

**The Implementation of the Offer in
Compromise Application Fee Reduced the
Volume of Offers Filed by Taxpayers at All
Income Levels**

June 2005

Reference Number: 2005-30-096

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

June 14, 2005

MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report - The Implementation of the Offer in
Compromise Application Fee Reduced the Volume of Offers
Filed by Taxpayers at All Income Levels (Audit # 200430018)

This report presents the results of our review of the Internal Revenue Service's (IRS) Offer in Compromise (OIC) application fee. The overall objectives of this review were to determine whether the implementation of the OIC application fee effectively reduced the OIC workload without impeding taxpayer rights and whether the IRS established adequate internal controls over the receipt, return, deposit, and, if necessary, refund of the OIC application fee payments.

In summary, the overall number of OICs filed since the implementation of the OIC application fee has declined by 28 percent. There were 68,449 OICs received during the pre-OIC application fee period of November 1, 2002, through June 30, 2003. In contrast, there were only 49,267 OICs received during the post-OIC application fee period of November 1, 2003, through June 30, 2004.

We analyzed the OICs by income levels and determined that filings by taxpayers at all income levels had declined by a range of 20 to 33 percent. For example, there was a 25 percent decline in the volume of OICs filed by taxpayers with an income level greater than or equal to \$70,000 and less than \$100,000. However, we noted that taxpayers whose income was below the poverty level¹ were more affected than taxpayers above the poverty level. Filings by taxpayers below the poverty level declined by 36 percent, while filings by taxpayers above the poverty level declined by only 26 percent.² Since

¹ Poverty-level guidelines are established by the Department of Health and Human Services.

² These percentages are based on the poverty-level guidelines that consider family unit size rather than our original analysis of income, which is only by income levels.

poverty-level taxpayers are exempt from the \$150 OIC application fee, it is not clear why there was a more significant decline in OIC filings by this group of taxpayers. It is possible that initially some poverty-level taxpayers were not aware of the exemption. However, beginning in early 2004, the IRS conducted a media campaign to advise taxpayers of the OIC eligibility requirements and the exemption.

The IRS successfully implemented the OIC application fee process by developing the proposal for regulations, obtaining input from stakeholders such as the tax practitioner community, developing instructions for the OIC application, training employees, and providing oversight during the implementation phase. In addition, adequate controls and procedures were generally established to account for OIC application fee payments. However, the IRS could improve some procedural weaknesses over the security of the OIC application fee payments. Security provisions at both locations were not fully adequate to prevent remittances from being lost or stolen without detection.

We recommended the Director, Customer Account Services, develop procedures to ensure personal checks being returned to taxpayers are immediately stamped "Non-negotiable" when they are removed from the secure cabinet and should also develop procedures to ensure negotiable instruments being returned to taxpayers are sealed in secure mailing packages as soon as they are removed from the secure cabinet. The Director, Campus Compliance Services, should ensure the process of sorting new OICs has been moved into the Centralized OIC³ (COIC) Unit area.

Management's Response: IRS management agreed with our recommendations. IRS management added an addendum to the Standard Operating Procedures to have checks that have not been stamped "Non-negotiable" upon receipt be held in locked containers. The Standard Operating Procedures were also amended to have the mail clerk and shipping clerk jointly verify that the money order, bank check, or government check is in the envelope and together seal the envelope and place it in the United Parcel Service overnight bag for shipment to the taxpayer. The process for sorting new OICs was also moved to the COIC Unit area. Management's complete response to the draft report is included as Appendix IV.

Copies of this report are also being sent to IRS officials affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Rich Dagliolo, Acting Assistant Inspector General for Audit (Small Business and Corporate Programs), at (631) 654-6028.

³ In July 2001, the IRS began using the COIC Units at the Brookhaven, New York, and Memphis, Tennessee, Campuses to perform the initial processing of all OICs. The campuses are the data processing arm of the IRS. They process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

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Offers Filed by Taxpayers at All Income Levels**

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The Implementation of the Offer in Compromise Application Fee Reduced the Volume of Offers Filed by Taxpayers at All Income Levels

Background

An Offer in Compromise (OIC) is an agreement between the Internal Revenue Service (IRS) and a taxpayer that settles a tax liability for payment of less than the full amount owed. The IRS is granted authority to compromise tax liabilities in 26 United States Code Section 7122 (2002).

The IRS estimates even the simplest OIC request costs approximately \$500 to process, and a complex OIC costs much more. In 2002, the IRS requested permission from the Department of the Treasury and the Office of Management and Budget to begin charging an OIC application fee to defray some of the OIC program cost. The IRS invited the public and tax professionals to provide their reaction and comments. Formal hearings on the OIC application fee request were held in February 2003 and, despite widespread opposition, the \$150 OIC application fee was implemented. One of the concerns was that low-income taxpayers such as those below the poverty level would not file OICs because of the application fee. As a result, the IRS exempted those below the poverty level from having to pay the fee.

The OIC application fee is required for all OICs postmarked after November 1, 2003. The funds will be used to reimburse the IRS for part of the expense of running the OIC program. The IRS expects the OIC application fee will deter unreasonable or frivolous OICs, thus allowing the available OIC staff to better handle the workload.

This review was performed in the Centralized Offer in Compromise (COIC)¹ Units at the Brookhaven, New York, and Memphis, Tennessee, Campuses during the period September 2004 through January 2005. The audit was performed in accordance with *Government Auditing Standards*. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

¹ In July 2001, the IRS began using the COIC Units at the Brookhaven and Memphis Campuses to perform the initial processing of all OICs. The campuses are the data processing arm of the IRS. They process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

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Although Offer Receipts Declined Across All Income Levels, Poverty-Level Taxpayers Were More Affected Than Others

One of the IRS' goals in implementing the \$150 OIC application fee was to reduce the volume of frivolous OIC filings. Through analysis of data maintained on the Automated Offer in Compromise (AOIC)² system, we determined the volume of OICs received declined 28 percent after implementation of the OIC application fee.

More specifically, there were 68,449 OICs received during the pre-OIC application fee period of November 1, 2002, through June 30, 2003.³ In contrast, there were only 49,267 OICs received during the post-OIC application fee period of November 1, 2003, through June 30, 2004. The difference of 19,182 applications represents a 28 percent decline in receipts.

We obtained income data for 61,633 (90 percent) of the pre-OIC application fee OICs and 44,385 (90 percent) of the post-OIC application fee OICs. Income data were not available for the remaining OICs because the taxpayers had not filed the related returns. We stratified the data for each category based on differing levels of income and determined filings by taxpayers at all income levels had declined by a range of 20 to 33 percent.

For example, there was a 29 percent decline in the volume of OICs filed by taxpayers with an income level greater than or equal to \$10,000 and less than \$20,000. There was also a 25 percent decline in the volume of taxpayers filing OICs with an income level greater than or equal to \$70,000 and less than \$100,000. See Figure 1 for additional details.

² An IRS computer system used to track and control OICs.

³ We limited our selection of pre-OIC application fee cases to those received between November 1, 2002, and June 30, 2003. We placed this limit on our selection to mirror the time period used for selecting post-OIC application fee cases (cases received between November 1, 2003, and June 30, 2004).

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Figure 1: OICs Filed by Income Level

Income Level	Pre-OIC Application Fee Cases	Post-OIC Application Fee Cases	Percentage Decline
< \$10,000	8,476	6,792	20%
≥ \$10,000 and < \$20,000	8,612	6,136	29%
≥ \$20,000 and < \$30,000	9,398	6,437	32%
≥ \$30,000 and < \$40,000	8,566	5,753	33%
≥ \$40,000 and < \$50,000	7,042	4,838	31%
≥ \$50,000 and < \$70,000	8,867	6,348	28%
≥ \$70,000 and < \$100,000	5,771	4,327	25%
≥ \$100,000 and < \$200,000	3,913	2,984	24%
≥ \$200,000	988	770	22%
Total	61,633	44,385	28%

Source: Treasury Inspector General for Tax Administration (TIGTA) analysis of the Individual Master File (IMF) Returns Transaction File (RTF).⁴

The decline in OIC filings by taxpayers at all income levels may indicate the IRS was successful at reducing frivolous OIC filings. The IRS has not yet performed an analysis to determine whether frivolous OIC filings have been reduced. However, we noted taxpayers whose income was below the poverty level were more affected than taxpayers above the poverty level. Figure 2 shows the poverty level defined by the Department of Health and Human Services for each state.

Figure 2: 2004 Poverty-Level Guidelines

Family Unit Size	48 Contiguous States and the District of Columbia	Hawaii	Alaska
1	\$9,310	\$10,700	\$11,630
2	\$12,490	\$14,360	\$15,610
3	\$15,670	\$18,020	\$19,590
4	\$18,850	\$21,680	\$23,570
5	\$22,030	\$25,340	\$27,550
6	\$25,210	\$29,000	\$31,530
7	\$28,390	\$32,660	\$35,510
8	\$31,570	\$36,320	\$39,490
For each additional person, add	\$3,180	\$3,660	\$3,980

Source: The Department of Health and Human Services.

Based on these guidelines, our analysis of income data (as shown in Figure 3) indicates filings by taxpayers below the poverty level declined by 36 percent, while filings by taxpayers above the poverty level declined by only 26 percent.

⁴ An IRS program that receives individual tax return data.

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Figure 3: OICs Filed by Poverty Level

Poverty Level	Pre-OIC Application Fee Cases	Post-OIC Application Fee Cases	Percentage Decline
Below Poverty	12,133	7,723	36%
Above Poverty	49,500	36,662	26%
Total	61,633	44,385	28%

Source: TIGTA analysis of the IMF RTF.

Since poverty-level taxpayers are exempt from the \$150 OIC application fee, it is not clear why there was a more significant decline in OIC filings by this group of taxpayers. It is possible that initially some poverty-level taxpayers were not aware of the exemption. However, beginning in early 2004, the IRS conducted a media campaign to advise taxpayers of the OIC eligibility requirements and the exemption. In September 2004, the IRS began distribution of a new Offer in Compromise (Form 656). The new Form 656 provides taxpayers the exemption form, Income Certification for Offer in Compromise Application Fee (Form 656-A), as well as the Offer in Compromise (OIC) Application Fee Worksheet with instructions for requesting an exemption from the OIC application fee based on income.

The Policy of Charging Application Fees for Offers in Compromise Was Effectively Implemented

The IRS has successfully implemented the policy of charging an OIC application fee for OICs. Proposed regulations were developed in November 2002 that incorporated input from Congressional Committees, the tax practitioner community, Low-Income Tax Clinics, and the National Taxpayer Advocate. The fee was announced in the Federal Register and the public was invited to comment for 90 days. Public hearings on the proposed regulations were held in February 2003.

The IRS has taken several actions to effectively implement the new OIC application fee. A new form, Form 656-A, was developed and included in the OIC package to help taxpayers determine if they qualify for the low-income exemption. Another new form, COIC Application Fee Tracking Report (Form 13479), was also developed to record and control the receipt of the fee.

Employees were provided training on the new OIC application fee procedures. As these procedures were being implemented, analysts were onsite to address any problems

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and provide guidance. As needed, procedure modifications were discussed through conference calls between the analysts and Campus management. A memorandum was issued providing additional procedural guidance in January 2005. Through follow-up visitations, analysts have also made recommendations to improve the OIC program at both Campuses. One recommendation was to establish procedures to expedite processability⁵ determinations for OICs with a \$150 OIC application fee that are received in the COIC Unit later than 14 days from the date of IRS receipt.

Controls and Procedures Are Adequate for Processing Offer in Compromise Application Fee Payments; However, a Few Minor Security Issues Need to Be Addressed

The IRS has generally developed adequate internal controls over the OIC application fee to safeguard the Federal Government's interest and protect taxpayers' rights. Also the IRS was generally effective in accounting for OIC application fee payments. However, we identified a few minor procedural weaknesses in the security of OIC application fee payments that need to be addressed.

Controls and procedures are adequate for processing OIC application fee payments

The COIC Units at both Campuses established a restricted access area that receives all new OICs. Upon receipt, OICs are date stamped, sorted, batched, and input to the AOIC system for control purposes. The OICs with an OIC application fee payment are also recorded on Form 13479. Additionally, when the OIC packages are forwarded for processing, the actual remittances (e.g., personal check, money order, or bank check) are maintained in a locked cabinet within the restricted access area at each COIC Unit. The remittances remain there until OIC processability has been determined.

Remittances for the OICs determined to be non-processable are to be returned to the taxpayer. Remittances in the form of a personal check are stamped "Non-negotiable" and

⁵ "Processable" OICs meet 5 criteria: 1) taxpayer has filed all required returns, 2) taxpayer is not in bankruptcy, 3) current Form 656 was used, 4) Collection Information Statement for Wage Earners and Self-Employed Individuals (Form 433-A) and/or Collection Information Statement for Businesses (Form 433-B) was used, and 5) \$150 OIC application fee was paid.

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mailed back to the taxpayer with the OIC package using regular mail. Other remittances, such as money orders or bank checks, would be voided if they were stamped “Non-negotiable.” Therefore, these types of remittances are enclosed with the OIC package unstamped and mailed back to the taxpayer using secure mail.

Application fees for the OICs determined to be processable are sent to the Submission Processing function to be deposited in the IRS OIC Application Fee account. We analyzed 139 OIC application fee payments received in the 2 COIC Units from January 1, 2004, through July 2, 2004, and determined 134 (96 percent) were deposited in the correct account. We determined the remaining five OIC application fee payments, all from the same Campus, were posted incorrectly to the IRS Photocopy Fee account. However, the Accounting function had either corrected or was in the process of correcting the posting for three of the five OIC application fee payments. We informed the Accounting function of the other two OIC application fee payments, and it agreed to correct them.

Procedures require the IRS to deposit the OIC application fee payment within 14 days from the date it receives an OIC. The COIC Units are using the Undetermined Offers – Detailed Listing⁶ as an overage report to identify OICs that need to be expedited. In our analysis of the 139 OIC application fee payments, we determined both COIC Units were meeting this goal. We also reviewed another 38 OIC application fee payments that were identified as being returned to the taxpayers. We confirmed, through Forms 13479, that all 38 were determined to be non-processable and all related OIC packages and application fees were to be returned to the taxpayers.

We reviewed the Undetermined Offers – Detailed Listings as of September 17 and 27, 2004, for the Brookhaven and Memphis Campuses, respectively. We identified 14 Brookhaven OIC application fee payments and

⁶ The Undetermined Offers – Detailed Listing is an AOIC system report of OICs that have not had the processability determined. The report is used to identify OICs that need to be expedited. The co-located COIC Units use the report to identify OICs with a \$150 OIC application fee payment that is near or has exceeded the 14-day deposit criteria.

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19 Memphis OIC application fee payments with IRS received dates over 12 days. We verified that appropriate and timely actions were taken on all 33 payments.

Security over OIC application fee payments needs to be improved

We identified concerns over security of OIC application fee payments that need to be addressed at both Campuses. At one Campus, there was a security issue related to maintaining the fees in a locked container. At the other Campus, there was a security issue related to separation of duties.

The IRS is required to maintain remittances received for payment of taxes within a locked container. Both Campuses stored OIC application fees in locked cabinets with controlled access. However, at one Campus, security weaknesses provided opportunity for inappropriate access by IRS employees working within the restricted area.

In one instance, checks being returned to taxpayers with non-processable OIC packages were not immediately stamped “Non-negotiable” when they were removed from the locked cabinet. Instead, the clerk would place them on a table and wait until the end of the day to stamp all of the checks “Non-negotiable.”

In another instance, money orders and bank checks (negotiable instruments) being returned to taxpayers with non-processable OIC packages were not immediately shipped when they were removed from the locked cabinet. Instead, the clerk sealed the envelopes with cellophane tape. As with the “Non-negotiable” checks, the negotiable instrument packages were left out until the end of the day when the clerk would place them on the mail clerk’s desk. The mail clerk would place the envelopes into secure mailing packages for shipping.

In both instances, IRS management believed the controls in place were sufficient to provide for a separation of duties and to limit access to the OIC application fee payments.

At the other Campus, one COIC Unit clerk was responsible for sorting new OICs with OIC application fee payments, inputting them into the AOIC system, and recording OIC

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application fees on Form 13479. In accordance with the Standards for Internal Control in the Federal Government, key duties should be assigned to separate individuals. This helps to minimize the possibility of fraud, waste, or abuse going undetected. A factor that compounds this condition is the clerk conducted the sort in a secluded area of the mail room. To reduce the opportunity for misappropriating the OIC application fee payments, we suggested the clerk be limited to performing only the sort. IRS management informed us this was not a viable solution but proposed having the clerk conduct the sort within the COIC Unit area.

Recommendations

The Director, Customer Account Services, should:

1. Develop procedures to ensure taxpayers' returned personal checks are immediately stamped "Non-negotiable" when they are removed from the secure cabinet.

Management's Response: IRS management issued an addendum to the Standard Operating Procedures requiring checks that are not stamped "Non-negotiable" upon receipt must be held in a locked container.

2. Develop procedures to ensure taxpayers' returned negotiable instruments are immediately sealed in secure mailing packages as soon as they are removed from the secure cabinet.

Management's Response: IRS management amended the Standard Operating Procedures to state, "The mail clerk will bring an unsealed white envelope from the secured cabinet to the shipping clerk who will verify that the money order, bank check or government check is in the envelope. Together the two clerks seal the envelope, and place it in the United Parcel Service overnight bag for shipment to the taxpayer."

The Director, Campus Compliance Services, should:

3. Ensure the process for sorting new OICs has been moved into the COIC Unit area.

Management's Response: IRS management has moved the process for sorting new OICs into the COIC Unit area.

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Appendix I

Detailed Objectives, Scope, and Methodology

The overall objectives of this review were to determine whether the implementation of the Offer in Compromise (OIC) application fee effectively reduced the OIC workload without impeding on taxpayer rights and whether the Internal Revenue Service (IRS) established adequate internal controls over the receipt, return, deposit, and, if necessary, refund of the OIC application fee payments. Specifically, we:

- I. Determined whether the implementation of the OIC application fee effectively reduced the OIC workload without impeding taxpayer rights.
 - A. Obtained a computer extract of 204,877 OICs from the Automated Offer in Compromise (AOIC)¹ system received during the period October 1, 2002, through July 2, 2004. (Note: We limited the post-OIC application fee OICs to those 49,267 received during the period November 1, 2003, the date the fee was implemented, through June 30, 2004. For comparison purposes, we also limited the pre-OIC application fee OICs to those 68,449 received during the period November 1, 2002, through June 30, 2003.)
 - B. Obtained income-level information from the Individual Master File Returns Transaction File² for 44,385 of the post-OIC application fee OIC taxpayers and 61,633 of the pre-OIC application fee OIC taxpayers identified in Step I.A. Income data were not available for the remaining OICs because the taxpayers had not filed the related returns.
 - C. Determined whether the implementation of the OIC application fee had a limiting effect on the types of taxpayers filing OICs from Step I.B.
- II. Determined whether the IRS developed adequate controls over the OIC application fee payments to ensure they are either deposited or refunded timely.
 - A. Selected a statistically valid sample of 245 OICs, based on a 95 percent confidence level with a ± 5 percent precision level and an estimated error rate of 20 percent, from a computer extract of 49,129 OICs from the AOIC system with an IRS received date from January 1, 2004, through July 2, 2004.

¹ An IRS computer system used to track and control OICs.

² An IRS program that receives individual tax return data.

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- B. Determined whether timely and appropriate actions were taken on the 245 sample OIC cases identified in Step II.A. by analyzing the information from the AOIC system Fee screens and History sections.
1. Determined 177 of the 245 OIC cases included OIC application fee payments and the remaining 68 did not.
 2. Determined whether the COIC³ Application Fee Tracking Report (Form 13479) was appropriately used to record the receipt of 177 OIC application fee payments.
 3. Determined 139 of the 177 OIC cases with application fee payments were identified as processable and the remaining 38 were identified as non-processable.
 4. Determined whether the AOIC system Fee screens properly recorded the OIC application fee payments for 139 processable OICs.
 5. Determined whether the OIC application fee payments were deposited timely for 139 processable OICs.
- III. Determined whether the IRS developed a management information system to alert managers to problems that may arise with OIC application fee payments and verified whether appropriate and timely actions were taken on 33 OIC application fee payments. These payments represent the universe of cases on the Undetermined Offers – Detailed Listings,⁴ with IRS received dates over 12 days, as of September 17, 2004, for the Brookhaven Campus (14 cases) and as of September 27, 2004, for the Memphis Campus (19 cases).⁵

³ Centralized Offer in Compromise (COIC).

⁴ The Undetermined Offers – Detailed Listing is an AOIC system report of OICs that have not had the processability determined. The report is used to identify OICs that need to be expedited. The co-located COIC Units use the report to identify OICs with a \$150 OIC application fee payment that is near or has exceeded the 14-day deposit criteria.

⁵ In July 2001, the IRS began using the COIC Units at the Brookhaven, New York, and Memphis, Tennessee, Campuses to perform the initial processing of all OICs. The campuses are the data processing arm of the IRS. They process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

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Appendix II

Major Contributors to This Report

Rich Dagliolo, Acting Assistant Inspector General for Audit (Small Business and Corporate Programs)

Parker Pearson, Director

Amy Coleman, Audit Manager

Lynn Rudolph, Lead Auditor

Todd Anderson, Senior Auditor

Marcus Sloan, Auditor

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Appendix III

Report Distribution List

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Appendix IV

Management's Response to the Draft Report



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

RECEIVED
JUN 06 2005

June 3, 2005

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kevin M. Brown *Kevin M. Brown*
Commissioner, Small Business/Self-Employed Division

SUBJECT: Draft Audit Report – The Implementation of the Offer in Compromise Application Fee Reduced the Volume of Offers Filed by Taxpayers at All Income Levels (Audit # 200430018)

We have reviewed your report and appreciate the recognition of the Internal Revenue Service's (IRS) successful implementation of the Offer in Compromise (OIC) application fee, which became effective November 1, 2003. Your report acknowledges that the fee may have been a key component of our efforts to reduce frivolous OIC filings and that we have implemented it without impeding taxpayer rights.

The report also confirms that the IRS has developed adequate procedures and internal controls over the OIC application fee process to safeguard the government's interests and protect taxpayer rights. Your recognition that we were successful in training our employees, developing procedures, and proactively involving IRS management is extremely gratifying. The IRS invested considerable effort into ensuring the successful implementation of the fee. TIGTA's report confirms that our time and effort were well spent.

Your review did identify some concerns regarding the security of OIC application fees. We agree with the recommendations made in this report to address these issues. The specific problems identified in the report have already been corrected. We are also in the process of reviewing and adjusting procedural guidance in this area to ensure that similar problems do not occur in the future.

Our comments on your recommendations follow:

RECOMMENDATION 1

The Director, Customer Account Services, should develop procedures to ensure taxpayers' returned personal checks are immediately stamped "Non-negotiable" when they are removed from the secured cabinet.

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2

CORRECTIVE ACTION

As a result of the on-site TIGTA review, we issued the following addendum to the Standard Operating Procedures: If checks are not stamped Non-negotiable upon receipt, they must be held in a locked container.

IMPLEMENTATION DATE

September 2004

RESPONSIBLE OFFICIAL

Director, Accounts Management, Brookhaven, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 2

The Director, Customer Account Services, should develop procedures to ensure taxpayers' returned negotiable instruments are immediately sealed in secured mailing packages as soon as they are removed from the secured cabinet.

CORRECTIVE ACTION

We amended the Standard Operating Procedures as a result of the on-site TIGTA review. The procedures now state, "The mail clerk will bring an unsealed white envelope from the secured cabinet to the shipping clerk who will verify that the money order, bank check or government check is in the envelope. Together, the two clerks will seal the envelope, and place it in the United Postal Service (UPS) overnight bag for shipment to the taxpayer."

IMPLEMENTATION DATE

September 2004

RESPONSIBLE OFFICIAL (S)

Director, Accounts Management, Brookhaven, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 3

The Director, Campus Compliance Services, should ensure the process for sorting new OICs has been moved into the Centralized Offer in Compromise (COIC) Unit area.

CORRECTIVE ACTION

The process for sorting new OICs has been moved into the COIC Unit area.

IMPLEMENTATION DATE

September 2004

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3

RESPONSIBLE OFFICIAL(S)

Director, Filing and Payment Compliance, Small Business/Self-Employed Division

CORRECTIVE ACTION PLAN

N/A

If you have any questions, please call me at (202) 622-0600 or Brady R. Bennett, Director, Collection, Small Business/Self-Employed Division, at (202) 283-7660.