

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Quarterly Snapshot: The IRS's Inflation Reduction Act Spending Through March 31, 2024

June 18, 2024

Report Number: 2024-IE-R015

HIGHLIGHTS: Quarterly Snapshot: The IRS's Inflation Reduction Act Spending Through March 31, 2024

Final Evaluation Report issued on June 18, 2024

Report Number 2024-IE-R015

Why TIGTA Did This Evaluation

The IRS originally received approximately \$79.4 billion in supplemental funding when the President signed the Inflation Reduction Act of 2022 (IRA) into law in August 2022. Congress subsequently rescinded approximately \$21.6 billion in IRA funding reducing the available IRA funding to approximately \$57.8 billion. This supplemental funding is available through September 30, 2031.

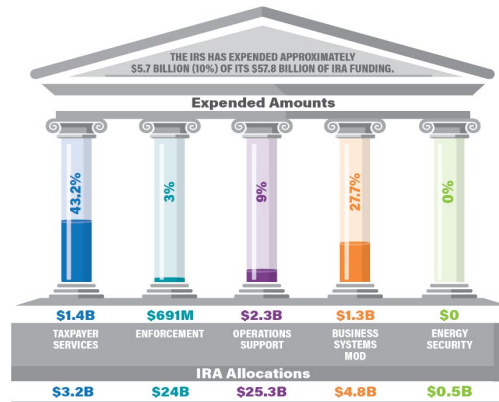
TIGTA initiated this review to provide periodic reporting on IRS's use and accounting for expenditures using IRA funding. This report provides a quarterly and cumulative snapshot on how the funding has been expended through March 31, 2024.

Impact on Tax Administration

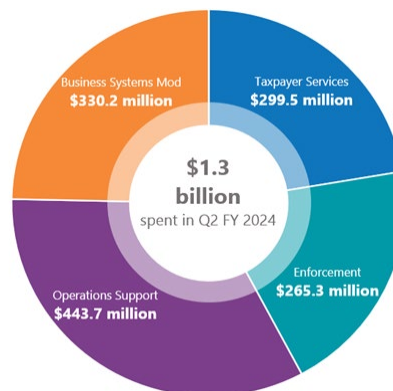
The IRS's transformation efforts that will be achieved through IRA supplemental funding will help improve taxpayer service, update IRS computer systems, and increase compliance and enforcement actions against high-income taxpayers and large corporations.

What TIGTA Found

This report provides quarterly and cumulative reporting on the IRS's use of IRA funding to implement its Strategic Operating Plan and is inclusive of all IRA expenditures through March 31, 2024. As of March 31, 2024, the IRS expended approximately \$5.7 billion (10 percent) of its \$57.8 billion IRA funding. In addition to the expended amounts shown on the graphic below, the IRS expended approximately \$11.6 million in FY 2023 for the direct e-file tax return system, which is included in the total amount expended.



Of the \$5.7 billion of IRA funding expended as of March 31, 2024, approximately \$1.3 billion occurred in the second quarter of FY 2024 (January through March 2024).



IRS officials indicated that \$2 billion of the \$5.7 billion of IRA funding expended has been used to supplement its annual appropriation because the amount the IRS received was insufficient to cover normal operating expenses.

What TIGTA Recommended

This report was prepared to provide information only. Therefore, no recommendations were made in the report.



TREASURY INSPECTOR GENERAL

for Tax Administration

DATE: June 18, 2024

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Russell P. Martin 
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Evaluation Report – Quarterly Snapshot: The IRS’s Inflation Reduction Act Spending Through March 31, 2024
(Evaluation No.: IE-24-001-I.3)

This report presents the results of our review to provide periodic reporting on the Internal Revenue Service’s (IRS) use and accounting for expenditures using Inflation Reduction Act of 2022 (IRA) funding through March 31, 2024.¹ This review is part of our Fiscal Year 2024 Annual Program Plan and addresses the major management and performance challenge of *Managing IRA Transformation Efforts*.

The Treasury Inspector General for Tax Administration plans to provide quarterly and cumulative reporting on the IRS’s use of IRA funding to implement its Strategic Operating Plan. This report was prepared to provide information only. Therefore, no recommendations were made in the report.

If you have any questions, please contact me or Nancy LaManna, Assistant Inspector General for Inspections and Evaluations.

¹ Public L. No. 117-169, 136 Stat. 1818.

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Background

The Internal Revenue Service's (IRS) operating budget is a mix of annual appropriations and miscellaneous resources, such as unobligated balances from previous years and reimbursable items. The IRS has considerable leeway in how it uses non-appropriated funds. The Further Consolidated Appropriations Act, 2024¹ provided annual appropriated funding of approximately \$12.3 billion for three of the four IRS primary budget activities for Fiscal Year (FY) 2024. Congress provided no appropriated funding for the Business Systems Modernization Program, which normally funds upgrades to IRS information technology systems. Specifically, the Act included:

- *\$2.8 billion for Taxpayer Services.* Budget authorization language sets forth that these funds are to be used to support prefilling assistance and education, filing and account services, taxpayer advocacy services, as well as the Tax Counseling for the Elderly Program, low-income taxpayer clinic grants and the Community Volunteer Income Tax Assistance Matching Grants Program.
- *\$5.4 billion for Enforcement.* Budget authorization language sets forth that these funds are to be used to support enforcement efforts, including such things as determining and collecting taxes owed, providing legal and litigation support, and conducting criminal investigations (including investigative technologies).
- *\$4.1 billion for Operations Support.* Budget authorization language sets forth that these funds are to be used to support the agency's normal operating expenses, including such things as rent payment; facilities services; printing and postage; physical security; research and statistics of income; telecommunications; and information technology development, enhancement, operations, maintenance, and security.

The Act also provided special funding transfer authority that allows the IRS to transfer up to 5 percent of funds from one funding activity to another with approval from the House Commissioner on Appropriations. However, the Act did specify that funds could not be transferred to the Enforcement funding activity. Additionally, the Act provided direct hire authority allowing the IRS to recruit and appoint qualified applicants directly to positions specifically to process the backlog of tax returns and correspondence.²

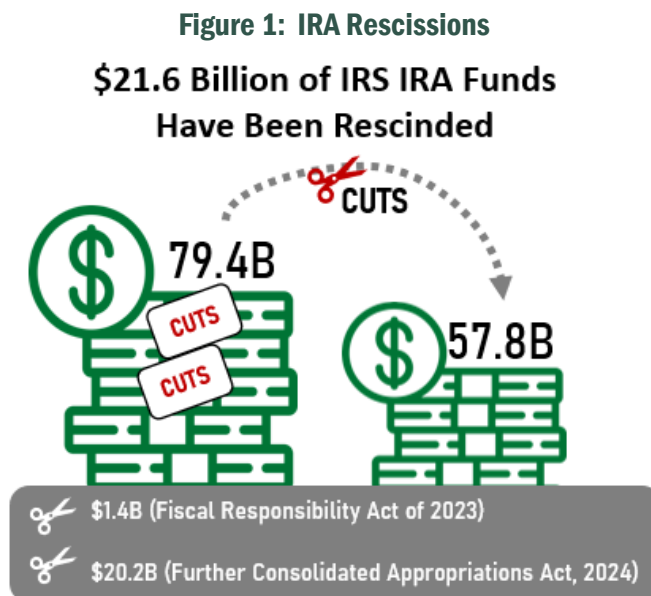
In addition to the above-mentioned annual appropriation, the IRS also originally received approximately \$79.4 billion in supplemental funding when the President signed the Inflation Reduction Act of 2022 (IRA) into law in August 2022.³ However, the current IRA funding was reduced to approximately \$57.8 billion, which resulted from the following funding rescissions:

¹ Pub. L. No. 118-47, 138 Stat. 460

² Backlogs of tax returns and other types of tax account work resulting from the Coronavirus Disease 2019 Pandemic has had a significant impact on the IRS and taxpayers. The Treasury Inspector General for Tax Administration Office of Audit (TIGTA) has performed a series of reviews on the issue. The latest review is TIGTA, Report No. 2024-406-020, *The IRS Continues to Reduce Backlog Inventories in the Tax Processing Centers* (Mar. 2024).

³ Pub. L. No. 117-169, 136 Stat. 1818.

- In June 2023, the enactment of the Fiscal Responsibility Act of 2023,⁴ resulted in the rescission of approximately \$1.4 billion in the IRA Enforcement funding activity.
- In March 2024, the Further Consolidated Appropriations Act, 2024, resulted in a rescission of \$20.2 billion in the IRA Enforcement funding activity.



Source: *The IRA, Fiscal Responsibility Act of 2023, and Further Consolidated Appropriations Act, 2024.*

IRS officials indicated that due to the rescissions, the IRA funding for the Enforcement funding activity will likely be fully spent in FY 2029. Additionally, IRS officials noted that the rescissions will reduce revenues by more than \$100 billion through FY 2034. Figure 1 shows the impact of the rescissions on the IRA funding.

The IRA supplemental funding is available to the IRS through September 30, 2031, and is intended to help the IRS transform the administration of the tax system and improve the services provided to taxpayers. Like the funding the IRS receives as part of its annual appropriation, the IRA supplemental funding includes caps for the four primary budget activities as follows:

- 1) Enforcement – \$24 billion.⁵
- 2) Operations Support – \$25.3 billion.
- 3) Business Systems Modernization – \$4.8 billion.
- 4) Taxpayer Services – \$3.2 billion.

In addition, the supplemental funding provided by the IRA also included \$500 million for the necessary expenses relating to the implementation of Energy Security provisions and \$15 million to study the feasibility of implementing a direct e-file tax system.

⁴ Pub. L. No. 118-5, 137 Stat. 10.

⁵ The IRA originally provided \$45.6 billion for the Enforcement funding activity. The subsequent Acts reduced this amount to \$24 billion.

The Strategic Operating Plan outlines how the IRS plans to transform its operations

On April 6, 2023, the IRS issued its Strategic Operating Plan (SOP) that covers FYs 2023 through 2031. The SOP is structured to achieve five transformation objectives, which will be accomplished through a series of initiatives and projects aligned to each. Successful delivery of these transformation objectives is interdependent of each other. Figure 2 outlines the transformation objectives in the SOP.

Figure 2: IRS Transformation Objectives

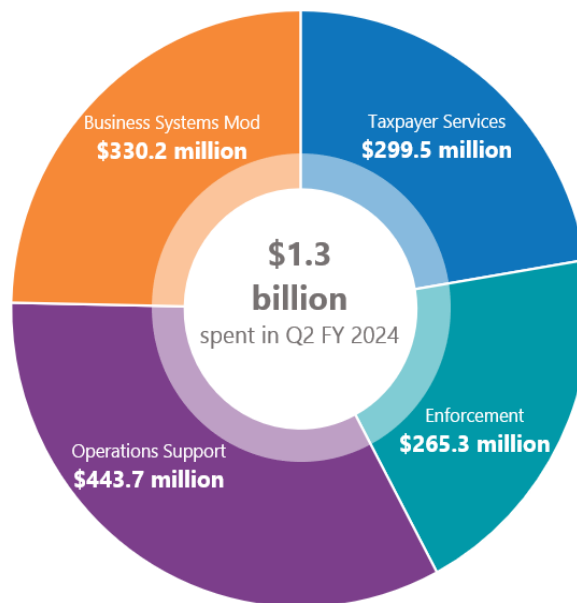


Source: IRS Strategic Operation Plan (April 2023).

Results of Review

The IRS has spent approximately \$1.3 billion in IRA funding in the second quarter of FY 2024. Figure 3 reflects IRA expenditures by funding activity for the second quarter of FY 2024 – these funds were expended during the period January 1, 2024, through March 31, 2024.

Figure 3: IRA Expenditures by Funding Activity for the Quarter Ending March 31, 2024

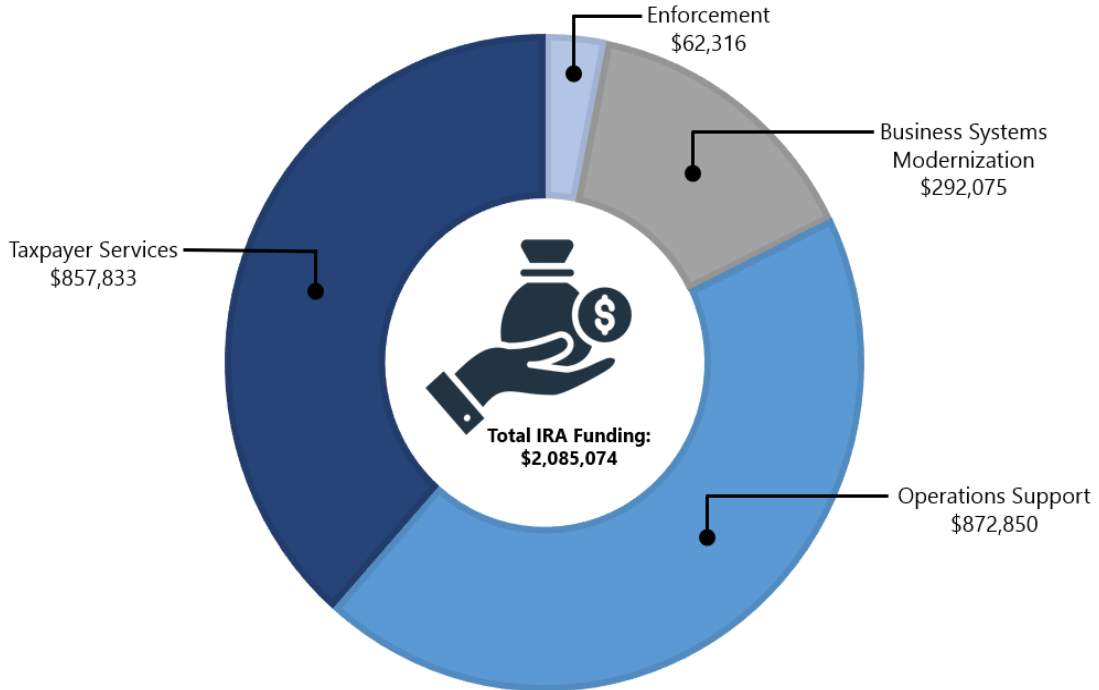


Source: TIGTA-created graphic based on information provided by the Office of the Chief Financial Officer. Mod = Modernization.

**Quarterly Snapshot: The IRS's Inflation Reduction Act
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Overall, as of March 31, 2024, the IRS has used approximately \$5.7 billion (10 percent) of its \$57.8 billion in supplemental IRA funding, the amount available after the rescissions. IRS officials indicated that \$2 billion of the \$5.7 billion of IRA funding expended has been used to supplement its annual appropriation. The IRA funding was needed as the amount the IRS received in its annual appropriation was insufficient to cover normal operating expenses. Figure 4 shows the amount by funding activity where the IRS used the \$2 billion in IRA funds.

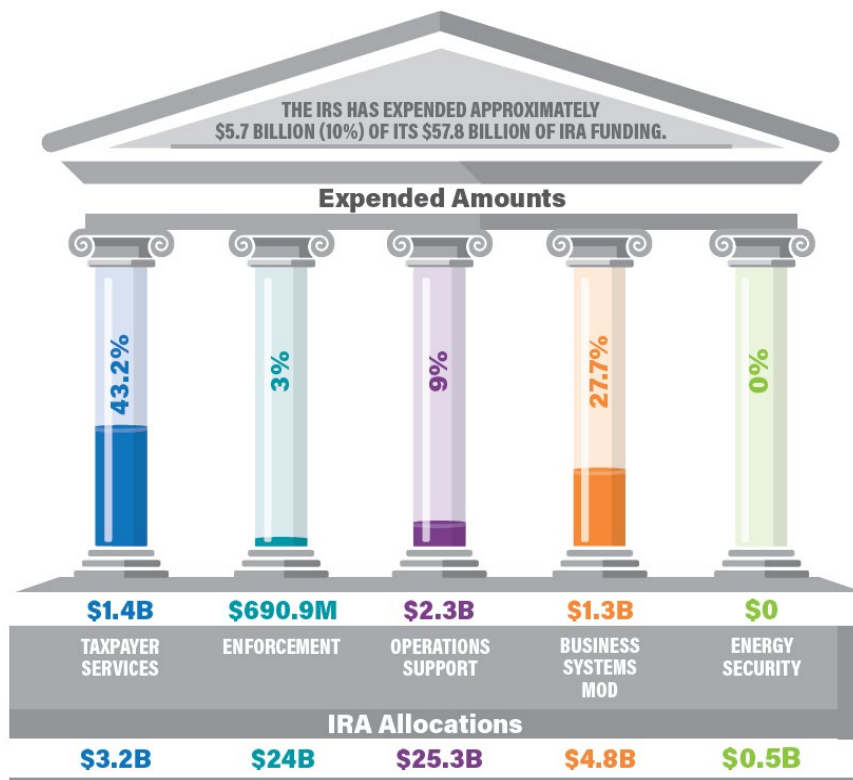
Figure 4: IRA Funding Used to Supplement Annual Appropriation by Funding Activity



Source: TIGTA-created graphic based on information provided by the Office of the Chief Financial Officer.

Figure 5 shows the IRA expenditures by funding activity since the passage of the legislation through March 31, 2024.

Figure 5: Cumulative IRA Expenditures by Funding Activity Through March 31, 2024⁶



Source: TIGTA-created graphic based on information provided by the Office of the Chief Financial Officer. Mod = Modernization.

Shortfalls in annual appropriation requires the IRS to use IRA funds to cover general operating expenses

As we noted above, the IRS has used supplemental IRA funding to fund its FY 2023 operations as its annual appropriation was not enough to cover its FY 2023 general operating expenses. The IRS received the same annual appropriation amount for FY 2024 that it received in FY 2023 with no adjustments for inflation.⁷ Like FY 2023, IRS management estimates that it will need to use IRA funds to cover annual appropriation shortfalls. Specifically, the IRS estimates that \$1.6 billion of IRA funding will be needed to cover FY 2024 annual appropriation shortfalls for pay raises, inflationary increases already built into contracts, and other current services. IRS officials noted that the continued use of IRA funds to cover shortfalls in annual appropriation will impact its ability to successfully deliver SOP transformation objectives. Specifically, the successful delivery of its SOP transformation objectives assumes that IRA funds will be used solely to support transformation efforts, while day-to-day operations will continue to be adequately supported by the annual appropriation.

⁶ Percentages of IRA funds expended may not calculate correctly due to rounding. Additionally, the Enforcement allocation amount is after the \$21.6 billion rescissions.

⁷ Adjusting for inflation is a measure of return that takes into account the inflation rate. Inflation occurs when prices rise across the economy decreasing purchasing power.

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Finally, like FY 2023, the FY 2024 annual appropriation did not provide any funding for Business Systems Modernization. IRS officials indicated that the IRA funding will cover only two-thirds of the IRS's planned modernization efforts without the restoration of the Business Systems Modernization funding.

IRS develops Spend Plan detailing how IRA funds will be allocated in FY 2024⁸

IRS officials developed a Spend Plan which details how the IRA funds will be allocated in FY 2024. The Spend Plan also included improvements the IRS made in FY 2023 using IRA funds and milestones the IRS anticipate completing in FY 2024 with IRA funds. Figure 6 summarizes how the IRS plans to use IRA funds in FY 2024 by funding activity and SOP transformation objective.

**Figure 6: Estimated FY 2024 IRA Funds (in millions)
by SOP Transformation Objective and Funding Activity⁹**

Description	Taxpayer Services	Enforcement	Operational Support	BSM	Energy Security	Total
Transformation Objective 01	\$620	\$23	\$569	\$585	\$0	\$1,797
Transformation Objective 02	\$2	\$161	\$103	\$0	\$0	\$266
Transformation Objective 03	\$34	\$336	\$146	\$80	\$0	\$596
Transformation Objective 04	\$0 ¹⁰	\$67	\$637	\$1,056	\$0	\$1,760
Transformation Objective 05	\$104	\$91	\$506	\$0	\$0	\$702
Energy Security	\$1	\$91	\$121	\$0	\$180	\$394
Information Technology Reserve	\$0	\$0	\$25	\$50	\$0	\$75
Transformation and Strategy Office	\$11	\$15	\$15	\$0	\$0	\$42
SOP Total Costs	\$772	\$784	\$2,123	\$1,771	\$180	\$5,631
IRA funding to cover FY 2024 appropriation shortfall	\$197	\$264	\$1,135	\$18	\$0	\$1,614
Total IRA Funding - FY 2024	\$969	\$1,048	\$3,258	\$1,789	\$180	\$7,245

Source: IRS IRA FY 2024 Spend Plan. BSM = Business Systems Modernization.

In April 2024, the IRS Commissioner testified before Congress and noted that as the IRS implements its plans for transformation using the significant resources provided by the IRA, annual IRS appropriation funding needs to provide sufficient recurring resources to cover normal operating expenses. The IRS Commissioner also indicated that with no anticipated increases in the annual appropriations for FY 2024 or FY 2025 for inflationary requirements, the

⁸ In the FY 2024 Spend Plan, the IRS notes that priorities may shift throughout the year based on the operating environment.

⁹ Totals may not calculate correctly due to rounding.

¹⁰ The Taxpayer Services amount for Transformation Objective 04 is \$95,000.

IRS will once again be required to use IRA resources to fund normal operating expenses. As such, the IRS will likely use all supplemental IRA funds before the funding expires in FY 2031. Of particular concern, the IRS Commissioner noted that the IRA funding allocated for the Taxpayer Services funding activity is expected to run out by FY 2026. Finally, the IRS Commissioner stated that the IRA legislation does not provide the IRS the flexibility to realign IRA funds across the funding activities (*e.g.*, move funds from Enforcement to Taxpayer Services).

Object class funding activity categories used to track IRA spending

To monitor the use of IRA funds, the IRS uses the same established procedures it uses to track its annual appropriation and spending. For example, the IRS uses a series of object class categories to track IRA funding and spending.¹¹ These categories are how the IRS tracks its spending in the Integrated Financial System.¹² The IRS reports on IRA spending based on these categories and uses the same funding activity structure to report on its annual appropriation spending. The law intended that this increase in funding supplement, not replace, the IRS's annual appropriation and does not allow any transfers between the various funding activities. For instance, funds cannot be moved from the Enforcement funding activity to the Taxpayer Services funding activity. Management noted that as the IRS rolls out the various projects and initiatives, it will track the funds by the funding activities detailed previously. Figure 7 highlights the cumulative IRA expenditures by object class category for the various funding activities.

¹¹ Object classes are categories that present obligations by the items or services purchased by the Federal Government.

¹² The Integrated Financial System is a packaged system software solution. It enables the IRS to integrate most of its internal financial management processes, share common financial data and practices across the entire organization, and produce and access financial data online in a real-time environment.

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Figure 7: IRA Funding Activity Expenditures by Object Class¹³

	TAXPAYER SERVICES	ENFORCEMENT	OPERATIONS SUPPORT	BUSINESS SYSTEMS MOD	ENERGY SECURITY	DIRECT E-FILE	GRAND TOTAL
Labor Total IRS Employee Pay & Benefits	\$1,275,699,536	\$434,092,016	\$657,223,267	\$127,404,634	\$0	\$814,200	\$2,495,233,653
Non-Labor Contractor Support - Advisory and Assistance	\$98,562,073	\$88,991,495	\$721,300,861	\$1,096,256,993	\$0	\$8,624,814	\$2,013,736,236
Communications, Utilities, and Miscellaneous Charges	\$0	\$0	\$89,604,990	\$0	\$0	\$0	\$89,604,990
Equipment	\$0	\$12,576,865	\$610,015,495	\$97,793,196	\$0	\$254,897	\$720,640,453
Purchase/Improvement of Land and Facilities	\$0	\$84,000	\$65,326,408	\$0	\$0	\$0	\$65,410,408
Operation and Maintenance of Equipment	\$0	\$378,383	\$11,909,645	\$5,630,610	\$0	\$0	\$17,918,638
Operation and Maintenance of Facilities	\$0	\$0	\$43,093,113	\$136,872	\$0	\$0	\$43,229,985
Services From Federal Sources	\$7,936,757	\$122,100,227	\$47,386,921	\$0	\$0	\$1,909,578	\$179,333,484
Other Goods and Services From Non-Federal Sources	\$0	\$16,488,400	\$36,754,884	\$0	\$0	\$0	\$53,243,284
Printing and Reproduction	\$0	\$90,128	\$3,311,739	\$0	\$0	\$0	\$3,401,867
Supplies and Materials	\$42,434	\$9,639,386	\$1,546,258	\$3,527	\$0	\$0	\$11,231,605
Employee Travel	\$192,545	\$5,068,785	\$3,082,931	\$342,344	\$0	\$0	\$8,686,604
Unvouchered	\$0	\$38,209	\$0	\$0	\$0	\$0	\$38,209
Rental Payments to GSA	\$0	\$0	\$614,061	\$0	\$0	\$0	\$614,061
Transportation of Things	\$0	\$1,400,000	\$0	\$0	\$0	\$0	\$1,400,000
Non-Labor Total	\$106,733,809	\$256,855,879	\$1,633,947,306	\$1,200,163,543	\$0	\$10,789,288	\$3,208,489,825
Grand Total	\$1,382,433,345	\$690,947,895	\$2,291,170,573	\$1,327,568,177	\$0	\$11,603,488	\$5,703,723,478

Source: IRS Integrated Financial System Report as of March 31, 2024. MOD = Modernization.

As shown in Figure 7, as of March 31, 2024, the IRS reported that the largest portion of IRA expenditures was for employee compensation (i.e., pay/benefits) totaling approximately \$2.5 billion and contractor advisory and assistance services totaling approximately \$2 billion.¹⁴

Spending on IRS Staffing

Of the total \$2.5 billion the IRS expended on labor costs as of March 31, 2024, 27 percent (approximately \$680 million) was expended in the second quarter of FY 2024. Most of the labor

¹³ Totals may not calculate correctly due to rounding.

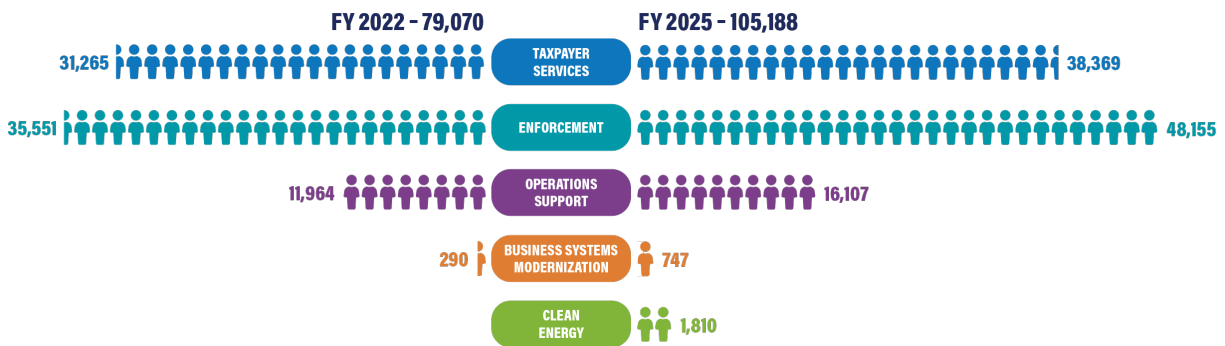
¹⁴ Advisory and assistance services is based on the IRS's classification and not as defined by the Federal Acquisition Regulations.

**Quarterly Snapshot: The IRS's Inflation Reduction Act
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costs (approximately \$1.3 billion) were in the Taxpayer Services funding activity to hire more customer service representatives to answer telephone calls, as well as employees to staff the Taxpayer Assistance Centers.

As we previously reported, the IRS expects its labor costs will continue to grow as the IRS plans to increase its staffing level to 105,188 employees by FY 2025. The planned increase in staffing will be funded from discretionary spending from the IRS's annual appropriation and IRA supplemental funding. Figure 8 shows the projected growth of IRS personnel by funding activity.

Figure 8: Projected Growth in IRS Personnel



Source: IRS Data Book and IRS April 2023 document regarding IRA spending and IRS staffing.

The IRA FY 2024 Spend Plan supports a total of 87,974 employees for FY 2024, funded from its annual appropriation, the IRA, and user fees. The IRS noted in the Spend Plan that the estimate may change based on onboarding and attrition trends and that the IRS is willing to use all its available flexibilities to support its Level of Service goal. Figure 9 shows the number of employees for FY 2024 by funding activity.

Figure 9: Number of IRS Employees in FY 2024 by Funding Activity¹⁵

Funding Source	Taxpayer Services	Enforcement	Operations Support	BSM	Energy Security	Total
Annual Appropriation	23,554	30,676	10,899	190	0	65,319
IRA	7,279	4,088	2,944	193	1,810	16,314
User Fees	6,341	0	0	0	0	6,341
Total	37,174	34,764	13,843	383	1,810	87,974

Source: IRS IRA FY 2024 Spend Plan. BSM = Business Systems Modernization.

IRS officials noted that in addition to hiring staff to improve services to taxpayers, the IRS is focused on expanding enforcement on taxpayers with complex tax filings and high-dollar noncompliance to address the Tax Gap.¹⁶ Therefore, the IRS plans to hire additional enforcement personnel, which include:

¹⁵ Totals may not calculate correctly due to rounding.



¹⁶ The Tax Gap is the estimated difference between the amount of tax that taxpayers should pay and the amount that is paid voluntarily and on time.

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- Revenue Officers – Employees in the Collection function who collect delinquent taxes and secure delinquent returns.
- Revenue Agents – Employees in the Examination function who conduct face-to-face audits of more complex returns.
- Special Agents – Law enforcement employees in Criminal Investigation who investigate potential criminal activities.

Figure 10 shows the number of enforcement personnel the IRS had onboard as of January 27, 2024, and the IRS's hiring goal for FY 2024.

Figure 10: Staffing of Enforcement Personnel

	POSITION TITLE	STAFFING 1/27/2024	FY 2024 HIRING TARGET	FY 2024 ANTICIPATED ATTRITION	STAFFING GOAL END OF FY 2024	NET STAFFING INCREASE FY 2024	
	REVENUE OFFICER	3,200	517	247	3,470	270	
	REVENUE AGENT	8,317	4,663	622	12,358	4,041	
	SPECIAL AGENT	2,183	402	85	2,500	317	
	TOTALS	13,700	5,582	954	18,328	4,628	

Source: Information provided by the IRS.

As Figure 10 shows, the IRS's goal is to increase enforcement personnel by 4,628 in FY 2024 with most of the hiring in the revenue agent position. TIGTA's Office of Audit is currently assessing the IRS's recruiting, hiring, and onboarding process including the IRS's efforts to fill critical program vacancies in support of IRA and other hiring efforts. It is also reviewing the IRS's strategy to recruit and train newly hired enforcement personnel.

Spending on Contractor Support

Since the passage of the IRA legislation, the IRS has used approximately \$2 billion of its IRA funding as of March 31, 2024, to pay contractors for what the IRS classifies as advisory and assistance services. The IRS notes that these services are for:

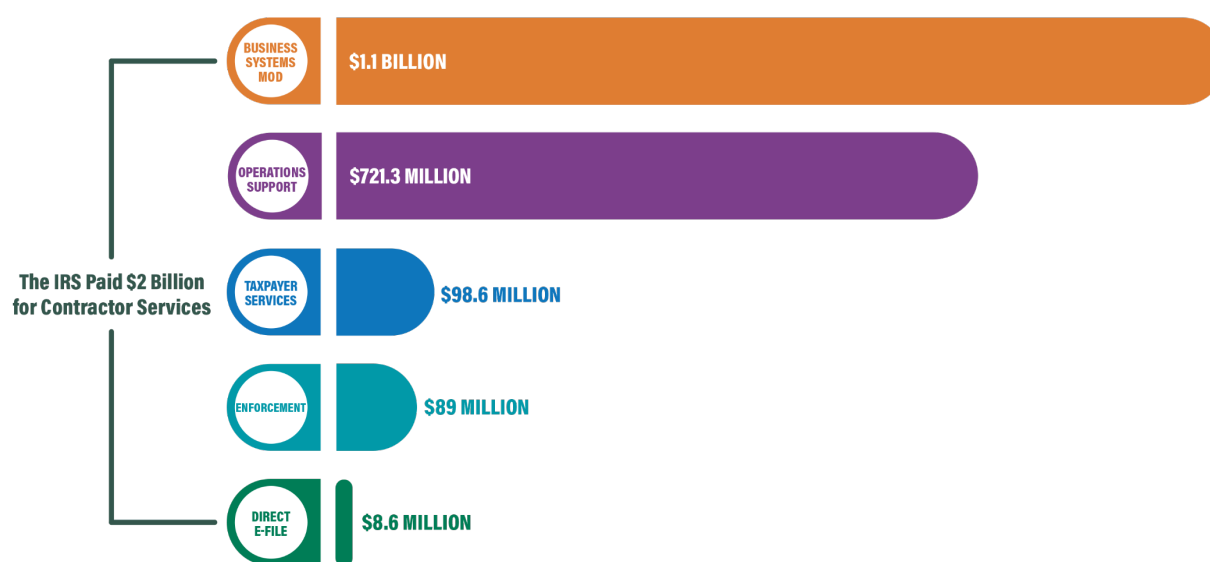
- Management and professional support services. This includes services that assist, advise, or train staff to achieve efficient and effective management and operations, activities, or systems; services that normally are closely related to the responsibilities and mission of the agency; and services that support or contribute to improved program management, logistics, project monitoring and reporting, data collection, budgeting, account, performance auditing, and administrative technical support for conferences and training programs.
- Studies, analyses, and evaluations. This includes studies in support of information technology and research and development activities, and models, methodologies, and related software support.

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- Engineering and technical services. This includes services that support the program office during the acquisition cycle by providing information technology architecture development, systems engineering, and technical direction; information technology consulting services such as information technology architecture design, capital programming, and investment control support services; and software services such as implementing a web-based commercial, off-the-shelf product.

Most of the \$2 billion expended for contractor support were for Business Systems Modernization (approximately \$1.1 billion) and Operations Support (approximately \$721.3 million) funding activities. Figure 11 reflects the expenditures for contractor advisory and assistance support services expended through March 31, 2024, using IRA funding.

Figure 11: Expenditures for Contractor Support by Funding Activity



Source: IRS Integrated Financial System Reports, as of March 31, 2024. MOD = Modernization.

IRS internal guidelines state that the receipt and acceptance of goods and services as it relates to contractor support is the responsibility of the business unit who contracted for the goods and services. Specifically, an IRS official in the business unit is responsible for ensuring that goods and services are in fact received and meet contractual requirements before receipt and acceptance is entered into the IRS's Integrated Financial System. The business unit's recordation of the receipt and acceptance of goods and services in the Integrated Financial System acknowledges that the Government has received delivery in accordance with the contract. While acceptance is confirming the received goods and services, the quality assurance inspection is the most critical internal control of the receipt and acceptance process. This is where the IRS official with knowledge of the goods and services and the contract terms conducts a review to ensure that goods and services received are accepted.

Our review of IRS contracting records indicate that functional areas accepted goods and services (*i.e.*, deliverables) from various contractors hired using IRA funds. These deliverables included status reports, checklists, briefings, presentations, meeting minutes, communication, and knowledge transfer plans. For the purposes of this report, we relied solely on the functional areas' verification and confirmation that contractor obligations were met. However, our Office of Audit will be performing more comprehensive reviews on selected IRA contract deliverables.

Appendix I

Detailed Objective, Scope, and Methodology

The overall objective was to provide periodic reporting on the IRS's use and accounting for expenditures using IRA funding through March 31, 2024. To accomplish our objective, we:

- Obtained IRA expenditures as of March 31, 2024, from the Integrated Financial System to identify overall expenditures by funding activities (*e.g.*, Taxpayer Services, Operations Support) and object class code.
- Determined the impact of IRS appropriations from the rescission of funding as part of the debt ceiling negotiations.
- Highlighted any trends and concerns regarding the expenditures.

Performance of This Review

This review was performed with information obtained from the Office of the Chief Financial Officer during the period April through May 2024. We conducted this evaluation in accordance with the Quality Standards for Federal Offices of Inspector General. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our evaluation objective.

Major contributors to the report were Nancy LaManna, Assistant Inspector General for Inspections and Evaluations; Debra Kisler, Director; and Christopher Aley, Evaluator.

Data Validation Methodology

We used data from the IRS's Integrated Financial System for our analysis. We evaluated the data by reviewing existing data produced from the system and interviewing personnel in the Office of the Chief Financial Officer to ensure that the information was accurate. Data regarding funding allocations were based on testimonial evidence obtained from the Office of the Chief Financial Officer.

Appendix II

Abbreviations

FY	Fiscal Year
IRA	Inflation Reduction Act
IRS	Internal Revenue Service
SOP	Strategic Operating Plan
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at www.tigta.gov or via e-mail at
oi.govreports@tigta.treas.gov.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.