



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2014 STATUTORY REVIEW OF COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT

Issued on September 17, 2014

Highlights

Highlights of Report Number: 2014-30-064 to the Internal Revenue Service Director, Privacy, Governmental Liaison and Disclosure.

IMPACT ON TAXPAYERS

The IRS must ensure that the provisions of the Freedom of Information Act (FOIA), the Privacy Act of 1974 (Privacy Act), and Internal Revenue Code (I.R.C.) Section (§) 6103 are followed. Errors can violate taxpayer rights and result in improper disclosures of taxpayer information.

WHY TIGTA DID THE AUDIT

This audit was initiated because TIGTA is required to conduct periodic audits to determine if the IRS properly denied written requests for taxpayer information. TIGTA is also required to include the results in one of its Semiannual Reports to Congress. This is TIGTA's fifteenth review of denials of FOIA, Privacy Act, and I.R.C. § 6103 information requests.

The overall objectives of this audit were to determine whether the IRS improperly withheld information requested by taxpayers in writing, based on FOIA exemption (b)(3), in conjunction with I.R.C. § 6103, and/or FOIA exemption (b)(7) or by replying that responsive records were not available. Specifically, this included determining whether the IRS had adequate and effective policies and procedures to ensure that all of these requests were processed timely and information was not improperly withheld. In addition, TIGTA determined whether IRS disclosure officers erroneously disclosed sensitive taxpayer information when responding to written FOIA, Privacy Act, or I.R.C. § 6103 information requests.

WHAT TIGTA FOUND

TIGTA reviewed a statistically valid sample of 62 FOIA/Privacy Act information requests from a population of 2,973 FOIA/Privacy Act requests and found seven (11.3 percent) in which taxpayer rights may have been violated because the IRS improperly withheld or failed to adequately search for and provide information to the requestors.

The IRS also did not meet requirements because it failed to adequately search for and provide information in eight (15.1 percent) of 53 sampled I.R.C. § 6103 information requests. When the sample results are projected to their respective populations, approximately 336 FOIA/Privacy Act and 17 I.R.C. § 6103 information requests may have had information erroneously withheld.

TIGTA found that responses to all FOIA/Privacy Act information requests sampled were timely. However, there are no statutory time frames within which the IRS must respond to I.R.C. § 6103 information requests.

Additionally, sensitive taxpayer information was inadvertently disclosed in response to 13 (21.0 percent) of the FOIA/Privacy Act and one (1.9 percent) of the I.R.C. § 6103 information requests reviewed.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report. However, once the corrective actions in response to recommendations made in TIGTA's Fiscal Year 2013 report are fully implemented, they should address this year's findings.

The IRS agreed with the report's results and will continue to ensure that the provisions of the FOIA, the Privacy Act, and the I.R.C. § 6103 are followed.

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/201430064fr.pdf>.