



Treasury Inspector General for Tax Administration Office of Audit

ADDITIONAL CONSIDERATION OF PRIOR CONDUCT AND PERFORMANCE ISSUES IS NEEDED WHEN HIRING FORMER EMPLOYEES

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Highlights

Highlights of Report Number: 2015-10-006 to the Internal Revenue Service Human Capital Officer.

IMPACT ON TAXPAYERS

From October 2009 through September 2013, the IRS hired approximately 73,000 employees, including some who had previously worked for the IRS. Selecting the best candidates for employment is essential to providing the best service to America's taxpayers, maintaining public trust in tax administration, and safeguarding taxpayer's rights and privacy.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to identify whether processes for hiring former employees are consistent with Office of Personnel Management (OPM) suitability standards and whether prior substantiated or unresolved conduct and performance issues are identified and fully considered in the hiring decision.

WHAT TIGTA FOUND

Between January 2010 and September 2013, IRS records show that the IRS hired more than 7,000 former employees (78 percent were temporary or seasonal positions). Most rehired employees do not have performance or conduct issues associated with prior IRS employment. However, TIGTA found that the IRS did hire hundreds of former employees with these types of issues. TIGTA reviewed a random sample from more than 300 employees with significant prior performance or conduct issues who were hired between January 2010 and July 2013 and determined that the IRS appropriately applied OPM suitability standards (e.g., determining whether applicants had prior criminal activity, material false statements, or illegal drug use).

However, TIGTA identified hundreds of former employees who were hired with prior substantiated conduct or performance issues. For example, 141 former employees with prior substantiated tax issues, including five who the IRS found had willfully failed to file their Federal tax returns, were hired. Other substantiated issues from previous IRS employment

included unauthorized access to taxpayer information, leave abuse, falsification of official forms, unacceptable performance, misuse of IRS property, and off-duty misconduct.

Although they may meet OPM suitability standards, rehiring prior employees with known conduct and performance issues presents increased risk to the IRS and taxpayers. For example, TIGTA found that nearly 20 percent of the hired former employees sampled with prior substantiated or unresolved conduct or performance issues had new conduct or performance issues (e.g., tax noncompliance or unauthorized access to tax account information).

During the audit, IRS officials stated that prior conduct and performance issues do not play a significant role in deciding the candidates who are best qualified for hiring and that they believe they are applying OPM suitability standards appropriately. In addition, IRS officials stated that the OPM and IRS General Legal Services should be consulted to determine if full consideration of prior conduct and performance issues violates Federal regulations.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer work with General Legal Services and the OPM to determine whether and during what part of the hiring process the IRS can fully consider prior conduct and performance issues.

In their response, IRS management agreed with the recommendation and stated that they had already consulted with and requested written opinions from General Legal Services and the OPM but believe that the current process is adequate to mitigate any risks to American taxpayers. However, TIGTA remains concerned because IRS records indicate it is hiring individuals with significant prior conduct and performance issues.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201510006fr.pdf>.

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