



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED

March 17, 2014

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Expiration Date: March 17, 2015

MEMORANDUM FOR ALL EXCISE FUEL TERRITORY MANAGERS, FIELD GROUP
MANAGERS, FUEL COMPLIANCE OFFICERS AND
FUEL COMPLIANCE AGENTS

FROM: Holly L. McCann /s/ *Holly L. McCann*
Chief, Excise Tax Program

SUBJECT: Follow-up Inspection Procedures

This memorandum provides guidance regarding follow-up inspections for fuel compliance officers (FCOs), fuel compliance agents (FCAs), and fuel group managers. The guidance defines what qualifies as a follow up inspection and explains how such inspections should be addressed in IMS. Please ensure this memorandum is distributed to all affected employees.

Follow-up inspections occur when an FCO or FCA drives back to the same location or a related inspection site on a different day than the initial inspection. Any other interactions (e.g. phone calls) with the taxpayer or other activity completed in the IMS case file related to the initial inspection are not follow-up inspections. The situations below require follow-up inspections:

- Initial inspection resulted in a penalty
- Abnormal sample results (as directed by the group manager)
- Under-dyed terminal sample results
- Following fuel downstream from a terminal or upstream from a retailer or wholesaler
- Other situations not listed above that merit a follow-up inspection

A new, separate inspection case must be input into IMS when a follow-up inspection has occurred. Employees should review the initial IMS inspection when inputting the follow-up inspection. At a minimum, the follow-up inspection must contain comments relating to the initial inspection (i.e. date, facts, etc.) and any new workpapers specific to

the follow-up inspection. In some instances, the facts and circumstances may warrant uploading workpapers from the initial inspection.

This guidance will be incorporated into IRM 4.24.15 by the expiration date of this memo.

If you have questions contact Jennifer Butcher, Acting Excise Fuel Policy Manager or Darla Smith, Fuel Policy Analyst.

Cc: www.irs.gov