



Treasury Inspector General for Tax Administration Office of Audit

TARGET DATES HAVE NOT BEEN ESTABLISHED TO ELIMINATE OR REDUCE TAXPAYER SOCIAL SECURITY NUMBERS FROM OUTGOING CORRESPONDENCE

Issued on August 13, 2010

Highlights

Highlights of Report Number: 2010-40-098 to the Internal Revenue Service Deputy Commissioner for Operations Support.

IMPACT ON TAXPAYERS

More than 130 million taxpayers entrust the Internal Revenue Service (IRS) with sensitive financial and personal data, much of it on paper documents requiring protection. Taxpayers need to be assured that the IRS is taking every precaution to protect their private information from inadvertent disclosure.

WHY TIGTA DID THE AUDIT

This audit was initiated because the Social Security Number is now a vital piece of information needed to function in American society to pay taxes, obtain a driver's license, or open a bank account, among other things. Identity theft affects tax administration when an individual intentionally uses the Social Security Number of another person to file a false tax return or fraudulently obtain employment. Another person's Social Security Number is the most valuable tool an identity thief can obtain to commit financial fraud, and the Social Security Number becomes even more valuable if it is linked to other personal data of the Social Security Number owner, such as information required to prepare a tax return. TIGTA conducted this audit to determine whether the IRS is efficiently eliminating the unnecessary collection and use of taxpayer Social Security Numbers.

WHAT TIGTA FOUND

In response to Office of Management and Budget Memorandum 07-16, the IRS developed and is implementing its Social Security Number Elimination and Reduction (SSN ER) Plan. A majority of a sample of SSN ER Plan accomplishments could be validated. However, most of the supporting documentation had to be reassembled, and it was not clear if the IRS had validated the accomplishments before reporting them. Milestones for Phase 3 of the SSN ER Plan have not been established.

Email Address: inquiries@tigta.treas.gov
Web Site: <http://www.tigta.gov>

The IRS will not be eliminating or reducing the use of taxpayers' Social Security Numbers in the immediate future. The IRS has many systems, notices, and forms that use Social Security Numbers which require significant analysis before Social Security Number use is eliminated or reduced. The IRS focused first on internal forms using Social Security Numbers and eliminating employees' Social Security Numbers from its systems.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Deputy Commissioner for Operations Support maintain documentation to support major deliverables and key meetings so that it is readily available for examination. The Deputy Commissioner should also validate data received from the business units and all accomplishments to ensure all needed actions are complete, and refine and update the milestones for the SSN ER Plan to ensure timely progress of the strategy.

The IRS agreed with the recommendations. It created a dedicated SSN ER shared folder to maintain documentation related to major SSN ER Program deliverables and key meetings and plans to ensure specific report and source materials are readily available for examination. The SSN ER Program team has also identified a team member as the Records Historian. The IRS plans to implement a data validation process for all SSN ER Plan accomplishments to ensure all required actions are completed. Finally, the IRS plans to strengthen Program milestones by refining and updating milestones quarterly to ensure timely progress of Program strategies.

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/201040098fr.pdf>.

Phone Number: 202-622-6500