

Department of the Treasury  
Treasury Inspector General for  
Tax Administration

Congressional Budget  
Justification and Annual  
Performance Plan and Report

FY 2023

# Table of Contents

<b>Section I – Budget Request</b> .....	<b>3</b>
A – Mission Statement.....	3
B – Summary of the Request .....	3
1.1 – Appropriations Detail.....	3
1.2 – Budget Adjustments .....	4
C – Budget Increases and Decreases Description.....	4
1.3 - Object Classification (Schedule O) Obligations.....	5
D – Appropriations Language and Explanation of Changes .....	6
E – Legislative Proposals.....	6
<b>Section II – Annual Performance Plan and Report</b> .....	<b>7</b>
A – Strategic Alignment .....	7
B – Budget and Performance by Budget Activity .....	8
2.1.1 – Audit Resources and Measures .....	8
Audit Budget and Performance.....	8
2.1.2 – Investigations Resources and Measures .....	11
Investigations Budget and Performance .....	11
Inspections and Evaluations.....	13
C – Changes in Performance Measures.....	14
<b>Section III – Additional Information</b> .....	<b>14</b>
A – Summary of Capital Investments.....	14

## Section I – Budget Request

### A – Mission Statement

Provide quality professional audit, investigative, and inspection and evaluation services that promote integrity, economy, and efficiency in the administration of the Nation’s tax system.

### B – Summary of the Request

The Treasury Inspector General for Tax Administration’s (TIGTA) Fiscal Year (FY) 2023 budget request of \$182,409,000 represents an increase of seven percent above its FY 2022 Annualized Continuing Resolution (CR) budget level. Funding TIGTA’s FY 2023 Budget request will enable TIGTA to conduct critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation’s Federal tax system.

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended),<sup>1</sup> TIGTA submits the following information related to its FY 2023 budget request:

- The aggregate budget request for TIGTA operations is \$182,409,000;
- The portion of the request needed for TIGTA training is \$1,800,000; and
- The portion of the request needed to support the Council of the Inspectors General on Integrity and Efficiency is \$656,672.

Funding for TIGTA allows its oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2017 - FY 2021, TIGTA has produced an average annual return of \$119.

### 1.1 – Appropriations Detail

Dollars in Thousands

Treasury Inspector General for Tax Administration Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	Operating Plan		Annualized CR		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Audits	330	\$64,851	341	\$64,851	341	\$67,491	0%	4%
Investigations	409	\$105,399	419	\$105,399	419	\$114,918	0%	9%
<b>Subtotal New Appropriated Resources</b>	<b>739</b>	<b>\$170,250</b>	<b>760</b>	<b>\$170,250</b>	<b>760</b>	<b>\$182,409</b>	<b>0%</b>	<b>7%</b>
<b>Other Resources</b>								
Reimbursables	2	\$502	2	\$700	2	\$700	0%	0%
Unobligated Balances from Prior Years	0	\$3,729	0	\$1,469	0	\$1,500	NA	2%
<b>Subtotal Other Resources</b>	<b>2</b>	<b>\$4,231</b>	<b>2</b>	<b>\$2,169</b>	<b>2</b>	<b>\$2,200</b>	<b>0%</b>	<b>1%</b>
<b>Total Budgetary Resources</b>	<b>741</b>	<b>\$174,481</b>	<b>762</b>	<b>\$172,419</b>	<b>762</b>	<b>\$184,609</b>	<b>0%</b>	<b>7%</b>

FY 2021 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Table does not include \$8M in funding provided through the American Rescue Plan Act of 2021 (ARP) (P.L.117-2) which is available for expenditure through FY 2023.

<sup>1</sup> 5 U.S.C. app. 3 § 6(f)(1).

## 1.2 – Budget Adjustments

Dollars in Thousands

	FTE	Amount
<b>FY 2022 Annualized CR</b>	<b>760</b>	<b>\$170,250</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$6,619
Pay Annualization (2.7% average pay raise)		\$975
Pay Raise (4.6% average pay raise)		\$5,018
Non-Pay		\$626
Other Adjustments:	0	\$5,540
Adjustments to Meet Current Operating Levels	0	\$5,540
Subtotal Changes to Base	0	\$12,159
<b>FY 2023 Current Services</b>	<b>760</b>	<b>\$182,409</b>
<b>FY 2023 President's Budget Request</b>	<b>760</b>	<b>\$182,409</b>

### C – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs).....+\$12,159,000 / +0 FTE**

Pay Annualization, (2.7%) +\$975,000 / +0 FTE

Funds are requested for annualization of the January 2022 2.7% average pay raise.

Pay Raise, (4.6%) +\$5,018,000 / +0 FTE

Funds are requested for a 4.6% average pay raise in January 2023.

Non-Pay, +\$626,000 / +0 FTE

Funds are requested for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

**Other Adjustments.....+5,540,000 / +0 FTE**

Adjustments to Meet Current Operating Levels, +\$5,540,000 / +0 FTE

Treasury requests adjustments to realize current services operating levels. Current Operating Levels include the annualization of the January 2021 1.0% average pay raise, 2.7% average pay raise in January 2022, FY 2022 FERS contribution increases and FY 2022 non-labor expenses self-funded from FY 2021 enacted levels. Funds are requested for costs realized in FY 2022 under the enacted appropriation, but not included under an annualized CR.

### 1.3 - Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	\$88,050	\$88,165	\$94,443
11.3 - Other than full-time permanent	\$414	\$414	\$484
11.5 - Other personnel compensation	\$8,764	\$8,757	\$9,495
<b>11.9 - Personnel Compensation (Total)</b>	<b>\$97,228</b>	<b>\$97,336</b>	<b>\$104,421</b>
12.0 - Personnel benefits	\$42,533	\$42,635	\$46,083
<b>Total Personnel and Compensation Benefits</b>	<b>\$139,761</b>	<b>\$139,971</b>	<b>\$150,504</b>
21.0 - Travel and transportation of persons	\$830	\$1,427	\$3,064
22.0 - Transportation of things	\$0	\$24	\$39
23.1 - Rental payments to GSA	\$9,047	\$7,855	\$7,986
23.2 - Rental payments to others	\$441	\$441	\$169
23.3 - Communications, utilities, and miscellaneous charges	\$788	\$788	\$851
24.0 - Printing and reproduction	\$1	\$1	\$4
25.1 - Advisory and assistance services	\$2,371	\$1,892	\$1,860
25.2 - Other services from non-Federal sources	\$518	\$518	\$557
25.3 - Other goods and services from Federal sources	\$11,235	\$11,489	\$11,934
25.4 - Contractual Services - Other	\$1	\$1	\$0
25.7 - Operation and maintenance of equipment	\$1,909	\$1,909	\$1,845
26.0 - Supplies and materials	\$515	\$515	\$748
31.0 - Equipment	\$4,891	\$3,903	\$3,321
91.0 - Unvouchered Expenses	\$216	\$216	\$224
<b>Total Non-Personnel</b>	<b>\$32,763</b>	<b>\$30,979</b>	<b>\$32,605</b>
<b>New Budgetary Resources</b>	<b>\$172,524</b>	<b>\$170,950</b>	<b>\$183,109</b>
<b>Full-time Equivalents (FTE)</b>	<b>739</b>	<b>760</b>	<b>760</b>

Amounts reflect actual and anticipated obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

Table does not include \$8M in funding provided through the ARP Act of 2021 (P.L.117-2) which is available for expenditure through FY 2023, of which \$2.4M was obligated in FY 2021.

**D – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION <i>Federal Funds</i></p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p><i>For necessary expenses of the Treasury Inspector General for Tax Administration in carrying out the Inspector General Act of 1978, as amended, including purchase and hire of passenger motor vehicles (31 U.S.C. 1343(b)); and services authorized by 5 U.S.C. 3109, at such rates as may be determined by the Inspector General for Tax Administration; \$182,409,000, of which \$5,000,000 shall remain available until September 30, 2024; of which not to exceed \$6,000,000 shall be available for official travel expenses; of which not to exceed \$500,000 shall be available for unforeseen emergencies of a confidential nature, to be allocated and expended under the direction of the Inspector General for Tax Administration; and of which not to exceed \$1,500 shall be available for official reception and representation expenses.</i></p> <p>Note.--A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.</p>	

**E – Legislative Proposals**

TIGTA has no legislative proposals.

## **Section II – Annual Performance Plan and Report**

### **A – Strategic Alignment**

TIGTA, an independent office within the Treasury, was established by Congress under the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998.<sup>2</sup> It provides oversight of IRS activities by conducting independent audits, investigations, and inspections and evaluations necessary to prevent and detect waste, fraud, and abuse in IRS programs and operations. TIGTA conducts audits of IRS programs and operations and makes recommendations designed to improve the administration of the Federal tax system. TIGTA also conducts administrative and criminal investigations into allegations of waste, fraud, and abuse while helping to ensure that the IRS protects and secures taxpayer data. TIGTA also has the unique responsibility of protecting the IRS and its employees. This year, TIGTA is working to align budget activities and performance measures to the new objectives in the Treasury FY 2022 – 2026 Strategic Plan. This work will include benchmarking performance and may result in changes to performance measures in the FY 2024 budget.

TIGTA’s primary functions of investigations, audits, and inspection and evaluations align with the following goals in Treasury’s Strategic Plan for Fiscal Years (FY) 2022 - 2026:

- Goal 1: Promote Equitable Economic Growth and Recovery;
- Goal 2: Enhance National Security;
- Goal 4: Combat Climate Change; and
- Goal 5: Modernize Treasury Operations.

TIGTA’s Strategic Goals:

- Promote the economy, efficiency, and effectiveness of Federal tax administration;
- Protect the integrity of Federal tax administration from internal and external threats; and
- Sustain an inclusive work environment where employees are valued.

### **Goal 1: Promote the Economy, Efficiency, and Effectiveness of Federal Tax Administration**

TIGTA’s audits, investigations, and inspections and evaluations identify opportunities to improve the administration of the Nation’s tax law. TIGTA’s comprehensive independent audits of IRS programs and operations focus on mandated reviews and on high-risk management and performance challenges that confront the IRS. These audits address a variety of IRS issues relating to security of taxpayer data and user authentication, tax systems, implementation of tax laws, tax compliance, meeting customer service demands, and improper payments. TIGTA’s recommendations not only result in cost savings, but have other quantifiable impacts, such as revenue protection, improving IRS systems and operations, and ensuring fair and equitable treatment of taxpayers.

### **Goal 2: Protect the Integrity of Federal Tax Administration from Internal, and External Threats**

The successful operation of the Federal Government depends on an effective, efficient, and equitable tax system. During these times of such extraordinary demand on Federal resources,

---

<sup>2</sup> Pub. L. No. 105-206, 112 Stat. 685.

Americans must have confidence that their tax dollars are being fairly assessed and collected, and that the tax laws are being uniformly and impartially enforced. TIGTA is committed to support and work with the IRS, Congress, and other stakeholders to ensure that these goals are achieved. Consistent with this commitment, TIGTA is constantly striving to carry out its statutory mandate to detect and prevent waste, fraud, and abuse in IRS programs and operations. TIGTA undertakes investigative initiatives designed to protect the IRS against external threats that could impede the efficient and effective administration of its operations. These investigative initiatives identify individuals who perpetrate violence against IRS employees, or who otherwise could pose a threat to the safety of IRS employees, facilities, or data infrastructure. TIGTA provides crucial intelligence to help IRS officials make anticipatory or proactive operational decisions about potential terrorist attacks or other activities that could pose a threat to IRS systems, operations, and people.

### Goal 3: Sustain an Inclusive Work Environment Where Employees Are Valued

TIGTA recognizes that the key driving forces in a successful organization are the knowledge, skills, and abilities of its employees. This recognition is supported by sustaining an inclusive work environment where employees are valued. Accordingly, TIGTA’s employees play a critical role in the organization’s growth and performance. TIGTA is committed to promoting a workplace environment devoted to operational excellence, and to supporting the development of a highly skilled and valued workforce. One benchmark for measuring TIGTA’s success in achieving its strategic goal of being an organization that values its people is its consistently high placement in the Partnership for Public Service’s “Best Places to Work” rankings. In 2020, for instance, TIGTA placed 76th out of 411 subcomponent agencies.

## B – Budget and Performance by Budget Activity

### 2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual*	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$64,240	\$61,099	\$62,676	\$65,308	\$63,863	\$64,851	\$67,491
Reimbursable Resources	0	0	0	\$88	\$4	0	0
Unobligated Balances Brought Forward	\$1,524	\$1,674	\$1,947	\$1,908	\$1,389	\$544	\$557
<b>Budget Activity Total</b>	<b>\$65,764</b>	<b>\$62,773</b>	<b>\$64,623</b>	<b>\$67,304</b>	<b>\$65,256</b>	<b>\$65,395</b>	<b>\$69,341</b>
<b>Full-time Equivalents (FTE)</b>	<b>339</b>	<b>328</b>	<b>323</b>	<b>328</b>	<b>322</b>	<b>341</b>	<b>341</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	79	81	84	79	93	70	70	70
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	NA	NA	NA	NA	NA	B	70	70

Key: NA-Not Applicable; B – Baseline

\*Excludes ARP Act of 2021 obligations.

### Audit Budget and Performance

*(\$67,491,000 from direct appropriations):*

TIGTA’s Office of Audit (OA) strives to promote the economy, efficiency, and effectiveness of tax administration. TIGTA provides recommendations to improve IRS



systems and operations and to ensure the fair and equitable treatment of taxpayers. TIGTA's comprehensive and independent performance and financial-related audits of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces.

In FY 2021 - 2022, OA publicly released many reports on critical areas of IRS operations, including issuance and reconciliation of Recovery Rebate Credits and Advanced Child Tax Credit payments, tax processing backlogs, customer service, cyber security, and tax compliance. These audits, along with the accompanying recommendations, have the potential to significantly benefit millions of taxpayers and improve IRS service and enforcement efforts. Annually, TIGTA OA expends significant resources evaluating the IRS efforts to sustain and improve taxpayer compliance because small declines in compliance cost the Nation billions of dollars in lost revenue and further exacerbate the tax gap. Since 2020, the IRS has experienced significant delays in processing taxpayer correspondence and meeting customer service demands due to shortfalls in hiring personnel for the Submission Processing functions. These delays negatively impact taxpayers and could potentially affect voluntary compliance. Additionally, the complexity and changes in the international tax environment require the IRS to collaborate with tax administrations of foreign countries to enforce compliance. The IRS must balance tax compliance activities to enforce with upholding taxpayer rights.

IRS systems withstand approximately 1.4 billion cyberattacks annually (including denial-of-service attacks, unsuccessful intrusion attempts, probes or scans, and other unauthorized connectivity attempts).<sup>3</sup> Many of these attempts are sophisticated in nature or represent advanced, persistent threats. TIGTA's OA plays an important role in assessing the actions taken by the IRS to protect its infrastructure in an effort to reduce the risk of internal and external attacks on IRS assets that could potentially expose taxpayer data and information. TIGTA's OA plans to evaluate IRS efforts to modernize its operations in addition to assessing whether user authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information.

Lastly, the IRS has issued billions of dollars in recovery rebates and child tax credits over the last two years, which increases the likelihood of scams and identity theft. TIGTA OA will continue to review IRS efforts to prevent identity theft and ensure only eligible taxpayers receive accurate benefits.

The IRS's implementation of audit recommendations results in:

- Cost savings;
- Increased or protected revenue;
- Protection of taxpayers' rights and entitlements; and
- More efficient use of resources.

---

<sup>3</sup> Written testimony of Charles Rettig, Commissioner, IRS, On the IRS Budget and Current Operations, Senate Appropriations Committee, Subcommittee on Financial Services and General Government (May 15, 2019).

In FY 2021, TIGTA OA issued 81 final audit reports and other products, that:

- Addressed a variety of high-risk issues, such as the IRS's administration of tax law changes including provisions in the Tax Cuts and Jobs Act, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, enhancement of security of taxpayer data, improvement of tax reporting and payment compliance to reduce the tax gap, improvement of customer service and taxpayer experience, efforts to increase international tax compliance and reduce fraudulent claims and improper payments;
- Reported potential financial benefits totaling approximately \$16 billion, including increased and/or protected revenue in the amount of \$11 billion; and cost savings of \$4.9 billion;
- Affected approximately 5.2 million taxpayer accounts; and
- Returned an estimated \$241 for every dollar invested in TIGTA's audit program.

#### Description of Performance

TIGTA uses the following performance measures to gauge the success of its audit program:

- Percentage of Audit Products Delivered When Promised to Stakeholders.

TIGTA's products will have a more significant impact if they are delivered when needed to support congressional and IRS decision-making. To determine whether products are timely, TIGTA tracks the percentage of products that are delivered on or before the date promised (contract date). At the end of FY 2021, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 93 percent, which exceeded the full-year target of 70 percent. TIGTA exceeded this target as a result of ongoing supervisory monitoring of the execution of audits to ensure timely delivery of audit products to stakeholders.

- Percentage of New Audit Reports with Recommendations to Improve Tax Administration.

This measure includes the number of new audit reports issued during the reporting period that contain recommendations by TIGTA to improve the economy and efficiency of IRS programs. These recommendations enhance management practices and procedures, offer ways to better use agency funds, and question actual expenditures. To determine the percentage of new reports with recommendations to improve tax administration, TIGTA compares the total number of new audit reports issued to IRS management during the reporting period that contained recommendations for IRS action to the total number of all new audit reports issued to IRS management during the reporting period.

## 2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual*	FY 2022 Annualized CR	FY 2023 Request
Appropriated Resources	\$100,819	\$107,501	\$106,866	\$106,143	\$108,158	\$105,399	\$114,918
Reimbursable Resources	\$357	\$414	\$797	\$536	\$498	\$700	\$700
Unobligated Balances Brought Forward	\$2,392	\$3,326	\$3,053	\$3,104	\$2,340	\$925	\$943
<b>Budget Activity Total</b>	<b>\$103,568</b>	<b>\$111,241</b>	<b>\$110,716</b>	<b>\$109,783</b>	<b>\$110,996</b>	<b>\$107,024</b>	<b>\$116,561</b>
<b>Full-time Equivalents (FTE)</b>	<b>464</b>	<b>438</b>	<b>415</b>	<b>403</b>	<b>409</b>	<b>419</b>	<b>419</b>

Performance Measure	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2021 Target	FY 2022 Target	FY 2023 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	90	89	91	92	90	85	85	79

\*Excludes ARP Act of 2021 obligations.

### Investigations Budget and Performance

*(\$114,918,000 from direct appropriations, \$700,000 from reimbursable sources):*

TIGTA is statutorily mandated to protect the integrity of Federal tax administration. TIGTA accomplishes this mission through the investigative work conducted by the Office of Investigations (OI). Through its investigative programs, OI protects the integrity of the IRS and its ability to collect revenue owed to the Federal Government by investigating violations of criminal and civil law that adversely affect Federal tax administration, as well as administrative misconduct by IRS employees, which undermines the integrity of the Nation's voluntary tax system.

TIGTA's OI uses a performance model that focuses on three primary areas of investigative responsibility:

- Employee integrity;
- Employee and infrastructure security; and
- External attempts to corrupt tax administration.

The performance model uses a ratio of those investigations that have the greatest impact on IRS operations or the protection of Federal tax administration to the total number of investigations conducted. These performance measures guide OI's activities and demonstrate the value of TIGTA's investigative accomplishments to its external stakeholders.

Using investigative activities from FY 2020 and FY 2021 as a baseline, OI projects that it will receive approximately 7,000 complaints, open 2,600 investigations, close 2,500 investigations, and obtain approximately 125 criminal prosecutions in FY 2023. TIGTA's OI conducts investigations with the intent of securing an actionable outcome, such as a clearance letter, or a criminal, civil, or administrative action. However, not all investigations result in an actionable outcome due to numerous, uncontrollable variables. Based on the total investigative hours logged in 2021, OI invested an average of 290.9 hours to successfully generate an actionable outcome.

TIGTA's OI expects employee integrity investigations to increase in FY 2023 to pre-Coronavirus pandemic levels as IRS increases staff levels and employees return to office workplaces. Examples of TIGTA investigations into employee misconduct during FY 2021 include an IRS employee sentenced to 36 months imprisonment for obstructing the administration of an IRS criminal investigation. In another case, an IRS employee was sentenced to 30 months imprisonment for wire fraud and identity theft after using items obtained through an investigation to create a false identity and open a corporate entity.<sup>4</sup>

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. From FY 2012 through FY 2021, TIGTA processed more than 18,667 threat-related complaints and investigated more than 10,940 threats against IRS employees. In FY 2021, TIGTA responded to 16 percent more threat-related incidents than in FY 2020. For example, in FY 2021 a threat-related investigation involved the arrest of a man for assault on a Federal agent and felony possession of a firearm. The man fired a weapon at IRS Federal agents who were attempting to serve a subpoena at his residence.

TIGTA investigates criminal activity originating outside the IRS, such as impersonation of an IRS employee, attempted bribery of IRS employees, international cybercrime and identity theft, and procurement fraud. Since March 2020, TIGTA has seen an increase in external investigative activity resulting from the CARES Act and the ARP Act. TIGTA has oversight over the IRS's issuance of over \$800 billion in Economic Impact Payments (EIP) in addition to the Paycheck Protection Program (PPP), Emergency Impact Disaster Loans, Recovery Rebates, and Payroll Protection Plan Loans through the CARES Act and ARP Act. During FY 2021, these types of cases represented 27 percent of OI's investigative work hours, an increase of 15 percent from FY 2020. From March 2020 to February 2022, these investigative efforts resulted in the initiation of 876 investigations, 301 indictments, 72 convictions, sentencing of over 149 years of incarceration, and more than \$39 million in monetary recoveries and penalties.

An example of OI's investigations into criminal activity outside of the IRS is the fraudulent use of the IRS's Modernized Internet Employer Identification Number (MODIEIN) system to obtain CARES Act funding for fictitious businesses. Individuals used the EINs and other falsified IRS tax forms in order to submit applications to financial institutions to obtain PPP funding. In one example, a group of 22 coconspirators obtained EINs from the IRS and submitted loan applications, including multiple false documents, to obtain approximately \$4 million through the PPP.

The manipulation and unauthorized access of IRS systems has been an increasing focus for TIGTA. For example, in FY 2022, an individual pled guilty to wire fraud and aggravated identity theft after he was identified as fraudulently accessing the IRS's eAuthentication Online Taxpayer System to unlawfully obtain personally identifiable information of taxpayers. The individual then filed fraudulent tax returns with the IRS using the unlawfully obtained

---

<sup>4</sup> The facts in the summarized cases on this page come from court documents of the respective jurisdiction.

information.

Investigations into telephonic IRS impersonation remain a high-priority area that resulted in 284 individuals charged in Federal court by the end of FY 2021. For example, an Indian-based Voice over Internet Protocol provider and its director were indicted in a first-of-its-kind indictment for conspiracy to commit wire fraud and wire fraud in connection with facilitating tens of millions of scam calls to American taxpayers on behalf of India-based phone scammers, causing a financial loss of more than \$20 million. In FY 2021, TIGTA's investigative efforts resulted in more than \$53.8 million in court ordered fines, penalties, and restitution.

### Description of Performance

TIGTA uses the following performance measures to gauge the success of its investigations program:

- Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action.

At the end of FY 2021, performance of this measure was 90 percent, which exceeded the full-year target of 85 percent. OI exceeded the FY 2021 target as a result of the diligent work of experienced executives, managers, and special agents.

Starting in FY 2022, TIGTA's OI will transition to a performance model that places greater emphasis on complex cases. These cases are often lengthier and require more time-intensive engagement from OI staff. This change in prioritization may result in a reduced actual for the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action performance measure. Therefore, the FY 2023 target for this measure is reduced to 79 percent. The target may be revised at a later date as the results of the revised performance model are evaluated. TIGTA's OI will continue to provide the IRS with the investigative coverage and information necessary to improve the integrity of IRS operations and mitigate threats against its employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel available to address the significant vulnerabilities of taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration, all of which contribute to maintaining the public's confidence in the safe, fair, and effective administration of the Federal tax system.

### **Inspections and Evaluations**

TIGTA's Office of Inspections and Evaluations (I&E) identifies opportunities for improvement in IRS and TIGTA programs by performing inspections and evaluations that report timely, useful, and reliable information to decision makers and stakeholders.

Inspections are intended to provide factual and analytical information, monitor compliance, measure performance, assess the effectiveness and efficiency of programs and operations, share best practices, and inquire into allegations of waste, fraud, abuse and mismanagement.

Evaluations are intended to provide in-depth reviews of specific management issues, policies and

programs, address Government-wide or multi-agency issues, and develop recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective procedures.

In FY 2021, I&E produced five external reports:

- Health and Safety Measures at Select IRS Facilities;
- Health and Safety Measures at Select Taxpayer Assistance Centers;
- Prior Recommendation Implementation;
- IRS’s Oversight of Reported Sexual Harassment Allegations; and
- IRS’s Pandemic Telework Program.

### **C – Changes in Performance Measures**

TIGTA has no changes in performance measures.

## **Section III – Additional Information**

---

### **A – Summary of Capital Investments**

In addition to the funds requested in TIGTA’s Congressional Justification, funds for TIGTA’s IT operations are also requested through the Treasury Department Cybersecurity Enhancement Account. Please see the FY 2023 Cybersecurity Enhancement Account Congressional Justification for further information regarding the following initiative:

#### *Data Logging and Retention, +\$700,000 / +0 FTE*

This investment supports TIGTA’s plans to meet EO 14028, “*Improving the Nation’s Cybersecurity*” and subsequent OMB M-21-31, “*Improving the Federal Government’s Investigative and Remediation Capabilities Related to Cybersecurity Incidents.*” TIGTA will continue strengthening and operating its enterprise logging solution to meet current and future demands to:

- Collect security event and system logs in real time for threat detection and compliance use cases;
- Analyze logs in real time and detect attacks and other activities of interest;
- Investigate incidents to determine their potential severity and impact on a business;
- Report on these activities; and
- Store relevant events and logs.

The investment will also enable TIGTA to perform the data collection needed to meet the requirements and help TIGTA to automate the identification of unauthorized disclosure or access (UNAX) while also vastly improving the cyber detection capabilities, as well as meeting the on-going demands for improved efficiencies around cyber incident detection and response. The request will fund 12 months and operations is contingent on continued funding; however, this will only fund one of the many unfunded cybersecurity demands for TIGTA.

**Technology Investments** – TIGTA has no major information technology investments. A summary of capital investments, including major information technology and non-technology investments, can be accessed at: [investments.aspxhttps://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx](https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx).