



*Agency-Wide Shared Services Implemented  
Corrective Actions Associated With  
Prior Recommendations*

**December 20, 2017**

**Reference Number: 2018-10-009**

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:**

2 = Law Enforcement Techniques/Procedures and Guidelines for law Enforcement Investigations or Prosecutions.

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## HIGHLIGHTS

### AGENCY-WIDE SHARED SERVICES IMPLEMENTED CORRECTIVE ACTIONS ASSOCIATED WITH PRIOR RECOMMENDATIONS

## Highlights

**Final Report issued on  
December 20, 2017**

Highlights of Reference Number: 2018-10-009 to the Internal Revenue Service Chief Financial Officer.

### IMPACT ON TAXPAYERS

As the primary overseer of all aspects of activity related to the Federal tax system, TIGTA conducts audits of IRS operations and controls, and makes recommendations for improvement. Implementation of TIGTA recommendations can improve the efficiency and effectiveness of IRS operations and improve service to taxpayers.

### WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether selected prior TIGTA audit recommendations made to Agency-Wide Shared Services (AWSS) have been addressed and documented.

### WHAT TIGTA FOUND

The majority of the AWSS corrective actions in response to selected prior TIGTA recommendations were completed properly. Of the 25 corrective actions associated with the recommendations reviewed, 21 had been completed as reported by the AWSS, and the AWSS provided supporting documentation as required. For example, AWSS offices completed risk assessments on several IRS facilities. Many of the recommendations implemented were enhancements to physical security controls over IRS facilities and personnel. The implementation of the recommendations and related control improvements should help the IRS to ensure the safety of its personnel and facilities.

Although the remaining four corrective actions were completed, the AWSS was unable to provide supporting documentation to

substantiate that three corrective actions had been fully completed by the due date, and the AWSS completed one corrective action after the completion date it had reported in the corrective action tracking system. For example, for one recommendation related to risk assessments for IRS facilities, the IRS agreed and closed the recommendation by stating it had updated its guidance. However, TIGTA found that the IRS did not adequately implement the corrective action at the time the recommendation was closed. Three months after the completion date, the IRS issued updated guidance which included language that addressed all of the recommendation's requirements.

In another example, TIGTA recommended that the IRS provide acquisition personnel training on new regulation requirements. The IRS completed the training but did not document details about the training at the time and could not provide supporting documents when TIGTA requested it because of the departure of the responsible IRS personnel. According to IRS guidance, the AWSS should have closed the corrective actions after implementation was complete and retained supporting documentation of the actions taken.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Financial Officer ensure that all required documentation to support closing corrective actions is retained for five years, as stated in IRS guidance.

In their response, IRS management agreed with our recommendation and stated that the IRS's Office of Audit Coordination implemented a new policy requiring supporting documentation for all corrective actions, including those closed when management's response is signed.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

December 20, 2017

**MEMORANDUM FOR CHIEF FINANCIAL OFFICER**

**FROM:** Michael E. McKenney  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – Agency-Wide Shared Services Implemented  
Corrective Actions Associated With Prior Recommendations  
(Audit # 201710008)

This report presents the result of our review of the Agency-Wide Shared Services' implementation of corrective actions associated with prior recommendations. The overall objective of this review was to determine whether selected prior Treasury Inspector General for Tax Administration audit recommendations made to Agency-Wide Shared Services have been addressed and documented. This review is included in our Fiscal Year 2018 Annual Audit Plan and addresses the major management challenge areas of Security Over Taxpayer Data and Protection of Internal Revenue Service Resources, Achieving Program Efficiencies and Cost Savings, and Protecting Taxpayer Rights.

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 Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).



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*Agency-Wide Shared Services Implemented Corrective Actions  
Associated With Prior Recommendations*

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*Agency-Wide Shared Services Implemented Corrective Actions  
Associated With Prior Recommendations*

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*Abbreviations*

AWSS	Agency-Wide Shared Services
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
JAMES	Joint Audit Management Enterprise System
OAC	Office of Audit Coordination
TIGTA	Treasury Inspector General for Tax Administration



## *Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations*

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### *Background*

Since Fiscal Year<sup>1</sup> 2011, the Treasury Inspector General for Tax Administration (TIGTA) has issued 38<sup>2</sup> audit and inspection reports containing 134 recommendations to the Agency-Wide Shared Services (AWSS).<sup>3</sup> In response, the AWSS provided written agreement to 130 recommendations with descriptions of its planned corrective actions, which were recorded and tracked in the Department of the Treasury's (Treasury Department) Joint Audit Management Enterprise System (JAMES). The AWSS organization within the Internal Revenue Service (IRS) supports the IRS by managing resources that enable the IRS's business processes. It is responsible for the overall management of shared services providing payroll, facilities, physical security, travel, credit card, cross-functional administrative, and procurement support for all organizational entities within the IRS.

The JAMES is an audit tracking and management control system maintained by the Treasury Department. The information on the JAMES is used to assess the effectiveness and progress of the IRS in correcting its internal control deficiencies and implementing corrective actions in response to audit recommendations. The JAMES allows users to run reports to assess the effectiveness of their programs. Tracking issues, findings, recommendations, and the current status of corrective actions is mandatory to comply with the intent of the standard of internal control.<sup>4</sup>

In addition, the Treasury Department sets yearly goals for the percent of corrective actions expected to be timely closed. The IRS has developed guidance and assigned responsibilities to managers, senior officials, and audit coordinators to help ensure that its corrective actions are completed. For example, the IRS Commissioner has the overall organizational responsibility to ensure that recommendations are completed, that corrective actions are taken in a timely fashion through independent verification, and that validation occurs.

Based on the IRS's procedures, it must notify TIGTA if it plans to significantly revise or cancel a corrective action, and TIGTA must consent to the change. While IRS management is ultimately responsible for ensuring that corrective actions are completed, the IRS Office of Audit

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<sup>1</sup> Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.

<sup>2</sup> Management Services and Exempt Organizations issued 24 audit reports, Security and Information Technology Services issued five audit reports, and Inspections and Evaluations issued nine reports that contained recommendations to the AWSS. These numbers of reports do not include reports with no recommendations.

<sup>3</sup> From Fiscal Year 2011 to February 2017.

<sup>4</sup> The Federal Managers' Financial Integrity Act of 1982, 31 U.S.C. §§ 1105, 1113, 3512 (2013).



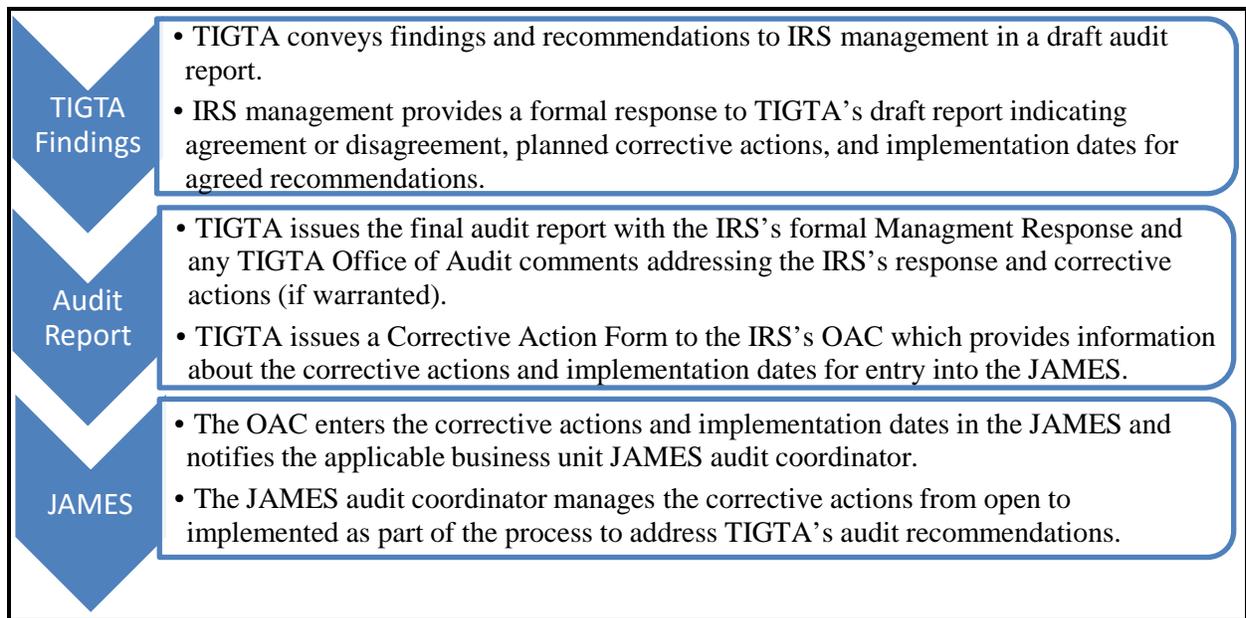
## Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations

Coordination (OAC)<sup>5</sup> tracks the corrective actions taken by the various IRS business units. IRS management assigns individuals within their respective business units to serve as JAMES audit coordinators whose responsibilities include:

- Assisting management with the internal control program and serving as their function's primary liaison with the OAC.
- Preparing and submitting verification when corrective actions are completed and entering the status into the JAMES when actions are implemented.
- Uploading the Form 13872<sup>6</sup> and supporting documentation into the JAMES.
- Ensuring that sufficient supporting documentation is maintained.

Figure 1 describes the JAMES process that the IRS used for tracking corrective actions.<sup>7</sup>

**Figure 1: The JAMES Process**



Source: IRS Internal Revenue Manual (IRM)<sup>8</sup> Section 1.4.30, Monitoring Internal Control Planned Corrective Actions.

<sup>5</sup> This function was previously performed by the Office of Internal Control. Responsibility was transferred to the OAC on October 1, 2015.

<sup>6</sup> Form 13872, *Planned Corrective Action Status Update for TIGTA/GAO/MW/SD/TAS/REM Reports* (Rev. 10-2010).

<sup>7</sup> This description of the JAMES process covers the process in place during Fiscal Year 2011 to February 2017.

<sup>8</sup> The IRM is the primary, official source of IRS "instructions to staff" related to the organization, administration, and operation of the IRS. It details the policies, delegations of authorities, procedures, instructions, and guidelines for daily operations for all IRS divisions and functions.



## *Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations*

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Over time, the Treasury Department has updated its requirements regarding supporting documentation for corrective actions in the JAMES. Prior to Fiscal Year 2010, the Treasury Department did not require the IRS to upload supporting documentation into the JAMES because the system lacked this functionality. When the system was upgraded on November 1, 2010, the Treasury Department mandated that supporting documentation be uploaded and stored in the JAMES. In response, the IRS implemented requirements for JAMES users to upload supporting documentation, including the Form 13872 or other executive certification, when a corrective action status was updated or closed.

On October 1, 2014, the IRS mandated that the only acceptable form of executive certification to update the status of, or close, a corrective action was via Form 13872. Later, in October 2015, the IRS issued formal guidance requiring that additional supporting documentation be uploaded and stored in the JAMES, along with a completed, signed, and dated Form 13872.

Effective October 16, 2015, before a corrective action can be closed on the JAMES, the JAMES audit coordinator is required to submit supporting documentation to the OAC which can include:

- Written policy, guidance, procedures, and IRM updates.
- Letters written on official letterhead and signed documents.
- Contracts and computer screen prints.
- Copies of presentations and meeting minutes, with date, time, and place of meeting.

This review selected 24<sup>9</sup> out of 134 recommendations and the associated corrective actions for reports issued during our audit period and was performed with information obtained from the IRS National Headquarters in the Office of the AWSS and the OAC located in Washington, D.C., during the period April through September 2017. 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.

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<sup>9</sup> See Appendix IV for a list of the selected audit reports that contained the 24 recommendations.



Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations

Results of Review

The Majority of Selected Corrective Actions Were Completed, but Documentation Was Not Always Retained

The AWSS properly implemented the majority of the selected corrective actions that it reported as completed in response to prior TIGTA recommendations. Our review of a judgmental sample of 24 recommendations with 25 corrective actions found that 21 corrective actions were implemented by the due date listed in the JAMES, addressed the issues and recommendations made by TIGTA, and received approval prior to closing the corrective action. Many of the recommendations implemented related to physical security controls over IRS facilities and personnel.

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\*\*\*\*\*2\*\*\*\*\*  
\*\*\*\*\*2\*\*\*\*\*

For these 21 corrective actions, the IRS implemented the corrective actions and supported the implementation with sufficient documentation. The corrective actions were completed before the assigned due dates listed in the JAMES and although we had to request copies of some supporting documentation that was approved by the responsible official, because it was not uploaded into the JAMES, the IRS was able to provide the documentation after our request. TIGTA recommendations can improve the efficiency and effectiveness of IRS operations and improve service to taxpayers. The implementation of the recommendations and related control improvements should also help the IRS to ensure the safety of its personnel and facilities.

Additionally, in instances where warranted, the IRS obtained proper approval for extending the original due dates of corrective actions, as required. For example, TIGTA previously recommended that the Director, Facilities Management and Security Services, update its guidance describing the requirements for conducting risk assessments. The IRS stated it would revise its IRM, and publish and issue a notification about the revision by May 30, 2016. Prior to the May 30, 2016, due date, the IRS properly requested and received

10 A corrective action is a detailed description of how management will implement a recommendation to address an audit finding. A recommendation can have multiple corrective actions.

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

12 The 24 prior recommendations, with 25 associated corrective actions, were judgmentally selected based on a variety of ranking criteria, including selecting recommendations covering different AWSS program areas, recommendations reported as closed in the JAMES, and recommendations that fell within the five-year requirement to retain supporting documentation.



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*Agency-Wide Shared Services Implemented Corrective Actions  
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approval to extend the due date, stating that due to resource limitations, the revised IRM was requiring more time to be processed through multiple levels of clearance. The due date was extended to September 30, 2016, and the updated IRM, including detailed guidance describing requirements for conducting risk assessments, was published before the new due date.

The IRS's guidance states that extensions should not be requested unless absolutely necessary, it is determined the original due date cannot be met, and extensions of corrective action due dates are allowed only under special circumstances. When a corrective action is extended, the business units are required to upload a Form 13872 to the JAMES and this form must be signed by the business unit coordinator and an approving official.

**Supporting documentation was not retained and one corrective action was not completed by the due date**

Although the majority of the corrective actions reviewed were properly completed, the AWSS was unable to provide complete supporting documentation for three of the 25 corrective actions in our judgmental sample. IRS management is required to maintain documentation verifying implementation of a corrective action. We were able to confirm that the three corrective actions were completed; however, the AWSS was unable to provide complete supporting documentation that the three corrective actions were fully implemented as described when the actions were closed. For example, TIGTA recommended that the Deputy Commissioner for Operations Support provide all acquisition workforce personnel and appropriate program management staff with training on recent Federal Acquisition Regulations<sup>13</sup> revisions. The IRS agreed with this recommendation and stated it would provide the training. The supporting documentation contained in the JAMES was a copy of training records; however, the document did not have a course title or dates of completion. When we requested these additional details, as well as the number of staff that should have completed the training, Procurement office management stated that additional supporting documentation was not maintained based on the IRS's retention practices at the time and could not provide additional documentation. Therefore, we were unable to confirm that all appropriate acquisition staff received the required training prior to the closing of the corrective action.

The other two corrective actions required that the IRS issue guidance and disseminate it to effected personnel. Although we were able to confirm that the IRS issued guidance, the IRS was unable to support that the policy updates were cascaded to the responsible employees, as required by the guidance language. The Procurement office stated that it is unable to provide the requested information because it predates current management. According to IRS guidance, the AWSS should retain supporting documentation of corrective actions taken for five years from the date the action was closed.

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<sup>13</sup> Federal Acquisition Regulation, 48 C.F.R. pts. 1-53 (2010).



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## *Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations*

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Additionally, for one of the 25 corrective actions reviewed, the AWSS completed the corrective action after the closed date listed in the JAMES. TIGTA previously recommended that the IRS revise its current risk assessment and revalidation processes performed on IRS facilities. The revision should require that prior risk assessments be included when revalidating the security of a facility. The IRS agreed and closed the recommendation by stating it updated its guidance to address the requirement. However, TIGTA found that the IRS did not fully address the requirement at the time the recommendation was closed. Three months after the completion date, the IRS issued the updated guidance which included language that addressed all of the recommendation's requirements. According to IRS guidance, the AWSS should have closed the corrective actions after implementation was complete.

### **Corrective actions were not always properly entered into the JAMES**

While the majority of the selected corrective actions we reviewed were properly completed, we found other administrative issues with tracking corrective actions, such as not entering planned corrective actions into the JAMES timely after the issuance of the audit report and extending the due dates of corrective actions without approval. Although these issues did not have an effect on whether the AWSS properly completed the corrective actions, the issues did not comply with IRS policy.

Seven of the 25 corrective actions selected were not entered into the tracking system timely after the issuance of the audit report. According to IRS guidelines, once TIGTA issues an audit report, IRS personnel are required to input the planned corrective actions into the JAMES within 30 days of the report's date of issuance. AWSS management agreed that the corrective actions were not entered into the tracking system within 30 days after the issued report due to processing delays. The JAMES allows users to run reports to assess the effectiveness of their programs in correcting their internal control deficiencies and implementing audit recommendations. Untimely tracking of the corrective actions could lead to improper management reporting and errors in tracking and delayed implementations, such as delays in the development or updating of policies.

Additionally, some corrective actions were extended from the original due date set in the management responses without approval. We found that for 10 of the 25 corrective actions selected, the IRS incorrectly extended the due date 15 or more days from the originally agreed-upon management response due date when it input the corrective actions into the JAMES. Language within the IRM that instructs IRS personnel how to assign a corrective action due date does not clearly define what date should be input into the JAMES.<sup>14</sup> Although the IRM states to

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<sup>14</sup> While IRS management is ultimately responsible for ensuring that corrective actions are completed, the IRS's OAC tracks the corrective actions taken by various IRS business units. Its responsibilities include entering, monitoring, and tracking audit report findings, recommendations, and corrective actions in the JAMES. In August 2016, TIGTA took over entering corrective actions and implementation due dates in the JAMES. All of the corrective actions selected for our sample were input prior to this date when the OAC was still entering all tracking information in the JAMES.



## *Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations*

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include the original due date, it also provides specific situations in which a new due date can be assigned that is different from the date provided by management. However, these 10 corrective actions did not fit into one of the situations. As a result, the OAC added 15 days or more to the due dates when inputting the dates into the JAMES rather than using the original agreed upon management response due dates. The OAC agreed that for the most part the due dates in management's responses should be the due dates they are accountable for and listed in the JAMES. The OAC also stated that it will remind its entire audit liaison community about inputting the correct dates in the future. Because the OAC tracks the status of corrective actions and reports this to the Treasury Department, these improper dates can affect the ability of the IRS and the Treasury Department to provide oversight to corrective action follow-up activity.

### ***Recommendation***

**Recommendation 1:** The Chief Financial Officer should ensure that all required documentation to support closing corrective actions is retained for five years, as stated in IRS guidance.

**Management's Response:** The IRS agreed with this recommendation. The IRS stated that the OAC implemented a new policy requiring supporting documentation for all corrective actions, including those closed when management's response is signed.



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*Agency-Wide Shared Services Implemented Corrective Actions  
Associated With Prior Recommendations*

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## Appendix I

### *Detailed Objective, Scope, and Methodology*

Our overall objective was to determine whether selected prior TIGTA audit recommendations made to the AWSS have been addressed and documented. To accomplish our objective, we:

- I. Determined whether the OAC's processes for tracking and closing recommendations have changed from those stated in the November 2016 Taxpayer Advocate Service follow-up audit report.
- II. Determined whether actions taken by the AWSS on selected planned corrective actions addressed report findings and recommendations.
  - A. Selected a judgmental sample<sup>1</sup> of 24 of 134 recommendations (with 25 planned corrective actions) from 38 TIGTA reports issued between August 2011 and February 2017. The sample recommendations selected ensured that the recommendations covered a variety of different AWSS program areas and included planned corrective actions reported as closed in the JAMES. We used a judgmental sample because we did not intend to project our findings to the population of agreed upon recommendations.
  - B. For each recommendation selected, evaluated the AWSS's supporting documentation and determined:
    1. Whether Forms 13872<sup>2</sup> were recorded and approved for each recommendation as required.
    2. Whether required additional supporting documentation was recorded.
    3. Whether planned corrective actions were extended. We also determined if the required documentation was recorded to show the approval of the extension.
    4. Whether planned corrective actions were implemented as reported in the JAMES, *e.g.*, whether policies were created or amended as recommended.
    5. Whether the AWSS obtained concurrence from TIGTA on planned corrective actions that were cancelled or significantly modified.

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

<sup>2</sup> Form 13872, *Planned Corrective Action Status Update for TIGTA/GAO/MW/SD/TAS/REM Reports* (Rev. 10-2010).



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6. For any planned corrective actions that had not been completed as reported in the JAMES, determined the status of the efforts to implement the corrective action. We also identified when the AWSS expected to complete the action.
- C. Confirmed potential exceptions with AWSS management.

**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: OAC policies, procedures, and practices for the identification, tracking, and closing of the corrective actions reported in the JAMES. We evaluated these controls by reviewing the guidance related to the JAMES process, interviewing OAC and AWSS management, and reviewing documents which support the closure of the corrective actions.



*Agency-Wide Shared Services Implemented Corrective Actions  
Associated With Prior Recommendations*

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**Appendix II**

*Major Contributors to This Report*

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)  
Jonathan T. Meyer, Director  
LaToya Penn, Audit Manager  
Evan Close, Lead Auditor  
Daniel Burd, Senior Auditor  
Sylvia Sloan McPherson, Senior Auditor



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**Appendix III**

*Report Distribution List*

Commissioner  
Officer of the Commissioner – Attn: Chief of Staff  
Deputy Commissioner for Operations Support  
Chief, Agency-Wide Shared Services  
Director, Office of Audit Coordination



Agency-Wide Shared Services Implemented Corrective Actions Associated With Prior Recommendations

Appendix IV

Nine Selected Treasury Inspector General for Tax Administration Reports Issued Between August 2011 and March 2016

- TIGTA, Ref. No. 2011-10-086, Controls Over Costs and Building Security Related to Outsourced Office Support Services Need to Be Improved (Aug. 2011).
TIGTA, Ref. No. 2012-IE-R002, Internal Revenue Service Contract Security Guard Workforce Inspection (Jan. 2012).
TIGTA, Ref. No. 2013-10-032, Travel Card Controls Are Generally Effective, but More Aggressive Actions to Address Misuse Are Needed (Apr. 2013).
TIGTA, Ref. No. 2013-10-046, Cost-Reimbursement Contracts Did Not Fully Comply With Federal Acquisition Regulation Revisions (Apr. 2013).
TIGTA, Ref. No. 2013-10-116, Vendors Had Millions of Dollars of Federal Tax Debt (Sept. 2013).
TIGTA, Ref. No. 2014-10-030, Better Adherence to Requirements Is Needed to Justify and Document Noncompetitive Contract Awards (Apr. 2014).
\*\*\*\*\*2\*\*\*\*\*
\*\*\*\*\*2\*\*\*\*\*
TIGTA, Ref. No. 2015-10-077, To Avoid Duplication, the Internal Revenue Service Should Make Use of Federal Protective Service Risk Assessments (Sept. 2015).
\*\*\*\*\*2\*\*\*\*\*
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*Agency-Wide Shared Services Implemented Corrective Actions  
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**Appendix V**

*Management's Response to the Draft Report*



CHIEF FINANCIAL OFFICER

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

December 5, 2017

MEMORANDUM FOR MICHAEL E. MCKENNEY  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

Ursula S. Gillis  
Chief Financial Officer

SUBJECT:

Draft Audit Report – Agency-Wide Shared Services Implemented  
Corrective Actions Associated With Prior Recommendations  
(Audit # 201710008)

Thank you for the opportunity to review and comment on the subject draft report. We are pleased that most of the Agency-Wide Shared Services (AWSS) corrective actions you reviewed were completed properly and had adequate supporting documentation.

The Office of Audit Coordination (AC) was established in October 2014 to serve as the single contact point for all TIGTA and GAO audits. It supports the IRS business units and external auditors throughout each audit, promoting consistency and achieving Servicewide program and performance improvements.

In October 2015, AC assumed the role of Responsible Official, administering IRS's post-audit monitoring of recommendations and corrective actions through Treasury's Joint Audit Management Enterprise System (JAMES). AC has strengthened oversight in this area and analyzes all documentation submitted by the business units closely. We also share results, both positive and constructive, from our quarterly JAMES quality review of closed (implemented) Planned Corrective Actions (PCAs) with the business units. We appreciate the insight you shared during this audit to further improve our corrective action documentation process.

Attached is our response to your recommendation. If you have any questions, please contact me, or a member of your staff may contact Alain Dubois, Deputy Chief Financial Officer, at 202-317-4147.

Attachment



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*Agency-Wide Shared Services Implemented Corrective Actions  
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Attachment

**RECOMMENDATION**

The Chief Financial Officer should ensure that all required documentation to support closing corrective actions are retained for five years, as stated in IRS guidance.

**CORRECTIVE ACTIONS**

We agree with this recommendation. As of April 1, 2017, Audit Coordination implemented a new policy requiring supporting documentation for all corrective actions, including those closed when management's response is signed.

The Department of the Treasury's policy requires the JAMES system to maintain records for nine years after an audit report is closed. This policy:

- Complies with federal records' retention and disposition regulations.
- Accounts for the records' location, retention period and type.
- Reduces the amount of content stored, managed and filtered for searches.
- Improves the JAMES application performance.

Before a corrective action is validated by an Audit Coordination's JAMES analyst, it is assessed thoroughly to ensure it addresses the recommendation. The JAMES PCA quality review process, established in late FY 2016, is another quantitative and qualitative measure ensuring that documentation supporting closed corrective actions is maintained in JAMES.

**IMPLEMENTATION DATE**

Completed

**RESPONSIBLE OFFICIAL**

Deputy Chief Financial Officer

**CORRECTIVE ACTION MONITORING PLAN**

N/A