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investigations, according to an audit conducted by the Treasury Inspector General for Tax Administration.

Oct. 25, 2013

The [Internal Revenue Service](#) needs to improve its process for conducting parallel investigations, according to an [audit](#) conducted by the [Treasury Inspector General for Tax Administration](#). The audit was requested by the IRS's Small Business/Self-Employed Division in efforts to determine whether parallel investigations are being conducted in accordance with IRS procedures and guidelines and identify any opportunities to improve the process.

TIGTA found that processes for communication and coordination of parallel investigations between the applicable IRS's civil compliance functions and its Criminal Investigation could be improved. The civil compliance functions currently adhere to the requirements to notify CI whenever they intend to conduct a civil investigation of an abusive tax preparer/promoter. However, CI does not always alert the civil compliance functions when it becomes aware of an abusive tax preparer/promoter. Improved communication would allow the IRS to further explore all potential civil and criminal remedies in these cases.

IRS procedures require that quarterly coordination meetings be held for ongoing parallel investigations. However, there is no consistent requirement to document these meetings. Therefore, there is no guarantee that the meetings took place and that all required attendees were present. When required meetings are not held, the civil compliance functions may be unaware that CI concluded an investigation, possibly preventing the appropriate civil actions from being taken.

In addition, reconciliation of investigation case inventories among the various civil

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- abusive tax preparer/promoter characteristics,
2. Revise procedures to ensure that all quarterly coordination meetings are conducted and documented and ensure that all procedures are consistent;
 3. Improve awareness of the purpose of parallel investigations through the periodic dissemination of information and training; and
 4. Conduct periodic reconciliations of the various investigation inventory systems used to track parallel investigations.

The IRS agreed with all four recommendations and plans to take the suggested corrective actions. IRS officials also plan to improve awareness by creating a training course on parallel investigations for use by civil examiners and special agents. Finally, the IRS plans to conduct a monthly reconciliation of the various inventory systems to help ensure that parallel investigations are properly tracked and monitored.

IRS

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