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Isaac M. O'Bannon • Oct. 30, 2013

WASHINGTON – A new report by the IRS' oversight agency says that, while the Internal Revenue Service is getting faster at scanning taxpayers' paper correspondence into electronic images, a significant number of documents are inaccurately coded or improperly scanned. This can lead to errors and delays, according to the Treasury Inspector General for Tax Administration (TIGTA).

The IRS designed its Correspondence Imaging System (CIS) to automate the scanning of taxpayer correspondence. The Image Control Team units in IRS submission processing sites scanned more than 8.1 million pieces of paper correspondence into the CIS during Fiscal Year 2012.

TIGTA reviewed whether the IRS was effectively and efficiently processing and managing taxpayer correspondence. A 2007 TIGTA audit found delays in the timely scanning of taxpayer correspondence and recommended improvements to track and analyze the timeliness of correspondence scanning.

In its new audit, TIGTA found that the IRS has taken corrective actions to address the timeliness of scanning correspondence concerns that were raised in the prior audit report. However, the TIGTA found there is still inaccurate and incomplete data in the CIS. TIGTA compared 118 paper documents received from taxpayers to the images scanned into the CIS and found that 28 (24 percent) had one or more scan errors and documents scanned into the CIS are often incomplete, illegible, or inaccurate.

Further, identity theft correspondence is not always linked to existing cases in the

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worked, or result in the incorrect calculation of interest owed to taxpayers."

TIGTA made seven recommendations to the IRS, including ensuring that employees perform required cursory reviews of scanned documents, and that managers verify scan quality. Further, the IRS should ensure that managers monitor team inventories and reassign cases as needed to ensure that the oldest cases are worked first.

The IRS agreed to take corrective actions to address TIGTA's recommendations.

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