

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Fingerprinting and Employment Eligibility Verification Delays Due to the COVID-19 Pandemic May Increase Taxpayer Data Exposure Risks

July 7, 2022

Report Number: 2022-16-039

**HIGHLIGHTS: Fingerprinting and Employment Eligibility Verification Delays
Due to the COVID-19 Pandemic May Increase Taxpayer Data Exposure Risks**

Final Audit Report issued on July 7, 2022

Report Number 2022-16-039

Why TIGTA Did This Audit

This audit was initiated because new IRS employees hired during the Coronavirus Disease 2019 (COVID-19) pandemic may have had their fingerprinting or employment eligibility verification delayed in accordance with newly established hiring policies. However, prolonged delays could increase the exposure of taxpayer data to potential bad actors.

The overall objective of this review was to determine whether temporary personnel hiring practices during the COVID-19 pandemic presented potential security risks by assessing the effectiveness of fingerprinting and hiring activities, including inspection of employment eligibility documents.

Impact on Tax Administration

From March 23, 2020, through July 17, 2021, the IRS hired approximately 12,000 individuals under the temporary COVID-19 pandemic hiring policies. New employees who are given access to sensitive information and have not been fingerprinted or have not had their employment eligibility documents physically inspected could result in the exposure of sensitive information.

What TIGTA Found

Although the IRS has made progress in reducing the number of new employees hired during the COVID-19 pandemic without identity documents inspected or getting fingerprinted, the delays put the IRS at risk of potential exposure of taxpayer data.

Temporary Federal guidance allowed the IRS to defer physical inspection of employment eligibility documents for new employees. IRS records as of January 2022 showed that approximately 1,900 individuals hired from March 23, 2020, through July 17, 2021, are listed as not yet having employment eligibility documents physically inspected. Of the 1,900 individuals, over 1,200 started working in Calendar Year 2020.

In addition, the IRS's Form I-9 SharePoint site as of August 2021 did not accurately reflect whether hiring officials completed the physical inspection of new employees' Form I-9, *Employment Eligibility Verification*, identity documents. TIGTA judgmentally selected and reviewed 38 records from the Form I-9 SharePoint site for which there was no indication that the hiring officials had physically inspected the new employees' verifying documents. Our review found that five of the forms had hiring official notations indicating that a physical inspection of the documents had taken place, even though the IRS's Form I-9 SharePoint site was not updated timely to reflect that physical inspection occurred.

Temporary Federal guidance also allowed deferred fingerprints for some employees. Approximately one quarter of the individuals who were hired from March 23, 2020, through July 17, 2021, filled positions that qualified for the fingerprint deferral. As of January 2022, IRS records show 113 individuals still have not been fingerprinted, 29 of whom started working in Calendar Year 2020.

TIGTA also identified 11 individuals who were hired, worked for the IRS between eight and 371 calendar days, and then separated from the IRS without ever having their identity documents physically inspected. Therefore, the IRS hired individuals to fill positions the majority of which would have had access to taxpayer data yet never verified whether those individuals were eligible for Federal employment in the United States.

What TIGTA Recommended

TIGTA recommended that the Chief Human Capital Officer conduct periodic reviews of the Form I-9 SharePoint site and provide periodic reminders to hiring officials responsible for completion of the Forms I-9 to determine whether or not those individuals are still pending physical inspection and update the records based upon the results of that review to ensure that the Form I-9 SharePoint site is a complete and accurate representation of the status of the deferred physical inspections. The IRS agreed with TIGTA's recommendation and plans to take corrective action.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20024

July 7, 2022

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

Heather Hill

FROM: Heather M. Hill
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Fingerprinting and Employment Eligibility
Verification Delays Due to the COVID-19 Pandemic May Increase
Taxpayer Data Exposure Risks (Audit # 202210615)

This report presents the results of our review of whether temporary personnel hiring practices during the Coronavirus Disease 2019 pandemic presented potential security risks by assessing the effectiveness of fingerprinting and hiring activities, including inspection of employment eligibility documents. This review is part of our Fiscal Year 2022 Annual Audit Plan and addresses the major management and performance challenge of *Human Capital*.

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

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendation. If you have any questions, please contact me or Bryce Kisler, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations).

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Background

All prospective Internal Revenue Service (IRS) employees (new hires, contractors, students, unpaid volunteers, *etc.*) must undergo background investigations, including criminal history checks conducted by the Federal Bureau of Investigation (FBI), using fingerprint information. However, on March 25, 2020, the Office of Personnel Management issued temporary guidance to allow agencies that are unable to collect and process fingerprints due to measures associated with Coronavirus Disease 2019 (COVID-19)¹ (*e.g.*, closure of offices that take fingerprints) and wish to proceed with onboarding to delay fingerprinting until fingerprint processing is feasible, but no later than the date of termination of the temporary guidance. The Office of Personnel Management did not establish a fixed expiration date in this guidance but instead clarified that the guidance is effective until agencies are otherwise notified in writing. Agencies were permitted to delay reporting the final adjudication of the background investigation until a fingerprint check was completed and considered.

Further, on March 30, 2020, the Defense Counterintelligence and Security Agency (DCSA) published guidance that outlined the process by which DCSA customer agencies can temporarily submit investigative requests to the DCSA without an associated fingerprint submission to support mission-critical onboarding.² When the DCSA receives a case for which the collection of fingerprints to support a background investigation request is not possible due to the impact of COVID-19, it conducts a name-based check of FBI criminal history records. The name-based check does not include files at the FBI that can only be searched using biometrics.³

Figure 1 provides a description of the five investigative tiers, which were established by the Office of Personnel Management, as described in official IRS policy. There are five tiers of positions that agency heads can designate as low to high risk based on the position's potential for adverse impact to the efficiency or integrity of the organization. The IRS applied the fingerprinting exception guidance only for Low Risk (Tier 1) and some Moderate Risk (Tier 2) positions.

¹ On January 21, 2020, the Centers for Disease Control and Prevention reported the first case of COVID-19 in the United States, and on March 11, 2020, the World Health Organization officially declared COVID-19 a pandemic.

² The DCSA is the security agency within the Federal Government responsible for personnel vetting (*i.e.*, background investigations) and critical technology protection. It performs approximately 95 percent of the background investigations for Federal new hires.

³ Biometrics include measurable physical characteristics or personal behavioral traits used to recognize the identity, or verify the claimed identity, of an applicant. Facial images, fingerprints, and iris scan samples are all examples of biometrics.

Figure 1: Investigative Tiers Descriptions

Tier Level	Description
Tier 1	Positions designated as low risk.
Tier 2	Nonsensitive positions designated as moderate-risk public trust positions.
Tier 3	National security positions designated as noncritical sensitive and/or requiring access to Confidential or Secret information.
Tier 4	High-risk public trust positions.
Tier 5	National security positions – top secret, sensitive compartmented information, critical sensitive, and special sensitive.

Source: Internal Revenue Manual 10.23.3.6, Investigative Tiers (May 9, 2019).

Another part of the hiring process requires the IRS to physically inspect identification documents. The IRS uses the Form I-9, *Employment Eligibility Verification*, to document that new employees may work in the United States.⁴ Section 2 of Form I-9 outlines acceptable documents to be reviewed to verify a new employee’s identity and employment authorization (hereafter referred to as Section 2 documents).⁵

Original identity documents must be verified at orientation or within three business days of the enter-on-duty date unless a waiver is granted by the Department of Homeland Security (DHS) or the Office of Personnel Management. On March 20, 2020, the DHS announced that it would defer the physical presence requirements associated with the Form I-9.⁶ The DHS has extended the temporary deferral several times, with the latest deferral extending to October 31, 2022. Employers with employees taking physical proximity precautions due to COVID-19 were required to review the newly hired employee’s identity and employment authorization documents remotely but were not required to review them in the employee’s physical presence. Once normal operations resume, all employees who were onboarded using remote verification must report to their employer within three business days for in-person verification of identity and employment eligibility documentation for the Form I-9. This provision only applies to employers and workplaces that are operating remotely. There are no exceptions for employees physically present at a work location.

⁴ Since November 6, 1986, Form I-9 is used to verify the identity and employment authorization of individuals hired in the United States. All U.S. employers must properly complete the Form I-9 for each individual they hire.

⁵ Section 2 documents may include one document that establishes both identity and employment authorization. These may include a U.S. Passport or U.S. Passport Card, Permanent Resident Card or Alien Registration Receipt Card, *etc.* Section 2 documents may also include a combination of one document that establishes identify and one document that establishes employment authorization. These may include a Driver’s license or State identification card, Social Security card, voter’s registration card, U.S. citizen identification card, *etc.*

⁶ Under authority granted in provisions of Section 274A of the Immigration and Nationality Act: 8 U.S.C. § 1324a (2004).

Results of Review

From March 23, 2020, through July 17, 2021, the IRS hired approximately 12,000 individuals under the temporary COVID-19 pandemic hiring policies. Although we found many instances in which new IRS employees have not had their Form I-9 employment eligibility documents physically inspected timely, and several employees hired in Calendar Year 2020 have no date of physical inspection on the report the IRS Human Capital Office (HCO) is using to track those delays, the IRS has made progress inspecting identity documents.

Several employees hired in Calendar Year 2020 have no date of physical inspection on the report the IRS HCO is using to track those delays.

Progress Is Being Made Inspecting Identity Documents

The IRS has made progress in reducing the number of new IRS employees hired during the COVID-19 pandemic who had their Form I-9 physical inspection of employment eligibility documents delayed. However, we identified inaccuracies with the data the IRS used to track whether individuals have had their identity documents physically inspected. In addition, we identified individuals who were hired, worked for the IRS for a time, and then separated from the IRS without ever having their identity documents physically inspected.

Physical inspection of identity documents were delayed

Of the new IRS employees hired during the COVID-19 pandemic, we found that approximately half have had their Form I-9 physical inspection of identity documents delayed, and in many cases, that delay extended past one year. The IRS maintains a listing of individuals hired during the pandemic whose Form I-9 Section 2 verifying documents were not physically inspected. For the IRS employees hired from March 23, 2020, through July 17, 2021, we reviewed IRS records maintained on the IRS HCO Form I-9 SharePoint site that tracks the date of the physical inspection for all new employees hired under the temporary deferral. Our initial review of this listing as of August 2021 identified almost 2,900 individuals who were listed as not yet having their verifying documents physically inspected. Of the 2,900 individuals, over 1,700 started working in Calendar Year 2020.

However, we have since reviewed updated records and found that the IRS is making progress in inspecting identity documents. As of January 2022, the IRS has reduced the number of individuals listed as still not having their verifying documents inspected from almost 2,900 to approximately 1,900. Of the 1,900 individuals, over 1,200 started working in Calendar Year 2020.

Further, our analysis of the 1,900 individuals indicate that there is a significant variance, by location, of physical inspection of identity documents. For example, the Submission Processing function has over 92 percent of its new hire physical inspections completed, but the Campus Collection function still has approximately 47 percent of its new hires pending physical inspection. Some IRS operations are not fully remote, and the IRS may hire seasonal/temporary appointments to fill the increased need during the filing season (*e.g.*, processing of physical tax returns at campuses). For these new hires, the IRS has a limited amount of time to complete physical inspection. Our review of 38 judgmentally sampled IRS records from the Form I-9

SharePoint site as of August 2021 identified 11 individuals (29 percent) who were hired, worked for the IRS between eight and 371 calendar days, and then separated from the IRS without ever having their identity and employment eligibility documents physically inspected.⁷ Therefore, the IRS hired individuals to fill positions, such as collection representative, contact representative, and tax examining technician, the majority of which would have had access to taxpayer data yet the IRS never verified whether those individuals were eligible for Federal employment in the United States.

The DHS authorized the hiring flexibility for employers with employees taking physical proximity precautions due to COVID-19, but employers must inspect the Section 2 documents remotely (*e.g.*, over video link, fax, e-mail) and obtain, inspect, and retain copies of the documents. The current expiration date of this flexibility is October 31, 2022. The IRS issued guidance that its new hires not on 100 percent telework must report for physical verification of documents within three business days of their enter-on-duty date. Employees who are 100 percent teleworking must report no later than three days after the expiration date for physical inspection. The Form I-9 SharePoint site does not track whether or not employees are 100 percent teleworking, but as of January 2022, IRS records showed almost 6,500 individuals had physical inspection dates within three days of their enter-on-duty date.

The COVID-19 pandemic has had a significant impact on in-person operations. Offices were closed so that new employees could not report in person for their first day of work as they would normally. These limitations have lessened, but there is still an ongoing impact to in-person activities. Physical inspection of employment eligibility documents during the Form I-9 verification process is an important step in determining the identity of an individual and whether they are eligible for Federal employment in the United States. Many employment eligibility documents have security features (*e.g.*, color-changing ink, raised seals) that cannot be validated properly using just a scanned copy. Further, advanced editing software could create a convincing facsimile that looks like a scan of a real document. Without in-person verification, the IRS could hire individuals who provide false identity information or are not eligible for Federal employment in the United States.

Tracking of identity documents' physical inspection was unreliable

We found that the Form I-9 SharePoint site as of August 2021 did not accurately reflect whether IRS hiring officials completed the physical inspection of new employees' Form I-9 identity documents. The Form I-9 SharePoint site was created to track which new employees' identity documents still need to be physically reviewed. Our analysis revealed 722 duplicate entries in which an individual's name appeared more than once. We transmitted the list of duplicates we identified to the IRS and obtained agreement that the entries are duplicates and should be removed. There were also 253 entries for IRS Chief Counsel employees. IRS HCO representatives informed us that they do not hire for Chief Counsel, and those employees should not have been listed in the Form I-9 SharePoint site. The January 2022 analysis showed that these 975 erroneous entries had been removed from the Form I-9 SharePoint site.

⁷ We initially selected 50 cases to review from a listing of approximately 3,800 records. During our analysis, we identified Chief Counsel employees (IRS HCO does not hire for Chief Counsel) and duplicate entries. As a result, we reviewed 38 unique employee entries from a population of approximately 2,900. A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

Further, we judgmentally selected and reviewed 38 Form I-9 SharePoint site records from the almost 2,900 individuals for which there was no indication that the hiring officials had physically inspected the new employees' verifying documents. Each Form I-9 contains a section in which the IRS hiring official who performed a physical inspection of the Section 2 documents was to note that the inspection took place and the date of the inspection. We found that five of the forms we reviewed had hiring official notations indicating that physical inspection of the Section 2 documents had taken place, even though the IRS's Form I-9 SharePoint site was not updated timely to reflect that physical inspection occurred. As such, the Form I-9 SharePoint site listing of individuals hired during the pandemic, which the IRS uses to track those employees still needing physical verification of their Form I-9 Section 2 documents, was not complete and accurate.

The DHS waiver allowed for agencies to remotely inspect the Section 2 documents until normal operations resume and documents can be physically reviewed. The IRS HCO established a SharePoint site to contain the list of new hires that started working on March 23, 2020, or later. Once physical review is completed, the manager or other individual who completed the review of the new employee's identity documents must document completion in the Form I-9 SharePoint site.

This new process created confusion among reviewing officials who must log in and manually enter the dates on the Form I-9 SharePoint site as opposed to an automated process that would import the physical inspection dates from an official IRS hiring records database. The duplicate records and the erroneous inclusion of the IRS Chief Counsel employees occurred due to errors when importing data from other systems as well as from the manual addition of records. Further, some IRS operations are not fully remote (*e.g.*, processing of physical tax returns at campuses), so new hires in those activities do not qualify for the deferral and should have had their identity documents physically inspected on the first day they reported for work. These hiring managers may have not realized that all new hires are included in the Form I-9 SharePoint site and that they would still need to enter the physical inspection date. IRS management also stated that geographical separation (*i.e.*, a manager and the new hire are stationed at different IRS locations) is contributing to the difficulty in coordinating a time for some to complete the physical inspection of identity documents.

Although dates are still missing for approximately 1,900 individuals, a January 2022 extract from the Form I-9 SharePoint site showed progress had been made in completing physical inspections and entering dates previously missing from the tracking site. Incomplete and inaccurate tracking increases the likelihood the IRS may not be compliant with the DHS October 31, 2022, due date. IRS HCO management has sent out periodic notifications to remind hiring officials of their responsibilities to update the information in the Form I-9 SharePoint site. These notifications included links to relevant guidance as well as highlighted the deadline for employees who are 100 percent teleworking.

Recommendation 1: The Chief Human Capital Officer should conduct periodic reviews of the Form I-9 SharePoint site and provide periodic reminders to hiring officials responsible for completion of Forms I-9 to determine whether or not those individuals are still pending physical inspection and update the records based upon the results of that review to ensure that the Form I-9 SharePoint site is a complete and accurate representation of the status of the deferred physical inspections.

Management's Response: The IRS agreed with our recommendation and indicated it will provide periodic reminders to business unit facilitators and coordinate with business units to verify they update the records on the Form I-9 SharePoint site to ensure that it is a complete and accurate representation of the status of the deferred physical inspections. Management's response also indicated they will discontinue use of the virtual inspection of employment eligibility documents and SharePoint tracking for employees hired after they fully return to the office on June 25, 2022.

Fingerprinting Activities That Were Delayed Are Now Progressing

The IRS reduced the number of new employees who were not fingerprinted timely. Approximately one quarter of new IRS employees hired from March 23, 2020, through July 17, 2021, filled positions that qualified for the fingerprinting deferral. IRS records showed that approximately 3,200 employees hired during that period qualified for the delayed fingerprinting. Our reviews of IRS Automated Background Investigation System⁸ records in September 2021 and January 2022 showed an increase in fingerprinting efforts, and as of the middle of January 2022, approximately 113 individuals remain from that period who have not been fingerprinted, 29 of whom started working in Calendar Year 2020. The majority of the individuals pending fingerprinting, 102 (90 percent) of the 113, work in the Wage and Investment Division, and most of those individuals fill positions the IRS categorized as low risk. In addition, the IRS informed us that 65 individuals separated from the IRS prior to completing fingerprinting.

The Office of Personnel Management issued a memorandum authorizing the temporary deferral of the fingerprinting requirement for new hires, and the Department of the Treasury established that option for mission-critical positions. IRS officials determined that the only positions that qualify for this deferral are those with risk designations in the two lowest tiers (*i.e.*, Tier 1 and Tier 2 of the five tiers). Any higher risk positions (Moderate Risk – Tier 3 and above) still required fingerprinting. These deferrals allowed the IRS to hire individuals for mission-critical positions while delaying fingerprinting until that processing is feasible.

The COVID-19 pandemic has had a significant impact on in-person operations, which included closing offices that process fingerprinting activities. Beyond our review period of March 23, 2020, through July 17, 2021, the IRS has continued to hire employees that qualify for the fingerprinting deferral. The latest IRS HCO policy issued states that the normal fingerprinting processes resumed as of January 2022. The IRS HCO stated that they run a biweekly report for all fingerprint deferrals and focus on employees who are in moderate-risk positions first and then low-risk following.

An FBI criminal records check helps to identify an individual with a history that would otherwise disqualify that individual from Federal service. The delayed fingerprinting, although Federally authorized, limited the background investigation process because FBI criminal records searches were limited to only records that could be found without fingerprints. Within the IRS, the FBI

⁸ The Automated Background Investigations System is used to process and store requests for national security clearances and personnel security investigations conducted for suitability and security determination purposes on IRS employees, contractors, and other Department of the Treasury employees and employees of other agencies conducted under reimbursable agreements.

Fingerprinting and Employment Eligibility Verification Delays Due to the COVID-19 Pandemic May Increase Taxpayer Data Exposure Risks

criminal record check is used to reduce the risk of granting individuals with criminal records access to taxpayer data. Further fingerprinting delays may increase the exposure of taxpayer data to potential bad actors.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether temporary personnel hiring practices during the COVID-19 pandemic presented potential security risks by assessing the effectiveness of fingerprinting and hiring activities, including inspection of employment eligibility documents. To accomplish our objective, we:

- Identified, through research of authoritative Federal Government data sources, newly established policies and guidance implemented to facilitate hiring during the COVID-19 pandemic.
- Obtained extracts of external new hires from March 23, 2020, through July 17, 2021, for whom either fingerprinting was deferred or Form I-9 physical inspection of identity documents was deferred.
- Reviewed a judgmental sample¹ of 38 Form I-9 records from the almost 2,900 individuals for which there was no indication that the hiring officials had physically inspected the new employees' verifying documents. We initially selected 50 cases to review from a listing of approximately 3,800 records. During our analysis, we identified Chief Counsel employees (IRS HCO does not hire for Chief Counsel) and duplicate entries. As a result, we reviewed the remaining 38 unique employee entries from a population of approximately 2,900. We determined that the judgmental sample was sufficient to show a control weakness and prompt management to take corrective action as well as satisfy our objective of identifying problems with the potential accuracy and completeness of the Form I-9 SharePoint site used for tracking physical inspections.
- Determined whether hiring records complied with the requirements of the newly established policies and guidance implemented to facilitate hiring during the COVID-19 pandemic.

Performance of This Review

This review was performed with information obtained from the Office of the Chief Human Capital Officer located in Washington, D.C., during the period August 2021 through February 2022. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major contributors to the report were Bryce Kisler, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations); LaToya P. George, Director; Seth Siegel, Audit Manager; Nathaniel Russell, Lead Auditor; and Jody-Ann Sommerville, Auditor.

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

Validity and Reliability of Data From Computer-Based Systems

We performed tests to assess the reliability of data from the IRS HCO Form I-9 SharePoint site and the Automated Background Investigation System. We evaluated the data by (1) performing electronic testing of required data elements and (2) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for purposes of this report.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: authoritative Federal Government data sources and newly established policies and guidance implemented to facilitate Federal hiring during the COVID-19 pandemic. To assess these controls, we selected and reviewed extracts of information for external new hires from March 23, 2020, through July 17, 2021, and met with IRS management to discuss our results.

Appendix II

Outcome Measures

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

Type and Value of Outcome Measure:

- Reliability of Information – Actual; 975 inaccurate records removed from the Form I-9 SharePoint site (See Recommendation 1).

Methodology Used to Measure the Reported Benefit:

We analyzed all the records from the Form I-9 SharePoint site for individuals hired from March 23, 2020, through July 17, 2021, as of August 2021 and January 2022. Our analysis identified 722 entries in which an individual's name appeared more than once. We transmitted the list of duplicates we identified to the IRS and obtained agreement that the entries are duplicates and should be removed. Additionally, we identified 253 IRS Chief Counsel employees. IRS HCO representatives informed us that they do not hire for Chief Counsel and these employees should not have been listed in the Form I-9 SharePoint site. Our analysis of the January 2022 extract shows these records have been removed. The reported benefit is based upon the actual duplicate entries and actual entries for IRS Chief Counsel employees that the IRS agreed should be removed from the Form I-9 SharePoint site.

Type and Value of Outcome Measure:

- Reliability of Information – Actual; five Forms I-9 with physical inspection dates that were not previously entered on the Form I-9 SharePoint site (See Recommendation 1).

Methodology Used to Measure the Reported Benefit:

We judgmentally selected for further review 38 Form I-9 SharePoint site records from the almost 2,900 individuals who, as of August 2021, were listed as not yet having their verifying documents physically inspected.¹ Our review found that five of the forms had hiring official notations indicating that a physical inspection of the Section 2 documents had taken place, even though the IRS's Form I-9 SharePoint site was not updated timely to reflect that physical inspection occurred. A January 2022 extract from the Form I-9 SharePoint site showed that the physical inspection dates from the five Forms I-9 had been entered. The reported benefit is based upon the actual forms for which the Form I-9 we reviewed had the hiring official's notations that a physical inspection had occurred but that date was missing from the Form I-9 SharePoint site.

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

Management's Response to the Draft Report



HUMAN CAPITAL OFFICE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

May 27, 2022

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kevin Q. McIver **JC1HB** Digitally signed by JC1HB
IRS Human Capital Officer Date: 2022.05.27 08:41:41
-04'00'

SUBJECT: Draft Audit Report – Fingerprinting and Employment Eligibility
Verification Delays Due to the COVID-19 Pandemic May
Increase Taxpayer Data Exposure Risks (202210615)

Thank you for the opportunity to review the “Fingerprinting and Employment Eligibility Verification Delays Due to the COVID-19 Pandemic May Increase Taxpayer Data Exposure Risks” (202210615) draft report. We are committed to continuing to conduct physical inspections of employment eligibility documents and tracking on SharePoint to ensure a complete and accurate representation of the status of deferred physical inspections.

We are pleased that TIGTA did not identify any substantive issues with the Form I-9 SharePoint or with the implementation of Temporary COVID-19 Pandemic Hiring Policies in the IRS. The IRS hired approximately 12,000 individuals under the Temporary COVID-19 Pandemic Hiring Policies. During this evaluation, TIGTA initially identified 2,900 employees as not yet having their employment eligibility documents physically inspected. To date, this number has decreased to approximately 400 records.

For those hired before June 25, 2022, the IRS agrees with the TIGTA recommendation to conduct periodic reviews of the Form I-9 SharePoint and with the stated outcome measures. We will continue to provide regular reminders to business units responsible for completion of the Form I-9. We will also share the results of the reviews with the business units to identify employees who need their Form I-9 updated. This will help ensure the Form I-9 SharePoint is complete and accurate. The IRS will discontinue use of the virtual inspection of employment eligibility documents and SharePoint tracking for employees hired after we fully return to the office on June 25, 2022.

Attached is a detailed response outlining the corrective actions the Human Capital Office (HCO) will take to address TIGTA’s recommendation. If you have any questions, please contact me at 202-317-3174, or a member of your staff may contact Christine Armstrong, Director, HCO, Talent Acquisition, at 210-841-2091.

Attachment

Fingerprinting and Employment Eligibility Verification Delays Due to the COVID-19 Pandemic May Increase Taxpayer Data Exposure Risks

Attachment

RECOMMENDATION 1:

The Chief Human Capital Officer should conduct periodic reviews of the Form I-9 SharePoint site and provide periodic reminders to hiring officials responsible for completion of Forms I-9 to determine whether or not those individuals are still pending physical inspection and update the records based upon the results of that review to ensure that the Form I-9 SharePoint site is a complete and accurate representation of the status of the deferred physical inspections.

CORRECTIVE ACTIONS:

The IRS agrees with the TIGTA recommendation to conduct periodic reviews of the Form I-9 SharePoint. Additionally, we will provide periodic reminders to business unit facilitators responsible for completion of the Forms I-9 to determine whether those individuals are still pending physical inspection. Lastly, we will coordinate with business units to verify they update the records based upon the results of that review to ensure that the Form I-9 SharePoint is a complete and accurate representation of the status of the deferred physical inspections.

IMPLEMENTATION DATE:

May 15, 2022

RESPONSIBLE OFFICIAL(S):

Director, HCO Talent Acquisition

CORRECTIVE ACTION(S) MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM.

Appendix IV

Abbreviations

COVID-19	Coronavirus Disease 2019
DCSA	Defense Counterintelligence and Security Agency
DHS	Department of Homeland Security
FBI	Federal Bureau of Investigation
HCO	Human Capital Office
IRS	Internal Revenue Service



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Treasury Inspector General for Tax Administration

P.O. Box 589

Ben Franklin Station

Washington, D.C. 20044-0589

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