



## Treasury Inspector General for Tax Administration Office of Audit

### FISCAL YEAR 2014 STATUTORY AUDIT OF COMPLIANCE WITH LEGAL GUIDELINES RESTRICTING THE USE OF RECORDS OF TAX ENFORCEMENT RESULTS

Issued on September 19, 2014

## Highlights

Highlights of Report Number: 2014-30-055 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 or quotas. Use of ROTTERs may create the misperception that safeguarding taxpayer rights is secondary to IRS enforcement results.

### 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 to evaluate employees as set forth in 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

There were some instances of noncompliance with RRA 98 Section 1204 requirements. TIGTA identified instances of noncompliance with each subsection of the law:

- Section 1204(a) – 13 potential violations.
- Section 1204(b) – 55 instances of documentation noncompliance.

- Section 1204(c) – three instances of noncompliance.

TIGTA also identified 11 IRS policy violations. In these 11 instances, managers did not reject employee self-assessments containing ROTTER information.

In addition, TIGTA determined that changes to a human resources computer system resulted in 466 Section 1204 managers not being listed on the Fiscal Year 2013 Section 1204 Manager Listing, as well as eight employees missing the mandatory ROTTER training in Fiscal Year 2013.

### WHAT TIGTA RECOMMENDED

TIGTA made seven recommendations, including that Section 1204 noncompliance and IRS policy violations identified in this report be discussed with responsible managers and employees. TIGTA also recommended that IRS management disseminate guidance regarding Section 1204 compliance and that they continue to review human resources data to ensure the appropriate classification of Section 1204 managers and employees. The IRS agreed with all the recommendations and has taken or plans to take corrective actions.

However, the IRS did not agree with four of the 13 Section 1204(a) potential violations, as well as 11 of the 55 instances of Section 1204(b) documentation noncompliance.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201430055fr.pdf>