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decisions involving Information Technology security, according to a report released publicly today by the Treasury Inspector General for Tax Administration.

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The [Internal Revenue Service](#) (IRS) does not adequately document its risk-based decisions involving Information Technology security, according to a report released publicly today by the Treasury Inspector General for Tax Administration (TIGTA).

Risk-based decisions are made when the IRS wants to make an exception to its own policies and requirements based on suitable justification and a thorough assessment of evident and potential risks. For decisions related to the security of information systems, exceptions are allowed if meeting the requirement is 1) not technically or operationally possible or 2) not cost effective.

When risk-based decisions are not made within the established guidelines, the organization may be accepting too much risk related to security of its systems and data. Consequently, taxpayer data may not be secured and may be vulnerable to unauthorized disclosure, which can lead to identity theft. Furthermore, accepted weaknesses may result in security breaches, which can cause network disruptions and prevent the IRS from performing vital taxpayer services, such as processing tax returns, issuing refunds, and answering taxpayer inquiries.

The overall objective of TIGTA's review was to determine whether the IRS's risk-based decision process provides an effective platform for identifying, assessing, and addressing risks related to information technology projects and systems.

"Our auditors found that the IRS collects and tracks minimal information about risk-based decisions and does not require supporting documentation about why decisions were made," said J. Russell George, Treasury Inspector General for Tax

Administration. “In addition, information technology risks can be accepted and

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upon its current risk-based decision tracking efforts by maintaining supporting detail in a central repository; and 4) implement a quarterly review of risk-based decision detail to ensure compliance with existing IRS policy and to establish a foundation for risk management of information technology assets.

IRS officials agreed with TIGTA's recommendations and plan to update policies to clearly state that risk-based decision justification information must be documented to include acceptance due to cost and technical limitations and will add these requirements to training materials. The IRS also plans to enhance the existing repository of risk-based decisions to maintain detailed justification information and will review this detail on a semiannual basis.

[The full report is on TIGTA's website.](#)

IRS • Technology

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