

Treasury Inspector General for Tax Administration



SEMIANNUAL REPORT TO CONGRESS

October 1, 2021 – March 31, 2022



Treasury Inspector General for Tax Administration (TIGTA)

TIGTA's Vision

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

TIGTA's Mission

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

TIGTA's Core Values

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

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

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

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

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

Inspector General's Message to Congress

I am pleased to present this Semiannual Report to Congress, summarizing the accomplishments of the Treasury Inspector General for Tax Administration (TIGTA) during the period of October 1, 2021 through March 31, 2022. Some of TIGTA's more notable achievements in the pursuit of its mission to provide oversight of the Internal Revenue Service (IRS) and protect the integrity of Federal tax administration are highlighted in the various audits, investigations, and inspections and evaluations summarized in this report.



During this reporting period, TIGTA's Office of Audit completed 29 audits, and its Office of Investigations completed 1,228 investigations. In addition, TIGTA's combined audit and investigative efforts resulted in the recovery, protection, and identification of monetary benefits totaling more than \$3.4 billion.

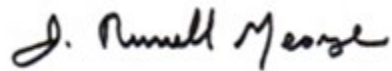
The IRS continues to experience challenges hiring and retaining an adequate workforce to meet its workload demands at Tax Processing Centers. Although the IRS has several initiatives underway to help address its hiring shortages, to date, these initiatives have not been successful. The IRS hiring shortfalls have been exacerbated as a result of the Coronavirus Disease 2019 (COVID-19) pandemic and are resulting in millions of tax returns not being timely processed, refunds not being timely issued, and taxpayers not timely receiving assistance with tax account issues. Inventory backlogs continued to affect the IRS's ability to provide prompt service to taxpayers in the 2021 Filing Season. These backlogs will likely continue into the 2022 Filing Season and beyond unless the IRS takes steps to address the challenges causing these backlogs.

Additionally, individual and business taxpayers with tax law and tax account inquiries are experiencing delays in service due to the over-aged Accounts Management inventory. The majority of Accounts Management case work is correspondence received from taxpayers via the mail and involves the Accounts Management function making adjustments to taxpayer accounts when necessary. As of November 20, 2021, the IRS reported having 7.8 million cases in its Accounts Management inventory, with 56.8 percent of the inventory being over-aged, *i.e.*, the cases have not been resolved within established timeframes. TIGTA will continue to assess IRS's processes to improve its operations to reduce backlogs and deliver its *Taxpayer Experience Strategy* to expand services allowing taxpayers to provide documents digitally.

TIGTA's Office of Investigations continues to work with the IRS to prevent and detect scams, which include the theft of Economic Impact Payments. Similarly, TIGTA continues to investigate and deter attacks against online IRS applications, as part of its responsibility for investigating and deterring tax-related cybercrime and disrupting cyber-based schemes by illicit actors who seek to steal personal identifiers to impersonate taxpayers and IRS employees.

Consistent with TIGTA's mission, we will work closely with Congress, the Administration, the IRS, and all of our stakeholders on behalf of taxpayers to ensure that our Nation's system of tax administration is efficient, effective, and fair.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George". The signature is written in a cursive, flowing style.

J. Russell George
Inspector General

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TIGTA's Profile

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

Statutory Mandate



Protect against IRS employee improprieties and external attempts to corrupt or threaten IRS employees.



Provide policy direction and conduct, supervise, and coordinate audits and investigations related to IRS programs and operations.



Review existing and proposed legislation and regulations related to IRS programs and operations, and make recommendations concerning the impact of such legislation or regulations.



Promote economy and efficiency in the administration of tax laws.



Prevent and detect waste, fraud, and abuse in IRS programs and operations.

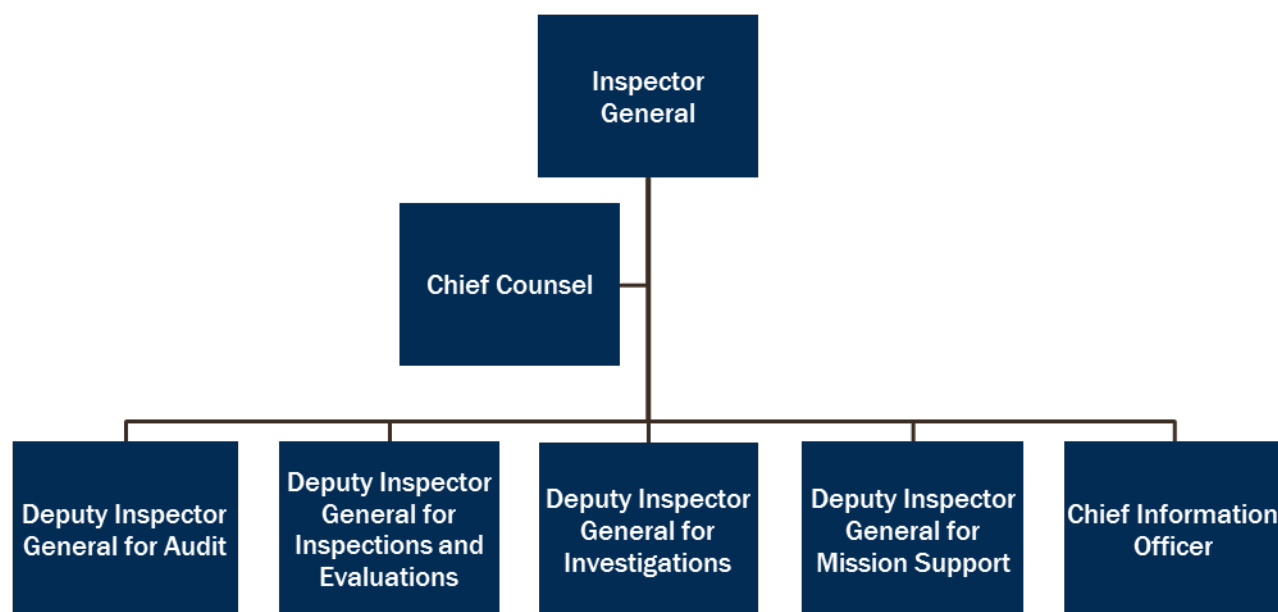


Inform the Secretary of the Treasury and Congress of problems and deficiencies identified and of the progress made in resolving them.

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

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

Organizational Structure



Authorities

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

¹ 5 United States Code (U.S.C.). App. (2018).

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

Pandemic Relief Oversight Efforts

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021 were enacted to address the impact of the coronavirus pandemic on the economy, public health, and State and local governments.³ These relief packages also contained numerous tax-related provisions intended to provide assistance to individuals and businesses. These provisions have had, and will continue to have, a significant impact on IRS operations and Federal tax administration. Since the beginning of the pandemic, the IRS has received \$3.1 billion in supplemental funding to plan and execute three rounds of Economic Impact Payments (EIP), expand multiple tax credits, and modernize and secure IRS systems. Much of this additional funding will remain available to the IRS through Fiscal Year (FY) 2023.

The following summaries highlight some of the key pandemic-related audits and investigations completed during this six-month reporting period:⁴

The Taxpayer Advocate Service Assisted Thousands of Taxpayers With CARES Act Issues, but Faced Challenges in Identifying and Tracking Applicable Cases (Report Number 2022-16-002)

Soon after the IRS began issuing EIPs in response to the CARES Act, the Taxpayer Advocate Service (TAS) started receiving reports of EIP-related issues. TAS's statutory mission is to assist taxpayers in resolving tax problems with the IRS, identify areas in which taxpayers have problems with the IRS, and make administrative and legislative recommendations to mitigate tax problems.

TAS has taken numerous actions to assist taxpayers in response to the enactment of the CARES Act. This includes identifying and addressing CARES Act issues affecting large groups of taxpayers (Systemic Advocacy) and assisting individual taxpayers (Case Advocacy), as well as taking other actions to keep the public apprised of CARES Act issues. However, TIGTA determined that TAS accepted cases that did not meet its criteria and did not properly track CARES Act issues.

The IRS acted quickly to administer the main provisions of the CARES Act, specifically concerning the EIPs. While the distribution of the EIPs was mostly successful, EIP-related problems became apparent early in the process. However, the IRS initially lacked the capabilities to resolve EIP-related problems. As the IRS began implementing processes to fix EIP issues, TAS started accepting certain EIP cases in August 2020. TAS records indicated that it received over 6,000 cases it coded as CARES Act-related and that over 5,000 of these taxpayers were provided assistance or relief for their issue(s) through the TAS program.

³ Pub. L. No. 116-136, 134 Stat. 281 (codified as amended in scattered sections of 2, 5, 12, 15, 20, 21, 29, 42, and 45 U.S.C.); Pub. L. No. 116-260, 134 Stat. 1182 (2020); and Pub. L. No. 117-2, 135 Stat. 4 (codified in scattered sections of 7, 12, 15, 19, 20, 26, 29, 42, and 45 U.S.C.).

⁴ The facts in the summarized investigative case narratives come from court documents of the respective jurisdictions named.

Although TAS developed criteria specifying the types of issues it would accept, TIGTA's review of a statistical sample of TAS cases showed that 18 percent of the cases accepted did not meet TAS criteria. In these instances, TAS's ability to resolve taxpayer problems was limited, and its resources might have been better spent assisting taxpayers whose issues met its criteria.

Additionally, TAS cannot accurately identify the number of CARES Act cases received, although employees were advised to use specific coding to identify cases involving CARES Act issues.

TIGTA reviewed 575 cases that did not include a CARES Act designation code and determined that 225 cases involved CARES Act issues, but were not coded as such on the Taxpayer Advocate Management Information System. TIGTA also reviewed a statistical sample of 110 cases designated as CARES Act related and determined that five cases were coded as having CARES Act issues when they did not. TAS management agreed and has corrected the miscoded cases.

TIGTA recommended that the National Taxpayer Advocate reinforce existing guidance to ensure that TAS employees are adhering to guidance concerning contacts not meeting TAS criteria and consider establishing an issue code to identify cases involving stimulus-type payments.

IRS management agreed with both of the recommendations.

Program and Organizational Changes Are Needed to Address the Continued Inadequate Tax Account Assistance Provided to Taxpayers (Report Number 2022-46-027)

The Accounts Management function is responsible for assisting individual and business taxpayers with tax law and tax account inquiries, including making adjustments to taxpayer accounts when necessary. This audit was initiated because the backlog of over-aged Accounts Management inventory has been an ongoing challenge for the IRS. The Coronavirus Disease 2019 (COVID-19) pandemic and recent pandemic-related tax law changes have further exacerbated the over-aged inventory. As of November 20, 2021, the IRS reported having 7.8 million cases in its Accounts Management inventory, with 56.8 percent of the inventory being over-aged.

Delays in working correspondence increases burden on taxpayers and cost to the Government. The time it takes Accounts Management to work the taxpayer's request contributes to the amount of interest paid. For example, the IRS paid \$166.4 million in interest between August 14, 2020 and August 26, 2021 for some amended tax returns. TIGTA found that it took Tax Processing Centers⁵ 53 days longer than Campus Support Sites⁶ to receive, process, and scan correspondence into the Accounts Management inventory.

⁵ Accounts Management Tax Processing Centers are located in Kansas City, Missouri; Austin, Texas; and Ogden, Utah.

⁶ Accounts Management Campus Support Sites are located in Fresno, California; Atlanta, Georgia; Andover, Massachusetts; Brookhaven, New York; Cincinnati, Ohio; Philadelphia, Pennsylvania; and Memphis, Tennessee.

Redirecting tax account correspondence and replies to IRS letters, etc., to Accounts Management Campus Support Sites will improve service to taxpayers. In addition, expanding options for taxpayers to correspond with the IRS electronically can also reduce the time it takes for correspondence to reach Accounts Management. The IRS's *Taxpayer Experience Strategy* included plans to expand services to allow taxpayers to provide documents to the IRS digitally.⁷ However, IRS management indicated that there was no planned implementation date within Accounts Management.

In addition, many Accounts Management employees split their time between working Accounts Management cases and answering IRS toll-free telephone calls. As call volumes increased, fewer resources were available to work Accounts Management inventory. TIGTA estimated that Accounts Management could close all of the cases in its inventory as of October 1, 2021, in approximately seven months if all of its employees were dedicated to working this inventory. Finally, TIGTA found that Accounts Management inventory reporting among the Accounts Management sites was incomplete and inconsistent.

TIGTA issued eight alerts to IRS management during its review. IRS management took action to address 4 of the alerts, including providing additional resources to assist with the scanning backlogs at the Tax Processing Centers, increasing staffing at the new Fresno Campus Support Site, implementing processes to ensure timely screening of correspondence, and verifying inventory reporting for all 10 Accounts Management sites to identify inventory reporting inconsistencies and errors.

TIGTA also made 19 recommendations to the IRS, including that the IRS redirect the receipt of correspondence to Campus Support Sites, prioritize implementation of tools that enable taxpayers to directly upload documents into Accounts Management's inventory, consider establishing a separate program that only works Accounts Management inventory, and modify and improve the reporting of Accounts Management inventories.

IRS management agreed with 16 of the 19 recommendations. The IRS did not believe it would be feasible to obtain the increased staffing necessary to accommodate moving all Accounts Management correspondence to the Campus Support Sites. Management also did not agree to update or obtain new scanning software or implement changes to the Accounts Management Inventory Report.

Man Pleads Guilty for His Involvement in a Multi-Million Dollar Paycheck Protection Program Loan Fraud Scheme

On January 4, 2022, in the Northern District of Georgia, Mark Mason pled guilty to wire fraud and money laundering. Mason, along with 21 other individuals residing across the United States, orchestrated a fraudulent scheme to obtain \$3,899,377 in CARES Act funding through the Paycheck Protection Program (PPP). The PPP was a source of relief through the CARES Act that provided forgivable loans to small businesses for payroll, mortgage interest, rent/lease,

⁷ A comprehensive customer service strategy that includes proposals for improved customer service in the short term (current and following FY), medium term (approximately three to five FYs), and long term (approximately 10 FYs).

and utilities. From April 2020 through August 2020, the conspirators allegedly submitted or assisted in the submission of PPP loan applications on behalf of 22 businesses.

According to the court documents, on or about April 7, 2020, Mason submitted a fraudulent PPP loan application for his business. The PPP loan application listed the average monthly payroll and number of employees, and listed the purpose of the loan as payroll and lease/mortgage interest. Along with the PPP loan application, for each quarter of 2019, Mason submitted erroneous IRS Forms 941, *Employer's Quarterly Federal Tax Return*. However, in 2019, Mason's business neither made tax filings with nor paid unemployment tax to the IRS, nor withheld Federal income tax for any employee. Based on the fraudulent submissions, a financial institution paid Mason approximately \$99,000 in PPP loan funds.

Mason also completed and submitted to financial institutions, fraudulent PPP borrower application forms and fabricated IRS Forms 941 on behalf of others, including IRS Supervisory Individual Tax Advisory Specialist Melissa Myrick. For his work on the loan applications, Mason received a percentage of the funded loan amount as a "success fee" from each purported business owner.

As part of the guilty plea Mason agreed to pay full restitution plus applicable interest, and a \$200 special assessment fee. He will also forfeit, to the United States, any proceeds from and property involved in the commission of the offenses to include \$121,366.93. At sentencing, Mason could receive more than 20 years' imprisonment.

Kentucky Woman Pleads Guilty to CARES Act Fraud

On February 2, 2022, in the Western District of Kentucky, Mandy Bauer pled guilty to nine counts of fraud related to the Families First Coronavirus Response Act and CARES Act. The Families First Coronavirus Response Act established that eligible employers that retain their employees are allowed tax credits against applicable employment taxes.

According to the court documents, on or about and between April 2, 2020 through July 1, 2020, Bauer filed nine fraudulent applications for various forms of Federal funding through the Families First Coronavirus Response Act and CARES Act programs. Specifically, in May 2020, Bauer faxed an IRS Form 7200, *Advance Payment of Employer Credits Due to COVID-19*, to the IRS, claiming that her business, Family Personal Sales, had 10 employees and \$37,000 in quarterly wages. The business did not have any employees or wage expenses. Additionally, Bauer submitted fraudulent applications for CARES Act funding through PPP and Economic Injury Disaster Loans.⁸ In these applications, Bauer filed fraudulent IRS Forms 941, *Employer's Quarterly Federal Tax Return*, claiming to have employees with wages; however, there were no Forms 941 on file with the IRS. In total, Bauer attempted to defraud the Federal Government of more than \$230,000.

A sentencing hearing is scheduled for May 11, 2022, where Bauer could face maximum imprisonment of 180 years, a total fine of \$2,250,000, and three years of supervised release.

⁸ The Federal Economic Injury Disaster Loan program supports small businesses' recovery from the economic impact of COVID-19 by providing accessible and borrower-friendly capital.

California Woman Pleads Guilty to the Fraudulent Use of Inmates' Personally Identifiable Information to Obtain Stimulus Checks

On March 4, 2022, in the Northern District of California, Sheila Denise Dunlap pled guilty to conspiracy to commit wire fraud and aggravated identity theft. Dunlap devised a scheme to defraud the United States through the submission of fraudulent CARES Act EIP claims using personally identifiable information (PII) of inmates. The EIPs, which were also known as "stimulus checks," were issued to American households in the amount of up to \$1,200 per eligible adult and \$500 per qualifying child.

According to the court documents, on or about March 2020 and continuing through July 2020, Dunlap conspired with her son, a condemned inmate serving a death sentence at San Quentin State Prison in California, to obtain and use fellow inmates' PII to receive EIPs. Dunlap's son would send, via telephone and or text message, PII of fellow prisoners and other individuals who they suspected would qualify as nonfilers eligible for EIPs. Nonfilers are individuals who were not required to file a 2018 or 2019 tax return. The IRS provided a web-based tool, the EIP Portal, for nonfilers to submit their personal and bank account information to file a simple tax return and receive their EIPs.

Around April 2020, Dunlap's son coordinated with an unknown individual to e-mail Dunlap a spreadsheet that contained PII of 9,043 individuals. Between May 4, 2020 and June 18, 2020, via the EIP Portal, Dunlap electronically filed 121 EIP claims, totaling \$145,200, using the names and Social Security Numbers of individuals whose PII she received from her son.

Although Dunlap filed each claim under a different taxpayer name and Social Security Number, she listed the same bank account number on the claim. The bank account was a business account held by Dunlap, for which she had sole signatory authority. Of the 121 fraudulent EIP claims filed by Dunlap, 39 were accepted by the IRS, of which 5 were electronically deposited into Dunlap's bank account. These individuals did not consent to Dunlap's use of their identification to file EIP claims.

At sentencing, which is scheduled for June 24, 2022, Dunlap could receive more than 20 years' imprisonment and pay a maximum fine of up to \$500,000.

Promote the Economy, Efficiency, and Effectiveness of Tax Administration

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

The IRS's implementation of audit recommendations results in:

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



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

Audit Emphasis Areas for October 2021 Through March 2022

Administration of Tax Law Changes

Enhancing Security of Taxpayer Data and Protection of IRS Resources

Improving Tax Reporting and Payment Compliance to Reduce the Tax Gap

Improving Customer Service and the Taxpayer Experience

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

Administration of Tax Law Changes

American Rescue Plan Act: Implementation of Advance Recovery Rebate Credit Payments (Report Number 2022-47-030)

The American Rescue Plan Act (Act), signed into law on March 11, 2021, created a third Recovery Rebate Credit (RRC) of up to \$1,400 per eligible individual for Tax Year (TY) 2021. The legislation directed the IRS to make advance payments of the RRC as soon as possible but no later than December 31, 2021. The Act also required the IRS to make plus-up

payments to individuals whose advance payment was initially based on a TY 2019 return and who subsequently filed their TY 2020 return.⁹

The IRS began issuing the advance RRC payments on March 11, 2021, the same day the American Rescue Plan Act was enacted. As of September 16, 2021, the IRS had issued more than 175 million advance RRC payments to 167.4 million individuals totaling \$408 billion, more than 10 million of which were plus-up payments totaling \$21 billion.

TIGTA's review of these 175 million advance RRC payments, found that the IRS correctly computed the RRC amount for 166.6 million individuals (99.48 percent). However, the IRS issued more than 1.2 million payments totaling \$1.9 billion to potentially ineligible individuals. These payments stemmed from deficiencies that TIGTA previously reported during its review of the IRS's implementation of the CARES Act EIPs that the IRS did not address.¹⁰ These included payments to ineligible dependents and nonresidents, as well as duplicate payments to individuals with a filing status change.

TIGTA also identified 644,705 potentially eligible individuals who had not received payments totaling \$1.6 billion. These included:

- 419,822 individuals who had an Individual Taxpayer Identification Number (ITIN) that did not receive payments totaling \$1.2 billion for an eligible dependent. As of September 16, 2021, 417,749 individuals had been considered for payment.
- 133,578 individuals eligible for payments totaling \$195 million because of the unemployment benefit exclusion.
- 39,666 individuals who had an unresolved condition in their tax account or who had a change in filing status. As of September 16, 2021, 27,901 individuals had been considered for payment.
- 51,639 individuals incorrectly marked as being a resident of a United States (U.S.) territory who potentially qualified for \$144 million in payments. The IRS informed TIGTA that eligible accounts were expected to be considered on November 24, 2021.

TIGTA alerted IRS management that these taxpayers were not receiving payments. The IRS agreed with all identified potentially eligible individuals except the 133,578 individuals with unemployment benefit exclusion, and implemented programming changes to consider the other impacted individuals. TIGTA also identified 294,274 individuals who were issued an advance payment and reported to the IRS that they had not received their payment or who had not yet activated their advance RRC debit card (also referred to as an EIP card).

TIGTA made seven recommendations which included ensuring that the individuals TIGTA identified who had not been considered for an advance payment receive a payment if eligible and notifying all individuals who did not receive an advance payment before

⁹ Plus-up payments are made to individuals whose advance payment was initially based on a TY 2019 tax return and who subsequently filed their TY 2020 return. The plus-up payment is the difference between the amounts individuals were eligible to receive based on the two returns.

¹⁰ TIGTA, Report No. 2021-46-034, *Implementation of Economic Impact Payments* (May 2021).

December 31, 2021, that they were potentially eligible to claim the RRC on their TY 2021 tax return.

IRS management agreed with all of the recommendations.

Enhancing Security of Taxpayer Data and Protection of IRS Resources

More Interim Steps Could Be Taken to Mitigate Information Technology Supply Chain Risks (Report Number 2022-20-009)

The President and Congress have expressed significant interest in, and have taken steps to, limit the Government's exposure to supply chain risks. In 2020, there was a significant supply chain incident in which software from the SolarWinds Corporation was breached giving hackers access to thousands of Government agency and private company systems using this software. This audit was initiated to evaluate the IRS's efforts to identify, assess, and mitigate information technology supply chain risks.

Information technology relies on a complex, globally distributed, and interconnected supply chain ecosystem. Commercially available information technology solutions present significant benefits, including low cost, rapid innovation, and a variety of product features and choices. As a result, the Federal Government has rapidly adopted these solutions for its information technology systems and increased its reliance on commercially available products and services. However, the same globalization and other factors that allow for such benefits also increase the risk of a threat event, which can directly or indirectly affect the Government's information technology supply chain. Weak supply chain risk management (SCRM) controls could potentially compromise the confidentiality, integrity, and availability of the IRS's information systems as well as increase the risk of disruptions to its mission-critical functions.

The Treasury Department has overall responsibility for developing the strategy and guidance policies to manage information technology SCRM for the department and its bureaus. It is in the process of finalizing the guidance policies as well as completing internal reviews. The IRS plans to leverage the Treasury Department's guidance policies to create its own once the Treasury Department's guidance is approved. As a result, the IRS is only in the beginning stages of information technology SCRM planning. The IRS has conducted some initial research on the Internet to understand what other Federal agencies are undertaking and has taken some preliminary steps, such as drafting a strategy and updating policy and guidance, to address information technology supply chain risk.

While the Treasury Department has overall responsibility for SCRM, initial IRS efforts are ongoing to address information technology supply chain risks.

However, while waiting for the Treasury Department, the IRS could take additional steps to better manage and mitigate some information technology supply chain risks in the short term. For example, as part of its information security program planning, the IRS could begin documenting relevant SCRM controls and integrating them into ongoing security assessment

and authorization activities. A review of a judgmental sample of 15 contracts procuring information technology products and services found that contract clauses are not consistently applied to protect the IRS from supply chain risks.

TIGTA recommended that the IRS implement controls to manage information technology supply chain risks based on the revised Internal Revenue Manual (IRM) guidance as well as do more to identify and incorporate best practices of other Federal agencies that would be applicable to the IRS; in addition, ensure that contracting officers are provided further instructions on contract clauses and that the quality assurance process includes a review for the proper and consistent application of contract clauses addressing supply chain risks.

The IRS agreed with the recommendations.

Improvements Are Needed When Documenting and Monitoring Employee Leave (Report Number 2022-10-025)

Federal employees have a variety of leave options under the Federal employee leave system. Certain types of leave options have a higher risk for abuse because the leave may be unplanned and/or taken for unintended or unpermitted reasons. High rates of absenteeism could affect IRS performance and service to taxpayers.

The IRS Commissioner requested that TIGTA review how Leave Without Pay and Absence Without Leave (AWOL) are tracked and approved. Therefore, this audit was initiated to determine whether controls were sufficient to ensure that leave taken by IRS employees was authorized, appropriate, and properly approved.

Automated procedures and managers' knowledge of leave policies generally prevented the overuse of the most common types of leave. For example, the controls prevented the accrual of annual and sick leave hours after employees reached 80 hours of nonpaid status and limited the amount of sick leave taken for family care and for the Family and Medical Leave Act of 1993 (FMLA).¹¹

However, managers and employees did not follow procedures for requesting and approving FMLA for 44 of 50 judgmentally sampled cases. In addition, procedures were not followed for 24 (80 percent) of 30 randomly sampled cases for emergency leave offered due to the COVID-19 pandemic. TIGTA estimated that managers and employees did not follow procedures for 3,401 COVID-19 leave cases. Managers who were interviewed believed that there was insufficient training and communication about the leave policies.

TIGTA's review of FMLA documentation determined that 22 (9 percent) of the 240 randomly sampled IRS employees who took FMLA leave had left the IRS and the FMLA documents were destroyed. IRS guidance instructs managers to destroy all documents except the last four appraisals and the last performance plan when employees separate from the IRS. However, Federal law requires FMLA records to be kept and available for inspection for three years regardless of whether the employees separated from service.

¹¹ Pub. L. No. 103-3, 107 Stat. 6 (codified as amended at 29 U.S.C. §§ 2601-2654 (2006)).

Finally, the IRS could improve monitoring of leave patterns to identify potential misuse. For example, TIGTA identified IRS employees who took extensive administrative leave, AWOL, or sick leave in conjunction with weekends or Federal holidays. IRS management could not determine if the leave was appropriate; however, the results showed the importance of monitoring leave for potential misuse. The IRS Human Capital Office conducts an annual review of administrative leave each calendar year. The IRS could conduct similar reviews to analyze other types of leave at the employee and business unit levels to reveal patterns of potential misuse. Alerting managers of this behavior could help ensure that employees comply with IRS policies.

TIGTA recommended that the IRS ensure that guidance for requesting and approving FMLA is clear and consistent; review the delivery methods of the available guidance and other resources for approving and administering leave; revise the guidance for FMLA records retention; clarify AWOL guidance; and conduct focused audits on leave types that are complex or that may expose the IRS to risk.

IRS management agreed or partially agreed with all of the recommendations. However, the IRS's planned corrective actions did not sufficiently address the last recommendation to conduct focused audits. TIGTA believes conducting focused audits could help management identify patterns of potential leave misuse.

Improving Tax Reporting and Payment Compliance to Reduce the Tax Gap

Employee Plans Examination Quality Review Scores Have Declined, and Efforts to Identify Trends and Implement Corrective Actions Could Be Improved (Report Number 2022-10-014)

The Tax Exempt and Government Entities Division's Employee Plans (EP) Examination program is responsible for ensuring that retirement plans comply with qualification, reporting/disclosure, and excise and income tax matters. From FY 2018 to FY 2020, the IRS examined over 17,000 retirement plans in order to determine whether the plans complied with information return and other qualification requirements. These examinations are subject to a quality review process to ensure that examiners adhere to procedures and to identify areas for improvement.

In recent years, this quality review process identified steep declines in the quality of the examinations. From FY 2018 to FY 2020, overall case quality scores for EP Examinations decreased by 23 percent. Scores declined for all three quality measures: Proper Identification, Development, and Resolution of Issues; Timeliness; and Communications for 19 (95 percent) of the 20 quality elements.

The 23 percent drop in EP Examinations' quality scores from FY 2018 to FY 2020 raises concerns and requires management's attention and effective corrective actions. Further, TIGTA's analysis of FY 2020 quality review results showed that case quality was worse than reported because quality review reports did not include all errors identified. Additionally, for

certain quality elements, five examination groups failed 80 percent or more of the cases reviewed.

Compliance, Planning, and Classification's Special Review (Special Review) provides EP Examinations quality review feedback at the national and area levels and makes recommendations to improve examination quality. However, Special Review did not provide direct feedback to the specific groups or examiners who worked the cases with errors. As a result, EP management was not notified about the specific problems at the local levels.

Further analysis showed low quality scores for key elements such as planning the engagement, developing material issues, documenting actions taken, and protecting taxpayer rights. Specific feedback and focused training on these elements could improve case quality.

EP Examinations is responsible for reviewing quality scores and implementing actions to improve examinations. Management is implementing corrective actions to improve examination quality, including consolidating and centralizing improvement strategies that had previously been at the discretion of each area. However, EP Examinations has not established performance measures for determining whether these corrective actions are achieving the desired results.

It is important for the IRS to objectively monitor the effectiveness of corrective actions so that changes can be made if needed. Millions of plan participants rely on the IRS for assurance that retirement plans comply with qualification, reporting/disclosure, and excise and income tax matters.

Therefore, TIGTA recommended that the IRS require Special Review to record and report all reasons why a quality element failed; periodically analyze cases that failed elements due to "Other" reasons; consider providing feedback related to quality scores to group managers; seek feedback and training from Special Review for low-scoring elements; ensure that proposed corrective actions are implemented timely; and develop performance metrics and data collection methods to measure the effectiveness of the corrective actions.

IRS management agreed with all of the recommendations.

The Administration of Partial Payment Installment Agreements Needs Improvement (Report Number 2022-30-021)

Taxpayers granted a Partial Payment Installment Agreement (PPIA) will not fully pay all of their delinquent tax liability immediately, so it is important that PPIAs are carefully and accurately administered. However, the IRS is not always properly promoting or establishing PPIAs. When this happens, taxpayers may be unaware that the PPIA is a collection tool available to them to resolve their outstanding balance.

TIGTA found that the IRS has not provided taxpayers with adequate information on PPIAs on its public website or with the instructions pertaining to the form used to request an installment agreement, nor has the IRS created an effective means for taxpayers to request PPIAs or appeal rejected PPIAs as required by law.

In addition, TIGTA found that PPIAs were established without evidence of a complete financial analysis of the taxpayers' ability to pay. From a judgmental sample of 30 PPIAs, TIGTA determined that the taxpayers' financial statement had been deleted from IRS files for 11 PPIAs because more than one year had elapsed since the PPIA was established. With no financial statement in the file, TIGTA could not determine whether the IRS had properly computed the maximum monthly payment amount the taxpayers had the ability to pay. Collection default data indicated that the IRS was also establishing PPIAs for amounts that taxpayers could not afford. The default rate for PPIAs was higher (23 percent) than all other types of installment agreements (9 percent), and in some years, the amount defaulted was greater than the amount placed into PPIAs. From FY 2016 to FY 2020, the IRS established PPIAs for nearly \$19.7 billion, while taxpayers defaulted on PPIAs totaling \$17.6 billion.

Lastly, TIGTA found that the IRS procedures to close cases as currently not collectible should be enhanced with a PPIA option. The decision process for determining a currently not collectible case was similar to the steps taken by the IRS prior to granting a PPIA. TIGTA reviewed a random sample of 51 taxpayer accounts closed as uncollectible during FY 2020 and determined that the IRS should have offered four of the taxpayers a PPIA instead of closing the case as currently not collectible. If PPIAs were established for these four taxpayers, TIGTA estimated that they could have paid over \$79,724 before their respective collection statutes expired. Based on the random sample, TIGTA projected that the 16,026 taxpayers who had tax liabilities closed as uncollectible could have entered PPIAs and paid a total of over \$319 million before their respective collection statutes expired.

As a result, TIGTA made six recommendations to help the IRS improve administration of PPIAs. IRS management agreed with five of the six recommendations and partially agreed with the sixth recommendation.

Improving Customer Service and the Taxpayer Experience

Plans to Close the Austin Tax Processing Center Should Be Halted Until Hiring Challenges and Substantial Backlogs At Remaining Centers Are Addressed (Report Number 2022-40-015)

Tax return projections show that electronic filing will continue to increase, resulting in decreased paper processing operations at the Tax Processing Centers. As a result, the IRS continues its Tax Processing Center consolidations and will end its Submission Processing operations in Austin, Texas, by September 2024. At the end of this consolidation process, two Tax Processing Center locations, Kansas City and Ogden, will remain.

However, the IRS continues to experience challenges hiring and retaining an adequate workforce to meet its workload demands at the Tax Processing Centers. As of August 2021, TIGTA estimated that the IRS was facing a total staffing deficiency in its Submission Processing function of around 2,598 employees. Although the IRS has several initiatives underway to help address its hiring shortages, to date, these approaches have not been successful. Further, the hiring shortfalls have been exacerbated by the COVID-19 pandemic

and are resulting in millions of tax returns not being timely processed, refunds not being timely issued, and taxpayers not timely receiving assistance with their tax account issues. On June 14, 2021, IRS management noted that they would take a strategic pause to their consolidation efforts until early 2022.

In addition, the transfer of work not directly related to the processing of tax returns further hampers the Submission Processing function's ability to deliver its core mission of processing tax returns and addressing tax accounts. For example, the Fresno Tax Processing Center transferred work related to three specialty programs to the Kansas City and Ogden Tax Processing Centers, each of which had and continue to have millions of returns not processed and other account work remaining unworked. This specialty program work requires resources which could otherwise be directed to process the backlogged work.

Finally, outdated mail processing equipment is contributing to the loss of millions of dollars in revenue and the inefficient use of limited resources. This places IRS operations at risk for inefficient and untimely execution of tax return processing. For example, this outdated equipment cannot properly detect remittances. In Calendar Year 2021 alone, the IRS reported \$56 million in lost opportunity costs due to untimely check deposits. Yet the cost to replace or rebuild the current equipment is only a fraction of those lost costs, ranging from \$360,000 to \$650,000.



TIGTA made six recommendations for improvements, including that the IRS postpone the closure of the Austin Tax Processing Center until hiring and backlog shortages are addressed. IRS management agreed with five of the six recommendations. The IRS did not agree to postpone the closure of the Austin Tax Processing Center until hiring and backlog shortages are addressed.

Subsequent to the issuance of this report, the IRS announced that it no longer plans to close the Austin Tax Processing Center. The IRS stated that plans to consolidate submission processing are revalidated annually and that the most recent analysis indicated there would not be sufficient capacity to process the remaining workload if the Austin Tax Processing Center was closed.

Protect the Integrity of Tax Administration

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

The Performance Model

TIGTA's OI accomplishes its mission through the hard work of its employees, whose efforts are guided by a performance model that focuses on three primary areas of investigative responsibility:



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

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

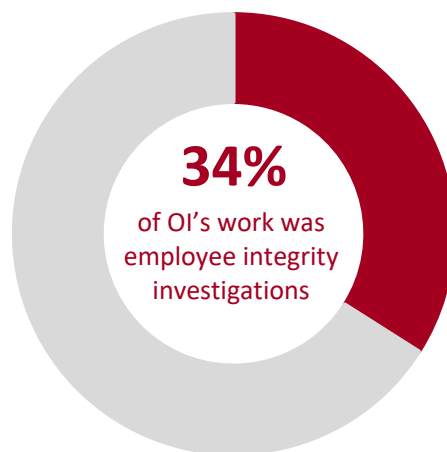
TIGTA investigates these serious offenses and refers them to IRS management when they involve IRS employee misconduct. When appropriate, TIGTA also refers its investigations to the Department of Justice or to State or local authorities for prosecution.

Performance Area: Employee Integrity

In order for the country's tax system to operate successfully, taxpayers must have confidence in the fair and impartial administration of Federal tax laws and regulations. IRS employee misconduct can erode the public's trust and impede the IRS's ability to effectively enforce tax laws. Employee misconduct can take many forms, such as: the misuse of IRS resources or authority; theft; fraud; extortion; taxpayer abuse; unauthorized access to, and disclosure of, tax returns and return information; and identity theft.

During this reporting period, employee integrity investigations accounted for 34 percent of OI's work. OI closed 300 employee misconduct investigations that were referred to the IRS for action. The IRS took action on 232, and closed 68 investigations without action.¹²

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



Identity Theft and the Insider Threat

The following cases represent examples of OI's efforts to address identity theft and the insider threat during the reporting period:¹³

Former IRS Special Agent Sentenced for Wire Fraud and Aggravated Identity Theft

On October 12, 2021, in the Eastern District of New York, former IRS Criminal Investigation Special Agent Bryan Cho was sentenced for wire fraud and aggravated identity theft. Cho pleaded guilty to the charges in June 2021 and forfeited \$394,374.63.

According to the court documents, in or around 2018, law enforcement agents in South Korea learned that public officials who worked at South Korea's National Intelligence Service and National Tax Service paid Cho bribes in exchange for information Cho obtained through his employment with IRS Criminal Investigation. In 2018, while Cho was visiting Asia for personal reasons, law enforcement agents from South Korea contacted Cho and sought to question him about his knowledge of and participation in the alleged bribery scheme.

During the course of his employment, Cho worked on an investigation through which he obtained identifying information for an individual described as "John Doe." The investigation was eventually closed, but Cho retained items he obtained during the investigation and used John Doe's identifying information to create false identification documents and open a corporate entity overseas in John Doe's name. The fraudulent documents included purported identification cards for the Philippines and the Republic of the Marshall Islands in the name of

¹² These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the total number of misconduct investigations that were referred to the IRS for action during this reporting period.

¹³ The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

John Doe, but bearing photos of Cho, and a purported passport in the name of John Doe for the Republic of Guinea-Bissau.

Cho later made false statements during a background investigation, including denying that he possessed any foreign identification documents. Cho also denied any contact with foreign officials, even though law enforcement officials from South Korea had communications with him regarding allegations that South Korean government personnel had paid bribes to Cho in exchange for information about ongoing U.S. criminal investigations.

Cho also submitted multiple false documents in connection with the purchase of a co-op apartment on the Upper East Side of Manhattan, New York, including forged tax returns and bank statements. These false documents inflated his income and assets to secure the co-op board's approval for the purchase, and funneled hundreds of thousands of dollars from a foreign bank account associated with an entity he created using John Doe's identity to fund the purchase.

Cho was sentenced to 30 months' imprisonment, 1 year supervised release, and a \$200 assessment fee.

IRS Employee Sentenced for Access Device Fraud

On December 1, 2021, in the Eastern District of Virginia, Kwashie Senam Zilevu was sentenced for access device fraud. Zilevu was indicted on November 26, 2019, and charged via criminal complaint on October 2, 2019. On July 17, 2021, a jury convicted him on one count of access device fraud.

According to the court documents, Zilevu was employed as an Information Technology Specialist with the IRS. Zilevu owned several businesses, including MacroTele, LLC, which he claimed sold telephone calling cards that he created. Between January 2016 and March 2018, Zilevu knowingly, and without authorization, used the names, addresses, dates of birth, and Social Security Numbers of at least three victims to obtain fraudulent credit cards. Once Zilevu obtained the credit cards in the victims' names, he used them to make several thousands of dollars of purchases at retail stores and other companies. An American Express application was submitted using a victim's PII and approximately \$49,000 was charged to the American Express card. Among the purchases were an airline ticket for travel from Washington, D.C., to Miami, Florida, and a hotel reservation for Zilevu.

Another credit card application was submitted to U.S. Bank and Trust using PII of a second victim. Bank statements revealed that a total of \$10,273.39 in completed transactions and \$2,651.62 in attempted transactions were made using this card, including an airline ticket from Dulles, Virginia to Montego Bay, Jamaica, for Zilevu. Another credit card application was submitted to U.S. Bank and Trust using a third victim's PII. A total of \$9,641.69 in fraudulent charges were made using this card. A review of Zilevu's IRS e-mail account revealed that Zilevu received an e-mail message from PayPal congratulating the third victim for setting up his or her account and instructing the victim to click a link in order to confirm the accuracy of his or her e-mail address. Zilevu received a subsequent e-mail message from PayPal to his

IRS e-mail account advising the third victim that he or she was officially a PayPal member. When interviewed, each of the victims confirmed that the fraudulent credit cards had been taken out in their names, and that Zilevu did not have permission or authority to use their information to apply for the cards.

Zilevu was sentenced to five months' imprisonment, followed by two months' home confinement, and three years of supervised release. He was ordered to pay restitution totaling \$49,771 and a \$100 assessment fee.

This investigation was worked jointly by special agents from TIGTA and the U.S. Postal Inspection Service.

Employee Integrity

The following case is an example of OI's efforts to address employee integrity during this six-month reporting period:¹⁴

Former Internal Revenue Service Employee Sentenced for Attempted Wire Fraud and Making False Statements

On January 18, 2022, in the District of New Hampshire, former IRS employee Jane Smith was sentenced for attempted wire fraud and making false statements. Smith pled guilty on October 7, 2021.

According to the court documents, around September 1993, Smith began receiving Social Security Disability Insurance (SSDI) benefits from the Social Security Administration (SSA). The SSA informed Smith that she was required to report any changes in her employment and income. Around January 2007 through March 2018, Smith worked for several employers, to include the IRS and two private companies. She concealed her employment from the SSA knowing her earnings would have reduced her SSDI benefits or made her ineligible to receive SSDI benefits.

Between April 2011 and July 2017, the SSA learned of Smith's employment and suspended her benefits several times. Each time, Smith took steps to cause the SSA to resume wiring her SSDI benefit payments that she was not entitled to receive. For example, in 2017, when SSA learned of Smith's employment and suspended her benefits, she fabricated an identity theft claim to conceal her employment history. In February 2018, Smith filed a false police report with the New Hampshire Nashua Police Department claiming she was the victim of identity theft and that someone else used her name to work for her employers. She also made similar false statements to the IRS and SSA.

In February 2021, Smith admitted to law enforcement that she lied about her work and falsely claimed to be the victim of identity theft because she did not want to lose her SSDI benefits. As a result of Smith's false claims, SSA wired SSDI benefit payments from the U.S. Treasury in

¹⁴ The facts in the summarized case narrative come from court documents of the jurisdiction named.

Kansas City, Missouri to Smith's credit union account in Methuen, Massachusetts. Smith obtained over \$90,000 in fraudulent benefits.

Smith received 3 years' probation and she must complete 50 hours of community service within 12 months. She was ordered to pay \$76,680.10 in restitution and a \$200 assessment fee.

Performance Area: Employee and Infrastructure Security

Threats and assaults directed at IRS employees, facilities, and infrastructure impede the effective and safe administration of the Federal tax system and the IRS's ability to collect tax revenue. OI receives referrals of all reports of threats, assaults, and forcible interference against IRS employees in the course of performing their official duties. TIGTA also actively pursues, investigates, and mitigates emerging threats to the IRS's ability to conduct Federal tax administration in cyberspace.

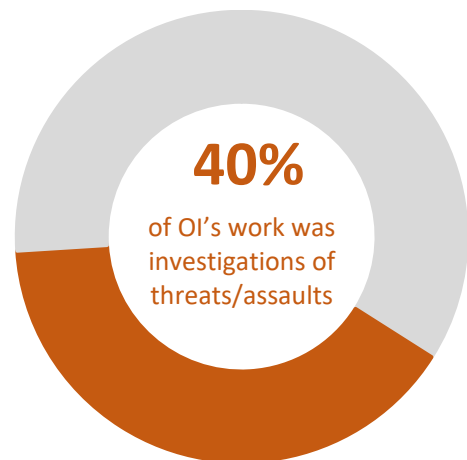


Contact with the IRS can be stressful and emotional for taxpayers. While the majority of taxpayer contacts are routine, some may become confrontational and even violent. TIGTA's special agents are statutorily mandated to provide physical security, known as "armed escorts," to IRS employees who have face-to-face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

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

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

During this six-month reporting period, employee and infrastructure security investigations accounted for 40 percent of OI's work.



The following cases represent examples of OI's efforts to ensure the safety of IRS employees during the reporting period:¹⁵

New York Taxpayer Threatens to Assault and Kill an IRS Employee

On February 11, 2022, in the Eastern District of New York, an arrest warrant was obtained for Jamel Jackson for threatening to assault and murder an IRS employee during the performance of their official duties.

According to the court documents, on or about September 2, 2021, Jackson entered the IRS Taxpayer Assistance Center located in Brooklyn, New York to obtain assistance. The IRS employee assisted Jackson at a cubicle, which included a desk with a plexiglass divider between them. Jackson entered the workspace while using his cellphone. The employee asked Jackson for certain verification documents to aid with his tax issue, and informed him not to use his cellphone while in the cubicle. In response, Jackson slammed his backpack on the employee's desk and shouted, "I will snap your neck! I kill people! I'm on trial for killing people!" Jackson stood, placed his knee on the desk, and shook the plexiglass divider violently. Jackson threatened to remove the plexiglass to reach the employee. The employee activated a duress alarm. A security officer arrived and escorted Jackson out of the building.

Approximately four months later, on or about January 10, 2022, Jackson returned to the IRS Taxpayer Assistance Center for a scheduled appointment. Due to Jackson's previous conduct with the IRS, TIGTA agents were present at the location for safety reasons. Upon entering the building, Jackson stated to a security guard, "You stupid [expletive]. I've been to every maximum-security prison up north," and "I will knock you the [expletive] out."

Subsequently, an IRS employee assisted Jackson and told him his stimulus check was sent to the wrong address. Jackson turned to a nearby TIGTA agent and stated, "I'm gonna get back to prison mode." The IRS employee told Jackson it could take six weeks before he received a stimulus check to his address. Jackson stood up, approached the TIGTA agent and shouted, "I will literally do life in jail for my money! Do you understand that?" Jackson returned to the IRS employee and yelled, "In six weeks...when I come back, I'm trying to find out where is my money. After that, I'm coming off my hip! You understand?!" Jackson gathered his documents and shouted, "I will be back!" As he exited the building, he said to the security guard, "Remember, you have to leave out this building."

If convicted, Jackson could receive up to 20 years' imprisonment.

Georgia Man Threatens Injury to IRS Employees and Their Family

On March 8, 2022, in the Middle District of Georgia, Derrick Douglas pled guilty to threatening to injure an IRS employee and their family. Douglas was indicted December 14, 2021.

¹⁵ The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

According to the court documents, on December 1, 2020, Douglas called the IRS to inquire about his 2019 tax refund that he had not received. The IRS contact representative who assisted Douglas learned he was under an audit for TY 2019. During the telephone call, Douglas' demeanor changed from calm to angry as he spewed profanities. Douglas frequently indicated he would take action, show up, and do something although he never gave specifics about how he would execute those threats. Douglas said he would get rid of his Social Security Number and, "I'd like to see if someone from the IRS shows up at my house. Something will happen to them and it's not going to be pretty."

Special agents with the TIGTA and local county sheriff deputies interviewed Douglas at his residence on December 8, 2020. Douglas admitted he made threatening statements and explained he was upset with the IRS for delaying his tax refund. He apologized and said he had no intentions of harming an IRS employee. TIGTA special agents informed Douglas that threatening statements to an IRS employee is a violation of Federal law.

The following year, on November 15, 2021, Douglas left a threatening message for an IRS paralegal. Douglas immediately began screaming and using profanity. He stated, "If we lose everything else today, I will see you in your office sir. I will see you, I promise. This is Derrick Douglas. Because this does not make any sense cause the IRS still continue to hold my refund after I went through the appeals, I went through the examination, and I went through the tax court. Send me my [expletive] refund." Later that day, TIGTA special agents interviewed Douglas, notified him it is a Federal crime to threaten IRS employees, and warned another threatening incident may result in Federal charges against him. During the interview, Douglas acknowledged his previous 2020 threats and advisement from TIGTA.

Subsequently, on November 26, 2021, Douglas sent an e-mail to the same IRS paralegal stating, "I will die trying to put your family in an identical hardship as my family. Pass it on, send officers back to my home, and threatened [sic] my wife and kids again."

At sentencing, Douglas faces a maximum term of five years' imprisonment, three years of supervised release, and could possibly receive an order to pay a fine not to exceed \$250,000.

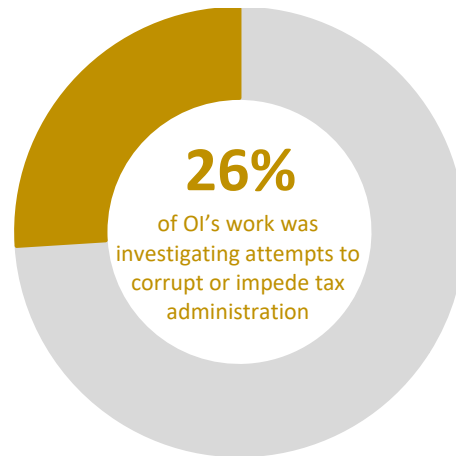
Performance Area: External Attempts to Corrupt Tax Administration

TIGTA also investigates external attempts to corrupt or impede tax administration. Individuals may attempt to corrupt or impede tax administration in many ways. For example, they may impersonate IRS employees or misuse IRS seals and symbols; file false or frivolous documents against IRS employees; use fraudulent IRS documentation to perpetrate criminal activity; offer bribes to IRS employees to influence their tax cases; commit fraud in contracts the IRS awards to contractors; or commit cybercrimes. In addition, unscrupulous tax preparers can impede tax administration by including errors or false information on a customer's return.

During this reporting period, investigations into attempts to corrupt or impede tax administration accounted for 26 percent of OI's work.

Cybercrime

Individuals may corrupt or impede tax administration through the manipulation of IRS applications and the unauthorized access of IRS systems. TIGTA remains focused on combating access to IRS applications in furtherance of criminal activity.



The following case represents OI's efforts to fight cybercrime during the reporting period:¹⁶

Georgia Man Arrested for Scheme to Defraud the IRS

On October 19, 2021, Felix Ochei, also known as Gabriel Osom and Onaz Ochai, was arraigned in the Northern District of Georgia after being indicted for conspiracy to commit wire fraud, access device fraud for possession of 15 or more unauthorized access devices, and aggravated identity theft.

According to the indictment filed on September 28, 2021, beginning on or about May 2018 and continuing through November 2020, Ochei and others did knowingly and willfully conspire to devise a scheme to defraud the IRS and the Georgia Department of Labor, in order to obtain money and property from these entities. Ochei and conspirators used stolen identities to file fraudulent income tax returns and applications for unemployment benefits, then directed refunds and benefits to accounts and financial transaction cards they controlled.

To obtain Unemployment Insurance benefits they were not entitled to receive, Ochei and conspirators acquired the names of other persons along with their dates of birth, Social Security Numbers, and other PII and used this information to electronically submit numerous fraudulent applications for Unemployment Insurance benefits to the Georgia Department of Labor.

As a part of the scheme to defraud the Government, Ochei and conspirators obtained and verified victims' PII through the IRS e-authentication system. Using this information, they electronically submitted fraudulent tax returns to the IRS that claimed refunds and made false representations to include victims' electronic signature, income, bank account information, employment, and address.

If convicted, Ochei could receive more than 20 years' imprisonment.

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

Impersonation Scams and Schemes

TIGTA continues to aggressively investigate criminal activities pertaining to individuals corrupting tax administration by impersonating IRS employees in an effort to obtain PII from unsuspecting taxpayers or to steal their money. Such impersonators may claim to be IRS employees on the telephone or may misuse IRS logos, seals, or symbols to create official-looking letters and e-mails.

Between October 2013 and March 2022, TIGTA logged more than 2.5 million contacts from taxpayers who reported that they had communicated with individuals who claimed to be IRS employees. The impersonators told the victims that they owed additional tax and that if they did not immediately pay, they would be arrested or face other adverse consequences. As of March 31, 2022, 16,038 victims have reported to TIGTA that they had lost more than \$85 million, collectively, to the scam's perpetrators.

Since the IRS scam's inception, 300 individuals have been charged in Federal court for their role, 5 of which were charged during this reporting period. In addition, 197 of those individuals have been sentenced and collectively received a total of more than 910 years' imprisonment. This effort has resulted in more than 893 impersonation scam-related investigations, and financial restitutions totaling more than \$224 million.¹⁷

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

Telemarketing Call Center Owner and Director Sentence in Transnational Fraud Scheme

On December 17, 2021, in the Eastern District of New York, Ajay Sharma, owner and director of an India-based telemarketing call center, was sentenced for conspiracy to commit wire fraud in connection with a fraudulent scheme directed at thousands of U.S. citizens. Sharma previously pled guilty to the charge on November 30, 2020.

According to the court documents, between approximately January 2016 and January 2019, Sharma organized and led a telemarketing scheme through his company, APS Technology. Operating from India, Sharma's telemarketing company targeted victims in the United States and falsely claimed to represent the IRS, and other Federal agencies. The victims were informed they owed a sum of money to the U.S. Government and they would be arrested if the debts were not promptly paid. After the victims wired payments to bank accounts opened for the purposes of the scheme, the funds were withdrawn and laundered through additional bank accounts. The scheme is estimated to have netted over \$2 million from victims across the United States.

¹⁷ Beginning in FY 2022, the methodology TIGTA used to calculate statistics was changed to account for data that had been updated from investigations closed in previous fiscal years.

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

Sharma was sentenced to 78 months' imprisonment and 2 years of supervised release. He was ordered to pay \$3,266,714 in restitution, forfeit \$1,005,421, and pay a special assessment fee of \$100.

Man Sentenced in Multimillion-Dollar International Robocalls Scheme Ordered to Pay Restitution to Victims

On February 10, 2022, in the Eastern District of Virginia, Pradipsinh Dharmendrasinh Parmar was ordered, jointly and severally with his coconspirators, to pay restitution to victims in the amount of \$5,894,898.20. Parmar was previously sentenced for conspiracy to commit mail and wire fraud, and aggravated identity theft on September 20, 2021, after pleading guilty to the charges on February 22, 2021.

According to the court documents, beginning in or about May 2016, and continuing through October 2019, Parmar knowingly conspired to defraud victims of money both directly and through automated, previously recorded calls, commonly referred to as "robocalls." These calls contained messages designed to create a sense of urgency with the call recipient, and included instructions the victim was to take. The messages typically told recipients that they had a serious legal problem, usually criminal in nature, and that if they did not act immediately in accordance with the demands of the callers, there would be drastic consequences, to include threats of arrest and/or significant financial penalties.

The conspiracy operated through foreign call centers located primarily in India and disproportionately victimized elderly Americans. The conspirators would falsely claim to be acting on behalf of a Federal Government agency, such as the IRS, regarding potential tax penalties. Victims were persuaded or coerced to send packages of cash, preloaded payment cards, and/or wire funds to pay tax bills. To conceal the international origin of the calls, the conspirators established multiple cells within the United States, which victims were directed to send cash payments.

According to a Department of Justice press release dated February 22, 2021, as part of his guilty plea, Parmar admitted that over a two-year period from March 2017 to April 2019, he traveled to 30 States and collected at least 4,358 wire transfers sent by victims via Western Union, MoneyGram, and Walmart with losses totaling at least \$4,312,585. Parmar also received and attempted to receive at least 91 packages of bulk cash sent by victims from several States within the United States via FedEx, United Parcel Service, or the U.S. Postal Service totaling at least \$1,593,591. Parmar transferred the majority of the money he collected to coconspirators by depositing the funds into bank accounts at various financial institutions or giving it directly to various informal money transfer services, known as Hawalas. For his participation in this conspiracy, Parmar retained a portion of the funds, approximately 8 percent of each money transfer and 2 percent to 7 percent of each cash shipment.

Parmar used counterfeit identification documents bearing his photograph alongside fictitious and stolen identities to receive money transfers. Parmar admitted that he received at least 549 counterfeit identification documents that he used to receive and collect victim cash shipments and money transfers.

In addition to \$5,894,898.20 in restitution, Parmar received 14 years' imprisonment, 3 years' supervised release, and was ordered to pay a \$200 assessment fee.

Tax Preparer Outreach

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

During this reporting period, TIGTA special agents provided integrity presentations to more than 156 tax preparers nationwide. The presentations detailed TIGTA's role in protecting the integrity of Federal tax administration; the differences between the respective jurisdictions of TIGTA and the IRS; how to identify various forms of preparer misconduct; and common IRS impersonation scams.

The following cases represent examples of OI's efforts to protect tax administration from unscrupulous tax preparers during this six-month reporting period:¹⁹

Florida Tax Intermediary Sentenced for Wire Fraud

On September 21, 2021, in the Southern District of Florida, Jocelyn Lynch was sentenced for wire fraud in connection with a scheme to steal IRS tax payments.

According to the court documents, between approximately January 1, 2013 through January 17, 2020, Lynch promoted herself as a tax intermediary who could help clients settle outstanding tax debt owed to the IRS. At least three taxpayers hired Lynch to settle their debt with the IRS with an offer in compromise, which allows taxpayers to settle debt for less than the full amount owed. Lynch assisted her clients by completing IRS forms falsely representing that she negotiated an offer in compromise with the IRS on their behalf. Lynch instructed her clients to deposit payments intended for the IRS into her personal bank account and falsely represented that she would forward the payments to the IRS. Lynch subsequently provided her clients with fraudulent documentation and receipts purportedly from the IRS. In total, Lynch received approximately \$363,994 in payments from her clients.

Lynch was sentenced to 63 months' imprisonment, 3 years' supervised release, and was ordered to pay \$867,593 in restitution, and an \$800 assessment fee.

¹⁹ The facts in the summarized case narratives come from court documents of the respective jurisdictions named.

Kentucky Man Pled Guilty to Making False Statements

On December 7, 2021, in the Eastern District of Kentucky, Charles Marshall Stivers pled guilty to one count of making and using a false document, knowing the same to contain a materially false statement or entry. Stivers was indicted on March 18, 2021.

According to the court documents, Stivers was initially licensed to practice as a Certified Public Accountant (CPA) by the State of Kentucky in 1989. On October 23, 2015, the Kentucky State Board of Accountancy permanently revoked Stivers' CPA license by an Agreed Order. The Agreed Order prohibited Stivers from ever holding himself as a CPA to the public in any capacity, including to the IRS or any other tax authority.

On or about March 22, 2016, in Manchester, Kentucky, Stivers signed an IRS Form 2848, *Power of Attorney and Declaration of Representative*, and indicated he was the Power of Attorney for a business. As part of his completion of this form, Stivers specified in writing that he was a licensed CPA. He also listed CPA license number 12597 that belonged to his son. Stivers submitted the signed form to an IRS revenue officer.

On three more occasions in 2018 and 2019, Stivers again completed IRS Form 2848 on behalf of clients in Knoxville, Tennessee. Each time he indicated he was a licensed CPA and utilized his son's CPA license number. He finalized the forms by forging his son's signature.

At sentencing, Stivers could receive no more than five years' imprisonment, up to three years of supervised release, and a fine of not more than \$250,000.

Advance Oversight of America's Tax System

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

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



Inspections are intended to:

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

Evaluations are intended to:

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

IRS Employees Continue to Meet Select Telework Requirements, but Additional Actions Can Further Improve the Level of Compliance (Report Number 2022-IE-R001)

In July 2016, TIGTA reported²⁰ that IRS policies are consistent with the Telework Enhancement Act of 2010,²¹ and that most employees had completed required training and were not involved in misconduct that impacted their eligibility to telework. However, TIGTA determined that the IRS could improve some telework processes to ensure compliance with the law. The IRS agreed to implement processes to ensure that teleworkers have completed telework training and have a valid telework agreement. The IRS also agreed to clarify rules associated with misconduct by clearly defining issues that warrant suspension or discontinuance of telework privileges and to develop procedures to identify teleworkers who have been disciplined for conduct that negatively impacts the Telework Program.

²⁰ TIGTA Report No. 2016-10-039, Telework Qualification Requirements Are Generally Being Met, but Program Improvements Are Needed (July 2016).

²¹ Pub. L. No. 111-292, 124 Stat. 3165 (2010).

The IRS's Telework program has expanded since our last review. IRS records show that over 37,000 employees teleworked during FY 2019. As such, ensuring that requirements are met is essential to upholding the integrity of the program and maintaining public trust in tax administration.

In most instances, IRS employees included in our analysis met select requirements to telework and routinely reported to an IRS office in accordance with IRS policies. TIGTA reviewed a random sample of 206 IRS employees who recorded time to telework during FY 2019 and found that all employees in the sample had completed telework training as required by the Telework Enhancement Act of 2010. In addition, according to telework documentation, all employees in the sample had telework locations that were within 150 miles (125 miles for Chief Counsel employees) from their post of duty as required by IRS policies. However, 7 (3 percent) of the 206 employees did not have an approved telework agreement in place prior to charging time to telework in FY 2019.

Our review of IRS time and attendance system records for all teleworkers showed that 388 IRS employees (1 percent) did not report to the office at least twice per pay period, as required by Federal and IRS policies, for over half of the FY. The IRS provided adequate documentation to support the explanations for 181 employees. However, the IRS did not provide adequate supporting documentation for 207 (53 percent) of the 388 employees who did not report to the office twice per pay period for over half of FY 2019. Our review of IRS disciplinary records for all employees who charged time to telework during FY 2019 revealed that five employees were disciplined for being AWOL for five or more days and should not have participated in the Telework Program. The IRS also allowed 138 employees to continue to telework while the employees were placed on a Performance Improvement Plan or after the employees received a performance evaluation that was less than fully successful.

The IRS Telework Program Office, monitors telework activity to ensure that employees who telework comply with telework eligibility requirements. Several exceptions identified by TIGTA were also identified by the Telework Program Office, which worked with the business operating divisions to remove telework privileges for employees who were not eligible for the Telework Program.

TIGTA made six recommendations, which included issuing reminders to IRS management of their responsibilities prior to approving a telework agreement and maintaining adequate documentation to justify why an employee is not reporting to their post of duty in accordance with Federal regulations.

The IRS agreed with all recommendations.

Audit Statistical Reports

Reports with Questioned Costs

TIGTA issued one audit report with questioned costs during this semiannual reporting period.²² The phrase “questioned costs” means costs that are questioned because of:

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

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

Report Category	Number	Amount (in thousands)	Unsupported Costs (in thousands)
1. Reports with no management decision at the beginning of the reporting period	0	\$0	\$0
2. Reports issued during the reporting period	1	\$607	\$0
3. Subtotals (Item 1 plus Item 2)	1	\$607	\$0
4. Reports for which a management decision was made during the reporting period:			
a. Value of disallowed costs	0	\$0	\$0
b. Value of costs not disallowed	1	\$607	\$0
5. Reports with no management decision at the end of the reporting period (Item 3 minus Item 4)	0	\$0	\$0
6. Reports with no management decision within six months of issuance	0	\$0	\$0

²² See Appendix II for identification of audit report involved.

Reports With Recommendations That Funds Be Put to Better Use

TIGTA issued four audit reports during this semiannual reporting period with the recommendation that funds be put to better use.²³ The phrase “recommendation that funds be put to better use” means funds could be used more efficiently if management took actions to implement and complete the recommendation, including:

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

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

Report Category	Number	Amount (in thousands)
Section 1		
Reports for which no management decision had been made by the beginning of the reporting period	0	\$0
Reports issued during the reporting period	4	\$1,801,635
Total Section 1	4	\$1,801,635
Section 2		
Reports for which management decisions were made during the reporting period		
Value of recommendations agreed to by management		
Based on proposed management action	4	\$1,702,290
Based on proposed legislative action	0	\$0
Value of recommendations to which management did not agree	1	\$99,345
Total Section 2	4²⁴	\$1,801,635
Section 3		
Reports for which no management decisions had been made by the end of the reporting period (Sec. 1 minus Sec. 2)	0	\$0
Reports with no management decision within six months of issuance	0	\$0

²³ See Appendix II for identification of audit reports involved.

²⁴ One report (2022-47-030) had recommendations where management both agreed and disagreed.

Reports With Additional Quantifiable Impact on Tax Administration

In addition to questioned costs and funds put to better use, OA has identified measures that demonstrate the value of audit recommendations to tax administration and business operations. These issues are of interest to executives at the IRS and the Treasury Department, Members of Congress, and the taxpaying public, and are expressed in quantifiable terms to provide further insight into the value and potential impact of OA's products and services. Including this information also promotes adherence to the intent and spirit of the Government Performance and Results Act.²⁵

Definitions of these additional measures are:

Increased Revenue: Assessment or collection of additional taxes.

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

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

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

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

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

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

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

²⁵ Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5, 31, and 39 U.S.C.).

The number of taxpayer accounts and dollar values shown in the following chart were derived from analyses of historical data and are thus considered potential barometers of the impact of audit recommendations. Actual results will vary depending on the timing and extent of management’s implementation of the corresponding corrective actions and the number of accounts or subsequent business activities affected as of the dates of implementation. Also, a report may have issues that affect more than one outcome measure category.

Outcome Measure Category ²⁶	Number of Reports ²⁷	Number of Taxpayer Accounts	Dollar Value (in thousands)
Increased Revenue	2	16,026	\$35,135
Revenue Protection	1	1,887	\$2,150
Reduction of Burden on Taxpayers	2	2,969	\$0
Taxpayer Rights and Entitlements	3	642,760	\$1,571,050
Taxpayer Privacy and Security	0	0	\$0
Inefficient Use of Resources	0	0	\$0
Reliability of Management Information	2	12,406	\$0
Protection of Resources	0	0	\$0

Management did not agree with the outcome measures in the following reports:

- Increased Revenue: Reference Number 2022-30-021;
- Reliability of Management Information: Reference Numbers 2022-10-014 and 2022-30-022.

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

- Revenue Protection: Reference Number 2022-40-013;
- Reduction of Burden on Taxpayers: Reference Numbers 2022-40-013 and 2022-46-027;
- Taxpayer Privacy and Security: Reference Number 2022-40-013;
- Inefficient Use of Resources: Reference Number 2022-10-025;
- Reliability of Management Information: Reference Numbers 2022-16-002, 2022-10-003, 2022-40-013, 2022-10-014, 2022-10-025, 2022-30-022, and 2022-46-027;
- Protection of Resources: Reference Number 2022-20-006.

²⁶ Taxpayer information is redacted in underlying reports because TIGTA has determined that it is tax return information related to taxpayer privacy as well as law enforcement techniques/procedures and guidelines for law enforcement investigations or prosecutions.

²⁷ See Appendix II for identification of audit reports involved.

Investigations Statistical Reports²⁸

Significant Investigative Achievements (October 1, 2021 through March 31, 2022)

Complaints/Allegations Received by TIGTA	
Complaints Against IRS Employees	1,077
Complaints Against Non-Employees	1,326
Total Complaints/Allegations	2,403
Status of Complaints/Allegations Received by TIGTA	
Investigations Initiated	661
In Process Within TIGTA ²⁹	289
Referred to IRS for Action	285
Referred to IRS for Information Only	413
Referred to a Non-IRS Entity ³⁰	0
Closed With No Referral	396
Closed Associated With Prior Investigation	146
Closed With All Actions Completed	213
Total Complaints/Allegations	2,403
Investigations Opened and Closed	
Total Investigations Opened	1,154
Total Investigations Closed	1,228
Financial Accomplishments	
Embezzlement/Theft Funds Recovered	\$113,072
Contract Fraud and Overpayments Recovered	\$8,468
Court-Ordered Fines, Penalties, and Restitution	\$33,174,398
Out-of-Court Settlements	0
Potentially Compromised by Bribery	0
Tax Liability of Taxpayers Who Threaten and/or Assault IRS Employees	\$1,655,937
IRS Assets and Resources Protected Against Malicious Loss	0
Total Financial Accomplishments	\$34,951,875

²⁸ Includes the reporting requirements under the Inspector General Empowerment Act of 2016, Pub. L. No. 114-317, 130 Stat. 1595 (codified in 5 U.S.C. App. (2018)).

²⁹ Complaints for which final determination had not been made at the end of the reporting period.

³⁰ A non-IRS entity includes other law enforcement entities or Federal agencies.

Status of Closed Criminal Investigations			
Criminal Referral	Employee	Non-Employee	Total
Referred – Accepted for Prosecution	6	117	123
Referred – Declined for Prosecution	120	154	274
Referred – Pending Prosecutorial Decision	4	57	61
Total Criminal Referrals³¹	130	328	458
No Referral	247	421	668
Criminal Dispositions³²			
Criminal Disposition	Employee	Non-Employee	Total
Guilty	1	67	68
Nolo Contendere (no contest)	1	0	1
Pretrial Diversion	0	0	0
Deferred Prosecution ³³	1	0	1
Not Guilty	0	0	0
Dismissed	0	4	4
Total Criminal Dispositions	3	71	74
Administrative Dispositions on Closed Investigations³⁴			
Removed/Terminated			23
Suspended/Reduction in Grade			47
Resigned/Retired/Separated Prior to Adjudication			58
Oral or Written Reprimand/Admonishment			53
Clearance Letter/Closed, No Action Taken			33
Alternative Discipline/Letter With Cautionary Statement/Other			55
Non-Employee Actions ³⁵			641
Total Administrative Dispositions			910

³¹ Criminal referrals include both Federal and State dispositions.

³² Final criminal dispositions during the reporting period. These data may pertain to investigations referred criminally in prior reporting periods and do not necessarily relate to the investigations referred criminally in the previous Status of Closed Criminal Investigations table.

³³ Generally, in a deferred prosecution, the defendant accepts responsibility for their actions and complies with certain conditions imposed by the court. Upon the defendant's completion of the conditions, the court dismisses the case. If the defendant fails to fully comply, the court reinstates prosecution of the charge.

³⁴ Final administrative dispositions during the reporting period. These data may pertain to investigations referred administratively in prior reporting periods and do not necessarily relate to the investigations closed in the Investigations Opened and Closed table.

³⁵ Administrative actions taken by the IRS against non-IRS employees.

Summary of Investigative Reports and Criminal Referrals

Criminal Referral Breakdown	
Number of Investigative Reports Issued	397
Referred to the Department of Justice for Criminal Prosecution	387
Referred to State/Local Prosecuting Authorities	10
Number of Indictments and Criminal Informations	113
Indictments	92
Criminal Informations	21

Source: TIGTA OI's Criminal Results Management System.

Interference

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

Instances of Whistleblower Retaliation

During the reporting period, there was no investigation regarding whistleblower retaliation.

Closed³⁶ Investigations Involving IRS Senior Government Employees³⁷

Detailed Description of the Facts and Circumstances of the Investigation:	Disposition:	Criminal Status:	Date Referred:	If Declined, Date of Declination:
A senior Government official allegedly encouraged and pushed employees to use a specific contracting company without following established IRS procurement procedures.	Other	Declined	12/21/17	12/21/17
A senior Government official attempted to unlawfully disclose PII of a taxpayer to another individual.	Other	N/A	N/A	N/A

³⁶ When TIGTA refers an IRS employee investigation to the IRS, the investigation remains open until all actions are completed, including any penalty imposed upon the employee by the IRS. TIGTA closes an employee investigation after receiving notice from the IRS of the administrative action taken in response to that investigation.

³⁷ For this report, a “senior Government employee” refers to an officer or employee in the Executive branch who occupies a position classified at or above GS-15 of the General Schedule. 5 U.S.C App. § 5(f)(7).

Inspections and Evaluations Statistical Reports

Evaluation Reports with Significant Unimplemented Corrective Actions

The Inspector General Act requires identification of significant recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information from the Treasury Department's Joint Audit Management Enterprise System (JAMES).

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2021-IE-R001	March 2021	09/30/22	OVERSIGHT OF REPORTED SEXUAL HARASSMENT ALLEGATIONS NEEDS IMPROVEMENT <u>F-2, R-3</u> : Review all relevant policies and procedures and ensure that guidance on how to address sexual harassment allegations is available to all employees.

Appendix I

Other Statistical Reports

Reports With Significant Unimplemented Corrective Actions

The Inspector General Act requires the identification of any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations described in previous semiannual reports for which corrective actions have not been completed. The following list is based on information from the Treasury Department’s JAMES.^{38,39}

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2007-10-068	May 2007	12/15/22	<p>INEFFICIENCIES IN PROCESSING OPERATIONS ASSISTANCE REQUESTS CAUSED TAXPAYERS UNNECESSARY DELAYS</p> <p><u>F-3, R-1</u>: Revise Form 12412, <i>Operations Assistance Request</i>, to allow requests to be closed as completed or as misrouted only if they had been sent to the wrong Operations liaison.</p>
2008-20-176	September 2008	11/15/22	<p>THE OFFICE OF RESEARCH, ANALYSIS, AND STATISTICS NEEDS TO ADDRESS COMPUTER SECURITY WEAKNESSES</p> <p><u>F-1, R-5</u>: Ensure that audit and accountability controls are sufficient by requiring audit logs to be maintained a minimum of six years and to be periodically reviewed by the security officer.</p>
2016-40-028	March 2016	On Hold ⁴⁰ 03/15/23	<p>REVISING TAX DEBT IDENTIFICATION PROGRAMMING AND CORRECTING PROCEDURAL ERRORS COULD IMPROVE THE TAX REFUND OFFSET PROGRAM</p> <p><u>F-1, R-1</u>: Revise identification processes to include sole proprietor information from Form SS-4, <i>Application for Employer Identification Number</i>, to identify individual tax refunds to offset to business tax debt.</p> <p><u>F-3, R-1</u>: Revise computer programming to use the Limited Liability Company indicator on the business tax account to ensure that individual tax refunds are not offset to the associated Limited Liability Company’s business tax debt.</p>

³⁸ This summary data does not include recommendations that are specifically prohibited from disclosure by any provision of law, such as 26 U.S.C. § 6103, protecting tax returns and return information, or that are specifically required by Executive Order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs.

³⁹ The Office of Audit has previously designated one report with unimplemented recommendations as “Sensitive But Unclassified (SBU).” This SBU report includes subject matter that might create a risk of circumvention of the law if publicly released. There are no potential cost savings associated with any unimplemented recommendations from this report.

⁴⁰ Except where noted, recommendations designated as “On Hold” were agreed to by the IRS, but action was deferred pending the availability of funds.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2017-40-037	May 2017	On Hold On Hold	<p>IMPROVEMENTS ARE NEEDED TO ENSURE THAT TAX ACCOUNTS ON THE AUTOMATED NON-MASTER FILE ARE ACCURATELY PROCESSED</p> <p><u>F-1, R-1</u>: Correct Automated Non-Master File programming to compute and assess the Failure to File penalty on Form 1040-NR, <i>U.S. Nonresident Alien Income Tax Return</i>, accounts in which the Taxpayer Identification Number (TIN) is an Employee Identification Number.</p> <p><u>F-1, R-2</u>: Correct Automated Non-Master File programming to use the correct date when computing the Failure to File penalty. In addition, programming should be corrected to ensure that the proper penalty rate is used to compute the penalty amount.</p> <p>Potential Increased Revenue: \$354,153</p>
2017-20-024	June 2017	07/15/22	<p>INFORMATION TECHNOLOGY: IMPROVEMENTS ARE NEEDED IN ENTERPRISE-WIDE DISASTER RECOVERY PLANNING AND TESTING</p> <p><u>F-2, R-1</u>: Reach consensus regarding the maximum tolerable downtime or recovery time objective for each mission-essential function.</p>
2017-40-038	July 2017	On Hold	<p>CASE SELECTION PROCESSES RESULT IN BILLIONS OF DOLLARS IN POTENTIAL EMPLOYER UNDERREPORTED TAX NOT BEING ADDRESSED</p> <p><u>F-3, R-1</u>: Establish a systemic process to match data fields to perfect unpostable Forms W-3, <i>Transmittal of Wage and Tax Statements</i>.</p>
2017-30-048	August 2017	On Hold	<p>ADDITIONAL CONTROLS ARE NEEDED TO HELP ENSURE THAT NONRESIDENT ALIEN INDIVIDUAL PROPERTY OWNERS COMPLY WITH TAX LAWS</p> <p><u>F-1, R-1</u>: Request that a revision be made to Form 1040-NR to enable nonresident aliens to make an election under I.R.C. § 871(d) and revise processing procedures to ensure that the IRS records the election.</p>
2017-40-085	September 2017	On Hold ⁴¹	<p>FURTHER ACTIONS ARE NEEDED TO REDUCE THE RISK OF EMPLOYMENT TAX FRAUD TO BUSINESSES THAT USE THE SERVICES OF PROFESSIONAL EMPLOYER ORGANIZATIONS</p> <p><u>F-3, R-1</u>: Establish processes and procedures to reduce unnecessary resources expended notifying employers of an address change when programming incorrectly identifies an address change resulting from minor formatting revisions.</p>
2018-40-010	January 2018	On Hold	<p>PROCESSES NEED TO BE IMPROVED TO IDENTIFY INCOMPLETE AND FRAUDULENT APPLICATIONS FOR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS</p> <p><u>F-3, R-2</u>: Ensure that programming changes are made to require mandatory review when the Real-Time System alerts tax examiners that an applicant is using duplicate supporting documents as has previously been used to obtain an ITIN.</p>

⁴¹ This recommendation was agreed to by the IRS, but was placed on “On Hold” because the IRS is awaiting input from another agency.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2018-40-013	February 2018	On Hold On Hold On Hold	<p>ACTIONS ARE NEEDED TO REDUCE THE RISK OF FRAUDULENT USE OF EMPLOYER IDENTIFICATION NUMBERS AND TO IMPROVE THE EFFECTIVENESS OF THE APPLICATION PROCESS</p> <p><u>F-2, R-1</u>: Correct programming to reject Employer Identification Number applications when an Employer Identification Number has previously been assigned to the same sole proprietor and to reject applications when IRS data indicate that the sole proprietor is deceased.</p> <p><u>F-3, R-1</u>: Perform an assessment to determine how an additional field could be added to the Business Master File so that both the decedent Social Security Number and a responsible party TIN can be captured for estates and trusts.</p> <p><u>F-3, R-5</u>: Develop programming to reject estate applications if the decedent TIN is not that of a deceased individual.</p>
2018-20-034	June 2018	09/15/23	<p>ACTIVE DIRECTORY OVERSIGHT NEEDS IMPROVEMENT AND CRIMINAL INVESTIGATION COMPUTER ROOMS LACK MINIMUM SECURITY CONTROLS</p> <p><u>F-2, R-1</u>: Complete a cost analysis to: 1) determine the efficacy of relocating Criminal Investigation assets in each of the field offices to existing IRS computer rooms versus upgrading the Criminal Investigation computer rooms to ensure that assets are protected in accordance with Federal and IRM security requirements, and 2) implement the most cost effective solution.</p>
2018-30-072	September 2018	On Hold	<p>IMPROVEMENTS ARE NEEDED IN THE WITHHOLDING COMPLIANCE PROGRAM</p> <p><u>F-3, R-2</u>: Analyze the current selection criteria used by the Withholding Compliance System to determine if the taxpayers identified for systemic lock-in letter issuance are the best use of limited resources. This would include potentially identifying taxpayers with multiple years of under-withholding and the percentage of inventory that includes nonfilers.</p>
2019-20-017	April 2019	02/15/23	<p>ELECTRONIC AUTHENTICATION SECURITY CONTROLS HAVE IMPROVED, BUT CONTINUED PROGRESS IS NEEDED TO ENSURE THE PROTECTION OF PUBLIC-FACING APPLICATIONS</p> <p><u>F-1, R-1</u>: Ensure that public-facing legacy applications are complying with National Institute of Standards and Technology Special Publication 800-63-3 and that an implementation plan includes specific timelines for accomplishing full compliance of legacy applications.</p>
2019-34-033	May 2019	On Hold	<p>IMPLEMENTATION OF THE TAX CUTS AND JOBS ACT DEEMED REPATRIATION TAX PRESENTED SIGNIFICANT CHALLENGES</p> <p><u>F-2, R-1</u>: Take steps to ensure that Section 965 payments are recorded with the correct designated payment code.</p>
2019-40-044	August 2019	09/15/22	<p>BILLIONS OF DOLLARS OF POTENTIALLY ERRONEOUS CARRYFORWARD CLAIMS ARE STILL NOT BEING ADDRESSED</p> <p><u>F-1, R-2</u>: Identify and examine returns with discrepancies of General Business Credit carryforward claims.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2019-40-048	August 2019	On Hold On Hold	ADDITIONAL ACTIONS ARE NEEDED TO REDUCE ALIMONY REPORTING DISCREPANCIES ON INCOME TAX RETURNS F-2, R-1: Include the validation of the alimony recipient TIN as part of the IRS's tax return processing systemic TIN validation process. F-2, R-2: Modify Error Resolution System programming to send both e-filed and paper tax returns that contain an invalid recipient TIN to the Error Resolution function for review and correspondence with the taxpayer.
2019-20-046	September 2019	09/15/22	THE BRING YOUR OWN DEVICE PROGRAM'S SECURITY CONTROLS NEED IMPROVEMENT F-3, R-1: Ensure the retention of Bring Your Own Device program application audit logs for the appropriate period and periodic review of the application audit logs by an independent source.
2019-40-074	September 2019	On Hold On Hold	ADDITIONAL ACTIONS ARE NEEDED TO FURTHER REDUCE UNDELIVERABLE MAIL F-1, R-1: Develop Servicewide processes and procedures to ensure that all operating divisions suppress the issuance of nonstatutory notices to taxpayers that have an undelivered mail indicator on their account; suppress the issuance of correspondence when a taxpayer's address of record is an IRS campus; and research and update taxpayer addresses for which the U.S. Postal Service returns undeliverable mail with a yellow label that provides a more current address. F-2, R-1: Install and use hygiene software to perfect taxpayer addresses on the ITIN Real-Time System.
2019-30-078	September 2019	09/15/22	THE USE OF SCHEDULE K-1 DATA TO ADDRESS TAXPAYER NONCOMPLIANCE CAN BE IMPROVED F-1, R-3: Establish a process to use more e-filed Schedule K-1 data for noncompliance identification and determine the feasibility of transcribing more data from paper Schedule K-1.
2020-40-005	November 2019	On Hold	IMPROVEMENTS ARE NEEDED TO ENSURE THAT CONSISTENT SUITABILITY CHECKS ARE PERFORMED FOR PARTICIPATION IN INTERNAL REVENUE SERVICE PROGRAMS F-4, R-2: Develop processes and procedures to ensure that continuous criminal background checks are conducted on all program participants as part of the Federal Bureau of Investigations Records of Arrests and Prosecutions Back Program.
2020-44-007	January 2020	On Hold	RESULTS OF THE 2019 FILING SEASON F-2, R-2: Implement programming to compute the correct allowable increase in the standard deduction for tax returns for which a taxpayer does not have an entry for the spouse but checks one or more of the checkboxes that indicate that the spouse was age 65 or older and/or was blind.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-20-006	February 2020	12/15/24	ACTIVE DIRECTORY OVERSIGHT NEEDS IMPROVEMENT F-2, R-6: Ensure that business role account passwords are appropriately configured to expire and require that Personal Identity Verification cards be used in accordance with policy.
2020-40-008	February 2020	04/15/22 04/15/22	AUTHORITIES PROVIDED BY THE INTERNAL REVENUE CODE ARE NOT EFFECTIVELY USED TO ADDRESS ERRONEOUS REFUNDABLE CREDIT AND WITHHOLDING CREDIT CLAIMS F-2, R-2: Develop processes and procedures to manually set a recertification indicator on tax accounts associated with refundable credit claims that were disallowed through the Automated Questionable Credit program until a systemic process is implemented. F-2, R-4: Ensure that a systemic process is implemented to set the recertification indicator on taxpayers' accounts when refundable credit claims are disallowed as part of the IRS's Automated Questionable Credit program.
2020-40-009	February 2020	02/15/24	COMPLEXITY AND INSUFFICIENT OVERSIGHT OF THE FREE FILE PROGRAM RESULT IN LOW TAXPAYER PARTICIPATION F-1, R-2: Require Free File Inc. members to fully disclose all criteria on the IRS.gov Free File web page that taxpayers must meet to e-file their Federal tax return for free.
2020-40-025	April 2020	09/15/22	IMPROPER PAYMENT REPORTING HAS IMPROVED; HOWEVER, THERE HAVE BEEN NO SIGNIFICANT REDUCTIONS TO THE BILLIONS OF DOLLARS OF IMPROPER PAYMENTS F-1, R-1: Work with the Department of Health and Human Services to develop a comprehensive risk assessment of improper Premium Tax Credit payments, including the risk of Advanced Premium Tax Credit improper payments.
2020-20-022	June 2020	06/15/22	SOME CORRECTIVE ACTIONS TO ADDRESS REPORTED INFORMATION TECHNOLOGY WEAKNESSES WERE NOT FULLY AND EFFECTIVELY IMPLEMENTED AND DOCUMENTED F-1, R-3: Verify through testing that the IRS Information Technology organization is able to recover mission-essential functions identified by the Cybersecurity function within the maximum tolerable downtimes or recovery time objectives.
2020-10-051	August 2020	03/10/23	CONTROLS OVER THE MANAGEMENT AND SECURITY OF OFFICIAL PASSPORTS NEED IMPROVEMENT F-3, R-1: Consider including a requirement for independent periodic or annual surprise security reviews of the passport offices to ensure that passport personnel are adhering to updated guidelines for securing and safeguarding passports.

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2020-20-061	September 2020	09/15/23	<p>THE ENTERPRISE CASE MANAGEMENT SOLUTION DEVELOPMENT IS DELAYED, AND ADDITIONAL ACTIONS ARE NEEDED TO DEVELOP A DECOMMISSIONING STRATEGY</p> <p><u>F-3, R-1</u>: Coordinate with the business operating divisions to perform the fit-gap analysis on all case management systems to maximize the Enterprise Case Management (ECM) solution's functionality and ensure that the majority of legacy case management systems are consolidated.</p>
2020-20-063	September 2020	10/15/22	<p>IMPROVEMENTS ARE NEEDED TO ENSURE THAT WIRELESS NETWORKS ARE SECURE</p> <p><u>F-1, R-1</u>: Ensure that the 25 wireless network security-related weaknesses are resolved and that the evidence supporting the weakness closures is updated in the Treasury Federal Information Security Modernization Act of 2014 Inventory Management System for subsequent testing and closure approval.</p>
2020-40-064	September 2020	04/15/22 04/15/22 On Hold	<p>PROCESSES DO NOT ENSURE THAT INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS ARE ISSUED ONLY TO QUALIFYING INDIVIDUALS WITH A TAX ADMINISTRATION NEED</p> <p><u>F-3, R-4</u>: Review the 2,239 ITINs with duplicate documents that TIGTA identified and take appropriate actions to revoke or deactivate the ITINs.</p> <p><u>F-3, R-6</u>: Review the 89 ITINs identified as revoked and still active and the 51 ITINs assigned to deceased individuals that are not locked that TIGTA identified and take appropriate action to deactivate the ITINs or add a deceased lock on the tax account.</p> <p><u>F-7, R-1</u>: Develop processes and procedures to identify retroactive claims erroneously paid and erroneously disallowed due to tax examiner errors. Once these claims are identified, take steps to recover erroneous credit payments or ensure that taxpayers receive the benefits to which they are entitled.</p> <p>Potential Funds Put to Better Use: \$4,743,068</p>
2020-30-066	September 2020	On Hold ⁴²	<p>THE INTERNAL REVENUE SERVICE CAN IMPROVE TAXPAYER COMPLIANCE FOR VIRTUAL CURRENCY TRANSACTIONS</p> <p><u>F-1, R-1</u>: Continue efforts to close the virtual currency information gap by issuing guidance clarifying the proper information reporting associated with virtual currency transactions.</p>
2021-30-002	December 2020	10/15/22	<p>BILLIONS IN POTENTIAL TAXES WENT UNADDRESSED FROM UNFILED RETURNS AND UNDERREPORTED INCOME BY TAXPAYERS THAT RECEIVED FORM 1099-K INCOME</p> <p><u>F-1, R-3</u>: Define high-income business nonfilers and create a strategy to work these cases so that all high-income business nonfiler cases will have the opportunity to be selected and worked. Include the business high-income strategy in the IRS Nonfiler Strategy plan.</p> <p>Potential Increased Revenue: \$1,197,629,572</p>

⁴² This recommendation was agreed to by the IRS, but was placed on "On Hold" because the process by which guidance is developed is not within the IRS's sole control.

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2021-10-007	December 2020	On Hold 10/15/22	<p>IMPROVEMENTS HAVE BEEN MADE, BUT CONTROLS NEED TO BE STRENGTHENED TO DETECT IMPROPER SELF-EMPLOYED RETIREMENT DEDUCTIONS</p> <p><u>F-1, R-1</u>: Revise procedures for determining eligibility for the self-employed retirement deduction to include Schedule SE, <i>Self-Employment Tax</i>, as evidence of self-employment.</p> <p><u>F-2, R-1</u>: Consider for examination the 16 tax returns with retirement contribution deductions over \$400,000 for which TIGTA identified only as an associated Defined Contribution Plan.</p>
2021-40-008	December 2020	On Hold On Hold	<p>EXPANSION OF SELF-CORRECTION FOR ELECTRONIC FILERS AND OTHER IMPROVEMENTS COULD REDUCE TAXPAYER BURDEN AND COSTS ASSOCIATED WITH TAX RETURN ERROR RESOLUTION</p> <p><u>F-4, R-1</u>: Develop processes to systemically monitor the Error Resolution program, including processes to monitor error code volumes real-time as well as in comparison to historical data.</p> <p><u>F-4, R-2</u>: Develop processes and procedures to retain and provide access to historical Error Resolution System data, including actions taken by tax examiners.</p>
2021-40-012	January 2021	On Hold	<p>PROCESSES EXIST TO ASSIST TAXPAYERS WITH MISDIRECTED REFUNDS, BUT ADDITIONAL CONTROLS COULD FURTHER HELP TO PREVENT THEM</p> <p><u>F-2, R-1</u>: Create a closing code to be entered onto a tax account when a refund inquiry is closed that denotes the cause of the refund being misdirected, <i>i.e.</i>, IRS error, taxpayer error, or bank error.</p>
2021-30-016	February 2021	04/15/22 04/15/22	<p>EMPHASIS ON UNRELATED BUSINESS INCOME TAX ENFORCEMENT SHOULD BE ENHANCED</p> <p><u>F-3, R-1</u>: Implement safeguards to ensure the accuracy of the Reporting Compliance Case Management System Closing Record to avoid material errors that affect information reports based on these inputs, which are relied upon by internal and external stakeholders.</p> <p><u>F-3, R-2</u>: Replace the respective IRM sections that provide instructions on the Form 5599, <i>TE/GE Examined Closing Record</i>, with the revised Reporting Compliance Case Management System Closing Record, and clarify any differences in how examiners should complete this process for appealed examinations.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2021-45-017	February 2021	07/15/22	ADDITIONAL SECURITY PROCESSES ARE NEEDED TO PREVENT UNAUTHORIZED RELEASE OF TAX INFORMATION THROUGH THE INCOME VERIFICATION EXPRESS SERVICE PROGRAM <u>F-1, R-1</u> : Ensure that sufficient resources are allocated to the Income Verification Express Service (IVES) Program to timely identify and suspend IVES participants that do not complete the electronic signature certification and submit the annual independent audit report as required.
		04/15/22	<u>F-1, R-2</u> : Maintain a current list of all IVES participants approved to submit electronically signed requests and that are meeting all electronic signature program requirements.
		05/15/22	<u>F-1, R-3</u> : Update the transcript request form to include a box indicating whether the form was signed electronically by the taxpayer, or require IVES participants to submit electronically signed transcript requests in a separate batch from those that are not electronically signed.
		On Hold	<u>F-1, R-4</u> : Implement a process to compare electronically signed transcript requests received from IVES participants to a current list of all IVES participants allowed to submit electronically signed requests to prevent the processing of any requests submitted by IVES participants that are not approved to participate in the electronic signature program.
		07/15/22	<u>F-1, R-5</u> : Provide clear guidance on the content of the annual independent audit report to be submitted by IVES participants using electronic signatures.
		05/15/22	<u>F-3, R-1</u> : Update the transcript request form to include a separate line to identify the client, such as the client's business name, address, and telephone number.
		05/15/22	<u>F-3, R-2</u> : Update the transcript request form instructions to require identifying information for the client in cases in which the transcript request is submitted by an IVES participant on behalf of their client that will ultimately receive the taxpayer's transcript.
		06/15/22	<u>F-3, R-4</u> : Allocate sufficient resources to the IVES Program to ensure that compliance reviews of participants are timely and consistently performed each fiscal year.
		On Hold	<u>F-4, R-1</u> : Allocate sufficient resources to the IVES Program to perform suitability checks that are consistent with other IRS programs at the time of enrollment and implement a continuous tax compliance check to ensure that they remain suitable for the program.
		06/15/22	<u>F-4, R-2</u> : Perform suitability assessment checks on the 319 IVES participants that did not undergo suitability checks prior to acceptance and are still active in the IVES Program.
		02/15/23	<u>F-6, R-1</u> : Ensure that IVES Program internal guidelines are updated in the IRM to include key processes and procedures.
2021-30-022	April 2021	11/15/22	THE INTERNAL REVENUE SERVICE FACES CHALLENGES IN ADDRESSING THE GROWTH OF PEER-TO-PEER PAYMENT APPLICATION USE <u>F-3, R-1</u> : Consider requiring the completion of the Internet use and e-commerce income activity minimum income probe for all individual business, corporate, and other business taxpayers, including those designated as limited-scope examinations.
2021-25-025	May 2021	04/15/24	TAXPAYER FIRST ACT: DATA SECURITY IN THE IDENTITY THEFT TAX REFUND FRAUD INFORMATION SHARING AND ANALYSIS CENTER <u>F-3, R-1</u> : Ensure that the Information Sharing and Analysis Center's alternate processing site is converted to a hot site that achieves the maximum tolerable downtime to prevent any filing season delays.

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2021-40-030	May 2021	10/15/22	<p>BACKUP WITHHOLDING NONCOMPLIANCE AND UNDERREPORTED EMPLOYMENT TAXES CONTINUE TO CONTRIBUTE BILLIONS OF DOLLARS TO THE TAX GAP</p> <p><u>F-1, R-1</u>: Develop processes and procedures to identify and address the reporting of income on information returns using a decedent TIN.</p>
2021-10-040	May 2021	11/15/22 10/15/22 08/15/22 10/15/22	<p>THE INDIAN TRIBAL GOVERNMENT FUNCTION NEEDS TO STRENGTHEN INTERNAL CONTROLS AND PERFORMANCE MEASURES</p> <p><u>F-1, R-3</u>: Ensure that Outreach and Education (O&E) management oversees and complies with reporting and approval requirements for O&E events, ensure that O&E activity data are complete and reliable by developing a single inventory control system to electronically track and report O&E event data and documentation, and reinstitute reporting and documenting feedback from completed O&E events to capture facts that support and inform future O&E decisions.</p> <p><u>F-2, R-1</u>: Routinely obtain Indian Tribal Government taxpayer feedback and use the results to measure and improve the program.</p> <p><u>F-2, R-2</u>: Revise and report Indian Tribal Government performance measures to include the business results for O&E and taxpayer assistance efforts and establish an objective methodology to assess the effectiveness of O&E events.</p> <p><u>F-4, R-1</u>: Review all current Indian Tribal Government function Memoranda of Understanding and update them accordingly.</p>
2021-20-024	June 2021	06/15/22	<p>IMPROVEMENTS ARE NEEDED TO MORE ***** THE VIRTUAL HOST INFRASTRUCTURE PLATFORM⁴³</p> <p><u>F-3, R-1</u>: Finalize, approve, and implement a Platform Audit Plan for the virtual host infrastructure platform.</p>
2021-20-028	June 2021	06/15/22 06/15/22 06/15/22	<p>OPPORTUNITIES EXIST TO IMPROVE HIRING AND RETAINING EMPLOYEES WITH INFORMATION TECHNOLOGY EXPERTISE</p> <p><u>F-1, R-1</u>: Develop policies and procedures that require management to track, review, and assess mission-critical skill gap reports for their staff and work with their staff to address formal and informal training needs.</p> <p><u>F-1, R-2</u>: Require all Information Technology organization functions to participate in the skill gap mitigations.</p> <p><u>F-3, R-1</u>: Consider using the retention incentive when an employee with unusually high or unique qualifications would be likely to leave Federal service, significantly affecting the mission.</p>

⁴³ Redaction due to subject matter that might create a risk of circumvention of the law if publicly released.

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2021-30-033	June 2021	08/15/22 10/15/22 12/15/22	<p>CRIMINAL RESTITUTION ASSESSMENT PROCEDURES NEED IMPROVEMENT</p> <p><u>F-1, R-1</u>: Develop procedures to ensure that Criminal Investigation is timely sending closing documents to the Technical Services Unit. This includes receiving acknowledgement from the Small Business/Self-Employed Division that the documents were received. Potential Increased Revenue: \$344,817,010</p> <p><u>F-1, R-2</u>: Review the existing process controls to ensure that restitution assessments are made in a timely manner. This review could be conducted when completing periodic reviews of the restitution program and addressing any barriers to the timely assessment of restitution.</p> <p><u>F-2, R-1</u>: Establish monitoring procedures to provide reasonable assurance that all interest and penalties incorrectly assessed to Restitution-Based Assessment accounts are removed.</p>
2021-46-035	June 2021	04/15/22 04/15/22 04/15/22	<p>ASSESSMENT OF PROCESSES TO VERIFY TENTATIVE CARRYBACK REFUND ELIGIBILITY</p> <p><u>F-1, R-1</u>: Review the additional 574 late-filed tentative refund applications that TIGTA identified and determine if the applications were processed in error. If so, take appropriate action to either reverse the erroneously approved refund or reject the application from processing.</p> <p><u>F-1, R-2</u>: Establish processes and procedures to identify late-filed tentative refund applications and ensure that these applications are rejected from processing.</p> <p><u>F-2, R-1</u>: Ensure that tentative refund applications associated with taxpayers whose tax accounts have an identity theft indicator are sent to an identity theft liaison for review as required. Potential Funds Put to Better Use: \$1,785,620</p>
2021-10-039	June 2021	07/29/22	<p>CONTROLS OVER THE INTERNAL REVENUE SERVICE CONTRACTOR TAX CHECK PROCESS NEED TO BE IMPROVED</p> <p><u>F-2, R-1</u>: Coordinate with the Treasury Suspension and Debarment Official to identify a required time frame and sample format for what information should be included in the reports that the IRS provides on contractors with Federal tax delinquencies. Revise the IRS Acquisition Policy Procedures, Guidance, and Information to specify a required time frame for the reporting to the Suspension and Debarment Official and include a sample reporting format to help ensure that all required information is included.</p>
2021-30-042	August 2021	10/15/22 10/15/24	<p>EFFORTS TO ADDRESS THE COMPLIANCE RISK OF UNDERREPORTING OF S CORPORATION OFFICERS' COMPENSATION ARE INCREASING, BUT MORE ACTION CAN BE TAKEN</p> <p><u>F-3, R-1</u>: Evaluate the 151 S corporations with nonresident alien shareholders to ensure that they meet the filing requirements for S corporations.</p> <p><u>F-3, R-2</u>: Evaluate the benefits of creating controls to identify invalid S corporations and mitigate the risk of noncompliance when shareholders are found to be nonresident aliens.</p>

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2021-20-046	August 2021	06/15/22 07/15/22	<p>SELECT POST-AWARD FINANCIAL MANAGEMENT AND DOCUMENTATION CONTROLS FOR INFORMATION TECHNOLOGY SERVICE CONTRACTS NEED IMPROVEMENT</p> <p>F-1, R-1: Update the contract award and modification dollar amounts reported incorrectly in the Federal Procurement Data System identified during this review to reflect the correct amounts.</p> <p>F-1, R-2: Enhance controls to ensure that the correct contract award and modification amounts are consistently reflected throughout each document. Potential Questioned Cost: \$893,804</p>
2021-30-052	August 2021	06/15/22 06/15/22 07/15/22 07/15/22 08/15/22 08/15/22 06/15/22	<p>FISCAL YEAR 2021 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS</p> <p>F-1, R-1: Ensure that the four Section 1204(a) violations identified by TIGTA are discussed with the responsible manager to ensure that the manager understands the guidelines related to the use of Record of Tax Enforcement Results.</p> <p>F-1, R-2: Ensure that the instances of noncompliance identified within this report, associated with the prohibition on including Record of Tax Enforcement Results in a self-assessment, are discussed with the responsible employees and their managers so that they understand the IRS policy that Record of Tax Enforcement Results should not be used in self-assessments.</p> <p>F-1, R-3: Consider updating the Form 12450, <i>IRS Performance Management System Manager Performance Agreement</i>, to include a warning when evaluating managers on the use of quantity measures and their potential relationship to tax enforcement results.</p> <p>F-1, R-4: Ensure that RRA 98 Section 1204(b) instances of noncompliance are discussed with the responsible managers to ensure that they understand the retention standard documentation.</p> <p>F-2, R-1: Establish a control to ensure that employees' Section 1204 designations are validated in HR Connect during employee transfers between positions or functions.</p> <p>F-2, R-2: Consider establishing an annual reminder to all employees and management to review their Section 1204 designation in HR Connect.</p> <p>F-3, R-1: Ensure that internal procedures and controls are documented, established, and implemented as soon as possible and no later than the currently established due date of December 23, 2021.</p>
2021-30-054	August 2021	04/15/22 06/30/22 05/15/22	<p>FISCAL YEAR 2021 STATUTORY REVIEW OF RESTRICTIONS ON DIRECTLY CONTACTING REPRESENTED TAXPAYERS</p> <p>F-1, R-1: Ensure that examiners always include Letter 937 (Transmittal Letter for Power of Attorney) in electronic examination files when issuing Letter 525 (30-day letter) for examinations with Power Of Attorney (POA) notice requirements to document compliance and increase quality control efforts to ensure that compliance is improved regarding the notice requirement.</p> <p>F-1, R-2: Update procedures to ensure that a manual process exists while the business unit awaits the creation of the ECM system. Once implemented, the new ECM system should systemically identify taxpayers with a valid Form 2848, <i>Power of Attorney and Declaration of Representative</i>, and determine if the POA should receive notices or letters.</p> <p>F-2, R-2: Revise IRM 4.19.13.10.1(2) to clarify that the POA must be contacted in lieu of the taxpayer when a valid POA is present.</p>

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2021-30-051	September 2021	08/15/22 03/15/23	<p>THE EARNED INCOME TAX CREDIT EXAMINATION COMPLIANCE STRATEGY CAN BE IMPROVED</p> <p>F-1, R-2: Evaluate the current programming for the pre-refund selection process to ensure that cases identified by both Questionable Refund Program and Dependent Database selection pools are prioritized for Dependent Database pre-refund selection.</p> <p>F-1, R-3: Evaluate and revise the scoring process to ensure that the cases with the highest risk are scored as such. This process should include adding weight to cases with higher Questionable Refund Program and Dependent Database scores and Duplicate TIN repeaters.</p>
2021-30-055	September 2021	11/15/22	<p>FISCAL YEAR 2021 REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN CONDUCTING SEIZURES OF TAXPAYERS' PROPERTY</p> <p>F-1, R-1: Require Advisory to review Form 2433, <i>Notice of Seizure</i>, for real property seizures during the pre-seizure review process.</p>
2021-20-056	September 2021	11/15/22 11/15/22 11/15/22	<p>LAPTOP AND DESKTOP SANITIZATION PRACTICES NEED IMPROVEMENT</p> <p>F-1, R-1: Ensure that the IRS only uses sanitization products that are approved by the Department of Defense, the Department of Homeland Security, or the National Security Agency.</p> <p>F-1, R-2: Ensure that sanitization equipment and procedures are tested annually to verify that the intended sanitization results are being achieved.</p> <p>F-3, R-1: Ensure that hard disk sanitization results are independently verified using an approved verification software tool.</p>
2021-40-057	September 2021	10/15/22 04/15/22 10/15/22 10/15/22 10/15/22 09/15/22	<p>IMPROVEMENTS ARE NEEDED TO IDENTIFY POTENTIALLY FRAUDULENT INDIVIDUAL INTERNATIONAL TAX RETURNS DURING PROCESSING</p> <p>F-1, R-4: Review the 1,368 Forms 1040-PR, <i>Self-Employment Tax Return - Puerto Rico</i>, and 1040-SS, <i>U.S. Self-Employment Tax Return</i>, TIGTA identified and take actions to recover erroneous credits. Potential Funds Put to Better Use: \$2,366,596</p> <p>F-3, R-2: Ensure that Error Resolution tax examiners are aware of the proper procedures for resolving Additional Child Tax Credit claims on international returns in which the taxpayer's TIN or spouse's TIN was not issued prior to the due date of the tax return and in which the taxpayer does not meet the qualifying child requirements.</p> <p>F-3, R-3: Review the 99 questionable returns that received the Additional Child Tax Credit that TIGTA identified and take actions to recover any erroneous Additional Child Tax Credit received. Potential Funds Put to Better Use: \$170,901</p> <p>F-6, R-1: Review the 36,373 returns that TIGTA identified that potentially received erroneous Additional Opportunity Tax Credit and take actions to recover any erroneous Additional Opportunity Tax Credit received. Potential Funds Put to Better Use: \$33,151,406</p> <p>F-6, R-3: Review the 13,924 returns that TIGTA identified that potentially received erroneous refundable credits and take actions to recover any erroneous refundable credits received. Potential Funds Put to Better Use: \$50,600,852</p> <p>F-6, R-4: Develop processes to systemically identify and address potentially erroneous tax returns filed by international taxpayers filing the incorrect tax forms to receive refundable credits, including returns filed by nonresidents claiming the Additional Opportunity Tax Credit, for which they are not eligible to receive.</p>

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2021-25-058	September 2021	08/15/22 08/15/22	EFFORTS TO IMPLEMENT TAXPAYER FIRST ACT SECTION 2101 HAVE BEEN MOSTLY SUCCESSFUL F-1, R-1: Ensure that the Chief Information Officer's information technology oversight requirements of Taxpayer First Act § 2101 are addressed. F-2, R-1: Review reporting options and implement the most effective approach for identifying the acquisition of information technology products and services.
2021-20-059	September 2021	09/15/22 09/15/22	ENTERPRISE CASE MANAGEMENT DEPLOYED ITS INITIAL RELEASE, BUT PROCESS IMPROVEMENTS ARE NEEDED FOR FUTURE RELEASES F-1, R-1: Ensure that the ECM program optimizes and fully implements the selected Scaled Agile Environment configuration's core competencies. F-2, R-1: Ensure that quantifiable metrics are in place to allow traceability of the ECM program progress from planning through decommissioning.
2021-30-061	September 2021	10/15/22 10/15/22	IMPROVEMENTS TO THE CORRESPONDENCE EXAMINATION PROCESS MAY INCREASE TAXPAYER COMPLIANCE AND COLLECTION POTENTIAL F-2, R-1: Change the subsequent return process to address only subsequent year returns in which the taxpayer did not respond to the initial contact levels for the current examination. F-2, R-2: Provide a reminder to ensure that tax examiners and managers are following processes for subsequent year returns during the correspondence examination process.
2021-20-063	September 2021	10/15/22 10/15/22 07/15/22 10/15/22	*****PLATFORM MANAGEMENT NEEDS IMPROVEMENT⁴⁴ F-1, R-1: Ensure that the official inventory repository is accurate and complete and implement an inventory reconciliation process to ensure that administrative tools, such as vulnerability, configuration scanning tools, and the Information System Contingency Plan inventory align with the official inventory repository. F-1, R-2: Ensure that the Platform's servers are effectively defined to improve the accuracy and completeness of the data reported to the official inventory repository. F-2, R-2: Create an automated process to ensure that all user accounts have logged on within the allotted time frames and disable or remove inactive users. F-3, R-2: Evaluate and implement controls to provide an age tracking capability for vulnerabilities detected by the configuration compliance-scanning tool.
2021-46-064	September 2021	01/15/23	EFFECTS OF THE COVID-19 PANDEMIC ON BUSINESS TAX RETURN PROCESSING OPERATIONS F-2, R-1: Evaluate the feasibility to direct additional types of payments from Tax Processing Centers to lockbox sites. This evaluation should also assess the feasibility of directing payments received by field office employees to lockbox sites for processing.

⁴⁴ Redaction due to subject matter that might create a risk of circumvention of the law if publicly released.

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2021-20-065	September 2021	06/15/22 08/15/22	<p>THE ENDPOINT DETECTION AND RESPONSE SOLUTION HAS BEEN DEPLOYED TO MOST WORKSTATIONS AND IS OPERATING AS INTENDED, BUT IMPROVEMENTS ARE NEEDED</p> <p><u>F-1, R-1</u>: Ensure that User and Network Services personnel promptly review the workstations in the in-use inventory status and on the network to ensure that the endpoint detection and response solution is properly deployed to all workstations.</p> <p><u>F-1, R-2</u>: Ensure that the endpoint detection and response solution is deployed on all workstations that will be brought online and used for IRS business prior to being issued to users.</p>
2021-20-066	September 2021	08/15/22 08/15/22 08/15/22 08/15/23	<p>THE DATA AT REST ENCRYPTION PROGRAM HAS MADE PROGRESS WITH IDENTIFYING ENCRYPTION SOLUTIONS, BUT PROJECT MANAGEMENT NEEDS IMPROVEMENT</p> <p><u>F-1, R-1</u>: Ensure that the Data at Rest Encryption (DARE) program follows Enterprise Life Cycle requirements, including those for regular milestone exits prior to deployment to a production environment, and ensure that Enterprise Life Cycle artifacts are reviewed, updated, and approved as required.</p> <p><u>F-1, R-2</u>: Ensure that the DARE program follows the established process to develop and baseline the Integrated Master Schedule, and verify the existing schedule information is accurate, including realistic time frames and task start and end dates.</p> <p><u>F-1, R-3</u>: Ensure that the DARE program receives adequate management oversight, including following established processes, to timely address significant changes to the DARE program scope, risks, or constraints.</p> <p><u>F-2, R-1</u>: Ensure that data at rest is encrypted prior to being transferred from the IRS to the Private Collection Agencies.</p>
2021-30-067	September 2021	11/15/22 02/15/23	<p>FISCAL YEAR 2021 STATUTORY REVIEW OF COMPLIANCE WITH NOTICE OF FEDERAL TAX LIEN FILING DUE PROCESS PROCEDURES</p> <p><u>F-1, R-1</u>: Correct IRM references to the Automated Lien System User Guide for Automated Collection System Support function employees to update delivery status when undeliverable mail is received.</p> <p><u>F-1, R-2</u>: Issue a Servicewide Electronic Research Program Alert to Automated Collection System Support functions reminding employees to follow IRM instructions when processing undeliverable Notices of Federal Tax Lien, once the IRM section is updated.</p>
2021-30-069	September 2021	11/15/22 02/15/23 05/15/22 02/15/23	<p>FISCAL YEAR 2021 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES</p> <p><u>F-1, R-1</u>: Update the IRM to clarify the procedures for the Federal Payment Levy Program and Municipal Tax Levy Program so that revenue officers do not improperly reverse Collection Due Process (CDP) notices.</p> <p><u>F-1, R-4</u>: Ensure that corrective programming is implemented so that, when State levy proceeds are received for a taxpayer account in fully paid status, the account is not frozen with a pending additional tax assessment transaction and that a post-levy CDP notice is properly issued.</p> <p><u>F-2, R-1</u>: Ensure that corrective programming is implemented so that the Automated Collection System will block levies for which the final CDP notice is reversed or disqualified.</p> <p><u>F-3, R-1</u>: Ensure that corrective programming changes are implemented to block the issuance of levies when previous CDP notices were reversed and not reissued.</p>

Reference Number	Issued	Projected Completion Date	Report Title and Recommendation Summary (F = Finding No., R = Recommendation No.)
2021-40-070	September 2021	12/15/22 12/15/22	<p>ADDRESSING COMPLEX AND INCONSISTENT EARNED INCOME TAX CREDIT AND ADDITIONAL CHILD TAX CREDIT RULES MAY REDUCE UNINTENTIONAL ERRORS AND INCREASE PARTICIPATION</p> <p><u>F-1, R-1</u>: Modify the language in soft notices sent to individuals who claim a multiple-use child's TIN to instruct individuals to amend their return if they determine the child's TIN was used in error.</p> <p><u>F-1, R-2</u>: Establish processes to notify individuals who claim a multiple-use child's TIN to the potential theft of their child's identity and provide actions they can take to report the theft and protect their child's identity from future misuse.</p>

Other Statistical Reports

The Inspector General Empowerment Act of 2016 requires Inspectors General to address the following issues for the Offices of Audit and Inspections and Evaluations:⁴⁵

Issue	Result for TIGTA
<p>Interference/Access to Information</p> <p>Report any attempt to interfere with the independence of TIGTA, including: budget constraints designed to limit the capabilities of TIGTA; and incidents of resistance or objection to oversight activities of TIGTA.</p> <p>Report restricted or significantly delayed access to information, including the justification of the establishment for such action.</p>	<p>As of March 31, 2022, there were no attempts to interfere with the independence of TIGTA or instances of restricted or significantly delayed access to information.</p>
<p>Disputed Recommendations</p> <p>Provide information on significant management decisions in response to recommendations with which the Inspector General disagrees.</p>	<p>As of March 31, 2022, there were no instances in which significant recommendations were disputed.</p>
<p>Revised Management Decisions</p> <p>Provide a description and explanation of the reasons for any significant revised management decisions made during the reporting period.</p>	<p>As of March 31, 2022, there were no significant revised management decisions.</p>
<p>Reports Issued in the Prior Reporting Period With No Management Response</p> <p>Provide a summary of each report issued before the beginning of the current reporting period for which no management response was received within 60 days of the report issuance date.</p>	<p>As of March 31, 2022, there were no prior reports for which management's response was not received within 60 days of issuance.</p>
<p>Disclosure</p> <p>Provide detailed descriptions of the circumstances of each inspection, evaluation, and audit that was closed by the agency and was not disclosed to the public.</p>	<p>As of March 31, 2022, there were no reports that had been closed and were not disclosed to the public.</p>
<p>Review of Legislation and Regulations</p> <p>Review existing and proposed legislation and regulations, and make recommendations concerning the impact of such legislation or regulations.</p>	<p>TIGTA's Office of Chief Counsel reviewed 124 proposed regulations and legislative requests during this reporting period.</p>

⁴⁵ Results listed are for this reporting period only.

Appendix II

Audit Products (issued from October 1, 2021 through March 31, 2022)

Report Number	Report Title	Outcome Measure(s)
October 2021		
2022-16-002	The Taxpayer Advocate Service Assisted Thousands of Taxpayers With CARES Act Issues but Faced Challenges in Identifying and Tracking Applicable Cases	<u>Reliability of Information:</u> 225 cases impacted
2022-10-003	Fiscal Year 2020 Digital Accountability and Transparency Act Reporting Compliance	<u>Reliability of Information:</u> 241 data elements impacted
November 2021		
2022-10-004	Employee Travel Card Misuse Is Being Identified Through Established Internal Reviews	
2022-20-001	Some Next Generation Information Technology Infrastructure Capabilities Were Implemented, but Program Management Improvements Are Needed	
December 2021		
2022-20-005	Annual Assessment of the IRS's Information Technology Program for Fiscal Year 2021	
2022-10-011	Procedures to Address Employee Misconduct Were Followed, but Resolution Time and Quality Review Need Improvement	
2022-20-007	Cybersecurity and Telework During the COVID-19 Pandemic	
2022-40-008	Increased Availability of Tax Resources and Information for Limited English Proficient and Visually Impaired Taxpayers Has Enhanced Assistance, but Additional Improvements Are Needed	
2022-20-006	Vulnerability Scanning and Remediation Processes Need Improvement	<u>Protection of Resources:</u> ***46
January 2022		
2022-30-012	Oversight of the Low-Income Housing Tax Credit Program Can Be Improved	

⁴⁶ Information is redacted because TIGTA has determined that it is related to law enforcement techniques/procedures and guidelines for law enforcement investigations or prosecutions.

2022-40-013	Administration of the Individual Taxpayer Identification Number Program	<u>Reliability of Information:</u> 16,607 ITINs impacted <u>Taxpayer Rights and Entitlements:</u> \$1,081,802 impacting 719 returns <u>Cost Savings (Funds Put to Better Use):</u> \$5,634,868 <u>Revenue Protection:</u> 910 ITINs impacted <u>Taxpayer Burden:</u> 2,118 ITINs impacted <u>Taxpayer Privacy and Security:</u> 3,412 documents impacted <u>Revenue Protection:</u> \$2,150,351 impacting 1,887 returns
2022-10-017	Review of the Internal Revenue Service's Purchase Card Violations Report and the Status of Recommendations	
2022-10-016	Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2021 Budget Formulation Compliance Report and Detailed Accounting Report of Drug Control Funds	
February 2022		
2022-10-014	Employee Plans Examination Quality Review Scores Have Declined, and Efforts to Identify Trends and Implement Corrective Actions Could Be Improved	<u>Reliability of Information:</u> 2,330 errors impacted
2022-20-010	Network Segmentation Reduced Unnecessary Access to Individual Master File Resources; However, Governance and Development Processes Were Not Always Followed	
2022-20-009	More Interim Steps Could Be Taken to Mitigate Information Technology Supply Chain Risks	
2022-40-015	Plans to Close the Austin Tax Processing Center Should Be Halted Until Hiring Challenges and Substantial Backlogs at Remaining Centers Are Addressed	
2022-40-018	Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance	<u>Reliability of Information:</u> 10,858 returns impacted <u>Reliability of Information:</u> 1,530 Forms 8996 impacted

March 2022		
2022-40-024	Results of the 2021 Filing Season	<p><u>Cost Savings (Funds Put to Better Use):</u> \$4,934,811</p> <p><u>Taxpayer Rights and Entitlements:</u> \$28,884,481 impacting 21,465 taxpayers</p> <p><u>Taxpayer Burden:</u> 1,962 taxpayers impacted</p>
2022-47-023	American Rescue Plan Act: Assessment of Processes to Identify and Address Improper Child and Dependent Care Credit Claims	
2022-30-021	The Administration of Partial Payment Installment Agreements Needs Improvement	<p><u>Reliability of Information:</u> 18 taxpayers impacted</p> <p><u>Increased Revenue:</u> \$35,135,821 impacting 16,026 taxpayers</p> <p><u>Taxpayer Burden:</u> 1,007 taxpayers impacted</p>
2022-10-025	Improvements Are Needed When Documenting and Monitoring Employee Leave	<p><u>Inefficient Use of Resources:</u> 3,401 Emergency Paid Leave Sick Leave requests impacted</p> <p><u>Reliability of Information:</u> 3,155 Family Medical Leave Act leave records impacted</p>
2022-30-020	Centralized Partnership Audit Regime Rules Have Been Implemented; However, Initial No-Change Rates Are High and Measurable Goals Have Not Been Established	
2022-15-031	Redesign Efforts for Most Taxpayer First Act Section 1302 Requirements Were Planned or Completed; However, Implementation Schedules and Reorganization Plans Need to Be Finalized	
2022-30-022	The IRS Private Debt Collection Program Has Not Effectively Reported All Program Costs or Included Adequate Disclosures	<p><u>Cost Savings (Funds Put to Better Use):</u> \$25,763,453</p> <p><u>Reliability of Information:</u> \$7,195,872 of underreported costs</p> <p><u>Cost Savings (Questioned Costs):</u> \$607,099</p>

2022-46-027	Program and Organizational Changes Are Needed to Address the Continued Inadequate Tax Account Assistance Provided to Taxpayers	<u>Taxpayer Burden:</u> 1,513,584 Individual Master File documents impacted <u>Reliability of Information:</u> 114,276 overreported cases impacted <u>Reliability of Information:</u> 26,462 underreported cases impacted
2022-47-030	American Rescue Plan Act: Implementation of Advance Recovery Rebate Credit Payments	<u>Cost Savings (Funds Put to Better Use):</u> \$1,765,302,411 <u>Taxpayer Rights and Entitlements:</u> \$1,541,084,368 impacting 620,576 individuals
2022-30-026	The IRS Primarily Uses Lien Foreclosures When Pursuing Principal Residences, Which Do Not Provide the Same Legal Protections as the Seizure Process	<u>Increased Revenue:</u> **** ⁴⁷
2022-25-029	The Individual Tax Processing Engine Project's Estimation Methodology Aligns with Best Practices and the Project Addressed the Independent Verification and Validation Recommendations	

⁴⁷ Taxpayer information is redacted from the underlying report because TIGTA has determined that it is tax return information related to taxpayer privacy.

Appendix III

TIGTA's Statutory Reporting Requirements

The following table reflects the FY 2022 statutory reviews.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
Enforcement Statistics I.R.C. § 7803(d)(1)(A)	Requires TIGTA to evaluate the IRS's compliance with restrictions under RRA 98 § 1204 on the use of enforcement statistics to evaluate IRS employees.	Fieldwork currently in process.
Restrictions on Directly Contacting Taxpayers I.R.C. § 7803(d)(1)(A)(ii)	Requires TIGTA to evaluate the IRS's compliance with restrictions under I.R.C. § 7521 on directly contacting taxpayers who have indicated they prefer their representatives be contacted.	Fieldwork currently in process.
Filing of a Notice of Lien I.R.C. § 7803(d)(1)(A)(iii)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6320(a) upon the filing of a notice of lien.	Fieldwork currently in process.
Extensions of the Statute of Limitations for Assessment of Tax I.R.C. § 7803(d)(1)(C) I.R.C. § 6501(c)(4)(B)	Requires TIGTA to include information regarding extensions of the statute of limitations for assessment of tax under I.R.C. § 6501 and the provision of notice to taxpayers regarding the right to refuse or limit the extension of particular issues or a particular period of time.	Fieldwork currently in process.
Levies I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. § 6330 regarding levies.	Fieldwork currently in process.
Collection Due Process I.R.C. §§ 7803(d)(1)(A)(iii) and (iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6320 and 6330 regarding taxpayers' rights to appeal lien or levy actions.	Fieldwork currently in process.
Seizures I.R.C. § 7803(d)(1)(A)(iv)	Requires TIGTA to evaluate the IRS's compliance with required procedures under I.R.C. §§ 6330 through 6344 when conducting seizures.	Fieldwork currently in process.
Taxpayer Designations – Illegal Tax Protester Designation and Similar Designations I.R.C. § 7803(d)(1)(A)(v)	An evaluation of the IRS's compliance with restrictions under RRA 98 § 3707 on designation of taxpayers.	Fieldwork currently in process.

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p>Disclosure of Collection Activity With Respect to Joint Returns</p> <p>I.R.C. § 7803(d)(1)(B) (TIGTA requirement)</p> <p>I.R.C. § 6103(e)(8) (IRS requirement)</p>	<p>Requires TIGTA to review and certify whether the IRS is complying with I.R.C. § 6103(e)(8), which requires the IRS to disclose information to an individual filing a joint return on collection activity involving the other individual filing the return.</p>	<p>Fieldwork currently in process.</p>
<p>Taxpayer Complaints</p> <p>I.R.C. § 7803(d)(2)(A)</p>	<p>Requires TIGTA to include in each <i>Semiannual Report to Congress</i> the number of taxpayer complaints received and the number of employee misconduct and taxpayer abuse allegations received by the IRS or TIGTA from taxpayers, IRS employees, and other sources.</p>	<p>Statistical results on the number of taxpayer complaints received are shown on page 40.</p>
<p>Administrative or Civil Actions With Respect to the Tax Collection Practices Act of 1996</p> <p>I.R.C. § 7803(d)(1)(G)</p> <p>I.R.C. § 6304</p> <p>RRA 98 § 3466</p>	<p>Requires TIGTA to include information regarding any administrative or civil actions with respect to violation of the fair debt collection provision of I.R.C. § 6304, including a summary of such actions and any resulting judgments or awards granted.</p>	<p>Fieldwork currently in process.</p>
<p>Denials of Requests for Information</p> <p>I.R.C. § 7803(d)(1)(F)</p> <p>I.R.C. § 7803(d)(3)(A)</p>	<p>Requires TIGTA to include information regarding improper denial of requests for information from the IRS, based on a statistically valid sample of the total number of determinations made by the IRS to deny written requests to disclose information to taxpayers on the basis of I.R.C. § 6103 or 5 U.S.C. § 552(b)(7).</p>	<p>Fieldwork currently in process.</p>
<p>Adequacy and Security of the Technology of the IRS</p> <p>I.R.C. § 7803(d)(1)(D)</p>	<p>Requires TIGTA to evaluate the IRS's adequacy and security of its technology.</p>	<p><u>Information Technology Reviews:</u></p> <p>Rep. No. 2022-20-001; Nov. 2021</p> <p>Rep. No. 2022-20-005; Dec. 2021</p> <p><u>Security Reviews:</u></p> <p>Rep. No. 2022-20-005; Dec. 2021</p> <p>Rep. No. 2022-20-006; Dec. 2021</p> <p>Rep. No. 2022-20-009; Feb. 2022</p> <p>Rep. No. 2022-20-010; Feb. 2022</p>

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p>Government Charge Card Abuse Prevention Act of 2012</p> <p>Pub. L. No. 112-194 (October 2012)</p>	<p>Requires TIGTA to report on the IRS's progress in implementing purchase and travel card audit recommendations.</p>	<p>Rep. No. 2022-10-017; Jan. 2022</p> <p>TIGTA's review of the IRS's purchase card program found that controls are generally effective, and the number of purchase card violations identified by the IRS Credit Card Services Branch were minimal and generally for nominal amounts.</p>
<p>Improper Payments Elimination and Recovery Act of 2010</p> <p>31 U.S.C. § 3321</p>	<p>Requires TIGTA to assess the IRS's compliance with improper payment requirements.</p>	<p>Fieldwork currently in process.</p>
<p>Digital Accountability and Transparency Act of 2014 (DATA Act)</p> <p>Pub. L. No. 113-101, 128 Stat. 1124 (2014)</p>	<p>Requires TIGTA to assess the completeness, timeliness, quality, and accuracy of data that the IRS submits to comply with the DATA Act.</p>	<p>Rep. No. 2022-10-003; Oct. 2021</p> <p>The IRS submitted its FY 2020 third quarter spending data by July 2020, as required, for publication on USAspending.gov. In addition, based on the standardized assessment methodology used across Offices of Inspectors General, the IRS earned an overall rating of "Excellent" for data quality, the highest of four possible ratings. However, TIGTA's review of a statistical sample of 77 transactions found some individual data elements had high error rates.</p>
<p>Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission and Assertions</p> <p>National Drug Enforcement Policy 21 U.S.C. § 1704(d) and the Office of National Drug Control Policy Circular entitled <i>Drug Control Accounting</i>, dated May 1, 2007.</p>	<p>Requires TIGTA to authenticate the IRS's ONDCP detailed accounting submission and assertions.</p>	<p>Rep. No. 2022-10-016; Jan. 2022</p> <p>TIGTA is not aware of any material modifications that should be made to the assertions in the IRS's FY 2021 Budget Formulation Compliance Report and Detailed Accounting Report in order for them to be in accordance with the ONDCP Circular.</p>

Reference to Statutory Coverage	Explanation of the Provision	Comments/TIGTA Audit Status
<p>Protecting Americans From Tax Hikes Act of 2015</p> <p>Pub. L. No. 114-113, 129 Stat. 2242 (2015).</p>	<p>Requires TIGTA to conduct an audit of the issuance of ITINs</p>	<p>Rep. No. 2022-40-013; Jan. 2022</p> <p>TIGTA continues to find that IRS processes and procedures do not ensure that ITINs are only issued to individuals who have a Federal income tax need. The IRS has addressed 10 of the 13 agreed recommendations from TIGTA's prior report. However, additional action is needed to address the three remaining agreed recommendations. These include improving processes to prevent the duplicate use of entity information (e.g., name, date of birth, and country of birth) or supporting documents to obtain an ITIN and establishing processes to identify and address retroactive tax credit claims that are processed incorrectly.</p>

Appendix IV

Inspector General Peer Review Activity

This appendix implements § 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act.⁴⁸

For the period October 1, 2021 – March 31, 2022:

Peer Reviews Conducted of TIGTA by Another Office of Inspector General

During the reporting period, the Department of Energy Office of Inspector General completed a peer review of TIGTA's OA. This review was completed November 24, 2021, with a rating of pass.

Outstanding Recommendations From Peer Reviews of TIGTA

There are no outstanding recommendations from peer reviews of TIGTA.

Peer Reviews Conducted by TIGTA

During this reporting period, there were no peer reviews conducted by OA.

During this reporting period, there were no peer reviews conducted by OI.

Outstanding Recommendations From Peer Reviews Conducted by TIGTA

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


⁴⁸ Pub. L. 111-203, 124 Stat. 1376, 1945-46 (2010) (codified at 5 U.S.C. App. §5(a)(14)-(16)).

Appendix V

Data Tables Provided by the Internal Revenue Service

The memorandum copied below is the IRS's transmittal to TIGTA. The tables that follow the memorandum contain information that the IRS provided to TIGTA and consist of IRS employee misconduct reports from the IRS Automated Labor and Employee Relations Tracking System (ALERTS) for the period October 1, 2021 through March 31, 2022. Also, data concerning substantiated RRA 98 § 1203 allegations for the same period are included. See Appendix VI for § 1203 Standards. IRS management conducted inquiries into the cases reflected in these tables.

Internal Revenue Service Memorandum

<div style="display: flex; justify-content: space-between; align-items: center;">  <div style="text-align: center;"> <p>DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D. C. 20224</p> </div> </div> <p style="font-size: small; margin-top: 5px;">HUMAN CAPITAL OFFICE</p> <p style="margin-top: 20px;">MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION</p> <p>FROM: Christina Ballance <small>Christina V. Ballance, Acting Director, Labor/Employee Relations and Negotiations</small></p> <p>SUBJECT: Input for the Treasury Inspector General for Tax Administration (TIGTA) Semiannual Report to Congress</p> <p style="font-size: x-small; margin-top: 10px;">In response to your memorandum dated February 3, 2022, I am providing the following information to meet your reporting requirements as defined in 26 U.S.C. section 7803(d)(1)(E) and 26 U.S.C. section 7803(d)(2)(A)(i) for April 1, 2021, through September 30, 2021.</p> <ul style="list-style-type: none"> Report of Employee Misconduct by Disposition Groups Report of Employee Misconduct – National Summary Summary of Substantiated Section 1203 Inquiries Recorded in Automated Labor and Employee Relations Tracking System (ALERTS) <p style="font-size: x-small; margin-top: 5px;">The attached tables contain information about:</p> <ul style="list-style-type: none"> Alleged misconduct reported to IRS managers Disposition of the allegations resolved during the period Status of the inventory as of March 31, 2022 <p style="font-size: x-small; margin-top: 5px;">The tables contain information about alleged misconduct that both TIGTA and IRS management investigated. The IRS received these allegations from taxpayers, IRS employees, and other sources, and recorded them in ALERTS.</p> <p style="font-size: x-small; margin-top: 5px;">The Summary of Substantiated Section 1203 Allegations contains information on the disposition of substantiated Section 1203 allegations. During this period, IRS managers substantiated 208 Section 1203 allegations and removed 11 employees as a result. No employees retired or resigned before a final administrative action by management. The Commissioner mitigated proposed removals in 18 cases. The remaining 181 substantiated allegations are still in the adjudication process.</p>	<p style="text-align: center; margin-bottom: 10px;">2</p> <p style="font-size: x-small;">If you have any questions, please contact Micalyn Baker-Jones, Associate Director, LR/ER Field Operations at (214) 413-5756.</p> <p style="font-size: x-small;">Attachments (3)</p> <p style="font-size: x-small; margin-top: 5px;">cc: Charles P. Rettig, Commissioner of Internal Revenue Douglas O'Donnell, Deputy Commissioner Services and Enforcement Jeffrey Tribiano, Deputy Commissioner Operations Support Terry Lemons, Chief, Communications & Liaison Mark Kaizen, Associate Chief Counsel (GLS) Kevin Q. McIver, IRS Human Capital Officer</p>
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The Following Tables Are Provided by the IRS:

Report of Employee Misconduct by Disposition Groups

Disposition	Administrative Case	Employee Character Investigation	Employee Tax Compliance Case	TIGTA Report of Investigation	Totals
REMOVAL (PROBATION PERIOD COMPLETE)	48	0	6	21	75
REMOVAL AT OPM DIRECTION	0	6	0	0	6
PROBATION/SEPARATION	200	6	0	5	211
SEPARATION OF TEMPORARY EMPLOYEE	0	0	0	0	0
RESIGNATION, RETIREMENT, ETC. (REASON NOTED ON STANDARD FORM (SF)50)	35	0	12	8	55
RESIGNATION, RETIREMENT, ETC. (REASON NOT NOTED ON SF50)	80	12	24	27	143
SUSPENSION, 14 DAYS OR LESS	68	0	41	35	144
SUSPENSION, MORE THAN 14 DAYS	15	0	6	22	43
INDEFINITE SUSPENSION	0	0	0	0	0
REPRIMAND	85	13	32	27	157
ADMONISHMENT	107	11	81	23	222
WRITTEN COUNSELING	78	31	105	19	233
ORAL COUNSELING	9	0	4	0	13
ALTERNATIVE DISCIPLINE: IN LIEU OF REPRIMAND	7	0	5	0	12
ALTERNATIVE DISCIPLINE: IN LIEU OF SUSPENSION	7	0	4	0	11
CLEARANCE LETTER	47	0	14	15	76
CLOSED WITHOUT ACTION CAUTIONARY LETTER	92	159	62	54	367
CLOSED WITHOUT ACTION LETTER	48	18	15	23	104
TERMINATION FOR ABANDONMENT OF POSITION	8	0	0	0	8
CASE SUSPENDED PENDING EMPLOYEE RETURN TO DUTY	0	0	0	0	0
PROSECUTION PENDING FOR TIGTA'S REPORT OF INVESTIGATION	0	0	0	0	0
CLOSED - SUPPLEMENTAL REQUESTED	0	0	0	0	0
FORWARDED TO TIGTA	21	0	0	0	21
TOTAL	955	256	411	279	1,901

Source: ALERTS (extract date: April 1, 2022). Columns containing numbers of two or less and protected by I.R.C. § 6103 are notated with a zero and are not reflected in the column and row totals.

Report of Employee Misconduct National Summary

Inventory Case Type	Open Inventory	Conduct Cases Received	Cases Closed			Ending Inventory
			Conduct Issues	Cases Merged With Other Cases	Non-Conduct Issues	
Administrative Case	416	2,130	1,328	18	58	1,142
Employee Character Investigation	141	267	303	10	0	95
Employee Tax Compliance Case	591	398	465	21	0	503
TIGTA Report of Investigation	361	389	333	4	0	413
Total	1,509	3,184	2,429	53	58	2,153

Source: ALERTS (extract date: April 1, 2022).

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

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

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

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

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

§ 1203 Violation	Removals	Resigned/ Retired	Probation Separation	Removed On Other Grounds	Penalty Mitigated	In Personnel Process	Total
1203(b)(2): FALSE STATEMENT UNDER OATH	0	0	0	0	0	0	0
1203(b)(3): CIVIL RIGHTS/CONSTRUCTIVE VIOLATION	0	0	0	0	0	0	0
1203(b)(4): CONCEALED WORK ERROR	0	0	0	0	0	0	0
1203(b)(6): I.R.C./IRM/REG VIOLATION-RETALIATION	0	0	0	0	0	0	0
1203(b)(8): WILLFUL UNTIMELY RETURN	4	0	0	0	11	107	122
1203(b)(9): WILLFUL UNDERSTATED TAX	7	0	0	0	5	74	86
1203(b)(10): THREAT OF AUDIT FOR PERSONAL GAIN	0	0	0	0	0	0	0
Total	11	0	0	0	16	181	208

Source: ALERTS (extract date: April 1, 2022). Columns containing numbers of two or less and protected by I.R.C. § 6103 are annotated with a zero and are not reflected in the column and row totals.

The cases reported as Removals and Penalty Mitigated do not reflect the results of any third-party appeal.

Appendix VI

Section 1203 Standards

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

Misconduct violations include:

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

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

Glossary of Acronyms

ALERTS	Automated Labor and Employee Relations Tracking System
AWOL	Absence Without Leave
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CDP	Collection Due Process
COVID-19	Coronavirus Disease 2019
DARE	Data at Rest Encryption
ECM	Enterprise Case Management
EIP	Economic Impact Payment
EP	Employee Plans
FFI	Foreign Financial Institutions
FMLA	Family Medical Leave Act of 1993
FY	Fiscal Year
I.R.C.	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
ITIN	Individual Taxpayer Identification Number
IVES	Income Verification Express Service
OA	Office of Audit
OI	Office of Investigations
O&E	Outreach and Education
PII	Personally Identifiable Information
POA	Power of Attorney
PPP	Paycheck Protection Program

RRA 98	Restructuring and Reform Act of 1998
RRC	Recovery Rebate Credit
SCRM	Supply Chain Risk Management
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
TAS	Taxpayer Advocate Service
TIN	Taxpayer Identification Number
TIGTA	Treasury Inspector General for Tax Administration
TY	Tax Year
U.S.	United States
U.S.C.	United States Code

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