



**EFFECTIVE DATE**

(08-23-2022)

**PURPOSE**

- (1) This transmits revised IRM 1.4.31, Resource Guide for Managers, IRS Quality Assurance Review Program.

**MATERIAL CHANGES**

- (1) IRM 1.4.31, Resource Guide for Managers, IRS Quality Assurance Program updated to IRS Quality Assurance Review Program.
- (2) IRM 1.4.31.1 (1), Program Scope and Objectives, updated Quality Assurance (QA) to reflect Quality Assurance Review (QAR).
- (3) IRM 1.4.31.1 (1), Program Scope and Objectives, updated to reflect Commissioner's Assurance Statement.
- (4) IRM 1.4.31.1 (2), Program Scope and Objectives, updated to reflect program evaluations, managerial, operational, quality assurance, and security reviews.
- (5) IRM 1.4.31.1 (8), Program Scope and Objectives, added Program Goals.
- (6) IRM 1.4.31.1.1(5), Background, updated.
- (7) IRM 1.4.31.1.2, Authorities, updated.
- (8) IRM 1.4.31.1.2.1, Federal Managers' Financial Integrity Act, removed to streamline section.
- (9) IRM 1.4.31.1.2.2, Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book), removed to streamline section.
- (10) IRM 1.4.31.1.2.2(2), FMFIA Diagram, Figure 1.4.31-1, moved to Exhibit 1.4.31-1.
- (11) IRM 1.4.31.1.2.2(3), GAO's Standards for Internal Control in the Federal Government, table moved to Exhibit 1.4.31-2.
- (12) IRM 1.4.31.1.2.3, OMB Circular A-123, removed to streamline section.
- (13) IRM 1.4.31.1.2.4, Department of the Treasury Internal Control Program Requirements, removed to streamline section.
- (14) IRM 1.4.31.1.3.1, CFO, updated to reflect current process.
- (15) IRM 1.4.31.1.3.2, Statistics of Income, updated.
- (16) IRM 1.4.31.1.3.3, Business Units, updated to reflect current process.
- (17) IRM 1.4.31.1.4 (1)(d), Program Management and Review, updated to include the Quality Assurance Review Program Summary.
- (18) IRM 1.4.31.1.5 (1), Program Controls, updated to reflect current process.
- (19) IRM 1.4.31.1.5 (2), Program Controls, updated.

- (20) IRM 1.4.31.1.6, Terms/Definitions, updated.
- (21) IRM 1.4.31.1.7, Acronyms, updated.
- (22) IRM 1.4.31.1.8, Related Resources, updated.
- (23) IRM 1.4.31.2, IRS Quality Assurance Review Program Framework, updated.
- (24) IRM 1.4.31.2, IRS Quality Assurance Review Program Framework, Figure 1.4.31-2 updated to Figure 1.4.31-1.
- (25) IRM 1.4.31.2.3, Quality Assurance Reviews, updated to Quality Assurance Review Program.
- (26) IRM 1.4.31.2.3, Quality Assurance Review Programs, updated to reflect current process.
- (27) IRM 1.4.31.2.3 (5), Quality Assurance Review Program, updated to add Types of Quality Assurance Reviews table.
- (28) IRM 1.4.31.2.4, Policy and Guidance, updated.
- (29) IRM 1.4.31.2.5, Assurance Statement, updated.
- (30) Previous IRM 1.4.31.3, Quality Assurance Memoranda, section no longer applicable.
- (31) IRM 1.4.31.3, Internal Reviews (IR) Call Notification, added to reflect current process.
- (32) Previous IRM 1.4.31.3.1, Quality Assurance Call Memorandum, section no longer applicable.
- (33) Previous IRM 1.4.31.3.2, Annual Assurance Call Memorandum, section no longer applicable.
- (34) IRM 1.4.31.4, Quality Assurance Review e-Form 14750 Submission Notification, added to reflect current process.
- (35) IRM 1.4.31.5, Business Unit News, added to reflect current process.
- (36) Previous IRM 1.4.31.5.1, Form 14750, IRS Quality Assurance Review Questionnaire, removed to streamline section.
- (37) Previous IRM 1.4.31.5.2, Form 14750-A, IRS Quality Assurance Review Checklist, removed to streamline section.
- (38) Previous IRM 1.4.31.5.3, Form 14750-B, IRS Quality Assurance Review Notification, removed to streamline section.
- (39) Previous IRM 1.4.31.5.4, Completed Form 14750-C, IRS Quality Assurance Review Information Document Request, removed to streamline section.
- (40) Previous IRM 1.4.31.5.5, Completed Form 14750-D, IRS Quality Assurance Review Closed Recommendation(s)/Finding(s), removed to streamline section.
- (41) IRM 1.4.31.6, Quality Assurance Review Listing, updated to reflect current process.
- (42) IRM 1.4.31.6.1, Risk Determination, added to reflect the current process.
- (43) IRM 1.4.31.6.2, Identification of IRS Quality Assurance Reviews, updated.
- (44) IRM 1.4.31.6.3, Internal Control Managerial Assessment Sampling, updated.
- (45) Previous IRM 1.4.31.6.4, Volunteer Review Team Training, no longer applicable to the QAR process.

- (46) IRM 1.4.31.6.4, New Initiatives, updated.
- (47) IRM 1.4.31.7, Quality Assurance Review Program Forms, updated to reflect current forms, hyperlinks, and form descriptions which includes the new electronic Form 14750, IRS Quality Assurance Review Questionnaire (e-Form 14750) and Form 14750-E, IRS Quality Assurance Review Questionnaire Deletion Request.
- (48) Previous IRM 1.4.31.7.2, Structured Management Reviews (SMRs), no longer applicable.
- (49) IRM 1.4.31.8, Quality Assurance Review Program Process and Procedures, updated.
- (50) IRM 1.4.31.8.1, Timing of Reviews, updated.
- (51) IRM 1.4.31.8.2, Review Selection Criteria, updated.
- (52) IRM 1.4.31.8.3, Review Selection Notification, updated to reflect current process.
- (53) IRM 1.4.31.8.4, Review Methodology, updated to reflect current process.
- (54) IRM 1.4.31.8.5, Review Documentation, updated to reflect current process.
- (55) IRM 1.4.31.8.6, Records Retention, updated.
- (56) IRM 1.4.31.9, Identifying and Developing Quality Assurance Reviews, updated to reflect current process.
- (57) IRM 1.4.31.9.1, Quality Assurance Review Program Structure, added to reflect current program structure.
- (58) IRM 1.4.31.9.2, Quality Assurance Review Knowledge and Skills, updated.
- (59) Exhibit 1.4.31-1, FMFIA Internal Control Framework, added.
- (60) Exhibit 1.4.31-2, GAO's Standards for Internal Control in the Federal Government, added.
- (61) This revision includes changes throughout the document for the following:
  - a. Updated all references of Quality Assurance to Quality Assurance Review Program.
  - b. Updated all references of QA to QAR.
  - c. Updated management, operational, program, quality assurance internal control reviews to program evaluations, managerial, operational, quality assurance, and security reviews.
  - d. Updated Form 14750, IRS Quality Assurance Review Questionnaire to e-Form 14750, IRS Quality Assurance Review Questionnaire.
  - e. Updated Quality Assurance Review Call Memorandum to Internal Reviews Call Notification.
  - f. Added minor editorial changes.

#### **EFFECT ON OTHER DOCUMENTS**

IRM 1.4.31, dated April 2, 2020, is superseded. This IRM supports IRM 1.4.2, Resource Guide for Managers, Monitoring and Improving Internal Control.

#### **AUDIENCE**

All IRS managers

Teresa R. Hunter  
Chief Financial Officer



1.4.31

IRS Quality Assurance Review Program

## Table of Contents

- 1.4.31.1 Program Scope and Objectives
  - 1.4.31.1.1 Background
  - 1.4.31.1.2 Authorities
  - 1.4.31.1.3 Responsibilities
    - 1.4.31.1.3.1 CFO
    - 1.4.31.1.3.2 Statistics of Income
    - 1.4.31.1.3.3 Business Units
  - 1.4.31.1.4 Program Management and Review
  - 1.4.31.1.5 Program Controls
  - 1.4.31.1.6 Terms/Definitions
  - 1.4.31.1.7 Acronyms
  - 1.4.31.1.8 Related Resources
- 1.4.31.2 IRS Quality Assurance Review Program Framework
  - 1.4.31.2.1 Executive Oversight
  - 1.4.31.2.2 Managerial Assertions
  - 1.4.31.2.3 Quality Assurance Review Program
  - 1.4.31.2.4 Policy and Guidance
  - 1.4.31.2.5 Assurance Statement
- 1.4.31.3 Internal Reviews (IR) Call Notification
- 1.4.31.4 Quality Assurance Review e-Form 14750 Submission Notification
- 1.4.31.5 Business Unit News
- 1.4.31.6 Quality Assurance Review Listing
  - 1.4.31.6.1 Risk Determination
  - 1.4.31.6.2 Identification of IRS Quality Assurance Reviews
  - 1.4.31.6.3 Internal Control Managerial Assessment Sampling
  - 1.4.31.6.4 New Initiatives
- 1.4.31.7 Quality Assurance Review Program Forms
- 1.4.31.8 Quality Assurance Review Program Process and Procedures
  - 1.4.31.8.1 Timing of Reviews
  - 1.4.31.8.2 Review Selection Criteria
  - 1.4.31.8.3 Review Selection Notification
  - 1.4.31.8.4 Review Methodology
  - 1.4.31.8.5 Review Documentation
  - 1.4.31.8.6 Records Retention
- 1.4.31.9 Identifying and Developing Quality Assurance Reviews

- 1.4.31.9.1 Quality Assurance Review Program Structure
- 1.4.31.9.2 Quality Assurance Review Knowledge and Skills

Exhibits

- 1.4.31-1 FMFIA Internal Control Framework
- 1.4.31-2 GAO's standards for internal control in the federal government

1.4.31.1  
(08-23-2022)  
**Program Scope and Objectives**

- (1) This IRM provides guidance on the processes and procedures for the IRS Quality Assurance Review (QAR) Program designed to support the Commissioner’s Assurance Statement required by the Federal Managers’ Financial Integrity Act (FMFIA) and activities defined by Office of Management and Budget (OMB) Circular A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control, Appendix A: Management of Reporting and Data Integrity Risk.
- (2) Purpose: The QAR program identifies and analyzes a sample of the program evaluations, managerial, operational, quality assurance, and security reviews completed by the business units.
- (3) Audience: All IRS managers.
- (4) Policy Owner: The CFO develops and maintains this IRM. CFO develops internal control policy, performs A-123 internal control testing, and conducts compliance reviews to pursue an unmodified audit opinion on IRS financial statements. CFO also provides business-practice development, audit policy, and oversight.
- (5) Primary Stakeholders: This policy and these procedures apply to managers responsible for creating and monitoring the results of program evaluations, managerial, operational, quality assurance, and security reviews.
- (6) Program Goals:
  - a. To make sound, actionable, and impactful recommendations to strengthen internal controls.
  - b. To continually improve the review experience through automation and teamwork.
  - c. To work collaboratively with our business unit partners to ensure the Quality Assurance Review program can continue to achieve high quality results.

1.4.31.1.1  
(08-23-2022)  
**Background**

- (1) Quality assurance is a planned, systematic approach designed to provide confidence that programs, products, policies, and procedures will conform to established requirements throughout their life cycle. The term “product” is used in this IRM to describe processes and systems developed, produced, and acquired by the IRS to carry out mission-critical functions.
- (2) Quality assurance identifies unsatisfactory trends and conditions, defects, non-compliance, and corrects factors that contribute to improved processes and outcomes.
- (3) Quality assurance uses a variety of administrative, analytical, and practical methods and techniques to enhance the reliability of products and services. The IRS approaches quality assurance by addressing an entire range of activities described for each functional program and/or a variety of systematic activities designed to identify effective and ineffective processes.
- (4) Several factors have contributed to a significant impact on the federal government’s quality assurance programs such as:
  - a. Internal control requirements
  - b. Advances in technology

- c. More sophisticated and complex products and services
- d. More stringent requirements for quality control, reliability, and security
- e. More emphasis on cost of quality and timely delivery

- (5) Quality Assurance Reviews ensure compliance with OMB and the Department of the Treasury policy through a formal objective assessment process. Quality Assurance Reviews evaluate and document internal control activities over financial reporting in:
  - a. Annual financial statements
  - b. Other significant internal or external financial reports
  - c. Compliance with laws and regulations related to those financial reports

1.4.31.1.2  
(08-23-2022)  
**Authorities**

- (1) *Federal Managers' Financial Integrity Act (FMFIA) of 1982* Exhibit 1.4.31-1
- (2) *Standards for Internal Control in the Federal Government (Green Book) GAO-14-704G* Exhibit 1.4.31-2
- (3) *Department of the Treasury Internal Control Program Requirements*
- (4) *Government Auditing Standards (Yellow Book) GAO-17-313SP*
- (5) *Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix A: Management of Reporting and Data Integrity Risk*

1.4.31.1.3  
(04-02-2020)  
**Responsibilities**

- (1) This section provides responsibilities for:
  - a. CFO
  - b. Statistics of Income (SOI)
  - c. Business units

1.4.31.1.3.1  
(08-23-2022)  
**CFO**

- (1) The CFO QAR program responsibilities include:
  - a. Establishing and documenting the QAR framework.
  - b. Developing the annual QAR program timeline and plan that identifies tasks, new projects, due dates, and points of contact to enable QAR to conduct the selected reviews.
  - c. Issuing the Internal Reviews Call Notification email.
  - d. Conducting quality assurance reviews throughout the IRS.
  - e. Developing the annual QAR communications plan.
  - f. Updating and maintaining the Quality Assurance Review Listing on the QAR SharePoint site.
  - g. Collaborating with business units to identify best practices and program improvements.
  - h. Developing and maintaining Integrated Talent Management (ITM) system training courses for the QAR program.
  - i. Maintaining a website and SharePoint site with references for training, new program policies, frequently asked questions, and program updates.
  - j. Updating IRM 1.4.31, IRS Quality Assurance Review Program.
  - k. Ensuring retention of records and work papers for the annual quality assurance reviews.
  - l. Tracking the status of open recommendations.
  - m. Providing QAR program updates to the Management Controls Executive Steering Committee (MC ESC).

1.4.31.1.3.2  
(08-23-2022)  
**Statistics of Income**

- (1) SOI assists the QAR program by conducting an independent sampling of data for QAR selection, after CFO provides specific criteria.
- (2) Specific criteria per CFO:
  - a. The number of reviews to be completed in the fiscal year are based on staffing levels.
  - b. Number of reviews with high risk (70%), medium risk (15%), and low risk (15%).
  - c. An allocation of reviews per business unit.
  - d. Several reviews for substitution (a minimum of 20).

1.4.31.1.3.3  
(08-23-2022)  
**Business Units**

- (1) The business units are responsible for internal controls and implementing quality assurance policies and procedures. The goal is to create independent quality assurance processes complimentary to, but separate from, the CFO Quality Assurance Review Program, including:
  - a. Interpreting internal controls, quality assurance policies, and providing technical guidance and direction to executives and managers.
  - b. Completing the annual GAO Internal Control Evaluation Tool, if invited.
  - c. Identifying and developing quality assurance reviews for their organizations to meet internal control objectives such as program evaluations, managerial, operational, quality assurance, and security reviews based on strategic and performance goals.
  - d. Submitting the e-Form 14750, IRS Quality Assurance Review Questionnaire, for all identified reviews conducted during the past year.
  - e. Identifying the executives responsible for internal controls in their business unit.
  - f. Advising all executives and managers of internal controls and quality assurance review requirements.
  - g. Providing input to the CFO on best practices and IRM guidance updates for the Quality Assurance Review Program.
  - h. Assigning appropriate quality assurance review training for their organizations. For example, QAR courses, SHOTs videos, and requesting training from QAR analysts.
  - i. Tracking and addressing open GAO, TIGTA, and QAR/ICR/FACT audit/review recommendations.

1.4.31.1.4  
(08-23-2022)  
**Program Management and Review**

- (1) Program Reports: The QAR program reports include:
  - a. MC ESC briefs.
  - b. Deputy Commissioner Business Performance Reviews (BPRs).
  - c. Review result notifications to the business units on Forms 14750-A, IRS Quality Assurance Review Checklist and 14750-B, IRS Quality Assurance Review Notification.
  - d. Quality Assurance Review Program Summary.
- (2) Program Effectiveness: The QAR program effectiveness is determined by the:
  - a. Ability to support the Assurance Statement signed by the Commissioner and submitted to the Department of the Treasury on the status of internal controls.
  - b. Ability to survey the universe of potential reviews adequately.
  - c. Continuous program improvements based on best practice discussions with business units, such as obtaining lessons learned, QAR program

enhancements, including ICMA sampling, developing, updating, and automating official QAR forms, and providing case studies and instructions.

- d. QAR program training and increased IRS managerial awareness of internal controls.

1.4.31.1.5  
(08-23-2022)

**Program Controls**

- (1) All QAR program documentation and reports are stored on the CFO QAR SharePoint site.
- (2) Access to the QAR program information stored on the CFO QAR SharePoint site is restricted to QAR analysts and CFO Management.

1.4.31.1.6  
(08-23-2022)

**Terms/Definitions**

- (1) The following terms and definitions apply to this program:
  - a. **Business units** – Includes all IRS organizations including top-level organizations reporting to the Commissioner, Services and Enforcement organizations, and Operations Support functions.
  - b. **Concurring Official** – The approving official that has the authority to respond to proposed recommendations on behalf of the business unit.
  - c. **Continuous monitoring** – A process and technology used to identify compliance and risk issues associated with an agency’s financial, enforcement, and operational activities.
  - d. **Corrective action plan** – A plan to correct an internal control weakness. Contains a detailed description of how management will implement a recommendation to address the review finding(s). The plan includes completion date(s) and the responsible/concurring official name(s). If internal controls over financial reporting are deemed ineffective because of testing that was not resolved by June 30, bureaus must develop and submit corrective action plans to the Department of the Treasury.
  - e. **Effective controls** – An effective internal control system provides reasonable assurance that policies, processes, tasks, behaviors and other aspects of an organization, taken together, facilitate its effective and efficient operation, help to ensure the quality of internal and external reporting, and help to ensure compliance with applicable laws, procedures and regulations.
  - f. **Enterprise risk management (ERM)** – A discipline that addresses the full spectrum of an organization’s risks, including challenges and opportunities and integrates them into an enterprise-wide strategically aligned portfolio view. ERM contributes to improved decision making and supports the achievement of an organization’s mission, goals, and objectives.
  - g. **Executive Listing** – An annual listing of senior executives and business unit points of contact responsible for internal controls.
  - h. **Financial Assurance Controls Testing (FACT)** – The FACT team is responsible for implementing OMB Circular A-123, Appendix A, Management of Reporting and Data Integrity Risk. To implement the circular, the FACT team conducts internal control reviews deemed significant to IRS’s financial statements. Many reviews occur on an annual basis, while some lower-risk reviews occur on a rotational schedule. The results of the reviews are shared with the Department of the Treasury and the Government Accountability Office.
  - i. **Finding** – A statement of fact resulting from a review or audit. It can describe a deficiency or an opportunity for improvement in the review report or corrective action/remediation plan.
  - j. **Government Accountability Office (GAO)** – An independent, nonpartisan agency that works for Congress. GAO investigates how the federal govern-

ment spends taxpayer dollars. The GAO mission is to support Congress in meeting its constitutional responsibilities, and help improve the performance and ensure the accountability of the federal government for the benefit of the American people. GAO provides Congress with timely information that is objective, fact-based, nonpartisan, non-ideological, and balanced.

- k. **Government Accountability Office (GAO) Internal Control Evaluation Tool** – This tool assesses the organizational status of internal control and is based on GAO’s Standards for Internal Control in the Federal Government, that was issued to assist agencies in maintaining or implementing effective internal control and to help determine what, where, and how improvements can be implemented. The tool provides a systematic, organized, and structured approach to assessing the internal control structure.
- l. **Indeterminable controls** – A determination made by the CFO QAR analyst when controls cannot be assessed as effective or ineffective.
- m. **Ineffective controls** – An ineffective internal control system does not provide reasonable assurance that policies, processes, tasks, behaviors, or other aspects of an organization, taken together, facilitate its effective and efficient operation, help to ensure the quality of internal and external reporting, or help to ensure compliance with applicable laws, procedures and regulations.
- n. **Internal Control** – The plans, methods, and procedures used to meet missions, goals, and objectives to support performance-based management. It also serves as the first line of defense in safeguarding assets and preventing and detecting deficiencies, errors, and fraud. It helps government program managers achieve desired results through effective stewardship of public resources. Internal control systems provide reasonable assurance to achieve effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Reference GAO’s Standards for Internal Control in the Federal Government (GAO-14-704G), page 5, for a more comprehensive definition of internal control.
- o. **Internal Control Managerial Assessment (ICMA)** – A manager’s review of the effectiveness of controls within their area of responsibility and the documentation of that review through written and signed certifications. The involvement of each level of management in certifying the control environment within their sphere of operations assists in identifying risks at all levels.
- p. **Internal Control Review (ICR) program** – The ICR program provides business units with insight into the effectiveness of their implemented corrective actions for audit recommendations issued by GAO and TIGTA, as well as evaluate critical controls over IRS programs that may be high risk, high priority, or high visibility. This independent examination assists the business units when they review and evaluate their internal control processes.
- q. **Internal control weakness (ICW)** – A finding that confirms the overall system of control structure is ineffective, which results in having an adverse effect in the business unit.
- r. **Judgmental Sample** – A type of non-random sample that is selected based on the opinion of an expert.
- s. **Management Controls Executive Steering Committee (MC ESC)** – An advisory committee to the IRS Commissioner, co-chaired by both Deputy Commissioners, that has overall responsibility for determining that the IRS has an effective internal control program in place.

- t. **Material weakness** – Specific instance of a failure in a process/system of control identified during a review and is critical enough to be reported to managers, senior management, or executives. A weakness of this type could be one that would significantly impair fulfillment of the program’s mission, goals, and objectives; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, fraud, loss, unauthorized use or misappropriation of funds, property or other assets, result in a conflict of interest, and so on. A material weakness is also reported to GAO and could lead to a modified audit opinion if not adequately addressed.
- u. **Matter for Consideration (MFC)** – An observation or finding that does not rise to the level of a formal recommendation. Example: If a business unit has undergone a name change and resource documents still reflect the prior name.
- v. **Methodology** – A documented process for applying standards when assessing, documenting, and reporting on internal controls over financial reporting.
- w. **Quality Assurance Review (QAR) program** – The program is based on CFO reviews of ongoing program evaluations, managerial, operational, quality assurance, and security reviews completed by the business units. The QAR program leverages existing internal control questionnaires and certification instruments to perform the reviews.
- x. **Random sample** – A randomly selected subset of a population with each member of the population having a known non-zero probability of selection.
- y. **Recommendation** – A proposal of controls or improvements that addresses the audit/review finding(s), and when implemented, should correct identified issues.
- z. **Repetitive review** – A review conducted in two preceding fiscal year periods.
  - aa. **Responsible Analyst/Subject Matter Expert** – The person(s) responsible for the review and the overall procedures of the review.
  - ab. **Responsible Official** – The executive or director of the Responsible Analyst/Subject Matter Expert responsible for the review and who receives the review report(s) and documentation.
  - ac. **Risk** – An event that may occur and affect the achievement of a business objective.
  - ad. **Risk Assessment** – A consistent and integrated approach to consider how events might impact the achievement of objectives considering the likelihood and impact. Risk assessments should include risks, of any kind, that impact the business unit or the program’s ability to achieve their specific goals and objectives. The primary purpose of a risk assessment is to help the business unit or program area more effectively understand and manage its risks.
  - ae. **Separation of Duties** – An administrative control designed to ensure those who initially completed the review are separate and distinct from those who can adjust live data or correct errors.
  - af. **Significant deficiency** – A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
  - ag. **Standards for Internal Control in the Federal Government (Green Book)** – Sets internal control standards for federal agencies. An agency

uses the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance as required by the FMFIA.

- ah. **Statement of Assurance (Managers above First Line)** – A managerial certification that represents an informed judgment as to the overall adequacy and effectiveness of internal controls.
- ai. **Testing (Sample)** – Procedures to determine whether internal control systems are working in accordance with internal control objectives.
- aj. **TIGTA** – The organization established under the IRS Restructuring and Reform Act of 1998 to provide independent oversight of IRS activities. TIGTA promotes economy, efficiency, and effectiveness in administering the internal revenue laws. It is also committed to the prevention and detection of fraud, waste, and abuse within the service and related entities.
- ak. **Work papers** – The records and documentation created while conducting the program evaluations, managerial, operational, quality assurance, and security reviews.

1.4.31.1.7  
(08-23-2022)

(1) The following acronyms apply to this program:

**Acronyms**

Acronym	Meaning
ACFO	Associate Chief Financial Officer
BUN	Business Unit News
ERM	Enterprise Risk Management
FACT	Financial Assurance Control Testing
FMFIA	Federal Managers’ Financial Integrity Act
ICMA	Internal Control Managerial Assessment
ICR	Internal Control Review
IR	Internal Reviews
ITM	Integrated Talent Management
MC ESC	Management Controls Executive Steering Committee
OMB	Office of Management and Budget
POC	Point of Contact
QAR	Quality Assurance Review
SAT	Senior Assessment Team
SET	Senior Executive Team
SOI	Statistics of Income
SOPs	Standard Operating Procedures
SME	Subject Matter Expert

1.4.31.1.8  
(08-23-2022)

**Related Resources**

- (1) *IRM 1.4.2, Resource Guide for Managers, Monitoring and Improving Internal Control*
- (2) *IRM 1.4.3, Resource Guide for Managers, Financial Assurance Control Testing*
- (3) *IRM 1.4.32, Resource Guide for Managers, Internal Control Review Program*

1.4.31.2  
(08-23-2022)

**IRS Quality Assurance Review Program Framework**

- (1) The QAR program objective is to support the Assurance Statement signed by the Commissioner and submitted to the Department of the Treasury and GAO, as required by the FMFIA.
- (2) The QAR program catalogs the body of work in program evaluations, managerial, operational, quality assurance, and security reviews performed by the business units. It is designed to support internal control objectives and continuously improve programs. The Quality Assurance Review Listing documents those reviews. The QAR program consists of the following components:
  - a. Executive oversight
  - b. Managerial assertions
  - c. Quality assurance reviews
  - d. Policy and guidance
  - e. Assurance Statement

IRS Quality Assurance Review Program Framework to Support the Assurance Statement

Figure 1.4.31-1

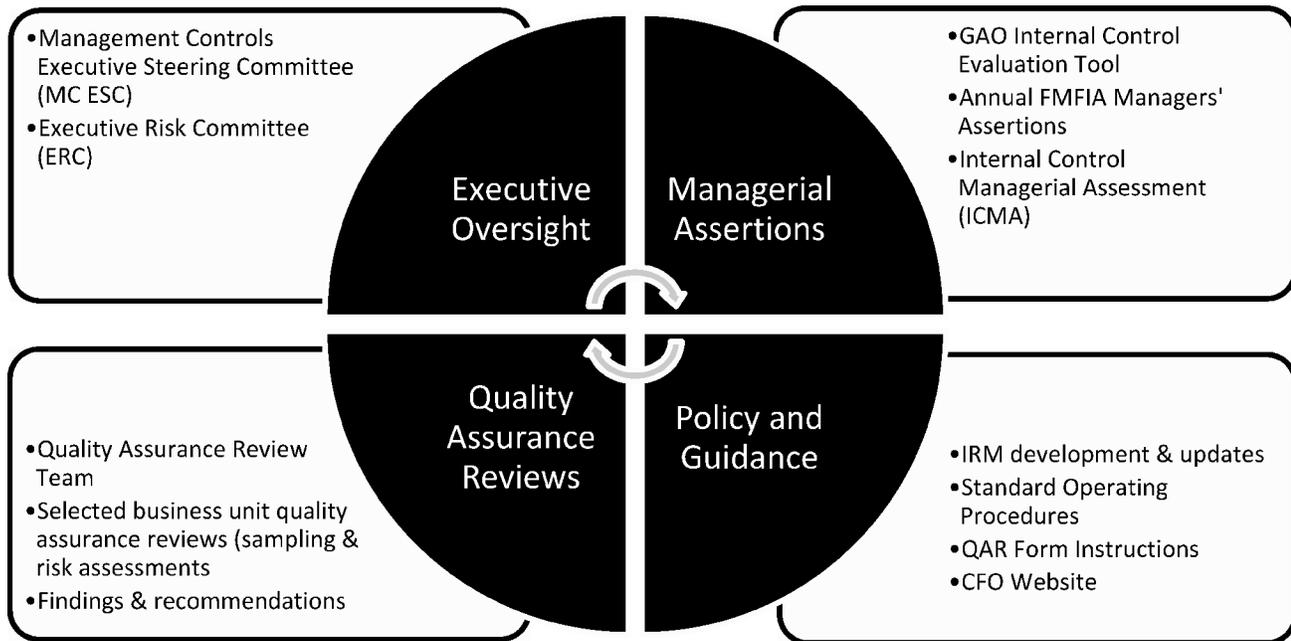


Figure 1.4.31-1

1.4.31.2.1  
(04-02-2020)  
**Executive Oversight**

- (1) The MC ESC serves as the Senior Assessment Team (SAT), which governs the internal control program. The SAT includes individuals from all parts of the organization who may affect internal control over financial reporting, including strategic, operational, financial, and programmatic aspects.
- (2) The MC ESC meets quarterly, provides a top leadership perspective addressing important cross-functional issues, and advises the Commissioner and Deputy Commissioners.

1.4.31.2.2  
(08-23-2022)  
**Managerial Assertions**

- (1) The QAR program managerial assertions component leverages existing internal control questionnaires, surveys, and certification instruments to reduce managerial burden. These instruments include:
  - a. GAO Internal Control Evaluation Tool
  - b. Internal Control Managerial Assessment

1.4.31.2.3  
(08-23-2022)  
**Quality Assurance Review Program**

- (1) The review component of the QAR program validates the business units' assessments of the effectiveness of internal controls by sampling a select number of program evaluations, managerial, operational, quality assurance, and security reviews which are analyzed annually by the QAR team.
- (2) The quality assurance review process is usually completed between January and July of each fiscal year using Form 14750-A, IRS Quality Assurance Review Checklist, and is based on documentation from:
  - a. Business unit reviews conducted throughout the IRS
  - b. IRMs, SOPs, desk guides, and other authoritative documents
  - c. Business unit review reports and results
  - d. Identified enterprise and audit risks
  - e. GAO, TIGTA, FACT, or ICR audit findings and recommendations
- (3) The quality assurance review program findings and recommendations are documented and presented to:
  - a. Designated business unit points of contact over internal controls
  - b. Executive responsible for the reviewed program area
  - c. MC ESC
  - d. Selected review concurring official or responsible official
  - e. Selected review SME/responsible analyst

**Type and Definition of Reviews**

<b>Program Evaluation</b>	<b>Managerial Review</b>
A process that evaluates the status, effectiveness, and progress of programs and helps identify the future direction, needs, and priorities of those programs. It's an evaluation of how effectively a program is working as part of the ongoing pursuit of higher levels of achievement and quality. Examples include Embedded Application Quality Review Process, Improper Payment Program Review, CFO Program Review – Trace ID.	A routine assessment of management programs/systems to ensure they are performing as intended and producing the desired results as efficiently as possible. This process represents ongoing due diligence by way of reviews conducted by management that fill the gap between day-to-day (informal) work activities and periodic formal reviews. Examples include Single Entry Time Reporting (SETR) Review, Group Manager Concurrence Meeting (GMCM), 4502 Reviews, Performance Reviews.
<b>Operational Review</b>	<b>Quality Assurance Review</b>
An in-depth and objective review of an entire organization or a specific segment of that organization. It can be used to identify and address existing concerns within your organization. Examples include communication issues between departments, problems with customer relations, operating procedures, lack of profitability issues, and other factors that affect the stability of the business unit including but not limited to Operational Reviews, Annual Operational Reviews.	A planned and methodical evaluation for assuring management that the defined standards, practices, policies, procedures, and methods of the processes are applied. Examples include Budget and Project Reviews, Accounts Payable Miscellaneous Interest Desktop Procedure Review, Cash Receipts Write-Off Desktop Procedure Review.
<b>Security Review</b>	
An assessment or review of IRS minimum security standards and requirements for the protection of employees, facilities, equipment, and infrastructure. Examples include: Access Reviews, Information System Reviews, Physical Security Reviews.	

1.4.31.2.4  
(08-23-2022)  
**Policy and Guidance**

- (1) The policy and guidance component of the QAR program addresses the CFO duties for developing:
- a. IRM 1.4.31, Resource Guide for Managers, IRS Quality Assurance Review Program
  - b. Standard operating procedures (SOPs), Quality Assurance Review Program
  - c. Desk guides and other authoritative directives

- d. Sample selection, risk assessment, and rotation schedule
- e. Quality Assurance Review Listing
- f. Three QAR training courses:
  - 1. IRS Quality Assurance Review Program Basics
  - 2. Completing e-Form 14750
  - 3. Identifying and Developing QARs
- g. **Self-Help Online Tutorials (SHOTs) videos:**
  - 1. *QAR - Who We Are*
  - 2. *QAR - Selected Review Process Overview*
  - 3. *QAR - Interview Questions and IDRs*
- h. Business unit specialized trainings
- i. Program forms (electronic and paper forms in the 14750 series)
- j. Documentation including memoranda, findings, and recommendations
- k. Reference materials and maintenance of SharePoint sites
- l. Retention and storage

1.4.31.2.5  
(08-23-2022)  
**Assurance Statement**

- (1) The Assurance Statement is a certification that represents the IRS Commissioner’s informed judgment as to the overall adequacy and effectiveness of internal controls. The Commissioner will provide one of the following:
  - a. Unmodified Statement of Assurance: an indication that there are no significant weaknesses or lack of substantial compliance reported. All evidence indicates that the IRS internal controls are effective and operating as intended.
  - b. Modified Statement of Assurance: an indication that the IRS’s internal controls are generally effective and operating as intended except for one or more material weaknesses or lack of substantial compliance reported.
  - c. Statement of No Assurance: an indication that there are no processes in place or there are widespread material weaknesses.
- (2) The CFO takes the following steps in the annual assurance process:
  - a. Request that the business units complete and return the GAO Internal Control Evaluation Tool during the months of January and February to evaluate the status of internal controls within the business unit.
  - b. Conduct A-123 internal control testing of key financial transactions as required by the Department of the Treasury guidance.
  - c. Request all managers (including acting managers) to complete the ICMA by the deadline, usually June 30.
  - d. Update the Quality Assurance Review Listing based on business unit submissions of e-Form 14750, IRS Quality Assurance Review Questionnaire, and supplemental spreadsheets with additional review data.
  - e. Conduct quality assurance reviews of program evaluation, managerial, operational, quality assurance, and security reviews between January and July of each fiscal year.
  - f. Conduct Internal Control Review (ICR) program assessments of IRS activities, with the primary mission of providing management accurate analysis and objective recommendations.

1.4.31.3  
(08-23-2022)

**Internal Reviews (IR)  
Call Notification**

- (1) The IR call notification is generally issued between November and December by the CFO.
- (2) This notification announces the quality assurance review period for the fiscal year. The CFO requests cooperation and support from business units to assist the QAR analysts in conducting quality assurance reviews during the review period from January through July.
- (3) The IR call notification and the senior executive team contacts are available on the *CFO QAR SharePoint site*.

1.4.31.4  
(08-23-2022)

**Quality Assurance  
Review e-Form 14750  
Submission Notification**

- (1) The IRS QAR e-Form 14750 Submission Process identifies key program evaluations, managerial, operational, quality assurance, and security reviews conducted by the business units to assess the effectiveness of IRS internal controls.
- (2) The Quality Assurance Review e-Form 14750 Submission notification contains guidance issued to the business units' executives over internal controls as well as their designated points of contact to identify quality assurance reviews between April and August of each fiscal year.
- (3) Attachment - Identification of QARs - requests that business units submit new program evaluations, managerial, operational, quality assurance, and security reviews that were not previously submitted. This includes identifying all internal control reviews that test or review work quality, measure quality of data, and identify trends, problem areas, and improvements to program effectiveness taking into consideration applicable directives, standards, and procedures. Examples of these reviews include work processes, security reviews, site visits, desk procedure reviews, and operational reviews.
- (4) The CFO will assess the Quality Assurance Review Listing consisting of program evaluations, managerial, operational, quality assurance, and security reviews to recommend new reviews for business units where gaps are identified.
- (5) The CFO will examine submitted e-Form 14750, IRS Quality Assurance Review Questionnaires, to:
  - a. Verify the name and type of review, the business unit and the related organizational symbol, the source of the review, and the subject matter expert (SME).
  - b. Determine whether multiple reviews exist on one e-Form 14750, IRS Quality Assurance Review Questionnaire, that may need to be documented separately.
  - c. Identify information gaps where business units may need to provide additional information and request clarification as necessary.
  - d. Update the Quality Assurance Review Listing.
  - e. Categorized the reviews by risk level.

**Note:** The Quality Assurance Review e-Form 14750 Submission notification and Quality Assurance Review Listing are available on the

*CFO QAR SharePoint site.*

1.4.31.5  
(08-23-2022)  
**Business Unit News**

- (1) IRS Source Business Unit News (BUN) articles also provide general IRS awareness about the start of the review period (BUN #1), the end of the review period (BUN #2), and e-Form 14750, IRS QAR Questionnaire submission deadlines (BUN #3).

1.4.31.6  
(08-23-2022)  
**Quality Assurance Review Listing**

- (1) The Quality Assurance Review Listing is an inventory of IRS internal control reviews. It is updated based on *e-Form 14750, IRS Quality Assurance Review Questionnaire*, submitted by the business units.
- (2) The CFO may annotate the names on the Quality Assurance Review Listing to indicate the source or critical information concerning the review, as follows:
  - a. New – Indicates a new review for the fiscal year.
  - b. ICMA – Indicates that the review originated from the ICMA sampling.
  - c. Annual Assurance – Indicates that the review originated from the QAR e-Form 14750 Submissions.

1.4.31.6.1  
(08-23-2022)  
**Risk Determination**

- (1) Risks can occur at any level of the organization. A risk assessment considers, at a minimum, the likelihood and impact of potential events that may occur. Risks are assessed using a combination of qualitative (for example, written descriptions) and quantitative (for example, number scores) methods.
- (2) The CFO assigns risk levels as follows:
  - a. A review will be designated as “Low Risk” if total points are 6 or less.
  - b. A review will be designated as “Medium Risk” if total points are between 7 and 12.
  - c. A review will be designated as “High Risk” if total points are 13 or more.

**Note:** Questions 2b, 5 - 11 and 13 - 14 from e-Form 14750, IRS Quality Assurance Review Questionnaire, are risk determinative questions. Each “Yes” or “No” response to these questions is assigned a point value.

- (3) Once all questions are answered and explanations provided, the points are totaled (automatically) and the risk level for the review is determined using the point scale above. Each question’s point value varies depending on its effect on the overall risk exposure for the review.

1.4.31.6.2  
(08-23-2022)  
**Identification of IRS Quality Assurance Reviews**

- (1) QAR e-form 14750 Submission notification attachment requests that business units review the Quality Assurance Review Listing and:
  - a. Identify and submit new internal control reviews.
  - b. Update existing internal control reviews.
  - c. Identify which reviews should be deleted and submit Form 14750-E, IRS Quality Assurance Review Questionnaire Deletion Request, for each identified review.

**Note:** CFO requests the business unit submit a separate e-Form 14750, IRS Quality Assurance Review Questionnaire, for each program evaluations, managerial, operational, quality assurance, and security reviews conducted.

- (2) To aid in planning for future QAR program reviews, business units are encouraged to provide senior leaders with suggestions on quality assurance reviews that merit consideration for additional reviews. Input by business units is

important and will help in designing a quality assurance review plan to best address issues that are important to the IRS.

**Note:** Every manager (for example, unit, group, section, office) must complete the ICMA. Managers that respond positively to the ICMA questions about establishing and monitoring quality assurance reviews should identify those reviews and document them on the e-Form 14750, IRS Quality Assurance Review Questionnaire, especially if selected for review.

1.4.31.6.3  
(08-23-2022)

**Internal Control  
Managerial Assessment  
Sampling**

- (1) The ICMA is one of the components of the Assurance Statement signed by the IRS Commissioner and submitted to the Department of the Treasury. Traditionally, CFO receives a summary statement from the business unit heads of office regarding the ICMA.
- (2) There is a direct correlation between the ICMA and the quality assurance review process. The ICMA addresses questions regarding Internal Controls for Front-Line Managers, Senior Managers, and Executives. The following questions pertain to the Front-Line Managers:
  - I continuously establish and maintain internal controls, and I evaluate, address, document, and elevate for attention any identified internal control issues.
  - I ensure risk management and mitigation is understood within my organization.
  - I actively identify risks in my organization and make informed decisions about what to manage or elevate and rapidly resolve situations that represent unacceptable risk.
  - I monitor internal control results during the year from the reviews I perform, or from other sources, and use those results to develop and implement appropriate corrective action plans.
  - Do you perform any of these internal control reviews? Such as:
    - a. Program Evaluations
    - b. Managerial Reviews
    - c. Operational Reviews
    - d. Quality Assurance Reviews
    - e. Security Reviews
  - Do you perform any other internal control reviews that were not captured in the previous question?
- (3) The CFO obtains a listing of IRS managers and their responses to the ICMA from the Assurance Review Program Manager.
- (4) The ICMA sample allows the CFO to verify that managers:
  - a. Understand internal controls.
  - b. Can identify and provide the name of the program evaluations, managerial, operational, quality assurance, and security reviews they stated they conducted in their ICMA responses.
- (5) A review of the ICMA internal control responses is based on a judgmental sample.

- (6) Selected managers are notified by email that they have been chosen for review. The selected managers are asked to complete an e-Form 14750, IRS Quality Assurance Review Questionnaire, for each review they identified and monitored as part of their internal control operations.
- (7) The ICMA sample is usually selected in the first quarter of the new fiscal year.
- (8) The Quality Assurance Review Listing is updated when the e-Form 14750, IRS Quality Assurance Review Questionnaire, is received from the selected managers. Reviews resulting from the ICMA sampling are designated as “ICMA” on the Quality Assurance Review Listing.

1.4.31.6.4  
(04-02-2020)  
**New Initiatives**

- (1) Periodically, new IRS initiatives are identified by the MC ESC or the SET and require new program evaluations, managerial, operational, quality assurance, or security reviews.
- (2) Identification of these new reviews would be in addition to the QAR e-Form 14750 Submission notification request and the ICMA sampling that resulted in new reviews being submitted. These new reviews may be the result of a GAO, TIGTA, ICR or FACT recommendations. These new reviews may also be the result of an increased awareness of a particular program or new initiative.
- (3) The CFO will request that the business units’ points of contact for internal controls or the manager responsible for newly identified processes to complete e-Form 14750, IRS Quality Assurance Review Questionnaire.
- (4) The CFO will update and post the QAR listing to the *CFO QAR SharePoint site*.

1.4.31.7  
(08-23-2022)  
**Quality Assurance  
Review Program Forms**

- (1) The QAR program requires use of specific forms. These forms are available on the IRS Intranet (IRS Source) under Forms, Pubs and Correspondence, locate the Internal Products section and select Commonly Used Forms. There is a designated section called the IRS Quality Assurance Review Program that contains:
  - a. e-Form 14750, *IRS Quality Assurance Review Questionnaire (Required)*. The e-Form 14750 allows business units to provide information that describes their program evaluations, managerial, operational, quality assurance, or security reviews. Instructions can be accessed on the QAR e-Form 14750 Submission SharePoint site.
  - b. Form 14750-A, *IRS Quality Assurance Review Checklist*. This form is used by the QAR analyst to assess the selected quality assurance review. The contents of the form represent an analysis of the business unit’s review processes.
  - c. Form 14750-B, *IRS Quality Assurance Review Notification*. This form is completed by the QAR analyst and is submitted by the ACFO for Internal Controls to the respective business units’ executive over internal controls with a summary of the overall results for each selected review.
  - d. Form 14750-C, *IRS Quality Assurance Review Information Document Request*. This form is used by the QAR analyst to request and track documents and other information necessary to conduct the selected quality assurance reviews. The requested documentation must be provided via secure, encrypted methods to protect sensitive but unclassified (SBU) and personally identifiable information (PII).

- e. Form 14750-D, *IRS Quality Assurance Review Recommendations Closure Request*. This form is completed by the QAR analyst to request the closure of satisfied recommendations. It also ensures that verification of the closure is documented in a formal process.

**Note:** For a recommendation to be considered closed, CFO approval is required.

- f. Form 14750-E, *IRS Quality Assurance Review Questionnaire Deletion Request*. This form is completed and submitted by the business unit if a review is obsolete. This form will also assist in complying with the Code of Federal Regulation Title 36 Part 1236.26 "What actions must agencies take to maintain electronic information systems." This section states agencies should ensure the timely, authorized disposition of the records.

**Note:** *The static version of Form 14750, IRS Quality Assurance Review Questionnaire, should only be used as a worksheet. All reviews should be captured on e-Form 14750 using the QAR e-Form 14750 Submission SharePoint site.*

- (2) Annually, the quality assurance review forms are reviewed and updated as needed.
- (3) New quality assurance review forms may be added as the program expands and the need for new information arises.

1.4.31.8  
(08-23-2022)

**Quality Assurance  
Review Program  
Process and Procedures**

- (1) The QAR program assesses select business unit's program evaluations, managerial, operational, quality assurance, and security reviews to determine the effectiveness of the internal controls.
- (2) There are four types of tests used to assess internal controls:
  - a. Inspection – examining the evidence of a given control, for example, analyzing data to interpret and validate control procedures.
  - b. Observation – observing actual controls in operation, for example, watching an employee 'walk-thru' a process to assess internal controls.
  - c. Re-performance – repeating a given control, for example, sampling a process that was performed by the business unit.
  - d. Inquiry – obtaining an explanation of a given control, for example, conducting an interview to gain insight on the review.

1.4.31.8.1  
(08-23-2022)

**Timing of Reviews**

- (1) The Quality Assurance Review period begins in January and ends in July. The reviews are timed to support the Commissioner's Assurance Statement submission to the Department of the Treasury.
- (2) Quality Assurance Reviews continuously monitors business unit activities such as processes, procedures, and related reports.

1.4.31.8.2  
(08-23-2022)

**Review Selection  
Criteria**

- (1) The number of program evaluations, managerial, operational, quality assurance, and security reviews selected for each fiscal year is based on a combination of the following:
  - a. SOI uses random sampling to determine the selected reviews per the criteria provided by the CFO.
  - b. QAR, ICR, and FACT reviews that have been completed within the last two years are exempt from SOI sampling.

**Note:** Reviews that have open recommendations will require follow-up in the subsequent fiscal year.

- (2) Significant Deficiency: Identify areas for improvement and include open items from remediation and action plans.
- (3) Independent Audit Findings: Identify open GAO financial reporting audit recommendations and TIGTA reports.
- (4) The CFO selection criteria and justification are documented and maintained on the CFO QAR SharePoint site for reference.
- (5) The CFO will review and update the Tactical Review Assessment Plan (TRAP), QAR program timeline, and standard operating procedures. The TRAP is the overarching review plan that will cover a segment of the quality assurance reviews that take place throughout the IRS including:
  - a. Selected review rotation (number of reviews)
  - b. Risk assessment designations (high, medium, and low)
  - c. Hierarchy of reviews

1.4.31.8.3  
(08-23-2022)  
**Review Selection  
Notification**

- (1) Each business unit executive responsible for internal controls and the business unit POC is notified by email that their business unit is selected for review. The SME/Responsible Official/Responsible Analyst may also be included on the email correspondence.
- (2) The review notification:
  - a. Identifies the business unit's selected review(s).
  - b. Designates the review period for the fiscal year.
  - c. Indicates the point of contact training date(s).

**Note:** QAR will attempt to alleviate repetitive reviews but strengthening controls and minimizing risks remain the mission of the Office of Internal Controls.

  - d. Provides references and attachments such as the e-Form 14750, IRS Quality Assurance Review Questionnaire, associated with each selected review and the current IR call notification email.

1.4.31.8.4  
(08-23-2022)  
**Review Methodology**

- (1) To complete Form 14750-A, IRS Quality Assurance Review Checklist, the QAR analyst validates the following:
  - a. Supporting documentation of the business unit's program evaluations, managerial, operational, quality assurance, and security reviews.
  - b. Information contained on the e-Form 14750, IRS Quality Assurance Review Questionnaire.

**Note:** The CFO may expand the quality assurance review for individual controls at a more detailed level to isolate risks and undertake a corrective action plan, if necessary.
- (2) The QAR analyst will conduct one or more interviews with the SME for the selected review by phone and electronic communication to gain a better understanding of the review.

- (3) The QAR analyst will request supporting documents using Form 14750-C, IRS Quality Assurance Review Information Document Request. Documentation from the business unit should be:
  - a. Sufficient: Provide complete documentation with their review findings, recommendations, and results.
  - b. Accurate: Permit a reader with no knowledge of the review to reach the same conclusion(s).
  - c. Restricted to documentation that is applicable to the purpose, goals, and objectives of the review.
  - d. Complete: All evidence needs to demonstrate how the reviewer arrived at the conclusion(s) and should provide a basis for determining whether the conclusions are reasonable and accurate.
- (4) The QAR analyst uses information contained on the e-Form 14750, IRS Quality Assurance Review Questionnaire, responses from the interview questions, and documents received from Form 14750-C, IRS Quality Assurance Review Information Document Request, to determine whether the review controls are effective, ineffective, or indeterminable.
- (5) The QAR analyst will share findings and any recommendations at a scheduled concurrence meeting conducted by telephone, Teams, or email with the business unit point(s) of contact, concurring official, and the executive that has the authority to commit resources to implement agreed recommendations.

1.4.31.8.5  
(08-23-2022)

#### Review Documentation

- (1) The CFO stores quality assurance review work papers and related documents on the CFO QAR SharePoint site or other designated storage; for example, shared drives, if applicable.

**Note:** Any recommendations that are accepted by the business unit will remain open until implemented satisfactorily.

- (2) Review work papers represent all quality assurance materials, including, but not limited to:
  - a. Business Units' training material
  - b. Completed Form 14750 series Quality Assurance Review forms
  - c. IRM extracts, Standard Operating Procedures (SOPs), desk guides, and other authoritative directives
  - d. Review reports and requested samples provided by the selected business unit
  - e. Analyst notes
  - f. Interview question responses
  - g. Copy of relevant GAO, TIGTA, and CFO audit/review reports

**Note:** Joint Audit Management Enterprise System (JAMES) is the Department of Treasury repository for GAO and TIGTA audit reports.

- (3) Written materials from the business unit related to the conducted review:
  - a. System documentation: Includes policies and procedures, organization charts, manuals, memorandums, flowcharts, and related written materials necessary to describe organizational structure, operating procedures, and administrative practices as well as to communicate responsibilities and

authorities for accomplishing programs and activities. Such documentation should be present to the extent required by management to effectively control their operations.

- b. Review documentation: Shows the type and scope of review, the responsible official, the pertinent dates and facts, what was tested and how, the key findings, and the recommended corrective actions. Documentation should be complete, accurate, clear, legible, relevant, and neat.
- (4) A status summary of the selected quality assurance reviews is provided to the MC ESC and included in the Assurance Statement.

1.4.31.8.6  
(08-23-2022)  
**Records Retention**

- (1) QAR documentation is considered a temporary federal record. Review records must be closed out at the end of the fiscal year and deleted five years after closure. Examples of records include:
- a. Email communications including review notifications
  - b. Review documentation, checklists, and work papers
  - c. Review findings and recommendations

**Note:** The retention requirement for QAR work papers and summary review results applies only to CFO. Business units should refer to IRM 1.15.2, Records and Information Management, Types of Records and Their Life Cycles, for retention guidance. Also refer to Document 12990, Records Control Schedules for the National Archives and Record Administration (NARA) approved records retention and disposition to prevent unauthorized/unlawful destruction of records.

1.4.31.9  
(08-23-2022)  
**Identifying and Developing Quality Assurance Reviews**

- (1) To assist in identifying program evaluations, management, operational, quality assurance and security review activities, the following are some questions that should be considered:
- a. Does the review impact the outcome of the program, project, or process?
  - b. Is there a set of criteria used to evaluate the program, project, or process?
  - c. Who conducts the review?
  - d. Is there a specific level and/or type of authority necessary to conduct the review?
  - e. Is the review assessing whether a desired impact was achieved?
  - f. Is the review assessing compliance with existing rules, regulations, policies, procedures, and/or legislation?
  - g. Is the review assessing a single performance of a process or a representative sample of multiple instances of the process' performance?

**Note:** For Types of Reviews, see 1.4.31.2.3(3), Quality Assurance Review Program.

- (2) Sources for new reviews may be identified by the business unit by examining:
- a. Existing IRM guidance and confirming that processes and procedures have associated reviews.
  - b. Executive, managerial, and management officials' commitments and program goals.
  - c. Managerial reviews that assess internal controls as a derivative of the review.
  - d. TIGTA, GAO, and FACT transactional testing recommendations.

- e. Newly enacted legislation.
  - f. Threats and trends (for example, cyber terrorism and identity theft).
  - g. Enterprise risks and fraud risks.
  - h. Organizational survey results.
- (3) In developing new reviews, business units should make certain that they follow guidance from:
- a. IRM 1.4.31, Resource Guide for Managers, IRS Quality Assurance Review Program, Type of Definition of Reviews. IRM 1.4.31.2.3
  - b. GAO Standards for Internal Control (Green Book) *GAO Standards for Internal Control (Green Book)*
  - c. OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control *OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*
- (4) Verify that internal controls are defined in terms of specific requirements to be met within their programs/processes and ensure they are communicated and understood by the individuals responsible for them.
- (5) Verify separation of duties exist and controls are tested by individuals other than those routinely executing them. See definition for separation of duties.
- (6) Business unit reviews may use the following techniques:
- a. Inspection - requires a review examining the evidence of a given control.  
**Example:** Looking for signatures of a reviewing official or reviewing past reconciliations.
  - b. Observation - requires watching actual controls in operation.  
**Example:** Observing a physical inventory or watching a reconciliation occur.
  - c. Re-performance - requires repeating a given control.  
**Example:** Re-calculating an estimate or re-performing a reconciliation.
  - d. Inquiry – requires obtaining an explanation of a given control.  
**Example:** Inquiring about specific steps in a process.
- (7) Business units are encouraged to:
- a. Develop program evaluations, managerial, operational, quality assurance, and security reviews that address a single activity. Identifying one review process that occurs over multiple locations is considered one review. Reviews with multiple activities (for example, data security, case reviews, and employee performance) should be separated, as practical.
  - b. Test the performance of the new review, adjust the review procedures (if necessary), and document all updates.
  - c. Complete an e-Form 14750, IRS Quality Assurance Review Questionnaire, on the *e-Form 14750 Submission Site* for the new review as part of the QAR e-Form 14750 Submission process. The new review will be incorporated into the Quality Assurance Review Listing.

**Note:** The IRS internal control environment continues to improve through the corrective actions implemented by business unit management. The commitment to excellence, accountability, and compliance with applicable laws and regu-

lations is demonstrated in actions to establish effective controls, make sound determinations on corrective actions, and verify the results.

1.4.31.9.1  
(08-23-2022)  
**Quality Assurance  
Review Program  
Structure**

- (1) The QAR organization structure is comprised of a section chief and management and/or program analysts.
- (2) **QAR Section Chief is responsible for:**
  - a. Providing guidance and management support for planning, analyzing, and reporting on the effectiveness of internal controls and mitigating risks.
  - b. Coordinating with internal stakeholders and business units to conduct quality assurance reviews to support the Assurance Statement signed by the Commissioner and submitted to the Department of the Treasury.
  - c. Managing the quality assurance review process.
  - d. Reporting the results of the quality assurance reviews.
  - e. Providing program summary to the ACFO and CFO.
- (3) **QAR Analysts are responsible for:**
  - a. Performing reviews of business units program evaluations, managerial, operational, quality assurance, and security reviews selected via random sampling.
  - b. Obtaining and analyzing applicable IRMs, Interim Guidance Memoranda, SOPs, Desk Guides, Job Aids, GAO/TIGTA audit reports, and other guidance related to selected reviews.
  - c. Analyzing supporting documents submitted by the business units.
  - d. Reporting on the effectiveness of internal controls for assigned reviews.
  - e. Documenting the findings of the review.
  - f. Proposing recommendations to strengthen controls.
  - g. Conducting specialized training for business units, for example annual training for Points of Contact.
  - h. Obtaining corrective action plans for open recommendations.
  - i. Tracking the status of open recommendations.

1.4.31.9.2  
(08-23-2022)  
**Quality Assurance  
Review Knowledge and  
Skills**

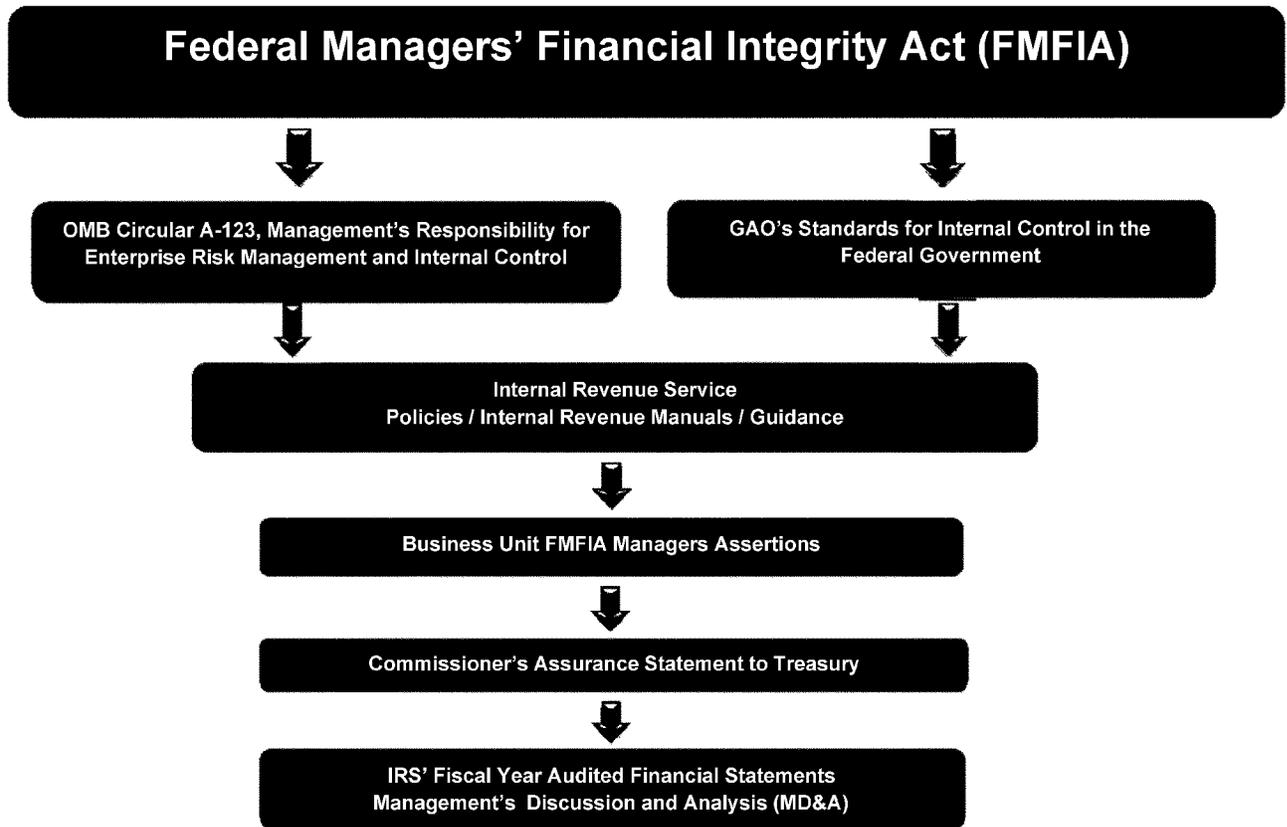
- (1) QAR analyst must have, at minimum, the following knowledge, skills, and abilities:
  - a. Working with functional programs, operations, and processes.
  - b. Demonstrating analytical and evaluative methods and techniques and management and organization principles for assessing program development or execution and improving organizational efficiency and effectiveness.
  - c. Preparing comprehensive program analyses and evaluations pertaining to the effectiveness of program operations.
  - d. Planning, coordinating, and establishing operating methods and procedures for accomplishment of project mission.
  - e. Providing guidance for various analytical studies to resolve substantive problems or improve efficiency and effectiveness of operating line or administrative support programs.
  - f. Preparing effective written and oral communications.
  - g. Establishing effective interpersonal relationships with internal and external stakeholders.

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Exhibit 1.4.31-1 (08-23-2022)  
FMFIA Internal Control Framework

FMFIA Internal Control Framework

Exhibit 1.4.31-1



## Exhibit 1.4.31-2 (08-23-2022)

## GAO's standards for internal control in the federal government

GAO's Standards for Internal Control in the Federal Government		
No.	Standard	Standard Description
1.	<b>Control Environment</b>	The control environment is the foundation for an internal control system. It provides the discipline and structure, which affect the overall quality of internal control. It influences how objectives are defined and how control activities are structured. The oversight body and management establish and maintain an environment throughout the agency that sets a positive attitude toward internal control.
2.	<b>Risk Assessment</b>	Having established an effective control environment, management assesses the risks facing the agency as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. Management assesses the risks the agency faces from both external and internal sources.
3.	<b>Control Activities</b>	Control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the agency's information system.
4.	<b>Information and Communications</b>	Management uses quality information to support the internal control system. Effective information and communication are vital for an agency to achieve its objectives. Agency management needs access to relevant and reliable communication related to internal as well as external events.
5.	<b>Monitoring</b>	Internal control monitoring assesses the quality of performance over time and promptly resolves the findings of audits and other reviews. Corrective actions are a necessary complement to control activities to achieve objectives.