



Treasury Inspector General for Tax Administration Office of Audit

FISCAL YEAR 2015 STATUTORY REVIEW OF COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT

Issued on September 18, 2015

Highlights

Highlights of Report Number: 2015-30-084 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

TIGTA is required to conduct periodic audits to determine whether the IRS properly denied written requests for taxpayer information pursuant to FOIA § 552(b)(7) and I.R.C. § 6103.

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 that 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 65 information requests from a population of 2,809 FOIA/Privacy Act information requests and found eight (12.3 percent) for which the IRS improperly withheld information from the requestors. The IRS also improperly withheld information for four (7.3 percent) of the 55 I.R.C. § 6103 information requests reviewed. Although the IRS properly released thousands of pages from these documents, taxpayer rights still may have

been violated because some information was erroneously withheld.

In addition, TIGTA found that the Disclosure Office does not have direct control over how other IRS functions process I.R.C. § 6103 information requests, nor does it regularly assess the quality of disclosure responses throughout the IRS.

Even though the number of backlogged information request cases increased for the second straight year, TIGTA found that responses to all sampled FOIA/Privacy Act information requests were timely. While there are no statutory time frames within which the IRS must respond to taxpayers' I.R.C. § 6103 information requests, the IRS established guidelines for all Disclosure Office personnel to contact the requestor and either provide an interim response or submit a status report prior to the expiration of 30 business days. TIGTA found that for 14 (25.5 percent) of the 55 I.R.C. § 6103 information requests reviewed, the IRS took more than 30 business days to provide a response.

Additionally, disclosure specialists inadvertently disclosed sensitive taxpayer information in three responses to FOIA/Privacy Act and I.R.C. § 6103 information requests.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS: (1) develop and implement a formalized plan to periodically review the quality and processing of I.R.C. § 6103 information requests worked outside of the Disclosure Office; (2) incorporate timeliness procedures for I.R.C. § 6103 information requests into the Internal Revenue Manual as well as remind employees of the new procedures for processing I.R.C. § 6103 information requests; and (3) develop and implement a plan to focus on decreasing the number of backlogged cases. The IRS partially agreed with our first recommendation, agreed with our other two recommendations, and plans appropriate corrective actions.

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/201530084fr.pdf>.