



## Treasury Inspector General for Tax Administration Office of Audit

### LIMITED PROGRESS HAS BEEN MADE TO ELIMINATE THE UNNECESSARY USE OF SOCIAL SECURITY NUMBERS IN TAXPAYER CORRESPONDENCE

Issued on July 9, 2015

## Highlights

Highlights of Reference Number: 2015-40-063 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

The Federal Trade Commission lists the theft of mail as one method used by identity thieves to obtain personal and financial information so that they can commit fraud and other crimes. The safeguarding of Personally Identifiable Information such as a Social Security Number (SSN) is extremely important for the IRS because it generates notices and letters to taxpayers that contain this type of information and requests that taxpayers provide this information when submitting tax forms.

### WHY TIGTA DID THE AUDIT

In Fiscal Year 2014, the IRS mailed more than 141 million notices and 37 million letters to taxpayers for various reasons to help them understand and meet their tax obligations. In a prior review, TIGTA reported that the IRS had not made significant progress in redacting or masking taxpayers' SSNs from systems, notices, and forms. This audit was initiated to assess the IRS's progress in eliminating taxpayer SSNs from correspondence.

### WHAT TIGTA FOUND

Limited progress has been made to reduce the unnecessary use of SSNs on forms, letters, and notices. As of January 2015, the IRS estimates that it has removed SSNs from 58 (2 percent) of the 2,749 letters and 93 (48 percent) of the 195 notices it issues.

An Office of Management and Budget mandate required the IRS to eliminate the unnecessary use of SSNs by March 2009. However, the IRS suspended work on the forms, letters, and systems components of its SSN Elimination and Reduction Program in September 2011, so that it could focus on other components of the program with its limited funding. Funding needed to upgrade computer systems to process barcoded notices

will not be available in Fiscal Year 2016 because other projects are deemed more critical.

TIGTA also identified that processes are needed to identify the universe of taxpayer correspondence with unnecessary SSNs and to ensure that SSNs are excluded when creating new correspondence. For example, our statistically valid review of 65 forms created since Calendar Year 2009 found that 14 (22 percent) require taxpayers to provide their SSNs.

Finally, processes are needed to monitor the use of barcode scanners which are used to track correspondence. TIGTA identified scanners that were not being used in one function while another function did not have enough scanners.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS: 1) update the SSN Elimination and Reduction Program strategy to include specific time frames and describe how implementation of the proposed digital communication project would affect the IRS's SSN elimination and reduction plans, 2) develop a Service-wide strategy to identify and compile a list of all correspondence issued to taxpayers, 3) develop processes to ensure that newly created correspondence is designed to omit the unnecessary use of an SSN, and 4) develop processes and procedures to monitor and track barcode scanners to ensure that their use is maximized.

The IRS agreed with three of the four recommendations and plans to take corrective actions. The IRS disagreed with the recommendation to compile a list of all correspondence issued to taxpayers and stated that implementing the recommendation is a more costly endeavor than it appears. TIGTA continues to believe that without identifying the universe of correspondence, the IRS cannot measure its progress in reducing the unnecessary use of SSNs.

### 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/201540063fr.pdf>

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