

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Review of the IRS's Process to Perform Mandatory Annual Examinations of Presidential Returns for Tax Years 2000 Through 2021

September 26, 2023

Report Number: 2023-IE-R011

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.

HIGHLIGHTS: Review of the IRS's Process to Perform Mandatory Annual Examinations of Presidential Returns for Tax Years 2000 Through 2021

Final Evaluation Report issued on September 26, 2023

Report Number 2023-IE-R011

Why TIGTA Did This Study

In 1977, the IRS issued a memorandum outlining the requirement that the individual income tax returns (*i.e.*, Forms 1040, *U.S. Individual Income Tax Return*) for the President and Vice President (hereafter collectively referred to as Presidential returns) will be subject to mandatory examination.

In December 2022, Congress and media outlets reported concerns regarding the IRS's mandatory Presidential examination program. In response to these concerns, TIGTA initiated a review to assess the IRS's processes and procedures for conducting required annual mandatory examinations of Presidential returns filed for Tax Years 2000 through 2021.

Impact on Tax Administration

The IRS established the mandatory examination requirement in the interest of sound tax administration and to also address the burden on any particular IRS employee of determining whether to examine a Presidential return.

Confidence in the fairness of the tax system could decline if taxpayers believe that the IRS does not fairly and without bias apply tax laws regardless of the power or position of the taxpayer.

What TIGTA Found

For Tax Years 2000 through 2021, the IRS was generally compliant with its requirement to perform mandatory examinations of Presidential returns. However, the IRS's internal guidelines for mandatory Presidential examinations are incomplete and inaccurate. For example, key procedures performed by the Office of the Deputy Commissioner for Services and Enforcement are not detailed in IRS guidelines.

In addition, although guidelines require the expeditious handling of the Presidential returns to ensure prompt completion of the examinations, the IRS has not developed guidance defining time frames for processing, transferring, and starting examinations of Presidential returns.

Also, the process for identifying examination issues prior to assigning non-Presidential returns to an examiner is different than the process used for Presidential returns. For non-Presidential returns, the returns are generally sent to the examiner with pre-identified issues for the examiner to consider. However, for Presidential returns, the examiner receives the return without pre-identified examination issues.

What TIGTA Recommended

TIGTA made five recommendations. These recommendations include that the IRS update internal guidelines for mandatory Presidential examinations, establish time frames for the expeditious handling of Presidential returns, and evaluate whether the IRS can use an independent process to identify potential examination issues prior to assigning Presidential returns to an examiner. The IRS agreed with three recommendations, partially agreed with one recommendation, and disagreed with another recommendation.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024

September 26, 2023

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

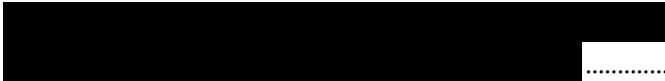
FROM: Russell P. Martin 
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Report – Review of the IRS’s Process to Perform Mandatory Annual Examinations of Presidential Returns for Tax Years 2000 Through 2021 (Evaluation #IE-23-012)

This report presents the results our review to assess the Internal Revenue Service’s processes and procedures for conducting required annual mandatory examinations of Presidential and Vice Presidential returns. This review was conducted due to increased interest from the public.

Management’s complete response to the draft report is included as Appendix II. If you have any questions, please contact me or James A. Douglas, Director, Inspections and Evaluations.

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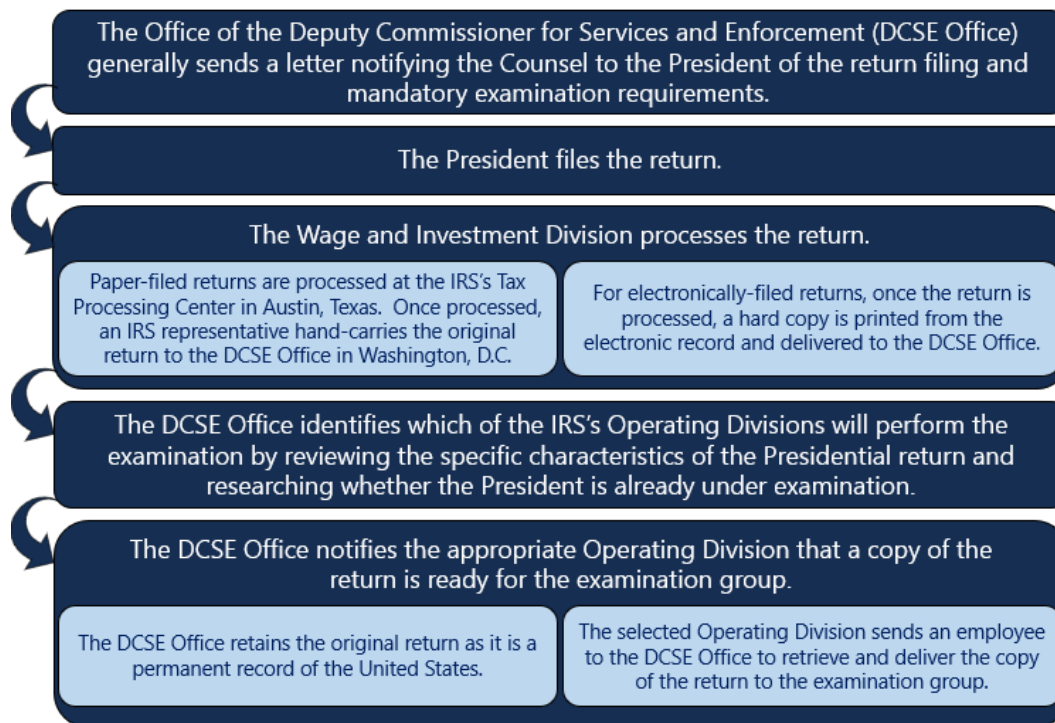
Background

In 1977, the Internal Revenue Service (IRS) issued a memorandum outlining the requirement that the individual income tax returns (*i.e.*, Forms 1040, *U.S. Individual Income Tax Return*) for the President and Vice President (hereafter collectively referred to as Presidential returns) will be subject to mandatory examination.¹ The mandatory examination will include only those Presidential returns filed during the time a President or Vice President is in office. The IRS established the mandatory examination requirement in the interest of sound tax administration and to also address the burden on any particular IRS employee of determining whether to examine a Presidential return.²

Procedures for processing a Presidential return for examination

Subsequent to the issuance of the 1977 memorandum, the IRS incorporated the process for performing mandatory examinations of Presidential returns into its internal guidelines. Figure 1 shows how the Presidential returns are currently processed and sent for mandatory examination.

Figure 1: Processing a Presidential Return for Examination



Source: Treasury Inspector General for Tax Administration (TIGTA) graphic based on IRS internal guidelines and interviews with IRS officials.³

¹ IRS Deputy Commissioner, Memorandum to All Regional Commissioners, *Processing Returns and Accounts of the President and Vice President* (June 6, 1977).

² Bill Curry, "Yearly Audits Set for Carter, Mondale," *The Washington Post*, June 21, 1977.

³ See Appendix III for a glossary of terms.

Process to identify return line items selected for examination

As stated in Figure 1, the IRS operating division (Large Business and International (LB&I) or Small Business/Self-Employed (SB/SE)) that will perform the examination is determined based on the specific characteristics of the Presidential return. Figure 2 provides an overview of the return characteristics for which the IRS's SB/SE Division or LB&I Division will perform the examination.

**Figure 2: Characteristics of Returns
Subject to Examination by Operating Division**

SB/SE Division
Individual taxpayers who file a return with any of the following attached: <ul style="list-style-type: none">• Form 1040 Schedule C, <i>Profit or Loss From Business</i>• Form 1040 Schedule E, <i>Supplemental Income and Loss</i>• Form 1040 Schedule F, <i>Profit or Loss From Farming</i>• Form 2106, <i>Employee Business Expenses</i>
LB&I Division
Individual taxpayers who meet any of the following criteria: <ul style="list-style-type: none">• Control business and financial enterprises with assets or income in the tens of millions of dollars.• Are foreign persons with income in the United States.• Are United States citizens and resident aliens with income outside of the United States.⁴

Source: TIGTA summary of information from the IRS website (www.IRS.gov) and IRS internal guidelines.

According to LB&I and SB/SE Division examiners, after the Presidential return is received in the examination group, the assigned examiner determines which line items on the return will be reviewed (*i.e.*, examination issues) during the mandatory examination.⁵ For LB&I Division returns, the manager approves the issues that are identified by the examiner. For SB/SE Division returns, the examiner can consult with their manager when identifying the examination issues. Internal guidelines do not prescribe specific examination issues that an examiner must review on presidential returns. Similar to examinations of non-Presidential returns, the examiners review available information (*e.g.*, information transmitted with the return as well as internal and external information sources) and use professional judgment to determine the scope of the mandatory examination.

In December 2022, Congress and media outlets reported concerns regarding the IRS's mandatory Presidential examination program. Confidence in the fairness of the tax system could decline if taxpayers believe that the IRS does not fairly and without bias apply tax laws

⁴ Individual taxpayers who are examined by the LB&I Division may also have the same schedules and forms attached to their tax returns as those individual taxpayers examined by the SB/SE Division.

⁵ We selected a judgmental sample of seven LB&I Division and SB/SE Division [REDACTED] A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

not developed guidance defining time frames for processing, transferring, and assigning these returns for examinations.

Also, the process for identifying potential examination issues prior to assigning non-Presidential returns to an examiner is different than the process used for Presidential returns.

Non-Presidential returns are generally sent to the examiner with pre-identified issues for the examiner to consider. However, Presidential returns are sent to the examiner without pre-identified examination issues. [REDACTED]

Internal Guidelines for Mandatory Presidential Examinations Are Incomplete and Inaccurate

Our review identified that internal guidelines for mandatory Presidential examinations are incomplete. Specifically, internal guidelines do not detail the following key activities performed by the DCSE Office:

- Contacting the President and Vice President, or their designated representative, to inform them of their tax return filing requirement and to provide the mailing address if their returns will be filed by paper.
- Using only specialized paper when making the required copy of the Presidential returns to be provided to the examination group.
- Determining if the President's or Vice President's prior year tax return(s) is already under examination. This is done to provide the current year return to the examination group already examining a prior year return for continuity.
- Evaluating the return characteristics to identify which operating division will examine the return.
- Coordinating with the operating division to identify who will physically pick up the return from the DCSE Office to provide to the group performing the examination.

Furthermore, internal guidelines do not explain the LB&I Division's role in examining Presidential returns (*e.g.*, who within the LB&I Division will receive copies of the Presidential returns and who will determine which group will examine the returns).

In addition to the internal guidelines being incomplete, we also found an inaccuracy in the guidelines. Specifically, internal guidelines state that copies of the returns will be transmitted to the Planning and Special Programs Territory manager for control and assignment to the appropriate examination group. However, an SB/SE Division executive stated that the returns are not transmitted to the Planning and Special Programs Territory manager. Instead, the returns are transmitted directly to the examination group.

Internal guidelines have not been updated since 2014

The IRS's internal guidelines provide a section titled *Processing Returns and Accounts of the President and Vice President* under its General Examining Procedures. These internal guidelines have not been updated since April 2014. When we brought our concerns as to the incomplete and inaccurate guidelines to management's attention:

- An SB/SE Division executive stated that the SB/SE Division has plans to update the internal guidelines to reflect the current process but does not have an estimated time frame for completion.
- A DCSE Office official responsible for several key steps in this process that are not documented stated that they have been the only individual to perform these procedures for the last 23 years. The DCSE Office official stated that because the procedures apply to only them, written guidance is not necessary.

We disagree. Specifically, the IRS's policy states that information must be included in IRS guidelines if it details actions required by one or more employees as part of their duties. Additionally, documenting these procedures will allow other employees to assist with completing these activities in the event that the key personnel have left the IRS or are on extended leave and would be consistent with IRS requirements for documenting the duties of employees.

According to the *Standards for Internal Control in the Federal Government*, management should implement control activities by documenting the responsibility through policies so that personnel can implement the control activities for their assigned responsibilities.⁶ Internal IRS guidelines state that to ensure reliability, the IRS must strive to maintain current and complete guidelines.

The DCSE should:

Recommendation 1: Update the *Processing Returns and Accounts of the President and Vice President* internal guidelines to accurately reflect the process followed from receipt of a Presidential return through assignment and performance of the mandatory examination.

Management's Response: The IRS agreed with our recommendation and will review the internal guidelines for *Processing Returns and Accounts of the President and Vice President* to ensure that the guidelines accurately reflect the process for processing the returns of the President and Vice President and performing the mandatory examination.

Internal Guidelines Do Not Define Expeditious Handling of the Presidential Returns to Ensure Prompt Completion of the Examination

Although internal guidelines require expeditious handling of the Presidential returns to ensure prompt completion of examinations, the IRS has not developed guidance defining time frames for processing, transferring, and assigning the Presidential returns to the examination group. We identified the following procedures that can impact how quickly an examination begins:

- Transferring the return from the Wage and Investment Division to the DCSE Office,
- Transferring the return from the DCSE Office to the examination group.
- Posting the date the return was assigned to the examination group to the taxpayer's account.

⁶ United States Government Accountability Office, GAO-14-704G, *Standards for Internal Control in the Federal Government* (Sept. 10, 2014).

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Our analysis and review of IRS documentation and taxpayer account information identified concerns with the time frame associated with transfers of these returns. On average, it took:

- Three months from the return filing date until the Wage and Investment Division transferred the Presidential returns to the DCSE Office.⁷ [REDACTED]
- [REDACTED]⁸
- Seven and a half months from the return filing date for the return to be assigned to the examination group.⁹ [REDACTED]

The timeliness of processing, transferring, and posting the examination start date for Presidential returns affects how expeditiously the examiner can begin the Presidential examination. Establishing time frames for completing these procedures can help to ensure prompt and expeditious completion of the Presidential examinations.

The DCSE should:

Recommendation 2: Update guidelines to establish time frames for the expeditious handling of the Presidential returns at all phases of the process.

Management's Response: The IRS partially agreed with this recommendation. The IRS agreed to evaluate existing procedures and update guidelines to establish reasonable time frames for the expeditious assignment and initiation of mandatory audits of the President and Vice President where feasible. However, the IRS noted in its response that the duration of an audit is unique to each examination and the complexity of the underlying returns determines the speed with which the mandatory examination is performed. Therefore, not all phases of the process are susceptible to defined time frames for completion.

Office of Inspections and Evaluations Comment: We believe that management's response addresses our concern and agree that the duration of an audit is unique to each examination. The complexity of the underlying tax return can affect the timing for completing a mandatory examination.

⁷ Our review was limited to [REDACTED] because of file retention policies.

⁸ The DCSE Office [REDACTED]

because of file retention policies.

⁹ The date the return is assigned to the examination group is the earliest date that an examiner could begin performing examination activities; however, it does not always coincide with the date the examiner began performing those activities. We used the date the return was assigned to the examination group as this was the information readily available based on taxpayer account analysis.

Potential Examination Issues Are Not Independently Pre-Identified for Presidential Returns

According to management, the IRS's process for identifying potential examination issues prior to assigning non-Presidential returns to an examiner is different than the process used for Presidential returns. Generally, non-Presidential returns are subject to a two-step process for identifying examination issues. First, the issues for non-Presidential returns are pre-identified by either (1) an employee who will not be the examiner of the return or (2) an automated program (*i.e.*, Issue Recommender). Second, the examiner receives the return with pre-identified examination issues to consider, reviews available information (*e.g.*, information transmitted with the return as well as internal and external information sources), and uses professional judgment to determine which issues to ultimately examine.

However, for Presidential returns, there is no independent process for pre-identifying examination issues. IRS management stated that the IRS wants to limit how many individuals review Presidential returns. Specifically, identification of examination issues on these returns is the responsibility of the examiner and manager. In an effort to limit individuals reviewing these returns, the IRS is treating the identification of issues for examination differently than other individual taxpayers.

Although internal guidelines require examiners to ensure impartiality and independence when examining returns, there is a risk for inconsistent treatment during Presidential examinations as these returns are not subjected to an independent pre-identification process. The IRS's process to pre-identify examination issues by either 1) an employee who will not be the examiner of the return or 2) an automated classification system is a safeguard that may help increase the level of assurance of impartiality during Presidential examinations.

The DCSE should:

Recommendation 3: Develop an independent process to pre-identify potential examination issues prior to assigning Presidential returns to an examiner.

Management's Response: The IRS disagreed with the recommendation and indicated that subjecting Presidential returns to pre-identification would provide little value given the mandatory nature of the examination and the ability of the examiners to examine alternative or additional issues based on their review of the individual return and any related returns. Furthermore, subjecting these returns to pre-identification would result in additional access to these highly sensitive returns and would add an additional step and associated time to the examination process.

Office of Inspections and Evaluations Comment: We continue to believe that developing an independent process to pre-identify potential examination issues prior to assigning Presidential returns to an examiner can provide an additional level of assurance of impartiality and independence. To help alleviate the IRS's concerns regarding additional access to these returns, the independent process to pre-identify potential examination issues does not have to be manually performed by employees. Instead, the IRS could consider leveraging its existing automated program to pre-identify issues for these returns.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

The DCSE should:

Recommendation 4: Conduct an analysis to determine whether there are opportunities to reduce delays in requesting and getting access to restricted Presidential tax accounts, and implement any corrective actions based on this analysis.

Management's Response: The IRS agreed with our recommendation and will conduct an analysis to determine whether there are opportunities to reduce delays in requesting

¹⁰ Our analysis considered the starting point from the time the examination group identified a need to access the account or prepared the memorandum until the examination group was granted access to the restricted account.

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and getting access to restricted Presidential tax accounts, and implement any corrective actions based on this analysis.

Recommendation 5: Formalize in internal guidelines (1) the criteria to restrict the accounts of the President and Vice President and (2) the process for requesting and gaining access to restricted Presidential accounts.

Management's Response: The IRS agreed with our recommendation and will formalize in internal guidelines (1) the criteria to restrict the accounts of the President and Vice President and (2) the process for requesting and gaining access to restricted Presidential accounts.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to assess the IRS's processes and procedures for conducting required annual mandatory examinations of Presidential returns filed for Tax Years 2000 through 2021. To accomplish our objective, we:

- Reviewed the Internal Revenue Manual, IRS memoranda, requested documents, and other guidelines, as applicable, to gain an understanding of how the IRS implements mandatory examinations of the President and Vice President.
- Interviewed appropriate IRS officials and reviewed documents to determine the key controls of the mandatory examinations of Presidential returns.
- Reviewed taxpayer account information on the Integrated Data Retrieval System and IRS documentation to analyze the following key metrics for the IRS conducting annual mandatory examinations of the Presidential returns:
 - Number of returns examined.
 - Time frame from the return filing date until the Presidential return is transferred to (1) the DCSE Office from the Wage and Investment Division and (2) the examination group from the DCSE Office.
 - Time frame from the return filing date to assigning the return to the examination group.

- 

Performance of This Review

This review was performed at, and with information obtained from, the DCSE Office and the LB&I Division's Northeastern Compliance Practice Area in Washington, D.C., and the SB/SE Division's Examination function in various locations throughout the United States. In addition, we obtained information from the Research Applied Analytics and Statistics organization in Washington, D.C., and the Wage and Investment Division's Tax Processing Center in Austin, Texas during the period January through June 2023. We conducted this evaluation in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspection and Evaluation.

Major contributors to the report were James Douglas, Director; Frank O'Connor, Supervisory Evaluator; Malissa Livingston, Lead Evaluator; and Angelica Garred, Senior Evaluator.

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

Management's Response to the Draft Report



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

August 31, 2023

MEMORANDUM FOR RUSSELL P. MARTIN
DEPUTY INSPECTOR GENERAL, INSPECTIONS AND
EVALUATIONS

FROM: Douglas W. O'Donnell Digitally signed by Douglas W. Odonnell
Date: 2023.08.31 12:06:53 -04'00'
Deputy Commissioner for Services and Enforcement

SUBJECT: Draft Evaluation Report # IE-23-012, "Review of the IRS's
Process to Perform Mandatory Annual Examinations of
Presidential Returns for Tax Years 2000 through 2021"

Thank you for the opportunity to respond to the above-referenced report.

Fair and impartial tax administration is central to the IRS mission, regardless of the identity of any taxpayer. This commitment to fair and impartial tax administration extends to the returns of the President and Vice President. As evidence of this commitment, in 1977 the IRS made the returns of the President and Vice President subject to mandatory examination in the interest of sound and just tax administration.

In recognition of the importance of these examinations, internal guidelines set forth the requirement of expeditious handling of the returns of the President and Vice President to ensure prompt initiation of the subject examinations. However, due to the security concerns associated with sensitive information contained within returns of the President and Vice President, the IRS also has robust security standards for handling these returns. Additionally, as is the case with other taxpayers, the complexity of the returns of the President and Vice President can vary greatly, with the level of complexity central to the duration of the underlying examination.

The security concerns associated with the sensitive information contained within the returns of the President and Vice President also dictate that the IRS seek to limit unnecessary access to the returns of the President and Vice President. These procedures result in differences from most other individuals' returns in the manner that examination issues are pre-identified for the examiner. However, the IRS believes these differences in procedure serve to preserve the confidentiality of the returns of the President and Vice President without meaningful impact on the subject examination.

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We appreciate TIGTA's identification of several important ways that the internal policies and procedures applicable to the examination of the returns of the President and Vice President can be updated or tightened to lend greater certainty and continuity into this important examination process.

Attached is our response to your recommendations. If you have any questions, please contact me, or members of your staff may contact Carollynn Lear, Senior Advisor to the Deputy Commissioner for Services and Enforcement, at (Carollynn.J.Lear@IRS.gov).

Attachment

Attachment

RECOMMENDATION 1: The Deputy Commissioner, Services and Enforcement, should update the Processing Returns and Accounts of the President and Vice President internal guidelines to accurately reflect the process followed from receipt of a Presidential return through assignment and performance of the mandatory examination.

CORRECTIVE ACTION: We agree. The Deputy Commissioner for Services and Enforcement will work with the appropriate IRS stakeholders to review the internal guidelines for Processing Returns and Accounts of the President and Vice President and Audit of the President and Vice President to ensure that the guidelines accurately reflect the process for processing the returns of the President and Vice President and performing the mandatory examination.

RESPONSIBLE OFFICIAL: Deputy Commissioner for Services and Enforcement

IMPLEMENTATION DATE: June 15, 2024

CORRECTIVE ACTION MONITORING PLAN: IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 2: The Deputy Commissioner, Services and Enforcement, should update guidelines to establish time frames for the expeditious handling of the Presidential returns at all phases of the process.

CORRECTIVE ACTION: We agree, in part. The Deputy Commissioner for Services and Enforcement will work with the appropriate IRS stakeholders to evaluate our existing procedures and update guidelines to establish reasonable time frames for the expeditious assignment and initiation of mandatory audits of the President and Vice President where feasible. However, the duration of an audit is unique to each examination and the complexity of the underlying returns themselves will determine the speed with which the mandatory examination is performed. Therefore, not all phases of the process are susceptible to defined time frames for completion.

RESPONSIBLE OFFICIALS: Deputy Commissioner for Services and Enforcement

IMPLEMENTATION DATE: June 15, 2024

CORRECTIVE ACTION MONITORING PLAN: IRS will monitor this corrective action as part of our internal management system of controls.

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RECOMMENDATION 3: The Deputy Commissioner, Services and Enforcement, should develop an independent process to pre-identify potential examination issues prior to assigning Presidential returns to an examiner.

CORRECTIVE ACTION: We do not agree. For non-presidential returns, the pre-identification process is intended to identify which returns will be examined and for which issues. In the context of an audit of the returns of the President and Vice President, pre-identification is superfluous because the audits of these returns are mandatory. Additionally, pre-identified examination issues are not binding on the examiner; the examiner is free to examine alternative or additional issues based on their professional judgment during the course of the examination. Subjecting President and Vice President returns to pre-identification would result in additional access to these highly sensitive returns, would add an additional step and associated time to the examination process, and would provide little value to the examination given the mandatory nature of the examination and the ability of the examiner or team of examiners to examine alternative or additional issues based on their review of the individual return and any related returns.

RESPONSIBLE OFFICIALS: N/A

IMPLEMENTATION DATE: N/A

CORRECTIVE ACTION MONITORING PLAN: N/A

RECOMMENDATION 4: The Deputy Commissioner, Services and Enforcement, should conduct an analysis to determine whether there are opportunities to reduce delays in requesting and getting access to restricted Presidential tax accounts, and implement any corrective actions based on this analysis.

CORRECTIVE ACTION: We agree. The Deputy Commissioner for Services and Enforcement will work with the appropriate IRS stakeholders to conduct an analysis to determine whether there are opportunities to reduce delays in requesting and getting access to restricted Presidential tax accounts, and implement any corrective actions based on this analysis.

RESPONSIBLE OFFICIALS: Deputy Commissioner for Services and Enforcement

IMPLEMENTATION DATE: June 15, 2024

CORRECTIVE ACTION MONITORING PLAN: IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 5: The Deputy Commissioner, Services and Enforcement, should formalize in internal guidelines (1) the criteria to restrict the accounts of the President

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and Vice President and (2) the process for requesting and gaining access to restricted Presidential accounts.

CORRECTIVE ACTION: We agree. The Deputy Commissioner for Services and Enforcement will work with the appropriate IRS stakeholders to formalize in internal guidelines (1) the criteria to restrict the accounts of the President and Vice President and (2) the process for requesting and gaining access to restricted Presidential accounts.

RESPONSIBLE OFFICIALS: Deputy Commissioner for Services and Enforcement

IMPLEMENTATION DATE: June 15, 2024

CORRECTIVE ACTION MONITORING PLAN: IRS will monitor this corrective action as part of our internal management system of controls.

Glossary of Terms

Term	Definition
Control Activities	Control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system.
Cybersecurity	The mission of Cybersecurity is to protect taxpayer information and the IRS's electronic systems, services, and data from internal and external cybersecurity-related threats.
Integrated Data Retrieval System	IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.
Internal Revenue Manual	The Internal Revenue Manual is the primary, official compilation of instructions to staff that relate to the administration and operation of the IRS. It contains the approved policy and guidance employees need to carry out their responsibilities in administering the tax laws or other agency obligations.
Issue Recommender	Issue Recommender is an unsupervised model that identifies suspected noncompliance by identifying anomalous returns. The model does not require historical examination outcomes to be trained.
Research Applied Analytics and Statistics	The IRS organization that is responsible for strategic research, analytics, statistics, and technology services to support effective and efficient tax administration in partnership with internal and external stakeholders.
Tax Processing Center	Tax processing centers receive, process, and archive tax information returns, issue tax notices, process refunds, and account for all tax revenues.
Tax Year	A 12-month accounting period for keeping records on income and expenses used as the basis for calculating the annual taxes due. For most individual taxpayers, the tax year is synonymous with the calendar year.

Appendix IV

Abbreviations

DCSE	Deputy Commissioner for Services and Enforcement
IRS	Internal Revenue Service
LB&I	Large Business and International
SB/SE	Small Business/Self-Employed
TIGTA	Treasury Inspector General for Tax Administration



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

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

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