TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

**Office of Inspections and Evaluations**

# Internal Revenue Service's Non-Executive Long-Term Taxable Travel

**February 17, 2016**

**Reference Number: 2016-IE-R004**



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DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

February 17, 2016

**MEMORANDUM FOR** CHIEF FINANCIAL OFFICER

**FROM:** Gregory D. Kutz
Acting Deputy Inspector General for Inspections and Evaluations

**SUBJECT:** Final Evaluation Report – Internal Revenue Service's Non-Executive Long-Term Taxable Travel (# IE-15-001)

This report presents the results of our evaluation to determine whether the Internal Revenue Service (IRS) ensures that non-executive employees accurately and timely report overnight long-term taxable travel. This evaluation is included in the Office of Inspections and Evaluations Fiscal Year 2016 Program Plan.

## Synopsis

Overnight long-term taxable travel is travel away from home for a long enough period of time that it is not considered temporary. Some IRS employees' travel for official duties meet the criteria for long-term taxable travel, and reimbursements for such travel are subject to income taxation. IRS guidance adequately defines when overnight travel is taxable and employees' and managers' responsibility to make that determination. Furthermore, the IRS has developed a compliance review process to identify potential unreported taxable travel. However, the compliance review process needs to be improved.

## Recommendation

The Chief Financial Officer should ensure that the Beckley Finance Center and the Financial Management Policy Office work together to complete quarterly compliance reviews.

## Response

IRS management agreed with the recommendation.  The Chief Financial Officer's Financial Management organization will modify and document its procedures for conducting periodic compliance reviews and will follow up on any nonresponses to ensure that they are addressed. Management's complete response to the memorandum is included in Appendix VI.

If you have any questions about this report, you may contact me or Kevin P. Riley, Director, Inspections and Evaluations.

# *Table of Contents*

## *Abbreviations*

| | |
|---|---|
| BFC | Beckley Finance Center |
| CFO | Chief Financial Officer |
| FICA | Federal Insurance Contributions Act |
| FY | Fiscal Year |
| GRAS | Government Relocation Accounting System |
| I.R.C. | Internal Revenue Code |
| IRM | Internal Revenue Manual |
| IRS | Internal Revenue Service |
| LTTT | Long-Term Taxable Travel |
| TIGTA | Treasury Inspector General for Tax Administration |

# Background

The Internal Revenue Manual (IRM)[1] defines overnight long-term taxable travel (LTTT) as travel away from home for a long enough period of time that it is not considered temporary. This form of travel requires overnight stay or lodging expenses. The IRM specifies that overnight travel is taxable if:[2]

1. An employee travels to a single location and that travel is expected to last more than one year.[3]
2. An employee performs his or her principal duties the majority of the time in a location away from the employee's official station, and this arrangement is expected to last indefinitely or long enough that the new location becomes the employee's main work location.

IRM guidance related to LTTT is consistent with Revenue Ruling 93-86 [4] and the Internal Revenue Code (I.R.C.),[5] which are discussed in more detail in Appendix IV.

The taxable situation results in the Internal Revenue Service (IRS) withholding the appropriate income and payroll tax liabilities from the employee's travel reimbursement. The employee will receive a Form W-2, *Wage and Tax Statement*, from the IRS for the amount of taxable reimbursements received and for the amounts withheld for taxes. The IRS is responsible for reimbursing the employee for the additional income tax liabilities, and for paying the taxing authorities both the employer and employee portions of the taxes.

The Chief Financial Officer (CFO) is responsible for the IRS travel policy and accomplishes this responsibility in part by reviewing and interpreting Government travel regulations and developing and maintaining the IRS's travel procedures. In January 2012, the CFO implemented a quarterly compliance review process to identify potential unreported LTTT.

In a previous review of executive LTTT, the Treasury Inspector General for Tax Administration (TIGTA) reported that the IRS has policies in place to help senior executives and their managers know when overnight long-term travel reimbursements are subject to income tax withholding

[1] The IRM is the IRS's primary official source of instructions to staff relating to the administration and operations of the IRS. It contains the directions employees need to carry out their operational responsibilities.
[2] IRM 1.32.11, *Servicewide Financial Policies and Procedures, Official IRS City-to-City Travel Guide.*
[3] A single location is the entire area within which employees would generally commute in order to work at a particular location. Travel to any other location or locations within that same area is travel that also comes within the single location determination.
[4] Rev. Rul. 93-86, 1993-2 C.B 71, 1993-40 I.R.B. 4.
[5] Internal Revenue Code Section 162(a)(2).

and payroll taxes.[6] However, TIGTA noted that of the 31 executives reviewed, the tax classification of travel for nine executives appeared to be incorrect, and the classification was not made in a timely manner for three executives. Consequently, not all executives who were in an LTTT status were correctly and/or timely classified as such; therefore, the IRS did not withhold the appropriate amount of taxes on the travel reimbursements paid to some executives. TIGTA also noted that the IRS had not documented the procedures for conducting the compliance reviews. Additionally, the methodology for conducting the reviews could be enhanced to increase the likelihood of identifying unreported LTTT. In response to TIGTA's recommendations, in January 2014, the CFO enhanced the review procedures and methodology to increase the likelihood of identifying unreported taxable travel. In February 2015, the CFO further updated the review procedures to ensure that employees adequately complete and document follow-up actions.

TIGTA initiated this evaluation as a follow-up to the executive LTTT review. The objective of this evaluation was to determine whether the IRS ensures that non-executive employees accurately and timely report overnight LTTT.[7]

This evaluation was performed in the Office of the CFO at the IRS National Headquarters in Washington, D.C., during the period March through October 2015. TIGTA conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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[6] TIGTA, Ref. No. 2014-IE-R005, *Internal Revenue Service's Executive Long-Term Taxable Travel* (Dec. 2013).

[7] The criteria used to determine the taxability for long-term local travel are different from the criteria used for long-term overnight travel. TIGTA did not include local travel in the scope of this review.

# Results of Review

## Taxable Travel Procedures and Controls Are in Place; However, the Compliance Review Process Needs Improvement

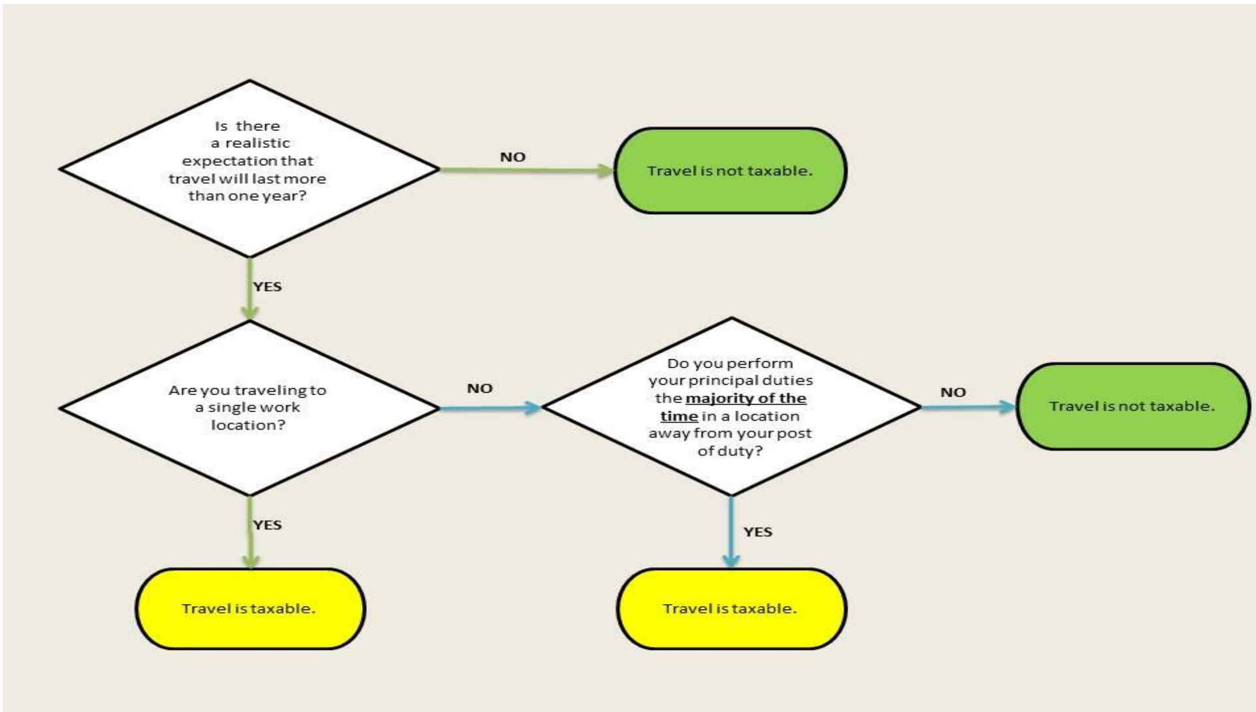
The IRS has established adequate guidance defining when overnight travel is taxable and employees' and managers' responsibility to make that determination. Furthermore, it has developed a compliance review process to identify potential unreported taxable travel. However, the compliance review process needs to be improved to ensure that the reviews are completed.

### IRS guidance

IRM guidance related to LTTT is adequate and consistent with the I.R.C. and Revenue Ruling 93-86. According to IRM 1.32.11.9, *Taxable Travel Reimbursement*, a manager who knows, or can reasonably expect, that an employee will receive an LTTT assignment must ensure that the LTTT is authorized on Form 12654, *Authorization for Long-Term Taxable Travel*. The Form 12654 is issued and signed by the manager and employee each calendar year of the LTTT assignment. Similarly, the IRM requires that employees ensure that they use the appropriate purpose code (which indicates the expenses claimed are taxable) and submit their vouchers promptly. Appendix IV provides details of the tax treatment of overnight travel expenses as governed by Revenue Ruling 93-86 and an analysis of the employee's "tax home" as defined in I.R.C. Section 162(a)(2).

Figure 1 documents the general IRS process that is used to determine whether overnight travel should be taxable.

***Figure 1: Overnight Long-Term Taxable Travel***




*Source: TIGTA analysis of IRM 1.32.11.9, Taxable Travel Reimbursement, requirements.*

TIGTA found that the IRS issued Form W-2 to employees who had reported their travel as taxable when filing their vouchers in GovTrip[8] or the Government Relocation Accounting System (GRAS).[9] The taxable situation results in the IRS withholding income and payroll taxes from the employee's travel reimbursement. When the employee submits travel vouchers with the correct purpose code, the GovTrip and/or GRAS travel systems calculate the applicable Federal, State, Medicare, and Federal Insurance Contributions Act (FICA) taxes at the following percentages:

[8] GovTrip is a computer application and database that provides IRS travelers with automated travel planning and reimbursement capabilities. The system also includes authorization, reservation, and vouchering capabilities.
[9] The GRAS accepts user input of travel advance and voucher data, enables managerial approval of travel documents, and forwards approved documents to the IRS accounting system (Integrated Financial System) for processing and payment. Beginning in Fiscal Year (FY) 2013, the GRAS has been used to process travel vouchers for LTTT users.

- Federal Tax: 25 percent.
- State Tax: Varies by State.[10]
- Medicare Tax: 1.45 percent.[11]
- FICA Taxes (if applicable): 6.2 percent.

The IRS pays the employee an Income Tax Reimbursement Allowance as reimbursement for Federal, State, and local income taxes withheld.[12] The reimbursement is paid in two parts: a Withholding Tax Allowance (calculated at 33.33 percent of the total taxable expenses claimed) paid at the time the voucher is paid, and a final Income Tax Reimbursement Allowance paid in the calendar year following the taxable travel. Appendix V illustrates an example of tax calculations on an LTTT voucher for a hypothetical traveler who is living in a State with no income tax.

The employee will receive a Form W-2 from the IRS for the amount of taxable reimbursements received and amounts withheld for taxes. The IRS is also responsible for paying the taxing authorities both the employer and employee portions of the taxes.

## *IRS compliance reviews to identify unreported LTTT were not complete*

The IRM and I.R.C. do not set a specific limit (in terms of the number of trips or days of travel) that can be used to determine the taxability of overnight travel. Therefore, the IRS CFO developed criteria to identify unreported overnight LTTT, and implemented quarterly compliance reviews. TIGTA evaluated the results from the IRS quarterly compliance reviews for Fiscal Years (FY) 2013 and 2014 and found that the IRS did not always obtain additional information from the employee or manager with potential LTTT, which is required to determine whether the employee's travel should be taxable. Figure 2 illustrates the IRS process to identify unreported overnight LTTT.

[10] State taxes are withheld at various rates depending on the individual State's annual income tax determination.
[11] Beginning January 1, 2013, employers are responsible for withholding the 0.9% Additional Medicare Tax on an employee's wages and compensation that exceeds a threshold amount based on the employee's filing status. Employers are required to begin withholding Additional Medicare Tax in the pay period in which it pays wages and compensation in excess of the threshold amount to an employee. There is no employer match for the Additional Medicare Tax.
[12] Employees with LTTT are not reimbursed for Medicare or FICA taxes withheld.

### *Figure 2: IRS Procedures for Quarterly Compliance Reviews*

| | |
|---|---|
| **Identify Potential LTTT** | • The Beckley Finance Center (BFC)[13] generates a GovTrip report that includes all employees who filed nine or more overnight vouchers during the quarter to any location.<br>• The BFC identifies those employees with nine or more overnight vouchers to a single location. |
| **Obtain Additional Information** | • The BFC contacts the employee or manager to remind him or her of the LTTT report requirements and requests additional information related to the employee's travel assignment. |
| **Determine if Travel Is Taxable** | • The BFC analyzes the employee's or manager's response to determine whether the travel should be considered taxable.<br>• The Financial Management Policy Office reviews the BFC quarterly review results, and if needed, coordinates with the Office of Chief Counsel to determine the taxability of each case.[14]<br>• If the travel is deemed taxable, the BFC should reclassify the vouchers as LTTT and calculate the applicable income and payroll taxes retroactively to the effective date that travel became taxable. |

*Source: TIGTA analysis of BFC quarterly compliance review procedures.*

In FY 2013, the BFC selected 68 non-executive employees whose overnight travel to a single location during the periods of review appeared taxable. According to IRS procedures, the BFC should have notified all 68 employees of the potential taxability of their travel and obtained additional information to determine the taxability. However, TIGTA found that the BFC did not complete the reviews in approximately 28 (19 of 68 cases) percent of the cases because the BFC did not attempt to contact the employee or manager, or the employee or manager did not respond to the BFC's request for additional information. Initially, the BFC did not report taxable travel for any of the 68 employees included in the quarterly reviews for FY 2013. However, during TIGTA's evaluation, the CFO's office conducted follow-up reviews on two of the 19 incomplete cases and reclassified one case as taxable.

In FY 2014, the BFC identified 55 non-executive employees who took at least nine overnight trips to a single location in a quarter. TIGTA found that the BFC did not complete the reviews in

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[13] The BFC is part of the CFO's Financial Management Office. It processes administrative accounts payable, accounts receivable, and collections; and prepares and reconciles financial reports and accounts.
[14] The Financial Management Policy Office is part of the CFO's Financial Management Office. It establishes accounting and travel policy and procedures, and develops and implements financial management projects.

approximately 9 (five of 55 cases) percent of the cases. In these cases, the BFC attempted to contact the employees but did not receive a response to the request for additional information. Starting in March 2014, the BFC began elevating nonresponse cases to the CFO office for follow-up actions and final case resolution. The BFC referred three nonresponse cases to the CFO during the third and fourth quarters of FY 2014; however, as of July 2015, the CFO had not completed the follow-up review of the three FY 2014 cases.

Figure 3 summarizes the results of the quarterly compliance reviews conducted by the BFC for FYs 2013 and 2014.

**Figure 3: Summary of Quarterly Compliance Reviews for FYs 2013 and 2014**

| Period of Review | Travelers Meeting LTTT Criteria for Further Review | | |
|---|---|---|---|
| | Travelers With Trips Exceeding Review Threshold[15] | Incomplete Review | LTTT Determination |
| FY 2013 – 1st Quarter[16] | 32 | 10 | 1 |
| FY 2013 – 2nd and 3rd Quarters[17] | 24 | 5 | 0 |
| FY 2013 – 4th Quarter | 12 | 4 | 0 |
| **FY 2013 Total** | **68** | **19** | **1** |
| FY 2014 – 1st Quarter | 9 | 2 | 0 |
| FY 2014 – 2nd Quarter | 18 | 0 | 0 |
| FY 2014 – 3rd Quarter | 15 | 2 | 0 |
| FY 2014 – 4th Quarter | 13 | 1 | 0 |
| **FY 2014 Total** | **55** | **5** | **0** |

*Source: TIGTA analysis of BFC quarterly compliance reviews.*

As noted, the number of incomplete cases has declined from 28 percent in FY 2013 to 9 percent in FY 2014; however, there is a risk that the IRS may not detect unreported taxable travel when its compliance review process is not being followed completely. Hence, the inaccurate reporting of LTTT could result in employees' potentially underreporting income and Federal, State, Medicare, and FICA taxes.

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[15] In FY 2013, the criteria for selecting cases for the quarterly compliance reviews varied. The threshold of nine trips taken during the quarter was not applied until FY 2014.
[16] In FY 2013, the reviews were not standardized or consistently completed at the end of each quarter. The first and second quarter reviews were combined into one review, and the second and third quarter reviews were combined in another review. Thus, the second quarter was reviewed twice. To avoid a duplicate count, TIGTA separated the review results for the first quarter and included only the first quarter information here.
[17] As explained in the previous footnote, the second and third quarter reviews were combined into one review. However, TIGTA was unable to separate the review results for each quarter so TIGTA included the combined results as such.

## Recommendation

***Recommendation 1:*** The CFO should ensure that the BFC and the Financial Management Policy Office work together to complete quarterly compliance reviews.

> ***Management's Response:*** IRS management agreed with the recommendation. The CFO's Financial Management organization will modify and document its procedures for conducting periodic compliance reviews and will follow up on any nonresponses to ensure that they are addressed.

## Travel Was Properly Reported

TIGTA reviewed the travel records of approximately 34,000 IRS employees who filed travel vouchers in FYs 2013 and 2014 and identified only five employees who appeared to have unreported overnight LTTT.

We summarized the travel records for approximately 34,000 employees and identified 196 employees who traveled at least 125 days to a single location during a fiscal year to determine the trip's purpose and the actual duration of travel (after adjusting for weekends, holidays, and leave taken during travel).[18] We also interviewed seven employees and managers to gather additional information related to their travel assignments.[19] Our analysis and interviews revealed that the travel of 191 of 196 employees did not meet the criteria for LTTT.

However, we identified five employees who appeared to have unreported LTTT. In four of the five cases, the travelers and their managers did not identify the LTTT situations when it became apparent that the travel would exceed one year. According to the IRS, the employee in the fifth case correctly identified the travel as taxable but used the wrong accounting code on five vouchers. For the five employees identified as having taxable travel, the CFO reported that they will reclassify the employees' travel and calculate the applicable taxes retroactively to the effective date of the LTTT. Figure 4 summarizes the steps TIGTA completed to identify these five employees.

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[18] TIGTA established a benchmark of 125 days of travel for testing purposes because it is one-half of the 250 business days available to work in a year.
[19] We interviewed these employees because their travel patterns appeared to be consistent with the criteria for LTTT, and additional information was required to complete our preliminary determination.

**Figure 4: Summary of FYs 2013 and 2014 TIGTA Case Review Results**

| Review Steps | Number of Employees | | |
|---|---|---|---|
| | **FY 2013** | **FY 2014** | **Total** |
| 1. Reviewed travel data for FYs 2013 and 2014 from GovTrip and the GRAS, and summarized the days of travel for each employee. | 16,710 | 16,983 | **33,693** |
| 2. Identified all employees with at least 125 days of travel to a single location during the fiscal year. | 96 | 100 | **196** |
| 3. Determined whether the travel appeared to be taxable based on the travel records and interviews of the employee or manager. | 3 | 2 | **5** |

*Source: TIGTA analysis of GovTrip and GRAS data.*

In comparison to the population of approximately 34,000 cases, the five employees whose travel TIGTA identified as taxable but were not classified as such is not significant. TIGTA, therefore, concluded that the tax classification and reporting for the employees who had overnight long-term travel was generally correct. Therefore, TIGTA is not making any recommendations regarding the guidance employees and their managers follow in making the taxability determination.

## Appendix I

# *Detailed Objective, Scope, and Methodology*

The objective of our review was to determine whether the IRS ensures that non-executive employees accurately and timely report overnight LTTT.[1] To accomplish this objective, TIGTA:

I. Identified overnight LTTT policy and procedures.

   A. Reviewed Federal Travel Regulation 302-3.502(b),[2] Revenue Ruling 93-86,[3] I.R.C. 1.32.9.11 (162(a)(2), and the IRM[4] related to travel expense reimbursements that are subject to income taxation.

   B. Determined whether the IRS has adequate overnight LTTT policy and guidance in place.

   C. Verified that Forms W-2, *Wage and Tax Statement*, were issued to employees who had taxable travel.

II. Assessed the IRS's efforts to ensure that non-executive travelers comply with LTTT requirements.

   A. Evaluated the quarterly reviews conducted by the BFC for accuracy and completeness.

   B. Obtained FY 2013 and FY 2014 travel records for IRS employees from GovTrip[5] and the GRAS,[6] and assessed the reliability of data for the purposes of our tests.

   C. Using GovTrip and GRAS data, identified the travelers whose travel was not classified as LTTT but appeared to be potential LTTT.

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[1] The criteria used to determine the taxability for long-term <u>local</u> travel are different from the criteria used for long-term <u>overnight</u> travel. TIGTA did not include local travel in the scope of this review.
[2] The Federal Travel Regulation is the regulation contained in 41 Code of Federal Regulations Chapters 300 through 304, which implements statutory requirements and executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.
[3] Rev. Rul. 93-86, 1993-2 C.B 71, 1993-40 I.R.B. 4.
[4] The IRM is the IRS's primary official source of instructions to staff relating to the administration and operations of the IRS. It contains the directions employees need to carry out their operational responsibilities.
[5] GovTrip is a computer application and database that provides IRS travelers with automated travel planning and reimbursement capabilities. The system also includes authorization, reservation, and vouchering capabilities.
[6] The GRAS accepts user input of travel advance and voucher data, enables managerial approval of travel documents, and forwards approved documents to the IRS accounting system (Integrated Financial System) for processing and payment. Beginning in FY 2013, the GRAS has been used to process travel vouchers for LTTT users.

**Appendix II**

## *Major Contributors to This Report*

Kevin P. Riley, Director
James A. Douglas, Supervisory Evaluator
Jacqueline D. Nguyen, Lead Auditor
Kyle Bambrough, Senior Auditor
Michelle Griffin, Senior Program Analyst

## Appendix III

# Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Chief Financial Officer OS:CFO
Associate Chief Financial Officer for Financial Management OS:CFO:FM
Director, Office of Audit Coordination OS:PPAC:AC

**Appendix IV**

# Long-Term Taxable Travel Law and Provisions

Section 162(a)(2) of the I.R.C. allows a deduction for ordinary and necessary business expenses paid or incurred in carrying on a trade or business, including traveling expenses while away from home in the pursuit of a trade or business. However, travel expenses are not deductible under this section unless the expenses are incurred while "away from home" overnight. The deductibility of travel reimbursements is contingent on whether travel is away from home and the period of time the taxpayer expects to be away from home. According to Revenue Ruling 93-86,[1] a taxpayer's "home" is generally considered to be located at:

1) The taxpayer's regular or principal (if more than one regular) place of business.
2) If the taxpayer has no regular or principal place of business, then at the taxpayer's abode in a real and substantial sense (that is, a residence where the taxpayer maintains certain personal and business connections).

More important factors to be considered in the determination of a taxpayer's principal place of business are: the total time ordinarily spent by the taxpayer at each business post, the degree of business activity at each business post, and whether the financial return in respect to each post is significant or insignificant.

If employment away from home in a single location is realistically expected to last (and does in fact last) for one year or less, the employment is temporary in the absence of facts and circumstances indicating otherwise, and reimbursements for travel expenses related to travel to that location are not taxable. If employment away from home in a single location is realistically expected to last for more than one year or there is no realistic expectation that the employment will last for one year or less, the employment is nontemporary, and reimbursements for travel expenses related to travel to that location are taxable. For a taxpayer who is employed at more than a single location for more than one year, the taxpayer's "home" is the taxpayer's principal place of business.

[1] Rev. Rul. 93-86, 1993-2 C.B 71, 1993-40 I.R.B. 4.

## Appendix V

# Tax Calculations on Long-Term Taxable Travel Vouchers

This appendix illustrates an example of tax calculations for a hypothetical traveler living in a State with no income tax and an LTTT voucher of $1,900.[1]

| | | | | |
|---|---|---|---|---|
| 1a. | Nontaxable reimbursable voucher total | | | $ 0.00 |
| 1b. | Taxable voucher total | | | $1,900.00 |
| 2. | Taxable Third-Party Payments, *i.e.*, airline payments charged to corporate account | | | $ 0.00 |
| 3. | Total Amount of Taxable Reimbursements (Line 1b plus Line 2) | | | $1,900.00 |
| 4. | Withholding Tax Allowance (33.3333% of Line 3) | | | $ 633.33 |
| 5. | Total Income to Employee (Line 3 plus Line 4) | | | $2,533.33 |
| 6. | Federal Tax Withholding on Total Income (25% of Line 5) | | $ 633.33 | |
| 7. | State Tax Withholding on Total Income (a percentage of Line 5) | State = TX | $ 0.00 | |
| 8. | Medicare Tax on Total Income (1.45% of Line 5) | | $ 36.73 | |
| 9. | FICA Taxes on Total Income (6.2% of Line 5) | | $ 157.07 | |
| 10. | Total Withholdings on Income (Total of lines 6 through 9) | | | $ 827.13 |
| 11. | Net taxable amount due to traveler (Line 1b plus Line 4 minus Line 10) | | | $1,706.20 |

*Source: Example of tax calculations on a hypothetical LTTT voucher.*

[1] The traveler's income level and filing status are not germane for determining the amounts to be withheld.

## Appendix VI

# Management's Response to the Draft Report

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

CHIEF FINANCIAL OFFICER

December 14, 2015

MEMORANDUM FOR GREGORY D. KUTZ
ACTING DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND EVALUATIONS

FROM: Jeffrey S. Wallbaum
Acting Chief Financial Officer

SUBJECT: Draft Evaluation Report – Internal Revenue Service's Non-Executive Long-Term Taxable Travel (# IE-15-001)

Thank you for the opportunity to respond to the subject report from your review of the IRS's non-executive long-term taxable travel. We agree with the recommendation listed in the draft report and have developed and will implement the corrective action detailed in the attachment.

If you have any questions, please contact William H. Maglin II, Associate Chief Financial Officer for Financial Management, at (202) 803-9730.

Attachment

cc: Legislative Affairs

Attachment

**RECOMMENDATION 1**
The Chief Financial Officer should ensure that the Beckley Finance Center and the Financial Management Policy Office work together to complete quarterly compliance reviews.

**CORRECTIVE ACTION**
The IRS agrees with this recommendation. The Chief Financial Officer (CFO) Financial Management organization will modify and document its procedures for conducting periodic compliance reviews and will follow up on any non-responses to ensure they are addressed to completion.

**IMPLEMENTATION DATE**
February 28, 2016

**RESPONSIBLE OFFICIAL**
Chief Financial Officer

**CORRECTIVE ACTION MONITORING PLAN**
N/A

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