



Treasury Inspector General for Tax Administration Office of Audit

THE OFFICE OF DISCLOSURE CONTINUED TO IMPROVE COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT REQUIREMENTS

Issued on August 29, 2008

Highlights

Highlights of Report Number: 2008-30-164 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) must ensure that the provisions of the Freedom of Information Act (FOIA), the Privacy Act of 1974, and Internal Revenue Code Section (I.R.C. §) 6103 are followed, particularly because errors can violate taxpayer rights and result in improper disclosures of tax information. TIGTA reviewed a statistically valid sample of 82 FOIA/Privacy Act cases and found 3 (3.7 percent) cases in which taxpayer rights might have been violated because the IRS improperly withheld information requested by the taxpayers. When projected to the population, the sample results indicate that 207 taxpayers might have been improperly denied information under the FOIA and/or the Privacy Act in Fiscal Year 2007. The IRS adhered to legal requirements under I.R.C. § 6103 in the sample of 84 cases TIGTA reviewed.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to determine whether the IRS has adequate and effective policies and procedures to ensure compliance with FOIA provisions.

TIGTA is required to conduct periodic audits to determine if the IRS properly denied taxpayers' written requests for tax account information and to include the results of these audits in one of its Semiannual Reports to Congress. This is our ninth review of denials of FOIA, Privacy Act, and I.R.C. § 6103 requests.

WHAT TIGTA FOUND

The IRS continued to improve the accuracy, timeliness, and completeness of its responses to requests for information covered by the FOIA. For example, the percentage of untimely responses to FOIA/Privacy Act requests continued to decrease. In the previous 8 years' audits, the percentages of untimely responses ranged from a high of 43.5 percent to a low of 2.3 percent. In addition,

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TIGTA noted no exceptions in the 84 I.R.C. § 6103 cases reviewed. This is a marked improvement over our results from last year, when information was improperly withheld in 14.5 percent of the cases reviewed.

The improved performance can be attributed in large part to the policies, procedures, and techniques (management controls) in place to help ensure that disclosure personnel handle requests under the FOIA in a timely manner and in accordance with laws and regulations. While improvement was noted, management's continued attention is needed to ensure that disclosure personnel follow required procedures. In 3.7 percent (3 of 82 cases) of the FOIA/Privacy Act cases reviewed, information was improperly withheld from requestors. These errors occurred mainly because of inadequate research or simple oversight by disclosure personnel.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations during this audit because, in our opinion, management controls are operating as intended in providing reasonable assurance that FOIA provisions are followed and that accurate and timely responses are forwarded to taxpayers when written requests for tax account information are received. IRS management reviewed this report prior to issuance and agreed with the facts, findings, and outcome measures presented.

READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2008reports/200830164fr.pdf>

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