



## Treasury Inspector General for Tax Administration Office of Audit

### **A BUDGET AND ADDITIONAL BUSINESS MEASURES WOULD HELP THE CRIMINAL INVESTIGATION DIVISION BETTER ADMINISTER ITS COUNTERTERRORISM EFFORTS**

Issued on November 21, 2008

## Highlights

Highlights of Report Number: 2009-10-017 to the Internal Revenue Service Deputy Commissioner for Services and Enforcement.

### **IMPACT ON TAXPAYERS**

Investigating terrorism and terrorist-related financing activities is necessary to protect the United States, its citizens, and its allies. While this audit did not evaluate the Criminal Investigation (CI) Division's investigation activities, TIGTA determined that the CI Division can improve the monitoring and management of its counterterrorism activities by accurately identifying and tracking additional business measures, establishing a budget, and tracking expenditures. These improvements will enable the Division to better assess its contributions and ensure that appropriate resources are applied to counterterrorism efforts. In addition, if feasible, use of a more comprehensive watch list when screening Individual Taxpayer Identification Number applications might improve the Internal Revenue Service's (IRS) ability to identify individuals potentially involved with terrorist-related financing.

### **WHY TIGTA DID THE AUDIT**

The objective of this audit was to evaluate the CI Division's efforts to assist in the identification and investigation of terrorist-related financing activities.

### **WHAT TIGTA FOUND**

The CI Division is coordinating well with key stakeholders, including the Federal Bureau of Investigation, the Departments of the Treasury and Justice, and the IRS Tax Exempt and Government Entities Division and Wage and Investment Division, on counterterrorism leads and investigations. However, the CI Division can do more administratively to improve its ability to oversee its counterterrorism efforts. First, it can improve the ability to assess the effectiveness of the IRS Counterterrorism Lead Development Center by accurately identifying and tracking additional

business measures. Second, it can ensure that sufficient resources are allocated to its counterterrorism program by more fully tracking expenditures and developing a budget for internal use. Finally, the IRS might be missing an opportunity to identify additional individuals potentially involved with terrorist-related activities by not using a more comprehensive terrorist watch list when screening Individual Taxpayer Identification Number applications.

### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Director, Narcotics and Counterterrorism, CI Division, 1) establish additional business measures to assess the value of the Counterterrorism Lead Development Center's contributions to the counterterrorism program, 2) improve the type of closed case information captured to more accurately measure cycle time, and 3) more fully track expenditures involving counterterrorism activities to assist in the development of a budget for internal use. TIGTA also recommended that the Chief, Individual Taxpayer Identification Number Program, Wage and Investment Division, coordinate with applicable stakeholders to evaluate the feasibility of using Terrorist Screening Center information when screening Individual Taxpayer Identification Number applications to improve the identification of individuals potentially involved with terrorist-related activities.

In their response to the report, IRS officials stated that they agreed with all four recommendations. They plan to establish additional business measures to better show the impact of counterterrorism work and develop a strategy to improve the type of closed case information the Lead Development Center captures to more accurately measure cycle time. They also plan to explore the possibility of establishing a more streamlined system to track expenditures related to counterterrorism activities. In addition, they plan to coordinate with the appropriate internal and external stakeholders to evaluate the feasibility of vetting Individual Taxpayer Identification Number applications against different terrorist watch lists to improve the identification of individuals potentially involved with terrorist-related activities.

### **READ THE FULL REPORT**

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

<http://www.treas.gov/tigta/auditreports/2009reports/200910017fr.pdf>.

Email Address: [inquiries@tigta.treas.gov](mailto:inquiries@tigta.treas.gov)  
Web Site: <http://www.tigta.gov>

Phone Number: 202-622-6500