



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

January 7, 2021

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MEMORANDUM FOR SENIOR EXECUTIVE TEAM

FROM: Thomas A. Brandt  
Chief Risk Officer

SUBJECT: Interim Guidance Memorandum 180-Day Letter Guidance

**Purpose:** This memorandum reissues the January 7, 2020 memorandum (EAM-01-0120-0001) that is scheduled to expire January 7, 2021. The memorandum issues guidance to the IRS Business Units on the content of and the signature requirements for the 180-Day Letter response to GAO final reports.

**Background/Source(s) or Authority:** The 180-Day Letter (formerly the 60-Day Letter) is the IRS response to a GAO final report with recommendations. When GAO issues a final report containing recommendations to the IRS, 31 U.S.C. § 720 requires that the agency submit a written statement of the actions it has taken or plans to take in response to GAO's recommendations to Congress not later than 180 days after the date of the final report.

Prior to the issuance of the final report, GAO provides the IRS with an opportunity to review and comment on a draft of a report before it is issued. The IRS provides a preliminary response to GAO to the draft audit report, including the extent to which IRS agrees or disagrees with the key findings and recommendations as well as the rationale for any disagreement. This initial formal response is generally included in the final GAO report to Congress. Normally, this initial response serves as the starting point for the more detailed 180-day Letter response.

Public Law 115-414, the "Good Accounting Obligation in Government Act" (GAO-IG), was implemented on January 3, 2019 for the purpose of enhancing transparency into open and unimplemented recommendations issued by the GAO. Section 3 of the GAO-IG Act amended the timeframe for agency responses from 60 days to 180 days.

**Procedural Change:** The IRS must provide a written response to Congress outlining the planned corrective actions (PCAs) to the GAO recommendations within 180 days from the date GAO issues a final audit report.

(1) The 180-Day Letter response must include a greater level of substantive discussion about the PCAs than the initial response provided at the draft report stage and published in the final GAO report. For each PCA, the 180-Day Letter response must include a discussion of recent planning and/or accomplishments and an outline for the next steps for implementation of the recommendation.

(2) The 180-Day Letter response must be reviewed and signed by the applicable Deputy Commissioner.

### Drafting of the 180-Day Letter Response

PCAs are the specific actions the IRS undertakes in order to address the root cause identified in the auditor's recommendation. Because the IRS is given an extended period to provide the 180-Day Letter response, in addition to the basic requirements for all PCAs, the 180-Day Letter response must include a greater level of substantive discussion and detail about the PCA. The 180-Day Letter response must demonstrate that the IRS has developed a well-defined plan of action for each recommendation and/or has taken concrete steps toward the implementation of the recommendation. It should also provide a roadmap to the future implementation work.

In addition to discussing the IRS's general agreement or disagreement in the body of the 180-Day Letter response, each specific recommendation must be addressed in an itemized attachment to the letter. For each recommendation, the 180-Day Letter response will include the following information:

- **Agreement/Disagreement with Recommendation:** If the IRS agrees with a recommendation, the 180-Day Letter response must state so and include the specific information listed below. If the IRS disagrees with a recommendation, the 180-Day Letter response must describe why the IRS does not intend to pursue the matter and what other actions the IRS intends to take, if applicable. (Note: This information is included in all IRS responses to oversight agencies.)
- **Planned Corrective Action Description:** A detailed description of the PCA, including any progress made since the issuance of the final audit report. (Note: This information is included in all IRS responses to oversight agencies for agreed recommendations.)
  - *Planning and/or Recent Accomplishments:* A review of recent progress and accomplishments with regard to the described corrective action. There is a period of 180 days between the IRS's receipt of the GAO final audit report with recommendations and the submission of the IRS 180-Day Letter response to Congress. It is important that the agency show that it has taken meaningful steps toward implementation of the PCA. Generally, during this 180-day period the lead Business Unit will have developed an implementation plan and started executing it. (Note: This information is included in the 180-Day Letter response to meet the requirement for a greater level of substantive discussion.)

- *Planned Next Steps*: A mid-level description of the planned activities for the corrective action. The 180-Day Letter response will include action steps that are concrete, measurable and attainable. These steps must be clearly defined, rather than vague ideas. The 180-Day Letter response must provide clear timeframes for completing each action step. (Note: This information is included in the 180-Day Letter response to meet the requirement for a greater level of substantive discussion.)
- **Implementation Date**: The date that the corrective action will be fully implemented by the IRS. (Note: This information is included in all IRS responses to oversight agencies for agreed recommendations.)
- **Responsible Official**: The executive responsible for leading the corrective action and periodically reporting progress to the GAO. (Note: This information is included in all IRS responses to oversight agencies for agreed recommendations.)

#### Routing of the 180-Day Letter Response

The lead Business Unit for the audit is responsible for writing the 180-Day Letter response with PCAs and for coordinating review of the 180-Day Letter response within their Business Unit. Legislative Affairs is responsible for coordinating review with the Deputy Commissioners and (if applicable) the IRS Commissioner and submitting the 180-Day Letter response to Congress. Enterprise Audit Management (EAM) is responsible for distributing the final audit report and providing support to impacted Business Units.

The appropriate Deputy Commissioner must sign the 180-Day Letter response. The Commissioner must sign if the audit report findings are enterprise or strategic in nature and/or include recommendations aimed at organizations under both the DCOS and DCSE.

The following steps are followed for the 180-Day Letter response.

- 1) The GAO emails the final audit report to the IRS via EAM. The 180-Day Letter response period begins upon the IRS's receipt of the report. EAM distributes the final audit report to the lead Business Unit and all impacted Business Units.
- 2) Legislative Affairs creates an e-Trak case and sends an email to the lead Business Unit informing them of the 180-Day Letter response timeline.
- 3) The lead Business Unit leads the development of the IRS's 180-Day Letter response using the guidance contained in this document. The lead Business Unit involves internal IRS stakeholders as needed.
- 4) The lead Business Unit routes the 180-Day Letter response through its leadership and obtains the required approvals following the Business Unit's established procedures. The Business Unit will begin the approval process no later than 45 days before the due date to Congress. The 180-Day Letter response will be sent to EAM at the same time it is routed to

the lead Business Unit's first level executive. EAM will complete its review and provide comments within 48 hours of receipt.

- 5) Once the Business Unit has completed its approval procedures, it transfers the completed 180-Day Letter response to Legislative Affairs. Legislative Affairs will coordinate the review and signature of the appropriate Deputy Commissioner. In cases where the IRS Commissioner will sign the 180-Day Letter response, Legislative Affairs will also coordinate the review and signature of the Commissioner. The completed 180-Day Letter response must be submitted to Legislative Affairs at least 7 calendar days (at 12 pm EST) before the due date to Congress.
- 6) Legislative Affairs submits the 180-Day Letter response to the appropriate addressees in Congress.

**Effect on Other Documents:** This guidance will be incorporated into IRM 1.29.1 Audit Process for General Accountability Office (GAO) and Treasury Inspector General for Tax Administration (TIGTA).

**Effective Date:** January 8, 2021

**Contact:** Enterprise Audit Management (\*Audit Coordination or [Audit.Coordination@IRS.gov](mailto:Audit.Coordination@IRS.gov))

**Distribution:** [www.IRS.gov](http://www.IRS.gov)

### Example: PCA Included in 180-Day Letter Response

*The following is an excerpt from a hypothetical 180-Day Letter response, showing the PCA for recommendation 3 of a fictional GAO final report. This example is intended to give the reader an idea of the level of discussion and detail that must be included in a 180-Day Letter response. Actual 180-Day Letter responses will include different types of information and discussion.*

#### Recommendation No. 3

The ABC Business Unit should take measures to address the skill gap between the technical skills of the current ABC workforce with the technical skills necessary to meet both ABC's short-term and long-term organizational goals.

**Corrective Action:** The IRS agrees with GAO's recommendation. The ABC Business Unit will conduct a skills gap analysis comparing the technical skills of the current ABC workforce with the skills necessary to meet both ABC's short-term immediate needs and longer-term organizational goals. The skill gap analysis will be used to establish a training curriculum that will help bridge the gap between the current-state workforce and organizational needs.

*Planning and/or Recent Accomplishments:* In July 2019, the ABC Business Unit convened a study team to conduct a skill gap analysis to determine the variances between existing and required skill levels for ABC. The team assessed current skill levels through a survey that was distributed to all ABC technical employees and targeted interviews of employees within several key job classifications. The team worked with senior ABC leadership to identify short and long-term goals and the critical skills needed to be able to meet these goals. The team then compared the current skill levels with the critical skills identified by senior leadership to determine the skill gap. The outcome of this study revealed that, within the ABC Business Unit workforce, there is an inadequate number of employees designated as advanced Subject Matter Experts (SME).

*Planned Next Steps:* The ABC Business Unit will develop a training curriculum to develop employees to become advanced SMEs with the critical technical skills required to meet organizational needs. A training working group has been established. The group will meet on a biweekly basis and will lead the effort to create the training curriculum.

The planned next steps are to:

- Define the critical skill sets for advanced SMEs, assess whether existing training courses support the development of the identified critical skill sets and notate the training gap that exists where these skill sets are not supported by current training offerings. [1st quarter of 2020]
- Address training gaps through planning new training courses (including outlining the learning objectives, prerequisites, and target audiences for all new courses). [2nd quarter of 2020]

- Integrate the training courses (existing and newly identified) to create a comprehensive training curriculum for the advanced SME position. [2nd quarter of 2020]
- Present the comprehensive training curriculum to ABC senior leadership for approval and incorporate any recommendations/suggestions in the curriculum. [3rd quarter of FY20]
- Socialize the curriculum to program managers so that they are aware of potentially new and/or updated courses for their employees' development. [3rd quarter of FY20]
- Begin the update of existing and the development of new courses. [3rd quarter of FY2020 – 3rd quarter FY21]
- Deploy new training courses to ABC employees. [4th quarter of FY21]

**Implementation Date:** November 15, 2021

**Responsible Official:** Director, ABC Business Unit