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(ROI) data in managing tax enforcement resources, according to a report publicly released today by the Treasury Inspector General for Tax Administration.

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WASHINGTON – The Internal Revenue Service (IRS) needs to improve its use of return on investment (ROI) data in managing tax enforcement resources, according to a report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

The IRS's Chief Financial Officer (CFO) annually calculates ROI performance measures for seven of the IRS's enforcement program areas. ROI information, including both estimated ROI for new enforcement initiatives and cost/benefit calculations based on actual program results and costs, is an important tool available to assist IRS senior executives in managing enforcement resources.

TIGTA reviewed the IRS's use of ROI data in managing its enforcement resources and evaluated the IRS's progress in developing a methodology to measure actual revenue collected from specific new enforcement initiatives included in its annual budget requests.

Although the IRS considers cost-benefit information in making resource allocation decisions, it does not document how or to what extent it uses the information and has no policies or procedures to guide this process. The cost-benefit calculations provide an incomplete picture and understate the actual results of the enforcement programs analyzed by the IRS. TIGTA also found that the IRS continues to be unable to measure actual revenue from new enforcement initiatives funded in prior years.

“In order to ensure that tax dollars are spent wisely, IRS executives and managers must base their decisions about enforcement activity on comprehensive and reliable

data,” said J. Russell George, Treasury Inspector General for Tax Administration.

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challenges that exist in estimating actual revenue for new enforcement initiatives and determine the feasibility of overcoming these challenges within existing legislation, systems, and processes.

The full [report](#) is available online.

IRS • Taxes

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