



LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

August 19, 2025

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Expiration Date: 08-19-2027
Affected IRM(s): 4.46.3

MEMORANDUM FOR: ALL LB&I EMPLOYEES

FROM: Ronald H. Hodge II /s/ *Ronald H. Hodge II*
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SUBJECT: Interim Guidance on Policy Statement P-4-5 (P-4-5) Administrative
and Monitoring Duties

Purpose: This memorandum provides LB&I employees and managers interim guidance on P-4-5 administrative and monitoring duties. Please ensure this information is distributed to all affected employees and managers within your organization.

Background/Source(s) of Authority: According to IRM 1.2.1.5.3(6), all appropriate levels of managers in LB&I will monitor their employees' assignments to ensure that proper examination rotation practices are followed. IRM 4.46.3.2.3 will be expanded to cover the new guidance in this IGM. See IRM 4.46.1.1.3.1(3)j for case managers, IRM 4.46.1.1.3.2(2)e for issue managers, and IRM 4.46.1.1.3.3(5) for non-designated managers.

Based on the findings and recommendations of a P-4-5 assessment project, neither IRM 1.2.1.5.3(6) nor IRM 4.46.3 provide standard policies or procedures to monitor P-4-5 compliance.

This policy update improves internal controls, data analysis, storage, and monitoring for P-4-5 compliance.

Procedural Change: LB&I managers must follow these administrative and monitoring procedures. Please see updated procedures as shown in Attachment 1.

Effect on Other Documents: This guidance will be incorporated into IRM 4.46.3, Planning the Examination, by August 19, 2027.

Contact: To reach the LB&I Policy Office, visit the LB&I Policy Gateway and Create a Request. For more information or technical assistance, visit Policy Statement P-4-5.

Distribution: [FOIA library on IRS.gov](#)

Attachment 1

Attachment Interim Guidance: LB&I-04-0825-0009

The following subsection is added as of August 19, 2025

IRM 4.46.3.2.3.X

(08-19-2025)

P-4-5: Administrative and Monitoring Duties

(1) Case managers, issue managers, and non-designated managers should monitor P-4-5 using the following procedures:

a) Obtain and review P-4-5 reports including P-4-5 Issue Based Management Information System (IBMIS) reports such as the LB&I Examiner report and/or LB&I P-4-5 HQ report or other P-4-5 reports:

- i. at the beginning of examination,
- ii. when a new employee or manager rotates on to the examination,
- iii. when performing the mid-cycle analysis,
- iv. when updating the estimated completion date (ECD), and
- v. at least once every six months during the examination.

In the Practice Areas, team managers, territory managers and Director of Field Operations (DFO) should review compliance with P-4-5 during operational reviews.

For more information, see Issue Based Management Information System (IBMIS).

- b) Perform analysis to identify instances of P-4-5 clock time greater than 50 months. Determine whether the ECD is past the 72-month date, and if the individual will complete the examination within 60 or 72 months.
- c) Create a P-4-5 rotation or deviation plan for each person approaching P-4-5 clock time of 60 or 72 months.
- d) Document analysis, errors, and corrections in workpapers.
- e) Contact the assigned P-4-5 analyst if assistance is needed.

(2) If deviations are needed or requested, case managers, issue managers, and non-designated managers should

- a) Document reasons given for accepting or rejecting deviations.
- b) Keep all copies of accepted or rejected deviation requests.
- c) Document deviation analysis in workpapers and report their analysis to their assigned P-4-5 analyst.

- (3) All workpapers including P-4-5 IBMIS reports and deviations requests with approvals or rejections should be uploaded to Standard Audit Index Number (SAIN) 015 in the Issue Management System (IMS) or to the case file document in the Report Generating Software (RGS). Managers should filter reports by taxpayer identification number (TIN) and include only the taxpayer P-4-5 reports in case file.
- (4) P-4-5 analysts should intermittently monitor their assigned Practice Area P-4-5 data for compliance.
- (5) Before working on or shortly after starting your first LB&I case, new LB&I managers and employees must take P-4-5 Rules and Responsibilities for LB&I (Course #73075) in Integrated Talent Management (ITM). Managers and employees must complete Course #73075 only once.