



Treasury Inspector General for Tax Administration Office of Audit

ACCOUNTING FOR THE AUSTIN INCIDENT

Issued on July 10, 2012

Highlights

Highlights of Report Number: 2012-10-074 to the Internal Revenue Service Deputy Commissioner for Operations Support.

IMPACT ON TAXPAYERS

On February 18, 2010, a single-engine airplane was intentionally flown into an IRS building in Austin, Texas (hereafter referred to as the Austin incident). The IRS responded by implementing business resumption plans that contain specific procedures for managing such events. While the Austin incident displaced approximately 200 IRS personnel who worked in the building, the costs incurred as a result of the Austin incident caused no adverse budgetary impact on the IRS's ability to provide taxpayer services or enforce tax laws.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to determine the costs to the IRS resulting from the Austin incident from the date of the incident through September 30, 2011.

WHAT TIGTA FOUND

The IRS spent more than \$38.6 million from February 18, 2010, through September 30, 2011, as a result of the Austin incident. The costs the IRS incurred included approximately \$6.4 million for immediate local incident response and business resumption activities and approximately \$32.2 million to evaluate and enhance employee safety and physical security at IRS facilities nationwide. The IRS used \$31.7 million in a combination of user fees (fees collected by the IRS to help offset the costs of providing services to specific taxpayers) and carryover funds (appropriation funds not yet obligated for an authorized purpose to pay for unplanned expenses), and \$6.9 million in Fiscal Years 2010 and 2011 appropriated funding to pay for costs related to the Austin incident. The majority of the \$6.9 million in appropriated funding came from the IRS's Operations Support appropriation. The Operations Support account provides funding for functions such as infrastructure and information services.

The IRS advised us that the costs incurred as a result of the Austin incident caused no direct budgetary impact on the IRS's ability to provide taxpayer services or enforce

tax laws. However, the loss of an IRS employee and the injuries sustained by 13 others is immeasurable.

While the IRS timely issued a special accounting code to track the Austin incident expenditures, not all costs resulting from the incident were captured under this code. The miscoding of some costs resulted from the IRS omitting a key individual responsible for coding these costs from the information distribution list.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Deputy Commissioner for Operations Support ensure that communications relating to the use of special accounting codes to track costs associated with unforeseen events are distributed to all IRS personnel involved in coding incident-related expenses.

In their response, IRS management agreed with our recommendation and plans to create a form letter to be kept in the Incident Management Planning Toolkit and distributed at the time of an emergency event that gives instructions for use of the internal code. A designated space will be available where the code can be displayed.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2012reports/201210074fr.pdf>.