



Treasury Inspector General for Tax Administration Office of Audit

ACCOUNTABILITY OVER VOLUNTEER PROGRAM COMPUTERS HAS SIGNIFICANTLY IMPROVED, BUT PROVIDING COMPUTERS TO VOLUNTEERS PRESENTS MANY CHALLENGES

Issued on May 7, 2010

Highlights

Highlights of Report Number: 2010-40-053 to the Internal Revenue Service Chief Technology Officer and the Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

In an effort to promote electronic filing (*e-filing*), the Internal Revenue Service (IRS) provides computers to enable Volunteer Program sites to offer taxpayers the option of *e-filing* their tax returns. The IRS maintains an inventory of more than 12,000 computers for the Volunteer Program, which creates significant challenges for the IRS, particularly with ensuring the computers are accounted for and are operating. When computers are not accounted for and not operating, the risk increases that taxpayer data will be unprotected and taxpayers will not be able to have their tax returns prepared.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to assess whether computers used in the Volunteer Program are properly accounted for and controlled. The IRS requested this review. It is a followup to a prior TIGTA report, *Accountability Over Volunteer Income Tax Assistance Program Computers Continues to Be a Problem* (Reference Number 2006-40-172, dated September 25, 2006).

WHAT TIGTA FOUND

The IRS has made significant improvements since the prior audits and has implemented sufficient controls over the computers used in the Volunteer Program. The IRS stores the computers at its Computer Depot. Tests showed that computers assigned to the Computer Depot were accounted for and taxpayer data were protected. Most computers assigned to volunteers could be accounted for and were in operating condition.

During Fiscal Year 2009, 20 Volunteer Program computers were reported as lost or stolen. The IRS did not ensure the required procedures were followed

Email Address: inquiries@tigta.treas.gov

Web Site: <http://www.tigta.gov>

when the computers were lost or stolen, and it had no procedures for notifying law enforcement agencies when stolen computers were recovered.

The IRS is seeking changes to legislation that would allow it to donate computers to Volunteer Program partners. It currently cannot donate the computers to Volunteer Program organizations because the law prohibits it. The IRS must maintain the computers, loaning them out each filing season. Considering the minimal value and the cost of maintaining and controlling the computers, the IRS' plan to donate them to the partners to benefit tax administration has merit.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS implement a process to ensure law enforcement agencies are notified when stolen computers are recovered and ensure established procedures are followed when documenting lost or stolen Volunteer Program computers.

The IRS agreed with the recommendations. It plans to implement a process to ensure law enforcement agencies are notified when a stolen computer is recovered and plans to re-emphasize established procedures to document lost or stolen computers with partners and employees.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2010reports/201040053fr.pdf>.

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