



Treasury Inspector General for Tax Administration Office of Audit

IMPROVEMENTS ARE NEEDED TO ENSURE THAT NEW INFORMATION SYSTEMS DEPLOY WITH COMPLIANT AUDIT TRAILS AND THAT IDENTIFIED DEFICIENCIES ARE TIMELY CORRECTED

Issued on September 17, 2015

Highlights

Highlights of Report Number: 2015-20-088 to the Chief Technology Officer.

IMPACT ON TAXPAYERS

Audit trails are a key component of effective information technology security. Maintaining sufficient audit trails is critical to establishing accountability over users and their actions within information systems. Due to the sensitive nature of tax return data, the IRS is required by law to detect and monitor the unauthorized access and disclosure of taxpayer records. Without sufficient audit trails, the IRS will be unable to identify or substantiate noncompliant activity that puts taxpayer records at risk.

WHY TIGTA DID THE AUDIT

Implementing audit trail solutions has long been a challenge for the IRS. The IRS reported audit trails as an area of material weakness in Fiscal Year 1997 and as a significant deficiency since Fiscal Year 2012. The IRS established an office to coordinate an enterprise solution for resolving its audit trail deficiencies that would include processes for both legacy and newly deployed systems to meet the required standards. This audit was initiated to evaluate the IRS's efforts to implement effective audit trails for new information systems that store and process taxpayer data and to track and correct identified deficiencies in existing audit trails.

WHAT TIGTA FOUND

The IRS continues to make progress in implementing its enterprise solution to address its audit trail deficiencies. However, the IRS needs to strengthen controls in its new systems development and deficiency remediation processes to improve the number and quality of its audit trails.

TIGTA found that not all IRS systems in development in recent years had audit trail requirements adequately assessed prior to deployment. Of the systems for which an audit plan was completed during the development process, most were not transmitting audit trails in accordance with IRS requirements when deployed.

Without fully operational audit trails, unauthorized accesses could be made within these systems and may not be detected. In addition, TIGTA found that system owners were not timely entering identified audit trail deficiencies into Plans of Action and Milestones to ensure proper tracking and remediation. As such, the deficiencies could persist indefinitely.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer: 1) amend procedures to ensure that systems in development are evaluated for audit trail requirements in a timely manner; 2) ensure that the document which new system owners must complete prior to transmitting audit trails is included as one of the required systems development documents; 3) revise guidance to clearly state system owner responsibility for audit trails, including the requirement for addressing identified audit trail deficiencies in a timely manner; and 4) ensure that appropriate annual testing of audit trail controls is conducted and any identified deficiencies are reported.

The IRS agreed with our recommendations except the first, to which it partially agreed. IRS management amended procedures to ensure that systems in development are evaluated for audit trail requirements in a timely manner, clarified guidance on the document needed to transmit audit trails, communicated to system owners their responsibility for audit trail controls and deficiencies, and updated its processes to ensure that annual testing procedures identify audit trail deficiencies. The IRS also plans to use procedures that will ensure that audit trail deficiencies are timely reported.

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/201520088fr.pdf>

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