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May 28, 2015

VIA ELECTRONIC TRANSMISSION

The Honorable John Koskinen
Commissioner of Internal Revenue
1111 Constitution Ave NW
Washington, DC 20224

Dear Commissioner Koskinen:

Security for Taxpayer Data and IRS Employees was identified as the number one management and performance challenge for the Internal Revenue Service (IRS) by the Treasury Inspector General for Tax Administration (TIGTA) for Fiscal Year 2015.¹ Unfortunately, that challenge has been imperfectly addressed as evidenced by the theft of tax forms full of personal financial information of over 100,000 taxpayers.

Several news outlets have reported that the files of approximately 104,000 taxpayers have been accessed by thieves.² The reports indicate the thefts occurred by exploiting an online interactive web system called "Get Transcript." To gain access thieves had to clear a security screen with information about the taxpayer including social security number, date of birth, tax filing status and street address. The reports do not indicate where the thieves first found that information.

The reports indicate the crooks attempted to download forms from 200,000 taxpayers from February to mid-May of this year. And of the 104,000 successful downloads, it appears about 15,000 of the forms were used to claim tax refunds.³

¹ October 15, 2014, Memorandum for Secretary Lew, from TIGTA IG J. Russell George, Management and Performance Challenges Facing the IRS for FY 2015.

² ABC News, May 26, 2015, APNewsBreak: IRS Says Thieves Stole Tax Info From 100,000
<http://abcnews.go.com/Politics/wireStory/apnewsbreak-irs-thieves-stole-tax-info-100000-31317464>

³ CNN Money, Jose Pagliery May 26, 2015, Criminals use IRS website to steal data on 104,000 people
<http://money.cnn.com/2015/05/26/pf/taxes/irs-website-data-hack/>

In a 2013 report to the Senate Finance Committee, the Government Accountability Office (GAO) evaluated IRS online interactive tools.⁴ That report indicates the IRS goes through a process to assess security risks before a new online service is released for taxpayer use. According to the report, as of March 2013, the IRS did not have the capability to authenticate a taxpayer's identity with the level of security required for dynamic account access.

It is important to learn what can be done to prevent these breaches of IRS computer systems and protect the private personal information of taxpayers. Please provide answers to the following questions.

1. When was the "Get Transcript" online service first activated on the IRS website?
2. Please provide a copy of the risk assessment documentation developed for the "Get Transcript" online service before it was released for taxpayer use.
3. Please provide a copy of the mitigation plan that was developed for the "Get Transcript" online service before it was released for taxpayer use.
4. According to GAO Report 13-435, as of March 2013, the IRS did not have the capability to authenticate a taxpayer's identity with the level of security required for dynamic account access. When did the IRS achieve this capability?
5. What other interactive web services are available on the IRS website?
6. What lessons learned from this incident have been applied to those interactive web services?
7. In addition to contacting the 200,000 taxpayers whose forms thieves attempted to access, what other measures is the IRS taking to protect against misuse of that information?

Please provide your written response to these questions by June 4, 2015. Should you have any questions regarding these issues, please contact Paul Junge of Chairman Grassley's staff at (202) 224-5225.

Sincerely,



Charles E. Grassley

Chairman

Committee on the Judiciary

⁴ GAO, Report to Chairman, Committee on Finance, U.S. Senate, IRS Website: Long-Term Strategy Needed to Improve Interactive Services, GAO-13-435 (Washington, D.C.: April 2013)