

**Employee Misconduct Allegations Were
Accurately Reported**

September 2003

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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

September 2, 2003

MEMORANDUM FOR CHIEF, AGENCY-WIDE SHARED SERVICES

Gordon C. Milbourn III

FROM: Gordon C. Milbourn III
Assistant Inspector General for Audit (Small Business and
Corporate Programs)

SUBJECT: Final Audit Report - Employee Misconduct Allegations Were
Accurately Reported (Audit # 200310015)

This report presents the results of our review to evaluate the Internal Revenue Service's (IRS) process for providing information to the Treasury Inspector General for Tax Administration (TIGTA) on employee misconduct allegations¹ from the Automated Labor and Employee Relations Tracking System (ALERTS).² The TIGTA requests information from the IRS for each Semiannual Report to the Congress on the number of employee misconduct allegations.³ The Commissioner's Office of Employee Issues and Professional Conduct (COEIPC)⁴ is responsible for providing the TIGTA with the semiannual employee misconduct allegation data.

In summary, the process the COEIPC used to provide information on employee misconduct allegations for the TIGTA's September 2002 Semiannual Report to the Congress was effective. The information provided accurately reflected the employee misconduct allegation information contained on the ALERTS.

Management's Response: The COEIPC management agreed with the observations in our discussion draft report. Therefore, no response to this report was required.

¹ 26 U.S.C. § 7803 (d)(2)(A)(ii) (2001).

² The ALERTS is a labor and employee relations tracking tool.

³ 26 U.S.C. § 7803 (d)(2)(A)(ii) (2001).

⁴ This office was formerly known as the Commissioner's Complaint Processing and Analysis Group.

Copies of this report are also being sent to the IRS managers who are affected by the report finding. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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Background

Under 26 U.S.C. Section (§) 7803 (d)(2)(A) (2001), the Treasury Inspector General for Tax Administration (TIGTA) is required to include in each of its Semiannual Reports to the Congress the number of employee misconduct allegations received by the Internal Revenue Service (IRS) or the TIGTA from taxpayers, IRS employees, and other sources. Also, each Semiannual Report should include a summary of the status and disposition of the employee misconduct allegations.

The TIGTA requests information from the IRS for each Semiannual Report. The Commissioner's Office of Employee Issues and Professional Conduct (COEIPC)¹ is responsible for providing the TIGTA with the semiannual employee misconduct allegation data. The COEIPC extracts the employee misconduct allegation data from the Automated Labor and Employee Relations Tracking System (ALERTS).

The IRS inputs employee misconduct allegations into the ALERTS. The ALERTS also contains data received electronically from the IRS Employee Tax Compliance System (ETCS)² and the TIGTA's Performance and Results Information System (PARIS).³

The ALERTS tracks a wide range of labor activity that includes investigations of IRS employee misconduct and other performance problems. The ALERTS uses issue codes to categorize the employee misconduct allegations and disposal codes to record case dispositions, including the disciplinary actions taken as a result of investigating the alleged misconduct or problem. The ALERTS uses 119 issue codes to identify the key issue for each case contained on the System. Employee misconduct allegations are tracked under 77 separate issue codes.

¹ This office was formerly known as the Commissioner's Complaint Processing and Analysis Group.

² The ETCS tracks instances of employee noncompliance with the tax laws.

³ The PARIS is the TIGTA Office of Investigations' management information system. It provides the TIGTA the ability to manage and account for information received, including employee misconduct allegations and investigations initiated.

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The audit was conducted from February through August 2003 in accordance with *Government Auditing Standards*. Audit work was performed at the COEIPC in Washington, D.C., and the Modernization, Information Technology and Security (MITS) Services office in New Carrollton, Maryland. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

The Information Provided Accurately Reflected Data Available on Employee Misconduct Allegations

The process the COEIPC used to provide information on employee misconduct allegations for the TIGTA's September 2002 Semiannual Report to the Congress was effective. The information provided accurately reflected the employee misconduct allegation information contained on the ALERTS.

To comply with the request for information concerning employee misconduct allegations, the COEIPC worked with MITS Services personnel to extract key information from the ALERTS. The COEIPC provided the appropriate 77 issue codes to identify the employee misconduct allegations. For example, the COEIPC selected cases with issue codes for unauthorized accesses to taxpayer information, insubordination, and substance abuse, among others, to categorize the alleged employee misconduct. In addition, the COEIPC identified the disposal codes to determine how the employee misconduct allegations were resolved, ranging from "closed without action" to "removal."

MITS Services personnel extracted the requested data and provided the COEIPC with reports reflecting the desired ALERTS information. This enabled the COEIPC to provide the TIGTA with the required information regarding employee misconduct allegations. This information included an inventory summary of employee misconduct allegations received, open, and closed during the period, as well as a detailed analysis of the manner in which the IRS resolved or disposed of the employee misconduct allegations.

We analyzed the data obtained by the MITS Services and determined that the summary information provided for the September 2002 Semiannual Report to the Congress

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accurately reflected what was recorded on the ALERTS. The issue and disposal codes used to identify and report employee misconduct allegations information were also appropriate.

The COEIPC submission also appropriately included the employee misconduct allegations resulting from the ETCS and the PARIS. The information received from the ETCS and the PARIS was usually recorded on the ALERTS. Of the 1,448 ETCS cases and 765 PARIS cases forwarded to the ALERTS between April 1 and September 30, 2002, only 1 ETCS case and 4 PARIS cases were not found in the ALERTS. Based on this data comparison, we concluded that the ALERTS substantially reflected the information contained in the ETCS and the PARIS.

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to evaluate the effectiveness of the Internal Revenue Service's (IRS) process for providing information on employee misconduct allegations from the Automated Labor and Employee Relations Tracking System (ALERTS)¹ to meet the Treasury Inspector General for Tax Administration's (TIGTA) employee misconduct allegation reporting requirements for the September 2002 Semiannual Report to the Congress. We focused on the accuracy and completeness of what the Commissioner's Office of Employee Issues and Professional Conduct (COEIPC)² reported to the TIGTA from the ALERTS. To accomplish our objective, we:

- I. Evaluated the process the COEIPC followed to provide the TIGTA with the employee misconduct allegation data it requested for the September 2002 Semiannual Report to the Congress.
 - A. Interviewed COEIPC managers and reviewed documentation to identify the criteria the COEIPC used to accumulate the ALERTS employee misconduct allegation data submitted to the TIGTA.
 - B. Evaluated the ALERTS data criteria by comparing the ALERTS data identified by COEIPC management to the available criteria to determine whether the COEIPC missed available employee misconduct allegation data. In addition, we evaluated the COEIPC's use of issue codes and disposal codes as a means of identifying employee misconduct allegations to determine whether it provided accurate counts of all the ALERTS cases meeting the TIGTA's request criteria.
 - C. Obtained an ALERTS extract of the same data the Modernization, Information Technology and Security Services office used to generate the summary reports for the reporting period of April 1 through September 30, 2002. We analyzed the ALERTS data using the COEIPC's criteria, but our own processes for data analysis.
 - D. Compared the number of cases on the ALERTS to two of its source systems (the Performance and Results Information System and the Employee Tax Compliance System) to identify significant discrepancies.

¹ The ALERTS is a labor and employee relations tracking tool.

² This office was formerly known as the Commissioner's Complaint Processing and Analysis Group.

Major Contributors to This Report

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