



*Revenue Officers Have Minimal Need for
Individual Forms 809 Books*

March 6, 2009

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TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

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MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION
COMMISSIONER, WAGE AND INVESTMENT DIVISION

Michael R. Phillips

FROM: Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Revenue Officers Have Minimal Need for
Individual Forms 809 Books (Audit # 200830046)

This report presents the results of our review to evaluate the procedures associated with the Internal Revenue Service's (IRS) use of Receipt for Payment of Taxes (Form 809) books¹ by Collection Field function (CFf) offices. We also determined whether alternative processes should be considered to improve the efficiency and effectiveness of collecting and processing remittances. This audit was included as part of our Fiscal Year 2008 Annual Audit Plan.

Impact on the Taxpayer

Form 809 is the official receipt issued by the IRS for taxpayers paying tax liabilities with cash. These Forms are rarely used by revenue officers (RO) in the CFf, are often issued as duplicate receipts or for frivolous payment amounts, and are a security risk. They also require significant IRS resources to administer and to maintain accountability of the receipt books. In addition, lost or stolen Forms 809 books potentially compromise taxpayers' personally identifiable information, which increases the risk of identity theft.

Synopsis

Form 809 is the official receipt for taxpayers' cash payments and must be handled with the same care, precision, and strict control as cash. It is the policy of the IRS to assign a dedicated Forms 809 book to each RO in the CFf. However, from Fiscal Year (FY) 2004 to FY 2007,

¹ See Appendix IV for a glossary of the terms.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

Forms 809 were used in fewer than 2 percent of all cases closed by ROs. During FY 2007, fewer than 20 percent of the ROs assigned a Forms 809 book issued a receipt, 59 percent of the ROs had not issued a single Form 809 from their currently assigned book, and nearly one-half of the ROs had possessed the same book of 50 receipts assigned for more than 5 years.

In the rare instances when Forms 809 were issued by an RO, it is possible that more than 90 percent either were not necessary because the taxpayer did not pay with cash, or the receipts were issued for frivolous amounts. Also, recognizing that during FY 2007 fewer than 20 percent of all ROs issued any receipts (regardless of whether they were necessary, for a frivolous amount, or for an appropriate cash payment) and that nearly one-half of all ROs have had the same book for more than 5 years, it is evident that the ROs' need for Forms 809 is minimal.

Despite the limited use of Forms 809, the administrative burden of the 809 program remains. The Forms 809 book is classified as a security item, and the IRS has detailed procedures and controls for requesting, issuing, reconciling, and accounting for lost or stolen Forms 809 books. Furthermore, assigning a Forms 809 book to each RO in the CFf might also be creating an unnecessary security risk. In recent years, the risk of identity theft has become greater because of the increased use of electronic recordkeeping. However, the need to protect hardcopy personally identifiable information is not new. Part 4 of the Forms 809 book is an example of hardcopy personally identifiable information. This part of the Form remains attached to the receipt book and contains the name, address, Taxpayer Identification Number, tax form, and payment amount for all of the taxpayers who were issued a receipt from that book. Unlike similar carbon copy, multipart forms on which the first five digits of the Taxpayer Identification Number are concealed on some of the copies, Part 4 of the Forms 809 shows the Taxpayer Identification Number in its entirety. Accordingly, if a Forms 809 book is lost or stolen, it results in a loss of taxpayers' hardcopy personally identifiable information.

Notwithstanding the need for strong internal controls, the IRS might be able to reduce the administrative burden and security risks by reducing the number of assigned books, revising the criteria for issuing receipts to taxpayers, and exploring alternatives to issuing the receipts. For example, if fewer Forms 809 books are assigned to the CFf, the opportunities for loss or theft are decreased while the ability to control the books is increased. Similarly, the administrative burden will be reduced by lowering the number of books that must be issued, reconciled, and maintained.

We also determined that the 809 databases are not effective management information systems. The administration configuration of the 809 databases and users' unfamiliarity with how to compile decision-making information prevent the 809 databases from being valuable sources of usable information. Specifically, the 809 databases are not centralized and do not capture relevant information, and there are no controls to ensure that the data are complete and accurate.

Management classified the 809 databases as a "tool" rather than an "application." This designation exempts the 809 databases from many of the requirements that would correct the



Revenue Officers Have Minimal Need for Individual Forms 809 Books

weaknesses and improve capabilities. Currently, there is no dedicated programmer or database administrator responsible for the 809 databases. Subsequent to the completion of our fieldwork on this review, management submitted a request to the Management and Information Technology Services organization for technical support for the 809 databases.

Recommendations

We recommended that the Director, Collection Policy, Small Business/Self-Employed Division, and the Director, Submission Processing, Wage and Investment Division, research alternative methods for providing cash receipts to taxpayers. While the research is being conducted, the Director, Collection Policy should assess areas where the Forms 809 books assigned to ROs in the field can be reduced, eliminate the requirement to provide Forms 809 for non-cash payments as well as establish procedures to help ROs identify and address immaterial (frivolous amount) cash payments, evaluate the administrative procedures over the Forms 809 books and ensure that they are commensurate with the usage by the CFF; and revise Form 809 Part 4 to conceal personally identifiable information.

Regarding the 809 databases, we recommended that the Director, Submission Processing, Wage and Investment Division, elevate the 809 databases' classification to an IRS "application" and request a full-time database administrator to monitor the actions on and data entry to the 809 databases to ensure current, accurate, and complete data while also upholding data integrity; and ensure that the 809 databases provide accurate and useful information and analytical reports for better managing of the 809 program.

Response

IRS management agreed with all of our recommendations and is taking corrective actions. The Wage and Investment Division Submission Processing function is researching electronic imaging technology that would replace the current process of providing taxpayers a Form 809 receipt. The number of assigned Forms 809 books is dependent on the outcome of this research. The Director, Collection Policy, will revise the Internal Revenue Manual to address "Proof of Delivery" procedures currently in place in the Wage and Investment Division's Taxpayer Assistance Centers. In addition, if it is determined that the legal authority exists for ROs to limit frivolous/immaterial cash payments from taxpayers, policy and procedures on this issue will be established. IRS management will use the results of the prior corrective actions to evaluate current procedures, determine if they are commensurate with usage, and identify and implement necessary changes. Also, in its next annual reprint at the end of FY 2009, the IRS will revise Part 4 of the Form 809 to conceal the first five digits of the Taxpayer Identification Number.

The Director, Submission Processing, Wage and Investment Division, requested that the Modernization and Information Technology Services organization conduct a complete impact



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

assessment of the existing 809 databases. Upon completion, the Modernization and Information Technology Services organization will determine whether it has the resources required to support the 809 databases as an IRS “application” with a full-time database administrator. Also, the database developer will continue to review the 809 database annually for accuracy. Management’s complete response to the draft report is included as Appendix VI.

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 Margaret E. Begg, Assistant Inspector General for Audit (Compliance and Enforcement Operations), at (202) 622-8510.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Table of Contents

BackgroundPage 1

Results of ReviewPage 4

 The Administrative Burden and Security Risks Associated With
 Form 809 Might Not Be Commensurate With the Form’s Limited UsePage 4

Recommendation 1:.....Page 8

Recommendations 2 through 5:.....Page 9

 The 809 Databases Are Not an Effective Management Information
 System for the 809 ProgramPage 10

Recommendations 6 and 7:Page 13

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 14

 Appendix II – Major Contributors to This ReportPage 16

 Appendix III – Report Distribution ListPage 17

 Appendix IV – Glossary of TermsPage 18

 Appendix V – Forms 809 ProceduresPage 20

 Appendix VI – Management’s Response to the Draft ReportPage 22



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Abbreviations

CFf	Collection Field function
FY	Fiscal Year
IRS	Internal Revenue Service
PII	Personally Identifiable Information
RO	Revenue Officer
TAC	Taxpayer Assistance Center



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Background

Revenue officers (RO)¹ are assigned to the Collection Field function (CFf) offices and make attempts to contact taxpayers to resolve matters that have not been resolved through notices sent by an Internal Revenue Service (IRS) campus or the Automated Collection System. Taxpayer Delinquent Accounts are a primary source of work for ROs. To resolve this type of account, ROs will contact the taxpayer to collect the full amount of the delinquent account. In lieu of full payment, ROs will accept whatever payment amount the taxpayer offers. In the event that a taxpayer pays with cash, ROs are required to issue a receipt and then convert the cash to a bank draft or money order. ROs are also required to issue a receipt when one is requested by the taxpayer, even if the payment is made by a means other than cash (i.e., check, money order, or draft).

Receipt for Payment of Taxes (Form 809) is the official receipt for taxpayer cash payments and must be handled with the same care, precision, and strict control as cash. The Forms 809 book is classified as a security item. Its use is strictly controlled and limited to only certain employees. It is the policy of the IRS to assign a dedicated Forms 809 book to each RO in the CFf.

The Form 809 is classified as a security item. Its use is strictly controlled and considered "same as cash."

Each Forms 809 book contains 50 receipts consisting of four parts:

- Part 1, Posting Voucher.
- Part 2, Receipt for Payment of Taxes.
- Part 3, Memo Copy.
- Part 4, Receipt Book Copy.

When a Form 809 is issued, Parts 1 and 3 are submitted with the payment on the Daily Report of Collection Activity (Form 795) to the Teller Unit at the appropriate designated Submission Processing site. Part 1 is the posting document for input to the Integrated Data Retrieval System. The RO provides Part 2 to the taxpayer, while Part 4 remains with the Forms 809 book. The Submission Processing Sites in Cincinnati, Ohio, and Ogden, Utah, control the Forms 809 books, issue new receipt books to ROs in the CFf, and track individual Forms 809 for accuracy and timeliness on their 809 databases.

¹ See Appendix IV for a glossary of the terms.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

Figure 1 shows that while the number of CFf full payment closures of delinquent accounts increased by approximately 15 percent from Fiscal Year (FY) 2004 through FY 2007, the use² of Forms 809 by ROs declined by 27 percent during the same period. Forms 809 were used in fewer than 2 percent of the RO closures of delinquent accounts.

Figure 1: RO Closed Cases and Forms 809 Processed

FY	Accounts Closed by ROs	Forms 809 Used by ROs	Forms 809 Used As a Percentage of Accounts Closed
2004	346,650	6,824	1.97%
2005	390,521	6,604	1.69%
2006	396,604	5,149	1.30%
2007	398,316	4,986	1.25%

Source: Our analysis of Taxpayer Delinquent Account data and Forms 809 data for FYs 2004 - 2007.

The primary computer systems that keep information about Forms 809 are the 809 databases, which are located in the secure remittance processing areas of the Cincinnati and Ogden Submission Processing Sites. Payment Processing clerks at each Site use the 809 databases to record and track serial numbers of Forms 809 books and to issue notices for errors observed by Payment Processing clerks when processing the receipts. For example, if the dollar amount collected does not equal the dollar amount written on the receipt, the Payment Processing clerk issues an error notice informing the employee's manager of the discrepancy.

Prior to this review, we completed reviews³ of internal controls over Forms 809 in four CFf offices. Comments made by CFf management in meetings during the prior reviews suggested that use of Forms 809 was outdated, was labor-intensive, and required a significant amount of time and resources to administer. Teller Unit personnel also told us that the 809 databases, which were developed to manage the receipt books and account for issued receipts, are

² Forms 809 used represent the number of receipts processed by the 809 databases, which includes voided receipts that were completed in error and not issued to a taxpayer.

³ *The Philadelphia Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-126, dated July 30, 2007); *The Phoenix Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-132, dated July 31, 2007); *The Kansas City Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-138, dated August 2, 2007); and *The Baltimore Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2008-30-072, dated February 20, 2008).



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

antiquated, not user friendly, and have been a persistent problem. We included some of the results and observations from these prior reviews in this report.

This review was performed in the Small Business/Self-Employed Division Office of Collection Policy in New Carrollton, Maryland, and the Wage and Investment Division, Office of Submission Processing in Cincinnati, Ohio, during the period May through October 2008. The Small Business/Self-Employed Division has overall responsibility for the Forms 809 and their issuance in each CFF office, while the Wage and Investment Division Submission Processing function maintains responsibility for backend processing of Forms 809 and control over the receipts and receipt books. We obtained Forms 809 data from the 809 databases maintained at the Wage and Investment Division Ogden and Cincinnati Submission Processing Sites.

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.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Results of Review

***The Administrative Burden and Security Risks Associated With
Form 809 Might Not Be Commensurate With the Form's Limited Use***

A Forms 809 book is assigned for the exclusive use of the intended RO, who can have only one book assigned at a time. Our results indicate that Forms 809 are rarely used by ROs and are often duplicate receipts to taxpayers when they are used because the taxpayers paid by check or money order. The policy of assigning a Forms 809 book to each RO in the field may result in the IRS devoting its resources to an antiquated process and creating a security risk that might not be providing an equitable benefit. The overwhelming majority of taxpayers who owe taxes pay on time, and those who pay by mail are not provided with receipts by the IRS. ROs in the Cff provide receipts only to taxpayers with past due delinquent accounts, and there are alternatives to Forms 809 for those taxpayers who pay with cash.

Forms 809 are rarely used

At the time of our review, 3,729 ROs working in the Cff had been assigned a Forms 809 book for their exclusive use. Our review of IRS data showed that ROs infrequently issue Forms 809 to taxpayers. Specifically:

- In FY 2007, fewer than 20 percent of the ROs who were assigned a Forms 809 book issued a receipt, down from 23 percent in FY 2004.
- 2,215 (59 percent) of the 3,729 ROs who were assigned a Forms 809 book had not issued a receipt from their currently assigned book.

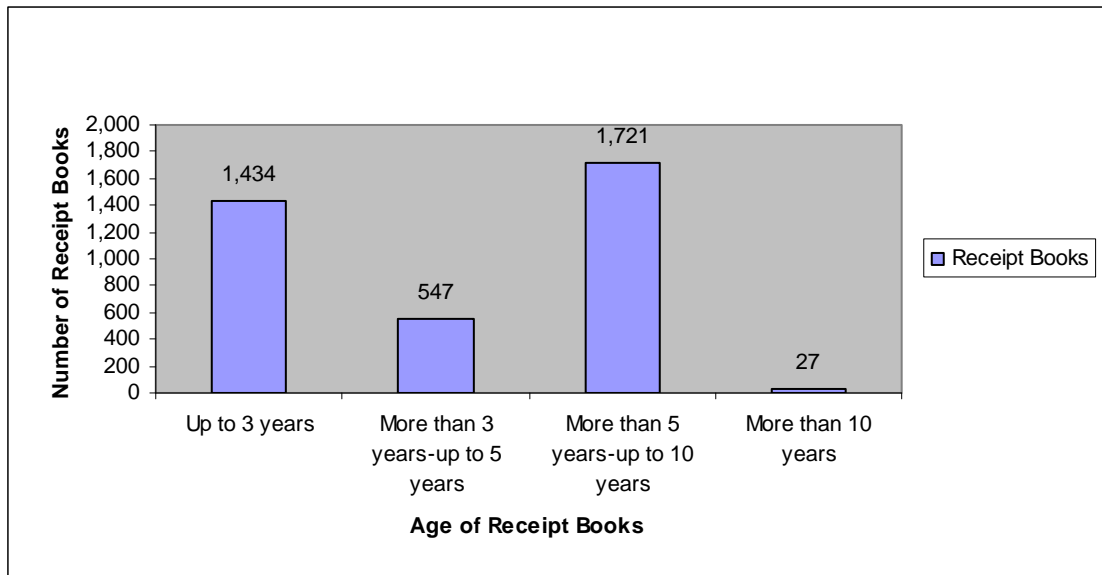
Each Forms 809 book contains 50 Forms 809. In the event that an RO uses all 50 receipts, the receipt book is retired and a new book is assigned. In addition, IRS procedures require ROs to return their Forms 809 books to the issuing Submission Processing site if no receipts have been issued within the last 3 years. However, we determined that 909 (24 percent) of the 3,729 assigned receipt books had not been used in the last 3 years but were still assigned to an RO.

In addition, Figure 2 shows that 2,295 (62 percent) of the 3,729 active Forms 809 books have been assigned to an RO for more than 3 years, while 1,748 (47 percent) have been assigned for more than 5 years.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

Figure 2: Aging of Forms 809 Books Assigned to ROs



Source: Our analysis of Forms 809 book data as of September 16, 2008.

A study conducted by the Small Business/Self-Employed Division Collection Business Engineering function concluded that during FYs 2004 through 2007, Forms 809 issued by ROs in the CFf accounted for fewer than 4 percent of all Forms 809 issued. The remaining 96 percent of receipts were issued by Taxpayer Assistance Centers (TAC),⁴ which issue receipts to taxpayers who wish to pay by cash at their local TAC. Unlike the policy that requires all ROs in the CFf to be assigned a Forms 809 book for their personal use, only one employee in each TAC has to be assigned a Forms 809 book.

Forms 809 are often duplicate receipts or given for frivolous payment amounts

In addition to the ROs' infrequent use of Forms 809, our analysis showed that a majority of the few that were issued were not necessary. Taxpayers have various options through which to pay an outstanding Federal tax liability. The IRS public web site (IRS.gov) recommends that taxpayers pay their outstanding tax liabilities electronically or by sending a check or money order. The IRS sensibly recommends that taxpayers should never send cash in the mail. The purpose of the Forms 809 is to provide a receipt proving payment for taxpayers who pay in person with cash. However, a receipt is not necessary for proof of payment if the taxpayer pays

⁴ In FY 2003, the IRS changed its policy of accepting cash payments by its TACs. Prior to this change, if a taxpayer wanted to pay a delinquent account at a TAC with cash, an RO working in that field office would be summoned to accept the cash and issue a Form 809 to the taxpayer from his or her receipt book. With the change, Forms 809 books were assigned to each TAC, allowing TAC personnel to issue Forms 809 to taxpayers.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

with a check (or money order) because the cancelled check serves as proof of payment. Furthermore, the IRS does not mail receipts to taxpayers who pay with cash by mail.

Based on the results of our 4 prior reviews of Forms 809 activity, we determined that in the 4 offices we reviewed, 47 percent of the Forms 809 were issued for cash, while 53 percent were issued for non-cash payments.⁵ This suggests that more than one-half of all Forms 809 issued during FYs 2004 through 2007 could be duplicate receipts and potentially not necessary for proof of payment.

In addition, even when Forms 809 were issued for cash, a significant number of them appear to have been issued for frivolous payment amounts. For FY 2008, enhancements were completed on the 809 database that added mandatory fields for the dollar amount and method of payment for which the Forms 809 were issued. We reviewed the Forms 809 data issued by ROs in receipt of cash that were captured for part⁶ of FY 2008 and determined that:

- Approximately 9 percent of all Forms 809 were issued for \$.01.
- Approximately 27 percent of all Forms 809 were issued for less than \$1.
- Almost 40 percent of all Forms 809 were issued for less than \$10.

ROs do not normally make personal visits to taxpayers for small amounts of delinquent taxes, so it is likely that these amounts are frivolous compared with the total balance due. For perspective on the insignificance of these amounts, we were advised by the Collection Policy function that when a taxpayer's account delinquent balance reaches this low a level, the account is automatically closed as paid. The Internal Revenue Manual does not establish any minimum payment amounts or provide guidance on how to identify a frivolous payment amount. If a taxpayer offers cash for payment, even a single penny, the RO must accept it, provide the taxpayer with a Form 809, convert the cash to a check or money order, and mail the payment. Furthermore, taxpayers paying by cash in the TACs, which issue approximately 96 percent of all Forms 809, are asked to convert cash to either a check or money order if the Forms 809 books are not available.

As discussed earlier, 53 percent of the receipts issued at the 4 offices we reviewed were for non-cash payments. When this is combined with the nearly 40 percent of receipts that were issued for cash payments less than \$10 during FY 2008, it appears that more than 90 percent of the Forms 809 issued by ROs might have been either duplicate receipts or for frivolous payment amounts. Also, recognizing that during FY 2007 fewer than 20 percent of the active ROs issued any receipts (regardless of whether they were necessary, for a frivolous payment amount, or for

⁵ Our scope was limited to the four offices in our prior reviews because of limitations in the 809 databases. Therefore, we could not perform this analysis on a national level. However, the CFf offices were selected because they were comparable in staffing levels to large CFf offices.

⁶ In January 2008, the 809 databases' *Amount Received* field was enhanced by becoming a required field. The FY 2008 data that we analyzed were for the period January through July 2008.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

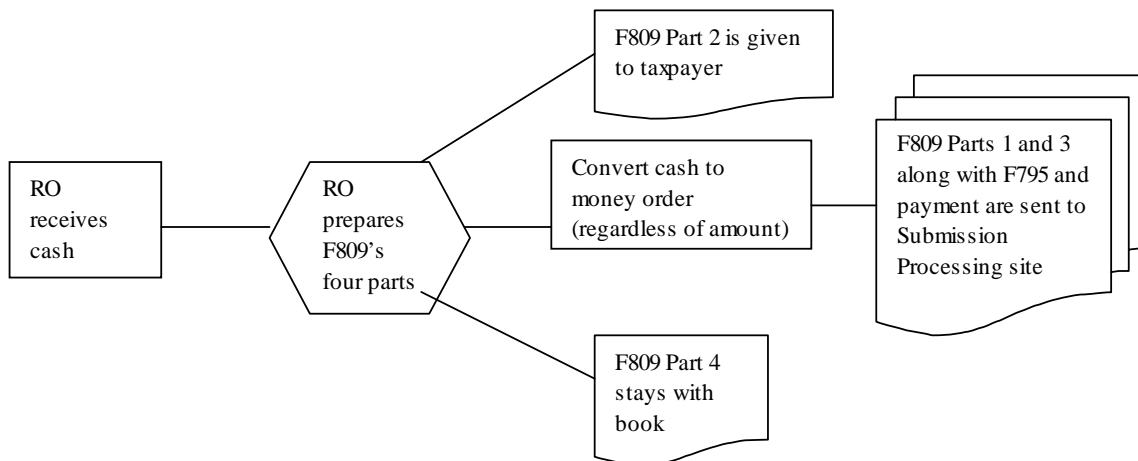
an appropriate cash payment) and that nearly one-half of all ROs have had the same book for more than 5 years, it is evident that the ROs' need for Forms 809 is minimal.

There are administrative burdens and security risks associated with Forms 809

The Government Accountability Office *Standards for Internal Controls in the Federal Government* provides general standards that apply to all aspects of internal controls. The general standard of reasonable assurance recognizes that the cost of internal controls should not exceed the benefit derived. The required justification calls for judgment to be exercised.

Because the Forms 809 book is classified as a security item and is considered the same as cash, it requires strong controls. Accordingly, the IRS has detailed administrative procedures and controls over the use of Forms 809 books and receipts. For example, Figure 3 shows the process for issuing a Form 809.

Figure 3: Process for Issuing Forms 809



Source: Our flowchart of the Forms 809 issuance process. F809 = Form 809; F795 = Form 795.

If the RO makes an error in preparing the Form 809, the Teller Unit at the Submission Processing site will issue a Submission Processing Center Teller's Error Advice (Form 5919) within 3 business days from the date of receipt to the originating employee's group manager for correction. A response from the group manager for any issued Form 5919 that requires a response is due within 15 business days. There are similar administrative procedures for requesting, issuing, reconciling, and accounting for lost or stolen Forms 809 books. Details about these procedures are included in Appendix V. Taken together, these administrative procedures require significant time and resources that may not be commensurate with their limited use. A reduction in the number of Forms 809 books could help reduce the administrative burden.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

Furthermore, taxpayer confidence that personally identifiable information (PII) provided to the IRS is properly protected from identity theft is critical to the voluntary compliance system. In recent years, the risk of identity fraud has become greater because of the increased use of electronic recordkeeping. However, the need to protect hardcopy PII is not new. The public has become increasingly aware that their PII can be compromised while in the possession of a third party, and the potential for identity theft is a valid concern to any taxpayer whose PII has been compromised.

Part 4 of the Forms 809 book is an example of hardcopy PII. This part of the Form remains attached to the receipt book and contains the name, address, Taxpayer Identification Number, tax form, and payment amount for each taxpayer who was issued a receipt from that book. Unlike similar carbon copy, multipart forms on which the first five digits of the Taxpayer Identification Number are concealed on some of the copies, Part 4 of the Form 809 shows the Taxpayer Identification Number in its entirety. Accordingly, if a Forms 809 book is lost or stolen, it results in a loss of taxpayers' hardcopy PII.

While the controls over Forms 809 and the Forms 809 books are designed to protect the integrity and security of the receipts, they create significant administrative burden on the IRS. Furthermore, assigning a Forms 809 book to each RO in the CFf might also be creating an unnecessary security risk. Notwithstanding the need for strong internal controls, the IRS might be able to reduce the administrative burden and security risks by reducing the number of assigned books, revising the criteria through which receipts are given to taxpayers, and exploring alternatives to issuing the receipts. For example, if there are fewer Forms 809 books assigned to the CFf, the opportunities for loss or theft are decreased, while the ability to control the books is increased. Similarly, administrative burden will be reduced by lowering the number of books that must be issued, reconciled, and maintained.

Recommendations

The Director, Collection Policy, Small Business/Self-Employed Division, and the Director, Submission Processing, Wage and Investment Division, should:

Recommendation 1: Research alternative methods for providing receipts to taxpayers when receiving cash payment for taxes.

Management's Response: IRS management agreed with this recommendation. The IRS Information Technology Modernization and Vision Strategy Proposal, Remittance Strategy for Paper Check Conversion Release 2, has been approved and includes implementation of a paper check electronic image conversion for ROs by 2011. The Wage and Investment Division Submission Processing function is researching leveraging this technology investment for the issuance of receipts for all payments collected in the field, including those payments collected by ROs. This would replace the current manual



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

process of providing a receipt via Form 809 with an electronic exchange of data. Collection Policy will provide any needed input in support of the proposal.

While the research in Recommendation 1 is being conducted, the Director, Collection Policy, Small Business/Self-Employed Division, should:

Recommendation 2: Assess areas where the number of Forms 809 books assigned to ROs in the CFf can be reduced.

Management's Response: IRS management agreed with this recommendation and corrective action is dependent upon the outcome of Recommendation 1.

Recommendation 3: Revise the Internal Revenue Manual to eliminate the requirement to provide Forms 809 for non-cash payments as well as establish procedures to help ROs identify and address frivolous (immaterial) cash payments.

Management's Response: IRS management agreed with this recommendation. They will revise the Internal Revenue Manual to address "Proof of Delivery" procedures currently in place in the Wage and Investment Division's Taxpayer Assistance Centers. In addition, they will research the legal requirements of Internal Revenue Code section 6314(a) to determine if the legal authority exists for ROs to limit frivolous/immaterial cash payments from taxpayers. If research indicates that authority to limit these immaterial cash payments exists, they will establish policy and procedures on this issue.

Recommendation 4: Evaluate the administrative procedures over the Forms 809 books and ensure that they are commensurate with the usage by the CFf.

Management's Response: IRS management agreed with this recommendation. They believe the current procedures are effective in addressing the IRS' dedication to security, ethical standards, public trust, and a zero loss tolerance. However, they will use the results of corrective actions for Recommendations 1 and 2 to evaluate current procedures, determine if they are commensurate with usage, and identify and implement necessary changes.

Recommendation 5: Revise the Forms 809 books to conceal PII on Part 4 of the Form that is retained with the receipt book.

Management's Response: IRS management agreed with this recommendation. In their next annual reprint at the end of FY 2009, they will revise Part 4 of the Form 809 to conceal the first five digits of the Taxpayer Identification Number.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

The 809 Databases Are Not an Effective Management Information System for the 809 Program

An effective management information system is a planned system for collecting, processing, storing, and disseminating data in a form needed to carry out the functions of management. Also, an effective management information system should have a dedicated database administrator to perform all activities related to maintaining a correctly performing and secure database environment. Responsibilities can include design (in conjunction with application developers), implementation, and maintenance of the database system. A basic control objective for any management information system is to protect data from unauthorized changes.

The 809 databases located at the Cincinnati and Ogden Submission Processing Sites are the management information system for the 809 program for the Cff. One purpose of the 809 databases is to produce reports on timeliness and error trends. However, the administrative configuration of the 809 databases and users' unfamiliarity with how to compile decision-making information prevent them from being a valuable source of usable information. Specifically, the 809 databases are not centralized, do not provide the information needed to effectively manage the 809 program, do not capture relevant information, and have no controls to ensure that the data are complete and accurate.

The 809 databases are not used to provide information

The 809 databases were implemented in FY 1999 using Microsoft Access⁷ as a platform to control the Forms 809 books and Forms 809. At the time, the type of data collected and standard reports were designed without consideration of what information Submission Processing function and Collection function management would need to manage the 809 program. Since the 809 databases were implemented, the information requirements of management and receipt users have changed.

The users of the 809 databases are the Form 809 Payment Processing clerks at the Submission Processing sites, who do not have the expertise to extract information that would be useful in managing the 809 program. Information from the 809 databases is produced in the form of standard reports that are used for such things as the annual receipt reconciliations. For management to obtain information pertaining to Forms 809 issued by the Cff, reports need to be manually consolidated. Also, management does not use the 809 databases to obtain information similar to what we identified in this review, which would have assisted in the management of the 809 program. For example, the 809 databases are not used to determine:

- The age of the books assigned to the Cff, which would provide information about how long receipt books have been active.

⁷ Microsoft Access is a database application that is part of Microsoft Office software products.



Revenue Officers Have Minimal Need for Individual Forms 809 Books

- The number and percentage of ROs using Forms 809 and the volume of receipts used, which would provide information about how infrequently the receipts are used.
- The denomination of the cash payments received, which would provide management with an indication that ROs might be spending time accepting and processing frivolous payment amounts.
- The number of receipts issued for non-cash transactions, which would provide management with an indication that when Forms 809 are used, they are duplicate receipts and not necessary.
- The security risks associated with the 809 program, such as the exposure from having so many books assigned when fewer books might actually be needed.

Generally, the 809 databases do not produce decision-making information in a timely manner because users are not familiar with how to compile such information. When we requested the kinds of information necessary to assess the 809 program, it was not available on the 809 databases' standard reports. Instead, we were referred to the person who originally designed the 809 databases, who provided us with a download of the 809 databases on which we performed our own analyses.

The 809 databases did not capture all relevant data

Until recently, the 809 databases did not capture the dollar amount or method of a taxpayer's payment. These fields are necessary to identify the denominations of payments, the total dollar amount of payments, and whether payments were made in cash. Beginning in November 2007,⁸ the 809 databases were customized to include required⁹ fields for payment amount and payment type. These changes were made to collect data for strategic planning by the Field Assistance organization. Individual Master File processing sites that process Forms 809 submitted by the TACs were requested to have these two fields completed retroactive to October 1, 2007. However, Business Master File processing sites (Ogden and Cincinnati), which process the Forms 809 from ROs in the CFf offices, were not required to input retroactive data. As a result, the 809 databases did not include the receipt amount or the payment type of Forms 809 for more than 8 years. In addition, because this project applied only to receipts submitted from the TACs, the 809 databases' historical data are incomplete.

⁸ These required fields applied only to Forms 809 submitted by the TACs until January 2008, when the fields also applied to Forms 809 submitted by ROs.

⁹ These fields could no longer be bypassed when inputting Forms 809 data.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

The 809 databases do not have controls to protect or ensure the accuracy of the data

The 809 databases do not have controls to ensure that data are entered accurately. For example, the date fields will accept dates that are well outside the range of Forms 809 activity (e.g., they will accept issue dates for receipts that are earlier than the respective book's assigned date). Also, we identified programming weaknesses, such as lack of an automatic correction feature if the receipt number for a receipt book is not changed to a "1" after the first receipt from that book is issued. We identified some entries that have both "0" and "1" for the same receipt number, which overstates the figures in the reports by counting one receipt twice. In addition, IRS personnel who are not assigned to work in the 809 program have access to the 809 databases and have made unauthorized changes and additions to the pro forma queries established for the Payment Processing clerks.

Currently, no dedicated programmer or database administrator is responsible for the 809 databases. On a request-by-request basis, the original programmer, who now works full time in another IRS division, will work on the 809 databases. Any maintenance, enhancements, or programming changes need to be implemented separately on both 809 databases. However, the programmer acknowledges that it is becoming increasingly difficult to find time to manage the 809 databases because of other regular duties.

Submission Processing function management has classified the 809 databases as a "tool" rather than an "application." This designation exempts the 809 databases from many of the requirements that would correct the weaknesses and improve capabilities. After we completed fieldwork on this review, management recognized the importance of having an effective management information system for the 809 program and submitted a request to the Management and Information Technology Services organization for technical support for the 809 databases.

A good management information system will provide management with information to help effectively manage and monitor a program and take timely corrective actions if necessary. However, in their current form, the 809 databases data are not useful, accurate, or timely for managing the program. Management was unaware of many of the issues we identified in this review, which would have been useful to them prior to our involvement. Indeed, when we discussed our results with IRS officials, they agreed that the number of books in the field should be reduced and that the cost of issuing and processing the Forms 809 might be higher than the taxes collected.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Recommendations

The Director, Submission Processing, Wage and Investment Division, should:

Recommendation 6: Elevate the 809 databases' classification to an IRS "application" and request a full-time database administrator to monitor the actions on and data entry to the 809 databases. This will help ensure that the 809 databases are current, accurate, complete, and secure.

Management's Response: IRS management agreed with this recommendation. A Unified Work Request is being submitted requesting that the Modernization and Information Technology Services organization conduct a complete impact assessment of the existing 809 databases. Once the assessment is completed, the Modernization and Information Technology Services organization will determine whether it has the resources required to support the 809 databases as an IRS "application" with a full-time database administrator.

Recommendation 7: Ensure that the 809 databases provide access to accurate and useful information and analytical reports to better manage the 809 program.

Management's Response: IRS management agreed with this recommendation. The developer examined the 809 databases in November 2008 to ensure that they provided accurate and useful information. One data field needed correction. On an annual basis prior to each filing season, the database developer will review the 809 databases for accuracy. Hardcopies of 809 receipts are used to verify payment information. If the Modernization and Information Technology Services organization has the resources to support the 809 databases as an IRS "application" with a full-time database administrator, this "application" will provide access to accurate and useful information and analytical reports to better manage the 809 program.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the procedures associated with the IRS' use of Receipt for Payment of Taxes (Form 809)¹ books by CFf offices to determine whether alternative processes should be considered to improve the efficiency and effectiveness of collecting and processing remittances. To accomplish our objective, we:

- I. Determined the extent of the use of Forms 809 books by all CFf offices for the period FY 2004 to the 2nd quarter of FY 2008 by analyzing a download of the 809 databases.
 - A. Determined how many ROs were issued books
 - B. Determined how long the books had been assigned to the ROs.
 - C. Determined whether ROs had issued any receipts from their currently assigned book.
 - D. Determined, where applicable, the dollar amount of payments.
 - E. Reviewed the Form 809 activity for four CFf offices² compiled during prior Treasury Inspector General for Tax Administration reviews,³ which we used to determine when Forms 809 were issued for cash or non-cash payments or were voided.
- II. Determined whether required measures have been taken to provide effective security over the data on the 809 databases at the Ogden, Utah, and Cincinnati, Ohio, Submission Processing Sites.
 - A. Determined whether security certification and accreditation of the 809 databases was established, as required by Office of Management and Budget Circular A-130,⁴ Appendix III.
 - B. Reviewed the data security procedures for the 809 databases.

¹ See Appendix IV for a glossary of terms.

² The offices reviewed were Baltimore, Maryland; Ogden, Utah; Philadelphia, Pennsylvania; and Phoenix, Arizona.

³ *The Philadelphia Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-126, dated July 30, 2007); *The Phoenix Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-132, dated July 31, 2007); *The Kansas City Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2007-30-138, dated August 2, 2007); and *The Baltimore Collection Field Function Office Properly Controlled Forms 809 Books and Timely Transmitted Remittances for Processing* (Reference Number 2008-30-072, dated February 20, 2008).

⁴ *Management of Federal Information Resources*.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

- III. Determined whether the 809 databases provided management with useful management information.
- IV. Determined the procedures and controls used to administer Forms 809 books for ROs and clerical staff at the Philadelphia, Pennsylvania, and Phoenix, Arizona, Cff offices and management and Teller Unit personnel at both Submission Processing Sites.
 - A. Interviewed the Territory Manager and group managers at both Cff offices to determine the time spent:
 - 1. Requesting issuance of a Forms 809 book.
 - 2. Returning a Forms 809 book when an employee transfers or separates.
 - 3. Reconciling each Forms 809 book annually.
 - B. Reviewed the Internal Revenue Manual pertaining to the use, processing, and control of Forms 809 and receipt books.
- V. Assessed the reliability of the data we obtained to complete Objective I.
 - A. We relied on the reliability assessment completed in our four prior reviews of Forms 809 activity in which copies of original Forms 809 and Forms 809 books were reconciled with the 809 databases and the Master File.
 - B. We compared the current number of ROs with the number of open Forms 809 books reflected in the 809 databases to ensure the reasonableness of the data.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix II

Major Contributors to This Report

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Carl L. Aley, Jr., Director
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*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner, Small Business/Self-Employed Division SE:S
Deputy Commissioner, Wage and Investment Division SE:W
Director, Collection, Small Business/Self-Employed Division SE:S:C
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Collection Policy, Small Business/Self-Employed Division SE:S:C:CP
Director, Submission Processing, Wage and Investment Division SE:W:CAS:SP
Field Director, Submission Processing (Cincinnati), Wage and Investment Division
SE:W:CAS:SP:C
Field Director, Submission Processing (Ogden), Wage and Investment Division
SE:W:CAS:SP:O
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 Liaisons:
 Commissioner, Small Business/Self-Employed Division SE:S
 Commissioner, Wage and Investment Division SE:W



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix IV

Glossary of Terms

809 Database – The Field Office Payment Processing Function 809 Database is a combination of automated functions and processes used to track Receipt for Payment of Taxes (Form 809) books and to maintain internal controls. Receipt books, individual receipts, and critical errors on remittances received in field offices from IRS employees are tracked on the database.

Area Office – A geographic organizational level used by IRS business units and offices to help their specific types of taxpayers understand and comply with tax laws and issues.

Automated Collection System – A telephone contact system through which telephone assistants collect unpaid taxes and secure tax returns from delinquent taxpayers who have not complied with previous notices.

Business Master File Processing Site – An IRS campus that processes Business Master File (transactions or records of business tax accounts) payments from business taxpayers.

Campus – The data processing arm of the IRS. The campuses process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

Collection Field function – The unit in the Area Offices consisting of ROs who handle personal contacts with taxpayers to collect delinquent accounts or secure unfiled returns.

Field Assistance organization – The mission of Field Assistance, Wage and Investment Division, is to provide quality face-to-face and self-assisted services that resolve tax issues and educate the taxpaying public.

Form 5919 – Submission Processing Center Teller's Error Advice - Remittance processing clerks are responsible for reviewing numerous documents received from the CFf offices. The correctness of these documents is important because they contain information to credit taxpayers' accounts. If certain types of errors are found on these receipted documents, issuance of Form 5919 is required to notify the originating employees and/or their supervisors of the errors.

Form 809 – The official receipt issued by the IRS to taxpayers paying tax liabilities with cash. Each Form 809 is part of a Forms 809 receipt book containing 50 sequentially numbered receipts.

Frivolous Payment – A taxpayer payment of a de minimis amount in relation to the taxpayer's unpaid tax liability.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Hardcopy Personally Identifiable Information – Personally identifiable information refers to information that can be used to distinguish or trace an individual’s identity (e.g., his or her name, Social Security Number, or biometric records) alone or when combined with other personal or identifying information that is linked or linkable to a specific individual (e.g., date and place of birth or mother’s maiden name). Hardcopy personally identifiable information is in paper or other physical form rather than electronic format, such as on a laptop computer.

Individual Master File Processing Site – An IRS campus that processes Individual Master File (transactions or records of individual tax accounts) payments from individual taxpayers.

Integrated Data Retrieval System – IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer’s account records.

Internal Revenue Manual – The single official source of IRS instructions to staff. Instructions to staff are procedures, guidelines, policies, and delegations of authority and other such instructional materials relating to the administration and operation of the IRS.

Master File – The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

Payment Processing Clerks – Employees in the Teller Units at the Ogden, Utah, and Cincinnati, Ohio, Submission Processing Sites.

Remittance Processing Area – The area within an IRS campus that is responsible for processing taxpayer remittances (payments).

Revenue Officer – An employee in the CFF who attempts to contact taxpayers and resolve collection matters that have not been resolved through notices sent by IRS campuses or the Automated Collection System.

Submission Processing Site – An IRS campus that is responsible for processing taxpayer remittances. Payments are received in the mail directly from taxpayers or are sent in by IRS employees in field offices.

Taxpayer Assistance Center – An IRS office with employees who answer questions, provide assistance, and resolve account-related issues for taxpayers face to face.

Taxpayer Delinquent Account – A balance-due account of a taxpayer. A separate Taxpayer Delinquent Account exists for each delinquent tax period.

Teller Unit (Field Office Payment Processing Unit) – The Unit responsible for maintaining accurate documentation of official Forms 809 and other remittance transactions and an accurate 809 database. The duties of this Unit include reviewing Forms 809 and remittances for timeliness and critical errors, perfecting Forms 809, and issuing Forms 5919.

Territory Managers – Second-line managers within the Collection function. Several group managers report to a Territory Manager.



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix V

Forms 809 Procedures

Procedures for requesting Receipt for Payment of Taxes (Form 809) book: To request the initial assignment of a Forms 809 book, the CFf group manager must prepare a memorandum authorizing the RO to receive a book. The memorandum is forwarded to the Teller Unit at either the Ogden, Utah, or Cincinnati, Ohio, Submission Processing Site. A book is then pulled by the Teller Unit from the unassigned inventory and sent by overnight mail to the RO. The RO must sign a custody receipt attached to the book and return it to the Teller Unit via overnight mail. The Teller Unit will create a folder for the new RO and place the signed custody receipt in the folder. The Teller Unit will also place in the folder Part 3 of issued Forms 809 and any Submission Processing Center Teller's Error Advice (Form 5919) prepared by the Teller Unit for the RO. Any receipts that are voided by the RO are also placed in the folder.

Procedures for issuing Forms 809: Each Form 809 includes four parts. When a Form 809 is issued, the RO will issue Part 2 to the taxpayer. Parts 1 and 3 are submitted with the payment on Daily Report of Collection Activity (Form 795). Parts 1 and 3 along with Form 795 are provided to the group secretary who forwards them to the Teller Unit at the Submission Processing site that is responsible for processing receipts from that respective CFf office. Part 4 is retained with the receipt book and serves as a log of issued receipts. All remittances must be transmitted to the Submission Processing site on the day collected or as soon as possible on the next business day to meet IRS goals for timely deposit and to avoid unnecessary delays in processing. Remittances must be transmitted via overnight, traceable mail to ensure receipt in the designated Submission Processing site within 48 hours of receipt of the remittance from the taxpayer.

If cash is received, the RO must convert it to a bank draft or money order regardless of the cash amount, even if the cash received is \$.01. One additional day is allowed for cash conversion. If receipts are not received in a timely manner or if there is an error in preparing the receipt, the Teller Unit at the Submission Processing site will issue a Form 5919 within 3 business days from the date of receipt to the originating employee's group manager for correction. A response from the group manager for any issued Form 5919 that requires a response is due within 15 business days. The Teller Unit is also responsible for conducting quarterly reconciliations to maintain accountability of the unissued Forms 809 books.

Procedures for annual reconciliation of Forms 809: To verify that all receipts have been accounted for, group managers must review all Forms 809 books assigned to their employees at least once per year as part of the annual reconciliation. Each year, Territory Managers receive from either the Ogden or Cincinnati Submission Processing Site an annual list that will reflect the Forms 809 books issued to their assigned ROs. The group manager is responsible for reviewing each RO's Forms 809 book and ensuring that all receipts are accounted for in the



Revenue Officers Have Minimal Need for Individual Forms 809 Books

book, issued receipts are in sequential order, the issued receipts were properly prepared, and all issued receipts were processed by the Teller Unit.

Forms 809 books are retired when ROs separate or transfer to another position in the IRS. The group manager will void all unused receipts in the book and send the book via overnight express mail to the Teller Unit with a memorandum requesting retirement of the book. The books are filed in locked cabinets in the Teller Unit for 3 years and destroyed after 7 years.

Procedures for a lost or stolen Forms 809 book: Administrative procedures associated with the loss or theft of Forms 809 books involve the RO's manager and the Treasury Inspector General for Tax Administration. When a Forms 809 book, an individual Form 809, or part of a Form 809 is missing, lost, or stolen, the RO must immediately telephone a report to the remittance processor in the designated Submission Processing site. Then the employee must prepare a memorandum, in quintuplicate, to the Territory Manager to report the loss or theft. The Territory Manager will review the memorandum and upon approval will distribute it and copies as follows:

1. Return the original memorandum to the submitting RO.
2. Forward an initialed copy to the applicable Area Office Director.
3. Forward another initialed copy to the Treasury Inspector General for Tax Administration Office of Investigations.
4. Forward the final initialed copy to the Submission Processing Remittance Security Coordinator at the designated Submission Processing site.

Upon receipt of the signed memorandum, the RO will photocopy and forward it via Form 795 to the remittance processor at the designated Submission Processing site where it will be filed in place of the missing receipt(s). Additional procedures must be followed if a Form 809 previously reported missing is recovered.



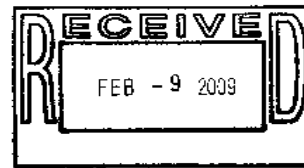
*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Appendix VI

Management's Response to the Draft Report




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



FEB 5 2009

MEMORANDUM FOR ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:  Christopher Wagner
Commissioner, Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – Revenue Officers Have Minimal Need for
Individual Forms 809 Books (Audit No. 200830046)

Thank you for the opportunity to review your draft report titled, "Revenue Officers Have Minimal Need for Individual Forms 809 Books." We agree with your recommendations that certain actions can be taken to improve and clarify existing Collection Field function (CFf) procedures concerning use of the Form 809.

The report addresses findings and recommendations regarding the IRS procedures for Receipt for Payment of Taxes (Form 809) receipt books by CFf offices. The report indicates that alternative processes should be considered for improving the efficiency and effectiveness of collecting and processing remittances.

While we agree with all of your recommendations, in one instance existing law may limit its implementation. Internal Revenue Code (IRC) section 6314(a) states, in part, "The Secretary shall, upon request, give receipts for all sums collected by him..." The Form 809 is currently the only recognized official receipt for payment of taxes.

Revenue Officers (RO) frequently meet with taxpayers or their representatives at the taxpayer's location. During these meetings, ROs make demand for payment of the delinquent tax. In the event a payment is made in cash, the RO must issue an official tax receipt, which is currently the Form 809. Since there is always potential for receipt of a cash payment, every RO must have the ability to provide the taxpayer with an official receipt.

Attached is a detailed response outlining our corrective actions. If you have any questions, please call me at (202) 622-0600 or Frederick W. Schindler, Director Collection Policy, Small Business/Self-Employed Division, at (202) 283-7650.

Attachment



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

Attachment

RECOMMENDATION 1:

Research alternative methods for providing receipts to taxpayers when receiving cash payment for taxes

CORRECTIVE ACTIONS:

We agree with this recommendation. (1) The IRS Information Technology (IT) Modernization and Vision Strategy proposal, Remittance Strategy for Paper Check Conversion (RSPCC) Release 2, has been approved and includes implementation of a paper check electronic image conversion for revenue officers (ROs) by 2011. (2) Wage and Investment, Submission Processing is researching leveraging this technology investment for the issuance of receipts for all payments collected in the field, including ROs. This would replace the current manual process of providing a receipt via Form 809 with an electronic exchange of data. Collection Policy will provide any needed input in support of the proposal.

IMPLEMENTATION DATE:

- (1) January 15, 2011
- (2) February 15, 2011 (Note: Replacement of the current manual process is dependent upon Executive approval and availability of funding.)

RESPONSIBLE OFFICIALS:

- (1) Director, Submission Processing, Wage and Investment Division
- (2) Director, Submission Processing, Wage and Investment Division

CORRECTIVE ACTION(S) MONITORING PLAN:

- (1) Director, Submission Processing, Wage and Investment Division will monitor this corrective action as part of our internal management control system.
- (2) Director, Submission Processing, Wage and Investment Division will monitor this corrective action as part of our internal management control system.
The Director, Submission Policy will advise the Director, Collection, SB/SE of any delay in implementing this corrective action.

RECOMMENDATION 2:

Assess areas where the number of Forms 809 books assigned to ROs in the CFF can be reduced.

CORRECTIVE ACTION:

This corrective action is dependent upon the outcome of recommendation 1.

IMPLEMENTATION DATE:

February 15, 2011



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

2

RESPONSIBLE OFFICIAL:

Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN:

The Director, Collection Policy, SB/SE will advise the Director, Collection, SB/SE of any delay in implementing this corrective action.

RECOMMENDATION 3:

Revise the Internal Revenue Manual (IRM) to eliminate the requirement to provide Forms 809 for non-cash payments as well as establish procedures to help ROs identify and address frivolous (immaterial) cash payments.

CORRECTIVE ACTIONS:

We agree with this recommendation. We will revise the IRM to address "Proof of Delivery" procedures currently in place in W&I's Taxpayer Assistance Centers. In addition, we will research the legal requirements of IRC section 6314(a) to determine if the legal authority exists for revenue officers to limit frivolous/immaterial cash payments from taxpayers. If research indicates that authority to limit these immaterial cash payments exists, we will establish policy and procedures on this issue.

IMPLEMENTATION DATE:

February 15, 2010

RESPONSIBLE OFFICIAL:

Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTIONS MONITORING PLAN:

The Director, Collection Policy, SB/SE will advise the Director, Collection, SB/SE of any delay in implementing this corrective action.

RECOMMENDATION 4:

Evaluate the administrative procedures over the Forms 809 books and ensure that they are commensurate with the usage by the CFF.

CORRECTIVE ACTIONS:

We agree with this recommendation. We believe the current procedures are effective in addressing IRS's dedication to security, ethical standards, public trust, and a zero loss tolerance. However, we will use the results of corrective actions for recommendations 1 and 2 to evaluate current procedures, determine if they are commensurate with usage, and identify and implement necessary changes.

IMPLEMENTATION DATE:

February 15, 2011

RESPONSIBLE OFFICIAL:

Director, Collection Policy, Small Business/Self-Employed Division



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

3

CORRECTIVE ACTIONS MONITORING PLAN:

The Director, Collection Policy, SB/SE will advise the Director, Collection, SB/SE of any delay in implementing this corrective action.

RECOMMENDATION 5:

Revise the Forms 809 books to conceal PII on Part 4 of the Form that is retained with the receipt book

CORRECTIVE ACTION:

We agree with this recommendation. In our next annual reprint at the end of FY 2009, we will revise Part 4 of the Form 809 to conceal the first five digits of the taxpayer identification number (TIN).

IMPLEMENTATION DATE:

November 15, 2009

RESPONSIBLE OFFICIAL:

Director, Collection Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN:

The Director, Collection Policy, SB/SE will advise the Director, Collection, SB/SE of any delay in implementing this corrective action.

RECOMMENDATION 6:

Elevate the 809 databases' classification to an IRS "application" and request a full-time database administrator to monitor the actions on and data entry to the 809 databases. This will help ensure that the 809 databases are current, accurate, complete, and secure.

CORRECTIVE ACTION:

We agree with this recommendation. A Unified Work Request (UWR) is being submitted requesting that Modernization and Information Technology Services (MITS) conduct a complete impact assessment of the existing 809 databases. Once the assessment is completed, MITS will determine whether they have the resources required to support the 809 databases as an IRS "application" with a full-time database administrator.

Hard copies of all official receipts will continue to be maintained in a secure area of the campus to ensure official information is secured.

IMPLEMENTATION DATE:

November 15, 2009

RESPONSIBLE OFFICIAL:

Director, Submission Processing, Wage and Investment Division



*Revenue Officers Have Minimal Need for Individual
Forms 809 Books*

4

CORRECTIVE ACTION MONITORING PLAN:

Director, Submission Processing, Wage and Investment Division will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 7:

Ensure that the 809 databases provide access to accurate and useful information and analytical reports to better manage the 809 program.

CORRECTIVE ACTION:

We agree with this recommendation. The developer examined the 809 databases in November 2008 to ensure they provided accurate and useful information. One data field needed correction. The database developer will continue to review the 809 database annually for accuracy, prior to the filing season. Hardcopies of 809 receipts are used to verify payment information.

If MITS has the resources to support the 809 databases as an IRS "application" with a full-time database administrator, this "application" will provide access to accurate and useful information and analytical reports to better manage the 809 program.

IMPLEMENTATION DATE:

November 15, 2009

RESPONSIBLE OFFICIAL:

Director, Submission Processing, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN:

Director, Submission Processing, Wage and Investment Division will monitor this corrective action as part of our internal management control system.