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Revenue Service has issue the findings of a recent audit of the taxing agency when it comes to its compliance with the budget cuts imposed on the agency's budget as a result of sequestration.

**Isaac M. O'Bannon** • Jun. 18, 2014

The part of the U.S. Treasury Department that is tasked with overseeing the [Internal Revenue Service](#) has issue the findings of a recent audit of the taxing agency when it comes to its compliance with the budget cuts imposed on the agency's budget as a result of sequestration.

In the report, the [Treasury Inspector General for Tax Administration](#) found that, overall, “the IRS generally took reasonable steps to plan for the required sequestration spending reductions in its FY 2013 budget, and the IRS monitored the status of those reductions.” The agency was required to submit an operating plan within 30 days of enactment of the annual appropriations legislation

The analysis of the IRS's year-end budget for FY 2013 determined that the IRS achieved the overall savings it planned in each of its operating appropriations. However, because savings achieved by cost area varied widely from budgeted amounts, the IRS needed to significantly revise its post-sequestration budget. As part of this revision, funds from cost areas with greater than planned savings were reallocated to other cost areas. The IRS also reduced its planned furlough days from seven days to three days

In addition, implementation of the mandated sequestration cuts, coupled with a trend of lower budgets, reduced staffing, and the loss of supplementary funding for the implementation of the Patient Protection and Affordable Care Act of 2010, collectively affected the IRS's ability to effectively deliver its priority program areas, including customer service and enforcement activities in FY 2013.

For example, in FY 2013, IRS customer service representatives provided a Level of

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