

## Information Quality

### **INTRODUCTION**

The Internal Revenue Service disseminates a variety of information to the public. Section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 [Public Law 106-554] requires Federal agencies to issue guidelines ensuring and maximizing the quality, utility, objectivity, and integrity of disseminated information.

#### **Background**

In section 515(a) of the Treasury and General Government Appropriations Act for Fiscal Year 2001(Public Law 106-554), Congress directed the Office of Management and Budget (OMB) to issue, by September 30, 2001, government-wide guidelines that “provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies.” The OMB section 515 guidelines have been prepared to ensure and maximize the quality, utility, objectivity, and integrity of information disseminated by Federal agencies. The guidelines direct each federal agency to issue its own section 515 guidelines.

In response to the OMB directive, the guidelines presented here describe procedures the Internal Revenue Service will employ to ensure the quality of its information products, including their utility, objectivity, integrity, transparency, and reproducibility.

### **PURPOSE**

This guidance should be used to ensure and maximize the quality of disseminated information. The Internal Revenue Service’s guidelines are based on the Office of Management and Budget (OMB) guidelines published in the Federal Register on September 28, 2001, January 3, 2002, and February 22, 2002. These guidelines, as the name suggests, are in the nature of guidance. They are not intended to be, and should not be construed as, legally binding regulations or mandates. They are not legally enforceable and do not create any legal rights or impose any legally binding requirements or obligations on the agency. Nothing in these guidelines affects any otherwise available judicial review of agency action.

## ***SCOPE***

The Internal Revenue Service will use these guidelines for disseminating quality information (in the context of Section 515) from its respective organizations. The guidelines describe the categories of information disseminated by the IRS and its organizational components, as well as the steps taken to comply with Section 515.

The guidelines apply to information disseminated to the public in any medium including textual, graphic, narrative, numerical, or audiovisual forms. The guidelines apply to information that organizations post on the Internet. The guidelines also apply to IRS sponsored distribution of information – where the IRS directs a third party to distribute information or the IRS has the authority to review and approve the information before release.

The guidelines do not override other compelling interests such as privacy, trade secrets, intellectual property, and other confidentiality protections. The guidelines do not apply to Hyperlinks to information that others disseminate. The guidelines do not apply to opinions where the IRS's presentation makes it clear that the material is an opinion or the IRS's views rather than fact. In addition, the guidelines do not apply to information disseminated in the following contexts:

- Agency employees or agency contractors or grantees, when information is disseminated to only these recipients.
- Disseminations intended to be limited to intra- or inter-agency use or sharing of government information.
- Correspondence with individual persons, press releases containing factual information previously disseminated to the public, archival records, public filings, subpoenas or adjudicative processes
- Testimony of officials, information or drafting assistance provided to Congress relating to pending or proposed legislation that has not been previously disseminated to the public in another manner.
- Response to requests for agency records under the Freedom of Information Act, the Privacy Act, the Federal Advisory Committee Act, or other similar laws.

## ***GUIDANCE***

### **STATISTICAL INFORMATION**

The modern U.S. income tax was enacted in 1913 with the passage of the sixteenth amendment to the U.S. Constitution. Subsequently, the Revenue Act of 1916 required the

annual publication of statistics. Despite many revisions to the tax law, the original requirement of that Act continues today. Specifically, the current Internal Revenue Code states "The Secretary (of the Treasury) shall prepare and publish not less than annually statistics reasonably available with respect to the operations of the internal revenue laws..."

The IRS operates a data collection and dissemination system, called the Statistics of Income (SOI) program, which uses the Federal tax system as a comprehensive source of economic and financial information. The program collects data from different tax and information returns that are processed in administering the tax laws. During its nearly 90-year history, the main emphasis of the SOI program has been individual and corporation income tax data. Other subjects based on other types of returns for which data are currently collected, either annually or periodically, include partnerships, private foundations and other exempt organizations.

The data gathered by the SOI program is used extensively for tax research and for estimating revenue by tax analysts in the Department of the Treasury's Office of Tax Analysis (OTA) and the Congressional Joint Committee on Taxation (JCT). The third major user is the Department of Commerce's Bureau of Economic Analysis (BEA) which relies on SOI data extensively for estimating components in the National Income and Product Accounts. Many other Federal agencies are also users of SOI data, including the Federal Reserve Board, the General Accounting Office, the Social Security Administration, and the Health Care Financing Administration. Outside of the Federal Government, SOI data are used by a broad array of tax practitioners, policy researchers, demographers, economic analysts, consultants, business and trade associations, corporate tax departments, State and local Governments, foreign Governments, universities, public libraries, and the media, as well as the public at large. In addition, other areas of IRS use SOI data for their internal operations.

## Utility

### **IRS will make information products widely available and broadly accessible.**

Since tax returns are protected from public scrutiny by law, strict procedures govern the handling of returns and computer files containing such information. SOI's primary customers (OTA and JCT) are authorized to receive detailed tax return (microdata) files, so computer files of tax return information are regularly provided to them. However, most other users of SOI data can only have access to summary tabulations. The purposes and details describing such access are specified in Section 6103 of the Internal Revenue Code.

SOI information is made publicly available through both printed publications and electronic media. The *Statistics of Income (SOI) Bulletin* is published quarterly, with each issue containing four to eight articles and data releases of recently completed studies, as well as historical tables covering a variety of subject matter, from Treasury Department

tax collections to taxpayer assistance and tax return projections. IRS produces separate annual "complete reports" on individual and corporation income tax returns, which contain more comprehensive data than what are published in the *Bulletin*. The *Corporation Source Book* is also published annually, presenting detailed income statement, balance sheet, and tax data by industry and asset size. Periodically, IRS produces special compendiums of research and analysis, covering topics such as nonprofit organizations, estate taxation and personal wealth, and international business activities. Research articles documenting technological and methodological changes in SOI programs and other related statistical uses of administrative records are also published in a series of reports. SOI is also responsible for releasing other IRS information, including the Internal Revenue Service *Data Book* (containing tax collections and other tax administration data), tax return projections, and microdata records of exempt organizations.

SOI data on individuals, corporations, and other entities are available to the public on the IRS World Wide Web site. Electronic media products available from SOI also include magnetic tapes, CD-ROM's, diskettes, and files sent via e-mail. These products include the Individual Public-Use Microdata File (for which taxpayer identifiers have been removed); Exempt Organizations and Private Foundations Microdata Files (whose returns are open to the public); the Corporation Source Book; individual income tax return data shown by State, county, or ZIP code; and individual migration data shown on either a State or county basis. SOI also has a Statistical Information Services (SIS) office to facilitate the dissemination of SOI data.

**IRS will keep informed of information needs through active and ongoing contact with the user community and will provide vehicles for user input into our information programs.**

IRS keeps abreast of information needs through a variety of means, including meeting with our customers, conducting user surveys, working with advisory committees, and convening and attending conferences. Contact information is available, where appropriate, on a variety of information products to allow for questions, comments, and suggestions from users.

**IRS statistical publications and other information products will be reviewed to ensure that they remain relevant and timely and that they address current information needs.**

On the basis of internal product reviews and consultation with users, and in response to changing needs and emphases, the content of ongoing information products is changed, new products are introduced, and some products are discontinued.

**Objectivity**

*Objectivity*, as defined in the OMB quality guidelines (V.3.B), involves a focus on ensuring that information is accurate, reliable, and unbiased and that information products are presented in a clear, complete, and unbiased, well-documented manner.

Objectivity is achieved by using reliable data sources and sound statistical techniques, by having information products prepared by qualified people using proven methods, and by carefully reviewing the content of all information products.

**Information products disseminated by IRS will be based on reliable, accurate data that have been validated.**

All of the information disseminated by IRS is based on reported data on tax or information returns submitted by taxpayers. SOI data are collected only from non-amended and non-audit returns. The United States uses a system of self-assessment for the collection of most federal taxes. Under this system, taxpayers, whether individuals or corporations, compile the facts about their income, claim allowable deductions, and calculate taxes they must pay, using forms provided for this purpose and filing all documents by the date determined by tax laws. The facts are later checked against reports of payers and recipients. Selected data items are computer entered for administrative purposes, to determine the correct tax liability. Every week, as data are posted, a probability sample from tax returns is selected for each SOI study. These sampled returns are subject to additional data abstraction for SOI by specially trained technicians. The data thus extracted from the sampled returns are tested for consistency and any errors detected are then resolved. Due to substantial penalties for misreporting, the income and expenditure data reported on tax returns have proven to be more reliable than comparable survey data.

**IRS samples will be conducted using methodologies that are consistent with generally accepted professional standards for all aspects of sampling design and implementation.**

IRS employs and documents accepted professional standards and practices for all its SOI studies, including sample frame development, sample design, testing sample selection computer programs, data editing, analysis of sampling and coverage errors, imputation of missing data, weighting, and variance estimation.

Tax returns are filed and administratively processed at one of ten IRS regional sites, called "service centers." Once processed, IRS compiles selected information from most return forms into a computerized "master file" system, which is the informational backbone of the agency. Most SOI operations begin by sampling returns from the master file system; the master file offers a sampling frame that enables use of sophisticated and efficient sample designs.

Statistics compiled for the SOI studies are generally based on stratified Bernoulli samples of tax or information returns. As returns are processed into the master file system, they are assigned to sampling classes (strata), based on criteria such as size of income or assets (or other measures of economic size), industrial activity, accounting period, or the presence of certain supplemental forms or schedules. Each taxpayer, whether an individual or a business, has a unique number--- the social security number (SSN) for individuals or the employer identification number (EIN) for businesses. These unique

taxpayer identification numbers are used as the seed to generate a pseudo-random number which, along with the sampling strata, determines whether a given return is to be selected for the SOI sample. The probability of a return being designated for the SOI sample depends on the sampling rate prescribed for its sample class or stratum and may range from a fraction of 1 percent to 100 percent.

The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years because of the prevalence of fiscal (non-calendar) year reporting.

**All data employed in the preparation of information products will be compiled using acceptable procedures implemented by qualified professional staff.**

After sampling, the relatively few data items pulled electronically from the master file system are substantially augmented with additional items key-entered from hardcopies of taxpayers' returns. Statistical abstracting can take as little as a few minutes for a simple return, to as long as several days for a large corporate return.

IRS has built a network of mid-range servers in selected service centers that are dedicated to SOI statistical processing. "Hub" sites are located in Ogden (Utah) and Covington (Kentucky), with other processing centers located in Atlanta (Georgia), Austin (Texas), and Kansas City (Missouri). The processing system uses on-line transaction processing, so that all data capture operations are completed in a single pass. One editor is responsible for ensuring the validity of all data processing for a given return.

Several extensive quality review processes are used to ensure the quality of the data. The review processes begin at the sample selection stage with weekly monitoring of the sample to ensure that the proper number of returns was being selected. They continue through the data collection, data cleaning, and data completion procedures with consistency testing. Part of the review process includes extensive comparisons between the final statistics and previous year statistics as well as external data. Great amounts of effort are made at every stage of processing by qualified professional staff to ensure data integrity.

Due to substantial penalties for misreporting, the income and expenditure data reported on tax returns have proven to be more reliable than comparable survey data. Even so, IRS employees go to great lengths to protect against nonsampling errors, such as those due to taxpayer reporting variations or inconsistencies, or data processing errors. In order that final statistics are consistent and reliable, IRS economists develop extensive on-line tests and error resolution procedures that are applied to each sampled return. The tests and correction procedures are based on the structure of the tax laws and forms, generally accepted accounting principles, and the improbability of various data combinations.

Editors in service centers and IRS economists statistically edit data items in order to make each sampled return internally consistent. Missing data problems arise, albeit infrequently (under 1 percent of the time). Missing items can be obtained through direct contact with taxpayers, or be estimated through imputations based on other return data,

prior-year data for the same taxpayer, or same-year data from a "statistically similar" return. IRS economists serve as subject matter experts to the editors in answering their questions, and also resolve errors in the more difficult cases.

Subsamples of returns are independently reprocessed and analyzed for a quality evaluation. Additionally, in order to provide high quality statistics, economists conduct on-line review trips to the processing centers and review quality logs written by editors.

**All estimation procedures will be prepared using statistically sound procedures designed by qualified professional staff.**

On the whole, the IRS approach to making statistical summaries, using design-based inferences for the calculation of estimates and their standard errors, is quite straightforward. In applications, the probability with which a return is selected for an SOI sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are computed by dividing the population count of returns filed for a given stratum by the count of sample returns for the same stratum after adjusting for outliers and missing returns.

In some studies, it is possible to improve the estimates by employing post-strata, based on supplemental criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts – oftentimes with fairly computer-intensive methods, such as raking ratio estimation.

Model-assisted estimates and bootstrapping techniques have been explored for selected SOI programs, but their deployment remains infrequent. A combination of randomization weighting and model-assisted techniques is now used to make preliminary estimates prior to the completion of sampling.

**Data sources, sampling errors, and disclosure limitation methods will be documented in publications, either for the publication as a whole or for individual tables.**

Documentation in SOI publications contains information on data sources including definitions and specifications of variables. Report documentation also includes, where appropriate, information on sampling errors and data limitation, as well as a description of rules or techniques for avoiding disclosure of confidential information.

**All information products will be edited and proofread before release to ensure clarity and coherence of the final report.**

Text is edited to ensure that the report is easy to read and grammatically correct, thoughts and arguments flow logically, and information is worded concisely and lucidly. Tables and charts are edited to ensure that they clearly and accurately illustrate and support points made in the text and include concise but descriptive titles. Tables and charts indicate the unit of measure and the universe being examined, and all internal labels

(column headings, row stubs, and panel headings) accurately describe the information they contain. All changes made to a manuscript during the editing process are checked by a proofreader, reviewed and approved by the author.

**A comprehensive errata policy will inform users of both printed and Web-based publications when an error has been found and corrected.**

If an error is detected before an initial mailing, IRS includes an errata notice with the mailing. If the mailing has been sent out, an errata sheet is issued with all subsequent publications that are disseminated and, where appropriate, the errata sheet is sent to all those who received the initial mailing. Errata notices are placed on the first page of the Web version to inform both new and repeat site visitors about the mistake, and the corrected version of the document is posted on the Web.

**Integrity**

Integrity, as defined in the OMB quality guidelines, refers to the security of information from unauthorized access or revision to ensure that the information is not compromised through corruption or falsification.

To ensure the integrity of its information, IRS will employ rigorous controls that have been identified as representing sound security practices.

Tax returns are protected from public scrutiny by law, and strict procedures govern the handling of returns and computer files containing such information. IRS has programs and policies in place for securing its resources as required by the Internal Revenue Code. In order to prevent disclosure of information about specific taxpayers or businesses in SOI published tables, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organization are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

**Transparency and Reproducibility**

For the purpose of these guidelines, *transparency* refers to a clear description of the methods, data sources, assumptions, outcomes, and related information that will allow a data user to understand how an information product was designed and produced. SOI guidelines call for clear documentation of data and methods used in producing estimates and projections. Their implementation will ensure the transparency of our disseminated information.

*Reproducibility* of information refers to the ability, in principle, for a qualified individual to use the documentation of methods, assumptions, and data sources to achieve comparable findings subject to an acceptable degree of imprecision. In practice,



opportunities for direct reproducibility are often limited by restrictions on access to confidential information. Nevertheless, the procedures described above for data selection, preparation and dissemination provide sufficiently robust checks at all stages of the process to insure the highest quality information products possible.

## **INFORMATION IN THE INTERNAL REVENUE MANUAL (IRM)**

The IRM is the single official source for IRS policies, directives, guidelines, procedures and delegations of authority in the IRS. The IRM represents the keystone of a suite of tax administration tools that meet the needs of the IRS business unit employees. The public and practitioners have access to most of the IRM via the official IRS web-site and the IRS public Reading Room. Other information in the IRM is classified as Official Use Only. The IRM consists of the following:

- Policy statements are major decisions of the Commissioner and other specified executives that govern and guide personnel in the administration of the tax laws.
- Procedures and guidelines tell IRS employees how to serve taxpayers in administering the nations' tax laws.
- Delegations of authority are official notification by the Commissioner of certain rights and responsibilities delegated to subordinate officials. Delegations of authority effecting taxpayers are also published in the Federal Register.

The IRM is broken down into parts, chapters and sections. Being very structured, authors must adhere to a specific page format and numbering scheme. A review process is in place where stakeholders are provided the chance to correct or modify potential changes to the procedural guidance before publication. The specific business unit owner within the IRS is responsible for ensuring that all IRM content is accurate, up to date, and cleared through proper stakeholders. The modernization of the IRS required a redesigned IRM based on business processes. This will simplify researching the IRM for everyone. Within the IRS, the Servicewide Policy, Directives and Electronic Research organization is responsible for overseeing the content owners and authors of the IRM to ensure they publish information that is current and correct. The goal is to eliminate non-value added and duplicative information. A network of business unit coordinators has been established throughout the IRS to oversee their respective organizations' portion of the IRM. Authors are also taught writing techniques to improve quality. The IRS holds annual symposiums with commercial vendors of the IRM to increase its utility to practitioners by striving to make sure the IRM is consistent across all of the vendors. During these meetings vendors are provided with plans for process improvements, new technologies and at the same time the IRS listens to feedback to improve the accuracy and timeliness of the public IRM. A historical file of the IRM is also maintained.

## **RESEARCH INFORMATION**

The IRS National Research Program (NRP) disseminates some information about the Program including a description of its objectives, the guiding principles under which it operates, the design of studies, and the nature of its products. This information is shared

with the public through press releases, presentations made to external stakeholder groups, program description in the Internal Revenue Manual (IRM) and various written reports, including those issued by GAO. The quality of the disseminated information is based on knowledge of its developers subject to extensive review and approval by senior management in the IRS.

The IRS NRP also disseminates some products for public use. To date, NRP has produced top-level compliance rates for return filing (individuals only) and tax payment. The measurements were added to the Organizational Performance web-site which provides other top-level IRS measures, e.g. customer satisfaction ratings. In the future NRP will also produce and disseminate a measurement of the top-level voluntary reporting rate. All of the compliance measurements will be produced based on requirements that are reviewed, approved, programmed and thoroughly tested to ensure accuracy.

In general, NRP does not release micro-level data to non-IRS individuals (except, possibly, GAO or TIGTA). NRP, on occasion, provides summary-level data with appropriate statements about statistical reliability of the data. In addition, to obtain analytical assistance from the academic community, IRS may enter into agreements with academia researchers (and their employers-universities) to complete needed research. The work of these researchers will be supervised by the IRS and they will adhere to all restrictions on disclosure of taxpayer information.

## **PROCUREMENT INFORMATION**

The IRS disseminates information to an audience of potential contractors and other interested parties in the form of solicitations and pre-solicitation announcements, including:

- Request for Proposal (RFP)
- Invitation to Bid (IFB)
- Request for Quotations (RFQ)
- Request for Information (RFI)
- Request for comments (RFC)

The issuances of these announcements are governed by the Federal Acquisition Regulation (FAR). FedBizOpps is the single government point-of-entry (GPA) for Federal government procurement opportunities over \$25,000. Government buyers are able to publicize their business opportunities, including solicitations, by posting information directly to FedBizOpps via the Internet. Commercial vendors use FedBizOpps to identify Federal markets for their products and services.

All announcements include a point of contact for inquiries. The FAR, as well as Departmental and IRS policies and regulations establish procedures that can be used to address the complaint process requirements of the Data Quality Act.

IRS also posts many solicitations and announcements on its own Internet site. As noted above, Federal, Departmental and local policies and regulations establish procedures that can be used to address the complaint process requirements of the Data Quality Law.

### **Utility**

The information is useful to its intended audience because it is a self-selecting audience, including vendors and potential offerors who are interested in entering into contracts with the IRS.

### **Objectivity**

The Competition in Contracting Act (CICA) and the Federal Acquisition Regulation (FAR) govern contracting in the Federal government and ensure that competition is maximized.

### **Integrity**

Information security is maintained in accordance with applicable policies and regulations, including the Privacy Act, FAR requirements, IRS Disclosure requirements and information security requirements.

The IRS also publishes a Guide for Preparing and Submitting Unsolicited Proposals which is posted on the Procurement Internet site. In accordance with FAR Part 15.6, it establishes procedures for the submission of an unsolicited proposal and its consideration within the IRS. The guide provides a point of contact in the Office of Procurement Policy.

## **OPERATIONAL INFORMATION**

The four Operating Divisions within the IRS serve the various taxpayer segments of the public including small businesses, large and small corporations as well as tax-exempt organizations and government entities. On their own, the Operating Divisions issue only a limited number of information products to the public as stand-alone products. These products include reports to Congress, publications, customer outreach documents, media releases, and presentations made to professional and practitioner organizations concerning tax law and Service initiatives.

### **Information shared with the public:**

- Tax Forms and Publications enable taxpayers to understand and meet reporting requirements set forth in the Internal Revenue Code and related Treasury regulations.

- Public Guidance includes formal guidance, often published in the Internal Revenue Bulletin, as to the correct interpretation and application of tax law. It includes regulations, revenue procedures, announcements, and notices.
- Operational Guidance and Educational Materials include instructions provided to employees to assist them in carrying out the technical aspects of their responsibilities. It includes examination guidelines, alert guidelines, and other technical training materials. It also includes continuing professional education texts, and materials prepared for technical workshops around the country. This material usually finds its way to the public.
- Outreach Documents include material, usually less technically complex and inclusive than that identified above as public guidance, which is prepared to provide the interested public with an introduction to the tax laws administered by the Service. In some instances, outreach documents are issued jointly with other federal agencies. Outreach Documents may be in paper or electronic format. Electronic format documents include websites, electronic newsletters, educational videos, and CD Roms.

### **Operating Divisions Data Sources**

Data is collected primarily from sources throughout the Operating Divisions. Depending on the subject matter, information may also be obtained from other IRS functions or external sources such as other federal agencies or professional or practitioner groups.

The information gathered and disseminated is used to respond to specific requests for information on IRS activities, to provide advance information on upcoming IRS programs and/or activities, and to assist taxpayers in complying with tax law.

### **Utility**

Operating Division information is made available to the appropriate audience through internal contacts. Information is also distributed publicly through websites, publications, media contacts, and ongoing outreach efforts with professional and practitioner groups and other stakeholder groups.

The Operating Divisions stay abreast of information needs through a variety of means including ongoing stakeholder relationships, speeches before professional and practitioner groups, measurements of customer satisfaction, consultation with advisory committees, and convening and attending conferences with professional and practitioner groups.

All information products go through multiple layers of review (including Operating Divisions, and, as appropriate, other IRS functions, the Department of Treasury, and other federal agencies). On the basis of internal product review, consultation with users

and other interested parties, and in response to changing tax law, needs and emphases, the content of information products is changed, new products are introduced, and some products are discontinued.

## **Objectivity**

Information disseminated by the Operating Divisions is based on data obtained during program administration or program or issue analysis. Statistical data is obtained from returns or case information obtained from either the field or headquarters, and validated by analysts prior to issuance of any information products. In addition, data may also be reviewed and validated by other IRS functions or federal agencies.

The Operating Divisions use quality review processes to ensure the quality of data used or produced. Subject matter experts are responsible for ensuring the accuracy and integrity of all information products.

Documentation in products contains information on sources, limitations inherent in the sources, and, where appropriate, on the sampling techniques used.

Text is edited to ensure that the information products are easy to read and grammatically correct, that thought and arguments flow logically, and that information is worded concisely. Tables and charts are edited to ensure that they clearly and accurately illustrate and support points made in the text and include concise but descriptive titles. Tables and charts indicate the unit of measure, and all internal labels (column headings, row stubs, and panel headings) accurately describe the information they contain. Changes made to an information product during the review process are also checked for accuracy, clarity and coherence with the entire product.

## **Integrity**

The Operating Divisions have programs and policies in place for securing resources as required by the Internal Revenue Code and the Internal Revenue Manual. Information is protected from unauthorized access or revision, to prevent corruption or falsification of information. The Operating Divisions ensure compliance with Government-wide, Treasury-wide and IRS security requirements and OMB Circulars A-123, A-127 and A-130 when disseminating information.

## **CRIMINAL INVESTIGATION INFORMATION**

Criminal Investigation (CI) is the law enforcement arm of the IRS. It is CI alone that is charged with investigating potential criminal violations of the Internal Revenue Code (IRC). CI's top priority is the investigation of violations of the tax laws. However, CI special agents (SAs) lend their financial investigative expertise to money laundering and narcotics investigations conducted in conjunction with other law enforcement agencies at the local, state and federal levels.

Although the investigation of people with illegal income is an important aspect of CI enforcement activities, it is only one part of a balanced enforcement program that attempts to ensure compliance among all groups of taxpayers. Over the years, investigative activity has resulted in individuals being convicted for tax evasion in almost every occupation, profession and segment of the economy, and has also resulted in the convictions of several corporations.

### **Information shared with the public:**

- CI maintains a web site that is accessible to the public that describes what CI does, keeps the public apprised of potential tax scams, and makes the public aware of current enforcement efforts.
- CI develops brochures that describe the role and purpose of CI in the IRS and federal law enforcement for distribution to the public. The documents also encourage compliance with the tax laws.
- CI provides Asset Forfeiture data, in standardized reports, prepared from CI's Asset Forfeiture Tracking System (AFTRAK) database, to the Treasury Executive Office of Asset Forfeiture, who produces reports that are shared with the public.
- CI publishes an annual report that highlights CI's national operations for distribution to the public. Data for the report comes from the Criminal Investigation Management Information System (CIMIS). In general, CI only shares information from investigations that are public record. Criminal Investigation statistics are reported as aggregated information and non public record statistics from specific investigations are never shared.

### **CI Data Sources**

#### **CI Management Information System**

Effective implementation of the mission of CI requires accurate, real-time information to be available to all levels of management throughout CI. The CI Management Information System provides the vehicle to collect, compile, and deliver this information. Much of the data contained in this system is also gathered in response to congressional mandates, Treasury regulations, OMB requirements, and IRS directives. It is relied upon heavily for preparing congressional testimony and in releasing information to the media.

CI Management Information System is currently the management tool used for tracking the type, status and progress of CI investigations as well as the time expended on investigations by CI employees. The current system has been operational for a number of years and is the backbone of the CI information management function.

#### **Asset Forfeiture Tracking**

Internal Revenue Code 7301 provides for the forfeiture of taxable property, which is used to defraud the United States of tax. Internal Revenue Code 7302 provides for the seizure and forfeiture of property intended for use in violation of the Internal Revenue laws. Title 18 United States Code (USC) provides for the forfeiture of property intended for use

in violation of the Money Laundering laws. Title 31 USC provides for the forfeiture of property intended for use in violation of the Currency laws.

Seizures are numbered and tracked on CIMIS and AFTRAK. Criminal Investigation Management Information System tracks the time spent on the forfeiture actions and AFTRAK tracks the assets themselves.

The CIMIS and AFTRAK databases are the primary source of data for information that is shared with the public. What follows are descriptions of how these two databases incorporate the OMB and IRS information quality guidelines.

### **Utility**

Information from CI databases achieves its usefulness by being customer defined. Customers make specific requests for the information they need from CIMIS and AFTRAK databases and they determine the format of information. The information derived from CIMIS is used in the CI Annual Report and the information derived from AFTRAK is used in the Treasury Forfeiture Fund Accountability Report.

Treasury publishes the Treasury Forfeiture Fund Accountability Report and the information provided by CI from AFTRAK is based on Treasury requests. Treasury determines the utility of the AFTRAK data provided by CI.

Criminal Investigation determines the utility of (1) the Annual Report, and (2) brochures, through meetings with its customers and internal reviews of the products.

Criminal Investigation Management Information System and AFTRAK are scheduled to undergo a software and hardware upgrade to integrate into one system. Aside from security enhancements, there will be an increase in data that is captured and stored in the new system. This can be a source of new information for CI customers.

### **Objectivity**

Criminal Investigation Management Information System and data (including information derived from CIMIS and AFTRAK) is population data and is not subject to errors from sampling.

Information from CIMIS achieves reliability and accuracy through managerial review at the field office prior to and after data is input into CIMIS. Criminal Investigation's Review and Program Evaluation (RPE) section regularly reviews CI investigations, of which input into CIMIS is a part. Review and Program Evaluation, with the assistance of a select group of field personnel, reviews field offices on a three-year cycle.

Information from CIMIS achieves reliability and accuracy through internal CIMIS validity checks that compare data input to valid values and identifies errors at the time of input.

To ensure CIMIS reliability, once a fiscal year's data has been secured and validated, a 'snapshot' of that data is kept and this is constantly referred to when comparing fiscal years. Since investigations can occur across fiscal years, from initiation to final resolution, investigations are continuously updated. The 'snapshot' data is never changed and is consistently used to report CI statistics for that fiscal year.

Asset Forfeiture Tracking undergoes a yearly audit by Treasury as well as monthly reconciliation by the Warrants and Forfeitures section to achieve reliability and accuracy. Asset Forfeiture Tracking reports are based on Treasury guidelines from the Treasury Executive Office of Asset Forfeiture. Treasury sets the requirements for accuracy of data provided to that office. In addition, to insure the accuracy of the database, each field office conducts semi-annual physical inventories of seized assets.

Independent appraisals of seized assets are used as input into AFTRAK. Asset Forfeiture coordinators in each field office provide information to CI Headquarters. Criminal Investigation headquarters and Asset Forfeiture coordinators in the field review AFTRAK for accuracy.

To achieve accuracy and reliability published material goes through several levels of review prior to publication.

All case related statistics derived from CIMIS that are used in published material are reviewed by CI's research section.

Published material in the form of brochures undergo managerial review within CI's Office of Communications and Education and IRS Office of Chief Counsel as well as final review by CI senior management prior to release to the public.

Published material in the CI Annual Report also undergoes the same level of review. Criminal Investigation's office of Financial Crimes has responsibility for the CI Annual Report. Aside from statistics from CIMIS, information about CI's investigations that are published in CI's Annual Report is from public court records. Criminal Investigation analysts write the published material in the Annual Report, it undergoes review within Financial Crimes as well as by CI's Office of Communications and Education and final review by IRS Senior Management prior to release.

Information on CI's web site is published by CI's Office of Communications and Education and undergoes managerial review within that office prior to publishing on CI's web site. Information about investigations published on CI's web site is also from public court records.

### **Integrity, Transparency, and Reproducibility**

Meeting C-2 security guidelines ensures integrity of CI data in CIMIS and AFTRAK. Access to the systems are provided by:

- Criminal Investigation's National Operations Center—to give access to CI's domain.



- Asset Forfeiture Tracking security coordinators who provide access to AFTRAK through the software by assigning passwords.
- Criminal Investigation Management Information System security coordinators who provide access to CIMIS through the software by assigning passwords.
- Access to CIMIS and AFTRAK are controlled and monitored.

As part of the upgrade to CIMIS and AFTRAK, security and audit capabilities will be enhanced. These increased capabilities can track users accessing the system, to ensure integrity.

Since access to CI data is highly restricted, CI can explain how data is derived. The IRM describes what data CI captures in CIMIS and AFTRAK. Internal Revenue Manual descriptions of what are captured in CIMIS and AFTRAK ensures transparency.

Researching public records can reproduce information in CI publications. Data is backed up and secured to be able to reproduce reported statistics.

<b><i>PROCESS</i></b>
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### **Information Collection Quality Review**

The IRS is already required to demonstrate in their Paperwork Reduction Act (PRA) submissions to OMB the ‘practical utility’ of a proposed collection of information the IRS plans to disseminate. Additionally, for all proposed collections of information that will be disseminated to the public, IRS should demonstrate in their PRA clearance submissions to OMB that the proposed collection of information will result in information that will be collected, maintained and used in a way consistent with OMB and IRS information quality guidelines.

### **Administrative Complaint Mechanism**

In accordance with Section 515 of Public Law 106-554, codified at 44 U.S.C. Paragraph 3516, note, IRS has developed a procedure to allow affected persons to seek and obtain correction of information IRS maintains and disseminates. This may vary according to the frequency by which the data is disseminated and will be determined by IRS officials. The IRS will respond to complaints and/or requests for correction within 60 days of receipt.

To seek a correction of information under Section 515 parties must:

- State that the request for correction of information is submitted under Section 515 of Public Law 106-554.
- Include name, mailing address, telephone number and organizational affiliation, if any. (Optional –fax number and e-mail address). This information is needed to respond to the request and contact parties, if required.

- Clearly describe the information believed to be in error and wanted corrected. Include the name of the report or data product where the information is located, the date of issuance and a detailed description of the information to be corrected.
- State how the data affected the party and how correction would benefit the party, Treasury or the IRS.
- State specifically why the information should be corrected and, if possible, recommend specifically how it should be corrected for failure to comply with OMB, Treasury, or IRS information quality standards. Provide supporting documentary evidence, such as comparable data or research results on the same topic, to help in the review of your request.

Based on a review of the information provided, the IRS will:

- Determine whether a correction is warranted and, if so, what action to take. The nature, influence and timeliness of the information involved, the significance of the correction on the use of the information, and the magnitude of the correction will determine the level of review and corrective action. Requests for correction will be sent to the office that originally disseminated the information for a determination on the corrective action to be taken.
- Respond by letter, e-mail, or fax. The response will explain the findings of the review, and the actions IRS will take.
- Respond to request for correction of information within sixty calendar days to resolve, you will be notified that more time is required, state the reason why, and include an estimated date.

If the request for correction of data is denied, parties will be informed of their rights to an administrative appeal and told how to apply for it.

Correction of information under Section 515 must be in writing and sent to IRS by mail at the following address:

Chief Information Officer  
 Information Quality Program Coordinator  
 Internal Revenue Service, OS:CIO:I  
 1111 Constitution Ave. NW, IR 3137  
 Washington, DC 20224

Correction of information under Section 515 may also be faxed to the IRS at (202) 622-5029.

The IRS is authorized to collect the information provided under Section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law No. 106-554 codified at 44 U.S.C. paragraph 3516). It is needed to process requests and allows the IRS to reply accordingly. The information is not required, but failure to provide it may prevent your request from being processed. The information you furnish is rarely used for any purpose other than to process and respond to requests. However, IRS may disclose information provided if authorized or required by Federal Law, such as the Privacy Act.

After the petitioner receives a response or decision from the IRS on a complaint, the incumbent must send their appeal of the ruling within 45 days. The agency must respond to appeals and/or requests for correction within 60 days of receipt. If the appeal requires an extended period of time for processing, the IRS must notify the petitioner.

### **Information on which the Agency Requested Public Comments**

Certain disseminations of information include a comprehensive public comment process (e.g., notices of proposed rulemaking (NPRM), regulatory analyses, and requests for comment on an information collection subject to the Paperwork Reduction Act). The administrative complaint mechanism described in these guidelines normally would not apply to such documents. Persons questioning information disseminated in such a document should submit comments as directed in that document. However, in cases where the IRS disseminates a study, analysis, or other information prior to the final IRS action or information product, requests for correction will be considered prior to the final IRS action or information product in those cases where the IRS has determined that an earlier response would not unduly delay issuance of the IRS action or information product and the complainant has shown a reasonable likelihood of suffering actual harm from the IRS's dissemination if the IRS does not resolve the complaint prior to the final IRS action or information product.

<b><i>REPORTING REQUIREMENTS</i></b>
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On a fiscal-year basis, the IRS will submit a report to the Deputy Assistant Secretary for Information Systems and Chief Information Officer (DASIS/CIO). The report shall identify the number and nature of complaints received regarding compliance with the guidelines and explain how the complaints were resolved. The IRS will submit the report by November 1, of each following year with the first report due November 1, 2003. Periodically, there will be internal review and update of the guidelines to ensure and maximize the quality of disseminated information.

## ***APPENDIX A - DEFINITIONS***

***Affected Persons*** are people who may benefit or be harmed by the disseminated information. This includes persons who are seeking to address information about themselves as well as persons who use information.

***Quality*** is an encompassing term comprising utility, objectivity, and integrity. Therefore, the guidelines sometimes refer to these four statutory terms, collectively, as "quality."

***Utility*** refers to the usefulness of the information to its intended users, including the public. In assessing the usefulness of information that the agency disseminates to the public, the agency needs to consider the uses of the information not only from the perspective of the agency but also from the perspective of the public. As a result, when transparency of information is relevant for assessing the information's usefulness from the public's perspective, the agency must take care to ensure that transparency has been addressed in its review of the information.

***Objectivity*** involves two distinct elements: presentation and substance.

- “Objectivity” includes whether disseminated information is being presented in an accurate, clear, complete, and unbiased manner. This involves whether the information is presented within a proper context. Sometimes, in disseminating certain types of information to the public, other information must also be disseminated in order to ensure an accurate, clear, complete, and unbiased presentation. Also, the agency needs to identify the sources of the disseminated information (to the extent possible, consistent with confidentiality protections) and, in a scientific, financial, or statistical context, the supporting data and models, so that the public can assess for itself whether there may be some reason to question the objectivity of the sources. Where appropriate, data should have full, accurate, transparent documentation, and error sources affecting data quality should be identified and disclosed to users.
- In addition, "objectivity" involves a focus on ensuring accurate, reliable, and unbiased information. In a scientific, financial, or statistical context, the original and supporting data shall be generated, and the analytic results shall be developed, using sound statistical and research methods.

***Integrity*** refers to the security of information -- protection of the information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification.

***Information*** for purposes of the data quality law, Section 515, means any communication or representation of knowledge such as facts or data, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms. This definition includes information that an agency disseminates from a web page, but does not include the provision of hyperlinks to information that others disseminate. Unlike the OMB Circular 130 definition, this definition does not include opinions, where the agency's

presentation makes it clear that what is being offered is someone's opinion rather than fact or the agency's views.

**Government information** means information created, collected, processed, disseminated, or disposed of by or for the Federal Government.

**Information dissemination product** means any book, paper, map, machine-readable material, audiovisual production, or other documentary material, regardless of physical form or characteristic, an agency disseminates to the public. This definition includes any electronic document, CD-ROM, or web page.

**Dissemination** means agency initiated or sponsored distribution of information to the public (see 5 C.F.R. 1320.3(d) (definition of "Conduct or Sponsor"). Dissemination does not include distribution limited to: government employees or agency contractors or grantees; intra- or inter-agency use or sharing of government information; and responses to requests for agency records under the Freedom of Information Act, the Privacy Act, the Federal Advisory Committee Act or other similar law. This definition also does not include distribution limited to: correspondence with individuals or persons, press releases, archival records, public filings, subpoenas or adjudicative processes.

**Influential**, when used in the phrase "influential scientific, financial, or statistical information", means that the agency can reasonably determine that dissemination of the information will have or does have a clear and substantial impact on important public policies or important private sector decisions.

**Reproducibility** means that the information is capable of being substantially reproduced, subject to an acceptable degree of imprecision. For information judged to have more (less) important impacts, the degree of imprecision that is tolerated is reduced (increased).

**APPENDIX B – LAWS, REGULATIONS, AND REFERENCES**

Public Law 106-554; H.R. 5658, “Treasury and General Government Appropriations Act for Fiscal Year 2001, Section 515.”

Public Law 104-13, “Paperwork Reduction Act of 1995.”

Public Law 104-182, Sec. 103, Subsec. 1(b)(3), “Safe Drinking Water Act Amendments of 1996.” (Risk assessment, management, and communication.)

Public Law 100-235, “Computer Security Act of 1987.”

(Site for public laws: <http://www.gpoaccess.gov/plaws/index.html>)

OMB Circular A-130, “Management of Federal Resources.” (Appendix III, Security of Federal Automated Information Resources)

OMB Circular A-110, “Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.”

(OMB circulars can be found at: <http://www.whitehouse.gov/omb/circulars/index.html>.)

Federal Register Vol. 66, September 28, 2001, “Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies.”

Federal Register Vol. 67, No. 2, page 369, January 3, 2002, “Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Final Guidelines.”

Federal Register Vol. 67, No. 36, page 8452, February 22, 2002, “Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Republication.”

(OMB site for Federal Register announcements can be found at <http://www.whitehouse.gov/omb/fedreg/index.html>)