



## Treasury Inspector General for Tax Administration Office of Audit

### ANNUAL ASSESSMENT OF THE INTERNAL REVENUE SERVICE INFORMATION TECHNOLOGY PROGRAM

Issued on September 30, 2015

## Highlights

Highlights of Reference Number: 2015-20-094 to the Internal Revenue Service Chief Technology Officer.

### IMPACT ON TAXPAYERS

In Fiscal Year 2014, the IRS collected about \$3.1 trillion in Federal tax payments, processed hundreds of millions of tax and information returns, and paid about \$374 billion in refunds to taxpayers. In addition, the IRS employs almost 87,000 people in 551 facilities nationwide. The IRS relies extensively on computerized systems to support its financial and mission-related operations. Weaknesses within the IRS's Information Technology Program could result in computer operations that become compromised, disrupted, or outdated, which could adversely affect the IRS's ability to meet its mission of providing America's taxpayers with top-quality service by helping them understand and meet their tax responsibilities and enforcing the law with integrity and fairness to all.

### WHY TIGTA DID THE AUDIT

TIGTA annually assesses and reports on an evaluation of the adequacy and security of IRS information technology as required by the IRS Restructuring and Reform Act of 1998. Our overall objective was to assess the progress of the IRS's Information Technology Program including security, modernization, and operations for Fiscal Year 2015.

### WHAT TIGTA FOUND

Cybersecurity remains a major challenge for the Federal Government, and the IRS continues to work toward securing tax information and maintaining taxpayer privacy. TIGTA identified weaknesses within the IRS's Cybersecurity program pertaining to continuous monitoring, configuration management, identity and access management, privacy impact assessments, external connections, and audit trails.

In addition, the IRS is developing a new system that uses data analytics to combat identity theft and tax fraud. During its pilot in Calendar Year 2014, the Return Review Program identified 10,348 identity theft cases totaling \$43 million in refunds and an additional

350,000 potentially fraudulent returns that were not detected by the existing fraud detection system. However, the IRS has not planned for the retirement of its existing fraud detection system.

The IRS continues to develop or upgrade its systems to meet its obligation as the Nation's tax administrator. TIGTA identified concerns with Windows workstation and server upgrades, Integrated Enterprise Portal operations, and the Customer Account Data Engine 2 program.

Finally, the IRS made significant progress developing new systems supporting the Affordable Care Act. However, TIGTA identified issues with the Coverage Data Repository, the Affordable Care Act Verification Service, interagency testing, and the Final Integration Test program.

### WHAT TIGTA RECOMMENDED

Because this report was an assessment report of the IRS's Information Technology Program based on TIGTA audit reports issued during Fiscal Year 2015, TIGTA did not make any recommendations.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201520094fr.pdf>

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