



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.7.7

MARCH 16, 2023

## EFFECTIVE DATE

(03-16-2023)

## PURPOSE

- (1) This transmits revised IRM 4.7.7, Examination Returns Control System (ERCS), Technical Services.

## MATERIAL CHANGES

- (1) Due to the move of the ERCS server from Solaris to Linux logins based on the user names are no longer used. The login is now the user's Standard Employee Identifier (SEID) in lower case letters.
- (2) Due to the move to Linux access to ERCS is through Active Directory and passwords are no longer used. References to passwords have been removed.
- (3) The IRS replaced the Online 5081 (OL5081) system with the Business Entitlement Access Request System (BEARS). References to OL5081 have been replaced with BEARS.
- (4) Content from the AIMS/ERCS website was required to be moved to the Virtual Library. ERCS content was moved to the ERCS book under the Exam Systems Knowledge Base. References to the AIMS/ERCS website have been replaced with the ERCS book.
- (5) Examination Quality Measurement Staff (EQMS) and Quality Measures and Analysis (QMA) have been combined into National Quality Review System (NQRS). References to EQMS and QMA have been replaced with NQRS.
- (6) Exhibits have been updated to reflect current codes.
- (7) Significant changes to this IRM are reflected in the table below:

Reference	New Reference	Description
N/A	4.7.7.2 (5)	<b>Security:</b> Added new (5), per IRS security requirements, IT employees are not permitted to have access to taxpayer data.
4.7.7.10 (3)	4.7.7.10 (3)	<b>Time Input:</b> Added note "NQRS managers are also not required to input time and should have the Ignore SETTS flag turned on."

- (8) Editorial changes have been made throughout this IRM and some items were reworded for clarity. Website addresses and IRM references were reviewed and updated as necessary.

## EFFECT ON OTHER DOCUMENTS

IRM 4.7.7 dated November 23, 2020 is superseded.

**AUDIENCE**

Small Business and Self Employed (SB/SE) and Large Business and International (LB&I) employees who use ERCS.

Lori L. Roberts  
Director, Technology Solutions  
Small Business/Self-Employed

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4.7.7

Technical Services

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4.7.7.1  
(03-16-2023)  
**Program Scope and Objectives**

- (1) This IRM section contains Examination Returns Control System (ERCS) information and procedures for Technical Service (TS) employees in Review and Sample Review for consistency across the areas and business units.
- (2) **Purpose:** To provide guidance needed by Review and Sample Review employees.
- (3) **Audience:** Review and Sample Review employees in SB/SE and LB&I who use ERCS. Employees include territory managers, managers, reviewers, tax examiners, and administrative support staff in the following functions:
  - SB/SE Technical Service (TS)
  - Joint Committee Review (JCR)
  - National Quality Review System (NQRS)
  - LB&I Quality Measurement System (LQMS)
- (4) **Policy Owner:** The SB/SE Deputy Director, Examination, who is under the SB/SE Director, Examination.
- (5) **Program Owner:** SB/SE Director, Technology Solutions.
- (6) **Primary Stakeholders:** LB&I

4.7.7.1.1  
(03-16-2023)  
**Background**

- (1) This IRM provides an overview of the ERCS responsibilities Review and Sample Review employees should understand and apply in the performance of their duties.
- (2) Users must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. Users should promptly retrieve ERCS reports from printers or fax machines in order to prevent unintentional disclosure. Audit trails are created and subject to review for all user accesses of taxpayer data. For more information about UNAX, see IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance and Requirements.

4.7.7.1.2  
(03-16-2023)  
**Authority**

- (1) IRM 1.4.1, Management Roles and Responsibilities.
- (2) IRM 4.8.2, Case Processing.

4.7.7.1.3  
(03-16-2023)  
**Responsibilities**

- (1) Responsibilities of managers include but are not limited to:
  - Ensuring ERCS employee record information for their employees is accurate and complete.
  - Ensuring prompt assignment of incoming cases.
  - Ensuring work is evenly distributed among employees.
  - Ensuring users timely and accurately input required data into ERCS.
  - Ensuring ERCS reports are generated timely.
  - Ensuring prompt closing of all outgoing cases for final processing.
  - Ensuring any ERCS system related problems are reported timely to the local AIMS/ERCS (A/E) staff.
  - Ensuring time is entered in ERCS accurately and no later than the close of business on the last day of each reporting cycle.
- (2) Review managers have the following additional responsibilities:

## 4.7 Examination Returns Control System (ERCS)

- Monitoring statuses and statutes of all returns in inventory.
  - Monitoring returns in-transit to or from TS statuses.
  - Ensuring users timely and accurately resolve any ERCS to AIMS rejects.
  - Ensuring users resolve issues on the AIMS Error reports generated by the AIMS to ERCS weekend processing.
  - Approving or disapproving changes to ERCS returns requiring managerial approval timely.
  - Ensuring Form 895, Notice of Statute Expiration, is reviewed timely and acknowledged in ERCS.
- (3) Responsibilities of reviewers in Sample Review include but are not limited to the following:
- Submitting the reviewer's technical time sheet on a regular basis in order to ensure time is entered into ERCS no later than the close of business at the end of each reporting cycle.
  - Submitting any changes to the reviewer's technical time sheet to the manager or administrative support staff on the first business day after the close of each reporting cycle early enough to ensure the time on ERCS is corrected no later than noon local time.
- (4) Responsibilities of reviewers and tax examiners in Review include but are not limited to the following:
- Ensuring the statute information on ERCS is accurate on all assigned cases.
  - Completing and submitting Forms 895 timely to the manager.
  - Ensuring all completed cases are closed promptly.
- (5) Responsibilities of the administrative support staff in Sample Review include but are not limited to:
- Ensuring ERCS is updated timely for all changes to employee records.
  - Ensuring ERCS is updated timely for all changes to returns or inventory records.
  - Returning updated documents to the reviewers for association with the case file.
  - Generating the ERCS inventory and monitoring reports and distributing as requested by management.
  - Inputting examination technical time into ERCS no later than close of business on the last work day of the reporting cycle.
  - Inputting examination technical time corrections into ERCS no later than noon local time the first work day after the end of each reporting cycle.
  - Ensuring any ERCS system related problems are reported timely to the local A/E staff.
- (6) Responsibilities of the administrative support staff in Review include but are not limited to:
- Ensuring requisitions and updates to returns are timely input into ERCS.
  - Reviewing and resolving ERCS to AIMS rejects promptly when the message "There are ERCS-AIMS Uploading results to check" appears on the Examination Main Menu.
  - Reconciling the Overage Requisition Report monthly.
  - Researching and resolving AIMS Error reports weekly .

- Reconciling the AIMS 4.0 Table with the ERCS data within 5 days of receipt.
- Reconciling the AIMS SSIVL data with the ERCS data periodically following local procedures.
- Acknowledging Form 895 in ERCS as specified in IRM 4.7.3, Statute of Limitations.
- Ensuring returns selected for Sample Review have a sample selection sheet attached to the case file or saved to PDF and uploaded to RGS for electronic case files.

4.7.7.1.4  
(11-23-2020)  
**Program Management and Review**

- (1) Reports are available that allow management to monitor inventory, statutes, closures, time input, and employee records. See IRM 4.7.6, Reports for more information.

4.7.7.1.5  
(11-23-2020)  
**Program Controls**

- (1) ERCS creates audit trails for selected changes to returns, employee records, and permission records. A special audit trail is also created when users enter a taxpayer identification number (TIN) or a taxpayer name on ERCS. See IRM 4.7.2, Security for more information. IRM 4.7.2.3.4, Audit Trails has a list of the changes in ERCS that produce an audit trail.
- (2) There are security checks within ERCS to ensure unauthorized users do not access programs and authorized users are kept within the boundaries of their permissions. These checks are performed automatically and silently each time a user attempts to access ERCS. The user has no ability to prevent the checks. For more information about permissions in ERCS, see IRM 4.7.2.3.2, Permissions.

4.7.7.1.6  
(03-16-2023)  
**Terms, Definitions, and Acronyms**

- (1) See Exhibit 4.7.7-1, Acronyms and Definitions for Acronyms used in this IRM.
- (2) The following are terms and definitions specific to this IRM.

**Defined Terms**

Term	Definition
Employee	Refers to an employee in Review or Sample Review with an ERCS employee record.
User	Refers to a employee in Review or Sample Review with ERCS access.
Review	Refers to employees in TS and JCR.
Sample Review	Refers to employees in NQRS and LQMS.

4.7.7.1.7  
(03-16-2023)  
**Related Resources**

- (1) For questions regarding ERCS security and instructions for gaining access to ERCS refer to IRM 4.7.2, Security.
- (2) The instructions for Review users for navigating the ERCS programs can be found in the *ERCS Review Handbook*. The instructions for Sample Review users for navigating the ERCS programs can be found in the *ERCS Sample Review Handbook*.

## 4.7 Examination Returns Control System (ERCS)

### 4.7.7.2 (03-16-2023) Security

- (1) ERCS operates on the principle that users should only change data on returns under the user's control. Consequently, a Review user may only change information on returns in Status Codes 20 - 39 within the AIMS Assignee Codes (AAC) in which the user has permission. Users in Sample Review may only change information on returns selected for sample review in Status Code 90 within AACs reviewed by the Sample Review site (SB/SE, Specialty Tax, or LB&I). Throughout ERCS, error messages appear when a user attempts to update returns in which the user does not have permission.
- (2) Reports generated by users that contain any Record of Tax Enforcement Results (ROTTER) information are to be shared only at the first line manager level or higher and/or with designated reviewers on a need to know basis. For more information about ROTTER, see the *Section 1204* website. IRM 1.5, Managing Statistics in a Balanced Measurement System Handbook provides further guidelines for the appropriate use of statistics by managers and employees.
- (3) Users must be aware of the potential for UNAX violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. No attempt should be made to access the user's own Social Security Number (SSN) or that of the user's spouse. If the user's personal SSN or that of the user's spouse is entered, an employee audit access message is created of a possible breach of security. An employee audit access message is also created if a user attempts to view or update an employee audit return that the user does not have permission to update. Breaches in security are considered UNAX violations and are subject to disciplinary action. For more information about UNAX, see IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance and Requirements.
- (4) Audit trails are created when ERCS records are researched, added, updated, or deleted. Research should be limited to a user's official business needs in order to prevent unnecessary disclosure. Audit trails are also created for potential UNAX violations. These audit trails include when a user:
  - Inputs his or her own SSN.
  - Inputs the SSN of a spouse.
  - Attempts to view or update an IRS employee's return without permission.
  - Attempts to update a return without permission.
  - Inputs a name search that matches an employee's name.
- (5) Per IRS security requirements, IT employees are not permitted to have access to taxpayer data. No IT employee should be approved for ERCS access and any user transferred or detailed to an IT position must submit a Remove Access request to have all permission records removed.
- (6) For security issues concerning ERCS, including pre-requisites for ERCS access, information on completing a Business Entitlement Access Request System (BEARS) request, requesting temporary permission, and employee audit security features see IRM 4.7.2, Security.

### 4.7.7.3 (03-16-2023) User Capabilities

- (1) Review users with read and write permissions can:



- Add or update employee information for employees in their authorized Audit Information Management System (AIMS) Assignee Code (AAC).
- Research and display records.
- Generate reports of returns in TS statuses.
- Update, transfer, and close returns in TS statuses.
- Input examination technical time for employees in their authorized AAC.
- Generate time reports for employees and returns.
- Generate a Form 895.
- Generate a Form 3210, Document Transmittal.

(2) Sample Review users with read and write permissions can:

- Add or update employee information for employees in their authorized AAC.
- Research and display records.
- Generate reports of returns selected for sample review.
- Update returns selected for sample review in Status Code 90.
- Input examination technical time for employees in their authorized AAC.
- Generate time reports for employees and returns.

#### 4.7.7.4

(03-16-2023)

#### Employee Records and Permissions

- (1) All ERCS employees have an ERCS employee record with an assigned ERCS employee identification (ID) number and a work schedule profile (WSP). The ERCS employee ID is used to associate inventory and time charges with the employee.
- (2) A user is granted access to the ERCS server via a BEARS request. Refer to IRM 4.7.2, Security for details.
- (3) In order to run ERCS programs a user must have:
  - A valid login for the ERCS server.
  - An ERCS employee record containing the user's login name.
  - Permissions records.

**Note:** The login name on the ERCS employee record is now the employee's SEID in lowercase.

#### 4.7.7.4.1

(03-16-2023)

#### Employee Records

- (1) Employee records are usually added by the administrative support staff in the group, but they can also be added by administrative support staff in another group if the user has write permission for the AAC. When setting up the employee record, special care must be taken when entering the standard employee identifier (SEID) to ensure the correct employee is associated with the data from Discovery Directory and the employee's SSN.
- (2) It is essential that managers advise administrative support staff when updates are needed to employee records or new employees need to be added. The administrative support staff will timely and accurately add and input changes when advised. Values from the ERCS employee records are used for time reporting, inventory assignment, determining staffing needs, determining if managerial approval is required for updates, protecting an employee's tax return from unauthorized access and in the creation of audit trails. The following values must be kept current:
  - Employee name
  - AAC

## 4.7 Examination Returns Control System (ERCS)

- Post of duty
- Position code
- Grade
- Login name
- WSP

(3) Review and Sample Review employee records are added to ERCS in the AACs according to the chart below:

PBC	SBC	EGC	Description
202, 203, 204, 206	88700	See the <i>TSC Listing</i>	SB/SE TS AACs
207	88720	1408, 2408	NQRS AACs
212	88700	1410	NQRS AAC
320	88705	1988, 1989, 1992	LQMS AACs
324	88710	1500, 1954	JCR AAC

(4) The post of duty (POD) should be the POD of the employee's official duty station. See the *ZIP/POD Access Database* for the POD associated with each zip code to find the employee's correct POD.

(5) The position code is used for a number of checks including:

- Determining if the employee is required to charge time on ERCS.
- Validating the employee's time charges.
- Determining if an employee is a manager and can perform certain changes to returns without requiring managerial approval.
- Determining if the employee's tax return can be audited in the area.
- Determining the recipient of system email created when an IRS employee's tax return is accessed.

Review and Sample Review employees utilize the Position Codes listed below:

Position Code	Description
105	Quality Assurance Management - LB&I only; used for managers in JCR and LQMS groups
106	Technical Support/Quality Management Staff (QMS)/Management - SB/SE only; used for TS and NQRS managers in Revenue Agent (RA) groups
118	Quality Assurance Reviewer/Technical Coordinator; used for reviewers in RA groups (includes NQRS and LQMS)
206	Technical Support/QMS/Management - SB/SE only; used for TS, JCR. and NQRS managers in Tax Compliance Officer (TCO) groups
218	Quality Assurance Reviewer/Technical Coordinator; used for reviewers in TCO groups (NQRS)
327	Tax Examiner; used for tax examiners in RA and TCO groups
400	Non - 4502 position code - ERCS only; used for administrative support staff, and local or national analysts

- (6) ERCS users must have a login name on their employee record. The login name is used to verify a user has permission to access ERCS and in the creation of the audit trails. Employees who temporarily act for their managers are given temporary ERCS access and assigned a login. The login name should not be removed from the ERCS employee record when the assignment is complete, since audit trails may have been created during the employee's assignment.
- (7) The WSP contains the employee's tour of duty (TOD) information and the number of hours the employee is scheduled to work each day. This information is used when time is input for the employee on ERCS. Each technical employee, manager, and the territory managers in LB&I must account for the number of hours they are scheduled to work each day. The WSP is also used to determine when an employee is required to charge holiday time on ERCS. When entering the WSP the user must enter their employment type, full time or part time and TOD. Part-time employees default to enter hours for the Part-Time TOD, full-time employees can be under one of five possible TODs. The following are the six choices for the TOD:
- Part-Time - employee works 32 to 64 hours per pay period.
  - Regular - employee works 5 eight-hour days per week with no option for working credit hours.
  - Flexitour - employee works 5 eight-hour days per week with an option for working credit hours.
  - 5/4/9 - (five four nine) employee works 8 nine-hour days, 1 eight-hour day, and 1 day off per pay period with no option for working credit hours.
  - 4/10 - (four ten) employee works 4 ten-hour days and 1 day off per week with no option for working credit hours.
  - Maxiflex - employee works a pre-determined number of hours each day, but the number of hours can vary from day to day during the pay period. The total hours per pay period must equal 80 hours. The employee may work credit hours.
- (8) The WSP records are in two-week cycles that correspond with Single Entry Time Reporting (SETR) cycles. The employee's scheduled work days and the number of hours the employee is scheduled to work each day in the WSP should match the employee's information on the SETR system.

**Note:** A Maxiflex WSP can include partial hours in half hour increments.

- (9) Since the WSP is used in validating time, changes to the WSP must be made at the beginning of the two-week pay period, before time has been applied on ERCS.
- (10) ERCS employee records should be inactivated when the employee leaves the IRS or transfers to a non-ERCS position. If an employee inputs time on ERCS the inactivation date must be entered as the last day the employee is required to charge time on ERCS. If the employee record contains a login name it should not be removed when the employee record is inactivated.
- (11) For information regarding transfers, details, and acting assignments see IRM 4.7.5.6 , Employee Records.

## 4.7 Examination Returns Control System (ERCS)

- (12) Additional information on adding an employee record to ERCS can be found in the *Employee Records* chapter of the ERCS Review Handbook for TS and JCR users and the *Employee Records* chapter of the ERCS Sample Review Handbook for NQRS and LQMS users. The user should enter all information accurately and completely when adding or updating employee records.

### 4.7.7.4.2 (03-16-2023)

#### Permission Records

- (1) Permissions are granted by the local A/E staff. Temporary permissions may be delegated by the TM or group manager to an ERCS user. The manager must have the same permanent permission in order to grant it to another user.

**Example:** A group manager has read and first level approval permission only read and first level approval permission can be delegated. Temporary permission may be granted up to 30 days but should be limited to the length of time the user needs the permission.

- (2) There are four types of user permissions: read, write, first level approval and second level approval.
- First level approval is available to front line managers and acting managers to approve work performed in their group.
  - Second level approval is available to TMs to approve updates or requisitions input by managers and acting managers and updates to an acting manager's inventory.
- (3) All users are given read permission. Users with read permissions can:
- Generate reports for any AAC they have been granted access.
  - Research and display records.
- (4) Generally only administrative support staff are given write permissions. Users with write permissions can perform the following tasks for any AAC they have been granted access:
- Add or update employee records and WSPs.
  - Add, update, transfer, or close inventory records.
  - Input examination technical time for employees.
  - Generate a Form 895.
  - Generate a Form 3210.

**Note:** A group manager may be given write permission if the TM approves the BEARS request where write permissions are requested and the TM is an ERCS user with second level approval permission.

- (5) Users with permanent first level approval permissions can:
- Approve updates for any AAC they have been granted access.
  - Delegate temporary first level approval permission to other users.
- (6) Permission records should be deleted as soon as the need for them has expired. Employees should notify the manager if they have permission records that are no longer needed for business purposes.
- (7) Managers should ensure that technical employees with inventory are not routinely given write permission during a temporary acting assignment and must not be given permanent write permissions. Write permission compro-

mises separation of duty. Permanent changes to ERCS permissions should only be granted via a Modify Access BEARS request which is routed to the manager for approval and processed by the local A/E staff.

- (8) Administrative support staff in TS are given read and write permission for their assigned AAC. If permissions are needed for additional PBCs in order to assign returns to reviewers Add Access BEARS requests must be submitted for these applications. See IRM 4.7.2, Security for additional information.
- (9) Administrative support staff in JCR, NQRS and LQMS are given read and write permission for their assigned AAC. The following are the AACs:

Function	PBC	SBC	EGC
JCR	324	88710	1500/1954
NQRS	207	88720	1408/2408
NQRS	212	88700	1410
LQMS	320	88705	1988/1989/1992

- (10) Review managers are given read and first level approval permission for their AAC.
- (11) Review TMs are generally given read and second level approval permissions for their territory.
- (12) Sample review managers are given read permission for their AAC. Approval permissions are not needed.
- (13) Employee permission records on ERCS are removed when the employee record is inactivated.
- (14) For technical employees the first point of contact for ERCS or AIMS questions should be the group manager. If the group manager needs assistance with ERCS or AIMS questions they should contact their local A/E analyst. The local A/E staff should be able to resolve most ERCS and AIMS issues and can coordinate with the TS A/E analyst when needed. They also can elevate issues, if necessary, to the HQ ERCS analysts.

#### 4.7.7.5 (03-16-2023) Managerial Approval - Review Groups

- (1) ERCS provides a way for managers to review and approve requisitions, closures and selected updates before they become permanent changes on ERCS and before the updates are sent to AIMS.
- (2) When returns need to be added, updated, transferred, or closed on ERCS, the appropriate form should be completed. The manager is required to review and either sign or initial the form prior to input into ERCS, except for Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, which does not require a manager's signature. The following forms are used to update ERCS and AIMS:
  - Form 5345-D is used to request Master File and Non-master File AIMS controls, and to control Penalty Investigations, Non-AIMS direct examination time (DET) Items and Collateral Examinations on ERCS.

## 4.7 Examination Returns Control System (ERCS)

- Form 5348, AIMS/ERCS Update (Examination Update), is used to request updates on ERCS and/or AIMS, return transfers to another group or function, AIMS freeze codes be added or removed, follow-ups for requested original returns and re-establishment of closed cases on ERCS and/or AIMS.
- Form 5349, Examination Correction Request, is used to correct AIMS data on a closed case for a single return. To request a change the group should complete the form and submit it to the A/E staff for input on AIMS.

**Note:** Forms 5348 requesting AIMS freeze codes to be set or released and re-establishment for closed AIMS cases are not processed in the group, but are forwarded to either Planning and Special Programs (PSP) or the local A/E staff for input following local procedures.

- (3) It is recommended that managers access ERCS at least every two days to check for updates pending managerial approval. When a manager logs into ERCS a message is displayed if there are requisitions or updates that require approval.
- (4) The manager should review cases prior to closure on ERCS. After the review is complete, cases should be closed and approved on ERCS. Once the status code update is reflected on AIMS the cases should be shipped to the receiving function within three business days.
- (5) Normally updates to returns on ERCS requiring approval are performed by the administrative support staff and approved by the manager. However, if a manager or temporary acting manager updates a return, the action may require the TM to approve the work.
- (6) When an update is pending approval many ERCS screens and reports display a “p” next to the item to denote the update is “pending”. When an update is approved or disapproved the “p” is removed.
- (7) ERCS cannot prevent returns from being physically transferred to Review that are still pending managerial approval in the group for the transfer. Returns in transit to TS and JCR can be monitored using the “In Transit Report” on the Inventory Reports menu.
- (8) For detailed information about the Managerial Approval program, options and screens, see the *Managerial Approval* chapter of the ERCS Review Handbook.

### 4.7.7.5.1 (03-16-2023)

#### Delegating Permissions

- (1) A manager can grant temporary permission for any AAC to which they have first level approval to another user through the option Grant Temporary Permission providing the following requirements are met:
  - The employee has an active ERCS login.
  - This is not the first time the user has been granted ERCS permission.

**Note:** The local A/E staff must grant a user’s permissions for the first time, which allows access to the database.

  - The manager has permanent permission for the same type of permission the user is being given.



**Example:** A manager with permanent read and first level approval permissions, but not write permission, can only grant another user read and first level approval permissions.

- (2) The manager should only delegate a user permission for the length of time the permission is needed, not to exceed 30 days. Technical employees should not routinely be given write permission during a temporary assignment.

#### 4.7.7.6 (03-16-2023) Inventory Control

- (1) Ownership of a return in Review and Sample Review is determined by the reviewer assigned to the return on ERCS. For this reason returns should be assigned as soon as possible after they are received in the function.
- (2) Once assigned ERCS users may update the returns or generate reports listing the returns if the user has been granted permission for the reviewer's AAC.
- (3) Unassigned returns are not associated with the group's AAC. In order to update or assign these returns users must have permission for the PBC on the return and the SBC of the function (88700, 88705, 88710, or 88720).

**Exception:** Review and Sample Review SBCs are not valid with LB&I PBCs. Therefore, permissions will be granted for SBC 00000.

- (4) If a return needs to be assigned to a reviewer in another area the current group will update the Technical Services Code (TSC) and then update the employee ID to a reviewer in the new area. Once reassigned, only users with permissions for the new reviewer's AAC will be able to update the return. Users should follow local procedures for brokering work in TS.
- (5) In addition to the AAC permission checks ERCS also checks the status code on returns to determine if a return can be updated or listed on reports run by Review users.
- (6) ERCS also checks to see if returns have been selected for sample review to determine if a return can be updated or listed on reports run by Sample Review users.

#### 4.7.7.7 (03-16-2023) Reports

- (1) IRM 4.7.6, Reports contains detailed descriptions of ERCS reports, recommended uses for the reports and the recommended frequency for running the reports.
- (2) For detailed information and a complete list of reports available for Review users, refer to the *ERCS Review Handbook*.
- (3) For detailed information and a complete list of reports available for Sample Review users, refer to the *ERCS Sample Review Handbook*.

#### 4.7.7.8 (03-16-2023) ERCS Codes

- (1) ERCS uses a combination of codes for inventory control including the following:
  - AAC
  - Suspense type and action date
  - Reject reason
  - Review and sample review employee ID
  - Review type

## 4.7 Examination Returns Control System (ERCS)

- Sample review indicator
- Review position codes

(2) More information about these codes may be found in the *Codes* chapter of the ERCS Review Handbook and the *Codes* chapter of the ERCS Sample Review Handbook.

### 4.7.7.8.1 (03-16-2023)

#### **Suspense Type and Action Date**

- (1) The suspense type is a three digit ERCS code in the 500 - 599 range that can be associated with returns in TS statuses.
- (2) Suspense types provide a consistent approach to effectively monitor workload and provide a basis for timely completion of work.
- (3) Suspense types can be linked to a TS status code and/or a set number of days to be in suspense. When a user updates an ERCS record with a suspense type and if linked, the program automatically sets the status code and/or action date. See Exhibit 4.7.7-3 for a list of suspense types with their associated status codes and number of days.
- (4) When the action date is set by the program, it is set to a work day. So it is possible the action date could be one to two days different from the calculated date if the calculated date falls on a weekend or a holiday.
- (5) When a return is updated out of a TS status code, the suspense type and action date are removed from the record.
- (6) ERCS reports can be generated by a single suspense type or for all returns in suspense. Refer to the *Inventory Reports* chapter of the ERCS Review Handbook for information on Suspense Reports.

### 4.7.7.8.2 (03-16-2023)

#### **Reject Reason**

- (1) The ERCS reject reason is a three digit code in the 500 - 599 range used to identify the reason returns are sent back to the group from Review. See Exhibit 4.7.7-4 for a list of reject reasons for TS and JCR.
- (2) The reject reason must be input by a Review user when a return in a TS status code is updated to a group or PSP status code under Status Code 20.
- (3) The "Cases Returned to Group" report is available to Review users to monitor returns sent back to the group. Refer to the *Inventory Reports* chapter of the ERCS Review Handbook for information on this report.
- (4) When a group user closes the return back to a TS status code the reject reason is removed from the ERCS record.

### 4.7.7.8.3 (03-16-2023)

#### **Review and Sample Review Employee ID**

- (1) The ERCS employee ID is a four or five digit number generated by the program when a new employee record is added to ERCS. The employee ID is used to assign inventory to a reviewer.
- (2) ERCS lists the employee assignment in TS or JCR in the review employee ID field and in NQRS or LQMS in the sample review employee ID field.
- (3) Inventory reports can be generated by the review or sample review employee ID.



4.7.7.8.4  
(11-23-2020)  
**Review Type**

- (1) The review type is a three digit number defining the type of return. Use of this code allows returns in Review to be classified into sub-categories for better inventory control and to aid managers in monitoring an individual reviewer's workload. ERCS does not require input of the review type. Refer to local procedures to see if it is required in your area. See Exhibit 4.7.7-5 for a list of review types.
- (2) The "Inventory Listing" report located on the Inventory Reports Menu, when run by a Review user, can be sorted by review type.

4.7.7.8.5  
(11-23-2020)  
**Sample Review Indicator**

- (1) The sample review indicator is a two digit number that allows returns to be classified into sub-categories for better inventory control. ERCS does not require input of the sample review indicator. Refer to local procedures in your area. See Exhibit 4.7.7-6 for a list of sample review indicators.
- (2) The "Inventory Listing" report located on the Sample Review Reports Menu, when run by a Sample Review user, can be sorted by sample review indicator.

4.7.7.9  
(03-16-2023)  
**Sample Selection**

- (1) Returns are checked for sample review eligibility at the time the returns are checked into TS or Centralized Case Processing (CCP). Checked in means the status code on the return has been updated from In-transit to another status code. In order to be eligible for selection, the return must meet the selection criteria and be the Nth eligible return. The "Nth" number is determined by the analysts for each NQRS and LQMS site.
- (2) When returns are selected for sample review the user is prompted to print a sample selection sheet. This sheet should be attached to the front of the case file as a reminder that the case should be shipped to the address on the sample review sheet when the case is closed to Status Code 90.

**Note:** For SB/SE Electronic Case Files the sample selection sheet is saved as a PDF file and then uploaded to RGS.

- (3) A return that has been selected for sample review may be deselected by the program if either of the following occurs:
  - a. The return is transferred back to the group after a 90 - day letter has been issued.
  - b. The return is updated to a TS suspense status code.
- (4) If a return is deselected for sample review the sample selection sheet should be removed from the case file or RGS for Electronic Case Files.

4.7.7.10  
(03-16-2023)  
**Time Input**

- (1) ERCS validates all examination technical time for SB/SE and LB&I employees whether it is input into ERCS or into the Issue Management System (IMS) and imported into ERCS for validation.
- (2) ERCS determines which employees are required to input examination technical time by the employee's position code on the ERCS employee record. If there is an exception for an employee, the local A/E analyst can set the "Ignore SETTS" flag for the employee so time input is not required.
- (3) The following position codes used in Review and Sample Review require technical time to be entered on ERCS: 105, 106, 118, 206, 218, and 327.

## 4.7 Examination Returns Control System (ERCS)

However, Review employees in Position Code 327, tax examiner, are currently not required to input time in ERCS. The local A/E analyst should be notified to turn on the "Ignore SETTS" flag for these employees so the correct position code is used without requiring time input.

**Note:** NQRS managers are also not required to input time and should have the Ignore SETTS flag turned on.

- (4) There are four types of time charges that can be entered on ERCS:
  - Direct Examination Time (DET)
  - Direct Review Time (DRT)
  - No-return DET
  - Non-DET
- (5) DET is time charged to a return using the P of RB codes of "N" (no protection), "R" (related, non-protection time spent on a claim for refund), "P" (protection), or "S" (shelter). This time is included on Form 5344, Examination Closing Record. Although ERCS allows input of these codes for reviewers they are not valid and will cause Summary Exam Time Transmittal System (SETTS) validation errors.
- (6) DRT is time charged to a return using the P of RB code of "Q" (review). This time is not included in the examiner's time on Form 5344. Time charges to DRT are associated on ERCS to a return and the activity code on the return but the second segment code (SSC) is user entered and used to further break down the time charge into the review activity performed. The SSCs valid with a P of RB code of "Q" are as follows:
  - 641 Case Review
  - 643 Notice of Deficiency
  - 646 30 Day Letter Activities
  - 648 Abatement Interest
  - 720 Offers in Compromise
  - 732 Innocent Spouse Review
- (7) No-return DET is time applied to activity codes in the range 500 - 599. Some of these activity codes can be set up as inventory control records on ERCS but there is no associated AIMS record.
- (8) Non-DET, also referred to as "below the line time", is time applied to administrative activities, training, leave, etc. The activity codes associated with non-DET charges are in the range 600 - 899.

**Exhibit 4.7.7-1 (03-16-2023)**
**Acronyms and Definitions**

<b>Acronym</b>	<b>Definition</b>
AAC	AIMS Assignee Code
A/E	AIMS/ERCS
AIMS	Audit Information Management System
BEARS	Business Entitlement Access Request System
CCP	Centralized Case Processing
DET	Direct Examination Time
DRT	Direct Review Time
EGC	Employee Group Code
ERCS	Examination Returns Control System
ID	Identification
IMS	Issue Management System
JCR	Joint Committee Review
LB&I	Large Business and International
LQMS	LB&I Quality Measurement System
NQRS	National Quality Review System
P of RB	Protection of Revenue Base
PBC	Primary Business Code
PSP	Planning and Special Programs
RA	Revenue Agent
ROTER	Record of Tax Enforcement Results
SBC	Secondary Business Code
SB/SE	Small Business/Self Employed
SETTS	Summary Exam Time Transmittal System
SSC	Second Segment Code
SSIVL	Statistical Sampling Inventory Validation Listing
SSN	Social Security Number
TCO	Tax Compliance Officer
TSC	Technical Services Code
TS	Technical Service
UNAX	Unauthorized Access of Taxpayer Accounts

**Exhibit 4.7.7-1 (Cont. 1) (03-16-2023)****Acronyms and Definitions**

<b>Acronym</b>	<b>Definition</b>
WSP	Work Schedule Profile

**Exhibit 4.7.7-2 (03-16-2023)**
**Sample Review - NQRS and LQMS PBCs**

<b>PBC</b>	<b>Organization</b>	<b>Location</b>	<b>Areas Supported</b>
207	NQRS	Los Angeles, CA	SB/SE PBCs 201, 204, 207
207	NQRS	Oakland, CA	SB/SE PBCs 202, 203, 205, 206
212	NQRS	Cincinnati, OH	Specialty Tax PBCs 212 - 214
320	LQMS	Manhattan, NY	LB&I and WEIC PBC 330

**Exhibit 4.7.7-3 (03-16-2023)****TS Suspense Types**

If a status is not listed for the suspense type, the status does not change when the suspense type is updated.

If the number of days is not listed for the suspense type the action date is not set by the program and the user is required to enter it.

<b>Suspense Type</b>	<b>Description</b>	<b>Status</b>	<b>Days</b>
500	EQMS	23	5
501	Protested to Appeals	22	10
502	LQMS	23	15
503	Taxpayer Advocate	22	10
504	30 Day Suspense	-	30
506	45 Day Suspense	-	45
508	60 Day Suspense	-	60
510	90 Day Suspense	-	90
518	10 Day Suspense	-	10
519	15 Day Suspense	-	15
520	Employee Audits	20	45
524	105 Day Suspense	-	105
525	180 Day Suspense	-	180
526	365 Day Suspense	-	365
528	Interest/Penalty Abatement - 30 Day Cases	22	45
529	Interest/Penalty Abatement	24	195
531	Innocent Spouse - 30 day	22	45
532	OIC (Offer in Compromise) - 30 Day Cases	22	45
534	Stat Notices Issued - Field	24	105
535	Stat Notices Issued - Office	24	105
537	Innocent Spouse - Final Determination	24	105
538	Section 7436 Final Notice Determination	24	105
540	Statute Notice of Deficiency - Out US - Field	24	165
541	Statute Notice of Deficiency - Out US - Office	24	165
542	Cases Sent to Counsel for Review	25	45
544	Section 7436 Notice Preparation	25	45
550	F14104 Package Incomplete	-	14

**Exhibit 4.7.7-3 (Cont. 1) (03-16-2023)**
**TS Suspense Types**

<b>Suspense Type</b>	<b>Description</b>	<b>Status</b>	<b>Days</b>
551	F14104 Pkg Rec'd, Collateral to CRC	-	10
552	F14104 Package not Accurate	-	45
553	Awaiting Estab of MFT 31 Account	-	30
554	MFT 31 Account Established	-	7
555	Assessment Package Submitted	-	35
556	Assessment Posted	-	7
557	Restitution Notification to LTSFC	-	14
558	LTSFC Sent Case to PSP	-	60
570	New TEFRA/BBA Case Assigned	27	5
571	Non TEFRA/BBA and Related Inventory	-	15
572	TEFRA/BBA Various	-	30
573	TEFRA/BBA Various	-	45
574	TEFRA/BBA Various	-	60
575	TEFRA/BBA Various	-	75
576	TEFRA/BBA Various	28	105
577	FPAA Issued	28	165
578	Suspended - Litigation	31	180
581	PPA / NOPPA Letter Issued	28	285
590	Form 1254 Suspense Cases - Form in Case	30	365
591	General Fraud Suspense	32	180
592	Grand Jury Suspense	36	180
593	Bankruptcy	39	30
594	Suspense - Various	38	180
595	Suspense - Various	38	365

**Exhibit 4.7.7-4 (03-16-2023)****TS Reject Reasons**

<b>Reject Reason</b>	<b>Definition</b>
500	Returned from Technical Services
501	Returned for Correction
502	Returned per Group Request
503	Returned for Further Development
504	Exam Depth and Records Question
505	Technical Law Questions
506	Penalty Questions
507	Work Papers Questions
508	Report Writing Questions
509	Statute Problems
510	Claim Procedures
511	From Appeals
512	TEFRA/BBA Questions
513	From Joint Committee
514	90 - Day Reconsideration
515	Pre 90 - Day Reconsideration
516	From Area Counsel
517	Advisory
518	AIMS/ERCS Problem
519	Transfer Problem
520	Returned from TS for Taxpayer Request
521	To Taxpayer Advocate Office (TAO)
522	Quality Attributes
523	Package Audit Questions
524	Civil Settlements
525	Consideration of Large Unusual Questionable (LUQ) Items
526	Probes for Unreported Income
527	30 - Day Letter
528	Barred Statute



**Exhibit 4.7.7-4 (Cont. 1) (03-16-2023)**

**TS Reject Reasons**

<b>Reject Reason</b>	<b>Definition</b>
529	Other

**Exhibit 4.7.7-5 (03-16-2023)****Review Types**

<b>Review Type</b>	<b>Description</b>
000	In-Transit/Unassigned
001	Employee Audit
002	Innocent Spouse Review
003	National Research Program (NRP)
004	Joint Committee
005	Political Appointees
006	Barred Statutes
007	Reconsideration and Claims
008	Interest/Penalty Abatement Review
009	Restricted Interest
010	Offers in Compromise Review
011	Conditions of Probation (COP)
012	Closing Agreements (non - GSI (Government Services Information Infrastructure))
013	Informant Claims
014	Jeopardy/Terminations
015	LQMS
016	Field Assistance
017	Subject Matter Expert (SME) Duties
018	Training - TS Personnel
019	Penalties - Preparer
020	Earned Income Tax Credit (EITC)
021	Transferee/Transferor
022	Taxpayer Advocate
023	Employment Tax
024	Return from Appeals/Counsel
025	New TEFRA/BBA Case Assignment
026	Non-TEFRA Flow-Through
027	Historic Rehab Credit
028	Local Definition

**Exhibit 4.7.7-5 (Cont. 1) (03-16-2023)**
**Review Types**

<b>Review Type</b>	<b>Description</b>
029	Local Definition
030	Agreed Son of Boss (SOB)
031	TEFRA-Suspended-Litigation
032	Protested to Appeals
033	EQMS
034	Statute Notices of Deficiency - Field
035	Statute Notices of Deficiency - Office
036	Partnership Option Portfolio Securities (POPS)
037	Personal Investment Company (PICO)
038	Section 7436 Final Notice Determination
039	American Disabilities Act (ADA)
040	Administrative Adjustment Request (AAR)
041	Revenue Procedure 92-29
042	Cases Sent to Counsel
043	Fugitive Cases
044	1254 Suspense
045	Fraud
046	Grand Jury
047	Hobby Losses - 183
048	Bankruptcy
049	Protective Claims
050	Section 1033
051	Appeals & Counsel Assistance
053	Headquarters Suspense
054	Claim for Refund Suits
055	Combat Zone
056	Non-AIMS Case Review
057	Technical Coordinator
058	Third Party Contact
059	Executive Compensation
060	National Partnership Council (NPC) Key Case

**Exhibit 4.7.7-5 (Cont. 2) (03-16-2023)****Review Types**

<b>Review Type</b>	<b>Description</b>
061	NPC Investors
062	Domestic Trusts
063	Offshore Voluntary Disclosure Initiative (OVDI) / Voluntary Disclosure Program (VDP)
064	S Corps/Employee Stock Ownership Plans (ESOP)
065	Internal Revenue Code (IRC) 419
066	Notice 2003-81
067	Virgin Island Economic Development Credit (VI EDC)
068	Offshore Employee Leasing (OEL)
069	Home-Based Business
070	Last Chance Compliance Initiative (LCCI) / Offshore Voluntary Compliance Initiative (OVCI)
071	Conservation Easement
072	Supporting Organization Settlement
074	Global Settlement Initiative (GSI)
075	TEFRA - Agreed
076	TEFRA - No-Change within 45 Days
077	TEFRA - No-Change after 45 Days
078	TEFRA - 60 Day Letter Prep
079	TEFRA - Campus 60 Day
080	TEFRA - 60 Day Letter Issued
081	TEFRA - Final Partnership Administrative Adjustment (FPAA) Prep
082	TEFRA - AAR Disallowance
083	TEFRA - FPAA Issued
084	TEFRA - Waiting for Campus
085	TEFRA - Investor Statutory Notice of Deficiency (SND) Preparation
086	TEFRA - Investor SND Issued
087	TEFRA - Other Action Required
088	TEFRA - Waiting for Centralized Case Processing (CCP)
089	TEFRA - Waiting for Taxpayer (TP) /Power of Attorney (POA) Protest
090	TEFRA Unable to Process

**Exhibit 4.7.7-5 (Cont. 3) (03-16-2023)**
**Review Types**

<b>Review Type</b>	<b>Description</b>
091	Court Ordered Restitution
092	Restitution Assess Completed - Civil Action Initiated
093	Restitution Assess Completed - No Civil Action Initiated
094	Restitution Not Assessable
095	Restitution is BMF Related
096	Restitution is RPP Related
097	Restitution Not Payable to Service
099	All Other Cases Not Listed Above
100	Withdraw NAP
101	No Change
102	Appeals Protest
103	PPA/NOPPA Review and Preparation - No Protest
104	BBA Modification Received or Extension of Modification Period
105	Agreed Case - Before FPA
106	FPA Letter
107	Agreed Case - After FPA
108	Reserved for Chapter 2, 2A
109	Reserved
110	Reserved
111	Reserved
112	Reserved
113	Reserved
114	Reserved
115	Reserved
116	PPA/NOPPA Letter Issued
117	FPA Letter Issued
118	FPA - Push Out Election Received - 90 Day Petition Still Running
119	Rescission of FPA - Letter 6247
120	Reserved for Chapter 2, 2A
121	Reserved
122	Reserved

**Exhibit 4.7.7-5 (Cont. 4) (03-16-2023)****Review Types**

<b>Review Type</b>	<b>Description</b>
123	Suspended for Tax Computation Specialist
124	Waiting for Counsel Review of PPA/NOPPA, FPA or Advice
125	Waiting for Partnership Representative/POA Actions Required
126	Suspense for Field Response to Request
127	Reserved for Chapter 2, 2A
128	Reserved
129	Reserved
130	Reserved

**Exhibit 4.7.7-6 (11-23-2020)**  
**Sample Review Indicators**

Sample Review Indicator	Definition
00	No Sample Indicator
10	Suspense - Consistency Case
11	Suspense - Manager Case Review
12	Suspense - Manager Approval Case
13	Suspense - Potential Disclosure Issue
14	Suspense - Charge Backs
15	Suspense - Other
20	Unpostables
30	Rejects
40	Excess Inventory
50	Site Transfer
60	Cases not Received
70 - 89	Local Definition

**Exhibit 4.7.7-7 (03-16-2023)****Technical Services Codes**

The TSC is assigned when a return is closed to Status Code 21 on ERCS based on the address the user selects for the Form 3210. The TSC may be updated when a return is moved out of Status Code 21 to another TS status on ERCS. The TSC is used to determine the location of unassigned returns in a TS status.

<b>TSC</b>	<b>Description</b>
003	Legacy (SAA) Bankruptcy Coordinator
008	East Boston Group 1
042	TEFRA - East
053	TEFRA - East
074	East Group 7 - NJ
094	TEFRA - East
095	East Group 6
109	Legacy (SAA) Baltimore Group 11
110	East Baltimore Group 14
120	Midstates Group 24
121	TEFRA - East
122	TEFRA - East
124	TEFRA - East
125	TEFRA - East
130	Pass Through Entity
131	Pass Through Entity
132	Pass Through Entity
135	Pass Through Entity
136	Pass Through Entity
137	Pass Through Entity
138	Pass Through Entity
139	Pass Through Entity
140	Pass Through Entity Group 2
141	Pass Through Entity Group 2
142	Pass Through Entity Group 2
144	Pass Through Entity Group 2
145	Pass Through Entity Group 2
146	Pass Through Entity Group 2



**Exhibit 4.7.7-7 (Cont. 1) (03-16-2023)**
**Technical Services Codes**

<b>TSC</b>	<b>Description</b>
153	Legacy (SAA) Group 13
154	Legacy (SAA) International Group 1
162	Midstates Group 17
163	Legacy (SAA) Bankruptcy Coordinator
164	Midstates Group 15
173	TEFRA - East
176	TEFRA - East
182	East Group 14 - VA
192	Midstates Group 10
206	Legacy (SAA) Bankruptcy Coordinator
214	East Group 9
228	East Group 14 - IN
246	Midstates Group 19
249	Legacy (SAA) Bankruptcy Coordinator
251	Legacy (SAA) Bankruptcy Coordinator
271	East Group 20
293	Midstates Group 21
328	Midstates Group 24
342	TEFRA - East
344	TEFRA - East
347	Legacy (SAA) Group 11 - PA
362	Midstates Group 10 - WI
363	Midstates Group 10 - MIL WI
365	East Group 25
415	Midstates Group 21
435	Midstates Group 23
486	West Group 28 - OKC
493	West Group 28 - AUS TX
507	West Group 28 - DAL TX
531	West Group 27
568	Legacy (SAA) Bankruptcy Coordinator

**Exhibit 4.7.7-7 (Cont. 2) (03-16-2023)****Technical Services Codes**

<b>TSC</b>	<b>Description</b>
594	TEFRA - West
595	West Group 32 - AZ
596	TEFRA - West
597	TEFRA - West
598	TEFRA - West
599	TEFRA - West
609	West Group 32 - CO
777	TEFRA - West
778	West Group 33
790	TEFRA - West
792	West Group 39
795	TEFRA - West
797	TEFRA - West
798	TEFRA - West
799	West Group 38
817	West Group 34
818	West Group 35
819	Legacy (SAA) Bankruptcy Coordinator
844	Legacy (SAA) Group 36
901	LB&I Joint Committee Review