

Treasury Inspector General for Tax Administration

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2022	FY 2023	FY 2024	FY 2022 to FY 2023	
	Operating Plan	Operating Plan	Request	\$ Change	% Change
Audits	\$65,093	\$65,120	\$70,023	\$4,903	8%
Investigations	\$109,157	\$109,130	\$117,345	\$8,215	8%
Subtotal, TIGTA	\$174,250	\$174,250	\$187,368	\$13,118	8%
Offsetting Collections - Reimbursable	\$494	\$750	\$750	\$0	0%
Recovery from Prior Years	\$0	\$139	\$0	(\$139)	-100%
Unobligated Balances Brought Forward	\$1,469	\$4,800	\$0	(\$4,800)	-100%
IRA Funding Usage	\$0	\$20,150	\$40,300	\$20,150	100%
Subtotal Other Resources	\$1,963	\$25,839	\$41,050	\$15,211	59%
Total Budgetary Resources	\$176,213	\$200,089	\$228,418	\$28,329	14%
Direct FTE	702	735	742	7	1%
Reimbursable FTE	2	2	2	0	0%
IRA Funding FTE	0	59	129	70	119%
Total Full-time Equivalents (FTE)	704	796	873	77	10%

FY 2022 Other Resources and Full-time Equivalents (FTE) reflect actuals.

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 \$5.0M was obligated in FY 2022.

Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2024 Budget Request of \$187,368,000 represents an increase of eight percent above its FY 2023 enacted budget level. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation's system of tax administration.

TIGTA's Offices of Audit (OA), Inspections and Evaluations (OIE), and Investigations (OI) will use Inflation Reduction Act (IRA) funds for enhanced oversight of Internal Revenue Service (IRS) operations, to include taxpayer services, enforcement, operations support, business systems modernization, and reporting requirements.

TIGTA's vision is to "maintain a highly skilled, proactive, and diverse Inspector General organization dedicated to working in a collaborative environment with key stakeholders to foster and promote fair tax administration." TIGTA will provide oversight in a number of critical areas including:

- Investigating unauthorized access to, and disclosure of, taxpayer information;
- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Evaluating the IRS's 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;
- Overseeing the IRS's efforts to implement tax law changes, including monitoring the

IRS’s efforts to timely process taxpayer correspondence and meet customer service demands, and assessing the IRS’s efforts to address tax-related identity theft;

- Protecting the integrity of the IRS by effectively investigating individuals and groups who victimize vulnerable Americans through the IRS impersonation scam;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals;
- Enhancing taxpayer confidence in electronic Federal tax systems through investigation and prosecution of cyber criminals engaged in attacks against, and manipulation of, IRS taxpayer service portals as well as the IRS network;
- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential tax information by IRS employees; and
- Conducting comprehensive audits and inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service that the IRS provides to taxpayers.

TIGTA conducts audits and inspections and evaluations that advise the public, Congress, the Secretary of the Treasury, and IRS management of high-risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA’s administrative and criminal investigations ensure the integrity of IRS operations, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA’s OIE provides responsive, timely, and cost-effective inspections and evaluations of challenging areas in IRS programs. TIGTA’s oversight is essential to the efficiency and fairness of the IRS’s tax administration system.

TIGTA’s primary functions of audit, investigations, and inspection and evaluations align with the following Department of the Treasury FY 2022 – 2026 Strategic Plan goals:

Goal 1: Promote Equitable Economic Growth and Recovery;

Goal 2: Enhance National Security;

Goal 4: Combat Climate Change; and

Goal 5: Modernize Treasury Operations.

Budget Highlights

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2023 Operating Plan	735	\$174,250
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$7,869
Pay Annualization (2023 4.6% average pay raise)	0	\$1,629
Pay Raise (2024 5.2% average pay raise)	0	\$5,588
Non-Pay	0	\$652
Subtotal Changes to Base	0	\$7,869
Total FY 2024 Current Services	735	\$182,119
Program Changes:		
Program Increases	7	\$5,249
Data Analytics and IT Modernization	4	\$4,300
RAFE Cybersecurity Enhancements	3	\$949
Subtotal Program Changes	7	\$5,249
FY 2024 President’s Budget Request	742	\$187,368

Budget Adjustments

Maintaining Current Levels (MCLs) +\$7,869,000/ +0 FTE

Pay Annualization, (4.6%) +\$1,629,000/ +0 FTE

Funds are requested for annualization of the January 2023 4.6% average pay raise.

Pay Raise, (5.2%) +\$5,588,000/ +0 FTE

Funds are requested for a 5.2% average pay raise in January 2024.

Non-Pay, +\$652,000/ +0 FTE

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

Program Increases.....+\$5,249,000/ +7 FTE

Data Analytics and Information Technology (IT) Modernization +\$4,300,000 / +4 FTE

This investment in TIGTA’s staff and IT infrastructure is critical to ensure that TIGTA’s data analytic capabilities stay commensurate with the IRS’s adoption of modern technology. It will support next generation infrastructure focused on rapidly changing priorities and increased demands implemented through advanced IT infrastructure tools and technologies.

The amount of tax information TIGTA extracts and analyzes to meet its mission has increased exponentially. For example, the volume of tax data that TIGTA extracts, stores, and uses has grown nearly 200 percent since 2019, from approximately 100 terabytes to more than 300 terabytes. TIGTA’s current IT infrastructure is not sufficient to absorb this type of continued growth. TIGTA has had to use operational storage reserves, acquire additional storage arrays, and restructure data management workloads to prevent increased data volumes from crippling TIGTA’s network and servers. TIGTA’s IT infrastructure modernization efforts will ensure that taxpayer data are properly protected and secured to prevent unauthorized accesses.

Research, Analysis, Forensics, and Evidence (RAFE) Cybersecurity Enhancements +\$949,000/

+3 FTE

TIGTA’s RAFE system is used to process data from over 63 IRS applications, electronic service providers, and digital information obtained during criminal investigations. RAFE houses millions of records with Personally Identifiable Information (PII) for use in detecting and investigating fraud and abuse of IRS online systems.

In an FY 2022 Security Architecture Review, the Treasury Department identified limited staffing as one of the biggest weaknesses in protecting RAFE’s sensitive PII information. In response to Treasury’s recommendations, TIGTA requests \$649,000 for 3 FTE and \$300,000 for improved circuit connection. This investment in RAFE staffing and circuits would allow TIGTA to support a backup strategy, in addition to identifying and fixing system weaknesses, scanning the system’s custom code, and managing complex network challenges.

Legislative Proposals

TIGTA has no legislative proposals.

Performance Highlights

Budget Activity	Performance Measure	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
		Actual	Actual	Actual	Target	Target
Audit	Percentage of Audit Product Delivered When Promised to Stakeholders	79	93	92	70	70
Audit	Percentage of New Audit Reports with Recommendations to Improve Tax Administration	81	82	84	70	70
Investigations	Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	92	90	89	79	79

Description of Performance

- In FY 2022, OA and OIE issued 87 final audit reports and other products which reported potential financial benefits totaling \$5.4 billion and impacting approximately 10.8 million taxpayer accounts.
- In FY 2022, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 92 percent. TIGTA exceeded the full-year target by 22 percentage points.
- For FY 2024, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 70 percent of New Audit Reports with Recommendations to Improve Tax Administration.
- In FY 2022, OI transitioned to a performance model that placed greater emphasis on complex cases. These cases are often lengthier and require more time-sensitive engagement from OI staff.
- From FY 2013 through FY 2022, TIGTA processed more than 17,080 threat-related complaints and investigated more than 10,391 threats against the IRS. OI expects threat-related incidents to rise as the IRS increases staffing and enforcement under the IRA.
- Since March 2020, OI has reallocated resources to provide investigative oversight of programs and operations resulting from the Coronavirus Aid, Relief, and Economic Security Act and the American Rescue Plan Act. During FY 2022, these cases represented 24 percent of OI's investigative work hours. From March 2020 to September 2022, these investigative efforts resulted in the initiation of 937 investigations, 395 indictments, 146 individuals sentenced to approximately 350 years of incarceration, and more than \$85 million in monetary recoveries and penalties.
- Using investigative activities from FY 2021 and FY 2022 as a baseline, OI projects approximately 2,300 actionable outcomes will result from investigations in FY 2024.
- In FY 2022, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 89 percent, which exceeded the full-year target of 79 percent by 10 percentage points.