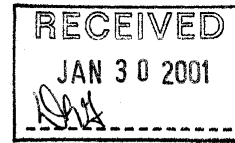




CHIEF COMMUNICATIONS
AND LIAISON

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

JAN 18 2001



MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM:

David R. Williams
David R. Williams
Chief Communications & Liaison

SUBJECT:

Treasury Inspector General for Tax Administration (TIGTA) Draft Report -- Responses to Taxpayer's Requests for Information Did Not Always Comply With the Freedom of Information Act or Internal Revenue Procedures (Audit No. 199910104)

We apologize for the delay in transmitting our response on this report. While there are areas in which the Internal Revenue Service can improve customer service and increase consistency, there is no indication we misuse Internal Revenue Code § 6103, the Freedom of Information Act (FOIA), or the Privacy Act (PA), to frustrate the public's right to obtain information.

I agree with the Outcome Measures in Appendix IV. This report itself is fully releasable under the Freedom of Information Act.

IDENTITY OF RECOMMENDATION #1

Improve case management practices and oversight to ensure compliance with the provisions of the FOIA, the PA, and IRS' own guidelines and policy when reviewing FOIA and PA requests that are denied. The primary focus of these practices should be to reduce the number of requests where information is improperly withheld. (Note: Since TIGTA had not yet received IRS' response to its previous review, this recommendation is being repeated).

ASSESSMENT OF CAUSE

I agree increased management attention could be placed on the review of cases to ensure accuracy, compliance with standards, and timely responses. However, I also recognize the Disclosure Officer is both manager of the office and senior caseworker. As such, the Disclosure Officer handles a great deal of the more complex caseload and serves as the disclosure technical advisor for all Operating Divisions in the local office. To the extent these other responsibilities (safeguard reviews of state and federal agencies, testimony authorizations, coordination for the Taxpayer Browsing Protection

Act, unauthorized disclosures, etc.) have been given precedence over managerial duties, other employees' FOIA casework has not always been completely and uniformly reviewed.

CORRECTIVE ACTIONS

The IRS will develop a nationally used automated case processing system, the Electronic Disclosure Information Management System (E-DIMS). This system will allow on-line access by managers to employees' cases, including case histories and status of actions, and thus provide additional managerial tools. The IRS will also conduct a staffing study of disclosure offices to determine appropriate staffing and grade levels.

IMPLEMENTATION DATES:

Proposed: October 1, 2000 for E-DIMS and August 1, 2001 for the staffing study.

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

Disclosure will incorporate comments on the use of E-DIMS, the timeliness of follow-up actions, and the quality of the managerial reviews and their documentation into the templates used for field reviews. They will give reports on these actions to the Chief Communications and Liaison by February 2001. We will use the results of the staffing study in the FY 2002 Planning Process.

IDENTITY OF RECOMMENDATION #2

Develop and implement minimum standards for documenting case actions. (Note: Since TIGTA had not yet received IRS' response to its previous review, this recommendation is being repeated).

ASSESSMENT OF CAUSE

Each office has its own locally developed standards and procedures for preparing case history documentation.

CORRECTIVE ACTIONS

We will:

- Develop Standards for case documentation;
- Provide training for all Disclosure employees;
- Incorporate these standards in the Internal Revenue Manual (IRM).

IMPLEMENTATION DATES:

December 1, 2000

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

The Chief Communications and Liaison will follow up to ensure the new standards and training recommendations have been implemented by February 2001. Field reviews will incorporate comments on adherence to this procedure.

IDENTITY OF RECOMMENDATION #3

Personnel responding to I.R.C. § 6103 requests [should be] adequately trained in the use of Integrated Data Retrieval System research tools.

ASSESSMENT OF CAUSE

Different offices conduct differing levels of research, depending on office staffing and expertise levels. As a general rule, to respond as quickly as possible, and in keeping with established position management practices, the "simpler" cases are routinely assigned to the lower-graded employees. While these employees do not have the full range of technical and procedural skills, their responses are correct in the overwhelming majority of cases. However, basic research is sometimes incorrectly interpreted and/or needs additional review to ensure a complete response.

CORRECTIVE ACTIONS

The IRS will implement changes to the IRM and issue instructions to the field to ensure all cases that are not "Full Grants" are reviewed by another employee, either a senior technician or a manager. In addition, as part of the Training Plan, Disclosure will conduct a "skills assessment" of employees to determine the need for additional IDRS training or research tools.

IMPLEMENTATION DATES:

Proposed: February 1, 2001

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

Disclosure will give the Chief Communications and Liaison a report on the changed procedures and instructions by March 2001. Field reviews will incorporate comments on adherence to this procedure. The results of the "skills assessment" will be included in the Planning Process for FY 2002.

IDENTITY OF RECOMMENDATION #4

Verbal agreements between local disclosure offices and other government agencies limiting the scope of written requests for information [should be] documented.

ASSESSMENT OF CAUSE

Local IRS offices routinely receive § 6103 waivers that authorize the disclosure of an extremely wide range of information. From experience and personal contacts, the Disclosure Officers know, unless research reveals a potential problem, the requesting office almost always only wants a specific piece of information to complete its files. For instance, the local probation office only wants to know if its "client" has been filing returns and does not actually need a copy of the return, a full transcript of the account, and many other pieces of information that might be authorized on a generic waiver form.

These local agreements allow us to give the requesting office only the specific information needed to do its job, thus making the minimal disclosure of return information. The detailed generic waiver gives the flexibility for more complete disclosure in the case of a question, but for routine use, the limited release in the local agreements is sufficient.

CORRECTIVE ACTIONS

Local disclosure offices will document each of their verbal agreements via letter, sending a copy to the involved agency. These letters will remain on file with the Disclosure Officer until changed by mutual agreement with the local agency.

IMPLEMENTATION DATES:

Proposed: March 1, 2001

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

Disclosure will give the Chief Communications and Liaison a report on compliance with this requirement by April 2001.

IDENTITY OF RECOMMENDATION #5

Management review of completed work [should be] performed.

ASSESSMENT OF CAUSE

As was discussed under Recommendation One above, on occasion Disclosure Officers have not been as active in management as they could have been. In some instances (8 or 28 reviewed cases), TIGTA found no evidence of supervisory review. This fact could be attributed to a lack of documentation of such reviews or cases where the signature approval had been delegated to senior technicians.

CORRECTIVE ACTIONS

We will implement changes to the IRM and issue instructions to the field to ensure all cases that are not "Full Grants" are reviewed by another employee, either a senior technician or a manager. The reviewers document their findings in the case history.

IMPLEMENTATION DATES:

February 1, 2001

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

Disclosure will give the Chief Communications and Liaison a report on the changed procedures and instructions by March 2001. Field offices will report on their progress in following the new procedures.

IDENTITY OF RECOMMENDATION #6

Establish controls to minimize extended periods of inactivity while processing requests for information. (Note: Since TIGTA had not yet received IRS' response to its previous review, this recommendation is being repeated).

ASSESSMENT OF CAUSE

Each office has its own system of monitoring case processing and conducting follow-up reviews. These systems vary in effectiveness and in degree of managerial review.

CORRECTIVE ACTIONS

The IRS will develop a nationally used automated case processing system. This system will incorporate an automated suspense feature, allowing access by employees and managers to reports on automatically tracked due dates for specific case-related actions. We will train all employees and managers on the uniform use of the monitoring features and on the importance of timely follow-up and documentation of actions taken.

IMPLEMENTATION DATES:

Proposed: October 1, 2000

RESPONSIBLE OFFICIAL

Director, Governmental Liaison and Disclosure

CORRECTIVE ACTIONS MONITORING PLAN

Disclosure will incorporate comments on the use of the system, the timeliness of follow-up actions, and the quality of the documentation into the templates used for field reviews. They will give reports on these actions to the Chief Communications and Liaison by November 2000.