



Treasury Inspector General for Tax Administration Office of Audit

WIRELESS TELECOMMUNICATION DEVICE INVENTORY CONTROL WEAKNESSES RESULTED IN INACCURATE INVENTORY RECORDS AND UNSUPPORTED SERVICE FEES

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Highlights

Highlights of Report Number: 2014-10-075 to the Internal Revenue Service Chief, Criminal Investigation, and Chief Technology Officer.

IMPACT ON TAXPAYERS

In Fiscal Year 2013, the IRS spent more than \$13.7 million on wireless telecommunication devices and maintained an inventory of more than 49,000 devices reported as being in use. Effective controls over the assignment of and inventory accounting for these devices is important to ensure proper stewardship of Government funds.

WHY TIGTA DID THE AUDIT

TIGTA's previous work found that IRS processes for assigning and monitoring the use of devices were not adequate to ensure that employees have a business need for the devices. In addition, prior work found that the IRS paid for thousands of devices that were unused. The overall objective of this review was to assess the efficiency and effectiveness of the IRS's inventory control for wireless aircards, cellular phones, and BlackBerry® smartphone devices.

WHAT TIGTA FOUND

Inventory controls over wireless devices could be improved. Federal guidance requires the IRS to assess current device inventories and usage and establish controls to ensure that the IRS is not paying for unused or underutilized devices. TIGTA found that more than 94 percent of IRS employees were appropriately assigned a BlackBerry smartphone, cellular phone, or wireless aircard device, while almost 6 percent were in positions that the IRS had not designated as eligible for the device. However, the IRS's systems of record designed to document wireless device inventory were not consistently updated as changes occurred, which resulted in almost 57 percent of inventory records being inaccurate. For example, serial numbers, barcodes, and telephone numbers were not accurately documented in inventory records.

Ineffective inventory controls resulted in unsupported and duplicate service fees. Specifically, according to monthly vendor billing statements, TIGTA found that the IRS paid monthly service fees for almost 6,800 wireless devices that were not captured in inventory records and for more than 700 employees who had multiple wireless devices that perform the same function. Due to weaknesses in controls, including the thousands of unaccounted for devices, the IRS risks paying service fees for devices that are not authorized, not in use, or duplicative.

WHAT TIGTA RECOMMENDED

TIGTA made several recommendations to improve IRS inventory controls. For example, TIGTA recommended that the IRS perform an inventory reconciliation to ensure that records reflect the correct status of each device. TIGTA also recommended that the IRS implement an inventory process for wireless pagers and consider conducting reconciliations of monthly billing statements to identify users with service fees for devices not in inventory.

In their response, IRS management agreed with the recommendations and stated that they plan to take corrective actions contingent upon funding availability.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201410075fr.pdf>