

## Treasury Inspector General for Tax Administration

### Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021	
	Operating Plan	Enacted	Request	\$ Change	% Change
Audit	\$66,260	\$66,260	\$66,667	\$407	0.61%
Investigations	\$103,990	\$103,990	\$104,683	\$693	0.67%
<b>Subtotal, TIGTA</b>	<b>\$170,250</b>	<b>\$170,250</b>	<b>\$171,350</b>	<b>\$1,100</b>	<b>0.65%</b>
Offsetting Collections - Reimbursable	\$798	\$500	\$500	\$0	0.00%
Recovery from Prior Years	\$2,141	\$0	\$0	\$0	NA
Unobligated Balances Brought Forward	\$5,000	\$5,000	\$5,000	\$0	0.00%
<b>Total Program Operating Level</b>	<b>\$7,939</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$0</b>	<b>0.00%</b>
Direct FTE	736	800	800	0	0.00%
Reimbursable FTE	2	2	2	0	0.00%
<b>Total Full-time Equivalents (FTE)</b>	<b>738</b>	<b>802</b>	<b>802</b>	<b>0</b>	<b>0.00%</b>

Note: FY 2019 FTE & Other Resources are Actual

### Summary

The Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2021 budget request of \$171,350,000 represents an increase of one percent above its FY 2020 enacted budget. 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 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." Although there are a number of critical areas in which TIGTA will provide oversight, its FY 2021 priorities include:

- Identifying opportunities to improve the administration of the Nation's tax laws, improve tax compliance, and achieve program efficiencies and cost savings;
- Overseeing the Internal Revenue Service's (IRS) efforts to implement tax law changes;
- Assessing the IRS's efforts to address tax-related identity theft;
- 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 2.5 million Americans;
- Conducting criminal investigations of individuals and groups who impersonate the IRS in order to victimize senior citizens and other vulnerable Americans;
- Conducting advanced analytics and innovative approaches to help prevent and detect the flow of dollars fraudulently obtained by criminals and dishonest IRS employees;
- Enhancing taxpayer confidence in electronic Federal tax administration through vigorous 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 taxpayer information by IRS employees; and

- Conducting comprehensive audits, inspections and evaluations that provide recommendations for achieving monetary benefits, addressing erroneous and improper payments, and enhancing the service the IRS provides to taxpayers.

TIGTA conducts audits 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 employees, protect the IRS and its employees, and help the IRS protect and secure taxpayer data. TIGTA’s Office of Inspections and Evaluations 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 ensures that taxpayers can have confidence that the IRS collects more than \$3.5 trillion in tax revenue in an effective and efficient manner.

TIGTA’s primary functions of audit, investigations, inspections, and evaluations align with the following Department of the Treasury FY 2018 – FY 2022 Strategic Plan goals:

Goal 1: Boost U.S. Economic Growth;

Goal 4: Transform Government-wide Financial Stewardship; and

Goal 5: Achieve Operational Excellence.

### ***Budget Highlights***

Dollars in Thousands

Treasury Inspector General for Tax Administration	FTE	Amount
<b>FY 2020 Enacted</b>	<b>800</b>	<b>\$170,250</b>
<b>Changes to Base:</b>		
Maintaining Current Levels (MCLs):	0	\$4,354
Pay Annualization (2020 3.1% average pay raise)	0	\$1,048
Pay Raise (1.0% average pay raise)	0	\$1,022
FERS Contribution Increase	0	\$1,582
Non-Pay	0	\$702
Subtotal Changes to Base	0	\$4,354
<b>FY 2021 Current Services</b>	<b>800</b>	<b>\$174,604</b>
Program Decreases:		
Operating Cost Reduction	0	(\$3,254)
<b>FY 2021 President's Budget Request</b>	<b>800</b>	<b>\$171,350</b>

### ***Budget Adjustments***

**Maintaining Current Levels.....+\$4,354,000 / +0 FTE**

Pay Annualization (3.1%) +\$1,048,000 / +0 FTE

Funds are requested for annualization of the January 2020 3.1% average pay raise.

Pay Raise (1.0% in FY 2021) +\$1,022,000 / +0 FTE

Funds are requested for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$1,582,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$702,000 / +0 FTE

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

**Program Decreases.....-\$3,254,000 / -0 FTE**

Operating Cost Reduction -\$3,254,000 / -0 FTE

TIGTA will reduce program levels in order to meet its FY 2021 budget request. Reaching this target without impacting the quality of TIGTA's programs will require balancing mission requirements and workload.

### ***Legislative Proposals***

TIGTA has no legislative proposals.

### ***Performance Highlights***

Budget Activity	Performance Measure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		Actual	Actual	Actual	Target	Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders	79	81	84	70	70
Audit	Percentage of Recommendations Made That Have Been Implemented	92	85	83	85	85
Investigations	Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action	90	89	91	81	85

### ***Description of Performance***

- For FY 2019, the Office of Audit (OA) issued 97 audit reports and other products identifying approximately \$28.1 billion in potential financial benefits.
- For FY 2019, the actual Percentage of Audit Products Delivered When Promised to Stakeholders was 84 percent. TIGTA exceeded the full-year target by 16 percentage points.
- For FY 2019, the actual Percentage of Recommendations Made That Have Been Implemented was 83 percent. TIGTA did not meet the 85 percent target due in part to the IRS having to put recommendations on hold or delay implementation due to funding issues. TIGTA is working with the IRS to prioritize these unimplemented recommendations.
- For FY 2021, OA's performance targets are 70 percent of Audit Products Delivered When Promised to Stakeholders and 85 percent of Recommendations Made That Have Been Implemented.
- During FY 2019, TIGTA initiated 25 proactive investigative initiatives to detect systemic weaknesses or potential IRS program vulnerabilities. TIGTA processed 8,320 complaints, opened 2,356 investigations, and closed 2,237 investigations in FY 2019. During this period, TIGTA referred for IRS action 1,079 cases of employee misconduct and 119 cases of all types of investigations were accepted for criminal prosecution.
- For FY 2019, the Percentage of Closed Investigations Resulting in a Criminal, Administrative, or Law Enforcement Action was 91 percent, which exceeded the full-year target of 79 percent by 12 percentage points. The Office of Investigations (OI) exceeded the

FY 2019 performance measure as a result of the hard work of experienced executives, managers, and special agents.

- For FY 2021, OI's performance target will increase to 85 percent. 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 systems. In addition, OI will maintain the availability of highly trained personnel to address the significant vulnerabilities of taxpayer and IRS data and effectively combat the compromising of IRS computer systems in the expanding digital environment of Federal tax administration, which will contribute to maintaining the public's confidence in the safe, fair, and effective administration of the Nation's Federal tax system.