



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.8.4

APRIL 18, 2022

## EFFECTIVE DATE

(04-18-2022)

## PURPOSE

- (1) This transmits revised IRM 4.8.4, Technical Services, Mandatory Review.

## MATERIAL CHANGES

- (1) The table below identifies the significant changes in content since the March 12, 2015, revision of this IRM.

Reference	Description of Change
IRM 4.8.4.1	Added new content to describe the internal controls framework required by IRM 1.11.2.2.5, Address Management and Internal Controls.
IRM 4.8.4.2.2	Added the new knowledge management Joint Committee contacts site.
IRM 4.8.4.2.3	Added the new knowledge management Employee Audit contact site. Added a link to the Employee Audit page in knowledge management.
IRM 4.8.4.2.3.3	Deleted reference to IRM Exhibit 4.2.8-4, Quality Attribute Rated by Field and Office Exam National Quality Reviewers.
IRM 4.8.4.2.5	Added NHQ-01-1019-0001, Memorandum on Clarification of Policy For Use of Fax in Taxpayer Submission,

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.8.4, dated 03/12/2015. This revision incorporates NHQ-01-1019-0001, Memorandum on Clarification of Policy For Use of Fax in Taxpayer Submission, dated October 29, 2019.

## AUDIENCE

Small Business/Self-Employed (SB/SE) Technical Services employees, Field Examination employees and Large Business and International (LB&I) employees.

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4.8.4  
Mandatory Review

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4.8.4.1  
(04-18-2022)  
**Program Scope and Objectives**

- (1) **Purpose:** Provides guidelines for the evaluation of cases that must be reviewed by Technical Services (TS).
- (2) **Audience:** These procedures apply to the TS employees assigned the mandatory review cases discussed in this IRM.
- (3) **Policy Owner:** The Director of SB/SE Examination, Field Examination.
- (4) **Program Owner:** The SB/SE Examination Operation Field Examination.
- (5) **Contact Information:** To recommend changes or make any other suggestions to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.
- (6) **Program Goals:** These procedures provide for a quality review of these mandatory case reviews.

4.8.4.1.1  
(04-18-2022)  
**Background**

- (1) Technical Services performs procedural case reviews to improve quality of examinations and to develop and implement alternative resolution strategies and procedures.

4.8.4.1.2  
(04-18-2022)  
**Authority**

- (1) IRM 1.1.16.5.1.1.1.1, Technical Services Territories.
- (2) IRM 1.2.1.2.2, Policy Statement 1-2, Principles of Quality.
- (3) IRM 1.2.1.2.36, Policy Statement 1-236 (Rev. 1), Fairness and Integrity in Enforcement Selection.
- (4) IRM 1.2.1.5.19, Policy Statement 4-63, No unwarranted adjustments in statutory notices.

4.8.4.1.3  
(04-18-2022)  
**Responsibilities**

- (1) The Director of SB/SE Examination Operations, Field Examination is the Executive responsible for providing policy and guidance to TS employees.
- (2) The Examination Area Directors in Examination Field with TS territories have executive responsibility for ensuring mandatory reviews are conducted on cases outlined in this IRM.

4.8.4.1.4  
(04-18-2022)  
**Program Management and Review**

- (1) Cases subject to mandatory review are identified by several TS IRM 4.8 guidance. Field compliance areas may identify other types of cases for mandatory review if reviews are essential. Mandatory review of cases from designated programs for accuracy and quality may also be identified.

4.8.4.1.5  
(04-18-2022)  
**Acronyms**

- (1) The following table lists the acronyms used throughout this IRM section.

Acronym	Definition
CCP	Centralized Case Processing
CEAS	Correspondence Examination Automation Support
CDE	Compliance Data Environment
HCO	Human Capital Office

Acronym	Definition
LB&I	Large Business and International
NRP	National Research Program
RGS	Report Generation Software
RTVUE	Returns Transaction View
SB/SE	Small Business/Self-Employment
TIGTA	Treasury Inspector General for Tax Administration

4.8.4.2  
(05-20-2014)

**Cases Subject to  
Mandatory Review**

- (1) Cases subject to mandatory review include:
  - a. Joint Committee—IRM 4.36, Joint Committee Procedures
  - b. Employee audits—IRM 4.2.6, Examination of Employee Returns
  - c. Individual income tax returns for the President and Vice President—IRM 4.2.1.15(8), Processing Returns and Accounts of the President and Vice President
  - d. Jeopardy and Termination—IRM 4.8.8.7, Jeopardy and Terminations
- (2) Although there are a limited number of identified mandatory review categories, Field compliance areas have the discretion to request any case type or group of cases be subject to a 100% review category if reviews are considered essential.
- (3) National Research Program (NRP) cases are not subject to mandatory review but may meet other mandatory review criteria. Normal processing procedures should be followed. Reviewers may be requested to conduct in-process reviews.

4.8.4.2.1  
(05-17-2012)

**Case Identification**

- (1) Examiners identify case files subject to mandatory review on Form 3198, Special Handling Notice for Examination Case Processing. The applicable mandatory review category should be indicated.

4.8.4.2.2  
(04-18-2022)

**Joint Committee Cases**

- (1) Overpayment in excess of \$2,000,000 (\$5 million for C corporations) must be reported to and approved by the Joint Committee on Taxation as required by IRC 6405, Reports of Refunds and Credits.
- (2) Large Business and International (LB&I) field groups should send agreed, no change, and surveyed Joint Committee cases by means as established by LB&I Policy. See IRM 4.36.3.8.1, Electronic Referral Case Review (LB&I Cases, Except LB&I IIC), for additional information.
- (3) Small Business/Self-Employed (SB/SE) field groups follow IRM 4.36.3.8.2, Closed Case Review/Electronic Referral Case Review (LB&I IIC, SB/SE and TE/GE Cases).
- (4) Unagreed Joint Committee cases are sent to Technical Services and processed in the same manner as non-Joint Committee cases.
- (5) Complete instructions for processing and review of Joint Committee cases are included in IRM 4.36.

4.8.4.2.3  
(04-18-2022)  
**Employee Audits**

- (6) See the Joint Committee Knowledge Management home page located at <https://portal.ds.irsnet.gov/sites/vl051/lists/jcc/landingview.aspx>.
- (1) All employee return examinations, including returns accepted upon classification or surveyed, are subject to mandatory review. Except as reflected in paragraph 2 below, IRS employees, regardless of grade or position, are subject to the same initial screening and classification process. The general rules relating to examinations, proposed changes, appeal rights, and other case related issues, will apply to the same extent as they do for to all individual income tax returns. Once the case file is selected for examination, it is identified as an employee audit on Form 5546, Examination Return Charge-Out Sheet.
- (2) Survey procedures are applicable only to new employee examinations and regularly classified returns. Treasury mandates (TIGTA referrals) and executive selections cases cannot be surveyed.
- (3) Review of employee audits, including surveys, are centralized in the South Atlantic Area Technical Services Legacy Baltimore office. Employee audit cases are closed directly to the Baltimore Technical Services office. Technical Services forwards cases to the Independent Office of Appeals directly and the remaining cases are sent to the South Atlantic Area TS Legacy Baltimore office via Form 3210, Document Transmittal. The Independent Office of Appeals will forward the employee's appeal case after their review to the Baltimore Technical Services for the mandatory review..
- (4) The RGS records on Correspondence Examination Automation Support (CEAS) should be updated to the centralized Technical Services RGS group identification number for the South Atlantic Area TS Legacy territory.
- (5) For more information on Employee Audits refer to the Knowledge Management site, *Employee Audits-Exam Technical Services*.

4.8.4.2.3.1  
(05-17-2012)  
**IRM References**

- (1) Refer to IRM 4.1.1.6.7, Employee Audits, for classification, selection, and procedures related to all types of employee return examinations.
- (2) IRM 4.2.6, Examination of Employee Returns, provides guidance on the examination of employee returns, audit reconsiderations, closing an employee examination, surveying an employee return, and other related procedures.
- (3) IRM 4.8.2.9.1, Case Return Criteria, provides guidance on the criteria for limiting the number of cases returned to the group for re-work. The criteria for "substantial error" under IRM 4.8.2.9.1.1, Substantial Error, does not apply to employee audits.
- (4) IRM 4.8.2.9.2.4, Exceptions for Program Requirements, states the reviewer must consider the proper completion of procedures and requirements associated with employee audits.
- (5) IRM 1.2.1.5.7, Policy Statement 4-9, Highest Integrity Expected, provides standard examination procedures for IRS employees.

4.8.4.2.3.2  
(05-17-2012)  
**Audits of New  
Employees**

- (1) Refer to IRM 4.2.6.4, New Employee Examinations. Once the case is closed from Technical Services, Centralized Case Processing (CCP) will forward the required information to the requesting official, such as the Labor/Employee Relations, Treasury Inspector General for Tax Administration (TIGTA), or the National Background Investigations Center. Refer to IRM 4.2.6.7, Closing an Employee Examination.
- (2) For executive or political appointment audits, the reviewer will complete a cover memorandum notifying the Director, Executive Leadership Services Division in the Human Capital Office (HCO) that the examination has been completed, reviewed, and approved. The memorandum is signed by the South Atlantic Area TS Legacy territory manager and then mailed by the reviewer in Technical Services.

4.8.4.2.3.3  
(04-18-2022)  
**Key Points for Reviews**

- (1) The reviewer should follow general case review procedures per IRM 4.8.2.8, General Case Review Procedures for employee audit case reviews. In addition, consider these key points for review of employee audits:
  - a. Confidentiality must be strictly observed.
  - b. The quality attributes will provide the basis of the technical review of the examination. See Document 12354, Field Compliance Embedded Quality, Field and Office Examination Job Aid.
  - c. The reviewer should consider whether the employee complied with the IRS's ethics program and rules of conduct. See IRM 4.2.6.3.7, Violations of the Code of Conduct.
  - d. The return of an employee's spouse who has filed separately should be inspected to determine if it should be examined. A tax return copy, RTVUE, TRDBV or Compliance Data Environment (CDE) print of the spouse's return must be included with the employee's return if it is not examined. See IRM 4.2.6.3.6, Examination of Spouse's Separate Return.

4.8.4.2.4  
(03-12-2015)  
**Audit of President and  
Vice President**

- (1) The individual tax returns for the President and the Vice President are subject to mandatory review and will be closed directly to the "employee audit reviewer" in *Baltimore Employee Audit Contacts*. See IRM 4.2.1.15 (8), Processing Returns and Accounts of the President and Vice President. The "Other" box in the "Forward to Technical Services" section of Form 3198 must be checked, and the examiner should notate "President (or Vice President) Examination, Forward to South Atlantic Area Technical Services Legacy Baltimore". The examining area will notify the group manager for the Baltimore Technical Services when the return is being shipped. Baltimore Technical Services will provide advance notice to Memphis Centralized Case Processing (CCP), "Miscellaneous Group", when the return is being closed.
- (2) The location of the returns of the President and Vice President will be monitored at all times throughout the examination process.
  - a. The returns should always be kept in an orange folder.
  - b. The returns should not be exposed to viewing by other employees.
  - c. The returns should be locked in a secure drawer or cabinet when the examiner or reviewer is away from the work area.
- (3) See IRM 4.8.4.2.3.3(1) (a) and (b) for key points to remember during the review of the returns.

4.8.4.2.5  
(04-18-2022)

**Use of Fax Machine or  
Enterprise e-Fax (EEFax)**

- (1) Reviewers must remember to protect tax information when communicating with the taxpayer using a fax machine or EEFax. IRC 6103 provides details on the confidentiality and disclosure rules that must be followed when working with the taxpayer return or taxpayer return information. Refer to IRM 4.10.1.3.6, Use of Fax Machine or Enterprise e-Fax (EEFax) for Taxpayer Communication for guidance.
- (2) For additional information refer to IRM 21.2.3.5.5, Using Electronic Fax Services.

