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INFORMATION SECURITY

Internal Revenue Service Needs to Remedy Serious Weaknesses over Taxpayer and Bank Secrecy Act Data

GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-05-482, a report to the Committee on the Judiciary, House of Representatives

Why GAO Did This Study

The Internal Revenue Service (IRS) relies extensively on computerized systems to support its financial and mission-related operations. In addition, IRS provides computer processing support to the Financial Crimes Enforcement Network (FinCEN)—another Treasury bureau. As part of IRS's fiscal year 2004 financial statements, GAO assessed (1) the status of IRS's actions to correct or mitigate previously reported weaknesses at one of its critical data processing facilities and (2) the effectiveness of IRS's information security controls in protecting the confidentiality, integrity, and availability of key financial and tax processing systems.

What GAO Recommends

GAO recommends that the Secretary of the Treasury direct the IRS Commissioner to take several actions to fully implement an effective agencywide information security program and to assess whether taxpayer data have been disclosed to unauthorized individuals. GAO also recommends that the Secretary of the Treasury direct the FinCEN Director to assess whether Bank Secrecy Act data have been disclosed to unauthorized individuals. The Acting Deputy Secretary of the Treasury generally agreed with the recommendations and identified specific completed and planned corrective actions.

www.gao.gov/cgi-bin/getrpt?GAO-05-482.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Greg Wilshusen at 202-512-3317 or wilshuseng@gao.gov.

What GAO Found

IRS has made progress in correcting or mitigating previously reported information security weaknesses and in implementing controls over key financial and tax processing systems that are located at one of its critical data processing facilities. It has corrected or mitigated 32 of the 53 weaknesses that GAO reported as unresolved at the time of our prior review in 2002.

However, in addition to the remaining 21 previously reported weaknesses for which IRS has not completed actions, 39 newly identified information security control weaknesses impair IRS's ability to ensure the confidentiality, integrity, and availability of its sensitive financial and taxpayer data and FinCEN's Bank Secrecy Act data. For example, IRS has not implemented effective electronic access controls over its mainframe computing environment to logically separate its taxpayer data from FinCEN's Bank Secrecy Act data—two types of data with different security requirements. In addition, IRS has not effectively implemented certain other information security controls relating to physical security, segregation of duties, and service continuity at the facility. Collectively, these weaknesses increase the risk that sensitive taxpayer and Bank Secrecy Act data will be inadequately protected from unauthorized disclosure, modification, use, or destruction. Moreover, weaknesses in service continuity and business resumption plans heighten the risk that assets will be inadequately protected and controlled to ensure the continuity of operations when unexpected interruptions occur.

An underlying cause of these information security control weaknesses is that IRS has not fully implemented certain elements of its agencywide information security program. Until IRS fully implements a comprehensive agencywide information security program, its facilities and computing resources and the information that is processed, stored, and transmitted on its systems will remain vulnerable.