TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Telework Qualification Requirements Are Generally Being Met, but Program Improvements Are Needed

July 19, 2016

Reference Number: 2016-10-039

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

Redaction Legend:
1 = Tax Return/Return Information

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HIGHLIGHTS

TELEWORK QUALIFICATION REQUIREMENTS ARE GENERALLY BEING MET, BUT PROGRAM IMPROVEMENTS ARE NEEDED

Highlights

Final Report issued on July 19, 2016

Highlights of Reference Number: 2016-10-039 to the Internal Revenue Service Human Capital Officer.

IMPACT ON TAXPAYERS

The Telework Enhancement Act of 2010 sets parameters for work flexibility arrangements (hereafter referred to as telework) under which employees of the Federal Government perform the duties and responsibilities of their positions from worksites other than a Government facility. During the one-year period ending in June 2015, IRS records show that about 37,000 employees had teleworked. Ensuring qualification requirements are met is essential to upholding the integrity of the program, maintaining public trust in tax administration, and safeguarding taxpayer information.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to determine whether the IRS's processes provide reasonable assurance that employees met select qualification requirements for teleworking.

WHAT TIGTA FOUND

The IRS implemented policies that are consistent with provisions of the Telework Enhancement Act of 2010 and, in most instances, employees we sampled had completed required training and were not involved in misconduct that impacted their eligibility to telework. However, some telework processes could be improved to ensure compliance with the law.

TIGTA reviewed a random sample of 165 employees charging time to telework during a one-year period and found that 130 (79 percent) had a valid telework agreement. The 35 employees who did not have a valid telework agreement included 17 employees whose payroll data had shown time had been charged to telework even though an agreement had not been secured and 18 employees who had an agreement, but the agreement did not include a managerial signature. The lack of valid agreements occurred because processes did not ensure that agreements were completed by employees and maintained by managers. The lack of a valid telework agreement is a violation of the Telework Enhancement Act of 2010.

With respect to misconduct, only 103 of the approximately 37,000 teleworking employees had been disciplined for the serious misconduct issues TIGTA reviewed (unauthorized access to taxpayer information, willful tax noncompliance, and absence without leave). TIGTA determined that only six (6 percent) of the 103 employees had discontinued teleworking after the misconduct had been substantiated. IRS officials explained that policies do not specify what constitutes misconduct that would impact the integrity of the IRS Telework Program and instead rely on managers to assess whether the misconduct was sufficient to warrant suspending telework activities.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer: 1) finalize processes to reasonably ensure that teleworking employees have completed telework training and have a valid telework agreement on file prior to beginning telework, 2) clarify the rules associated with misconduct, and 3) develop procedures for identifying employees whose conduct may impact the integrity of the Telework Program.

In their response, IRS management agreed with all three recommendations. The IRS states it has taken action to verify training is complete and that a valid agreement is on file for teleworking employees. The IRS also plans to provide detailed guidance for assessing misconduct that may warrant suspension or discontinuance from telework and develop procedures to identify employees disciplined for conduct that negatively impacts the Telework Program.

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

July 19, 2016

MEMORANDUM FOR INTERNAL REVENUE SERVICE HUMAN CAPITAL OFFICER

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Telework Qualification Requirements Are Generally Being Met, but Program Improvements Are Needed (Audit # 201510023)

This report presents the result of our review of whether the Internal Revenue Service's (IRS) processes provide reasonable assurance that employees met select qualification requirements for teleworking. This review is included in the Treasury Inspector General for Tax Administration's Fiscal Year 2016 Annual Audit Plan and addresses the major management challenge of Human Capital.

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

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

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Abbreviations

ALERTS	Automated Labor and Employee Relations Tracking System
IRS	Internal Revenue Service
SETR	Single Entry Time Reporting

Background

Telework is a work flexibility arrangement under which an employee performs the duties and responsibilities of his or her position from an alternative worksite other than a Government facility. The Telework Enhancement Act of 2010[1] (hereafter referred to as the Telework Act) expanded on telework legislation from Calendar Year 2000,[2] which first required executive agencies to establish a telework policy under which eligible employees would be allowed to telework. The Telework Act was designed to ensure a more systematic implementation of telework in Federal agencies, including the implementation of select qualification provisions.

The Office of Personnel Management also plays a significant role in telework by being responsible for implementation of the Telework Act, as well as directing overall policy and providing policy guidance to Federal agencies on an ongoing basis. The Office of Personnel Management issued the *Guide to Telework in the Federal Government*,[3] which provides guidance regarding agency responsibilities in order to establish and implement telework programs.

Under the Telework Act, employees participating in telework programs must complete training prior to engaging in telework and secure a written agreement between an employee and his or her manager. The primary purpose of the telework agreement is to specify parameters between participating employees, who are voluntarily participating in the Internal Revenue Service (IRS) Telework Program (hereafter referred to as Telework Program), and their managers who will retain and enforce the agreements. The Telework Act also specifies that employees are ineligible to telework if they have been officially disciplined for either being absent without permission for more than five days in any calendar year; or for viewing, downloading, or exchanging pornography on a Federal Government computer or while performing official Federal Government duties. In addition, if the employee's performance does not comply with the terms of the written agreement between the manager and employee, the employee may not be permitted to telework.

The Telework Act established baseline expectations for the Federal telework program. IRS policies further define additional requirements, such as requiring employees to:

[1] Pub. L. No. 111-292, 124 Stat. 3165 (2010).
[2] Pub. L. No. 106-346–Appendix, § 359, 114 Stat. 1356A-36 (2000).
[3] Office of Personnel Management, *Guide to Telework in the Federal Government*, April 2011.

1) Be employed with the IRS for at least 12 months.
2) Have a "fully successful" performance appraisal and not be on a formal Performance Improvement Plan.[4]
3) Have not received any disciplinary/adverse actions in the last 12 months that would affect the integrity of the IRS Telework Program.
4) Be at the journey or full-working level of their position or have been in the position for more than two years, whichever is less.
5) Have a telephone, suitable workspace, utilities adequate for installing any needed IRS equipment, and a general work environment that is free from interruptions and provides reasonable security and protection for Government property and information prior to teleworking.

During the one-year period ending in June 2015, IRS records show that about 37,000 employees had teleworked. Telework provides a number of benefits including reduced energy consumption and traffic congestion, competitive hiring and retention, real estate cost savings, and support for emergency preparedness and continuity of operations. It also improves employee job satisfaction and the ability to manage work-life obligations. This audit was initiated to determine whether IRS processes provide reasonable assurance that employees meet select requirements for teleworking. This audit did not evaluate the benefits of teleworking to the IRS and its employees.

This review was performed with information obtained from the Single Entry Time Reporting (SETR)[5] system for a one-year period ending June 2015[6] and information from the Telework Program Office located in Washington, D.C., during the period of June 2015 through January 2016. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

[4] A written plan describing critical elements in which an employee's performance is failing and establishing developmental activities for bringing the employee's performance to a successful level.
[5] The SETR is a computer-based system for the reporting of time and attendance.
[6] This was the latest data available when we started the audit.

Results of Review

Policies Comply With the Telework Act, but Processes Concerning Training, Telework Agreements, and Misconduct Could Be Improved

The IRS implemented policies that are consistent with provisions of the Telework Enhancement Act of 2010 and, in most instances, employees we sampled had completed required training and were not involved in misconduct that impacted their eligibility to telework. However, some telework processes could be improved. Details concerning the results of our audit work regarding training, misconduct, and telework agreements are described in the following sections of the report.

Most telework employees completed required training

Telework training assists employees by educating them on important aspects of working from an alternative work site. Based on a review of training records for a random sample of 165 employees,[7] we determined that 155 employees (94 percent) completed the necessary training. Based on this, we estimate that 2,215 employees were teleworking without having completed necessary telework training in accordance with the Telework Act.[8]

The IRS offered no specific explanation of why the 10 employees from our random sample did not receive the training; however, we noted that processes did not require managers or the Telework Program Office to verify that training was completed. The IRS stated that it is in the process of changing its procedures to require proof of training completion at the time employees submit telework agreements for managerial approval. This is important because telework training teaches employees strategies for teleworking efficiently, provides information on policies and procedures, and details best practices.

Most teleworking employees did not have misconduct issues that were prohibited by the Telework Act

The Telework Act specifies two areas of misconduct that should prohibit employees from participating in a telework program. Employees who have been absent from work without permission for more than five days in any calendar year, or have been found to have reviewed, downloaded, or exchanged pornography on a Federal computer or while performing official duties, are not allowed to participate in a telework program. Our review of IRS records for a

[7] See Appendix I for our sampling methodology.
[8] The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the point estimate is between 886 and 3,543. See Appendix IV.

random sample of 165 teleworking employees did not find any employees with disciplinary actions prohibited by the Telework Act.[9]

In addition to the minimum standard established by the Telework Act, the IRS established a policy that would prohibit employees from participating if they have experienced conduct issues in the last 12 months that would be detrimental to the integrity of the IRS Telework Program. The vast majority of employees who telework did not have misconduct issues, but nonetheless, it is important that telework privileges be removed for employees engaged in misconduct that could be construed as detrimental to the IRS mission or to the integrity of the Telework Program. It is also important that sufficient controls be in place to identify misconduct issues that occur after an employee has been approved for telework. Existing processes rely on managers to identify misconduct issues that warrant suspension or removal from telework and to take the actions necessary to discipline employees regarding their telework status.

The IRS does not have a specific list of issues that it considers detrimental to the mission of the IRS or the integrity of the Telework Program. We researched the IRS system that tracks disciplinary actions and developed our own non-comprehensive list of issues, which included unauthorized access of taxpayer accounts or other IRS files, willful tax noncompliance, and absence without leave. Our research found that, of the approximately 37,000 employees charging at least some of their time to telework, only 103 had received disciplinary/adverse actions for these misconduct issues.[10] We analyzed the time and attendance records for these employees and determined that only six (6 percent) of 103 had discontinued teleworking, while the remaining 97 continued to charge time to telework following the misconduct. Figure 1 shows examples of misconduct issues that occurred for employees who continued to telework.

[9] While we did not find any teleworking employees from our random sample who committed misconduct that would prohibit them from participating in a telework program, we expanded our search to all teleworking employees. We identified five employees who should not have been approved for telework or should have been removed from telework because they had been absent without leave for more than five days.

[10] We reviewed substantiated misconduct issues between June 2013 and June 2015 on the Automated Labor and Employee Relations Tracking System.

Figure 1: Examples of Serious Misconduct Committed by Teleworking Employees

General Issue[11]	Number of Employees
Willful Failure to File Taxes or Willful Understatement of Tax Liability	3
Unauthorized Access of Taxpayer Account(s) or Other IRS Files	50
Absence Without Leave, More Than 40 Hours[12]	5
Absence Without Leave, Less Than or Equal to 40 Hours[13]	18
Other Leave Issues	21

Source: Automated Labor and Employee Relations Tracking System (ALERTS)[14] database.

While some of the issues we selected would not disqualify an employee from teleworking according to provisions of the Telework Act, the nature of work IRS employees perform, in conjunction with the seriousness of these issues, especially tax noncompliance and unauthorized access to taxpayer accounts, could be considered detrimental to the IRS mission and to the integrity of the Telework Program.

IRS officials explained that beyond the two misconduct issues explicitly defined in the Telework Act, IRS policies do not specify the issues that constitute misconduct affecting the integrity of the Telework Program and instead rely on individual managers to assess whether the misconduct was sufficient to warrant suspending telework activities. Not specifying conduct issues which are considered damaging to the integrity of the Telework Program leaves managers responsible for determining which issues would affect the reputation of the IRS and could result in disparate treatment of employees.

[11] All issues occurred less than one year prior to the beginning of our audit period which started June 29, 2014.
[12] One employee was absent without leave for more than 40 hours in one calendar year prior to beginning telework, which is prohibited by the Telework Act, and should not have been approved for the Telework Program. The remaining four employees were engaged in telework prior to being absent without leave for more than 40 hours in one calendar year, which is prohibited by the Telework Act and should have had their telework privileges discontinued.
[13] The Telework Act prohibits employees from participating in a telework program if they have been absent without permission for more than five days in any calendar year. However, we also considered absence without leave for less than five days. For example, one employee was disciplined for failure to timely report to work based on his or her scheduled tour of duty, including 15 instances where he or she was untimely and used unscheduled leave.
[14] The ALERTS database generally tracks employee behavior that may warrant IRS management administrative actions.

Not all employees engaged in telework had a valid agreement

In addition to reviewing training and misconduct, our review assessed whether employees participating in the Telework Program had appropriately entered into a written agreement with their manager prior to beginning telework. We requested telework agreements from managers of a random sample of teleworking employees and found that 130 (79 percent) of 165 had a valid telework agreement on file. Based on this, we estimate that 7,806 employees were teleworking without having a valid telework agreement in accordance with the Telework Act.[15] The 35 employees who did not have a valid telework agreement included 17 employees whose payroll data had shown time had been charged to telework even though an agreement had not been secured and 18 employees who had an agreement, but the agreement did not include a managerial signature.

The primary purpose of the telework agreement is to specify the terms of telework between the employee and the manager, who is responsible for retaining the signed agreement. Some specific items addressed in the agreement include time and attendance, work performance, liability, equipment security, policies associated with security and privacy, and suspension or modification of the agreement if an employee is not meeting the standards of the agreement. In addition, retaining a valid agreement is necessary because it may be used in proceedings affecting employees' personnel rights, and could potentially be provided to the Department of Justice for the purpose of litigating any civil, administrative, or judicial proceeding or criminal prosecution in which the United States, the IRS, or its employees are parties. The lack of a valid telework agreement is also a violation of the Telework Act.

The IRS recognized that process improvements were necessary to ensure that employees had valid telework agreements and that the terms and conditions specified in the telework agreement were being met. The IRS stated that, for the time period we used to select our sample, the Telework Program Office had no oversight of approved agreements and that all documentation was maintained by individual managers. However, in October 2015, the IRS implemented a centralized database as a means to ensure compliance with telework requirements. Under this process, managers are required to transmit certified copies of the agreements to a centralized database, where they are reviewed for completeness. This database could also enable the Telework Program Manager to identify employees who are charging time to telework, but do not have a valid agreement on file. As we were completing our audit, IRS management stated they had begun developing standard operating procedures to enhance compliance with telework requirements.

[15] The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the point estimate is between 5,515 and 10,098. See Appendix IV.

Recommendations

The IRS Human Capital Officer should:

Recommendation 1: Finalize processes that provide reasonable assurance that employees participating in the Telework Program have completed telework training and have a valid telework agreement on file prior to beginning telework.

> ***Management's Response:*** IRS management agreed with the recommendation and stated:
>
> 1. Starting in the second quarter of Fiscal Year 2016, every Business Unit Telework Lead (Telework Lead) will receive an e-mail alert whenever a new record is added to the employee's Telework Agreement Library. This alert provides a direct link to the new record, including the employee's telework agreement and the certificate of proof of telework training completion, as required. Telework Leads complete an immediate review of that record and identify any noncompliance issues. In the event of any noncompliance, the Telework Lead contacts the employee's manager immediately for any needed corrections or additions.
> 2. As a backup control, the IRS Telework Program Manager sends a quarterly report to each Telework Lead that identifies any teleworking employee who has not completed the mandatory, online telework training. The report also lists the employees who have posted telework hours over the past quarter who do not have valid telework agreements in the Telework Agreement Library. For either instance, the Telework Leads contact the employee's manager to ensure that appropriate action is taken.
> 3. These practices are reinforced during the monthly Telework Team Meetings with the Telework Leads.

Recommendation 2: Clarify the rules associated with misconduct by clearly defining issues that warrant suspension or discontinuance of telework privileges.

> ***Management's Response:*** IRS management agreed with the recommendation and stated that the Human Capital Office will clarify the rules associated with misconduct by clearly defining issues that may warrant suspension and discontinuance of telework privileges. In the interest of expediting the implementation of the recommendations the Human Capital Office intends to create a list of misconduct issues that warrant suspension or revocation, and implement these standards for managers and non-bargaining unit employees. Managers will also be provided detailed guidelines to help them assess misconduct on a case-by-case basis, and determine if suspension or discontinuance of telework privileges is warranted.

Note, however, that implementing a misconduct ineligibility list is beyond the requirements of the Telework Enhancement Act of 2010, and cannot be implemented for bargaining unit employees without first negotiating with the National Treasury Employees Union during contract re-opener negotiations starting on September 29, 2017, as the subject is covered by Article 50 of the National Agreement between the IRS and the National Treasury Employees Union.

Recommendation 3*:* Develop procedures for identifying teleworking employees who have been disciplined for conduct that negatively impacts the Telework Program.

Management's Response: IRS management agreed with this recommendation and stated that the Human Capital Office will develop procedures for identifying teleworking employees who have been disciplined for conduct that negatively impacts the Telework Program. The Human Capital Office will use data from the ALERTS database to identify teleworking employees who have been disciplined for misconduct and then work with the appropriate managers, on a case-by-case basis, to determine whether telework privileges should be revoked or suspended for the identified employees.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the IRS's processes provide reasonable assurance that employees met select qualification requirements for teleworking. To accomplish this objective, we:

I. Identified IRS employees participating in and charging hours to telework from June 29, 2014, through June 27, 2015.

II. Selected a stratified random sample of 165 from 36,788 IRS employees charging hours to telework and determined whether participants met select eligibility criteria. Case selection was based on the three different types of telework: ad-hoc, recurring, and frequent. Our stratified random sample was based on the following target parameters: 95 percent confidence level, expected exception rate of 50 percent, target precision of 7 percent, and an expected case loss of 10 percent (*i.e.*, we planned that about 10 percent of the requested cases would not contain sufficient information for a thorough review).[1]

   A. Determined whether employees obtained an approved telework agreement prior to beginning participation in the Telework Program.

   B. Obtained and analyzed training reports and telework agreements to determine whether the employees completed required training.

   C. Reviewed misconduct issues between June 2013 and June 2015 on the ALERTS[2] database to identify telework participants who had a disciplinary/adverse action within the prior 12 months of the approved telework agreement, or that occurred after the approved telework agreement, which would prohibit the employee from participating in the Telework Program.

III. Determined whether any IRS employees charging hours to telework were engaged in misconduct that was documented on the ALERTS database between June 2013 and June 2015, including willful tax noncompliance, absence without leave, and unauthorized access of taxpayer accounts or other IRS files. We reviewed each of the identified cases to determine whether employees continued charging hours to telework after being disciplined.

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[1] A contract statistician assisted with developing the sampling plans and projections.
[2] The ALERTS database generally tracks employee behavior that may warrant IRS management administrative actions.

IV. For any exceptions identified, projected the number of potential exceptions to the remaining population as a Protection of Resources outcome measure.

Data validation methodology

During this review, we used data from several different sources.

- We obtained employee payroll and time records from the SETR[3] database for which the employee had a telework profile indicator selected; or the employee had recorded time to telework. We assessed the data by reviewing fields for formatting accuracy as well as reasonableness of values. We determined the data to be sufficiently reliable for the purpose of our audit.
- We obtained records of the telework training completed by employees from the Employee Learning Management System[4] database. We identified employees who had no record of training and verified these employees' training records with the IRS. We determined the data to be sufficiently reliable for the purpose of our audit.
- We obtained conduct and performance cases from the ALERTS database from the beginning of June 29, 2013, through August 4, 2015. We assessed the data by reviewing fields for accuracy as well as reasonableness of values. We determined the data to be sufficiently reliable for the purpose of our audit.
- We obtained Social Security Numbers and names for employees from the Treasury Integrated Management Information System to use in querying the ALERTS database. Our information technology staff tested the data to ensure that all records extracted from the system were received. Due to the limited use of the data in this audit, we did not conduct any further validation testing.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: the Telework Program's process for determining whether employees met qualification requirements prior to engaging in telework. We evaluated these controls by interviewing Telework Program management, reviewing payroll and time records of employees charging hours to the telework timecode, obtaining and reviewing employee telework agreements, analyzing information on IRS systems used to track employee training, and reviewing substantiated misconduct and related disciplinary actions.

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[3] The SETR is a computer-based system for the reporting of time and attendance.
[4] The Employee Learning Management System is the IRS's official system of record for training.

Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)
Troy D. Paterson, Director
James V. Westcott, Audit Manager
Allison P. Sollisch, Lead Auditor
John W. Baxter, Senior Auditor

Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Deputy Commissioner for Operations Support
Deputy Commissioner for Services and Enforcement
Director, Work-Life Benefits and Performance
Director, Office of Audit Coordination

Appendix IV

Outcome Measure

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

Type and Value of Outcome Measure:

- Protection of Resources – Potential; 9,137 employees[1] who did not meet telework requirements prior to beginning participation in the Telework Program (see page 3).

Methodology Used to Measure the Reported Benefit:

Using the IRS payroll file, we reviewed a statistically valid stratified random sample of employees charging time to telework. We analyzed the sample to identify whether employees participating in the Telework Program met select qualification requirements including a valid telework agreement and completion of telework training. In addition, there were two areas of misconduct that would prohibit employees from participating in the Telework Program: 1) absence from work without permission for more than five days in any calendar year, or 2) reviewing, downloading, or exchanging pornography on a Federal computer or while performing official duties.

We determined that a total of 41 of 165 employees did not have a valid telework agreement or had not completed telework training.[2] To estimate the total number of exceptions based on the error rate of our stratified sample, we stratified the population into three strata and determined the percent of population by strata. The population was then adjusted by a finite population correction factor and the observed exception rate was calculated by strata and projected across the population. See Figure 1 for more details.

[1] The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the point estimate is between 6,718 and 11,557.

[2] Thirty-five employees did not have a valid telework agreement and 10 employees had not completed telework training. Four employees did not have a valid telework agreement and did not complete telework training. These employees were only counted once for a total of 41 employees.

Figure 1: Exception Summary by Telework Type (Strata)

Telework Type	Population by Telework Type	Exception Percentage	Estimated Number of Exceptions
Ad-Hoc	9,553	34.88	3,332
Recurring	14,502	21.21	3,076
Frequent	12,733	21.43	2,729
Total Exceptions:			**9,137**

Source: Statistical projection of the results of our analysis.

Appendix V

Management's Response to the Draft Report

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

HUMAN CAPITAL OFFICE

MAY 26 2016

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Daniel T. Riordan *Daniel T. Riordan*
IRS Human Capital Officer

SUBJECT: Draft Audit Report – Telework Qualification Requirements Are Generally Being Met, but Program Improvements Are Needed (Audit # 201510023)

Thank you for the opportunity to review the draft report - Telework Qualification Requirements Are Generally Being Met, but Program Improvements Are Needed (Audit # 201510023), dated May 27, 2016 (TIGTA Report). We are committed to taking the necessary steps to strengthen IRS Telework Program processes to ensure that employees meet telework qualification requirements and maintain their eligibility to continue to telework.

- Management concurs with TIGTA's findings and recommendations.
- Management concurs with the benefits as outlined on Page 12 of Appendix IV of the TIGTA Report.

Regarding the 97 cases cited in the table titled "Examples of Serious Misconduct Committed by Teleworking Employees," IRS conducted an immediate review of each case cited. Our review revealed the following:

- There were three cases cited for Willful Failure to File Taxes or Willful Understatement of Tax Liability. *************************1**************
*************************************1***************************************
*************************************1**************************************
- Of the 50 Unauthorized Access cases cited, only ten cases met the criteria of a UNAX violation (unauthorized inspection of tax return or tax return information). Eighteen of the 50 cases involved employees accessing other non-tax systems. These cases will be further reviewed to determine if they rise to the level of serious misconduct that would suggest that telework privileges should be suspended or revoked for these employees. Twenty-two of the 50 involved

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accesses that did not constitute UNAX violations. The employees involved in these cases were given non-disciplinary closing actions.

- Regarding the five cases for Absence without Leave over 40 hours, in one case, the employee has retired. Management will assess the remaining four cases to determine if telework privileges should be suspended or revoked for these employees.

- For the remaining 39 violations cited in the table (Other Leave Issues – AWOL less than 40 hours), most of these employees were given non-disciplinary closing actions.

IRS is committed to improving our telework policies and procedures. We will work with our managers to ensure that employees who should not be teleworking, are not teleworking.

Attached is a detailed response outlining the corrective actions that the Human Capital Office will take to address your recommendations. If you have any questions, please contact me at 202-317-7600, or a member of your staff may contact Deborah A. Popoli, Director, Worklife, Benefits and Performance Division, at 202-317-3914.

Attachment

Attachment 1

RECOMMENDATION 1:

Finalize processes that provide reasonable assurance that employees participating in the Telework Program have completed telework training and have a valid telework agreement on file prior to beginning telework.

CORRECTIVE ACTIONS:

1. Starting in the second quarter of fiscal year 2016, every Telework Lead from the business units will receive an email alert whenever a new record is added to the employee's Telework Agreement Library. This alert provides a direct link to the new record, including the employee's telework agreement and the certificate of proof of telework training completion (as required). Business unit Telework Leads complete an immediate review of that record and identify any non-compliance issues. In the event of any non-compliance, the Lead contacts the employee's manager immediately for any needed corrections or additions.
2. As a backup control, the IRS Telework Program Manager sends a quarterly report to each business unit Telework Lead that identifies any teleworking employee who has not completed the mandatory, online telework training. The report also lists the employees who have posted telework hours over the past quarter who do not have valid telework agreements in the Telework Agreement Library. For either instance, Business Unit Leads contact the employee's manager to ensure that appropriate action is taken.
3. These practices are reinforced during the monthly Telework Team Meetings with the Telework Leads.

IMPLEMENTATION DATE:

COMPLETED: February 2016

RESPONSIBLE OFFICIAL(S):

Deborah A. Popoli, Director, Worklife, Benefits and Performance Division

CORRECTIVE ACTION(S) MONITORING PLAN:
N/A, No monitoring is required because action is complete.

RECOMMENDATION 2:

Clarify the rules associated with misconduct by clearly defining issues that warrant suspension or discontinuance of telework privileges.

CORRECTIVE ACTIONS:

We agree with this recommendation. The Human Capital Office will clarify the rules associated with misconduct by clearly defining issues that may warrant suspension and discontinuance of telework privileges. In the interest of expediting the implementation of TIGTA's recommendations HCO intends to create a list of misconduct issues that warrant suspension or revocation, and implement these standards for managers and non-bargaining unit employees. Managers will also be provided detailed guidelines to help them assess misconduct on a case-by-case basis, and determine if suspension or discontinuance of telework privileges is warranted.

Note, however, that implementing a misconduct ineligibility list is beyond the requirements of the Telework Enhancement Act of 2010, and cannot be implemented for bargaining unit employees without first negotiating with the National Treasury Employees Union during contract re-opener negotiations starting on September 29, 2017, as the subject is covered by Article 50 of the National Agreement, between the IRS and NTEU.

IMPLEMENTATION DATE: December 30, 2016 (for providing managers with detailed guidelines and a misconduct list for non-bargaining unit employees, by which to evaluate employee misconduct on a case-by-case basis to determine if suspension or discontinuance of telework privileges is warranted).

RESPONSIBLE OFFICIAL(S): Amalia Colbert, Director, Workforce Relations Division

CORRECTIVE ACTION(S) MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System, upload supporting documentation into JAMES with Forms 13872 Planned Corrective Action Status Update for TIGTA/GAO/MW/SD/TAS/RE.
We will also provide a progress update on a quarterly basis to the Office of Internal Controls until the Corrective Actions are completed.

RECOMMENDATION 3:

Develop procedures for identifying teleworking employees who have been disciplined for conduct that negatively impacts the Telework Program.

CORRECTIVE ACTIONS:

We agree with this recommendation. HCO will develop procedures for identifying teleworking employees who have been disciplined for conduct that negatively impacts the Telework Program. We will use data from the Automated Labor and Employee Relations Tracking System database to identify teleworking employees who have been disciplined for misconduct and then work with the appropriate managers, on a case-by-case basis, to determine whether telework privileges should be revoked or suspended for the identified employees.

IMPLEMENTATION DATE: December 30, 2016

RESPONSIBLE OFFICIAL(S): Amalia Colbert, Director Workforce Relations Division and Deborah A. Popoli, Director WorkLife, Benefits and Performance

CORRECTIVE ACTION(S) MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System, upload supporting documentation into JAMES with Forms 13872 Planned Corrective Action Status Update for TIGTA/GAO/MW/SD/TAS/RE.
We will also provide a progress update on a quarterly basis to the Office of Internal Controls until the Corrective Actions are completed.