



Treasury Inspector General for Tax Administration Office of Audit

REVIEW OF THE USE OF THE ELECTRONIC FILING IDENTIFICATION NUMBER

Issued on March 30, 2011

Highlights

Highlights of Report Number: 2011-40-031 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

More than 60 million individual tax returns were electronically filed in Fiscal Year 2010 by Electronic Return Originators. The electronic filing (*e-file*) Program enables tax returns to be sent to the Internal Revenue Service (IRS) in an electronic format via an authorized IRS *e-file* Provider. An *e-file* Provider is generally the first point of contact for most taxpayers filing a tax return through the IRS's *e-file* Program. Insufficient system validations put at risk the integrity of the *e-file* Program.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to determine whether controls over the *e-file* Program are sufficient to prevent unauthorized use of the EFIN.

WHAT TIGTA FOUND

System validations related to the unauthorized use of EFINS and compliance with various *e-file* Program requirements need strengthening. From March 11, 2005, to October 21, 2010, there were 1,192 EFINS reported to the IRS as compromised.

WHAT TIGTA RECOMMENDED

TIGTA made several recommendations for improvement.

In their response to the report, IRS management agreed with four of the six recommendations and disagreed with two. TIGTA maintains that controls need strengthening to prevent the unauthorized use of the EFIN.

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/201140031fr.pdf>.