

Department of the Treasury
Treasury Inspector General for
Tax Administration

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2024

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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) 2024 budget request of \$187,368,000 represents an increase of eight percent above its FY 2023 enacted budget level. Funding TIGTA’s FY 2024 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 406(g)(1) of the Inspector General Act of 1978 (as amended),¹ TIGTA submits the following information related to its FY 2024 budget request:

- The aggregate budget request for TIGTA operations is \$187,368,000;
- 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 \$749,472.

Funding allows TIGTA’s oversight efforts to continue, and for each dollar invested over the five-year period covering FY 2018 – FY 2022, TIGTA has produced an average annual return of \$32 per dollar spent.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2022		FY 2023		FY 2024		FY 2023 to FY 2024	
	Operating Plan		Operating Plan		Request		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources								
Audits	315	\$65,093	330	\$65,120	334	\$70,023	1%	8%
Investigations	387	\$109,157	405	\$109,130	408	\$117,345	1%	8%
Subtotal New Appropriated Resources	702	\$174,250	735	\$174,250	742	\$187,368	1%	8%
Other Resources								
Reimbursables	2	\$494	2	\$750	2	\$750	0%	0%
Recovery from Prior Years	0	\$0	0	\$139	0	\$0	NA	-100%
Unobligated Balances from Prior Years	0	\$1,469	0	\$4,800	0	\$0	NA	-100%
IRA Funding Usage	0	\$0	59	\$20,150	129	\$40,300	119%	100%
Subtotal Other Resources	2	\$1,963	61	\$25,839	131	\$41,050	115%	59%
Total Budgetary Resources	704	\$176,213	796	\$200,089	873	\$228,418	10%	14%

FY 2022 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 (P.L. 117-2), which is available for expenditure through FY 2023, of which \$5M was obligated in FY 2022.

¹ 5 U.S.C. § 406(g)(1).

1.1.B – IRA Resource Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022	FY 2022	FY 2023	FY 2024
	Enacted	Actuals Obligations	Estimated Obligations	Estimated Obligations
Inflation Reduction Act Oversight and Implementation	403,000	-	20,150	40,300
FTE		0	59	129

Note: Outyear spending is expected to be consistent with the FY 2024 levels and taper down as IRA programs sunset.

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

- Establish governance structure over IRA funding;
- Reduce processing/correspondence backlogs;
- Ensure enforcement and compliance activities are focused on high wealth individuals and large corporations;
- Implement tax provisions related to energy credits;
- Develop the new tax filing portal on IRS.gov, projected to serve millions of taxpayers;
- Impose excise taxes on stock buybacks and alternative minimum tax on corporations;
- Improve telephone and in-person assistance to taxpayers;
- Study free e-file programs;
- Provide filing and account services;
- Improve cybersecurity activities;
- Provide adequate security for its employees and facilities; and
- Enhance pre-filing assistance and education efforts.

TIGTA’s OI expects that IRS efforts to implement IRA provisions will necessitate significant investigative oversight. As the IRS on-boards new staff, implements new provisions, and expands existing programs, OI expects increasing activity in oversight areas, including threats against IRS staff and infrastructure, abuse of position allegations, impersonation schemes, and bribery efforts. TIGTA’s OI also anticipates a significant increase in workload as the IRS deploys additional online resources to enable taxpayers to obtain information related to their Federal tax accounts and respond to IRS notices and letters. Investigative oversight is expected to increase in other areas tangential to IRS’s staff increase, such as employee misconduct, embezzlement, and unauthorized access. The demand for these investigative capabilities will be dependent on the method and speed of IRS implementation efforts.

TIGTA has contingency plans to operate within the funding provided by the IRA, which it is prepared to implement as the IRS continues its IRA implementation efforts. The funds also will allow TIGTA to timely respond to Congressional inquiries, as well as monitor IRS progress in meeting various IRA reporting requirements.

1.2 – Budget Adjustments Table

Dollars in Thousands

	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 Estimate	742	\$187,368

C – Budget Increases and Decreases Description

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 adaption 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 access.

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.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022 Actual Obligations	FY 2023 Estimated Obligations	FY 2024 Estimated Obligations
11.1 - Full-time permanent	\$88,418	\$89,737	\$95,215
11.3 - Other than full-time permanent	\$453	\$415	\$443
11.5 - Other personnel compensation	\$8,669	\$8,856	\$9,407
11.9 - Personnel Compensation (Total)	\$97,540	\$99,008	\$105,065
12.0 - Personnel benefits	\$44,215	\$43,405	\$46,078
Total Personnel and Compensation Benefits	\$141,755	\$142,413	\$151,143
21.0 - Travel and transportation of persons	\$1,986	\$3,064	\$3,141
22.0 - Transportation of things	\$17	\$39	\$40
23.1 - Rental payments to GSA	\$7,440	\$7,406	\$7,554
23.2 - Rental payments to others	\$186	\$197	\$201
23.3 - Communications, utilities, and miscellaneous charges	\$744	\$759	\$774
24.0 - Printing and reproduction	\$0	\$1	\$1
25.1 - Advisory and assistance services	\$1,549	\$1,580	\$3,826
25.2 - Other services from non-Federal sources	\$874	\$649	\$662
25.3 - Other goods and services from Federal sources	\$12,403	\$11,934	\$12,173
25.4 - Operation and maintenance of facilities	\$10	\$0	\$0
25.7 - Operation and maintenance of equipment	\$3,087	\$2,150	\$2,193
26.0 - Supplies and materials	\$710	\$724	\$724
31.0 - Equipment	\$5,784	\$3,869	\$5,452
42.0 - Insurance Claims and Indemnities	\$3	\$2	\$2
91.0 - Unvouchered Expenses	\$128	\$213	\$217
Total Non-Personnel	\$34,921	\$32,587	\$36,960
New Budgetary Resources	\$176,676	\$175,000	\$188,103
FTE	704	737	744

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

Table includes \$8M in funding provided through the ARP Act of 2021 (P.L. 117-2), which is available for expenditure through FY 2023, of which \$5M was obligated in FY 2022. The table excludes \$403M in funding provided through the Inflation Reduction Act (P.L. 117-169), which is available for expenditure through FY 2031.

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>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; [\$174,250,000]\$187,368,000, of which \$5,000,000 shall remain available until September 30, [2024] 2025; 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>Department of the Treasury Appropriations Act, 2023.</i>)</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 Department of the Treasury, was established by Congress under the Internal Revenue Service Restructuring and Reform Act of 1998.² It provides oversight of IRS programs and operations 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, inspections, and evaluations 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 has the unique responsibility of protecting the IRS and its employees.

TIGTA’s primary functions of investigations, audits, 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.

TIGTA’s Strategic Goals:

- Goal 1: Promote the economy, efficiency, and effectiveness of Federal tax administration;
- Goal 2: Protect the integrity of Federal tax administration from internal and external threats; and
- Goal 3: 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 laws. TIGTA’s comprehensive independent audits of IRS programs and operations focus on mandated reviews and 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.

² Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2, 5, 16, 19, 22, 23, 26, 31, 38, and 49 U.S.C.).

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 extraordinary demand on Federal resources, Americans must have confidence that their tax dollars are being fairly assessed and collected, and that tax laws are uniformly and impartially enforced. TIGTA is committed to supporting and working 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 also 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 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 2021, for instance, TIGTA placed 100th out of 432 subcomponent agencies.

B – Budget and Performance by Budget Activity

2.1.1 – Audit Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Request
Appropriated Resources	\$61,099	\$62,676	\$65,308	\$63,863	\$64,468	\$65,120	\$70,023
Reimbursable Resources	0	0	\$88	\$4	\$1	0	0
Unobligated Balances Brought Forward	\$1,674	\$1,947	\$1,908	\$1,389	\$549	\$1,794	0
Budget Activity Total	\$62,773	\$64,623	\$67,304	\$65,256	\$65,018	\$66,914	\$70,023
Full-time Equivalents (FTE)	339	328	323	328	315	330	334

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Percentage of Audit Products Delivered When Promised to Stakeholders	81	84	79	93	92	70	70	70
Percentage of New Audit Reports with Recommendations to Improve Tax Administration	NA	NA	81	82	84	70	70	70

Audit Budget and Performance

(\$70,023,000 from direct appropriations):

TIGTA's OA and OIE strive 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 audits and evaluations of the IRS's programs and operations primarily address statutorily mandated reviews and high-risk challenges the IRS faces. Due to the increase in mandatory reporting requirements which may result in audit reports without recommendations, TIGTA's performance goal was set at 70 percent. In FY 2023, TIGTA's OA will issue reports addressing over 20 mandatory reporting requirements, as well as ad hoc congressional requests. These mandatory requirements represent over 25 percent of TIGTA's annual report inventory.

Upon passage of the IRA, TIGTA developed a comprehensive strategy to ensure adequate oversight of the approximately \$80 billion in funding available to the IRS over the next decade. TIGTA will oversee whether the IRS can deliver on its goals to improve customer service during the 2023 filing season. This includes monitoring tax processing backlogs, the level of telephone service, in-person help at taxpayer assistance centers, and improvements to online notices.

TIGTA will play a key role in ensuring that the IRS does not increase audits beyond historical levels for households or small businesses earning less than \$400,000. TIGTA will also continue evaluating 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. TIGTA's efforts will help ensure that IRS resources are focused on audits of high wealth individuals and businesses who are noncompliant with the tax laws.

Changes in tax legislation necessitate extensive TIGTA oversight to ensure they are accurately implemented. For instance, the IRA has numerous tax provisions for new and expanded energy credits for homeowners, businesses, vehicles, fuel, manufacturing, etc. It also modifies and extends several credits, including the tax credit for nonbusiness energy property, the new energy efficient home credit, and the tax credit for alternative refueling property expenditures. The legislation also increases the amount allowed for certain small business credits. These tax law changes resulted in the creation or revision of 24 tax forms, updates to 29 tax form instructions, and the creation of three publications for the 2023 filing season. Further, the IRS will need to modify 20 information technology systems (for tax return processing and compliance activities) to ensure that the systems can accommodate new and revised tax forms.

The IRS continually faces increased cyberattacks and in 2022, it sustained an average of 2.4 million attacks per day.³ Many of these attempts are sophisticated in nature or represent advanced, persistent threats. TIGTA's OA plays a role in assessing the actions that the IRS takes to protect its infrastructure in helping to reduce the risk of internal and external attacks on IRS assets that could potentially expose taxpayer data and information. TIGTA will continue to evaluate IRS efforts to modernize its operations, in addition to assessing whether user

³ Written Testimony of Charles P. Rettig, IRS Commissioner, before the House Ways and Means Committee, Subcommittee on Oversight on the Filing Season and IRS (October 12, 2022).

authentication for online services is secure to prevent the unauthorized disclosure of taxpayer information.

In addition to audits conducted by TIGTA's OA in FY 2022, OIE performed several in-depth reviews of management issues that were of interest to its stakeholders. For example, OIE assessed the National Research Program to ensure specific taxpayers had not been unfairly targeted for audit. OIE also performed an evaluation of the IRS's stand up of its IRA Transformation Office to ensure that the IRS was on track to meet key milestones and had processes in place to monitor funding. Lastly, OIE performed physical security reviews and an assessment regarding the IRS's preparedness for an active shooter incident to ensure that the IRS is taking appropriate action to safeguard employee safety.

TIGTA's reports have a significant impact on tax administration, identifying \$83 in potential financial benefits for every dollar invested in TIGTA's audit program.

The IRS's implementation of recommendations has resulted in:

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

Specifically, in FY 2022, OA and OIE issued 87 final reports and other products, which reported potential financial benefits totaling approximately \$5.4 billion and impacting approximately 10.8 million taxpayer accounts.

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 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 2022, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 92 percent, which exceeded the full-year target of 70 percent. TIGTA exceeded this target because 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 TIGTA's recommendations to improve the economy and efficiency of IRS programs and operations. 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. In FY 2022, the actual Percentage of New Audit Reports with Recommendations to Improve Tax Administration was 84 percent, which exceeded the full-year target of 70 percent.

2.1.2 – Investigations Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Operating Plan	FY 2024 Request
Appropriated Resources	\$107,501	\$106,866	\$106,143	\$108,158	\$111,274	\$109,130	\$117,345
Reimbursable Resources	\$414	\$797	\$536	\$498	\$492	\$750	\$750
Unobligated Balances Brought Forward	\$3,326	\$3,053	\$3,104	\$2,340	\$920	\$3,006	0
Budget Activity Total	\$111,241	\$110,716	\$109,783	\$110,996	\$112,686	\$112,886	\$118,095
Full-time Equivalents (FTE)	438	415	403	409	387	405	408

Performance Measure	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2022 Target	FY 2023 Target	FY 2024 Target
Percentage of Closed Investigations Resulting in a Criminal, Administrative or Law Enforcement Action	89	91	92	90	89	85	79	79

Investigations Budget and Performance

(\$117,345,000 from direct appropriations, \$750,000 from reimbursable sources):

TIGTA is statutorily mandated to protect the integrity of Federal tax administration, and it accomplishes this mission through the investigative work that OI conducts. 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 focuses on three primary areas of investigative responsibility:

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

Within each primary area of investigative responsibility, OI uses a case initiation priority model to triage those investigations that have the greatest impact on IRS operations and/or the protection of Federal tax administration. In FY 2022, TIGTA’s OI transitioned 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 was reduced to 79 percent. TIGTA’s OI conducts investigations with the intent of securing an actionable outcome, such as a criminal, civil, or administrative action.

TIGTA’s OI performance model uses a ratio of those investigations with actionable outcomes calculated as a percentage of the total number of investigations conducted. Due to numerous

uncontrollable variables, not all investigations result in an actionable outcome. 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 2021 and FY 2022 as a baseline, OI projects approximately 2,300 actionable outcomes will result from investigations in FY 2024. The target ratio of 79 percent of investigations with actionable outcomes will be maintained in FY 2024 to appropriately reflect the changing and unpredictable investigative landscape introduced during the COVID pandemic and the expansion of IRS operations resulting from the IRA. Based on the total investigative hours logged in FY 2021 and FY 2022, OI invested an average of 306.8 hours to successfully generate an actionable outcome.

OI expects employee integrity investigations, including the unauthorized access and disclosure of Federal tax information, to increase in FY 2024 as the IRS increases staffing levels in response to the \$80 billion made available to the IRS by the IRA. Examples of FY 2022 employee integrity investigations include an ongoing TIGTA investigation of an IRS employee who initiated unauthorized accesses to Federal tax information to assist with an ongoing child custody dispute; an IRS Criminal Investigation Special Agent sentenced to 30 months imprisonment for wire fraud and aggravated identity theft after he misused and initiated unauthorized disclosures of personally identifiable information received in conjunction with his official duties; and a TIGTA investigation that resulted in five IRS employees being charged with schemes to defraud Federal programs authorized as part of the (Coronavirus Aid, Relief, and Economic Security) CARES Act.⁴

TIGTA has a statutory responsibility to identify, investigate, and respond to threats against IRS personnel and physical infrastructure. 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. TIGTA's OI expects threat-related incidents to rise as the IRS increases staffing to meet customer service and enforcement objectives in response to IRA.. An example of a FY 2022 threat-related investigation involved the arrest of a man for threatening to assault and murder an IRS employee during the performance of official duties.

TIGTA's OI also investigates criminal activity involving the IRS, such as the impersonation of an IRS employee, cybercrime, identity theft, and procurement fraud. Since March 2020, OI has reallocated resources to provide investigative oversight of programs and activities resulting from the CARES Act and the ARP 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 for those investigations that have processed through the judicial system. Many of the 937 investigations initiated are still active investigations and have not been presented to a grand jury for indictment. Although supplemental funds were provided to TIGTA through the ARP

⁴ The facts in the summarized investigative cases on this page come from court documents of the respective jurisdictions.

Act, TIGTA did not receive any additional funds for CARES Act investigative work and OI undertook significant additional workload without additional resources.

IRS impersonation investigations remain a high priority for OI. Since the IRS impersonation scam's inception, 300 individuals have been charged in Federal court for violation of various Federal statutes related to the scam. Additionally, the 197 subjects sentenced to date have collectively received a total of more than 910 years imprisonment and have been ordered to pay financial restitution totaling more than \$224 million. In FY 2022, one notable TIGTA investigation resulted in a subject being sentenced to 14 years of imprisonment and ordered to pay approximately \$5.8 million dollars in restitution for his involvement in an IRS telemarketing scheme. A recent example of an investigation involving external attempts to corrupt Federal tax administration resulted in four individuals being charged with bank fraud and aggravated identity theft. The individuals used stolen PII to create employer identification numbers through the IRS's Modernized Internet Employer Identification Number system to open business bank accounts that were then used for fraudulent means.

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 2022, performance of this measure was 89 percent, which exceeded the full-year target of 79 percent. OI exceeded the FY 2022 target because of the diligent work of experienced executives, managers, special agents, and administrative staff.

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 IRS employees, facilities, and data infrastructure. In addition, OI will maintain highly trained personnel to address the significant vulnerabilities impacting taxpayer and IRS data and effectively combat compromises of IRS computer systems in the expanding digital environment of Federal tax administration. OI's contributions in these areas help to maintain the public's confidence in the safe, fair, and effective administration of the Federal tax system.

Section III – Additional Information

A – Summary of Capital Investments

Technology Investments – TIGTA has no major information technology (IT) investments.

Noteworthy FY 2023 and FY 2024 IT initiatives:

- Continue to migrate IT components to the cloud and provide the necessary tools and support to protect TIGTA's critical information resources, which will ultimately lead to better collaboration, higher resiliency, and increased security. This includes infrastructure modernization by transitioning to a hybrid environment (cloud and on-premises);

- Proceed with targeted investments consistent with Presidential Executive Order 14028, “Improving the Nation’s Cybersecurity;” and
- Continue to secure and improve telecommunications, network, wireless access, bandwidth capacity, and connectivity to enable employees to conduct business anywhere and anytime effectively.

A summary of capital investments, including major information technology and non-technology investments can be accessed at:

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