



## Treasury Inspector General for Tax Administration Office of Audit

### IMPROVEMENTS ARE NEEDED IN THE IDENTITY PROTECTION SPECIALIZED UNIT TO BETTER ASSIST VICTIMS OF IDENTITY THEFT

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## Highlights

Highlights of Report Number: 2016-40-003 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### IMPACT ON TAXPAYERS

As part of the IRS's strategy to reduce taxpayer burden caused by identity theft, the Identity Protection Specialized Unit (IPSU) was formed in October 2008. The IPSU is a dedicated unit to enable victims of identity theft to have their questions answered and obtain assistance in having their issues resolved quickly and effectively.

### WHY TIGTA DID THE AUDIT

In May 2012, TIGTA reported that the IRS should reassess the role of the IPSU because it was not meeting its original purpose of providing taxpayers with a single assistor to work with each identity theft victim to answer questions and resolve his or her issues. This audit was initiated to follow up on the current effectiveness of the IPSU in meeting its goals. The objective of this review was to determine whether the IPSU results in a streamlined process to help resolve identity theft cases, including providing victims with a single point of contact.

### WHAT TIGTA FOUND

The majority of identity theft victims are no longer provided with an IPSU single point of contact. The IRS indicated that budgetary constraints do not allow for a single employee to be assigned to each identity theft victim. However, the IRS has stated that it remains committed to continuing to provide victims of identity theft with the centralized IPSU hotline to obtain assistance. The IRS noted that obtaining assistance via contact with the hotline does not depend on the availability of a single customer service representative, who may be unavailable because he or she is performing other casework.

In addition, required acknowledgement and case status letters were not always issued to taxpayers. Our review of a statistically valid sample of 51 IPSU cases from the 24,509 that were closed in Fiscal Year 2014 identified

19 cases (37 percent) for which the customer service representative either did not send or timely send the taxpayer one or more of the required letters.

Also, research is not always effectively conducted to identify and assist taxpayers who submit identity theft claim documentation without their Social Security Number. Our review of a statistically valid sample of 51 cases from a population of 2,612 individuals identified 18 (35 percent) for which IRS information could have been used to identify the Social Security Number. Instead, the IRS closed the case as not having sufficient information from the individual to enable the IRS to identify a corresponding Social Security Number.

Finally, a comprehensive process has not been established to ensure that IPSU customer service representatives timely address taxpayer voicemail messages.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS ensure that required acknowledgement and case status letters are timely sent to victims of identity theft. In addition, the IRS should ensure that cases submitted without a complete Social Security Number are properly researched and that a process is developed whereby customer service representatives timely respond to taxpayers' voicemail messages.

The IRS agreed with all three recommendations and plans to conduct ongoing quality and managerial reviews to identify opportunities to improve the timeliness of acknowledgements sent to taxpayers. The IRS stated that additional training was provided to employees on how to properly research cases for the full Social Security Number. In addition, the IRS plans to issue updated guidance with specific procedures that address voicemails related to identity theft.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2016reports/201640003fr.pdf>

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