**IRS REFERRAL PROGRAMS**

**Opportunities Exist to Strengthen Controls and Increase Coordination across Overlapping Programs**

**What GAO Found**

Information referrals from the public alleging tax noncompliance must be submitted on paper forms by mail to the Internal Revenue Service (IRS). These referrals are manually screened by clerical staff and routed by mail to units across IRS for further action, as shown in the figure.

Ineffective internal controls undercut IRS management of the information referral process. IRS does not have an organizational structure for information referrals with clear leadership for defining objectives and outcomes for measuring cost-effectiveness and results. Without clear leadership, IRS does not know how effectively it is leveraging information referrals to address the tax gap. IRS has incomplete documentation of procedures for the information referral process, increasing the risk of delays and added costs in routing the information for further action. Although one-quarter of the information referrals in fiscal year 2015 were sent for destruction after screening, IRS has not documented procedures for supervisory review of those referrals prior to destruction. Without procedures to address these control deficiencies, IRS is compromised in its ability to know how effectively it is leveraging tax noncompliance information reported by the public.

Fragmentation and overlap across IRS’s general information referral process and eight specialized referral programs, such as for reporting identity theft and misconduct by return preparers, can confuse the public trying to report tax noncompliance to IRS. Yet coordination between referral programs is limited, and IRS does not have a mechanism for sharing information on crosscutting issues and collaborating to improve the efficiency of operations across the mix of referral programs. As a result, IRS may be missing opportunities to leverage resources and reduce the burden on the public trying to report possible noncompliance.