TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Appropriate Actions Were Taken to Conclude Work on the Private Debt Collection Program

January 8, 2010

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This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 8, 2010

MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED DIVISION

Allan R. Duncan

FROM: (for) Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Appropriate Actions Were Taken to Conclude Work on the Private Debt Collection Program (Audit # 200930035)

This report presents the results of our review to determine whether the Internal Revenue Service (IRS) and private collection agencies (hereafter referred to as PCAs or contractors) took appropriate actions to conclude work on the Private Debt Collection Program (the Program). This audit was initiated as a result of the IRS' March 2009 decision to cancel the Program and addresses the major management challenges of Tax Compliance Initiatives and Security of the IRS.

Impact on the Taxpayer

While the Internal Revenue Code[1] authorizes the IRS to enter into contracts with PCAs to assist in the collection of delinquent Federal taxes, the IRS has discontinued the Program. We determined that the actions taken by the IRS and contractors were appropriate to conclude work on the Program. The IRS developed and implemented procedures that were designed to ensure taxpayer rights were protected as well as provide security over Federal tax information.

Synopsis

On October 22, 2004, the President signed the American Jobs Creation Act,[2] which created a new Internal Revenue Code Section 6306 (2004) to permit PCAs to help collect Federal tax

[1] 26 U.S.C. Section 6306 (2004).
[2] Pub. L. No. 108-357, 118 Stat. 1418 (2004).

debts. However, on March 5, 2009, the IRS Commissioner announced that the Program was being discontinued. After the announcement, the IRS began recalling[3] a small portion of accounts each week until they recalled the last group of accounts on July 16, 2009. As of August 28, 2009, the IRS had removed all Federal tax information from the PCAs' computer systems and worksites.

We determined the IRS conducted a final close-out review at each of the PCA's worksites and the IRS appropriately verified that the contractors returned or destroyed all Federal tax information. Information technology resources used by the contractors to work on the Program contract were sanitized, destroyed, or returned to the IRS as necessary. The IRS also conducted a physical search of the PCA worksites and ensured all related paper files were removed.

The IRS ensured PCAs continued to comply with procedures during the recall period through quality reviews on cases assigned to the contractors and through its quarterly onsite reviews of PCA operations. Also, our review of account activity indicated that PCAs followed procedures related to taxpayer rights.

All accounts were properly recalled from the PCAs. The IRS monitored the recall process on a weekly basis, inventoried accounts and reconciled data with the PCAs, verified that all accounts were released from control of the Program, and took actions as necessary on accounts to ensure proper handling after they were recalled from the PCAs. In addition, our review of a statistical sample of accounts showed contractors properly notified taxpayers that their accounts were recalled by the IRS.

The IRS also took appropriate steps to ensure proper retention of Program records by establishing a team to develop and implement a Record Retention Plan with the assistance of the Servicewide Records Officer.

Response

Although we made no recommendations in this report, we did provide IRS officials an opportunity to review the draft report. IRS management did not provide us with any report comments.

Please contact me at (202) 622-6510 if you have questions or Margaret E. Begg, Assistant Inspector General for Audit (Compliance and Enforcement Operations), at (202) 622-8510.

[3] See Appendix IV for a glossary of terms.

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Abbreviations

IRS	Internal Revenue Service
PCA; contractor	Private Collection Agency

Background

On October 22, 2004, the President signed the American Jobs Creation Act of 2004,[1] which created new Internal Revenue Code Section (§) 6306 (2004) to permit private collection agencies (hereafter referred to as PCAs or contractors) to help collect Federal tax debts. The law allows PCAs to locate and contact any taxpayer specified by the Internal Revenue Service (IRS), to request from such taxpayer full payment of the amount of Federal tax due, and to obtain financial information with respect to such taxpayer. The law allows the IRS to pay an amount not in excess of 25 percent of the amount collected by each PCA for the cost of services performed under a contract.

The gross accounts receivable amount owed to the IRS by taxpayers has been very large for many years ($294 billion as of September 30, 2008). To help address this tax debt inventory, the Department of the Treasury proposed that Congress pass legislation authorizing the IRS to use PCAs to help collect tax debts for simpler types of cases. The IRS refers to this effort as the Private Debt Collection Program (the Program).

The IRS believes that tax debts have a higher probability of collection when taxpayers are contacted. The PCAs were assigned cases that the IRS would otherwise be unable to work because of its limited resources and higher priority cases. The IRS established three main objectives for the Program:

- Help significantly reduce the growing number of uncollected tax liabilities.
- Help maintain taxpayer confidence in the fairness of the tax system by assisting the IRS in addressing more of its delinquent accounts.
- Assist the IRS in its continued focus to dedicate existing collection and enforcement resources on more difficult cases and issues.

The legislation requires the provisions of the Fair Debt Collection Practices Act[2] to be applied to the PCAs. The law also prohibits PCAs from committing or omitting any act that IRS employees are prohibited from in the performance of similar services. In addition, the legislation created Internal Revenue Code § 7433A (2004) to permit civil actions by taxpayers for unauthorized collection actions by employees of the PCAs. The law also amended § 1203 of the IRS Restructuring and Reform Act of 1998[3] relating to termination of employment for

[1] Pub. L. No. 108-357, 118 Stat. 1418.
[2] 15 U.S.C. §§ 1601 note, 1692-1692o (2000).
[3] Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C. , 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

misconduct to include employees of PCAs, if such individuals committed any act or omission described under subsection (b).

The IRS required that contractors comply with all taxpayer protections and prohibited them from threatening or intimidating taxpayers, or otherwise suggesting that enforcement action will or might be taken, if a taxpayer does not pay the liability. The contractors were also required to adhere to all security and privacy regulations for systems, data, personnel, and physical security and to all taxpayer rights and protections.

On March 9, 2006, the IRS awarded contracts to 3 firms from a field of 33 for the first phase of the Program. On September 7, 2006, the IRS placed an initial inventory of 11,562 balance-due accounts with the 3 contractors. While the contract for one of the PCAs ended in March 2007, the IRS has twice renewed the contracts for the other two PCAs. However, on March 5, 2009, when the current contracts were about to end, the IRS Commissioner decided to discontinue the Program and announced that the contracts with the remaining two PCAs would not be renewed. The Commissioner cited the following reasons as the basis for his decision:

In March 2009, the IRS announced that it would discontinue the Private Debt Collection Program.

- A cost effectiveness study of the Program, conducted by the IRS and supported by an independent review, showed that it is reasonable to conclude that when working similar inventory, IRS employees are more cost-effective than PCAs.
- IRS employees have a wide range of options to resolve difficult collection cases that, by law, are not available to the PCAs. The IRS anticipated an increase in the number of tough collection situations in the months ahead, and believed its employees were in the best position to work with taxpayers and resolve their issues.
- The IRS anticipated hiring more than 1,000 collection employees in Fiscal Year 2009, which would give the IRS more flexibility to make assignments based on the areas of greatest need rather than filtering limited cases through PCAs.

Although the IRS discontinued the Program, the IRS is still authorized to enter into contracts with PCAs under the Internal Revenue Code. To remove this authority, legislation would have to be passed by Congress and signed by the President.

During the life of the Program, the IRS assigned PCAs 203,800 accounts, for a total of more than 357,000 tax periods,[4] worth $1.6 billion. Through September 24, 2009, the IRS reported approximately $98 million in cumulative actual payments received by the Program. After paying commissions and close-out costs to the PCAs, nearly $82 million was identified as net revenue.

[4] See Appendix IV for a glossary of terms.

This review was performed at the IRS Small Business/Self-Employed Division in New Carrollton, Maryland; Kansas City, Missouri; and Philadelphia, Pennsylvania, and in the contractor worksites of Pioneer Credit Recovery, Inc., in Perry, New York, and The CBE Group, Inc., in Waterloo, Iowa, during the period April through September 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Results of Review

The Internal Revenue Service Verified That the Contractors Returned or Destroyed All Federal Tax Information

The PCA contracts included Statements of Work, which described the tasks, duties, responsibilities, and procedures that the contractors were required to follow for the purging, clearing, and destruction of Federal tax information. In addition, the Statement of Work required the contractors to comply with instructions and directions provided by the IRS Office of Cybersecurity staff of the Modernization and Information Technology Services organization. These requirements were designed to protect taxpayer information in compliance with Internal Revenue Code § 6103 and IRS Publication 1075, *Tax Information Security Guidelines for Federal, State, and Local Agencies and Entities*.

In anticipation of the contracts' termination, in April 2009, the Cybersecurity team conducted onsite security reviews of PCA operations. During these reviews, the Cybersecurity team obtained information about the PCA worksites, information technology systems, workstations, data flow, and storage media. Information technology resources included items such as hard drives and memory devices of computer servers and workstations. This information was gathered to assist the Cybersecurity team when planning for the final close-out inspection of the contractors' facilities and computer systems.

In August 2009, the Cybersecurity team conducted the final close-out reviews of the PCAs. The close-out reviews were intended to ensure that all information technology resources used by the PCAs to work on the Program contract were sanitized, destroyed, or returned to the IRS as necessary. We attended the final close-out reviews at the PCA worksites and determined that the IRS completed all of the action items for each PCA. The Cybersecurity team accounted for or took appropriate actions for all workstations identified during the physical inventory taken in April 2009. One workstation could not be located, and the review team initiated appropriate followup investigations by notifying the Computer Security Incident Response Center and the Treasury Inspector General for Tax Administration Office of Investigations. The Treasury Inspector General for Tax Administration Office of Investigations determined it was not necessary to initiate an investigation since the IRS could not conclusively say if a workstation was missing and because the Cybersecurity staff indicated it was highly unlikely that any data remained on the workstation since it did not have the capability to store data on its hard drive. The Computer Security Incident Response Center had not completed its investigation at the time we concluded our review.

The Cybersecurity team also ensured that all paper files with Federal tax information had been removed from the PCA worksites by conducting a physical search of rooms, desk tops, desk drawers, file cabinets, etc., at each PCA facility where data related to the Program were processed or stored.

Appropriate Contractor Actions and Internal Revenue Service Oversight Continued While Accounts Were Being Recalled

Both the contractors and the IRS followed Program procedures during the 5-month period (March through July 2009) when the IRS was recalling all outstanding taxpayer accounts from the contractors. We sampled a selection of contractor telephone calls with taxpayers that were made during the recall period and determined that the contractors followed the appropriate procedures. In addition, the IRS provided its normal routine of quality reviews, including the scheduled quarterly reviews, case action reviews, and monitoring of telephone calls to taxpayers.

Contractors followed procedures related to taxpayer rights

For each contractor, we selected a judgmental sample of 30 telephone calls lasting 5 minutes or longer that were made to taxpayers during May 2009 and June 2009. Our review of telephone calls determined that the contractors followed procedures related to taxpayer rights. For all accounts, PCA employees properly identified themselves; provided the reason for the call; took appropriate and timely action; gave appropriate answers; used clear, professional, and appropriate language; and provided courteous service to the taxpayer. Also, PCA employees attempted authentication of the taxpayer's identity for all the cases and took appropriate action to prevent disclosure of both personal and tax-related information.

In addition, for each contractor, we selected a random sample of 30 taxpayers who either received an installment agreement or paid their account in full during the period March through June 2009. Of the 60 accounts, there were 22 accounts for which the related installment agreement or full payment occurred as a direct result of a telephone call. We reviewed the recordings of these 22 calls and determined that the contractors complied with procedures related to taxpayer rights. In all 22 calls, the PCA employees properly identified themselves; provided the reason for the call; authenticated the taxpayer's identity; took appropriate and timely action; gave appropriate answers; used clear, professional, and appropriate language; and provided courteous service to the taxpayer. We also reviewed the case history for all 60 accounts and determined there was no indication in the history that the PCAs did not comply with procedures related to taxpayer rights.

The IRS Oversight Unit performed required quality reviews

Quality analysts assigned to the IRS Oversight Unit are responsible for reviewing case actions and monitoring telephone calls between taxpayers and the PCAs. The reviews ensure taxpayers are treated professionally and with courtesy and respect. These reviews also measure compliance with the PCA Policy and Procedures Guide and the PCA Operations Plan and Procedures, contractors' protection of taxpayer rights, and regulatory compliance with the Internal Revenue Code and the Fair Debt Collection Practices Act.

During the recall period, quality analysts conducted nearly 300 case action reviews and monitored over 400 telephone calls. Based on the quality attributes of timeliness, professionalism, customer accuracy, regulatory accuracy, and procedural accuracy, the quality analysts reported results that were consistent with the Program's cumulative results, which showed a similar high level of quality.

In addition to the case action and telephone reviews, the Oversight Unit conducted its regularly scheduled onsite quarterly reviews in April and July 2009. We attended the onsite visits of the PCAs in April and determined they were properly performed. The reviews were based on the PCA's contractual obligations as described in the Statement of Work and the PCA's Operational Plans. The Oversight Unit reviewed the contractors' compliance with telephone call time periods and frequency, security of Federal tax information, background investigations, training, employee separation, return of accounts, letters and scripts, invoicing, and case reviews.

Taxpayer Accounts Were Properly Recalled From the Contractors

During the recall period, the IRS established a process for recalling all outstanding taxpayer accounts from the contractors. The IRS began recalling accounts in March 2009 and recalled a small portion of accounts each week until the last group of accounts was received in July 2009. This process was intended to ensure that all taxpayer accounts were returned to the IRS so that they could be reintegrated into the IRS' normal collection inventory as appropriate and so that taxpayers were informed that their accounts were sent back to the IRS. The IRS took various steps to ensure all accounts were properly recalled from the contractors, including the monitoring of weekly recalls, validating inventory information, ensuring all accounts were properly classified on IRS systems, and taking proper action on recalled accounts. We reviewed a sample of cases and determined that taxpayers were properly notified that their accounts were returned to the IRS.

The weekly recall process was properly monitored

The weekly process of recalling accounts began with the IRS inputting criteria into a computer system which then identified the accounts to be recalled. Based on this practice, the IRS provided a report to the contractors that identified all accounts to be recalled for that week. The PCAs would then close the accounts on their systems and send an acknowledgement report to the IRS. An IRS analyst compared the acknowledgement report to the IRS recall report to ensure agreement. If there was a mismatch of data, the analyst was responsible for resolving the discrepancy. Mismatches were typically related to timing issues, and the analyst was able to resolve all mismatches that occurred during the recall period.

The contractors' taxpayer account inventories were validated and reconciled

To ensure all Program accounts were properly accounted for, the IRS compared its inventory record to the contractors' inventory. In August 2009, the IRS conducted a 100 percent reconciliation of all accounts assigned to the PCAs during the life of the Program. Only a small number of discrepancies were identified, and the IRS resolved all of them with the contractors.

Accounts were properly classified in the IRS computer systems

When taxpayer accounts were initially assigned to the Program, the IRS classified them accordingly on its computer systems to prevent them from being worked by IRS employees. When the accounts were recalled, the IRS took actions to ensure the accounts were appropriately placed back into the flow of IRS processing by verifying that Program controls were properly released from the accounts on the Master File. The IRS ran a search of the Master File during the week of July 19, 2009, to identify any accounts that were still classified as an open account under the Program on the Master File. The Master File sweep identified 100 open modules, and 92 of these were closed on Master File within 3 weeks after the sweep. The IRS took action, as necessary, to close the remaining eight modules and will continue to monitor them until they are also resolved. The IRS plans to run a final sweep of the Master File in January 2010 to ensure no accounts remain open.

Taxpayer accounts were properly processed after they were recalled

In general, taxpayer accounts were recalled based on when they were assigned to the contractors; the oldest accounts were recalled first. Accounts recalled in this order were referred to as "temporal" recalls. In addition, taxpayer accounts were sometimes recalled for other reasons, such as when a taxpayer fully paid his/her account or requested to opt out of the Program. Accounts recalled for reasons such as these were referred to as "regular" recalls.

Temporal Recalls. Actions taken on accounts recalled under the temporal recall process were based on the specific status of the case. For temporal recalls, PCAs were required to classify accounts into one of four categories:

- **Category 1, Suspended:** Accounts for which a condition is present that required the PCA to suspend collection activity, such as bankruptcies, disputes, disasters, referrals, and Taxpayer Advocate Service involvement.
- **Category 2, Installment Agreements:** Accounts that are currently in installment agreement status or for which an installment agreement was pending.
- **Category 3, Serviced:** Accounts for which current activity indicates taxpayer contact is probable, such as when the taxpayer has promised to pay, speaks a foreign language, has requested a short-term extension to pay, promised to file, etc.

- **Category 4, Minimally Serviced:** Accounts for which minimal or no contact has been made with the taxpayer, such as when skip tracing efforts were not productive, mail attempts have been undeliverable, etc.

For accounts that were classified under categories 1, 2, or 3, PCAs were required to provide complete case histories to the IRS, which were manually reviewed by the IRS Referral Unit. However, the vast majority of accounts fell into category 4, which were handled through an automated process that assigned accounts to the Automated Collection System if a new levy source was found and the balance due was over a certain dollar amount. Otherwise, the automated process assigned the account into the normal flow of IRS processing.

Accounts in categories 1 and 2 were considered priority work for the Referral Unit and were worked before handling category 3 accounts. The Referral Unit employees used the case histories from the PCAs as well as account data on the IRS system to process the accounts. In general, Referral Unit employees were responsible for following up on the status of pending actions, contacting the taxpayer when necessary, updating account status, and ensuring accounts were closed out of the Program.

Regular Recalls. Actions taken on accounts recalled under the regular recall process were based on the reason for the recall. For example, if an account was recalled because the taxpayer fully paid his/her account, the Referral Unit suspended the account for 30 days. After 30 days, if the payment cleared,[5] the Referral Unit closed the account out of the Program. If, instead, an account was recalled because the taxpayer opted out of the Program, the Referral Unit closed the account out of the Program and updated the account to the appropriate status for normal IRS processing.

Contractors properly notified taxpayers that their accounts were recalled

To determine if contractors properly notified taxpayers that their accounts were returned to the IRS, we selected a statistical sample of 73 cases from the 105,060 accounts that were recalled between March 6 and July 11, 2009. Based on documentation in the case histories, we determined that the contractors properly followed procedures for notifying taxpayers that their accounts transferred back to the IRS. Of the 73 accounts, there were 26 for which the PCAs did not send a notice of recall to the taxpayers for one or more modules. However, in each instance, the contractors were not required to send a notice of recall because of valid reasons, such as accounts with a zero balance due or accounts for which mail to the taxpayer has been undeliverable.

[5] Effective May 6, 2009, procedures were amended to eliminate the 30-day suspense period for fully paid accounts.

Program Records Were Properly Retained

Prior to the announcement that contracts with the PCAs would not be renewed, the IRS began efforts to identify all the records that were generated by the Program and to determine which records would eventually need to be maintained. As the process for concluding work on the Program began, additional employees were assigned to work on record retention under the various functions of the Program.

After identifying all the records to be maintained, the team used existing IRS procedures to determine the retention period for the various types of records. For records that did not fall under a specific procedure, the team reviewed actions for similar types of documents as a guideline. The team also worked with an IRS Area Records Manager and the IRS Servicewide Records Officer to determine where the various types of records should be maintained. They designated the Federal Records Center as the storage location for many of the Program records, but some records will be stored at IRS facilities.

The team prepared a Records Retention Plan to ensure that all Program records are maintained for the appropriate life cycle and that consistent procedures are followed by Program staff and individual employees in possession of Program records. The IRS submitted a Request for Records Disposition Authority (Form 115) to the National Archives and Records Administration, received interim approval to ship the Program records, and anticipates receiving final approval by March 2010. On October 1, 2009, control over the Program records was scheduled to transfer to the Collection Business Reengineering function.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the IRS and PCAs took appropriate actions to conclude work on the Private Debt Collection Program (the Program). During the review, we relied on data provided by the IRS that were obtained from the Program inventory reports. We evaluated the reasonableness of the data through comparison to a data extract obtained by the Treasury Inspector General for Tax Administration Information Services Team and by comparison to data available on the Integrated Data Retrieval System.[1] We determined that the data were sufficiently reliable to meet our objective. To accomplish our objective, we:

I. Identified and evaluated the IRS close-out procedures for the Program.

   A. Identified the standards that must be met to conclude work on the Program.

   B. Determined whether all accounts were properly recalled.

   C. Identified the actions taken by the IRS on the accounts returned or recalled since March 6, 2009.

   D. Determined whether each taxpayer was properly notified that his/her account was transferred back to the IRS for those accounts returned or recalled since March 6, 2009. We selected a statistically valid sample[2] of 73 accounts from a population of 105,060 accounts that were recalled from March 6, 2009, through July 11, 2009.

   E. Identified additional actions taken by the IRS to conclude work on the Program.

   F. Attended the PCA site visits with the IRS during the final close-out process and determined whether the IRS completed all planned actions.

II. Evaluated the IRS oversight of the close-out process.

   A. Identified the guidance provided by the IRS to the PCAs to conclude work on the Program.

   B. Determined whether the IRS ensured the PCAs took appropriate actions.

[1] See Appendix IV for a glossary of terms.
[2] We selected a statistically valid sample in order to project results. The sample was based on a confidence level of 95 percent, an expected error rate of ± 5 percent, and a precision of ± 5 percent.

C. Determined what actions the IRS took to ensure the PCAs continued to be in compliance with the PCA Policy and Procedures Guide throughout the process of concluding work on the Program. As part of this step, we attended the PCA site visits with the IRS during its regularly scheduled quarterly reviews of the PCAs.

III. Identified and evaluated the close-out procedures for each PCA.

A. Identified the actions taken by the PCAs to conclude work on the Program.

B. Attended the PCA site visits with the IRS during the final close-out process and determined whether the PCAs completed all planned actions.

C. Determined when PCAs were no longer permitted to take collection action.

D. For each PCA, selected and reviewed a judgmental sample[3] of 30 telephone calls with taxpayers since March 6, 2009,[4] and determined whether PCAs complied with procedures related to taxpayer rights.

E. For each PCA, selected a random sample[5] of 30 taxpayers who, since March 6, 2009, either received an installment agreement or paid their account in full,[6] and analyzed PCA case activity to determine whether PCAs complied with procedures related to taxpayer rights. In 22 instances, the installment agreement or full payment was the result of a telephone call with a taxpayer since March 6, 2009. For these cases, we also reviewed the telephone call recordings and determined whether PCAs complied with procedures related to taxpayer rights.

[3] We selected a judgmental sample because it was not feasible to identify the population of telephone calls that lasted 5 minutes or longer for each day of the recall period. The criterion of 5 minutes or longer was based on the idea that a telephone call lasting at least 5 minutes represented successful contact with a taxpayer by the PCA.
[4] We selected telephone calls from May 12, and June 3, 25, 26, 29, and 30, 2009. The population of telephone calls that lasted 5 minutes or longer on these dates was 66 for one PCA and 36 for the other.
[5] We selected a random sample to ensure each sampled item had an equal chance of selection.
[6] The population of taxpayers who received an installment agreement was 417 for one PCA and 279 for the other from March 6, 2009, through June 30, 2009. The population of taxpayers who paid their account in full was 641 for one PCA and 612 for the other from March 6, 2009, through June 30, 2009.

Appendix II

Major Contributors to This Report

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Appendix III

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Appendix IV

Glossary of Terms

Authentication – The contractor's process of obtaining necessary information from the party called or calling to be reasonably sure that the contractor is discussing the tax information with the appropriate person. During this process, the contractor verifies the caller's name, Social Security Number, and address of record.

Automated Collection System – A telephone contact system through which telephone assistors collect unpaid taxes and secure tax returns from delinquent taxpayers who have not complied with previous notices.

Clearing – The process of erasing data from the contractor's information technology resources.

Federal Records Center – The Federal Records Center Program stores and services records for nearly 400 Federal Government agencies. It operates 17 facilities nationwide and stores 25 million cubic feet of records.

Integrated Data Retrieval System – IRS computer system capable of retrieving or updating stored information; it works in conjunction with a taxpayer's account records.

Levy – A method used by the IRS to collect outstanding taxes from sources such as bank accounts and wages.

Master File – The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

Opt out – When a taxpayer chooses not to work with a contractor, he or she must submit a written request to be excluded from the Program.

Oversight Unit – A unit of the Program responsible for conducting quality reviews on cases assigned to the contractors and quarterly onsite compliance reviews of PCA operations.

PCA Operations Plan and Procedures – A PCA document that describes how the contractor will carry out its duties under the Program contract.

PCA Policy and Procedures Guide – An IRS document that describes the guidelines that must be followed by the contractors to be in compliance with the Program contract.

Purging – The process of removing data from the contractor's information technology resources.

Recalling – An action taken by the IRS to direct the PCAs to close accounts and return them to the IRS in order to place them back into the flow of IRS processing.

Record Retention – The application of sound management practices and techniques to maintain and preserve records generated by the IRS in conducting business.

Request for Records Disposition Authority – The form used by the IRS to request approval from the National Archives and Records Administration to schedule the disposition of records that are not addressed by IRS procedures.

Skip Tracing – The process to locate a new address whenever a taxpayer cannot be located at the address provided by the IRS.

Tax period – Refers to each tax return filed by the taxpayer for a specific period (year or quarter) during a calendar year for each type of tax.