

Department of the Treasury
Treasury Inspector General for
Tax Administration

Congressional Justification
for Appropriations and Annual
Performance Report and Plan

FY 2018

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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) 2018 budget request of \$161,113,000 represents a decrease of 3.5 percent below its FY 2017 Annualized Continuing Resolution (CR) amount. Funding TIGTA’s FY 2018 budget request will enable TIGTA to attempt to address its expansive workload of emerging Internal Revenue Service (IRS) challenges and congressional requests while conducting its oversight responsibilities. These resources will fund critical audit, investigative, and inspection and evaluation services to protect the integrity of the Nation’s system of tax administration. In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended),¹ TIGTA submits the following information related to its FY 2018 budget request:

- The aggregate budget request for TIGTA operations is \$161,113,000;
- 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 \$491,000.

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’s strategic goals and activities support its vision.

TIGTA’s Strategic Goals:

- Promote the economy, efficiency, and effectiveness of tax administration;
- Protect the integrity of tax administration; and
- Be an organization that values its people.

TIGTA’s audit, investigative, and inspection and evaluation activities include:

- Identifying opportunities to improve the administration of the Nation’s tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Mitigating security risks affecting taxpayer data, tax systems, and IRS employees;
- Protecting the integrity of the IRS by effectively investigating the international IRS impersonation scam that has impacted more than 1.9 million Americans;
- Conducting criminal investigations of individuals and groups who impersonate the IRS in order to victimize senior citizens and other vulnerable Americans;
- Developing advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals and IRS employees;
- Providing the IRS with the investigative coverage and the information necessary to mitigate domestic and foreign threats against its employees, facilities, and data systems;

¹ 5 U.S.C. app. 3 § 6(f)(1).

- Improving the integrity of IRS operations by detecting and deterring waste, fraud, abuse, and misconduct, including the unauthorized disclosure of confidential taxpayer information by IRS employees;
- Conducting comprehensive audits and inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service the IRS provides to taxpayers;
- Rapidly and effectively responding to attempts to impersonate the IRS for fraudulent purposes;
- Overseeing the IRS's efforts to administer tax law changes related to health care; and
- Overseeing the IRS's efforts to increase international tax compliance.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Inspector General for Tax Administration Appropriated Resources	FY 2016		FY 2017		FY 2018		FY 2017 to FY 2018			
	Enacted		Annualized CR		Request		\$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Audit	331	\$65,100	358	\$64,976	341	\$62,704	(17)	(\$2,272)	-4.75%	-3.50%
Investigations	456	\$102,175	501	\$101,981	478	\$98,409	(23)	(\$3,572)	-4.59%	-3.50%
Subtotal New Appropriated Resources	787	\$167,275	859	\$166,957	819	\$161,113	(40)	(\$5,844)	-4.66%	-3.50%
Other Resources:										
Reimbursables	2	\$535	2	\$1,500	2	\$600	0	(\$900)	0.00%	-60.00%
Subtotal Other Resources	2	\$535	2	\$1,500	2	\$600	0	(\$900)	0.00%	-60.00%
Total Budgetary Resources	789	\$167,810	861	\$168,457	821	\$161,713	(40)	(\$6,744)	-4.65%	-4.00%

Note: FY 2016 FTE & Other Resources are Actual

1.2 – Budget Adjustments Table

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
FY 2017 Annualized CR	859	\$166,957
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$3,335
Pay-Raise	-	\$1,951
Pay Annualization	-	\$715
Non-Pay	-	\$669
Subtotal Changes to Base	-	\$3,335
Total FY 2018 Base	859	\$170,292
Program Changes:		
Program Decreases:	(40)	(\$9,179)
Reduce Audit and Investigation Activity Levels for Labor Costs and Staffing	(40)	(\$6,595)
Operating Cost Reductions	-	(\$2,584)
Total FY 2018 Request	819	\$161,113

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$3,335,000 / +0 FTE

Pay-Raise +\$1,951,000 / +0 FTE

Funds are requested for the proposed January 2018 pay-raise.

Pay Annualization +\$715,000 / +0 FTE

Funds are requested for annualization of the January 2017 pay-raise.

Non-Pay +\$669,000 / +0 FTE

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

Program Decreases -\$9,179,000 / -40 FTE

Reduce Audit and Investigation Activity Levels for Labor Costs and Staffing -\$6,595,000 / -40 FTE

Audit and Investigations Activity levels will be reduced for labor costs and FTE. Reaching this savings target without impacting the quality of TIGTA’s programs will require a combination of actions to include balancing mission and workload with available FTE. The reduction of 40 FTE will result in a reduced number of investigations and audits in FY 2018. Since FY 2015, the number of mandated audits increased from 17 to 22. Therefore, for the Office of Audit (OA), a reduction of FTE will result in a higher percentage of resources being devoted to mandated audits versus the high-risk audits that are more likely to result in quantifiable outcomes, such as cost savings, revenue protection, and taxpayer privacy and security. For the Office of Investigations (OI), staffing reductions will limit TIGTA’s ability to respond to every allegation of IRS employee misconduct, and it will extend the amount of time it takes to investigate all of the allegations received by TIGTA.

Operating Cost Reductions -\$2,584,000 / +0 FTE

TIGTA has closely scrutinized its operational requirements for the impact of budget reductions. With the reduction in FTE levels in Audit and Investigations Activities, there will be a corresponding reduction in operational costs. TIGTA continues to identify cost-savings in travel, training, and contracts. Further cuts will be made in these areas to reduce budget impact on TIGTA’s staffing levels. TIGTA will look for contract efficiencies from continued evaluation of contracts for strategic sourcing and negotiation of more advantageous contract terms. Additionally, TIGTA has aggressively implemented its telework program in order to reduce its footprint.

1.3 – Operating Levels Table

Dollars in Thousands

Treasury Inspector General for Tax Administration Object Classification	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
11.1 - Full-time permanent	85,481	87,619	85,060
11.3 - Other than full-time permanent	378	399	385
11.5 - Other personnel compensation	8,326	8,534	8,158
11.9 - Total personnel compensation	94,185	96,552	93,603
12.0 - Personnel benefits	36,944	37,856	36,876
Total Personnel and Compensation Benefits	\$131,129	\$134,408	\$130,479
21.0 - Travel and transportation of persons	4,839	3,135	2,662
22.0 - Transportation of things	14	15	15
23.1 - Rental payments to GSA	8,881	9,400	9,400
23.2 - Rental payments to others	182	200	200
23.3 - Communication, utilities, and misc charges	472	500	400
24.0 - Printing and reproduction	11	7	7
25.1 - Advisory and assistance services	2,042	1,900	1,800
25.2 - Other services from non-Federal sources	1,359	1,100	1,000
25.3 - Other goods and services from Federal sources	9,603	9,200	9,100
25.4 - Operation and maintenance of facilities	6	15	15
25.7 - Operation and maintenance of equipment	2,657	2,000	1,730
26.0 - Supplies and materials	1,221	1,000	700
31.0 - Equipment	5,326	4,000	3,500
42.0 - Insurance claims and indemnities	1	52	5
91.0 - Unvouchered	115	25	100
Total Non-Personnel	\$36,729	\$32,549	\$30,634
New Budgetary Resources	\$167,858	\$166,957	\$161,113
FTE	787	859	819

Note: This table includes total annually appropriated funding (actuals for FY 2016, FY 2017 Annualized CR and FY 2018).

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; \$161,113,000, of which \$5,000,000 shall remain available until September 30, 2019; 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 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.</p>	

E – Legislative Proposals

TIGTA has no legislative proposals.

Section II – Annual Performance Report and Plan

A – Strategic Alignment

TIGTA, an independent office within the Department of the Treasury, was created by Congress as a part of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98).² It provides independent 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 makes recommendations designed to improve the administration of the Federal tax system; conducts administrative and criminal investigations of allegations of waste, fraud, and abuse; and helps to ensure that the IRS protects and secures taxpayers' data. TIGTA also has the unique responsibility of protecting the IRS and its employees. TIGTA's role is important, given the current economic environment and the increased emphasis by the Administration, Congress, and the American people on the Federal Government's accountability and efficient use of resources. TIGTA's budget activities align with its vision and goals.

The FY 2018 - 2022 strategic plan is currently under development. The annual performance plan will be updated in the FY 2019 budget to reflect the new priorities.

² Pub. L. No. 105-206, 112 Stat. 685.



B – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Appropriated Resources	\$57,306	\$54,309	\$53,763	\$57,463	\$59,752	\$64,976	\$62,704
Reimbursable Resources	0	\$500	\$600	\$382	\$60	\$600	\$0
Budget Activity Total	\$57,306	\$54,809	\$54,363	\$57,845	\$59,812	\$65,576	\$62,704
FTE	337	323	309	316	331	358	341

Note: FY 2016 Appropriated and Reimbursable Resources are Actual

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Trend
Percentage of Audit Products Delivered when Promised to Stakeholders	71.0	84.0	65.0	80.0	75.0	68.0	68.0	68.0	
Percentage of Recommendations Made that Have Been Implemented	94.0	87.0	89.0	92.0	97.0	85.0	85.0	85.0	

Key: DISC - Discontinued, B – Baseline

Audit Budget and Performance

(\$62,704,000 from direct appropriations):

TIGTA's OA identifies opportunities to improve the administration of the Nation's tax laws by completing comprehensive and independent performance and financial audits of IRS programs and operations. TIGTA's audit program incorporates both statutory audit requirements and specific audits identified through TIGTA's risk assessment process. TIGTA's audit work is concentrated on high-risk areas and on the IRS's progress in achieving its strategic goals. TIGTA strategically evaluates IRS programs, activities, and functions, so that resources are spent in the areas of highest vulnerability to the Nation's system of tax administration. In FY 2016, OA issued 89 final audit reports that included potential financial benefits totaling approximately \$14.6 billion and affected approximately 1 million taxpayer accounts.

TIGTA's Annual Audit Plan communicates audit priorities to the IRS, Congress, and other interested parties. Many of the activities described in the Annual Audit Plan address the fundamental goals related to the IRS's mission to administer its programs effectively and efficiently. Audits address a variety of high-risk issues, such as identity-theft detection and prevention, security of taxpayer data, tax compliance, tax law changes, fraudulent claims and improper payments, tax systems and online services, and globalization. TIGTA's audits and recommendations help:

- Promote the economy, efficiency, and effectiveness of IRS programs;
- Ensure the fair and equitable treatment of taxpayers; and
- Detect and deter waste, fraud, and abuse.

By focusing on the most critical areas, TIGTA's recommendations not only result in cost savings, but also have other quantifiable impacts, such as the protection of existing revenue, increased revenue, and reduction of the number of fraudulent refunds and improper payments.

TIGTA's reports for FY 2016, addressed issues that included:

- ***Offset Refunds to Liquidate Existing Tax Debt*** – TIGTA identified 53,672 individual taxpayers who received approximately \$74.5 million in tax refunds in Tax Year 2013 that the IRS could have offset against outstanding tax debts on the taxpayers' associated business tax accounts. In addition, TIGTA identified 487 individual and 29 business taxpayers that received more than \$2.9 million in tax refunds for TY 2013 that should have been offset to pay their outstanding tax debts.
- ***Authentication Process*** – In FY 2016, TIGTA reported that its analysis of the e-Authentication processes used to authenticate users of the IRS online "Get Transcript" and "Identity Protection Personal Identification Number" applications found that these authentication methods provide only single-factor authentication, despite Government standards requiring multifactor authentication for such high-risk applications. As a result, unscrupulous individuals have gained unauthorized access to tax account information.
- ***Federal Unemployment Tax*** – During FY 2016, TIGTA identified some discrepancies with the State Federal Unemployment Tax Act certification data files, as well as the IRS's process related to multi-State employer accounts. Changes could potentially increase revenue by almost \$92 million.

Description of Performance:

TIGTA uses two performance measures to gauge the success of the audit program. The first measure, Percentage of Audit Products Delivered when Promised to Stakeholder (see Table 2.1.1 on page 9), indicates that TIGTA's products are more likely to be used 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).

The second measure, Percentage of Recommendations Made that Have Been Implemented (see Table 2.1.1 on page 9), assesses TIGTA's effect on improving the IRS's accountability, operations, and services. TIGTA makes recommendations designed to improve the administration of the Federal tax system. The IRS must implement these recommendations to realize the financial or non-financial benefits. Since the IRS needs time to act on recommendations, TIGTA uses the Department of the Treasury's Joint Audit Management Enterprise System to track the percentage of four-year-old recommendations that have been implemented, rather than the results of the activities during the fiscal year in which the recommendations are made. TIGTA tracks recommendations that have not been implemented by the IRS and has a formal process with the IRS to close out unimplemented recommendations in situations in which circumstances may have changed or when the IRS has taken alternative corrective measures to address TIGTA's audit findings.

In FY 2016, the actual Percentage of Audit Products Delivered when Promised to Stakeholders was 75 percent, which exceeded the full-year target of 68 percent. TIGTA exceeded this target as

a result of ongoing supervisory monitoring of the execution of audits to ensure timely audit products to stakeholders. In FY 2016, the actual Percentage of Recommendations Made that Have Been Implemented was 97 percent, which exceeded the full-year target of 85 percent. TIGTA exceeded its target because of continuous discussions with the IRS throughout the audit process concerning both the findings and potential recommended solutions to ensure that feasible alternatives were identified. For FY 2018, the target for Percentage of Audit Products Delivered when Promised to Stakeholders will remain 68 percent. The target for Percentage of Recommendations Made that Have Been Implemented will remain at 85 percent.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Annualized CR	FY 2018 Request
Appropriated Resources	\$94,390	\$89,452	\$95,748	\$101,476	\$108,106	\$101,981	\$98,409
Reimbursable Resources	0	\$400	\$1,100	\$429	\$475	\$900	\$600
Budget Activity Total	\$94,390	\$89,852	\$96,848	\$101,905	\$108,581	\$102,881	\$99,009
FTE	470	451	433	442	456	501	478

Note: FY 2016 Appropriated and Reimbursable Resources are Actual

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2012 - FY 2016 Trend
Percentage of Results from Investigative Activities	89.0	90.0	92.0	93.0	90.0	81.0	81.0	81.0	

Key: DISC - Discontinued, B - Baseline

Investigations Budget and Performance

(\$98,409,000 from direct appropriations, and \$600,000 from reimbursable resources):

In addition to protecting the IRS’s ability to collect the majority of the revenue for the Federal Government’s operations, TIGTA, through its OI, has the statutory responsibility of protecting the integrity of tax administration, as well as the IRS’s employees.

TIGTA’s investigative resources are allocated based upon a performance model that focuses on three primary areas of investigation:

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

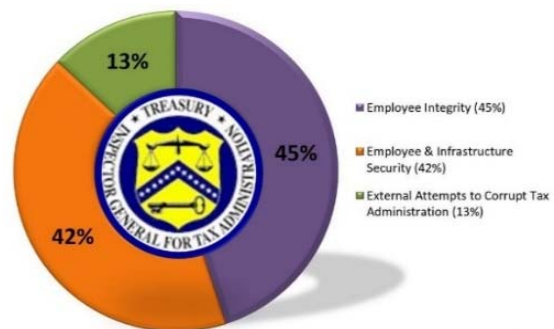


Figure 1: Investigative Performance Model

The performance model (Figure 1) 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 help to demonstrate the value of investigative accomplishments to TIGTA’s external stakeholders.

Employee Integrity: IRS employee misconduct, real or perceived, erodes public trust and impedes the IRS's ability to enforce tax laws effectively. In FY 2016, 45 percent of TIGTA's investigative body of work involved alleged employee misconduct. TIGTA's investigative results convey a message to IRS employees that these types of activities will not go unchecked.

TIGTA processed 14,499 complaints, opened 2,879 investigations, and closed 2,887 investigations in FY 2016. During this period, 122 cases of all types of investigations were accepted for criminal prosecution, and TIGTA referred for IRS action 1,032 cases of employee misconduct. As a result of one of TIGTA's investigations into employee misconduct, a former IRS special agent was sentenced to more than five years in prison for his role in a stolen identity refund fraud scheme.³ In another case, a former IRS revenue agent in Seattle, Washington, was found guilty by a jury of receiving a bribe and an illegal gratuity in his official capacity.⁴

Employee and Infrastructure Security: In FY 2016, TIGTA responded to 949 threat-related incidents. TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. TIGTA also believes that through its investigations of threat-related incidents, it is creating a safe and secure environment for taxpayers who need to conduct business with the IRS. From FY 2011 through the end of FY 2016, TIGTA has processed more than 13,125 threat-related complaints and investigated more than 6,515 threats against IRS employees.

External Attempts to Corrupt Tax Administration: TIGTA is statutorily mandated to investigate external attempts to corrupt tax administration, which include criminal misconduct by nonemployees, such as impersonation of the IRS, attempted bribery of IRS employees, international cybercrime and identity theft, and procurement fraud.

Impersonation Scam: Since summer 2013, a significant part of TIGTA's workload has consisted of investigating a telephone impersonation scam in which a victim receives an unsolicited telephone call from a person claiming to be an IRS agent. The caller, using a fake name, provides a "badge number" and claims the victim owes taxes and is criminally liable for the amount owed. The victim is threatened that if he or she fails to pay the tax immediately, the victim will be arrested, a suit will be filed, or some other form of adverse action will be taken. As of March 31, 2017, more than 1.9 million Americans reported that they have received one of these calls, and 10,300 victims have reported that they paid a total of more than \$55 million to the scammers. As a direct result of TIGTA's investigative efforts, in October 2016, 56 individuals and five call centers located in India were indicted for the scam. Since the indictment, reports of impersonation calls have dropped by more than 90 percent.

International Cybercrime and Identity Theft: By the end of Calendar Year 2013, the IRS had reported nearly 2.9 million identity-theft cases, 13 percent of which were reported by taxpayers, and 87 percent of which were detected by the IRS. The Office of Investigation's highly specialized group of criminal investigators with technical expertise in investigating electronic

³ N.D. Ala. Judgment filed Nov. 16, 2015.

⁴ W.D. Wash. Verdict Form filed Feb. 12, 2016.

crimes, including computer intrusions and Internet-based fraud schemes, will continue to combat cybercriminals.

Procurement Fraud: In fiscal year 2016, the IRS awarded over \$2.2 billion in contracts and grants involving over 11,000 contract transactions. The 2016 Association of Certified Fraud Examiners Report to the Nations on Occupational Fraud and Abuse estimates that on average, five percent of an organization’s revenue is lost as a result of fraud on an annual basis. In the case of the IRS, this projection translates to over \$112 million lost to fraud in fiscal year 2016.

Description of Performance:

TIGTA’s OI has adopted one performance measure, Percentage of Results from Investigative Activities (see Table 2.1.2 on page 11), that identifies the percentage of results derived from investigative activities that most accurately align with the strategic goals of the organization and provide the greatest impact on the protection of the integrity of Federal tax administration. In FY 2016, the Percentage of Results from Investigative Activities was 90 percent, which exceeded the full-year target of 81 percent. OI exceeded the FY 2016 performance measure as a result of the hard work of experienced executives, managers, and special agents. With the FY 2018 budget request, TIGTA will attempt to maintain its special agents’ skills and abilities in order to be able to respond to its mission requirements. For FY 2018, OI’s performance target is 79 Percent of Results from Investigative Activities. For FY 2018, TIGTA is anticipating a high rate of turnover of its management team due to retirements. In addition, based on reduced resources, TIGTA is anticipating the inability to backfill special agent positions. As experienced special agents retire or transfer from the agency, it is anticipated that TIGTA’s ability to effectively produce results will decrease in FY 2018.

Key Accomplishments and Budget Savings

While the scope, complexity, and magnitude of the Nation’s economy and deficit continue to present significant challenges, TIGTA remains one of the best investments in the Federal Government. In FY 2016, through targeted and vigorous oversight efforts that addressed congressional concerns and its own audit and investigative priorities, TIGTA generated overall potential financial accomplishments of over \$15 billion.

During FY 2016, these financial accomplishments included:

- Increased and/or protected revenue in the amount of \$14.6 billion;
- Cost savings of \$40.8 million; and
- Significant investigative accomplishments of \$487 million.

Funding for TIGTA allows its oversight efforts to continue, and in FY 2016 these efforts produced a return on investment of \$90 for every \$1 invested (Figure 2). During that period, TIGTA issued audit reports with recommendations that potentially increased and/or protected revenue of \$14.6 billion. TIGTA also issued audit reports with recommendations that identified a potential cost savings of \$40.8 million. The phrase “cost savings”



Figure 2: TIGTA’s Return on Investment

includes questioned costs and funds put to better use.

Questioned costs are:

- Costs that cannot be reimbursed because they represent a violation of law, regulation, or contract;
- Expenditures that are not reasonable or necessary to accomplish the intended purpose; and
- Costs that are appropriate, but for which the vendor cannot provide proof that the cost was incurred.

Funds put to better use are funds that could be used more efficiently or effectively if management took actions to implement the recommendation(s), including but not limited to:

- Reductions in outlays;
- Avoidance of unnecessary expenditures noted in pre-award contract reviews; and
- Prevention of erroneous payment of refundable tax credits.

In addition to funds that could be put to better use, TIGTA's investigative efforts resulted in over \$25.5 million in court-ordered fines, penalties, and restitution.

Office of Inspections and Evaluations Highlights

The 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.

The Office of Inspections and Evaluations provides a range of specialized services and products, including quick reaction reviews, on-site office inspections, and in-depth evaluations of major functions, activities, or programs. These activities provide TIGTA with additional flexibility, capacity, and capability to improve tax administration. Inspections serve to:

- Provide factual and analytical information;
- Monitor compliance;
- Measure performance;
- Assess the effectiveness of programs and operations;
- Share best practices; and
- Inquire into allegations of waste, fraud, abuse, and mismanagement.

Evaluations often result in recommendations to streamline IRS operations, enhance data quality, and minimize inefficient and ineffective procedures. In FY 2016, I&E produced 11 reports, including reviews of: the IRS taxpayer assistance centers, IRS reasonable accommodation requests for adaptive technology, and procedures to protect taxpayer information at offer in compromise public inspection file locations.

Section III – Additional Information

A – Summary of Capital Investments

Technology Investments – TIGTA has no major IT investments; however, non-major investments include:

- **IT Applications and Collaboration** – This investment represents an enterprise view of TIGTA's applications development which includes system design, development, testing, deployment, and maintenance of information applications systems.
- **IT Infrastructure End-User Systems and Support** – This investment is an enterprise view of TIGTA's end-user hardware, peripherals and software, and the helpdesk.
- **IT Infrastructure Mainframe and Servers Services and Support** – This investment represents an enterprise view of TIGTA's servers, including hardware and software operations, licensing, maintenance, back-up, continuity of operations, disaster recovery, virtualization, and data center consolidation.
- **IT Infrastructure Telecommunications** – This investment represents an enterprise view of TIGTA's data networks and telecommunications hardware and software operations, licenses, maintenance, back-up, continuity of operations, and disaster recovery.
- **IT Security Systems and Enterprise Architecture** – This investment represents TIGTA's IT investments responsible for enterprise architecture services.

The Office of Information Technology provides cost-effective and timely IT products and services that permit successful completion of TIGTA's business goals, while at the same time meeting legislative and other executive mandates. The following are TIGTA's FY 2018 prioritized information technology requirements that directly support TIGTA operations:

- **Continuous Diagnostics and Mitigation (CDM)** – CDM is a program sponsored by the Department of Homeland Security to meet the standard requirements set by the National Institutes of Standards and Technology. The program is intended to provide Federal agencies with the capabilities and tools to identify and address cybersecurity risks.
- **Server and Storage Area Network Refresh 2018** – TIGTA's infrastructure equipment will be eligible for refresh in FY 2018.
- **Increased Bandwidth** – The bandwidth for TIGTA's field offices must be upgraded to support the increased demand for improved transmission of data.

Law Enforcement Vehicles – Effective FY 2014, TIGTA acquires its vehicles by lease through the General Services Administration. However, TIGTA will maintain ownership of approximately 8 surveillance/communications vehicles. These vehicles will remain part of TIGTA's capital asset strategy. The vehicles will be used to support TIGTA's investigations and must meet the mission-critical need to conduct criminal law enforcement activities. TIGTA communications vehicles also are used in support of its Continuity of Operations (COOP) Plan. COOP provides a mechanism for the organization to recover full operational capability following a critical incident, including the capability to communicate during a local or national emergency.

A summary of capital investment resources, including major IT and non-technology investments, can be viewed and downloaded at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>

This website also contains a digital copy of this document.