



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

June 8, 2023

**MEMORANDUM FOR DEPARTMENT BUREAUS AND OFFICES**

**FROM:** Deputy Secretary Adeyemo

**SUBJECT:** Principles for Promoting Fair and Effective Compliance

The Treasury Department provides critical services that touch the lives of millions of American families, workers, and businesses as well as state, local, and tribal governments. The Department is also responsible for processing the vast majority of payments made by the federal government—including the processing of tax refunds and various benefit payments—and for collecting payments and debts due to the federal government. Across programs and services, we enforce rules and procedures to safeguard against waste, fraud, and abuse; to ensure that regulated entities and other parties meet their obligations under the law; and to help make sure that people receive the payments, refunds, and benefits for which they are eligible.

To help ensure fairness and increase transparency in our compliance and enforcement efforts, this memorandum lays out core principles and guidelines that should guide the work of the Department. It generally applies to bureaus and offices across the Department, but does not extend to the Offices of Inspectors General and the Office of the Comptroller of the Currency. We are committed to providing fair and impartial service that promotes public trust and confidence in the critical work we do.\*

**CORE PRINCIPLES**

Our strategy to ensure fair and effective compliance is rooted in four key principles:

**First, we must make it easier for individuals and entities who want to comply with the law to fulfill their obligations.** Strengthening information and service delivery and expanding opportunities for self-correction can improve the public's experience with the Department and reduce the burden of unnecessary enforcement actions. Making program rules and guidance more accessible and making application, filing, payment and reporting processes more user-friendly will benefit people and organizations that seek to meet their obligations and intend to claim only the funding, incentives, credits, or benefits to which they are entitled. By helping people avoid errors on the front end—especially predictable or common mistakes that could be subject of enforcement activity—we will avoid unnecessary enforcement actions that are burdensome for both the government and stakeholders. And by strengthening how we communicate with individuals and entities with financial obligations, we can ensure greater clarity on timelines, expectations, and avenues for redress. Investing in better service will

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\* The principles set forth in this memorandum align with Executive Orders 13985 and 14091.

therefore directly improve compliance and mean that greater resources will be available for enforcement actions targeted at individuals or entities that have the greatest impact.

**Second, we must prioritize our enforcement efforts based on an appropriate consideration of relevant factors.** Given limited resources, the Department should prioritize compliance monitoring and enforcement, including in the areas that present the greatest risk and most problematic conduct. We must strategically focus efforts on identifying and assessing the level of risks within each program to be most effective in efficiently increasing compliance, protecting the integrity of our programs, and ensuring that they continue to reach eligible people and function as intended.

**Third, we must invest in the personnel, technology, and other resources to investigate and resolve noncompliance efficiently.** It is critically important that we upgrade, secure, and scale resources to support fair and effective compliance and enforcement. This includes a data-centric approach for compliance monitoring to identify anomalies and patterns, and use of automated tools to reduce manual effort and increase efficiencies in compliance testing. Additionally, seeking opportunities to collaborate through technology and improve data sharing, consistent with applicable law, during the compliance monitoring lifecycle will continue to improve our ability to identify compliance risks.

**Fourth, we must promote fairness, trust, and accountability in our program administration and enforcement efforts.** A well-defined and documented compliance and remediation strategy enables us to create greater accountability and transparency in the monitoring of Treasury programs. We must maintain appropriate mechanisms to regularly evaluate our compliance strategies, systems, and selection tools. This information should be assessed to determine whether any adjustments should be made to improve program effectiveness, eliminate any unintended and unwarranted disparities, and otherwise promote fair and impartial enforcement of the law. Programs should also collaborate as appropriate with others across the Department, including the Office of Civil Rights and Equal Employment Opportunity, to ensure adherence to civil rights and anti-discrimination principles. When appropriate, they should also consider a graduated approach to remediation beginning with corrective actions and moving to stiffer remedies and penalties. Our approach should promote trust in our programs and be consistent with the goal of helping stakeholders successfully achieve the intended results of the program.

## IMPLEMENTATION

**Review existing communication, compliance monitoring, and enforcement policies and procedures.** Department bureaus and offices charged with executing compliance monitoring and enforcement activities should begin a review of their communication material and strategies and operational policies, procedures, and systems to ensure they are consistent with the principles outlined above. This review should include concrete steps to ensure strategies are in place to use data-driven processes and decision making, risk-based monitoring, enhanced stakeholder outreach, and consistent compliance with civil rights and anti-discrimination principles.

**Consult with key stakeholders to identify ways to strengthen the fair and impartial enforcement and compliance actions.** In addition to collecting performance data, bureaus and offices should develop strategies for effectively communicating with stakeholders to gain additional insight about the implications of compliance and enforcement strategies across affected populations, including historically vulnerable constituencies. This is particularly important where data collection is limited and therefore may mask disparities or hardships the Department should consider when administering programs and initiatives.

**Develop methods to regularly test compliance and enforcement systems to detect disparate impacts.** Bureaus and offices should regularly audit their systems, as relevant and appropriate, to determine whether compliance and enforcement practices result in unintended and unwarranted disparities across race, ethnicity, gender, age, marital status, geography, or other factors. When challenges are identified, bureaus and offices should coordinate with their Equal Employment Opportunity and civil rights offices on remedial action, and corrective action should be as swift as possible.

**Regularly report to Deputy Secretary.** These efforts—in conjunction with ongoing monitoring and assessment of program policies—will enhance our ability to foster public trust in the fair, effective, and impartial administration of compliance programs across the Department. As we undertake this effort, I am asking each bureau and office within the Department with compliance or enforcement functions to report to me semi-annually on its efforts to comply with and implement these principles.