



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2012 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS

Issued on August 7, 2012

## Highlights

Highlights of Report Number: 2012-30-090 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

The IRS Restructuring and Reform Act of 1998 (RRA 98) requires the IRS to ensure that managers do not evaluate enforcement employees using any record of tax enforcement results (ROTTER) or base employee successes on meeting ROTTER goals and quotas. Based on the results of our sample, TIGTA believes the IRS's efforts to enforce the employee evaluation requirements under RRA 98 Section 1204 are generally effective and are helping to protect the rights of taxpayers.

### WHY TIGTA DID THE AUDIT

TIGTA is required under Internal Revenue Code Section 7803(d)(1)(2000) to annually evaluate whether the IRS complies with restrictions on the use of enforcement statistics under RRA 98 Section 1204. Our review determined whether the IRS complied with:

- Section 1204(a), which prohibits the IRS from using any ROTTER to evaluate employees, or to impose or suggest production quotas or goals.
- Section 1204(b), which requires that employees be evaluated using the fair and equitable treatment of taxpayers as a performance standard.
- Section 1204(c), which requires each appropriate supervisor to self-certify quarterly whether ROTTERs were used in a prohibited manner.

### WHAT TIGTA FOUND

The IRS achieved full compliance with RRA 98 Section 1204(a) requirements. Our review found that managers had not included ROTTERs in performance evaluation documents for the 145 employees reviewed.

The IRS also achieved full compliance with RRA 98 Section 1204(b) and (c) requirements. The IRS evaluated all employees on the fair and equitable

treatment of taxpayers and prepared quarterly self-certifications showing that ROTTERs were not used to evaluate employees.

In Fiscal Year 2011, the IRS launched mandatory RRA 98 Section 1204 training for managers and employees. TIGTA selected a judgmental sample of 15 employees and found a high percentage of employees understood the term "retention standard." However, 13 percent were not sure they attended retention standard training.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Deputy Commissioner for Operations Support strengthen the IRS's efforts to achieve full compliance with RRA 98 Section 1204 procedures by continuing the emphasis on training.

In their response to the report, IRS officials agreed with the recommendation and plan to evaluate the current training and consider enhancing its program material, if appropriate, to ensure that IRS employees fully understand the training.

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2012reports/201230090fr.pdf>