIRECTION	0	0	0	4	4
PROBATION/SEPARATION	0	121	0	1	122
SEPARATION OF TEMPORARY EMPLOYEE	0	12	0	2	14
RESIGNATION, RETIREMENT, ETC. (REASON NOTED ON SF50) ⁸	14	21	6	0	41
RESIGNATION, RETIREMENT, ETC. (REASON NOT NOTED ON SF50) ⁹	23	64	30	3	120
SUSPENSION, 14 DAYS OR LESS	41	72	71	4	188
SUSPENSION, MORE THAN 14 DAYS	17	11	18	0	46
INDEFINITE SUSPENSION	2	2	0	0	4
REPRIMAND	40	92	89	4	225
ADMONISHMENT	21	75	219	1	316
WRITTEN COUNSELING	39	94	226	6	365
ORAL COUNSELING	1	17	14	0	32
AD: IN LIEU OF REPRIMAND	2	3	6	0	11
AD: IN LIEU OF SUSPENSION	6	9	16	0	31
CLEARANCE LETTER	38	42	9	0	89
CLOSED WITHOUT ACTION CAUTIONARY LETTER	53	87	85	18	243
CLOSED WITHOUT ACTION LETTER	34	75	20	6	135
TERMINATION FOR ABANDONMENT OF POSITION	0	3	0	0	3
CASE SUSPENDED PENDING EMPLOYEE RETURN TO DUTY	0	0	0	0	1
PROSECUTION PENDING FOR TIGTA'S ROI	0	0	0	0	0
FORWARDED TO TIGTA	0	0	0	0	1
TOTAL	353	845	832	49	2079

Source: The Automated Labor and Employee Relations Tracking System (ALERTS)

Note: Columns containing numbers of two or less and protected by I.R.C. § 6103 are notated with a zero and are not reflected in the column and row totals.

Extract Date: April 1, 2019

Report of Employee Misconduct National Summary

October 1, 2018 – March 31, 2019

Inventory Case Type	Open Inventory	Conduct Cases Received	Conduct Issues	Cases Closed		Ending Inventory
				Cases Merged with Other Cases	Non-Conduct Issues	
ADMINISTRATIVE CASE	606	1129	1027	32	57	619
EMPLOYEE CHARACTER INVESTIGATION	74	38	56	1	0	55
EMPLOYEE TAX COMPLIANCE CASE	1464	999	910	22	0	1531
TIGTA REPORT OF INVESTIGATION	576	441	444	4	0	569
Total	2720	2607	2437	59	57	2774

Source: Automated Labor and Employee Relations Tracking System (ALERTS)

TIGTA Investigations (ROI) - Any matter involving an employee in which TIGTA conducted an investigation into alleged misconduct and referred a Report of Investigation to IRS for appropriate action.

Administrative Case - Any matter involving an employee in which management conducted an inquiry into alleged misconduct.

Employee Tax Compliance Case - Any conduct matter that is identified by the Employee Tax Compliance program which becomes a matter of official interest.

Background Investigations - Any matter involving a New Background Investigation Case (NBIC) investigation into an employee's background that is referred to management for appropriate action.

Extract Date: April 1, 2019

Summary of Substantiated I.R.C. § 1203 Inquiries Recorded in ALERTS

October 1, 2018 – March 31, 2018

§ 1203 Violation	*Removals	*Resigned/ Retired	Probation Separation	Removed On Other Grounds	*Penalty Mitigated	In Personnel Process	Total
1203(b)(3): CIV RIGHTS/ CONST VIOLATION	0	0	0	1	0	1	2
1203(b)(4): CONCEALED WORK ERROR	1	0	0	0	0	0	1
1203(b)(6): IRC/IRM/REG VIOLATION-RETALIATION	0	0	0	1	0	0	1
1203(b)(8): WILLFUL UNTIMELY RETURN	11	0	0	0	8	91	112
1203(b)(9): WILLFUL UNDERSTATED TAX	8	0	0	0	10	118	139
Total	20	4	0	3	18	210	255

Source: Automated Labor and Employee Relations Tracking System (ALERTS)

TIGTA Investigations (ROI) - Any matter involving an employee in which TIGTA conducted an investigation into alleged misconduct and referred a Report of Investigation (ROI) to IRS for appropriate action.

Administrative Case - Any matter involving an employee in which management conducted an inquiry into alleged misconduct.

Employee Tax Compliance Case - Any conduct matter that is identified by the Employee Tax Compliance program which becomes a matter of official interest.

Background Investigations - Any matter involving an NBIC investigation into an employee's background that is referred to management for appropriate action

Extract Date: April 1, 2019

Glossary of Acronyms

ACRONYMS USED IN NARATIVE TEXT

AUR	Automated Underreporter
CY	Calendar Year
DOJ	Department of Justice
DSL	Dynamic Selection List
EFTPS	Electronic Federal Tax Payment System
EP	Employee Plans
FAST Act	Fixing America's Surface Transportation Act
FCC	Federal Communications Commission
FinCEN	Financial Crimes Enforcement Network
FRTIB	Federal Retirement Thrift Investment Board
FTC	Federal Trade Commission
FY	Fiscal Year
I&E	Office of Inspections and Evaluations
I.R.C.	Internal Revenue Code
IRS	Internal Revenue Service
IRS-CI	IRS Office of Criminal Investigations
ISAC	Information Sharing and Analysis Center
OEP	Office of Employee Protection
OI	Office of Investigations
OIC	Offer in Compromise
OPM	Office of Personnel Management

PCA	Private Collection Agency
PII	Personally Identifiable Information
IBM	International Business Machines
IGA	Intergovernmental Agreement
IRS	Internal Revenue Service
KISAM-AM	Knowledge Incident/Problem Service Asset Management Asset Management
PY	Processing Year
RICS	Return Integrity and Compliance Services
RRA 98	Internal Revenue Service Restructuring and Reform Act of 1998
SAR	Suspicious Activity Report
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TCJA	Tax Cuts and Jobs Act of 2017
TE/GE	Tax Exempt and Government Entities
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TY	Tax Year
VSD	Virtual Service Delivery

ACRONYMS USED EXCLUSIVELY IN APPENDICES

ACTC	Additional Child Tax Credit
AD	Active Directory
ADTAB	Active Directory Technical Advisory Board
ALERTS	Automated Labor and Employee Relations Tracking System

ANMF	Automated Non-Master File
AOTC	American Opportunity Tax Credit
BSA	Bank Secrecy Act
CAA	Certified Acceptance Agent
CAF	Centralized Authorization File
CETO	Centralized Employment Tax Operations
CTC	Child Tax Credit
DATA	Digital Accountability and Transparency Act of 2014
DCAA	Defense Contract Audit Agency
ECM	Enterprise Case Management
EEFax	Electronic Enterprise Fax
EIN	Employer Identification Number
EITC	Earned Income Tax Credit
ESS	Enterprise Storage Services
ET	Employment Tax
FAST	Fixing America's Surface Transportation Act
FERDI	Federal Employee/Retiree Delinquency Initiative
FFI	Foreign Financial Institution
FFMIA	Federal Financial Management Improvement Act of 1996
FMSS	Facilities Management and Security Services
FUTA	Federal Unemployment Tax
HCTC	Health Coverage Tax Credit
ICMM	International Compliance Management Model
IEP	Integrated Enterprise Portal

IGA	Intergovernmental Agreement
IPERA	Improper Payments Elimination and Recovery Act of 2010
IRM	Internal Revenue Manual
JAMES	Joint Audit Management Enterprise System
KISAM-AM	Knowledge Incident/Problem Service Asset
LLC	Limited Liability Company
MOU	Memorandum of Understanding
NAP	National Account Profile
NTRCP	National Tip Reporting Compliance Program
ONDCP	Office of National Drug Control Policy
PAC	Program Action Case
PDS	Personal Identity Verification Data Synchronization
PGLD	Privacy, Governmental Liaison, and Disclosure
RTS	Real-Time System
SAM	Software Asset Management
SARP	State Audit Report Program
SB/SE	Small Business/Self Employed
SBU	Sensitive But Unclassified
UIL	Uniform Issue List
UTP	Uncertain Tax Position Statement
UUID	Universally Unique User ID
WHCS	Withholding Compliance System

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By Web:

WWW.TIGTA.GOV

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**Treasury Inspector General for Tax Administration
P.O. Box 589
Ben Franklin Station
Washington, DC 20044-0589**

Information you provide is confidential and you may remain anonymous



DEPARTMENT OF THE TREASURY

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