



Treasury Inspector General for Tax Administration

EVALUATION OF PLANNING EFFORTS FOR THE ISSUANCE OF ECONOMIC STIMULUS PAYMENTS

Issued on July 31, 2008

Highlights

Highlights of Report Number: 2008-40-149 to the Internal Revenue Service Deputy Commissioners for Operations Support and Services and Enforcement.

IMPACT ON TAXPAYERS

The most significant part of the Economic Stimulus Act of 2008 is the individual stimulus payment. The Internal Revenue Service (IRS) expects to issue more than \$100 billion in stimulus payments to more than 130 million households. Recognizing that the stimulus payments would affect millions of individuals, the IRS designed a wide-reaching media campaign focused on educating individuals on the requirements to receive the stimulus payment, along with ways to receive assistance. Although the IRS' planning for the stimulus payments was generally sufficient, TIGTA noted areas where improvements were needed. Management addressed our concerns in a timely manner, which helped to ensure the accuracy and consistency of information provided externally and internally and reduced the risk of errors when stimulus-only returns were processed and payments were issued.

WHY TIGTA DID THE AUDIT

This review is the first in a series designed to provide Congress with an ongoing status of the IRS' implementation of the economic stimulus payments. The objective of the review was to evaluate the effectiveness of the IRS' efforts to plan and implement the 2008 economic stimulus payments. The scope of this review was limited to an assessment of the IRS' efforts to plan for the implementation of the stimulus payments and is based on actions taken by the IRS as of April 1, 2008.

WHAT TIGTA FOUND

In addition to designing a wide-reaching media campaign to educate individuals about the stimulus payments, the IRS established tools to provide assistance to the anticipated thousands of individuals who would contact the IRS with stimulus payment questions. This assistance had to be provided without harming service to taxpayers who were in the process of filing their annual income tax returns.

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Although the IRS' planning for the stimulus payments was generally sufficient, there were areas where improvements were needed. Some IRS functions had not developed sufficient Action Plans, and there was no consolidated review process in place to ensure that the information and guidance being shared internally and externally were consistent and accurate. These issues could have increased the risk of errors when stimulus-only returns were filed and processed and payments were issued. IRS management addressed these concerns as TIGTA brought them to their attention.

In addition, TIGTA identified a number of instances where information being distributed externally and internally was inconsistent or incomplete. TIGTA shared the concerns with the Executive Steering Committee during the course of the audit, and actions were initiated to address most of the concerns. Although the IRS had established an Executive Steering Committee to coordinate the planning for the stimulus payments, each IRS function was responsible for creating and disseminating information relative to its area of responsibility. Many of the concerns TIGTA raised could have been prevented if information had been reviewed by a central point to ensure its consistency and completeness.

TIGTA also identified concerns with the IRS' plans to address stimulus payments on fraudulent Tax Year 2007 returns on which a determination of fraud was made after the refunds were issued, and to identify potentially fraudulent stimulus-only returns. TIGTA is evaluating the Criminal Investigation Division's efforts to address these concerns.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. IRS management did respond to provide additional perspective on agency efforts.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2008reports/200840149fr.pdf>.

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