



INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 30, 2006

MEMORANDUM FOR ASSISTANT SECRETARY OF THE TREASURY FOR  
MANAGEMENT/CHIEF FINANCIAL OFFICER

FROM: (for) Michael R. Phillips  
Deputy Inspector General for Audit

SUBJECT: Rescinding Request -- Treasury Inspector General for Tax  
Administration Concerns Regarding the Internal Revenue  
Service's Response to the Audit Report entitled *The Office of  
Professional Responsibility Can Do More to Effectively Identify  
and Act Against Incompetent and Disreputable Tax Practitioners*  
(Report Reference Number 2006-10-066)

On April 10, 2006, the Treasury Inspector General for Tax Administration requested that the Department of the Treasury resolve a disagreement related to two recommendations provided to the Internal Revenue Service (IRS) in the subject audit report.<sup>1</sup> Since that time, we have had several discussions with the IRS, and the IRS has now agreed and revised their corrective actions related to the two recommendations. We believe the IRS' revised response will address our concerns presented in the report. Therefore, we are rescinding our request for the Department of the Treasury to resolve this disagreement. The IRS' revised response to our two recommendations is summarized below.

**Recommendation 1:** The Director, Office of Professional Responsibility (OPR), should work with other law enforcement agencies, including the Department of Justice, to improve the referral process by obtaining timely, relevant conviction information for tax crimes and State or Federal convictions involving dishonesty and breach of trust in a format that is useful to the OPR.

**Management's Revised Response:** Management agreed with this recommendation and will explore with the Department of Justice Tax Division the feasibility of additional communication to ensure the OPR is informed of cases involving tax professionals. Management expects completion by October 2006.

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<sup>1</sup> Reference Number 2006-10-066, dated March 2006.

**Recommendation 4:** The Director, OPR, should implement the recommendations from our prior report. This should include employing the OPR's case management system to provide data on the use of program resources and performing an annual workload and staffing analysis to help prioritize and allocate resources.

**Management's Revised Response:** Management agreed with this recommendation. They will work with the information system developer to add staff hour tracking to the case management system and will develop requirements to be included in the next system upgrade scheduled for January 2007. With this in place, management will test staff hour accounting and determine whether it provides meaningful information for OPR resource management. In addition, the OPR is working with a consultant to develop a new set of program performance measures, using the capabilities of the new case management system. Management will test these measures, develop performance baselines, and include this information in business performance reviews conducted in June 2007.

IRS management's complete revised response to the two previously disagreed recommendations is attached. We will post the IRS' revised response to our web site. Please contact me at (202) 622-6510 if you have questions or Nancy A. Nakamura, Acting Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

*The Management Response is included in a separate file on the TIGTA Public Web Page.*

cc: Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
Director, Office of Professional Responsibility SE: OPR  
Audit Liaison:  
Director, Office of Professional Responsibility SE:OPR