

Department of the Treasury

Treasury Inspector General for Tax Administration



Office of Audit Fiscal Year 2000 Audit Plan

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Fiscal Year 2000 Annual Plan

Executive Overview

The Internal Revenue Service (IRS) collects over \$1.7 trillion annually to fund the nation's government. This is no small achievement since it requires the processing of over 220 million returns and the distributing of over 1 billion forms and publications. The IRS must continually strive to achieve these tasks while maintaining the highest level of integrity and assuring taxpayer privacy. In addition, the IRS must enforce tax laws to ensure that all parts of the taxpaying public pay the proper amount of tax.

Monumental challenges are ahead for the IRS as it enters Fiscal Year (FY) 2000. While the IRS is struggling to reorganize, cope with outdated computer systems, enact new legislation (including the IRS Restructuring and Reform Act of 1998 (RRA 98) and the Government Performance and Results Act of 1993 (GPRA)), it must continue the business of serving taxpayers. Further complicating the IRS' tax administration duties is the upcoming century date change (known as Y2K), and how it will affect the IRS computer systems.

To assist the IRS in meeting these challenges, as well as many other crucial tax administration initiatives, the Treasury Inspector General for Tax Administration's (TIGTA) Office of Audit has developed a comprehensive audit program for FY 2000 that will help the IRS measure its progress throughout the fiscal year. The TIGTA's goal is to assure that the IRS' tax administration programs are efficient and effective, and minimize fraud, waste, and abuse. The audit program supports initiatives involving information technology programs, Year 2000 conversion plans, financial reviews, tax filing season activities, GPRA implementation, taxpayer protection and rights, and other critical IRS activities. In addition, the audit program includes significant coverage of the major challenges facing IRS management in FY 2000.

The Mission and the Organization

The RRA 98 established the TIGTA with the same powers and authorities as all other Inspector General organizations, with its focus devoted entirely to the IRS. This authority charges the TIGTA with conducting independent and objective audits, evaluations, and investigations of the IRS' programs and activities. The TIGTA is organizationally placed within the Department of the Treasury, but is independent of the Department and all other offices and agencies within the Department. The TIGTA is committed to providing timely, useful, and reliable information and advice to IRS officials, the Congress, and the public.

TIGTA's Office of Audit promotes the sound administration of the nation's tax laws through comprehensive, independent performance and financial reviews of the IRS' programs, operations, and activities to: assess efficiency, economy, effectiveness and program accomplishments; ensure compliance with applicable laws and regulations; and detect, and deter fraud, waste, and abuse.

Under the leadership of the Inspector General, the Deputy Inspector General for Audit (DIGA) is responsible for the Office of Audit. Reporting to the DIGA are four Associate Inspectors General for Audit (AIGA) who are aligned around the IRS' core business activities. The Office of Audit focuses on 1) Information Systems Programs, 2) Headquarters Operations and Tax-Exempt Organizations Programs, 3) Wage and Investment Income Programs, and 4) Small Business and Corporate Programs. Please see Appendix I for the Office of Audit organization chart.

The AIGAs advise the DIGA on the major risks facing the IRS in their respective program area, and propose a national audit plan annually based on perceived risks, stakeholder concerns, and follow-up reviews of previously audited areas with significant control weaknesses. In addition, the AIGAs maintain liaison and working contact with applicable IRS executives, Treasury and General Accounting Office (GAO) officials, and congressional staffs to keep apprised of operating conditions and opportunities to provide consultant and advisory services on areas of potential management improvement.

Audit Program for Fiscal Year 2000

The audit plan is an annual tool for communicating our audit priorities to the IRS, the Congress, and other interested parties. Many of the activities described in the Audit Plan address the fundamental goals related to the IRS' mission to administer its programs effectively and efficiently.

The Office of Audit's FY 2000 Audit Plan is organized around the IRS' core business activities. Emphasis is placed on the statutory coverage imposed by the RRA 98 and other statutory authorities and standards involving computer systems, taxpayer rights and privacy issues, and financial statement audits.

The balance of the Office of Audit's body of work addresses both major management issues facing the IRS, as well as areas of concern to the Congress, the IRS Commissioner, and the IRS Oversight Board. The Office of Audit's identification of the major management challenges facing the IRS in FY 2000 is listed in Appendix II.

The Office of Audit's discretionary audit coverage was identified through a comprehensive, high-level risk assessment process, which was designed to prioritize workload by focusing on the areas of greatest risk to the IRS. The risk assessment process is used to integrate professional judgement into assessing the probability that adverse conditions or events may occur. This process applies risk factors to key auditable areas in the IRS, and documents and summarizes results to aid the Office of Audit management in selecting areas for coverage. Risk factors are the criteria used to identify

the relative significance of, and the likelihood that, conditions or events may occur that adversely affect the organization. Some of the risk factors used in evaluating the risks associated with the IRS' auditable areas are: stakeholder concerns, impact of new programs and tax legislation, reliability of internal control systems, and past audit reviews.

Risk factors for each auditable area are assigned a numeric ranking based on high, medium or low risk. In choosing areas for coverage, the Office of Audit management primarily focuses on the areas with the highest risk ranking. Input from TIGTA executives and top-level IRS management, current workload, and other factors are considered before a final decision is made. The Office of Audit also supports TIGTA's Office of Investigations' Strategic Enforcement (National Integrity) Program through assignment of auditors to conduct special reviews.

Office of Audit's Program Areas

The following narratives provide a brief description of the Office of Audit's FY 2000 Audit Program.

Information Systems Programs

Modernization of the IRS' computer systems and security of taxpayer information have been major concerns over the past several years. For more than a decade, the IRS has been attempting to modernize its antiquated tax systems but has experienced many failures. The IRS has made progress in improving the management of its systems modernization program through the implementation of a new organizational structure and completion of its Modernization Blueprint. However, this is still a major area of concern for many stakeholders.

While the development of new technology evolves, existing systems and operations must continue. Improvements must be made to meet the day-to-day needs of tax administration and to demonstrate to taxpayers the IRS' commitment to improved service. In addition, one of the biggest concerns is the effect Y2K will have on the IRS' computer systems. If mission critical code is not made Y2K compliant, glitches may occur in processing tax returns, issuing refunds, and providing service to taxpayers.

The IRS Commissioner has stated that "protecting taxpayer information and the systems used to deliver services to taxpayers are key to the success of a customer-focused IRS." In the past, the security of taxpayer data has been an Achilles heel for the IRS, particularly in the area of unauthorized "browsing" of taxpayer records. Recently, GAO reports have identified serious weaknesses in the IRS' computer systems that put sensitive, personal tax information at risk.

Overall, the work performed in the Information Systems Programs Unit will position TIGTA to meet the RRA 98 requirement to report annually on the adequacy and security of IRS technology.

A complete list of the Unit's planned audits and audit objectives is included in Appendix III.

Headquarters Operations and Exempt Organizations Programs

A major function of the Office of Audit's Headquarters Operations and Exempt Organizations Programs Unit will be the performance of statutory audits that were imposed by the RRA 98. These audits will include IRS activities concerning disclosure of information to taxpayers; restrictions on the use of enforcement statistics; and processing of liens, levies and seizures. Additional high-priority audit work will be performed relating to the IRS' financial statements, contracts, and implementation of the GPRA.

Further work will be conducted in the following IRS program areas: Tax-Exempt Organizations and Government Entities, Headquarters Operations, and the Agency-Wide Shared Services. These audits include such topics as the Employee Plans/Exempt Organizations (EP/EO) examination and determination processes, the IRS Appeals processes, the IRS Counsel's processing of user fees, personnel issues, and space and property.

Eleven of the Unit's planned audits are in response to the RRA 98 statutory reporting requirements for the TIGTA. A complete list of the Unit's planned audits and audit objectives is included in Appendix IV.

Wage and Investment Income Programs

The Wage and Investment Income Programs Unit will assess the IRS' program for assisting and servicing taxpayers filing simple tax returns, (i.e., reporting no business, farm, rental, or international income or activities). Almost all income for this group of taxpayers is reported by third parties, and the vast majority of taxes are collected through third-party withholding. The IRS' program is divided into three primary sections: Customer Assistance Research and Education (C.A.R.E.), Customer Account Services (CAS), and Compliance.

Generally, the Office of Audit's reviews of these activities will focus on the IRS' efforts to help taxpayers comply with laws and regulations. Audits of the C.A.R.E. section will evaluate the timeliness and accuracy of the IRS' services to taxpayers, including face-to-face contacts, telephone calls, and automated systems provided for taxpayer use. For the CAS function, the Office of Audit's reviews will center on processing both paper and electronic tax returns, and the security and proper handling of remittances received electronically, by lockbox vendors, or via credit card payments. Audits of the Compliance

function will concentrate on the IRS' efforts to protect existing revenue from loss or theft, and to ensure taxpayers report and pay the proper amount of tax.

A complete list of the Unit's planned audits and audit objectives is included in Appendix V.

Small Business and Corporate Programs

The IRS services about 40 million self-employed or small business taxpayers, and approximately 180,000 large corporations, subchapter S corporations, and partnerships with over \$5 million in assets. The Small Business and Corporate Programs Unit will concentrate on assessing the IRS' efforts in keeping these self-employed taxpayers, small businesses, and large corporations compliant with tax laws and regulations.

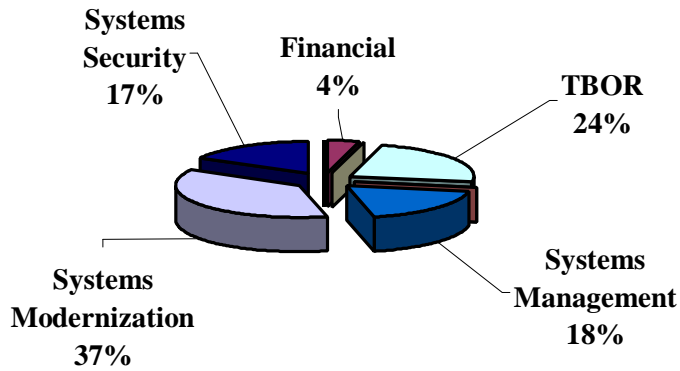
These groups of taxpayers have much more complex dealings with the IRS than the wage and investment taxpayers. The small business sector may have numerous routine transactions with the IRS per year and pay nearly \$559 billion, which represents approximately 40 percent of the revenues collected by the IRS. The probability for errors are greatest in this group because of the lack of withholding or information reporting, and the large amount of cash paid.

Taxpayers classified in the Large Corporation sector also have unique needs. These businesses are responsible for an annual tax liability of over \$600 billion. These businesses have many complicated issues, such as tax law interpretation, accounting principles, and regulatory issues.

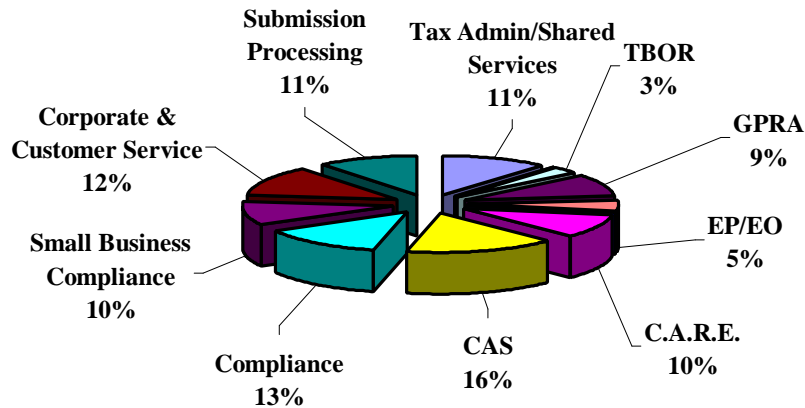
Overall, the work performed in this Unit will focus on compliance issues, IRS customer service efforts, and other tax aspects that are unique to the self-employed, small, mid-size and large business taxpayers. A complete list of the Unit's planned audits and audit objectives is included in Appendix VI.

Office of Audit's Fiscal Year 2000 Resource Commitments

Statutory Coverage (26.5%)

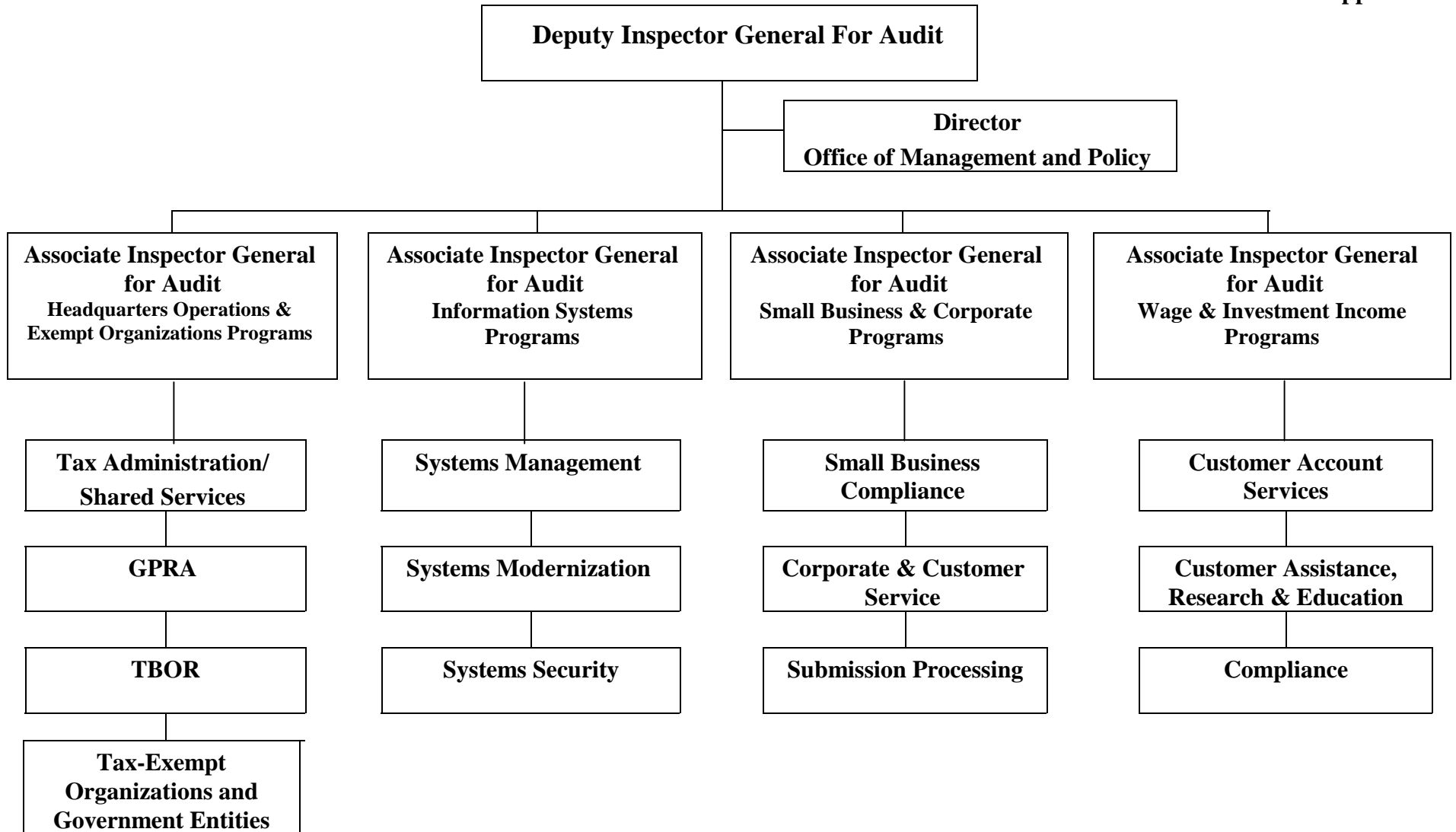


Discretionary Coverage (73.5%)



ORGANIZATION CHART
Treasury Inspector General For Tax Administration
Office of Audit

Appendix I



Major Management Challenges Facing the Internal Revenue Service

The Treasury Inspector General for Tax Administration's Office of Audit believes the major management challenges facing the Internal Revenue Service (IRS) in Fiscal Year 2000 are:

- Financial Management
- Modernization of the IRS
 - Organizational Restructuring
 - Technology Modernization
 - Year 2000 Compliance
- Security of IRS' Information Systems
- Processing Returns and Implementing Tax Law Changes during the Tax Filing Season
- Balancing Customer Service and Tax Compliance Initiatives
- Providing Quality Customer Service Operations
- Revenue Protection – Minimizing Tax Filing Fraud
- Taxpayer Protection and Rights
- Implementation of the Government Performance and Results Act of 1993
- Impact of the Global Economy on Tax Administration

List of Planned Audits

Information Systems Programs

All Information Systems Programs' reviews are considered mandatory because of the Restructuring and Reform Act of 1998 (RRA 98) requirement to report annually on the adequacy and security of the Internal Revenue Service's (IRS) technology, but the audits are selected based on a risk assessment process.

Review of the Internal Revenue Service's Credit Card and Electronic Filing Payment Options

Audit Objective: Evaluate the effectiveness of the IRS' development and implementation of credit card and electronic filing debit payment options during the 1999 tax filing season (*Carryover from Fiscal Year (FY) 1999*)

Review of the Internal Revenue Service's Readiness for the Consolidation of the Andover and Cincinnati Service Center Mainframe Computer Operations

Audit Objective: Assess the IRS' readiness for FY 2000 consolidations, and determine whether project management controls are adequate to ensure that continuing service center consolidations are adequate. (*Carryover from FY 1999*)

Centralization of Electronic Filing Computer Systems

Audit Objective: Assess the IRS' efforts to centralize electronic filings, including computer capacity, consolidated computer runs, telecommunication traffic, help-desk capabilities and EMC Business Continuity and Disaster Software.

Telecommunication Costs and Capacities for Mainframe Consolidation

Audit Objectives: Assess the telecommunication needs determination for the consolidated environment, and compare the quality and level of service before and after service center consolidation. Evaluate actions on problems from prior service center consolidations, including computing center staffing, defined delivery order requirements, full-time government task managers, and budget estimates and costs. Review how system capacity and performance data were used to effectively size the new systems. Assess contingency plans if problems develop in consolidation efforts.

Alternative Signature Pilots

Audit Objectives: Assess the IRS' efforts to develop and implement alternative signatures. Evaluate the IRS' plans to migrate from alternative signature pilots to a long-term electronic signature solution that meets digital signature standards.

Electronic Federal Tax Payment System Internet Access

Audit Objective: Assess the IRS' efforts to develop and implement an effective and secure Electronic Federal Tax Payment System Internet application.

Review of General Controls over the Integrated Collection Systems/Automated Collection System/Print System

Audit Objective: Evaluate the general system controls over the Integrated Collection Systems/Automated Collection System/Print System IBM mainframe in the consolidated environment. *(Carryover from FY 1999)*

Review of the Internal Revenue Service's Year 2000 End-to-End Test III

Audit Objective: Assess the effectiveness of the preparation for, and execution of, Test III of the IRS' End-to-End System Integration Test for Year 2000 (Y2K) tax processing. *(Carryover from FY 1999)*

Review of the UNISYS 4800 Computer System

Audit Objective: Evaluate the general system controls in the UNISYS 4800 consolidated environment, and assess the IRS' progress in meeting defined security requirements. *(Carryover from FY 1999)*

Review of Year 2000 Telecommunications and Commercial Off-the-Shelf Products

Audit Objective: Assess the effectiveness of the IRS' Y2K telecommunications and Commercial Off-the-Shelf (COTS) products implementation processes, particularly management's progress in providing oversight and ensuring goals and objectives are being met. *(Carryover from FY 1999)*

The Internal Revenue Service's Systems Performance Monitoring and Capacity Management for Mainframe Computers

Audit Objective: Assess the efficiency, economy, and effectiveness of the IRS' Systems Performance Monitoring and Capacity Management Program and conduct a performance review of the responsible office.

IBM Mainframe Environment Used for the Internal Revenue Service's Masterfile, Corporate Files On-Line, and Information Returns Processing

Audit Objective: Assess the efficiency, economy, and effectiveness of the IRS' efforts to establish and maintain system-level controls over the IBM mainframe used for the IRS' Masterfile, Corporate Files On-Line, and Information Returns Processing.

IBM Mainframe Used for the Internal Revenue Service's Security and Communications System

Audit Objective: Assess the controls over the Security and Communication System to ensure effective and secure access to the IRS' primary on-line systems.

Oversight of the PRIME and the Internal Revenue Service-PRIME Partnership

Audit Objective: Assess the IRS' oversight role and the organizational structure developed to oversee the modernization effort, and evaluate the IRS-PRIME Partnership.

PRIME Vendor Performance in Developing the Internal Revenue Service-PRIME Systems Life Cycle

Audit Objective: Assess the efficiency, economy, and effectiveness of Information Systems' processes for development and implementation of a Systems Life Cycle.

Application of the Systems Life Cycle to Primary Telephone Call Routing and Management System – Release 1.1

Audit Objective: Assess the efficiency, economy, and effectiveness of Information Systems' processes to develop the Primary Telephone Call Routing and Management System.

Application of the Systems Life Cycle to Enhanced Secondary Telephone Call Routing and Management System – Release 1.2

Audit Objective: Assess the efficiency, economy, and effectiveness of Information Systems' processes to develop the Enhanced Secondary Telephone Call Routing and Management System.

Application of the Systems Life Cycle to Create the Payment Source Document Database to Support the Chief Financial Officer Initiatives

Audit Objective: Assess the efficiency, economy, and effectiveness of Information Systems' software design processes to create the payment source document database in support of the Chief Financial Officer initiatives.

Consolidation of Non-Information Systems Resources

Audit Objectives: Assess plans to consolidate non-Information Systems resources to ensure employee productivity, adequacy of staffing, training and funding, necessary technology for the centralized help-desk; assess the process to measure and monitor the effectiveness and efficiency of the consolidation.

Application of the Systems Life Cycle to Employee Access to Modernized Systems and Corporate Data Through a Single, Secure, Universal Workstation – Release 1.3

Audit Objective: Assess the efficiency, economy, and effectiveness of Information Systems' processes to develop and pilot the system that: provides employee access to modernized systems and corporate data through a single, secure, universal workstation; integrates the telephone infrastructure and capabilities implemented in the prior release; and provides the secure infrastructure gateway that will allow taxpayers to securely transact business with the IRS.

Availability of Corporate Files On-Line to Front-Line Internal Revenue Service Employees - Information Systems Government Performance and Results Act of 1993 Baseline

Audit Objective: Assess the appropriateness, reliability, and accuracy of the data gathered for the IRS' mainframe processing environment and the IRS' efforts in setting and meeting the performance measurement of making the Corporate Files On-Line available 99 percent of the time to IRS front-line employees - a measure established to meet requirements of the GPRA.

Availability of Integrated Data Retrieval System to Front-Line Internal Revenue Service Employees – Information Systems Government Performance and Results Act of 1993 Baseline

Audit Objective: Assess the appropriateness, reliability, and accuracy of the data gathered for the IRS' mainframe processing environment and the IRS' efforts in setting and meeting the performance measurement of making the Integrated Data Retrieval System available 99 percent of the time to IRS front-line employees - a measure established to meet requirements of the GPRA.

Information Systems Audit Reports with Unimplemented Corrective Actions (Follow-up Review)

Audit Objective: Survey open/unimplemented corrective actions on Information Systems audit reports recorded on the Treasury Department's Inventory Tracking and Control System to identify those that are no longer appropriate, or where the IRS has decided to accept the risk by not correcting the identified weaknesses; and, evaluate progress being made on significant weaknesses in management and internal control systems.

Assessment of Information Systems Resources

Audit Objective: Assess Information Systems' accountability over staffing, and determine plans for transitioning existing staff into the new organization.

Internal Revenue Service Programmer Resources

Audit Objective: Assess Information Systems' processes to monitor programmer resources, including active assignments for programmers, transition plans, and costs for contracted programmers.

Software Development Centers

Audit Objectives: Assess the goals and objectives of software development centers; ensure optimal use of resources; and assess processes developed to measure the effectiveness and efficiency of the centers.

Internet Policies and Procedures

Audit Objective: Assess the IRS' development and implementation of Internet security policies and procedures.

Use of Electronic Mail

Audit Objectives: Assess the adequacy of electronic mail controls to protect sensitive or taxpayer information and to identify and contain viruses. Determine whether adequate actions have been taken to ensure electronic mail service is available and reliable.

Year 2000 End-Game Activities

Audit Objective: Determine whether the IRS has developed and documented a high-level business continuity planning strategy, validated and tested the business continuity strategy and contingency plans, defined and documented Y2K failure scenarios, and established criteria for activating contingency plans.

Information Systems' Product Assurance Division

Audit Objectives: Determine whether the Product Assurance Division's goals and objectives are relevant to the Information Systems' mission and if they are being achieved; offices are adequately staffed, trained, and funded; contractor activities are adequately monitored; and testing efforts ensure compliance with established standards and policies. Identify any programs that duplicate or conflict with other related programs.

Year 2000 Contingency Planning

Audit Objective: Follow up on corrective actions on prior audit findings; ensure adequate contingency plans have been developed, and that processes effectively identify "at risk" systems during the Y2K certification process.

Certification and Accreditation of Systems and Networks

Audit Objective: Assess the certification process to ensure that systems and networks are implemented and operated in compliance with standards.

Physical and Environmental Controls

Audit Objective: Assess the IRS' controls for protecting data and systems from unauthorized access and environmental hazards.

Logical Access Controls

Audit Objective: Assess logical access controls to ensure that: user and group profiles are commensurate with responsibilities; super-user accounts are properly authorized, monitored and used; log-on and log-off procedures are effective; server hardware and operating systems are properly installed and configured; only authorized security settings are initiated during the boot-up process; and audit trails are available and monitored.

Telecommunications Security

Audit Objective: Determine whether data are encrypted when transmitted over telecommunication lines, encryption keys and methods of encryption are secure, data can be decrypted, and secure dial-in procedures have been implemented.

Router Configuration

Audit Objective: Analyze router configurations to ensure only authorized users access Local Area Networks, and that routers are monitored to identify any unusual or inappropriate activity.

Virus Protection

Audit Objective: Assess the IRS' procedures for installing, updating, and using virus protection, and ensure the procedures are being followed.

The Office of Research

Audit Objective: Determine whether the Office of Research is appropriately using data, and ensure that data are adequately protected. *(Carryover from FY 1999)*

Review of Selected Components of Multiple Virtual Storage Operating System

Audit Objective: Determine if selected general controls of the Multiple Virtual Storage Operating System were implemented to provide system security, safeguard sensitive data, and ensure efficient use of system resources. *(Carryover from FY 1999)*

Review of Management Controls for the Oversight of the Internal Revenue Service's Century Date Change Program

Audit Objective: Assess the Century Date Change Project Office's effectiveness in providing management oversight to ensure that the goals and objectives of the IRS' Y2K efforts will be met. *(Carryover from FY 1999)*

The Internal Revenue Service's Year 2000 Conversion Efforts - Tier 3

Audit Objective: Evaluate Information Systems and Field and Customer organization Tier 3 Y2K project management efforts to determine if the IRS has assurance that its Tier 3 infrastructure will operate in the next century. *(Carryover from FY 1999)*

The Internal Revenue Service's Year 2000 End-To-End System Integration - Test II and III

Audit Objective: Assess the IRS' planning efforts for End-to-End System Integration Tests II and III, and the execution of Test II. *(Carryover from FY 1999)*

Review of the Internal Revenue Service's Efforts to Inventory and Assess Telecommunications and Commercial Off-the-Shelf Products

Audit Objectives: Ensure that telecommunications equipment has been inventoried completely and accurately, and that the preliminary risk assessment of this equipment has been appropriately factored into the IRS' overall plans. Assure that the Y2K initiatives for inventorying tax processing COTS products are progressing as planned, and goals are being completed effectively and timely. *(Carryover from FY 1999)*

The Office of Systems Standards and Evaluation

Audit Objective: Determine whether the Office of Systems Standards and Evaluation serves as an effective control for promoting security and ensuring the adherence of Information Systems' standards. *(Carryover from FY 1999)*

The Internal Revenue Service's Contingency Planning Efforts

Audit Objective: Develop and execute an assessment process of the IRS' programs, policies, and procedures to ensure business activity continuity in the event of natural or man-made disasters. *(Carryover from FY 1999)*

Logical Access Security Controls

Audit Objective: Evaluate the effectiveness of logical security controls over major IRS information systems to ensure taxpayer information is properly secured and protected. *(Carryover from FY 1999)*

Operational Security Controls – Internal Revenue Service Information Systems

Audit Objective: Evaluate the effectiveness of controls over support activities for major information systems located at IRS facilities, including computing and service centers. *(Carryover from FY 1999)*

Telecommunications Security – Internal Revenue Service Computer Systems

Audit Objective: Determine whether the Information Systems Division effectively manages the IRS' telecommunications environment to meet the IRS' new mission and goals to protect taxpayer information and network resources. *(Carryover from FY 1999)*

Reliability of Examination's Management Information System

Audit Objective: Determine whether external reports accurately reflect and fairly present examination results. *(Carryover from FY 1999)*

The Internal Revenue Service's Year 2000 Efforts For Retired Components

Audit Objective: Assess the effectiveness of corrective actions taken by the IRS in response to findings associated with the IRS' retired component efforts. *(Carryover from FY 1999)*

Tier II Systems Year 2000 Change – Phase III

Audit Objective: Assess the effectiveness of the corrective actions taken by the IRS in response to the findings associated with a prior audit report to determine whether the actions will ensure that minicomputer systems will be operational in the next century. *(Carryover from FY 1999)*

Adequacy of the Internal Revenue Service's Security Policies and Standards for Automated Information Systems and Networks

Audit Objective: Determine whether the IRS has sufficient policies and standards in place to protect taxpayer data on automated information systems and networks.

The Internal Revenue Service's Efforts to Prepare Tier III Systems

Audit Objective: Review corrective actions taken by the IRS in response to the findings associated with prior memoranda of findings and audit reports.

List of Planned Audits
Headquarters Operations and Exempt Organizations
Programs

Fiscal Year 1999 Financial Statements (Providing Assistance to the General Accounting Office)

Audit Objective: Obtain reasonable assurance that Internal Revenue Service (IRS) transactions are properly identified, recognized, and classified; internal control assertions are fairly stated; and there is no material non-compliance with laws and regulations.
(Carryover from Fiscal Year (FY) 1999)

Fiscal Year 2000 Financial Statements (Providing Assistance to the General Accounting Office)

Audit Objectives: Obtain reasonable assurance that IRS transactions are properly identified, recognized, and classified; internal control assertions are fairly stated; and there is no material non-compliance with laws and regulations.

Illegal Tax Protester Designation (Statutory Review)

Audit Objective: Determine if the IRS is complying with the provisions of the IRS Restructuring and Reform Act of 1998 (RRA 98) and internal guidelines to: remove Illegal Tax Protester (ITP) designations from its computer systems, ignore ITP designations in the field offices, and remove the ITP designation from IRS national guidelines.

Frivolous Nonfiler Designation (Statutory Review)

Audit Objective: Determine if the planned Frivolous Nonfiler Program meets the intent of the RRA 98 to not designate taxpayers as illegal tax protesters (or similar designation).

Restrictions on the Use of Enforcement Statistics (Statutory Review)

Audit Objective: Determine if the IRS is complying with restrictions on the use of enforcement statistics to evaluate IRS employees.

Fair Debt Collection Provisions (Statutory Review)

Audit Objective: Determine the legislatively mandated information on IRS administrative or civil actions resulting from violations of the Fair Debt Collection Practices Act.

Liens (Statutory Review)

Audit Objective: Determine if the IRS is complying with Internal Revenue Code (IRC) Section 6320 regarding the issuance of lien notices to taxpayers and/or their representatives within five days after filing the lien.

Denials of Written Requests to Disclose Information to Taxpayers (Statutory Review)

Audit Objective: Determine if the IRS inappropriately denied written requests to disclose information to taxpayers. This review will focus on those cases where the denial was based on IRC Section 6103 and/or Section 552(b)(7) of Title 5, United States Code, or the IRS responded that the requested records did not exist.

Seizures (Statutory Review)

Audit Objective: Determine if seizures conducted by the IRS adhere to legal guidelines set forth in IRC Chapter 64, Subchapter D, and IRC Section 6330.

Assessment Statute Extensions (Statutory Review)

Audit Objective: Determine if the IRS is complying with requirements to advise taxpayers of their rights regarding requests for extensions of the statute of limitations on tax assessments.

Levies (Statutory Review)

Audit Objective: Determine if levies issued by the IRS adhere to legal guidelines set forth in IRC Chapter 64, Subchapter D, including IRC Section 6330 and Subchapter A of Chapter 78 under IRC Section 7602(c).

Disclosure of Collection Activities with Respect to Joint Returns (Statutory Review)

Audit Objective: Determine if the IRS is complying with IRC Section 6103(e)(8) and RRA 98 Section 6019 regarding the disclosure requirements for individuals who previously filed a joint return.

Direct Contact with Taxpayers versus Representatives (Statutory Review)

Audit Objective: Determine if the IRS is complying with IRC Section 7521 regarding directly contacting taxpayers who have indicated that they prefer the IRS contact their representative.

Appeals Process for Liens and Levies

Audit Objective: Determine if the IRS effectively implemented the provisions of the RRA 98 when taxpayers exercise their right to appeal the filing of a lien or an intent to levy.

Chief Counsel Processing of Freedom of Information Act Appeals

Audit Objective: Determine if Chief Counsel's Disclosure Litigation provides taxpayers with an effective appeal process when they have a delay in obtaining information from the IRS or have been denied a request for information.

Controls Over Written Requests to Disclose Information to Taxpayers

Audit Objective: Assess the validity and reliability of data contained on the Electronic-Disclosure Information Management System, and determine if corrective actions implemented by the IRS in response to our FY 1999 report were effective.

Defense Contract Audit Agency Contract Oversight

Audit Objective: Provide the IRS with cost and pricing information resulting from audits conducted by the Defense Contract Audit Agency (DCAA) on IRS contracts. Conduct limited oversight of DCAA reports as needed.

Customer Satisfaction – Automated Collection System (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Customer Satisfaction – Toll Free (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Customer Satisfaction – Walk-in (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Customer Satisfaction – Field Collection (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy and reliability of the data used for performance measures, and assess the automated systems used to generate the data for conducting the sample survey.

Customer Satisfaction – Field and Office Examination (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy and reliability of the data used for performance measures, and assess the automated systems used to generate the data for conducting the sample survey.

Customer Satisfaction – Service Center Examination (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy and reliability of the data used for performance measures, and assess the automated systems used to generate the data for conducting the sample survey.

Evaluation of the Adequacy and Accuracy of the Internal Revenue Service March 2000 Program Performance Report (Government Performance and Results Act of 1993 Review)

Audit Objective: Assess the preparation of the Program Performance Report by evaluating the accuracy of performance data and the related target levels reported.

Customer Satisfaction – Vendor Controls (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the process and controls used by the vendor and sub-vendors responsible for administering the survey and reporting its results.

Customer Satisfaction – Appeals (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Customer Satisfaction – Employee Plans/Exempt Organizations Determinations (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Customer Satisfaction – Employee Plans/Exempt Organizations Examinations (Government Performance and Results Act of 1993 Review)

Audit Objective: Evaluate the accuracy of the information used to measure customer satisfaction at the IRS.

Separating Employee Clearance Procedures (Follow-up Review)

Audit Objective: Determine what corrective actions IRS management has taken, and if the corrective actions were effective to sufficiently protect the IRS' exposure to risk from financial loss and access to, or destruction of, taxpayer information. (*Carryover from FY 1999*)

Walk-in Assistance – 1999 Filing Season

Audit Objective: Evaluate the IRS' efforts to provide taxpayers consistent and better face-to-face service during the 1999 filing season. (*Carryover from FY 1999*)

Expansion of Authority to Issue Taxpayer Assistance Orders

Audit Objective: Determine if the Taxpayer Advocate, as the independent channel for taxpayers that are having problems with specific cases, has effectively implemented the RRA 98 concerning Taxpayer Assistance Orders.

Effectiveness of Practitioner Disciplinary Program

Audit Objective: Determine if the IRS is effectively conducting disciplinary proceedings relating to those allowed to practice before the IRS (i.e., Authorized Attorneys, Certified Public Accounts, Enrolled Agents, Enrolled Actuaries)

Timeliness of Technical Advice Memoranda

Audit Objective: Determine whether the IRS Counsel provides timely service to IRS personnel and taxpayers in issuing Technical Advice Memoranda.

Quality of Taxpayer Advocates' Responses

Audit Objective: Determine if the responses prepared by the Taxpayer Advocate's Office are thorough, easy to understand, and accurate.

Chief Counsel Processing of User Fees

Audit Objective: Determine if user fees are properly administered.

Follow-up Review of the Tax-Exempt Bond Program

Audit Objective: Review prior audit recommendations related to the establishment of an information return processing system and oversight mechanism for the Tax-Exempt Bond Program, and ensure corrective actions taken by the Employee Plans and Exempt Organizations (EP/EO) management have strengthened controls over the Program (*Carryover from FY 1999*)

Review of the Internal Revenue Service's Use of 8(a) Contracts

Audit Objective: Evaluate whether the IRS is effectively using 8(a) contracts (awarding business to small, disadvantaged, or women-owned small businesses) to achieve organizational goals, and whether sufficient controls exist to prevent fraud, waste and abuse within the program. (*Carryover from FY 1999*)

Review of the Internal Revenue Service's Effectiveness in Monitoring Telecommunication Activities Related to the Treasury Communications System Contract

Audit Objective: Assess the effectiveness of internal controls for controlling the initiation, acceptance, and payment for the work done under the Treasury Communications System contract. (*Carryover from FY 1999*)

Review of the Effectiveness of the Internal Revenue Service's Pre-Award and Post-Award Practices on Major Information Technology Contracts

Audit Objective: Evaluate the effectiveness of the IRS' process of awarding and administering major Information Technology contracts. *(Carryover from FY 1999)*

PRIME Contract Provisions in Developing Task Orders

Audit Objective: Determine whether task orders are prepared within the scope of the contract, and ensure that the negotiated contract rates are used to establish the funding estimates for the task orders.

PRIME Contract Task Order Receipt and Acceptance

Audit Objective: Determine if the IRS received goods and services as stipulated in the contract and task order, and at the proper price.

Use of Defense Contract Audit Agency Reports

Audit Objective: Evaluate the use of DCAA report information by the IRS Office of Procurement in obtaining fair and reasonable negotiated settlements and refunds of contract overpayments.

Reimbursable Agreements

Audit Objective: Evaluate the effectiveness of the IRS in controlling and obtaining payment for services rendered to other government entities through reimbursable agreements.

Blanket Purchase Agreements

Audit Objective: Evaluate the use of Blanket Purchase Agreements to ensure compliance with acquisition regulations, and that goods and services are obtained at a fair and reasonable cost.

The Integrated Personnel System

Audit Objective: Determine if business needs of the Agency-wide Shared Services Program have been effectively incorporated in the plans and development of the Integrated Personnel System.

Space Acquisition Management

Audit Objective: Evaluate the plans for converting to a new space management system, and assess the controls over acquiring and paying for new and existing space and utilities.

Controls Over Property

Audit Objective: Determine the most effective and efficient methods for controlling and accounting for all property, including electronic data processing equipment.

Procurement/Automated Financial Systems Interface

Audit Objective: Evaluate the effectiveness of the integration of the systems used to automate the acquisition process from the request through the payment.

Controlling Cost-Reimbursable Contracts

Audit Objective: Evaluate the controls over the verification of price and delivery of goods and services to ensure proper payments on cost-reimbursable contracts.

Terminations and Mitigation Under Section 1203 of the Internal Revenue Service Restructuring and Reform Act of 1998 and Complaints and Allegations of Employee Misconduct

Audit Objective: Assess the process used to report complaints, allegations, mitigations, and terminations to determine if the information is accurate and complete.

Identifying and Reporting Potential Fair Debt Collection Practices Act Violations

Audit Objective: Determine whether potential violations of the Fair Debt Collection Practices Act are effectively identified and reported by the IRS.

Effectiveness of the Centralization of the Employee Plans/Exempt Organizations Determination Process

Audit Objective: Assess the effectiveness of IRS efforts to centralize the determination process in the Ohio Key District Office.

Effectiveness of the Employee Plans/Exempt Organizations Centralized Telephone Operations

Audit Objective: Assess the effectiveness of the EP/EO efforts in establishing and maintaining a quality telephone operation.

Effectiveness of the Employee Plans/Exempt Organizations Centralized Correspondence Program

Audit Objective: Assess the effectiveness of EP/EO efforts to timely and adequately respond to customers' written inquiries.

Effectiveness of Implementing the Internal Revenue Service's Tax-Exempt and Government Entities Operating Division

Audit Objective: Assess the effectiveness of the IRS' transition into, and implementation of, the new operating division.

Effectiveness of the Exempt Organizations Examination Program

Audit Objective: Determine if the EO Examination Program provides reasonable assurances that exempt organizations are complying with laws and regulations.

Reliability and Effectiveness of Exempt Organizations Returns Inventory and Classifications System

Audit Objective: Evaluate the effectiveness of the EP/EO examination selection process.

Effectiveness of the Employee Plans Examination Program

Audit Objective: Determine if the EP Examination Program provides reasonable assurance that employee benefit plans are complying with pertinent laws and regulations, and that plan assets are protected.

The Internal Revenue Service's Implementation of the Government Performance and Results Act of 1993 Requirements

Audit Objective: Assess the effectiveness of the IRS' Strategic Planning Process relative to the goals and requirements set forth by the Government Performance and Results Act of 1993. *(Carryover from FY 1999)*

The Interim Revenue Accounting Control System

Audit Objective: Evaluate the internal controls in place to ensure they provide accurate financial management information and data integrity. *(Carryover from FY 1999)*

Protecting the Privacy of Tax Accounts Disclosures

Audit Objective: Determine whether management effectively implemented corrective actions to reduce the risk of unauthorized disclosure, and identify alternative authentication methods that could be more reliable than those recently implemented by the IRS. *(Carryover from FY 1999)*

Revenue Accounting Controls over Deposit Discrepancies (Follow-up Review)

Audit Objectives: Determine whether the IRS has implemented corrective actions; whether these actions were effective; and what outcomes can be attributed to the prior audit of the revenue accounting controls over deposit discrepancies performed in FY 1997. (*Carryover from FY 1999*)

Treatment of Taxpayers During Correspondence Audits

Audit Objective: Assess the effectiveness of controls that protect taxpayers' rights during correspondence audits. (*Carryover from FY 1999*)

Docketed Office Audit Cases (Follow-up Review)

Audit Objective: Determine whether management effectively implemented corrective actions on previously reported conditions. (*Carryover from FY 1999*)

List of Planned Audits

Wage and Investment Income Programs

All Wage and Investment Income Programs' reviews are discretionary audits.

Effectiveness of the Internal Revenue Service's Process for Implementing Computer Programming Changes for the Year 2000 Filing Season

Audit Objective: Determine whether the Internal Revenue Service (IRS) has established an effective readiness process for identifying and implementing computer programming changes for the 2000 filing season.

Effectiveness of the Internal Revenue Service's Process for Preparing Service Center Operations for the Year 2000 Filing Season

Audit Objective: Determine whether the IRS has established an effective readiness process for ensuring that service center and computing center operations are adequately prepared for the 2000 filing season.

Use of the Repeater Indicator on Taxpayer Accounts

Audit Objective: Evaluate the use of the repeater indicator on taxpayer accounts.

Lockbox Remittances

Audit Objective: Evaluate the IRS' process for ensuring that taxpayer payments received by lockbox vendors are accurately and efficiently processed.

Electronic Deposit of Refund Checks

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that electronic refunds made to individual taxpayers are accurately deposited.

The Internal Revenue Service's Electronic Tax Administration

Audit Objective: Evaluate the effectiveness of the IRS' process for meeting the congressionally mandated goal to process the returns of 80 percent of all taxpayers electronically by 2007 (50 percent by 2002).

Earned Income Tax Credit Form

Audit Objective: Evaluate the adequacy and impact of IRS revisions to the Earned Income Tax Credit (EITC) form and instructions.

Earned Income Tax Credit Recertifications

Audit Objective: Evaluate the IRS' process for ensuring that EITC recertification claims are filed when required and are effectively processed.

Processing of Paper Returns in Year 2000 – Individual Returns

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that tax returns are accurately and timely processed in the 2000 filing season.

Processing of Electronic Returns in Year 2000 – Individual Returns

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that electronic returns are accurately and timely processed in the 2000 filing season.

Processing Credit Card Payments

Audit Objective: Evaluate the effectiveness of the IRS' process for handling credit card payments received from taxpayers.

Processing of Child Care Credits

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that taxpayers receive the appropriate Child Care Credit.

Alternative Minimum Tax for Individual Taxpayers

Audit Objective: Evaluate the IRS' efforts to provide relief for middle income taxpayers that are inadvertently impacted by the Alternative Minimum Tax.

Taxpayer Identifying Information

Audit Objective: Evaluate the effectiveness of the IRS' efforts to identify and reduce the occurrence of tax return errors relating to taxpayer identifying information.

Taxpayer Notices>Returns Processing

Audit Objective: Evaluate the effectiveness of the IRS' efforts to identify and reduce the number of incorrect notices sent to taxpayers.

Implementation of the Internal Revenue Service Business Unit - Wage and Investment Customer Account Services

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring effective implementation of key internal controls.

Measuring the Quality of the Internal Revenue Service's Processing of Returns

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring accurate measurement of the costs and quality of returns processing activities to account for all budgeted/expended funds.

Impact of Tolerances on Wage and Investment Taxpayers

Audit Objective: Evaluate the impact of tolerances on wage and investment income taxpayers.

The Internal Revenue Service's Process for Simplifying Tax Forms

Audit Objective: Evaluate the IRS' process for simplifying tax forms.

Readiness for the Year 2001 Filing Season

Audit Objective: Evaluate the IRS' readiness for the Year 2001 filing season.

Installment Agreement Processing

Audit Objective: Evaluate the Installment Agreement processing.

Effectiveness of the Internal Revenue Service's Local Letter Writing Process in the Service Centers

Audit Objective: Evaluate the effectiveness of the IRS' local letter-writing process in the service centers.

Toll-free Readiness

Audit Objective: Determine whether the IRS has established an effective readiness process for ensuring that taxpayers receive quality customer service by providing them with accurate and timely responses to their tax-related questions for the Year 2000 filing season.

Evaluation of the Internal Revenue Service's Efforts to Provide Taxpayers Consistent and Better Walk-In Service

Audit Objective: Evaluate the IRS' efforts to provide taxpayers consistent and better face-to-face service during the 1999 filing season

Review of Controls over Summonses and Third-Party Contacts

Audit Objectives: Determine whether the IRS' processes and controls enable the IRS to comply with the RRA 98, and protect taxpayer rights when summonses are issued and third-party contacts are made during examination and collection activities

Taxpayers Requesting Assistance at Internal Revenue Service Offices During the Filing Season

Audit Objective: Evaluate the timeliness and accuracy of service provided to taxpayers.

Taxpayers Using the Telephone to Obtain Assistance: Live Assistor Option on the Telephone, Access to Earned Income Tax Credit Toll-free Telephone Service, Access to Automated Underreporter Toll-free Telephone Service

Audit Objective: Evaluate the timeliness and accuracy of service provided to taxpayers.

Educating and Assisting Taxpayers on Earned Income Tax Credit

Audit Objective: Evaluate efforts to educate taxpayers on EITC to reduce errors on returns.

Low-Income Taxpayer Clinics

Audit Objective: Account for the grant money and ensure taxpayers are properly represented.

Effectiveness of Spanish Language Program

Audit Objective: Evaluate the IRS' efforts to provide quality and timely service to Spanish-speaking taxpayers.

Communicating with Taxpayers

Audit Objective: Evaluate the IRS process to prepare accurate and understandable tax publications that are targeted to specific taxpayer segments.

Measuring the Quality of Telephone Service

Audit Objective: Evaluate the IRS process for measuring the quality of telephone service provided to taxpayers.

Measuring the Effectiveness of Customer Service Training

Audit Objective: Evaluate the adequacy of the training, and determine if the competencies of Customer Service employees have increased.

Quantifying the Internal Revenue Service Restructuring and Reform Act of 1998 Outcomes

Audit Objective: Quantify the outcomes of our review of the overall implementation of the RRA 98.

Automated Non-Masterfile

Audit Objective: Follow up on prior review findings, including: inaccuracies in interest and penalty computations and validity of old accounts, reminder notices issued in violation of the Taxpayer Bill of Rights 2, and inefficient manual procedures in the non-Masterfile process.

Walk-in Pre-filing Season

Audit Objective: Evaluate the readiness for the 2001 filing season.

Telephone Pre-filing Season

Audit Objective: Evaluate the readiness for the 2001 filing season.

The Centralized Inventory Distribution System

Audit Objective: Evaluate the controls over the Centralized Inventory Distribution System.

Implementation of New Business Unit

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring effective implementation of key internal controls in the Customer Assistance, Research, and Education and Compliance areas of the new Wage and Investment business unit.

The Effectiveness, Efficiency, and Economy of the Internal Revenue Service's Process for Designing, Producing, and Delivering Tax Forms and Instructions

Audit Objective: Determine whether the IRS has established an effective readiness process for ensuring tax forms, instructions, publications and notices required (for both paper and electronic tax returns) are timely and accurately designed, printed and distributed for the 2000 filing season. (*Carryover from FY 1999*)

Review of the Internal Revenue Service's Anti-Money Laundering Compliance Program

Audit Objective: Determine if the IRS is effectively, efficiently, economically, and in a controlled manner, carrying out the IRS Anti-Money Laundering Compliance Program.

The Substitute for Return Program

Audit Objective: Evaluate the controls over the Substitute for Return Program.

Effectiveness of the Compliance Research Program

Audit Objective: Determine the program accomplishments and cost effectiveness of the National Office Research and Analysis and District Office Research and Analysis Programs function. (*Carryover from FY 1999*)

Adjustments (Oral/Written)

Audit Objective: Determine if the IRS has an effective process to reduce generating written adjustment cases for Wage and Investment taxpayers.

Detecting Questionable Refunds (Follow-up Review)

Audit Objective: Determine if the IRS has an effective process to assess the impact that the Electronic Fraud Detection Program has had on Wage and Investment taxpayers.

Duplicate Claims of Dependents

Audit Objective: Determine if the IRS has an effective process to deter and detect duplicate claims of dependents.

Efforts to Protect Tax Revenue

Audit Objective: Determine if the IRS has an effective process to assess the impact of its efforts to protect revenue and improve taxpayer compliance.

Earned Income Tax Credit Appropriation (Return on Investment)

Audit Objective: Determine if the IRS has an effective process to assess the use and impact of the EITC appropriation.

Claims by Illegal Aliens

Audit Objective: Determine if the IRS has an effective process to deter and detect claims by illegal aliens.

Child Care Credit Compliance

Audit Objective: Determine if the IRS has effective procedures and controls in place to ensure that returns claiming child care credits comply with applicable tax laws and regulations.

Efforts to Bring Taxpayers Who Do Not File Into Compliance

Audit Objective: Determine if the IRS has a process to assess the effectiveness of its strategy to bring taxpayers that do not file into compliance.

Accuracy and Timeliness of Tax Bills

Audit Objective: Determine if the IRS' system of controls provides reasonable assurance that tax bills are accurate and timely.

Requests to Change the Decisions on Tax Return Audits

Audit Objective: Determine whether the IRS has an effective process for reducing and addressing taxpayers' requests to change the decisions on tax return audits.

Tax Payment Agreements

Audit Objective: Determine the effectiveness of the IRS' efforts to assess the impact of raising the maximum criteria to \$100,000 on the Tax Payment Agreement Program.

Interest and Penalty Abatements

Audit Objective: Determine if the IRS has an effective process to administer interest and penalty abatements for taxpayers.

Simplification of Tax Bills to Individual Taxpayers

Audit Objective: Determine if the IRS' system of controls provides reasonable assurance that the IRS designs, produces, and delivers clear, understandable tax bills.

Measuring the Effectiveness of the Internal Revenue Service's Efforts to Identify Income Not Claimed on Tax Returns

Audit Objective: Determine if the IRS has an effective process in place to assess the impact of reduced resources available to identify income not claimed on tax returns.

The Automated Underreporter – Resource Effectiveness

Audit Objective: Determine if the IRS has an effective process in place to assess the impact of reduced resources available to the Underreporter Program and its achieving compliance of Wage and Investment taxpayers.

Collectibility

Audit Objective: Determine if the IRS has an effective process in place to measure the Examination function's consideration of collectibility before opening an examination, and providing appropriate actions to collect the assessments once they are made.

Settlement of Civil Suits by Taxpayers against the Internal Revenue Service

Audit Objective: Determine if the IRS effectively controls and monitors civil suits filed by taxpayers against the IRS.

The Internal Revenue Service's Implementation of the Innocent Spouse Provisions of the Internal Revenue Service Restructuring and Reform Act of 1998

Audit Objective: Assess the effectiveness and efficiency of the process the IRS has for reviewing and deciding on requests for relief from joint liabilities.(*Carryover from FY 1999*)

Toll-Free Services During the 1999 Filing Season

Audit Objective: Evaluate whether the Customer Service strategy to improve telephone service has resulted in an increased level of quality customer service in an economic manner. (*Carryover from FY 1999*)

The 1999 Filing Season On Line - Individual Masterfile

Audit Objective: Evaluate the impact of legislative changes on the accuracy and efficiency of the IRS' processes and the taxpayer's ability to comply with the new legislative provisions. (*Carryover from FY 1999*)

The 1999 Filing Season Readiness - Individual Masterfile

Audit Objective: Evaluate the effectiveness of the IRS' actions to: provide individual taxpayers with revised tax forms and instructions; revise computer programs as necessary to process forms; and gather information necessary to monitor tax laws as they relate to key legislative changes or additions relevant to the 1999 filing season.(*Carryover from FY 1999*)

The Annual Electronic Return Originators' Suitability Processes for Processing Year 1999

Audit Objective: Determine if the IRS' annual suitability process, being conducted for the first time at the new consolidated site, is effective in assuring that only appropriate Electronic Return Originators participate in the Electronic Filing Program.(*Carryover from FY 1999*)

Review of Questionable Refund Detection Team Efforts To Identify and Control Fraudulent Returns

Audit Objective: Assess the effectiveness of selected activities of the Questionable Refund Detection Team. (*Carryover from FY 1999*)

Overall Assessment of the Internal Revenue Service's Planning and Implementation of the Internal Revenue Service Restructuring and Reform Act of 1998

Audit Objective: Evaluate the IRS' planning and implementation of the RRA 98. (*Carryover from FY 1999*)

The Integrated Submission and Remittance Processing System - Phase III

Audit Objective: Determine whether effective management processes are in place to ensure that problems identified during the system's pilot were adequately corrected and the necessary actions have been accomplished to ensure a successful system rollout. *(Carryover from FY 1999)*

Assessing Adequacy of the Walk-In Program Management Information System

Audit Objective: Evaluate the effectiveness of the Walk-In Program's Management Information System in capturing the information needed to produce a world-class customer-driven program. *(Carryover from FY 1999)*

Analysis of the Internal Revenue Service's Rejected Electronic Filing Process

Audit Objective: Provide the Assistant Commissioner (Criminal Investigation) with information that would enable him to answer congressional questions about returns that the IRS rejected from electronic filing. *(Carryover from FY 1999)*

List of Planned Audits

Small Business and Corporate Programs

All Small Business and Corporate Programs' reviews are discretionary audits.

Evaluation of Reduction in Compliance Activities

Audit Objective: Identify reasons for the reduction in compliance activities, and determine whether the resulting effect has been minimized.

Review of Actions to Prevent In-Business Trust Fund Taxpayers from Pyramiding Liabilities

Audit Objective: Determine whether Collection actions effectively prevent the pyramiding of liabilities of in-business trust fund account taxpayers.

Review of Installment Agreements Provided to In-Business Trust Fund Taxpayers

Audit Objective: Determine what impact installment agreements have on trust fund taxpayers still in business.

Review of Collection Actions by Examination Employees

Audit Objective: Determine whether internal controls over collection authorities granted to non-Collection employees are adequate.

Review of the Trust Fund Recovery Program

Audit Objective: Determine whether controls in the Trust Fund Recovery Program protect the Government's interest.

Review of Examination Referrals to Criminal Investigation

Audit Objective: Determine whether Examination refers cases to Criminal Investigation when appropriate.

Review of the New Collection Inventory Selection and Management Procedures

Audit Objective: Determine whether Collection's strategy and new procedures for identifying, prioritizing, and managing the Collection Field function workload effectively identifies the most productive work, and that internal controls for closing inventory are adequate.

Review of the Integrated Collection System and Entity Case Management System

Audit Objective: Determine whether the Internal Revenue Service (IRS) fully maximizes its technology by effectively and efficiently using the Integrated Collection System and the Entity Case Management System.

Review of the Collection Quality Measurement System

Audit Objective: Determine whether the new Collection Quality Measurement System effectively measures the quality of Collection work, and results are used to improve overall effectiveness.

Review of the Examination Quality Measurement System

Audit Objective: Determine whether the Examination Quality Measurement System effectively measures the quality of Examination work, and results are used to improve overall effectiveness.

Review of Selected Bankruptcy Activities

Audit Objective: Determine whether the IRS effectively administers its bankruptcy program to ensure that the Government's interest is protected

Adequacy of Internal Controls in Examination

Audit Objective: Determine whether the Examination controls adequately protect taxpayer information and rights.

Review of the Offer-In-Compromise Program

Audit Objective: Determine whether new procedures are being applied consistently and uniformly across district offices.

Review of the Corporate Tax Return Processing Program

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that tax returns are accurately and timely processed in the 2000 filing season.

Review of the Estate and Trust Return Processing Program

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that estate and trust returns are accurately and timely processed in the 2000 filing season.

Penalty Provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 for Business Taxpayers

Audit Objective: Evaluate the implementation of changes in the application and processing of civil penalties required by the Restructuring and Reform Act of 1998 (RRA98).

Effectiveness of the Mentoring and Monitoring Initiative for New Employers

Audit Objective: Evaluate the IRS' efforts to provide customer-focused products, services, and assistance to educate small business taxpayers.

The Internal Revenue Service's Efforts to Improve the Accuracy and Quality of Notices to Business Taxpayers

Audit Objective: Evaluate the effectiveness of the implementation of recommendations to improve notice quality.

The Internal Revenue Service's Administration of Electronic Filing Requirements for Partnership Returns

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that electronic returns are accurately and timely processed during the 2000 filing season.

The Internal Revenue Service's Processing of Paper Partnership Returns

Audit Objective: Evaluate the effectiveness of the IRS' process for ensuring that paper returns are accurately and timely processed during the 2000 filing season.

Accuracy of Corporate Return Accounts in the Year 2000

Audit Objective: Evaluate the impact of any Year 2000 issues related to the processing of corporate returns.

Security of Remittances Received in the Service Center

Audit Objective: Evaluate the security controls over remittances received in the IRS service centers.

Processing Returns with Underpaid Self-Employment Tax

Audit Objective: Evaluate the effectiveness of the IRS' process for identifying and correcting returns with underpaid self-employment tax.

Quality of Information Document Processing

Audit Objective: Evaluate the effectiveness of the IRS' process for accurately and timely processing information documents during the 2000 filing season.

Review of the Electronic Federal Tax Payment System

Audit Objective: Evaluate security controls over remittances received in the Electronic Federal Tax Payment System.

Review of the Estimated Tax Penalty for Self-Employed Taxpayers

Audit Objective: Evaluate the effectiveness of the IRS' process for assessing the estimated tax penalty for self-employed taxpayers.

Erroneous Employer's Quarterly Federal Tax Return (Form 941) Refunds

Audit Objective: Evaluate Employer's Quarterly Federal Tax Return (Form 941) refunds for potential fraud or IRS errors.

Frozen Business Accounts with Balances Due

Audit Objective: Evaluate the controls over the systemic freezes placed on business balance-due accounts.

Review of the Customer Service Strategic Planning

Audit Objective: Evaluate the IRS Customer Service strategic management process to determine progress for becoming a world-class customer service organization.

Review of the Customer Service Management Control Process

Audit Objective: Determine the adequacy and effectiveness of the Customer Service Internal Control System.

Expanding the Tax Law E-Mail Program

Audit Objective: Evaluate whether the Tax Law E-Mail Program is being developed to provide maximum service to taxpayers.

Customer Service Redesign - 53 Account Authorization

Audit Objective: Determine whether internal controls over collection authorities granted to non-Collection employees are adequate.

Evaluation of Customer Service Management of Resources

Audit Objective: Evaluate the Customer Service management of Customer Service Representative resources.

Impact of Customer Service on Adjustments/Correspondence Inventory

Audit Objective: Determine if the growth in paper correspondence will impede the IRS' efforts to achieve a paperless Customer Service operation, and identify any steps the IRS could take to reduce paper correspondence.

Evaluation of the Automated Collection System Risk Analysis to Manage/Reduce Inventories

Audit Objective: Evaluate the strategy of proposed Automated Collection System actions to determine the relevance in addressing increasing inventories.

Evaluation of the Automated Collection System Implementation of the Internal Revenue Service Restructuring and Reform Act of 1998 Provisions

Audit Objective: Determine the effectiveness of the RRA 98 implementation with respect to systems changes and pre-levy actions.

Tolerances for Assessing and Abating Federal Tax Deposit Penalties to Reduce Internal Revenue Service Costs and Taxpayer Burden

Audit Objective: Determine if changes should be made to the tolerance levels for assessing and abating Federal Tax Deposit penalties to reduce IRS costs and taxpayer burden.

Review of the Coordinated Examination Management Information System

Audit Objective: Determine the accuracy and reliability of the Coordinated Examination Management Information System.

Review of Advance Pricing Agreements

Audit Objective: Determine if management controls over the Advance Pricing Agreements Program ensure maximum effectiveness and minimize taxpayer burden.

Review of the Accelerated Issue Resolution

Audit Objectives: Review controls over the use of the Accelerated Issue Resolution (AIR) process in the Coordinated Examination Program to determine whether case managers effectively use AIRs, and whether AIRs are processed expeditiously when received from the taxpayer. Identify any actions the IRS can take to improve the AIR process.

Review of Foreign Trusts

Audit Objective: Determine if the IRS has an effective program to ensure taxpayer compliance with United States tax laws and regulations governing foreign trusts.

Review of the International Field Assistance Specialization Program

Audit Objective: Determine if the IRS has an adequate system for measuring the effectiveness of the International Field Assistance Specialization Program, and whether the Program achieves a desirable level of results.

Classification and Selection of Middle Market and Large Dollar Corporate Returns

Audit Objective: Determine whether new initiatives to identify Corporate returns for examination are effective.

The Internal Revenue Service's Implementation of Offer-in-Compromise Provisions of the Internal Revenue Service Restructuring and Reform Act of 1998

Audit Objective: Evaluate the IRS' compliance with the newly enacted provisions, and determine if actions have contributed to making offers more accessible. (*Carryover from FY 1999*)

The Internal Revenue Service's Handling of Problem Tax Payments

Audit Objective: Determine whether controls in the Excess Collection and Unidentified Remittance Files assure proper processing and timely resolution of credits. (*Carryover from FY 1999*)

Processing of Fuel Tax Claims (Follow-up Review)

Audit Objective: Determine whether management effectively implemented corrective actions on previously reported conditions. (*Carryover from FY 1999*)

The Estate and Gift Tax Program - Western Region (Follow-up Review)

Audit Objectives: Determine if management implemented the recommendations from a prior review of Western Region's Estate and Gift Tax Program. Evaluate the effectiveness of the recommendations, and measure the impact the recommendations have on cost savings, reducing taxpayer burden, and revenue protection. (*Carryover from FY 1999*)

Review of the Enforcement Revenue Information System

Audit Objective: Assess the data reliability of the Enforcement Revenue Information System. (*Carryover from FY 1999*)

Individual Tax Identification Numbers Program

Audit Objective: Determine whether the IRS effectively and timely implemented the Individual Taxpayer Identification Number Program. (*Carryover from FY 1999*)

The Impact of Quality Examinations on Taxpayer Rights and Burdens

Audit Objective: Determine whether efforts to perform effective examinations infringe upon taxpayer rights and increase burden, and whether the Examination Quality Measurement System properly identifies and corrects these problems. (*Carryover from FY 1999*)

Review of Collection's Estate Tax Efforts

Audit Objective: Assess the IRS' efforts to: prevent collection delays, minimize non-collectable accounts, and protect the Government's interest when collecting estate taxes. (*Carryover from FY 1999*)