



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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MEMORANDUM FOR SENIOR EXECUTIVE TEAM

FROM: Thomas A. Brandt
Chief Risk Officer

SUBJECT: Interim Guidance Memorandum
Hold Recommendations and Managing Unique PCA Activities

Purpose: This memorandum establishes guidelines by Enterprise Audit Management (EAM) for business units in situations previously covered in "Hold" corrective action guidance from 2017 and IRM 1.29.1 issued February 3, 2021. In addition, changes to the processes identified in Section 1.29.1.3.9 are incorporated herein.

Procedural Change: IRM 1.29.1.3.8, Guidance for Placing Recommendations on Hold.

Section 1.29.1.3.8, Guidance for Placing Recommendations on Hold, will be removed from IRM 1.29.1 as this process as currently established has become obsolete with the agreement of the Chief Risk Officer, the Deputy Commissioner for Services and Enforcement and the Deputy Commissioner for Operations Support. Instead, going forward, business units should assign implementation dates for corrective actions arising from recommendations they might have previously wanted to put on Hold; they can then extend those corrective action due dates as necessary per the procedures for submitting extensions (IRM 1.29.1.3.2). Recommendations currently in Hold status will remain until they are either implemented or aged out of the process.

For any existing Hold recommendations, should a business unit decide they wish to close a Hold recommendation as unimplemented, they will partner with Enterprise Audit Management (EAM) to present this request to the Management Controls Executive Steering Committee (MC ESC) for approval, to avoid any reputational or programmatic risks from not implementing Holds that had been initially deemed to be mission critical. Seeking MC ESC approval on the request to close a Hold recommendation as unimplemented provides a forum to discuss the request, outline any potential risks that could occur as a result, identify any monitoring or mitigation steps that would be

implemented to minimize occurrence of these risks, and identify alternative actions (if any) the business unit may still be taking related to the recommendation.

If the MC ESC concurs with the request to close the Hold recommendation as unimplemented, EAM will notify TIGTA or GAO and arrange for a discussion with the business unit, if requested. If the MC ESC does not concur with the request, then the Hold recommendation would remain open as a Hold.

Procedural Change: IRM 1.29.1.3.9, Managing Unique PCA Activities.

Section 1.29.1.3.9(2) and 1.29.1.3.9(3) are modified to revise the process for notifying TIGTA and GAO that a business unit has determined they now will be closing a previously accepted recommendation as unimplemented. The new process for (2) related to TIGTA recommendations and (3) related to GAO recommendations is as follows:

- a. The business unit requesting to close an existing recommendation and corrective action as unimplemented will consult with EAM regarding the reason the corrective action or recommendation will not be implemented.
- b. If the recommendation is currently in Hold Status, the business unit should follow the process outlined above to seek MC ESC concurrence before the external audit agency is notified.
- c. The request and any associated evidentiary documentation will be uploaded into JAMES by the business unit JAC. The cancelled or unimplemented status will also be entered into JAMES. EAM will validate the request, which JAMES requires, to officially close the recommendation and corrective action.

Effect on Other Documents: This guidance will be incorporated into IRM 1.29.1. Enterprise Audit Management Process, by March 23, 2022.

Effective Date: March 23, 2021

Contact: Enterprise Audit Management (*Audit Coordination or Audit.Coordination@IRS.gov) or Sammi Shultz, Director, EAM (Sammi.Shultz@irs.gov).

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