



Treasury Inspector General for Tax Administration Office of Audit

WEAKNESSES CONTINUE TO EXIST IN THE CONTROLS OVER INVESTIGATIVE EQUIPMENT

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Highlights

Highlights of Report Number: 2011-30-008 to the Internal Revenue Service Chief, Criminal Investigation Division.

IMPACT ON TAXPAYERS

The Criminal Investigation (CI) Division has responsibility for controlling almost 44,000 pieces of investigative equipment costing nearly \$126 million to accomplish its investigative and enforcement functions. Our review determined that weaknesses in the controls over investigative equipment continue to exist. The risk of loss, theft, and spending funds to purchase unnecessary investigative equipment can decrease the public's confidence in the Internal Revenue Service's (IRS) ability to enforce tax laws in a fair, equitable, and consistent manner.

WHY TIGTA DID THE AUDIT

In September 2005, TIGTA issued a report citing weaknesses in the CI Division's controls that left investigative equipment vulnerable to loss. The objective of TIGTA's current review was to determine whether controls and procedures were effective to ensure investigative equipment is adequately safeguarded against waste and loss. In addition, TIGTA followed up to determine whether agreed to corrective actions from our prior report were implemented.

WHAT TIGTA FOUND

Although the CI Division took steps to strengthen controls over its investigative equipment, TIGTA identified repeat findings and weaknesses that continue to exist because the CI Division did not take or fully implement all agreed to actions from our prior report. Results showed that CI Division personnel did not always properly conduct the annual physical verifications, maintain complete documentation to support investigative equipment disposal transactions, and did not review user permissions for its management information system.

TIGTA also determined that the CI Division's management information system is inaccurate and incomplete, and that the CI Division needs to improve

the physical security controls over its investigative equipment to reduce the risk of unauthorized access.

WHAT TIGTA RECOMMENDED

To improve controls over its investigative equipment, TIGTA recommended that the Chief, CI Division, finalize the Internal Revenue Manual and the Criminal Investigation Equipment Management Procedures; modify the reports generated from the management information system to facilitate the annual inventory; and ensure the Director, Security and Technical Operations, and Director, Field Operations, review disposal documentation for completeness and reject the documentation when it is incomplete. TIGTA also made several recommendations that will help the CI Division ensure the data captured in its management information system are complete and accurate and that its assets are adequately safeguarded against theft or loss.

In their response to the report, IRS management agreed with five recommendations, partially agreed with two recommendations, and disagreed with the remaining recommendation. CI Division field offices currently review all investigative equipment disposal documentation for accuracy and conduct reviews of user access permissions to the Criminal Investigation Management Information System; however, the IRS did not agree that national office oversight was warranted. The IRS did not agree to establish an annual functional security review of investigative equipment and weapons storage areas. TIGTA maintains that current procedures for disposing of investigative equipment and completing periodic reviews of access permissions to the Criminal Investigation Management Information System and storage areas are not adequate and need strengthening. When conducted properly, functional security reviews will help ensure security standards are met.

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/201130008fr.pdf>

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