

Dated: September 19, 1997.

**Robert S. Trotter,**

*Assistant Commissioner, Office of Field Operations.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Privacy Act of 1974: Computer Matching Program

**AGENCY:** Internal Revenue Service, Treasury Department.

**ACTION:** Notice.

**SUMMARY:** Pursuant to 5 U.S.C. 552a, the Privacy Act of 1974, as amended, and the Office of Management and Budget (OMB) Guidelines on the Conduct of Matching Programs, notice is hereby given of the conduct of an Internal Revenue Service (IRS) computer match.

**EFFECTIVE DATE:** This notice will be effective October 24, 1997, unless comments dictate otherwise.

**ADDRESS:** Comments or inquiries may be mailed to Chief Inspector, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:** Mary Jacqueline Greening, Internal Auditor, Quality Assurance and Oversight Section, Office of Planning and Management, Office of Assistant Chief Inspector (Internal Audit), Internal Revenue Service, (202) 622-5911.

**SUPPLEMENTARY INFORMATION:** IRS management is responsible for discouraging the perpetration of irregular or illegal acts and limiting any exposure if an integrity breach occurs. To accomplish its mission, the Inspection Service assists management in achieving this objective by enhancing its conventional audit and investigative activities with a program designed to deter and detect such acts and to search for indicators of fraud sufficient to warrant investigation.

The Inspection Service's Integrity Program includes Integrity Projects, Integrity Tests, and national or other projects, including joint Internal Audit/

Internal Security activities, designed to detect indicators of fraud and which focus specifically on the deterrence and detection of integrity breaches.

Integrity Projects are reviews or probes of specific high risk areas or transactions by the Inspection Service to detect material fraud and to assess the extent of integrity breaches that may have occurred.

Computer matching is the most feasible method of performing comprehensive analysis of employee, taxpayer, and tax administration data because of the large number of employees (seasonally varying to over 102,000), the geographic dispersion (nationwide) of IRS offices and employees, and the tremendous volume of computerized data that is available for analysis.

This computer match may be conducted in part or in its entirety by any or all of the Inspection Service's offices. The results of this match may be matched with County and/or State Lien records to identify any discrepancies and/or underlying fraudulent activity aimed at unauthorized lien releases.

**NAME OF SOURCE AGENCY:**

Internal Revenue Service.

**NAME OF RECIPIENT AGENCY:**

Internal Revenue Service.

**BEGINNING AND COMPLETION DATES:**

This computer match is targeted to commence in October, 1997 unless comments dictate otherwise. The program of computer matches will conclude at the end of the eighteenth month after the beginning date (April, 1999).

**PURPOSE:**

The purpose of this computer match is to identify employee misconduct (e.g., internal corruption through the exploitation of existing internal controls) that has resulted in improper lien releases and failure to adequately protect the government's interests.

**AUTHORITY:**

The Office of Chief Inspector was established and provided the authority to perform character and conduct

investigations of IRS employees pursuant to 31 U.S.C. 321(b); sections 7801(a), 7802, and 7803 of the Internal Revenue Code of 1986; 26 U.S.C. 7804 and Reorganization Plan Number 1 of 1952.

Commissioner's reorganization Order #Hdq-1 (July 29, 1952), IR-Mimeograph Number 236 (December 7, 1953), and the current provisions of the Internal Revenue Manual (IRE) give authority to conduct personnel investigations to the Chief Inspector.

Internal Revenue Manual 1161 charges the Chief Inspector with carrying out a program for assisting management to maintain the highest standards of honesty and integrity among its employees.

The United States General Accounting Office field work standards for both performance and financial audits require auditors to design an audit to provide reasonable assurance of detecting abuse of illegal acts that could significantly affect the financial statements, audit objectives, or audit results.

**CATEGORIES OF INDIVIDUALS COVERED:**

Current and former employees of the IRS.

**CATEGORIES OF RECORDS COVERED:**

1. Information regarding Lien Files (Open and Closed) [Treasury/IRS 26.009].
2. Information regarding taxpayers, tax returns, and tax return information.
  - a. Individual Master File (IMF) (Treasury/IRS 24.030).
  - b. Business Master File (BMF) (Treasury/IRS 24.046).
3. Information regarding IRS employees (General Personnel and Payroll-Treasury/IRS 36.003)
4. Information regarding County and/or State Lien Filing and Lien Release Records.

Dated: September 17, 1997.

**Alex Rodriguez,**

*Deputy Assistant Secretary (Administration).*

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