



Treasury Inspector General for Tax Administration Office of Audit

THE INTERNAL REVENUE SERVICE ADEQUATELY PREPARED FOR AND RESPONDED TO THE AUSTIN INCIDENT

Issued on September 21, 2011

Highlights

Highlights of Report Number: 2011-10-098 to the Internal Revenue Service Chief, Agency-Wide Shared Services.

IMPACT ON TAXPAYERS

On February 18, 2010, a single-engine airplane was intentionally flown into the Echelon I building in Austin, Texas. The Internal Revenue Service (IRS) adequately prepared for and took the necessary actions to respond to and recover from this incident, which ensured that the IRS timely resumed normal business operations. An extended disruption to IRS facilities could affect key processes such as assessing and collecting taxes, processing tax returns and refunds, and responding to taxpayer inquiries.

WHY TIGTA DID THE AUDIT

This audit was initiated because effective continuity planning and emergency preparedness can facilitate the IRS's ability to prepare for, respond to, and recover from emergencies. These efforts include providing personnel services to support employee needs and restoring critical functions. The audit was requested by the IRS Chief, Agency-Wide Shared Services. The overall objective was to determine whether the IRS was adequately prepared for and took the necessary actions to protect IRS employees, taxpayer data, and Federal Government property and to resume normal business operations following the airplane crash into the Austin, Texas, Echelon I building (hereafter referred to as the Austin incident).

WHAT TIGTA FOUND

The IRS adequately prepared for and took the necessary actions to evacuate and protect IRS employees, secure taxpayer data and Federal Government property, and timely resume business operations following the Austin incident. The IRS timely provided extensive personnel services to assess and support affected employee needs, identified temporary office space for the affected employees, awarded several procurements to support the recovery effort in an expedited time period, and

provided the furnishings and equipment needed to resume work within 18 calendar days of the incident.

However, our audit determined that emergency planning for the Echelon I building was not complete, as none of the business resumption plans for the eight business units located at the Echelon I building included all of the required elements. In addition, the salvage contract used to recover documents, including taxpayer data at the incident site, did not include all of the required security provisions and did not contain an official designation appointing a Contracting Officer's Technical Representative. However, these issues did not have a material impact on the response to the Austin incident and, taken as a whole, the IRS preparation and response ensured that the effect of the Austin incident on IRS employees and tax administration was minimized.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief, Agency-Wide Shared Services: 1) ensure that lessons learned relative to the business resumption plans are applied to the development of the new continuity plans and 2) include on the lessons learned document and the Incident Management Plan template the provisions for emergency procurements.

In their response to the report, IRS officials agreed with our recommendations. The IRS has distributed supplemental guidance on the development of continuity plans, initiated annual quality assurance reviews of these plans, and plans to apply the lessons learned in the development of the new continuity plans. The IRS also plans to update the lessons learned document and the Incident Management Plan template to reflect that emergency procurements are required to comply with the Federal Acquisition Regulation and other procurement policies and procedures.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2011reports/201110098fr.pdf>.