
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



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October 18, 2017

Reference Number: 2018-10-002

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

October 18, 2017

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION
CHIEF, AGENCY-WIDE SHARED SERVICES

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: *****2***** – A *****2*****
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(Audit # 201710010)

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audit is included in our Fiscal Year 2017 Annual Audit Plan and addresses the major management challenge of Security Over Taxpayer Data and Protection of IRS Resources.

Management’s complete response to the draft report is included as Appendix IV.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).



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Table of Contents

Background.....Page 1

Results of ReviewPage 4

*****2*****
*****2*****
*****2*****.....Page 4

Recommendations 1 and 2:.....Page 8

*****2*****
*****2*****
*****2*****.....Page 8

Recommendations 3 through 5:.....Page 15

Appendices

Appendix I – Detailed Objective, Scope, and MethodologyPage 17

Appendix II – Major Contributors to This ReportPage 19

Appendix III – Report Distribution ListPage 20

Appendix IV – Management’s Response to the Draft ReportPage 21



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Abbreviations

CCTV	Closed Circuit Television
DVR	Digital Video Recorder
FPS	Federal Protective Service
FY	Fiscal Year
IRS	Internal Revenue Service
ISC	Interagency Security Committee
TAC	Taxpayer Assistance Center
TIGTA	Treasury Inspector General for Tax Administration



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Providing physical security and law enforcement services to TACs and other IRS facilities falls under the jurisdiction of the Department of Homeland Security’s Federal Protective Service (FPS). In addition, the FPS conducts physical security risk assessments⁵ for all the facilities under its purview, including all IRS facilities.

Protecting Federal employees and the public who visit U.S. Government-owned or leased facilities from all hazards is a complex and challenging responsibility. Within the IRS, the Facilities Management and Security Services is tasked with providing a safe workplace for IRS

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⁴ *****2*****

⁵ Documentation of the risk assessment process includes the identification of undesirable events, consequences, and vulnerabilities, and the recommendation of specific security measures commensurate with the level of risk. The FPS calls their documents, *Facility Security Assessments*.



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employees, customers, and contractors. It also performs physical security risk assessments at each IRS facility.

Physical security risk assessments can help decisionmakers identify and evaluate security risks and implement protective measures to mitigate risks. Further, risk assessments play a critical role in helping agencies tailor protective measures to reflect their facilities' unique circumstances and enable them to allocate security resources more effectively. Physical security risk assessments evaluate both internal and external security risks such as arson, robbery, and disruption of a building's security services. Physical security risk assessment standards are established by the Department of Homeland Security's Interagency Security Committee (ISC).⁶

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*****2***** during the period September through June 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

⁶ The ISC established standards for security in and protection of Federal facilities. The ISC issued interim standards, *Physical Security Criteria for Federal Facilities – An Interagency Security Committee Standard* (April 12, 2010), that established a baseline set of physical security measures to be applied to all Federal facilities based on their designated Facility Security Level.



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Results of Review

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Some of the TACs were located in Federal buildings, while others were located in private buildings. *****2*****
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Another important component to the overall security posture of a facility is the risk assessment process. *****2*****
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During our audit, IRS management informed us that Wage and Investment Division and Facilities Management and Security Services personnel *****2*****
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⁷ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population. *****2*****
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⁸ Magnetometers are used to scan individuals for the detection of metal using electromagnetic technology.



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 *****2*****.¹⁰ Security personnel advised us that there are post of duty
 orders put in place by the FPS *****2*****
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According to the IRS's criteria,¹¹ the TACs should be treated as a controlled access environment
 at all times. Controlled access is essential to protect taxpayer information from disclosure and
 prevent unauthorized access to both information and property. In determining the security
 criteria for the TACs, consideration should be given to *****2*****
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We reviewed the physical security risk assessments performed by the FPS and the IRS **2**
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Physical security risk assessments are tools used to evaluate physical security controls and identify vulnerabilities at IRS facilities. According to the ISC standards, physical security risk assessments should identify undesirable events, consequences, vulnerabilities, and the recommended specific security measures commensurate with the level of risk. Also, the security requirements should be driven by the security needs of the Federal tenant occupying the space, the risks that face the facility itself, the agency mission, and the personnel occupying the facility.

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*****2*****. In addition, since IRS performs its own physical security risk assessments, it has the flexibility to tailor its reviews for the specific security needs of its organization.



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Recommendations

The Commissioner, Wage and Investment Division, in coordination with the Chief, Agency-Wide Shared Services, should:

Recommendation 1: *****2*****
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Management's Response: The IRS agreed with this recommendation ****2****
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Recommendation 2: *****2*****
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Management's Response: The IRS agreed with this recommendation and ***2***
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Finally, we identified that the IRS has implemented an appointment system, which is a positive step in terms of managing the number of daily visitors *****2*****
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Because some of the TACs are located in buildings leased by the General Services Administration from private owners and other TACs are located in Federal buildings, the TACs we visited had various floor plans and designs. *****2*****
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*****2****. The DVRs are used to record the feed from cameras located in the TAC. *****2*****

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Additionally, IRS guidance states that security staff should be able to view the monitors.

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16 The intent of CCTV video surveillance equipment is to discourage undesirable activity.

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*******2*****IRS's TAC appointment system helped to manage *****2*****
appointments, *****2*******

We found that the IRS's TAC appointment system has helped improve security at the TACs by limiting the number of taxpayers waiting inside the TACs. *****2*****

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inadequate time allotted *****2*****, there is increased risk that taxpayers will have to wait for extended times and that TAC employees will not be able to timely complete the required paperwork *****2*****.

Recommendations

The Commissioner, Wage and Investment Division, in coordination with the Chief, Agency-Wide Shared Services, should:

Recommendation 3: *****2*****
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Management's Response: The IRS agreed with this recommendation *****2*****
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Recommendation 4: *****2*****
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Management's Response: The IRS agreed with this recommendation *****2*****
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Recommendation 5: *****2*****
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Management's Response: *****2*****
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Office of Audit Comment: *****2*****
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Appendix I

Detailed Objective, Scope, and Methodology

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A. *****2**1 *****
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*****2*****. We will not project any specific errors related to physical security vulnerabilities to the total population of TACs or employees working at the TACs.

B. We evaluated the sufficiency and reliability of the electronic data (for purposes of selecting our judgmental sample of TACs) by comparing the information available on the IRS’s public website to the OTCnet² system *****2*****
*****2*****. Additionally, we traced dollar amounts between the OTCnet and the e-Track 809³ database to ensure that they matched for FY 2016. We determined that the data were sufficiently reliable for the purposes of this report.

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

² The Over the Counter Channel (OTCnet) application is a web application that lets Federal agencies manage and report all check and cash deposits in one place. OTCnet automates the over-the-counter deposit process, captures detailed accounting information, and makes the classification of Department of the Treasury collections easier.

³ E-Trak is a web based, Service-wide document tracking applications and is used by the Wage and Investment Division to track its 809 cash payments.



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C. Prior to the visitations, we completed the following:

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D. *****2*****
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1. Performed walk-throughs of the TACs to determine whether the security measures were adequately designed.
2. Compared actual conditions at the TACs with the most recent IRS/FPS risk assessment to determine if there were potential security vulnerabilities.
3. *****2*****
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E. Ensured that cameras were in good working condition.

F. *****2*****

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2. *****2*****.

Internal controls methodology

Internal controls relate to management’s plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: *****2*****
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*****2*****. We evaluated these controls by interviewing IRS management, reviewing policies, procedures and prior physical security risk assessments done at the sample TACs, and observing security conditions during site visits to the sample TACs.



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Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)
Jonathan T. Meyer, Director
Janice M. Pryor, Audit Manager
Yasmin B. Ryan, Lead Auditor
Mary F. Herberger, Senior Auditor
Joseph P. Smith, Senior Auditor



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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Deputy Commissioner for Operations Support
Deputy Commissioner, Wage and Investment Division
Director, Customer Assistance, Relationships and Education
Director, Facilities Management and Security Services
Director, Field Assistance
Deputy Director, Facilities Management and Security Services
Director, Office of Audit Coordination



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Appendix IV

Management's Response to the Draft Report

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

COMMISSIONER
WAGE AND INVESTMENT DIVISION

AUG 28 2017

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kenneth C. Corbin /s/ Kenneth C. Corbin
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report - A *****2*****
*****2***** (Audit# 201710010)

Thank you for the opportunity to review and comment on the subject draft report. We appreciate the acknowledgement of actions the IRS has taken in responding to the quickly changing legal environment in recent years,

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The report acknowledges the IRS TAC appointment process has helped improve security at TACs *****2*****
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 *****2*****. Managers have the discretion to extend or reschedule appointments, as necessary*****2*****
 *****2*****. The appointment process is continually evaluated and procedures are updated in response to evolving needs.

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Attached are our comments to your recommendations. If you have any questions, please contact Dietra Grant, Director, Customer Assistance, Relationships and Education, Wage and Investment Division at (470) 639-3443 or Richard L. Rodriguez, Facilities Management and Security Services, Agency-Wide Shared Services at (703) 414-2143.

Attachment



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Attachment

Recommendations

The Commissioner, Wage and Investment Division, in coordination with the Chief, Agency-Wide Shared Services, should:

RECOMMENDATION 1

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CORRECTIVE ACTION

We agree with this recommendation *****2*****
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IMPLEMENTATION DATE

October 15, 2018

RESPONSIBLE OFFICIALS

Director, Field Assistance, Customer Assistance, Relationships and Education, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 2

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CORRECTIVE ACTION

We agree with this recommendation *****2*****
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IMPLEMENTATION DATE

January 15, 2019



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RESPONSIBLE OFFICIAL
Chief, Agency-Wide Shared Services

CORRECTIVE ACTION MONITORING PLAN
We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 3
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CORRECTIVE ACTION
We agree with this recommendation *****2*****
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IMPLEMENTATION DATE
Completion of TAC evaluation -October 15, 2018
Deployment of equipment and acquisition of secure space - N/A

RESPONSIBLE OFFICIAL
Director, Field Assistance, Customer Assistance, Relationships and Education, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN
We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 4
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CORRECTIVE ACTION
We agree with this recommendation and *****2*****
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IMPLEMENTATION DATE

December 15, 2018

RESPONSIBLE OFFICIAL

Chief, Agency-Wide Shared Services

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.

RECOMMENDATION 5

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CORRECTIVE ACTION

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IMPLEMENTATION DATE

October 15, 2018

RESPONSIBLE OFFICIAL

Director, Field Assistance, Customer Assistance, Relationships and Education, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system.