



Treasury Inspector General for Tax Administration

STATISTICAL PORTRAYAL OF THE CRIMINAL INVESTIGATION DIVISION'S ENFORCEMENT ACTIVITIES FOR FISCAL YEARS 2000 THROUGH 2007

Issued on July 9, 2008

Highlights

Highlights of Report Number: 2008-10-133 to the Chief, Criminal Investigation.

IMPACT ON TAXPAYERS

During this annual review, TIGTA analyzed information from the Criminal Investigation Management Information System reports to determine the trends and changes in the major areas of criminal enforcement. Several key performance measures that had declined in prior years improved during Fiscal Year (FY) 2007. Continued progress in enforcement of the tax laws and prosecution of criminal tax violations is important to enhancing voluntary compliance by taxpayers and fostering confidence in the integrity of the tax system.

WHY TIGTA DID THE AUDIT

This audit was initiated as part of the TIGTA FY 2008 Annual Audit Plan. While the overall trend information presented covers FYs 2000 through 2007, the report concentrates on 1) analyzing program performance for the last 5 years and 2) providing an indepth perspective on program activities for the 2 most current fiscal years. TIGTA reviewed several key performance measures, including staffing, investigations, fraud referrals, prosecution referrals, convictions, sentencing, and fraudulent returns.

WHAT TIGTA FOUND

TIGTA previously reported that from FY 2005 to FY 2006 several key performance measures had deteriorated, including the numbers of investigations initiated, investigations in open inventory, cases recommended for prosecution, subjects convicted of a crime, and subjects sentenced for a crime. In addition, TIGTA reported that increasing special agent staffing remains a challenge as the Criminal Investigation Division continues to lose experienced special agents to attrition faster than it can replace them. According to its most recent estimates, the Criminal Investigation Division's planned hiring will not offset attrition from either FY 2007 or FY 2008.

This year, however, several key performance measures that had declined in recent years improved. For

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example, the number of subject investigations initiated increased 7.8 percent; the number of subject investigations recommended for prosecution increased 4.3 percent; and the numbers of subjects convicted and sentenced increased 6.7 percent and 5.1 percent, respectively. In addition, the Department of Justice acceptance rate for the Criminal Investigation Division's prosecution cases increased to 94.6 percent from 92.2 percent in FY 2006. Similarly, the United States Attorney's Offices' acceptance rate for the Criminal Investigation Division's prosecution cases increased to 90.2 percent from 88.3 percent in FY 2006.

One area that continues to remain a challenge is pipeline inventory (investigations referred to the Department of Justice for prosecution), which increased to its highest level in 8 years. For the first time since TIGTA began reporting on the Criminal Investigation Division's enforcement activities, there were more investigations awaiting prosecution by the Department of Justice than open subject criminal investigations within the Criminal Investigation Division (3,981) as of September 30, 2007. As more time and investigative resources are expended on the pipeline inventory, fewer resources might be available to initiate and complete investigations.

In an effort to enhance voluntary compliance, the Criminal Investigation Division changed its philosophy to allow more publicity of its tax investigations. The overall publicity rate of 79.7 percent for prosecutions in FY 2007 was an all-time high.

WHAT TIGTA RECOMMENDED

Due to the nature of this review, TIGTA made no recommendations. However, key Criminal Investigation Division management officials reviewed the report prior to issuance and agreed with the facts and conclusions presented.

READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2008reports/200810133fr.pdf>.

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