



Highlights of [GAO-07-579](#), a report to the Chairman, Committee on Finance, U.S. Senate

### Why GAO Did This Study

On June 25, 2006, the Internal Revenue Service (IRS) headquarters building suffered flooding during a period of record rainfall and sustained extensive damage to its infrastructure. IRS officials ordered the closure of the building until December 2006 to allow for repairs to be completed. IRS headquarters officials reported activating several of the agency's emergency operations plans. Within 1 month of the flood, over 2,000 employees normally assigned to the headquarters building were relocated to other facilities throughout the Washington, D.C., metropolitan area.

GAO was asked to report on (1) how IRS emergency operations plans address federal guidance related to continuity planning and (2) the extent to which IRS emergency operations plans contributed to the actions taken by IRS officials in response to the flood. To address these objectives, GAO analyzed federal continuity guidance, reviewed IRS emergency plans, and interviewed IRS officials.

### What GAO Recommends

GAO recommends that the Commissioner of Internal Revenue revise internal IRS guidance and emergency plans to fully reflect federal continuity guidance. The Commissioner agreed with our recommendations and stated that the agency will take the necessary steps to implement them and revise its emergency plans.

[www.gao.gov/cgi-bin/getrpt?GAO-07-579](http://www.gao.gov/cgi-bin/getrpt?GAO-07-579).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Bernice Steinhardt at (202) 512-6543 or [steinhardt@gao.gov](mailto:steinhardt@gao.gov).

## IRS EMERGENCY PLANNING

# Headquarters Plans Supported Response to 2006 Flooding, but Additional Guidance Could Improve All Hazard Preparedness

### What GAO Found

The IRS headquarters emergency operations plans that GAO reviewed—the headquarters Continuity of Operations (COOP) plan, Incident Management Plan, and three selected business resumption plans—collectively addressed several of the general elements identified within federal continuity guidance for all executive branch departments and agencies (see table below). For example, the plans adequately identified the people needed to continue performing essential functions. However, other elements were not addressed or were addressed only in part. Specifically, IRS had two separate lists of essential functions—critical business processes and essential functions for IRS leadership—within its plans, but prioritized only one of the lists. Furthermore, although the COOP plan outlined provisions for tests, training, and exercises, none of the other plans GAO reviewed outlined the need to conduct such activities. While IRS provided overall guidance to its business units on their business resumption plans, the guidance was inconsistent with the federal guidance on several elements, including the preparation of resources and facilities needed to support essential functions and requirements for regular tests, training, and exercises.

The IRS Incident Management Plan was particularly useful in establishing clear lines of authority and communications in response to the flooding. Unit-level business resumption plans GAO reviewed contributed to a lesser extent, and the headquarters COOP plan was not activated because of conditions particular to the 2006 flood. Specifically, damage to the building was limited to the basement and subbasement levels, and employees were able to enter the building to retrieve equipment and assets. In addition, alternate work space was available for all employees within a relatively short period, reducing the importance of identifying critical personnel.

While its plans helped guide IRS's response to the conditions that resulted from the flood, in more severe emergency events, conditions could be less favorable to recovery. Consequently, unless IRS fills in gaps in its guidance and plans, it lacks assurance that the agency is adequately prepared to respond to the full range of potential disruptions.

**Summary of General Elements Identified within Federal Continuity Guidance**

General element	Description of agency action
Essential functions	Determine what agency-specific functions must be continued under all circumstances.
People	Identify and designate the personnel critical to agency operations.
Resources	Identify and plan for the availability of resources needed.
Alternate facilities	Identify and prepare alternate facilities for critical personnel.
Activation	Determine which continuity plans should be activated.
Execution	Document procedures that guide emergency operations personnel.
Resumption	Outline a plan to return or transition to normal operations.
Tests, training, and exercises	Perform tests, training, and exercises of continuity plans.

Source: GAO analysis of Federal Preparedness Circular 65.