



*Controls and Performance Measures for
the Records Management Program
Need to Be Improved*

March 20, 2008

Reference Number: 2008-10-073

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 20, 2008

MEMORANDUM FOR CHIEF, AGENCY-WIDE SHARED SERVICES

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Controls and Performance Measures for the
Records Management Program Need to Be Improved
(Audit # 200710017)

This report presents the results of our review of the Internal Revenue Service (IRS) Records Management Program. The overall objective of this review was to determine whether the Records Management Program provides the oversight necessary to ensure that IRS records are legally and properly handled throughout their life cycle. The Department of the Treasury Office of the Assistant Secretary for Management and Chief Financial Officer considered records management as one of the top three business risks facing the IRS in Fiscal Year 2007, and, as such, it was included in our Fiscal Year 2007 Annual Audit Plan.

Impact on the Taxpayer

The IRS is responsible for controlling and managing a variety of sensitive records, including taxpayer information. However, the IRS Records Management Program Office did not have adequate controls in place to fulfill this responsibility. As a result, we could not determine if IRS records management practices were in full compliance with existing laws and regulations. In addition, the Records Management Program did not have adequate measures with which to determine if the Program was meeting its intended goals. This increases the risk that taxpayer service and tax enforcement functions could be hindered or delayed if records are not available to conduct business.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Synopsis

The Records Management Program Office has established some controls and procedures for carrying out its records management duties. However, additional oversight of the Program is needed. The Records Management Program, which handles both paper and electronic files, did not include sufficient:

- Administrative control of records management personnel.
- Onsite reviews to ensure that records are properly stored and disposed of.
- Oversight of records management training.
- Performance measures to assess the efficiency and effectiveness of the Program.

The IRS Real Estate and Facilities Management Division, within the Agency-Wide Shared Services organization, is responsible for the Records Management Program. The Records Management Program Office has overall responsibility for ensuring that the Program supports the IRS' mission and business needs and complies with Federal laws and regulations.

The Records Management Program Office relies on Area Records Managers and Information Resource Coordinators to carry out the Records Management Program in accordance with the policies it develops. However, records management is just one part of the Area Records Managers' daily responsibilities, and the Records Officer does not direct their time or activities. This could lead to conflicting priorities and decrease the ability of the Program Office to identify and correct problems.

In addition, the Records Officer has not performed reviews of all Area Records Managers to ensure that they are adequately performing the responsibilities of the Records Management Program. Similarly, the Area Records Managers did not always conduct visits or reviews of the Information Resource Coordinators who handle the day-to-day processing of IRS records. In addition, 35 percent of the Information Resource Coordinators we interviewed stated that they had not received any records management training. These conditions reduce the IRS' ability to verify record inventories, ensure that the Information Resource Coordinators understand records management procedures, and ensure compliance with IRS and Federal Government procedures.

Finally, the current performance measure associated with the Program does not provide adequate information on whether the Program is meeting its major goals. Management needs performance information to identify any areas needing improvement and to make appropriate changes to the Program.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Recommendations

We recommended that the Director, Real Estate and Facilities Management Division, determine if having the Records Management Program administered by employees working on records issues part time without being directly responsible to the Records Officer is the most appropriate way to manage the Program. We also recommended the Director revise guidance to include clearer statements of responsibility for those involved in the Program and establish appropriate training requirements for all individuals involved in records management. In addition, we recommended the Director ensure that performance measures for the Program address both the efficiency and effectiveness of the Program and are consistent with major Program goals.

Response

The Director, Real Estate and Facilities Management, agreed with three of the four recommendations. The Director agreed to examine the statements of responsibility and revise the Internal Revenue Manual as necessary. The Director also agreed to issue a comprehensive set of roles to the local managers. The Director will establish a training curriculum for the Area Records Managers, revise the training course for the Information Resource Coordinators, and ensure that they are trained. In addition, the Director will develop performance measures aligned with Program goals to assess the effectiveness of the Records Management Program. The Director neither agreed nor disagreed with our recommendation to determine if administrating the Program with employees working on records issues on other than a full-time basis and not directly responsible to the Records Officer was the most appropriate way to run the Program. In the response, the Director stated that the Real Estate and Facilities Management Division had completed a major reorganization during Calendar Year 2007. As part of this, the Director believes the revised structure of the field organization is sufficient to properly administer the Program. Management's complete response to the draft report is included as Appendix IV.

Office of Audit Comment

We do not believe the corrective action to our recommendation to evaluate how the Records Management Program is staffed fully addresses the concerns we reported. The Real Estate and Facilities Management Division completed a realignment of its staff, including the Area Records Managers, after we completed our fieldwork. However, this realignment still has shortcomings. The revised staffing does not place the Records Officer as the direct supervisor over the Area Records Managers, and the Area Records Managers will continue to be supervised by other managers with other responsibilities and possibly competing priorities. We believe the Real Estate and Facilities Management Division should reassess whether the realignment is providing the level of oversight needed and make changes as necessary.



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Nancy A. Nakamura, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Table of Contents

BackgroundPage 1

Results of ReviewPage 3

 Oversight of the Records Management Program
 Needs to Be ImprovedPage 4

Recommendations 1 and 2:Page 8

Recommendation 3:Page 9

 The Current Performance Measure Is Not Consistent
 With Records Management Program GoalsPage 9

Recommendation 4:Page 10

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 11

 Appendix II – Major Contributors to This ReportPage 12

 Appendix III – Report Distribution ListPage 13

 Appendix IV – Management’s Response to the Draft ReportPage 14



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Abbreviations

IRS

Internal Revenue Service



Controls and Performance Measures for the Records Management Program Need to Be Improved

Background

All Federal Government agencies are required to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.¹ Simply put, “a record is any piece of recorded information relating to the work of a government office, regardless of who created it, how it was created or received, or the medium on which it was created.”² Records management involves the discipline and processes needed to create, maintain and use, and then properly dispose of an organization’s records.

The Internal Revenue Service (IRS) must adequately control and manage a variety of records, including sensitive taxpayer data. As of May 2007, the IRS had over 6.7 million cubic feet of paper records stored in Federal Records Centers around the country. The records stored at these Centers include (but are not limited to) tax returns and payment vouchers submitted by taxpayers, penalty assessments and case files prepared by IRS employees, and IRS administrative records such as employee time and attendance records and travel vouchers. Tax returns, associated documents, and posting records make up 93 percent of the records stored at the Federal Records Centers. The other 7 percent is made up of administrative files and documents. Storing and handling these records cost the IRS approximately \$33.7 million in Fiscal Year 2006.

In addition to paper records, the IRS must manage electronic records. The number of electronic records has grown as more taxpayers file their returns electronically and as more IRS processes are completed electronically. Figure 1 compares the numbers of paper and electronic returns filed during Fiscal Years 2004 through 2006.

Figure 1: Numbers of Returns Filed by Fiscal Year (in thousands)

Fiscal Year	Paper Returns	Electronically Filed Returns	Total Returns Filed	Percentage of Electronic Returns
2004	156,776	67,616	224,392	30%
2005	150,477	76,200	226,677	34%
2006	147,640	80,505	228,145	35%

Source: IRS Data Books³ 2004, 2005, 2006 and Treasury Inspector General for Tax Administration analysis.

¹ 44 U.S.C. § 3101 (2000).

² Internal Revenue Service Records Management Process Awareness learning program.

³ The Internal Revenue Service Data Book contains information on returns filed and taxes collected, enforcement, taxpayer assistance, and other selected activities on a fiscal year basis.



Controls and Performance Measures for the Records Management Program Need to Be Improved

The IRS Real Estate and Facilities Management Division, within the Agency-Wide Shared Services organization, is responsible for the Records Management Program that consists of both paper and electronic files. The Records Management Program Office has overall responsibility for ensuring that the Program supports the IRS' mission and business needs and complies with Federal laws and regulations.

Previous Treasury Inspector General for Tax Administration reports found that the ability of the IRS to perform its taxpayer service and tax enforcement duties in a timely manner has been hindered by problems and delays in obtaining appropriate records. For example, in September 2004, we reported the IRS did not provide approximately 15 percent of the tax records requested during the audit and another 9 percent took longer than 40 calendar days to be provided.⁴ In addition, Department of the Treasury officials identified records management as one of the top three business risks faced by the IRS in Fiscal Year 2007.

Concurrent with our audit, the Government Accountability Office, at the request of the Senate Committee on Finance, was conducting an assessment of whether IRS case files of individual taxpayers are complete and available in a timely manner.⁵ Therefore, we did not conduct any tests that would duplicate the work expected to be completed by the Government Accountability Office. Our review was performed in the Agency-Wide Shared Services organization in Washington, D.C., during the period October 2006 through November 2007. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

⁴ *Better Procedures Are Needed to Locate, Retrieve, and Control Tax Records* (Reference Number 2004-10-186, dated September 2004).

⁵ *The IRS Can Improve Its Management of Paper Case Files* (GAO-07-1160, dated September 2007).



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Results of Review

While the Records Management Program Office has established some controls and procedures for carrying out its records management duties, there should be additional oversight of the Program. Neither we nor the IRS could determine if the IRS records management practices were in full compliance with existing laws and regulations. This puts the IRS at risk of not having records available to conduct business or of retaining records beyond their retention dates. The IRS also does not know if there are appropriate resources assigned to the Program because the Records Management Program Office does not adequately review what the various business unit representatives do or how well they perform their records management responsibilities.

The Records Management Program Office has taken some actions to improve records management within the IRS. For example, the Records Officer prepared mandatory record control schedules, which provide instructions on how long records should be kept and how to dispose of them. IRS managers should ensure that records are “scheduled” for disposal or destruction based on these guidelines. The Records Officer is also working with the Chief Information Officer to identify all electronic systems and ensure that the electronic records on those systems are scheduled for disposal or destruction. The IRS currently has more than 500 electronic systems, and the Records Officer and staff have reduced the number of unscheduled systems to fewer than 100. The E-Government Act of 2002⁶ requires that existing electronic systems be scheduled by September 2009, and the Records Officer expects to meet that requirement. The Records Management Program Office also reviews new enterprise-wide computer systems to ensure that records management issues are addressed and has created a web site providing tutorials and guidance on records management.

However, the Records Management Program did not include the following controls to ensure effective records management: the Records Officer has not conducted reviews of all Area Records Managers (hereafter referred to as Records Managers), Records Managers do not routinely conduct reviews of the Information Resource Coordinators (hereafter referred to as Coordinators), and not all Coordinators have been trained in records management. In addition, the Records Management Program Office has not developed performance measures that provide information on whether the Program is achieving its major goals to furnish accurate and complete information and to store records at the lowest possible cost.

⁶ Pub. L. No. 107-347.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Oversight of the Records Management Program Needs to Be Improved

An effective records management program should support an agency's mission and business needs, including:

- Help provide the information needed for decision making and operations and make it readily available.
- Facilitate effective performance of activities throughout an agency.
- Protect the rights of the agency, its employees, and its customers.
- Provide continuity in the event of a disaster.
- Protect records from inappropriate and unauthorized access.
- Meet statutory and regulatory requirements including archival, audit, and oversight activities.

However, the IRS Records Management Program Office does not have effective controls to ensure that IRS records management complies with statutory and regulatory requirements. Specifically, the Records Management Program did not include sufficient:

- Administrative control of records management personnel.
- Onsite reviews to ensure that records are properly stored and disposed of.
- Oversight of records management training.

The Records Management Program Office does not have administrative control of records management personnel

The Records Management Program Office includes the Records Officer and four staff members. The Program Office is currently supported by 17 Records Managers⁷ who are expected to provide advice and assistance to the business units, including:

- Inventorying records.
- Verifying whether records have authorized disposition instructions.
- Ensuring that records are disposed of or transferred for permanent keeping in the proper way at the scheduled time.

⁷ Since November 2006, the IRS has reduced the number of Records Managers from 28 to 17.



Controls and Performance Measures for the Records Management Program Need to Be Improved

- Promoting awareness of records management through training, publicity, and related support activities.

In addition, there are approximately 1,500 Coordinators appointed by the business units who carry out the daily processing of records with assistance, oversight, and guidance from the Records Managers.

The Records Management Program Office relies on the Records Managers and Coordinators to run the IRS Records Management Program in accordance with the policies it develops. However, the Records Officer does not control their time or dictate their activities, which could lead to conflicting priorities. Currently, most of the Records Managers perform records management duties as just one part of their everyday responsibilities. A Records Manager's immediate supervisor (who is not a part of the Records Management Program) can direct the Records Manager to perform other duties, even though there may be a higher priority records management need.

The Records Officer informed us that Records Managers will be assigned to new positions in December 2007, with the primary job responsibility of records management. However, the Records Managers will continue to report to supervisors with additional goals and responsibilities beyond records management, and they may still receive collateral assignments. Because the Records Management Program Office does not have authoritative control over the resources that it relies on for the Program, the abilities of the Program Office to identify and correct problems are decreased.

The Records Management Program does not include sufficient onsite reviews

The Department of the Treasury *Records and Information Management Manual*⁸ requires bureau Records Officers to conduct regular internal reviews of their bureau Records Management Programs to monitor compliance and report on Program effectiveness. The Internal Revenue Manual requires the Records Officer to participate in records reviews and Program evaluations in Headquarters and field organizations to determine how well records are managed, but it does not specify the frequency of those reviews.

Although in this position since November 2003, the Records Officer has not performed reviews of all Records Managers to ensure that they are adequately performing the responsibilities of the Records Management Program. The Records Officer has conducted five or six program reviews a year since taking over this position. When we began our review in October 2006, the Records Officer had completed program reviews for two-thirds of the Records Managers (19 of 28). The Records Office planned to conduct four additional reviews in Fiscal Year 2007. Although the

⁸ Treasury Directive 80-05, dated June 26, 2002, provides policies and assigns responsibilities for records management, forms management, and interagency reports management. It also authorizes the issuance of Treasury Department Publication (TD P) 80-05, *Records and Information Management (RIM) Manual*, which includes additional policy guidance for specific categories of records.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Records Officer recognizes the need to perform more reviews and wants to eventually do biennial reviews, the Records Officer has not yet reached the point of conducting even triennial reviews. Because the number of Records Managers has been reduced to 17, the Records Officer should be able to review the Records Managers more often.

Similarly, the Records Managers did not always conduct visits or reviews of the Coordinators to verify record inventories, ensure that Coordinators understand records management procedures, and ensure compliance with IRS and Federal Government procedures. In fact, 23 (88 percent) of the 26 Coordinators we interviewed stated a Records Manager had never performed a review of their areas. Seven (70 percent) of the 10 Records Managers we interviewed stated they either do not perform reviews of the Coordinators or they perform reviews of a Coordinator's unit only if the Coordinator or the business unit requests one. Further, one of the Records Managers did not have a list of the Coordinators in his or her Territory,⁹ which would make it difficult and time consuming to determine who to review.

The Internal Revenue Manual¹⁰ does not include a requirement for Records Managers to conduct site visits to ensure that the Program is administered properly. However, Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*, stipulates that “. . . periodic reviews, reconciliations . . . should be included as part of the regular assigned duties of personnel. Periodic assessments should be integrated as part of management's continuous monitoring of internal control. . . .” Without reviews by the Records Managers, the IRS can not ensure that (1) any new records series created by the business units are identified and scheduled or (2) schedules that need to be revised are identified and adjusted. In addition, without the reviews, there is no process to verify whether records are handled according to legal and procedural requirements.

A recent Treasury Inspector General for Tax Administration audit¹¹ of the Office of Appeals found the Office of Appeals staff were keeping some files for 10 years, which was longer than required for many of the cases.¹² Keeping records longer than the established schedules was a problem also noted by the Records Officer. During a trip to Louisiana after Hurricane Katrina, the Records Officer noticed that some of the offices reviewed were keeping records longer than necessary. If the Records Managers had been conducting regular reviews of the business units, these types of issues might have been identified and brought to management's attention. Further, if Records Managers are not routinely conducting and documenting reviews of the Coordinators,

⁹ The Real Estate and Facilities Management Division field structure consists of 14 geographic areas called Territories.

¹⁰ Internal Revenue Manual Section 1.15.1.7.1.1 (dated 01-01-2003).

¹¹ *The Office of Appeals Closed Case Files Are Overwhelming Onsite Storage Space* (Reference Number 2008-10-055, dated January 15, 2008).

¹² Based on the collection statute dates identified in the sample reviewed, the average required storage period was 8 years.



Controls and Performance Measures for the Records Management Program Need to Be Improved

the Records Officer will be unable to use this information to help conduct reviews of the Records Managers and assess the overall effectiveness of the Records Management Program.

Not all Coordinators have been properly trained in records management procedures

The National Archives and Records Administration *Disposition of Federal Records: A Records Management Handbook* states that one of the basic elements in a records program is to train all those taking part in the agency's records activities, including files custodians (the Coordinators). The Department of the Treasury *Records and Information Management Manual* also stresses the importance of all Department employees having adequate training to perform records and information management duties. It states that new employees should receive a records management orientation briefing by records management personnel when they start work.

Thirty-five percent of the Coordinators we interviewed stated they had not received any records management training. We attempted to determine what records management training the approximately 1,500 Coordinators had received. However, we were unable to do so because a complete list of the Coordinators with an appropriate unique identifier¹³ is not maintained. The Records Officer informed us it was too labor intensive for the Program Office staff to maintain such a list and, even if they did, it would be of very little value because Program Office staff do not interact with the Coordinators. Therefore, we queried the IRS official training database by course number and determined that, since it was made available in March 2004, only 372 IRS employees had completed Introduction to Records Management for Information Resources Coordinators (Course Number 9850s). This means, at most, only 25 percent of the current Coordinators have completed this course.

There are frequent changes to which employees are designated as Coordinators and how many employees are Coordinators. Because of this, we believe requiring the Coordinators to successfully complete this introductory online course would ensure that the individuals responsible for the day-to-day handling of records have at least a basic understanding of records management processes and procedures and of their responsibilities for ensuring proper records management. In addition, we believe that any other records management training received in continuing professional education seminars or other settings should be formally recorded on either the official training database or a secondary system.

The conditions identified in this report demonstrate a risk that the IRS Records Management Program is not compliant with existing laws and regulations. While the Internal Revenue Manual lists several activities the Records Officer and the Records Managers are expected to perform, it does not list sufficient specific program oversight actions they must take to evaluate the overall effectiveness of the Records Management Program. In addition, even if the Records

¹³ The IRS uses a unique identifying number, known as the Standard Employee Identifier, to associate training histories and other personnel-related information to a specific employee.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Managers were performing onsite reviews, neither the Records Officer nor the Records Managers have the authority to direct the business units to destroy or transfer, in a timely manner, records that have reached the end of their retention periods. Having untrained Coordinators increases the risk that the individuals with day-to-day responsibility for records may not dispose of them on time or that new records may not be properly identified and scheduled for disposition.

Recommendations

The Director, Real Estate and Facilities Management Division, should:

Recommendation 1: Determine if having the Records Management Program administered largely through the use of employees working on records issues on other than a full-time basis without being directly responsible to the Records Officer is the most appropriate manner in which to administer the Program.

Management's Response: IRS management neither agreed nor disagreed with this recommendation, stating that the Real Estate and Facilities Management Division had completed a major reorganization during Calendar Year 2007. The Real Estate and Facilities Management Division has examined the staffing associated with the Records Managers and believes the 15 Full-Time Equivalents¹⁴ in the Records field organization are sufficient to properly administer the Program. Division management will continue to provide a strong level of oversight to the Records Managers through conference calls, continuing professional education, and Program reviews.

Office of Audit Comment: We do not believe this corrective action fully addresses the concerns stated in our recommendation. The Real Estate and Facilities Management Division completed a realignment of its staff, including the Records Managers, after we completed our fieldwork. However, this realignment still has shortcomings. The revised staffing does not place the Records Officer as the direct supervisor over the Records Managers, and the Records Managers will continue to be supervised by other managers with other responsibilities and possibly competing priorities. We believe the Real Estate and Facilities Management Division should reassess whether the realignment is providing the level of oversight needed and make changes as necessary.

Recommendation 2: Revise guidance to include clearer statements of responsibility for those involved in the Records Management Program. The revisions should include guidelines and schedules for comprehensive onsite reviews by the Records Officer and Records Managers.

¹⁴ A Full-Time Equivalent is a measure of labor hours in which 1 Full-Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. This usually equates to 1 person working 1 year but can equate to 2 people working 1/2 of a year each, 2 people working part time for a full year, 3 people working 1/3 of a year each, etc.



Controls and Performance Measures for the Records Management Program Need to Be Improved

Management's Response: IRS management agreed with this recommendation and will examine the statements of responsibility, schedule comprehensive onsite reviews, and revise the Internal Revenue Manual as necessary. In addition, a comprehensive set of roles and responsibilities will be issued to local Real Estate and Facilities Management managers who have direct supervision over the Records Managers.

Recommendation 3: Establish appropriate training requirements for all individuals involved in records management and establish procedures to ensure compliance with the training requirements.

Management's Response: IRS management agreed with this recommendation. In Fiscal Year 2008, the Real Estate and Facilities Management Division will work to highlight the training products already available for IRS employees and will establish a training curriculum for the Records Managers. Division management will also update the *Introduction to Records Management for the Information Resource Coordinators* course, establish policies to ensure that Coordinators are trained, and expand their program of providing group training opportunities for business unit staff members who are involved in records management.

The Current Performance Measure Is Not Consistent With Records Management Program Goals

The IRS *Management Controls Accountability Program Handbook for Managers* requires managers to establish policies and procedures to ensure that reliable information is obtained and used for decision making. Sound internal management controls and the Budget and Performance Integration portion of the President's Management Initiatives require that:

- Managers use performance information to make budget, regulatory, and management decisions.
- Agencies estimate the full and marginal cost of achieving performance goals.
- All programs include efficiency measures.

For Fiscal Year 2007, the IRS used the following two measures to assess the effectiveness of the Records Management Program:

- *Efficient Use of Federal Records Center Storage.* This measures the quality of data sent to the National Archives and Records Administration supporting the retirement of IRS records and actions taken to correct problems in existing data.
- *Timely Dissemination of Appropriate Information Regarding the Management of IRS Records.* This measures the promotion, policy, and advice regarding records management conducted by the Records Managers.



Controls and Performance Measures for the Records Management Program Need to Be Improved

For Fiscal Year 2008, only one performance measure (ensuring that the data sent to the Federal Records Centers are accurate) is being used to assess the Records Management Program. While this is an important measure, it does not provide information on whether the Program is meeting its major goals. The Internal Revenue Manual states:

Major goals of the program are to furnish accurate and complete information when required to manage and operate the IRS and to provide information and records storage at the lowest possible cost. These goals are to be accomplished by:

- 1. Creating only necessary records.*
- 2. Organizing and maintaining records efficiently.*
- 3. Ensuring the protection, preservation and efficient disposition of all records according to law.¹⁵*

Consequently, the existing performance measure does not provide information on (1) the accuracy and completeness of records storage and retrieval, (2) records storage costs, or (3) whether the business units complied with Federal law or Department of the Treasury and IRS regulations on records management. Without this information, management cannot obtain an accurate assessment of the effectiveness and efficiency of the Program or determine if it is making progress toward achieving its major goals.

Recommendation

Recommendation 4: The Director, Real Estate and Facilities Management Division, should ensure that performance measures for the Records Management Program address both the efficiency and effectiveness of the Program and are consistent with major Program goals.

Management's Response: IRS management agreed with this recommendation, stating that the Real Estate and Facilities Management Division has developed a Fiscal Year 2008 Work Plan with goals and objectives for the Records Management Program. Division management has been examining other performance measures and is working to address the efficiency and effectiveness of the Records Management Program measures as they relate to the Division's strategic goals.

¹⁵ Internal Revenue Manual Section 1.15.1.4 (dated 01-01-2003).



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the IRS Records Management Program provides the oversight necessary to ensure that IRS records are legally and properly handled throughout the records' life cycle. To accomplish this objective, we:

- I. Determined whether the IRS had developed policies and guidelines to ensure compliance with Federal Government rules and regulations regarding records management.
 - A. Contacted the National Archives and Records Administration and determined its expectations for records management within Federal Government agencies and bureaus.
 - B. Determined the requirements of laws, policies, and guidelines that affect records management.
 - C. Reviewed Internal Revenue Manual Section 1.15.1 to determine whether the IRS has developed policies and guidelines to ensure compliance with Federal Government rules and regulations and Department of the Treasury Directives regarding records management.
 - D. Interviewed the IRS Records Officer, 10 of the 28 Area Records Managers, and 26 of the approximately 1,500 Information Resource Coordinators in the areas involved in records management to identify the processes and controls in place for records management. We selected judgmental samples due to time constraints, and because we did not intend to project our sample results to the overall populations.
 - E. Queried the IRS official training database to determine the number of employees who have taken Course Number 9850s. We conducted limited tests of the reasonableness of the data by reviewing the data for duplicate records, incorrect dates, and inconsistent information. We determined the data to be sufficiently reliable for inclusion in this report.
 - F. Reviewed prior Treasury Inspector General for Tax Administration and Government Accountability Office reports for any reported problems with records management.



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Appendix II

Major Contributors to This Report

Nancy A. Nakamura, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs)
Carl L. Aley, Director
Diana M. Tengesdal, Acting Director
Kevin P. Riley, Audit Manager
Susan A. Price, Lead Auditor
Kenneth E. Henderson, Senior Auditor
Angela Garner, Auditor
Stephen E. Holmes, Auditor



*Controls and Performance Measures for the Records
Management Program Need to Be Improved*

Appendix III

Report Distribution List

Acting Commissioner C
Office of the Commissioner – Attn: Acting Chief of Staff C
Deputy Commissioner for Operations Support OS
Director, Real Estate and Facilities Management OS:A:RE
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison: Chief, Agency-Wide Shared Services OS:A:F



Controls and Performance Measures for the Records Management Program Need to Be Improved

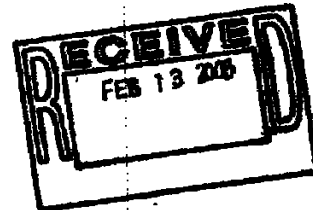
Appendix IV

Management's Response to the Draft Report




DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

FEB 13 2008



MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: J. Stuart Burns 
Director, Real Estate and Facilities Management, Agency-Wide
Shared Services

SUBJECT: Draft Audit Report – Controls and Performance Measures
for the Records Management Program Need to Be Improved
(Audit # 200710017)

Thank you for the opportunity to review the draft audit report. I agree with its focus and while no major deficiencies were found, I recognize we can do more achieve our goals. Attached is our response to your recommendations

As you are aware, the scale of IRS' records management program is large and diverse, and affects every aspect of our business operations. To enhance awareness of the importance of records management and provide tools to guide process implementation, the IRS has developed on-line, interactive training products for IRS employees. Our Program has been presented two awards for these products, the *National Archivist Achievement Award for Excellence in Records Management* and the *Treasury Chief Information Officer Award for Outstanding Achievement*.

The General Accountability Office (GAO) also reviewed various aspects of this program in their Paper Case Files Report that was issued in September 2007. Many of the correction actions we are engaging to address GAO findings will concurrently address issues raised in your report. We believe that these actions will have a continuing effect on our efforts to improve records management effectiveness and efficiencies.

In 2007, we completed a major reorganization of the Real Estate and Facilities Management organization to implement findings of our Business Process Improvement Study. During the first year of the reorganization, REFM will be assessing the progress of the implementation to ensure that it is meeting the expectations made during planning. As such, your recommendations will be assessed against resources currently allocated to the records program. As part of this assessment, we will review our records management training products, and the methodologies used to deliver those products. Finally, the Records and Information Management Program has developed a comprehensive work planning document for Fiscal Year 2008. We will work to develop measures aligned with the requisite goals in this work plan to ensure that our program complies with Department Directives and the various statutes regulating the management of federal records.

If you have any questions, please contact me at (202) 283-7400 or Page Doane, Acting Associate Director, Logistics Management at (202) 283-8413.

Attachment



Controls and Performance Measures for the Records Management Program Need to Be Improved

RECOMMENDATION # 1: Determine if administration of the Records Management Program largely through the use of employees working on records issues on other than a full-time basis and not directly responsible to the Records Officer is the most appropriate manner in which to administer the Program.

CORRECTIVE ACTION: We have examined the staffing associated with Area Records Managers in our Territories as part of our Business Process Improvement. We feel that 15 FTEs in our Records field organization is sufficient towards proper administration of the program. We will continue to provide a strong level of oversight to the Area Records Managers through conference calls, Continuing Professional Education (CPE), and Program Reviews.

IMPLEMENTATION DATE: October 1, 2008

RESPONSIBLE OFFICIAL: Director, Real Estate and Facilities Management, Agency-Wide Shared Services

RECOMMENDATION # 2: Revise guidance to include clearer statements of responsibility for those involved in the Records Management Program. The revisions should include guidelines and schedules for comprehensive onsite reviews by the Records Officer and Records Managers.

CORRECTIVE ACTION: The IRS Records Officer will examine the statements of responsibility, schedule for comprehensive on-site reviews and revise IRM 1.15.1 as necessary to implement the recommendation. A comprehensive set of roles and responsibilities will be issued to local REFM managers who have direct supervision over the Area Records Managers.

IMPLEMENTATION DATE: October 1, 2008

RESPONSIBLE OFFICIAL: Director, Real Estate and Facilities Management, Agency-Wide Shared Services

RECOMMENDATION # 3: Establish appropriate training requirements for all individuals involved in records management and establish procedures to ensure compliance with the training requirements.

CORRECTIVE ACTION: We have developed on-line, interactive, training products for use by all IRS employees having responsibility and/or interest in records management issues. These products are available on our REFM Website. We will work with the Communications and Liaison Staff to implement a communications plan for Fiscal Year 2008 that highlights these products and the availability of other sources of information on our Website. We will establish a training curriculum for our Area Records Managers. In Calendar Year 2008 we will revise the Enterprise Learning Management System Courseware *Introduction to Records Management for the Information Resource Coordinators*. Thereafter, we will establish policies to ensure that Information Resource Coordinators who are responsible for the management of records are taking the training. We will also expand our program of providing group training opportunities for Business Unit staffers who are involved in the records management.



Controls and Performance Measures for the Records Management Program Need to Be Improved

IMPLEMENTATION DATE: January 1, 2009

RESPONSIBLE OFFICIAL: Director, Real Estate and Facilities Management, Agency-Wide Shared Services

RECOMMENDATION # 4: The Director, Real Estate and Facilities Management Division, should ensure performance measures for the Records Management Program address both the efficiency and effectiveness of the Program and are consistent with major Program goals.

CORRECTIVE ACTION : A Fiscal Year 2008 Work Plan with Goals and Objectives for the Records Management Program was developed in October. We have been examining other performance measures and are working to address the efficiency and effectiveness of the records program measures as they relate to REFM strategic goals. We will develop performance measures aligned with our Program goals to access the effectiveness of the Records Management Program.

IMPLEMENTATION DATE: October 1, 2008

RESPONSIBLE OFFICIAL: Director, Real Estate and Facilities Management, Agency-Wide Shared Services