



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.7.8

JUNE 24, 2022

EFFECTIVE DATE

(06-24-2022)

PURPOSE

- (1) This transmits revised IRM 4.7.8, Examination Returns Control System (ERCS), Centralized Case Processing.

MATERIAL CHANGES

- (1) Due to the move of the ERCS server from Solaris to Linux logins based on the user names are no longer used. The login is now the user's Standard Employee Identifier (SEID) in lower case letters.
- (2) Due to the move to Linux access to ERCS is through Active Directory and passwords are no longer used. References to passwords have been removed.
- (3) The IRS replaced the Online 5081 (OL5081) system with the Business Entitlement Access Request System (BEARS). References to OL5081 have been replaced with BEARS.
- (4) Significant changes to this IRM are reflected in the table below:

Original Reference	New Reference	Description
N/A	4.7.8.1.1 (2)	"Background": Added (2), users must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. Audit trails are created and subject to review for all user accesses of taxpayer data. Added link to IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements.
N/A	4.7.8.3 (3)	"Security": Added new (3), per IRS security requirements, IT employees are not permitted to have access to taxpayer data. Renumbered old (3) to (4).
4.7.8.5	4.7.8.5	"Work Flow and Processes" renamed to "Work Flow".
4.7.8.5.2, 4.7.8.5.3, 4.7.8.5.4, 4.7.8.5.4.1, 4.7.8.5.4.2, and 4.7.8.5.4.3	N/A	"Work Flow": Removed the following subsections as they do not relate to ERCS procedures: <ul style="list-style-type: none">• Examined, Non-streamlined Case Closures• Examined, Streamlined Case Closures• Non-examined Case Closures• Paperless Non-examined Closures• Original Return - Form 5546, Examination Return Charge Out Sheet• Original Return - No Form 5546
4.7.8-1	4.7.8-1	"CCP Program Numbers and Suspense Types": Added CCP Suspense Types are in the 400-499 range.

Original Reference	New Reference	Description
4.7.8-2	4.7.8-2	“CCP Reject Reasons”: Added CCP Reject Reasons are in the 400 to 499 range.

- (5) Minor editorial changes have been made throughout this IRM. Some items were reworded for clarity. Also, website addresses and IRM references were reviewed and updated, as necessary.

EFFECT ON OTHER DOCUMENTS

IRM 4.7.8 dated February 3, 2020 is superseded.

AUDIENCE

Small Business and Self-Employed (SB/SE) and Large Business and International (LB&I) employees in Centralized Case Processing (CCP) who use ERCS.

Lori L. Roberts
Director, Technology Solutions
Small Business/Self Employed

4.7.8

Centralized Case Processing

Table of Contents

4.7.8.1 Program Scope

4.7.8.1.1 Background

4.7.8.1.2 Authority

4.7.8.1.3 Responsibilities

4.7.8.1.4 Program Controls

4.7.8.1.5 Acronyms

4.7.8.1.6 Related Resources

4.7.8.2 CCP Employee Records and Permissions

4.7.8.2.1 Employee Records

4.7.8.2.2 Permission Records

4.7.8.3 Security

4.7.8.4 Approval Authority

4.7.8.5 Work Flow

4.7.8.5.1 Field Office Resource Team

4.7.8.5.2 Integrated Automation Technologies (IAT) System Closures

4.7.8.5.3 Special Closures

4.7.8.6 ERCS Codes

4.7.8.7 Reports

Exhibits

4.7.8-1 CCP Program Numbers and Suspense Types

4.7.8-2 CCP Reject Reasons

4.7.8-3 CCP Position Codes

4.7.8-4 Processing Campus Codes

4.7.8.1
(06-24-2022)
Program Scope

- (1) This IRM section provides information and discusses procedures for staff in Centralized Case Processing (CCP).
- (2) **Purpose:** To provide guidance needed to properly code and close examination cases
- (3) **Audience:** SB/SE and LB&I managers, tax examiners, and clerical staff in CCP.
- (4) **Program Owner:** SB/SE Director, Technology Solutions.
- (5) **Primary Stakeholders:** LB&I.

4.7.8.1.1
(06-24-2022)
Background

- (1) CCP is responsible for closing examined and non-examined returns, and their corresponding penalty records, that are controlled on Examination Returns Control System (ERCS).
- (2) Users must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. Users should promptly retrieve ERCS reports from printers or fax machines in order to prevent unintentional disclosure. Audit trails are created and subject to review for all user accesses of taxpayer data. For more information about UNAX, see IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements

4.7.8.1.2
(06-24-2022)
Authority

- (1) By law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F - Procedural and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection.

4.7.8.1.3
(06-24-2022)
Responsibilities

- (1) **CCP Managers:** Responsibilities include but are not limited to the following:
 - Ensuring ERCS employee record information is accurate
 - Ensuring prompt assignment of incoming cases

Note: Unassigned returns are associated with the CCP campus by the Processing Campus Code (PCC) on the return. Returns are not associated with a CCP group until the returns are assigned to a CCP employee on ERCS.

 - Ensuring work is evenly distributed among employees
 - Ensuring users timely and accurately input required ERCS data
 - Ensuring all updates requiring approval are processed within two days
 - Ensuring users accurately resolve any ERCS rejects as they occur
 - Monitoring status codes and statutes of all CCP cases
 - Ensuring ERCS reports are generated and worked following the guidance in IRM 4.7.6, Reports
 - Ensuring prompt closing of all outgoing cases
 - Reporting ERCS user or system related problems to the CCP AIMS/ERCS (A/E) analyst
- (2) **CCP Users:** CCP users are defined as tax examiners and clerical support staff. Responsibilities include but are not limited to the following:
 - Adding, updating and deactivating ERCS employee records

4.7 Examination Returns Control System (ERCS)

- Updating ERCS for all changes to returns
- Correcting ERCS rejects from the ERCS to AIMS uploads as they occur
- Researching and correcting returns on the weekly AIMS Error reports
- Generating the ERCS inventory and monitoring reports
- Reporting ERCS user or system related problems to the CCP A/E analyst

4.7.8.1.4
(06-24-2022)

Program Controls

- (1) ERCS creates audit trails for selected changes to returns, employee records, and permission records. A special audit trail is also created when users enter a taxpayer identification number (TIN) or a taxpayer name on ERCS. See IRM 4.7.2, Security, for more information. IRM 4.7.2.3.4, Audit Trails, has a list of the changes in ERCS that produce an audit trail.
- (2) There are security checks within ERCS to ensure unauthorized users do not access programs and authorized users are kept within the boundaries of their permissions. These checks are performed automatically and silently each time a user attempts to access ERCS. The user has no ability to prevent the checks. For more information about permissions in ERCS, see IRM 4.7.2.3.2, Permissions.

4.7.8.1.5
(06-24-2022)

Acronyms

- (1) The table below lists acronyms used in this IRM and their definitions.

Acronym	Definition
AAC	AIMS Assignee Code
AIMS	Audit Information Management System
A/E	AIMS/ERCS
BEARS	Business Entitlement Access Request System
CC	Command Code
CCP	Centralized Case Processing
ERCS	Examination Returns Control System
FORT	Field Office Resource Team
IAT	Integrated Automation Technologies
IDRS	Integrated Data Retrieval System
LB&I	Large Business and International
PBC	Primary Business Code
PCC	Processing Campus Code
PSP	Planning and Special Programs
RGS	Report Generation Software
ROTER	Record of Tax Enforcement
SB/SE	Small Business/Self Employment
SSN	Social Security Number

Acronym	Definition
TIN	Taxpayer Identification Number
UNAX	Unauthorized Access of Taxpayer Accounts

4.7.8.1.6
(06-24-2022)
Related Resources

- (1) Instructions for CCP users for navigating the ERCS programs can be found in the *ERCS CCP Handbook*. The purpose of this section is to provide policy guidelines and procedures for the use of ERCS in CCP.

4.7.8.2
(06-24-2022)
CCP Employee Records and Permissions

- (1) In order to access ERCS and run ERCS programs, a user must have:
 - Met the prerequisites outlined in IRM 4.7.2.2.1, Meeting the Prerequisites.
 - An approved BEARS request for a CCP ERCS application. Refer to IRM 4.7.2, Security, for details.
 - A valid login for the ERCS server.
 - An ERCS employee record containing the user's login name.
 - Permission records.

4.7.8.2.1
(06-24-2022)
Employee Records

- (1) Employee records for CCP users must be added by another ERCS user with update permission for the AIMS assignee code (AAC) to which the new user will be assigned. Details on adding a CCP employee record to ERCS can be found in the *Employee Records* chapter of the *ERCS CCP Handbook*. The user should enter all information accurately and completely.
- (2) CCP users are added to ERCS in a CCP campus primary business code (PBC) of 296, 297, or 298, the secondary business code of 89700 and an ERCS defined employee group code. The employee group codes for CCP users are in the 3XXX series. These three codes make up the AAC of the employee's group assignment on ERCS.
- (3) CCP users utilize Position Codes 302 - 307, 310 and 400. See Exhibit 4.7.8-3 for the definitions of these position codes.
- (4) ERCS employee records should be inactivated when the employee leaves the service or transfers within the service to a non-ERCS position. The employee's login should not be removed from the record because it links the employee to the audit trails.
- (5) ERCS employee records should be updated to the new AAC if the employee transfers from CCP to another ERCS position outside of CCP.

4.7.8.2.2
(06-24-2022)
Permission Records

- (1) A CCP user's permission records are added by a CCP A/E analyst.
- (2) CCP users are generally given read and write permission for the CCP campus.
- (3) CCP managers are generally given read and first level approval permission for the CCP campus.
- (4) Permission records should be deleted when they are no longer needed.

4.7 Examination Returns Control System (ERCS)

- (5) Inactivating the employee record on ERCS also results in the deactivation of the employee's permission records on ERCS.

4.7.8.3 (06-24-2022) Security

- (1) ERCS operates on the principle that users should only change data on returns under the user's control. Consequently, a CCP user may change information only on returns in CCP status codes within the AACs in which the user has permission. Throughout ERCS, error messages appear when a user attempts to update returns for AACs or status codes for which the user does not have permission.
- (2) Because of the potential for Section 1204 violations, reports generated in CCP that contain any Record of Tax Enforcement (ROTTER) information are to be shared only at the manager level or higher. For more information about ROTTER, see the *Section 1204* website. IRM 1.5, Managing Statistics in a Balanced Measurement System Handbook, provides further guidelines for the appropriate use of statistics by managers and employees.
- (3) Per IRS security requirements, IT employees are not permitted to have access to taxpayer data. No IT employee should be approved for ERCS access and any user transferred or detailed to an IT position must submit a Remove Access request to have all permission records removed.
- (4) Users in CCP must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. As with Integrated Data Retrieval System (IDRS) and AIMS, data from ERCS should be accessed only for IRS business purposes. No attempt should be made to access the user's own social security number (SSN) or that of a spouse. If the user's personal SSN or that of a spouse is entered, an employee audit access message is created of a possible breach of security. An employee audit access message is also created if a user attempts to view or update an employee audit return that the user does not have permission to update.

4.7.8.4 (06-24-2022) Approval Authority

- (1) Updates to returns in CCP requiring managerial approval are approved by a CCP manager. Types of updates by users in CCP that require approval are:
 - Changes to the statute of limitations
 - Non-examined closures of returns generating a Command Code (CC) AMSOC

Note: Examined and non-examined closures of returns in CCP are input on AIMS bypassing ERCS. During the weekly AIMS to ERCS processing, the ERCS returns are closed.
- (2) Updates to returns on ERCS requiring approval are not sent to AIMS until they are approved.
- (3) Disapproval of updates causes the items to revert to their prior value. Returns pending approval by a CCP manager cannot be transferred or closed on ERCS. ERCS does not create a "reject" list or otherwise mark disapproved updates.
- (4) Although returns should be in Status Code 51 on ERCS and AIMS, cases may be received in CCP even though they are still pending managerial approval in the group for the transfer. Returns in transit to CCP can be monitored using

the “In Transit Report” or by generating the “Suspense Report” for Suspense Type 498. Both reports are on the Inventory Reports menu.

- (5) Updates pending managerial approval, show a “p” next to the value on the screens in the Correct or Display Records program.

4.7.8.5
(06-24-2022)
Work Flow

- (1) Work flow in CCP begins with receipt and control into CCP and ends with case closures.
- (2) After receipt in CCP, the Form 3210, Document Transmittal, should be acknowledged electronically on ERCS within 5 days, and the Form 3198, Special Handling Notice for Examination Case Processing, analyzed for case assignment.
- (3) Cases should be updated out of Status Code 51 within 30 days of the status date.
- (4) The ERCS record is checked to verify it is controlled on AIMS, if AIMS control is required.

Note: ERCS penalty records are not controlled on AIMS.

- (5) The statute should be checked and updated as necessary on the ERCS record.
- (6) The following values should be verified and updated as necessary on the ERCS record:
 - Status code
 - Type suspense
 - Action date
 - CCP employee ID
 - Date in CCP
 - Program number
- (7) Returns are selected for sample review on ERCS as they are updated out of Status Code 51. If a return is selected for sample review, the sample selection sheet should be printed and attached to the front of the case file.

4.7.8.5.1
(06-24-2022)
Field Office Resource Team

- (1) The Field Office Resource Team (FORT) is comprised of revenue agents, tax auditors, and tax compliance officers. The FORT serves as a liaison between CCP and Planning and Special Programs (PSP), Technical Services and examination groups in the field.
- (2) If CCP employees encounter issues with returns that cannot be resolved in CCP, the returns are sent to the FORT.

4.7.8.5.2
(06-24-2022)
Integrated Automation Technologies (IAT) System Closures

- (1) Closures done through IAT close the AIMS record to Status Code 90. When batch processing is run on the following weekend the ERCS records are updated to Status Code 90.

4.7.8.5.3
(06-24-2022)
Special Closures

- (1) Returns that have been selected for sample review should be sent to sample review instead of the files function when the return is closed. Normally, the returns should be shipped to the address on the sample review sheet that is attached to the front of the case file or in RGS for SBSE electronic case files.

4.7.8.6
(06-24-2022)
ERCS Codes

- (1) ERCS uses a combination of AIMS and ERCS codes for inventory control and employee records. The following codes are defined on ERCS only. More information about these codes may be found in the *Codes* chapter of the ERCS CCP Handbook, or in Exhibit 4.7.8-1, Exhibit 4.7.8-2, or Exhibit 4.7.8-3.
 - Suspense type and action date
 - Reject reason
 - CCP employee ID
 - Date in and date out of CCP
 - Program numbers
 - CCP AACs
 - CCP position codes
 - ERCS penalty Master File Tax (MFT) codes

4.7.8.7
(06-24-2022)
Reports

- (1) For a complete listing of ERCS reports available for CCP users, refer to the *ERCS CCP Handbook*.
- (2) IRM 4.7.6, Reports, contains detailed descriptions, as well as, recommended uses and frequency of generating reports available through ERCS.

Exhibit 4.7.8-1 (06-24-2022)**CCP Program Numbers and Suspense Types**

Program numbers are used in CCP to classify types of work. The only association between the program number and any other ERCS codes (such as status code, suspense type or number of days in suspense) is by user association. ERCS does not enforce consistency between the program number and the other values listed in the chart below. More information for reports containing these codes may be found in IRM Exhibit 4.7.6-5, Reports with Codes:

Note: CCP Suspense Types are in the 400 to 499 range.

Status Code	Suspense Types	Days	Program	Description	Comments
51	498	30	---	In-Transit	There is no program number associated with returns in-transit
52	413	45	10062	Estate and Gift	Cincinnati only - Form 706, Form 709
52	414	45	10058	Claim	Includes Disposal Code 34
52	416	45	10111	Special Processing	Cases identified as other than Pipeline or Restricted Interest
52	417	45	10720	Excise	Cincinnati only -Form 720
52	418	45	10940	Employment - Stand Alone	Cincinnati only - Form 940 and Form 941
52	476	45	10941	Employment - Tag Along	Cincinnati only - related return
53	420	60	10121	Restricted Interest	Per Form 3198 (TC 34X required)
53	421	60	10120	Complex Interest	No -I freeze and no TC 34X required
53	422	60	10218	Net Rate Netting	Per Form 3198 (Ogden only)
53	423	60	16404	6404(g) - 2nd Notice Date	See note below
53	424	60	10220	IRC 965 Transition Tax	Used by all sites to close IRC 965 cases
54	430	20	10052	Expedite Processing - Other	Includes Joint Committee and other expedited processing
54	431	20	10053	Statute within 120 days	Short statute
54	432	20	14760	Over \$100,000	Agreed, unpaid

Exhibit 4.7.8-1 (Cont. 1) (06-24-2022)**CCP Program Numbers and Suspense Types**

Status Code	Suspense Types	Days	Program	Description	Comments
54	433	20	10219	Expedite Net Rate Netting	Per Form 3198 (Ogden only)
54	434	20	14761	IRC 6166 Installment Cases	Cincinnati only - Form 706
54	435	20	10054	VPN Project	Virtual Private Network (VPN) / Telephone Excise Tax Refund (TETR) (Cincinnati only)
54	436	20	10055	Restricted Interest - Expedite	When short statute or over \$100,000
55	440	45	10073	Pipeline	Routine closure
55	441	45	10303	Unagreed Default	Stat Notice, from Technical Services
55	442	45	10074	Streamline	No-change and simple agreed (Cincinnati & Memphis only)
56	452	60	10141	Suspense - SFR	---
56	453	60	10531	Suspense - Other	Disaster or other projects
57	460	45	10090	Survey	Non-examined disposal codes except 34
57	460	45	10092	Paperless Survey	Non-examined paperless surveys
58	470	60	10996	OVDI Closures	Cincinnati or Memphis only
58	454	60	---	Suspense - Field Review	---
59	---	60	---	---	Cases sent to the FORT for resolution.

Note: If 6404(g) is checked on Form 3198 with or without a date or money on a single year, the case is a single waiver 6404(g). It becomes a Pipeline case. If 6404(g) is checked on Form 3198 with dates on 1st and 2nd notice date line, the case is not a single waiver and it becomes a Restricted Interest case. If 6404(g) is checked on Form 3198 with or without a date or money and not applicable is also checked, the case is not a 6404(g). It becomes a Pipeline case.

Exhibit 4.7.8-2 (06-24-2022)**CCP Reject Reasons**

ERCS reject reasons are associated with returns sent back to the group from CCP. When the group sends the return back to CCP, the reject reason is removed from the return. More information for reports containing these codes may be found in IRM Exhibit 4.7.6-5, Reports with Codes:

Note: CCP Reject Reasons are in the 400 to 499 range.

4.7 Examination Returns Control System (ERCS)

Exhibit 4.7.8-2 (Cont. 1) (06-24-2022)

CCP Reject Reasons

Reject Reason	Definition
400	AIMS/ERCS Problem
401	Database Update Only; Physical Case not Forwarded to CCP
402	TC 976/977 Amended Return
403	Informant Claim (ICE) Indicator 1 or 3 on AIMS
404	Form 5344 Missing or Incomplete; Current Updated Closing Documents Needed
405	Freeze Code on AIMS
406	Tax Mis-match on Report/Trans.
407	Combat Zone
408	Signatures(s) Required on Form 8278
409	CID - Z Freeze Present
410	Case Misrouted; Mailed to Wrong CCP Site
412	Partial Assessment Completed
414	Group Request
416	Error on Report/Missing Report
417	PCS Controlled:
418	Penalty Computation Incorrect/Incomplete
419	PICF-Cd
424	Other
427	Delinquent Return/SFR Problem
432	Sent to CCP in Error
436	Missing Letter
438	Non-examined Closure Problems (Includes Paper and Paperless Issues)
442	To Tech Services
443	Docketed Case (DC 07 or DC 11), Forward to Tech Services (<i>Technical Service Code Lists</i>)
444	Related Return Problems
445	Employee Audit - Mandatory Review by Tech Services
446	Joint Committee Case - Forward to Tech Services
451	Return not on AIMS
452	Controlled in Another Area/PBC

Exhibit 4.7.8-3 (06-24-2022)
CCP Position Codes

The table below lists the valid position codes used in ERCS for CCP employee records.

Position Code	Definition
302	Operations Manager
303	Department Manager and Front Line Manager
304	Management Analyst/Functional Automation Coordinator
305	Lead Tax Technician
306	Tax Compliance Officer/Revenue Agent
307	Tax Examiner
310	Clerical Staff
400	Program Analyst/Tax Analyst

Exhibit 4.7.8-4 (06-24-2022)**Processing Campus Codes**

The PCC determines the ownership and location of unassigned returns in CCP.

PCC	Definition	Servicing Returns for Area/Industry
17	Cincinnati Campus	212-214, 330
29	Ogden Campus	320, 321, 323-328
49	Memphis Campus	201-207, 217