



Treasury Inspector General for Tax Administration Office of Audit

WHILE THE DATA LOSS PREVENTION SOLUTION IS BEING DEVELOPED, STRONGER OVERSIGHT AND PROCESS ENHANCEMENTS ARE NEEDED FOR TIMELY IMPLEMENTATION WITHIN BUDGET

Issued on September 22, 2014

Highlights

Highlights of Report Number: 2014-20-087 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

The protection of sensitive and personal information is more important than ever with electronic communications becoming increasingly prevalent. Safeguarding Personally Identifiable Information in the possession of the IRS is essential to retaining the trust of taxpayers.

WHY TIGTA DID THE AUDIT

This audit is included in our Fiscal Year 2014 Annual Audit Plan and addresses the IRS major management challenge of *Security of Taxpayer Data and Employees*. The overall objective was to determine whether the Safeguarding Personally Identifiable Information Data Extracts (SPIIDE) Project is developing a data loss prevention (DLP) and protection solution for implementation in accordance with applicable policies and procedures and within budget to safeguard sensitive taxpayer data.

WHAT TIGTA FOUND

The SPIIDE Project team is progressing in its development and implementation of the DLP solution. The team has completed key required enterprise life cycle deliverables and has been identifying and addressing security weaknesses as they are detected. Notwithstanding these achievements, the SPIIDE Project team continues to face challenges to timely implement the DLP solution to protect from disclosing Personally Identifiable Information and data that should not be exiting IRS networks.

Based on its new projected implementation date of December 31, 2014, the IRS will have taken more than four years to build and develop its DLP solution. Because of the length of time taken, TIGTA believes that stronger management oversight is needed to ensure that the DLP solution meets its new implementation date within budget. In addition, the IRS could not provide

support to validate SPIIDE Project spending, which it reports to be more than \$9.6 million of the \$11.4 million budgeted through Fiscal Year 2014.

Lastly, DLP solution processes and procedures can be enhanced while the DLP solution is still being developed. While TIGTA determined that the DLP Operations team correctly classified 99 (94 percent) of 105 sampled e-mail events, TIGTA also found that 17 (57 percent) of the 30 appropriately classified e-mail events were potential incidents that were not forwarded to all appropriate incident responders. These incidents should have been forwarded to and/or accepted by the Office of Privacy, Governmental Liaison, and Disclosure. That office should have then advised the affected parties of the disclosure and offered credit monitoring services in 11 of the 17 potential incidents.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer ensure that the SPIIDE Project team reconciles the DLP solution funding and expenses and resolves discrepancies identified during the audit. TIGTA also recommended that the Director, Privacy, Governmental Liaison, and Disclosure, revise the disclosure acceptance criteria to ensure that all potential Personally Identifiable Information disclosure incidents are reported.

In their response, IRS management agreed with all but two recommendations. The IRS partially agreed with one recommendation and disagreed with the recommendation to revise its disclosure acceptance criteria. TIGTA agrees with the rationale for the partial agreement, but believes that the acceptance criteria should be revised to protect against disclosures.

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/201420087fr.pdf>

E-mail Address: TIGTACommunications@tigta.treas.gov

Phone Number: 202-622-6500

Website: <http://www.treasury.gov/tigta>