



# 2023 Annual Audit Plan

Treasury Inspector General  
for Tax Administration

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## Message from the Deputy Inspector General for Audit

The Office of Audit Fiscal Year (FY) 2023 Annual Audit Plan communicates the Treasury Inspector General for Tax Administration's (TIGTA) audit priorities to the Internal Revenue Service (IRS), Congress, and other interested parties. Many of the activities described in the Annual Audit Plan address the fundamental goals related to the IRS's mission to administer its programs effectively and efficiently. The FY 2023 Annual Audit Plan includes 146 new and in-process audits.

This Annual Audit Plan is organized into emphasis areas, which the Office of Audit will focus on this fiscal year:

- ❖ **Compliance and Enforcement**
- ❖ **Information Technology/Cybersecurity**
- ❖ **Operational Support**
- ❖ **Taxpayer Service**
- ❖ **Tax Processing**
- ❖ **Tax Exempt and Government Entities**

The Annual Audit Plan also includes the mandatory coverage specified in the IRS Restructuring and Reform Act of 1998 (RRA98)<sup>1</sup> as well as other statutorily mandated reviews involving computer security, taxpayer rights, and privacy issues.

We are committed to delivering our mission of ensuring an effective and efficient tax administration system and preventing, detecting, and deterring waste, fraud, and abuse.



Heather M. Hill  
Deputy Inspector General for Audit

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<sup>1</sup> Pub. L. No. 105-206, 112 Stat. 685.

## Fiscal Year 2023 List of Planned Audits



### Compliance and Enforcement

#### **Computation of the Tax Gap (202210010)**

Assess the IRS's process for developing the Tax Gap estimates.

#### **Failure to File Form 5329 (202310009)**

Determine whether the IRS is effectively ensuring that taxpayers comply with filing requirements for Form 5329, *Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts*,<sup>2</sup> when they receive an early distribution from a retirement account or had excess contributions to Individual Retirement Arrangements.

#### **Employment Tax Examinations (202030005)**

Assess the IRS's controls over the selection and examination of employment tax returns and determine the resolutions of employment tax examination efforts, including relief from employment tax obligations that may be provided under Section 530 of the Revenue Act of 1978.

#### **Federal Employee Nonfilers (202130012)**

Determine whether the IRS is effectively addressing Federal employees who fail to file their tax returns.

#### **Taxpayer Digital Communications (202130015)**

Determine if the Taxpayer Digital Communications Program is meeting taxpayer and employee needs.

#### **Internal Revenue Service's Knowledge Management Focus and Its Impact on Improving Taxpayer Compliance (202130026)**

Evaluate the IRS's Knowledge Management focus and its impact on improving taxpayer compliance.

#### **Whistleblower Program (202130031)**

Determine the effectiveness of the whistleblower program.

#### **Examination Resource Allocation (202130032)**

Review and assess the process used by the IRS's Examination Program to allocate resources.

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<sup>2</sup> IRA is Individual Retirement Agreement.

### **Automated Collection System Business Results and Level of Service (202230011)**

Evaluate the effectiveness of the IRS's actions to improve Automated Collection System call sites' business results and level of service, including the status of performance in light of the COVID-19 pandemic.

### **Efforts to Curb Fuel Tax Credit Noncompliance (202230015)**

Determine whether the IRS is adequately considering the fuel tax credit claimed by individual taxpayers and follow up on prior audit recommendations.<sup>3</sup>

### **Innocent Spouse Program (202230017)**

Determine whether the Innocent Spouse Program is effectively working claims in accordance with Internal Revenue Code (I.R.C.) Section (§) 6015.

### **Income and Excise Taxes on Wagering (202230021)**

Evaluate the IRS's efforts to promote income tax compliance for individuals who have reported winnings from gambling activities, and compliance by gaming operators responsible for payment of associated excise taxes on wagering.

### **Large Business and International Division's Individual Return Case Selection (202230029)**

Review the selection process, use of resources, and examination productivity for individual returns examined by the Large Business and International Division.

### **Ghost Employer Initiative (202230036)**

Review the IRS's efforts to bring Ghost Employers into compliance with Employment Tax reporting and payment requirements through collaboration with SB/SE Division Examination and Collection, Criminal Investigation and Research, Applied Analytics and Statistics.

### **Impact of the Automated Substitute for Return Program on Nonfiler Compliance (202330010)**

Evaluate the efficiency and effectiveness of the Automated Substitute for Return Program and determine whether the IRS has made improvements in the program since TIGTA's FY 2017 audit.<sup>4</sup>

### **Evaluating IRS Guidance and Taxpayer Compliance With Respect to the Use of Non-Fungible Tokens (202330012)**

Evaluate the IRS's strategy for addressing taxpayer compliance with respect to the use of Non-Fungible Tokens.

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<sup>3</sup> TIGTA Report No. 2014-30-067, *Additional Actions Are Needed to Ensure That Improper Fuel Tax Credit Claims Are Disallowed* (Sept. 2014).

<sup>4</sup> TIGTA Report No. 2017-30-078, *A Significantly Reduced Automated Substitute for Return Program Negatively Affected Collection and Filing Compliance* (Sept. 2017).

**Identifying Cryptocurrency Taxable Events (202330015)**

Determine how effectively the IRS identifies income earned from transactions involving cryptocurrency.

**Failure to File Penalties on Partnerships (202330014)**

Assess the effectiveness of the controls that ensure systemic penalties for late-filed Forms 1065, *U.S. Return of Partnership Income*, are properly assessed.

**Prioritization of Cases Assigned to the Private Debt Collection Program (202330017)**

Review and evaluate how the IRS prioritizes cases assigned to the Private Debt Collection Program.

**Qualified Plug-In Electric Drive Motor Vehicle Credit (202330019)**

Determine whether the IRS is adequately reviewing the Qualified Plug-In Electric Drive Motor Vehicle Credits claimed by taxpayers and follow up on past recommendations.

**Auditing High-Income Taxpayers (202330020)**

Determine whether the IRS is meeting the Department of Treasury's established goal of auditing a minimum of eight percent of all high-income individual returns filed each year.

**Taxpayer Compliance With Civil and Criminal Code Provisions Pertaining to Biofuel Tax Credits (202330023)**

Evaluate the IRS's compliance and enforcement efforts specific to Biofuel Tax Credits.

**Trends in Compliance Activities Through Fiscal Year 2021 (202330025)**

Provide various statistical information regarding Collection and Examination function activities as they relate to the IRS's efforts to bring taxpayers into compliance with their tax obligations.

**U.S. Residency Certification Program (202240003)**

Assess the U.S. Residency Certification program to ensure that taxpayers comply with filing requirements and have paid the appropriate fees before certificates are issued.

**Assessment of the Processes and Procedures to Identify and Address Conflicts of Interest (202240019)**

Assess the IRS's processes and procedures to identify and address conflicts of interest regarding tax administration matters involving large multinational companies.

**Preferential Treatment to Large Businesses and International Companies (202240024)**

Determine if preferential treatment is given to large multinational companies in tax compliance matters.

**Review of Social Security Tax Deferral Repayment (202240623)**

Evaluate the IRS’s efforts to ensure that taxpayers (*i.e.*, business and individuals) repay their required deferred Social Security taxes as required.

**Continued Assessment of the Repayment of Social Security Tax Deferrals (202340611)**

Evaluate the IRS’s efforts to ensure that taxpayers repay Social Security taxes deferred in response to COVID-19 by December 31, 2022.

**Carryforward Credits (202340009)**

Assess the effectiveness of the IRS’s controls to detect and prevent questionable carryforward claims on individual and business income tax returns.

**Individual and Business Withholding Reporting and Payment Compliance (202340012)**

Determine if the IRS has controls in place to ensure that withholding reported on information returns is accurately reflected on Forms 945, *Annual Return of Withheld Federal Income Tax*, and that it is making improvements to its Federal tax withholding processes and procedures.

**IRS Efforts to Continue to Detect and Prevent Individual Identity Theft (202340013)**

Assess the IRS’s Service-wide efforts to detect and prevent identity theft for individual tax returns.

**Assessment of the IRS’s Efforts to Address Underreporting of Schedule H, *Household Employment Taxes* (202340021)**

Evaluate the IRS’s processes and procedures to ensure that Schedule H, *Household Employment Taxes*, filers comply with their payment and reporting requirements.

**Affordable Care Act: Selection and Resolution on Non-Compliant Employers Subject to the Employer Shared Responsibility – Follow-Up (202340305)**

Evaluate the IRS’s identification and selection of non-filers, and the notification, selection and resolution processes to ensure Applicable Large Employer compliance with the Employer Shared Responsibility Provision.<sup>5</sup>

**Inflation Reduction Act: Assessment of the Expanded Research Credit for Small Businesses (202340822)**

Determine whether the IRS can ensure that taxpayers who claim the Research Credit against their payroll taxes are eligible to claim the credit and claim the correct amount.

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<sup>5</sup> TIGTA Report No. 2020-43-028, *Improvements Are Needed to Ensure That Employer Shared Responsibility Payments Are Properly Assessed* (June 2020).

**Inflation Reduction Act: Advanced Manufacturing Production Credit (202330826)**

Evaluate IRS efforts to implement the tax credit and its effort to identify and address erroneous advanced manufacturing production credit.

**Corporate Alternative Minimum Tax - Provision 10101 (202330827)**

Assess processes and procedures to ensure compliance with provisions to increase the corporate minimum tax rate to 15 percent.

***Audits Required by Statute***

**Fiscal Year 2023 Review of Assessment Statute Extension Dates (202310022)**

Determine whether the IRS is properly notifying taxpayers and their authorized representatives of the right to refuse to extend the period of limitations, or to limit such extensions to particular issues or to a particular period of time, on each occasion when the taxpayer is requested to provide written consent to extend the period of limitations for the assessment of tax.

**Fiscal Year 2023 Biannual Independent Assessment of Private Collection Agency Performance (202230006)**

Independently evaluate the performance of private collection agencies.

**Fiscal Year 2025 Biannual Independent Assessment of Private Collection Agency Performance (202330006)**

Independently evaluate the performance of private collection agencies.

**Fiscal Year 2023 Mandatory Review of Liens (202330001)**

Determine whether liens issued by the IRS comply with legal guidelines set forth in the I.R.C. and Treasury Regulations.

**Fiscal Year 2023 Mandatory Review of Seizures (202330002)**

Determine whether seizures were conducted in accordance with I.R.C. § 6330-6344 and IRS procedures.

**Fiscal Year 2023 Mandatory Review of Levies (202330003)**

Determine whether the IRS complied with the IRS RRA98 requirements to notify taxpayers and/or their authorized representatives of the right to a Collection Due Process hearing prior to issuing levies and to suspend levy action during the time frames required pursuant to I.R.C. § 6330.



**Fiscal Year 2023 Mandatory Review of Disclosure of Collection Activity With Respect to Joint Returns (202330004)**

Determine whether the IRS is complying with provisions of I.R.C. § 6103(e)(8) as related to the disclosure of collection activities to joint filers.

**Fiscal Year 2023 Mandatory Review of Fair Tax Collection Practices Violations (202330005)**

Obtain information on any reported violations of Fair Tax Collection Practices (I.R.C. § 6304) by IRS employees and on any reported or potential violations of the Fair Debt Collection Practice Act (15 U.S.C. §§ 1601 note, 1692-1692p (2010)) by private collection agency employees, including any related administrative or civil actions resulting from those violations.

**Fiscal Year 2023 Mandatory Review of IRS Compliance With Restrictions on the Use of Enforcement Statistics (202330007)**

Determine whether the IRS is complying with restrictions on the use of enforcement statistics to evaluate employees.

**Fiscal Year 2023 Mandatory Review of Restrictions on Directly Contacting Represented Taxpayers (202330008)**

Determine whether the IRS is in compliance with legal guidelines addressing the direct contact of taxpayers and their representatives set forth in the I.R.C. § 7521(b)(2) and (c).

**Fiscal Year 2023 Review of Illegal Tax Protestors and Similar Designations (202330024)**

Determine whether the IRS complied with RRA98 and internal IRS guidelines that prohibit IRS officers and employees from referring to taxpayers as illegal tax protestors or any similar designations.

**Compliance With the Improper Payment Reporting Requirements for Fiscal Year 2022 (202340001)**

Determine whether the IRS complied with annual improper payment reporting requirements for FY 2022.



**The Enterprise Strategy and Implementation of Zero-Trust Architecture (202220004)**

Determine the effectiveness of the IRS’s enterprise strategy and implementation of zero trust architecture technical solutions that restrict network accesses to trusted users, assets, and resources.

**Advanced Threat Analysis Operations (202220005)**

Determine whether the cyber threat detection program is effectively monitoring, detecting, and addressing indicators of attack or compromise within the network.

**Controls to Prevent, Respond, and Recover from Malware Incidents (202220006)**

Determine the effectiveness of controls to respond to and recover from malware (ransomware) attacks.

**Enterprise Case Management Solution Security (202220009)**

Evaluate whether the security controls over the Enterprise Case Management system are adequately protecting its data against unauthorized access.

**Oversight of Shadow Information Technology (202220012)**

Assess the efforts to manage hardware, software, and associated staff that reside outside of the Information Technology organization.

**Recovery of Mission Essential Functions (202220015)**

Assess the effectiveness of mission essential function system recovery processes for software and data after a service outage or disaster.

**Information Technology Plan of Action and Milestone Process (202220017)**

Review the effectiveness of the Information Technology Plan of Action and Milestone process.

**Continuous Diagnostics and Mitigation Phase II Business Entitlement Access Request System Deployment (202220019)**

Evaluate the Continuous Diagnostics and Mitigation progress to date for deployment of the Business Entitlement Access Request System and Privileged Use Management Access System, and determine whether Business Entitlement Access Request System access and security controls align with Federal guidance.

**Enterprise Physical Access Control System (202220023)**

Evaluate the security controls over the Enterprise Physical Access Control System.

**Assessment of Information Technology Organization Closed Corrective Actions (202320003)**

Determine whether corrective actions reported as closed by the Information Technology organization have been fully implemented, adequately documented, properly approved, and effectively corrected the identified deficiencies.

**Compliance With Department of Homeland Security Binding Operational Directive 22-01 (202320004)**

Review the IRS's compliance with the Department of Homeland Security's Binding Operational Directive 22-01, "Reducing the Significant Risk of Known Exploited Vulnerabilities."

**Cybersecurity Assessment and Management Tool (202320005)**

Evaluate the effectiveness of the Cybersecurity Assessment and Management tool on capturing and reporting Federal Information Security Modernization Act reportable security deficiencies.

**Development and Implementation of Machine Learning Techniques (202320006)**

Assess the development and implementation of machine learning techniques to improve tax administration.

**Enterprise Case Management Migration and Decommissioning Efforts (202320008)**

Determine whether the Enterprise Case Management program has effectively increased migration efforts and evaluate the decommissioning of legacy systems components.

**Enterprise Encryption Key Management Infrastructure (202320009)**

Determine whether the IRS has effectively developed an enterprise-wide Encryption Key Management Infrastructure to support data-at-rest encryption.

**Expanding Digital Services and Enhancing Service Capabilities (202320010)**

Evaluate the IRS's efforts to expand digital services and enhance service capabilities.

**FedRAMP Security Threat Analysis Reports (202320011)**

Evaluate the accuracy of the FedRAMP Security Threat Analysis Reports and confirm the appropriate level of testing was performed and the risk posture is acceptable.

**Implementation of the Privileged User Management and Access System (202320012)**

Assess the Privileged User Management and Access System deployment, and evaluate the effectiveness of the privileged user account access and security controls.

**Login.Gov (202320013)**

Evaluate the development and implementation of new functionality in user identity access management offered by Login.gov.

**Management and Oversight of Cloud Managed Services Contracts (202320014)**

Assess efforts to provide effective management and oversight of cloud managed services contracts.

**Management and Usage of Information Technology Software Licenses (202320015)**

Evaluate the effectiveness and efficiency of the management and usage of information technology software licenses, and follow up on prior recommendations.<sup>6</sup>

**Next Generation Enterprise Security Audit Trails (202320016)**

Determine whether the Next Generation Enterprise Security Audit Trails system is effectively providing the IRS with a common platform to achieve near real-time situational awareness of cybersecurity events both on premise and in the cloud.

**Research, Applied Analytics and Statistics Compliance Data Warehouse Data Security (202320017)**

Determine whether sufficient security safeguards over the Compliance Data Warehouse exist to protect taxpayer data against unauthorized access.

**Recovery of Systems Supporting Non-Mission Essential Functions (202320018)**

Assess the effectiveness of non-mission essential function system recovery processes for software and data after a service outage or disaster.

**Replace and Decommission Legacy Systems (202320019)**

Assess the efforts to identify, replace, and decommission legacy systems and follow up on prior audit recommendations.<sup>7</sup>

**Security Vulnerability and Configuration Compliance of a Selected General Support System (202320020)**

Determine whether the IRS effectively identifies and addresses security vulnerabilities and configuration compliance issues on a selected General Support System.

**Vulnerability Disclosure Program (202320021)**

Evaluate the IRS's vulnerability disclosure management program for Internet-accessible IRS systems.

**Business Systems Modernization Efforts Funded by the Inflation Reduction Act of 2022 (202320822)**

Evaluate the effectiveness of the IRS's planning to prioritize modernization program capabilities.

**Taxpayer First Act – Implementation of Information Returns Modernization (202340523)**

Assess the IRS's efforts to modernize information returns processing by implementing an Internet-based platform for Forms 1099, *Information Return*.

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<sup>6</sup> TIGTA Report No. 2019-20-005, *Management and Implementation of Information Technology Software Tools Needs Improvement* (Feb. 2019).

<sup>7</sup> TIGTA Report No. 2020-20-044, *Legacy Systems Management Needs Improvement* (Aug. 2020).

## ***Audits Required by Statute***

### **Annual Assessment of the IRS's Information Technology for Fiscal Year 2022 (202220002)**

Assess the adequacy and security of the IRS's information technology.

### **Implementation of Policy and Procedures Related to Safeguarding Personally Identifiable Information (202220003)**

Assess the effectiveness of the implementation of new Federal requirements in the National Institute of Standards and Technology, Special Publication 800-53, Revision 5, and follow up on prior audit recommendations.<sup>8</sup>

### **Fiscal Year 2023 IRS Federal Information Security Modernization Act Evaluation (202320001)**

Assess the effectiveness of the IRS's information security program on a maturity model spectrum based on the Fiscal Year 2023 Inspector General Metrics.

### **Annual Assessment of the IRS's Information Technology for Fiscal Year 2023 (202320002)**

Assess the adequacy and security of the IRS's information technology.



## **Operational Support**

### **IRS Post-Appointment Arrest Program (202210011)**

Assess the effectiveness of the IRS's Post-Appointment Arrest program in timely and consistently adjudicating notifications of employee arrests.

### **Controls Over Special Pay Incentives and Expenses (202210019)**

Evaluate the IRS's efforts in using special payment authorities to hire and retain skilled non-Information Technology organization personnel.

### **The IRS's Strategy to Recruit Enforcement Employees (202210035)**

Evaluate the IRS's strategy to recruit employees to conduct audits of high earners and large businesses that underreport income as well as to collect taxes from taxpayers who have the ability to pay their outstanding debts.

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<sup>8</sup> TIGTA Report No. 2019-20-062, *Some Components of the Privacy Program Are Effective; However, Improvements are Needed* (Sept. 2019).

**Taxpayer First Act Implementation (202210512)**

Review the IRS's overall implementation of the Taxpayer First Act.<sup>9</sup>

**Disclosure of Returns and Return Information to Other Agencies (202310007)**

Determine if the Office of Safeguards provides adequate oversight of agencies receiving Federal tax information.

**Employee Progressive Discipline (202310008)**

Assess the effectiveness of the IRS's efforts to use progressive discipline for repeat employee violations of personnel standards.

**Oversight of the IRS's Workers' Compensation Program – Follow-Up (202310010)**

Assess the oversight of the IRS's workers' compensation program's claim initiation, monitoring, and cost and follow up on prior audit recommendations.<sup>10</sup>

**IRS Efforts to Reduce Real Estate Costs – Follow-Up (202310011)**

Assess continuing efforts to reduce the associated costs related to the IRS's real estate footprint, including the leveraging of workstation sharing as part of its space reduction efforts and the efficient allocation of space for future projected needs.<sup>11</sup>

**Physical Security Incidents (202310016)**

Evaluate the IRS's ability to properly and timely report, record, and respond to physical security incidents.

**Addressing Willful Employee Tax Noncompliance and Rehiring Former Employees With Prior Conduct or Performance Issues (202310025)**

Evaluate the process for identifying and remediating willful IRS employee tax noncompliance, and the steps taken to mitigate the risks of rehiring former employees with past conduct or performance issues.

**Review of Contractor Separation and Transfer Procedures (202310026)**

Assess the effectiveness of processes to remove contractor access to IRS facilities, systems, and equipment upon separation or transfer of duties.

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<sup>9</sup> Pub. L. No. 116-25.

<sup>10</sup> TIGTA Report No. 2018-10-037, *Improvements Are Needed to Provide Effective Oversight of Workers' Compensation Claims* (June 2018).

<sup>11</sup> TIGTA Report No. 2018-10-020, *More Effective Workstation and Office Utilization Could Result in Rental Cost Savings* (April 2018).

### **IRS Hiring Efforts (202310812)**

Assess the IRS’s recruiting, hiring, and onboarding processes and its effectiveness in filling critical program vacancies in support of the Inflation Reduction Act of 2022<sup>12</sup> and other hiring efforts.

### **IRS Employee Suggestion Program (202230039)**

Review the effectiveness of the IRS Employee Suggestion program for FY 2018 through FY 2021 and determine the benefits, costs, employee engagement and taxpayer service improvements resulting from the program, and evaluate whether the termination of the program as of October 1, 2021, was appropriate.

### **Strategy to Train Newly Hired Enforcement Employees (202230040)**

Review the IRS’s strategy to train employees hired specifically to conduct audits of high earners and large businesses that underreport income, as well as to collect taxes from taxpayers who have the ability to pay their outstanding debts, while also protecting taxpayer rights in the course of its enforcement efforts.

### **IRS Management of Taxpayer Paper Files (202330016)**

Assess the efficiency and effectiveness of the oversight of the inter-agency agreement for storage, management, and retrieval of taxpayer paper files.

## ***Audits Required by Statute***

### **Government Charge Card Abuse Prevention Act of 2012 Semiannual Mandatory Review [202210004 (April 1, 2022, through September 30, 2022), 202310003 (October 1, 2022, through March 31, 2023), and 202310004 (April 1, 2023, through September 30, 2023)]**

Assess whether the IRS complied with the Government Charge Card Abuse Prevention Act of 2012<sup>13</sup> requirements.



## **Taxpayer Service**

### **Transition to Electronic Records (202210013)**

Assess the IRS’s progress in transitioning to electronic records, in accordance with Office of Management and Budget Memorandum M-19-21.<sup>14</sup>

<sup>12</sup> Pub. L. No. 117-169.

<sup>13</sup> Pub. L. No. 112-194 (Oct. 2012).

<sup>14</sup> Office of Management and Budget Memorandum M-19-21, *Transition to Electronic Records* (June 28, 2019).

**Implementation of the Telephone Customer Callback System (202210032)**

Assess the IRS's implementation of the telephone Customer Callback system.

**Taxpayer Assistance Centers: Quality of Taxpayer Assistance (202210036)**

Determine the quality of assistance provided to taxpayers at Taxpayer Assistance Centers.

**Office of Appeals Implementation of Taxpayer First Act Provisions (202210506)**

Evaluate the actions taken by the IRS's Independent Office of Appeals to implement and comply with Section 1001 of the Taxpayer First Act.

**Implementation of the Taxpayer Experience Strategy (202210524)**

Determine what progress the IRS has made towards planning and implementing its Taxpayer Experience Strategy.<sup>15</sup>

**Expanding Taxpayer Services Access to Underserved Communities (202210534)**

Determine the progress made implementing service improvements to taxpayers in underserved communities as described in the Taxpayer Experience Strategy.

**Low Income Taxpayer Clinics (202310015)**

Evaluate how the National Taxpayer Advocate Low Income Taxpayer Clinic Program Office administers the Low Income Taxpayer Clinic grant program.

**Quality of Telephone Assistance (202310017)**

Determine whether the IRS provides accurate, professional, and timely assistance to taxpayers who call for help with their tax issues.

**Effectiveness of Customer Satisfaction Surveys (202310023)**

Evaluate the IRS's process for measuring taxpayer satisfaction with customer services to determine if surveys are cost effective and provide information used to make improvements.

**Efficiency and Effectiveness of the Office of Systemic Advocacy (202330009)**

Evaluate the efficiency and effectiveness of the Office of Systemic Advocacy in the Taxpayer Advocate Service and determine the extent to which the office fulfills its mission.

**Efficiency and Effectiveness of the Automated Text (202330011)**

Determine if the automated text programs implemented by the IRS are efficient and effective.

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<sup>15</sup> The Taxpayer Experience Strategy is the IRS's comprehensive plan to improve customer service. The strategy includes a broad range of initiatives such as: multilingual strategy, business online accounts, digitalizing tax forms, expanding e-file options, and secure two-way messaging.



**Authentication of Third-Party Authorization Requests – Follow-Up (202240011)**

Evaluate the IRS’s controls to authenticate third-party authorization requests to represent taxpayers and access taxpayer information, and follow up on prior audit recommendations.<sup>16</sup>

**Processes for Resolving Problems With Taxpayer Payments (202240017)**

Evaluate the effectiveness of the IRS’s processes to accurately resolve problems with taxpayer payments.

**Authentication and Suitability of Income Verification Express Services Participants – Follow-Up (202240510)**

Follow up on the IRS’s efforts to improve the Income Verification Express Services program.<sup>17</sup>

**Continued Assessment of the IRS’s Efforts to Address the Backlog of Overaged Accounts Management Inventory (202240622)**

Assess the IRS’s efforts to address the backlogged Accounts Management inventory, including amended returns.

**Accounts Management Backlog (202340007)**

Continue to assess the IRS’s efforts to prioritize Accounts Management inventories and reduce consistent overaged inventories during Calendar Year 2023.

**Suitability Checks for Participation in IRS Programs – Follow-Up (202340018)**

Assess the effectiveness of the IRS’s process to ensure suitability of applicants seeking participation in IRS programs.<sup>18</sup>

**Free File Program – Follow-Up (202340028)**

Follow up on the IRS’s efforts to improve the Free File Program, focusing on additional taxpayer safeguards as well as actions the IRS has taken to improve testing and monitoring of compliance with program participation requirements.<sup>19</sup>

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<sup>16</sup> TIGTA Report No. 2020-40-067, *Improvements Are Needed to Address Continued Deficiencies in Ensuring the Accuracy of the Centralized Authorization File* (Sept. 2020).

<sup>17</sup> TIGTA Report No. 2021-45-017, *Additional Security Processes Are Needed to Prevent Unauthorized Release of Tax Information Through the Income Verification Express Service Program* (Feb. 2021).

<sup>18</sup> TIGTA Report No. 2020-40-005, *Improvements Are Needed to Ensure That Consistent Suitability Checks Are Performed for Participation in Internal Revenue Service Programs* (Nov. 2019).

<sup>19</sup> TIGTA Report No. 2020-40-009, *Complexity and Insufficient Oversight of the Free File Program Result in Low Taxpayer Participation* (Feb. 2020).

## ***Audits Required by Statute***

### **Fiscal Year 2023 Mandatory Review of Collection Due Process (202310001)**

Determine whether the IRS complied with 26 U.S.C. §§ 6320 and 6330 when taxpayers exercised their right to appeal the filing of a Notice of Federal Tax Lien or issuance of a Notice of Intent to Levy.

### **Fiscal Year 2023 Mandatory Review of the Compliance With the Freedom of Information Act (202310002)**

Determine whether the IRS improperly withheld information requested by taxpayers in writing based on the Freedom of Information Act exemption 5 U.S.C. § 552(b)(7) or I.R.C. § 6103 or by replying that responsive records were not available or did not exist.



## **Tax Processing**

### **2022 Filing Season Individual Tax Return Processing (Final) (202240007)**

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2022 Filing Season.

### **Processes to Ensure the Accuracy of Deceased Account Locks (202240026)**

Evaluate the IRS's processes and procedures for ensuring the accuracy of deceased account locks.

### **Continued Assessment of the IRS's Efforts to Address the Backlog of Paper Tax Returns and Other Tax Accounts (202240621)**

Assess the IRS's efforts to address the backlogs of unworked inventories at its Tax Processing Centers during the 2022 Filing Season and the effect on taxpayers.

### **Continued Assessment of the IRS's Efforts to Address the Backlog During the 2023 Filing Season (202340610)**

Assess the IRS's efforts to address the backlogs of unworked inventories at its Tax Processing Centers during the 2023 Filing Season and the effect on taxpayers.

### **Destruction of Paper-Filed Information Returns (202240625)**

Assess the IRS's policies and procedures relating to the destruction of paper-filed information returns, including Affordable Care Act information returns.

**Reconciliation of American Rescue Plan Act Recovery Rebate Credit During the 2022 Filing Season (202240702)**

Assess the processing of Recovery Rebate Credit claims during the 2022 Filing Season, including ensuring that taxpayers properly reconcile advanced payments received during Calendar Year 2021.

**Expansion of the Earned Income Tax Credit and Child and Dependent Care Credit (202240709)**

Assess the adequacy of the processes and procedures to ensure that expanded eligibility requirements for the Earned Income Tax Credit and Child and Dependent Care Credit are met prior to tax credits being allowed.

**American Rescue Plan – Advanced Child Tax Credit Tax Filing Reconciliation for Individuals (202240712)**

Ensure that taxpayers are properly reconciling the advanced Child Tax Credit payments received during Calendar Year 2021.

**Continued Review of the Expansion of the Premium Tax Credit Eligibility Rules Under the American Rescue Plan Act (202240720)**

Assess the adequacy of the processes and procedures to ensure that expanded Premium Tax Credit eligibility requirements are met prior to credits being allowed.

**2023 Filing Season Individual Tax Return Processing (Interim) (202340003)**

Provide select information relating to the 2023 Filing Season.

**2023 Filing Season Individual Tax Return Processing (Final) (202340004)**

Evaluate whether the IRS timely and accurately processed individual paper and electronically filed tax returns during the 2023 Filing Season.

**Manual Refund Controls (202340006)**

Evaluate the effectiveness of the IRS's controls to minimize the risk of issuing erroneous manual refunds.

**Processing of Employer Identification Number Applications and Maintenance of Business Accounts (202340015)**

Evaluate the effectiveness of the IRS's controls for processing Employer Identification Number (EIN) applications and ensuring that they accurately consolidate accounts with multiple EINs.

**Processing of Noncash Charitable Contribution Claims – Follow-Up (202340017)**

Evaluate improvements in the IRS's efforts to ensure the accuracy of noncash charitable contribution claims, and follow up on prior audit recommendations.<sup>20</sup>

**Evaluation of Tax Offsets (202340024)**

Assess the IRS's processes to identify and offset refunds associated with individual and business tax accounts with debt owed.

**Accuracy of IRS Notices Issued During Tax Return Processing (202340027)**

Determine whether processes and procedures are sufficient to ensure that notices issued during tax return processing are accurate.

**Inflation Reduction Act: Assessment of the IRS's Free, Direct Electronic Filing Proposal (202340808)**

Assess the IRS's compliance with the requirements to deliver a report to Congress regarding the development of a direct electronic filing tax return system, and evaluate the use of the funding provided for this proposal.

**Inflation Reduction Act: Premium Tax Credit (202340816)**

Assess the adequacy of the processes and procedures to ensure expanded Premium Tax Credit rules under the American Rescue Plan Act are properly extended for Tax Year 2022.

**Inflation Reduction Act: Residential Clean Energy Credits (202340819)**

Evaluate the IRS's processes to identify and prevent erroneous residential clean energy credit claims and assess actions taken by the IRS to implement corrective actions to address previously reported deficiencies.

**Inflation Reduction Act: Clean and Previously-Owned Vehicle Credits (202340825)**

Evaluate the IRS's processes to identify and prevent erroneous claims for clean vehicles, including those that were previously owned, and assess actions taken by the IRS to implement corrective actions to address previously reported deficiencies.

**Inflation Reduction Act: Implementation of the Tax Provisions of the Inflation Reduction Act of 2022 (202340826)**

Assess the IRS's actions to implement the tax provisions of the Inflation Reduction Act of 2022.

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<sup>20</sup> TIGTA Report No. 2013-40-009, *Many Taxpayers Are Still Not Complying With Noncash Charitable Contribution Reporting Requirements* (Dec. 2012).

## ***Audits Required by Statute***

### **Administration of the Individual Taxpayer Identification Number Program (202340002)**

Assess the IRS's continued efforts to ensure that only individuals with a tax need are assigned an Individual Taxpayer Identification Number.<sup>21</sup>



## **Tax Exempt and Government Entities**

### **Tax Exempt and Government Entities Customer Service Operations (202210020)**

Assess the quality of customer service provided to Tax Exempt and Government Entities customers.

### **Quality Review Processes for Section 501(c)(3) Applications for Tax-Exempt Status (202210029)**

Evaluate the Exempt Organizations function's oversight controls and procedures when issuing proposed adverse I.R.C. § 501(c)(3) tax-exempt status determination letters.

### **Federal, State, and Local Governments' Employment Tax Compliance (202210030)**

Determine whether the IRS ensures Federal, State, and Local governments comply with their employment tax responsibilities.

### **Ensuring Sponsoring Organizations' Tax Compliance (202310018)**

Evaluate the IRS's efforts in ensuring the qualifications of tax-exemption and the accurate reporting by sponsoring organizations.

### **Tax Exempt and Government Entities Division's Compliance Units (202310020)**

Assess the overall effectiveness of the Tax Exempt and Government Entities Division's Compliance Units.

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<sup>21</sup> Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, 129 Stat. 2242 (2015).