GAO Highlights

TAX DEBT COLLECTION

IRS Needs to Define Field Program Objectives and Assess Risks in Case Selection

Why GAO Did This Study

IRS's Field Collection program is where IRS revenue officers make in-person contact with noncompliant individuals and business officials to enforce tax return filing and payment requirements. Sound processes for selecting cases are critical to maintain taxpayer confidence in the tax system and use federal resources efficiently. GAO was asked to review the processes IRS uses to select collection cases for potential enforcement action.

This report (1) describes the Field Collection program's automated and manual processes for prioritizing and selecting cases and (2) assesses how well Field Collection case selection processes support the collection program's mission, including applying tax laws "with integrity and fairness to all." To address these objectives, GAO reviewed IRS documents and conducted interviews with IRS officials knowledgeable about the case selection processes, including a series of focus groups with IRS Field Collection managers. GAO evaluated how well the processes adhere to relevant federal standards for internal control.
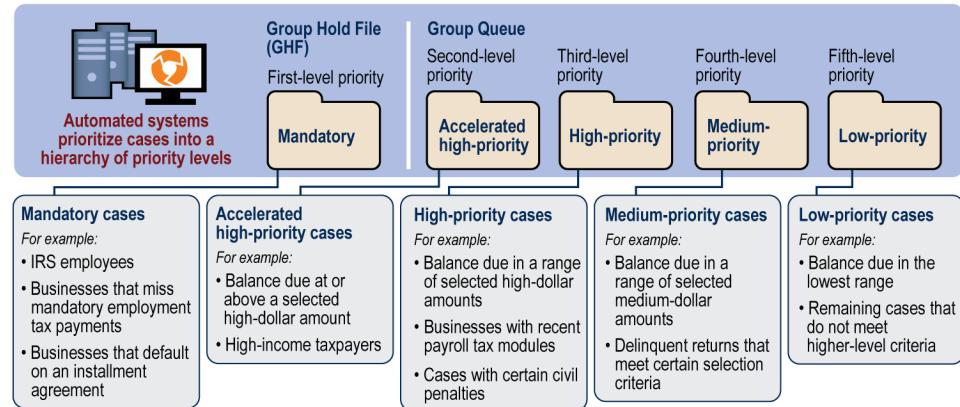
What GAO Recommends

GAO is making five recommendations, including that IRS: develop and document objectives in clear and measurable terms, including fairness; provide guidance for group managers' use of judgment in selecting cases; and develop procedures to assess automated and manual processes. IRS agreed with the recommendations and outlined planned steps to address them.

What GAO Found

The Internal Revenue Service (IRS) uses automated processes to prioritize cases to be potentially selected for in-person contact to resolve a tax collection issue (see figure), but group managers in the Field Collection program manually select the cases to assign to revenue officers. For example, when reviewing cases, group managers consider characteristics of the revenue officer available—such as current workload—and case characteristics—such as potential collectability—when deciding whether to assign a case.

IRS Field Collection Case Prioritization

Source: GAO analysis of Internal Revenue Service information. | GAO-16-787

GAO found weaknesses in the Field Collection program's internal controls for case selection, including:

Program objectives are not clearly defined and communicated. IRS has not sufficiently developed and communicated specific and measurable program objectives, including fairness. GAO heard different interpretations of program objectives and the role of fairness from focus group participants. Without clearly defined and clearly understood objectives aligned to its mission, Field Collection management does not have reasonable assurance that case selection processes support achievement of that mission. Further, the lack of clearly articulated objectives undercuts the effectiveness of Field Collection management's efforts to measure performance and assess risks.

Documentation and assessment of case selection risks are inadequate. The Field Collection program's automated prioritization and decision support systems are control procedures that may guide staff to reduce risks. However, the Field Collection program does not have documented procedures for periodically reviewing automated aspects of case selection. Further, the Field Collection program lacks sufficient guidance for group managers to exercise judgment in case selection. These deficiencies limit the Field Collection management's ability to provide reasonable assurance that selection decisions effectively support achievement of IRS's mission.

United States Government Accountability Office