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program for Internal Revenue Service (IRS) employees honored some less than honorable staff.

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According to a new report by the watchdog agency that oversees it, an award program for Internal Revenue Service (IRS) employees honored some less than honorable staff.

According to the Treasury Inspector General for Tax Administration (TIGTA), more than 2,800 employees with recent substantiated conduct issues resulting in disciplinary action received more than \$2.8 million in monetary awards and more than 27,000 hours in time-off awards between October 1, 2010 and December 31, 2012. Among these, more than 1,100 IRS employees with substantiated Federal tax compliance problems received more than \$1 million in cash awards and more than 10,000 hours in time-off awards.

The IRS awards program does, however, comply with Federal regulations, TIGTA noted.

“These awards are designed to recognize and reward IRS employees for a job well done, and that is appropriate, because the IRS should encourage good performance,” said J. Russell George, Treasury Inspector General for Tax Administration. “However, while not prohibited, providing awards to employees who have been disciplined for failing to pay Federal taxes appears to create a conflict with the IRS’s charge of ensuring the integrity of the system of tax administration,” he added.

TIGTA conducted its audit because new federal guidance issued in FY 2011 requires agencies to reduce spending on awards programs beginning in FY 2012. The overall objective of TIGTA’s review was to evaluate the IRS’s compliance with procedures for

expenditures on awards and to review the IRS's controls over awards made to

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TIGTA recommended that the IRS Human Capital Officer determine the feasibility of implementing a policy requiring management to consider conduct issues resulting in disciplinary actions, especially the nonpayment of taxes, prior to awarding all types of performance and discretionary awards.

The IRS agreed with TIGTA's recommendation and plans to conduct a study by June 30, 2014 for the implementation of such a policy.

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