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THE TAX LAWYER

TAXES 3/23/2015

Report Says Former IRS Employees--Think Lois Lerner--Can Still Peruse Your Tax Returns

Could Lois Lerner still take a look at your tax returns on IRS computers? It sounds preposterous, but a new watchdog report says *former* IRS employees still have access to IRS computer systems long after they have no official business with the information. The [report](#) is by the [U.S. Government Accountability Office](#), an independent, nonpartisan agency that works for Congress. The GAO investigates how the federal government spends taxpayer dollars. In the case of IRS security, the report says not well.

This [report](#) cites significant deficiencies in the security of IRS financial reporting systems. Millions of Americans who are legally required to file taxes are fearful about fraud. The report says the [IRS needs to continue improving controls over financial and taxpayer data](#). In the case of former IRS workers with continuing access to IRS data systems, they need to be cut off.



One co-author of the report said the IRS horde of taxpayer data can be used by identity thieves. The timing couldn't be worse for the IRS. The IRS is failing to secure its massive computer systems, leaving private taxpayer data vulnerable to fraudsters and hackers, the new [report](#) from the GAO reveals.

The agency is still reeling from budget cuts, and taxpayer confidence in the security and credibility of the IRS is not high. Its release caps a bad two months for the IRS and taxpayers. The annual tax filing season arrived with a bang, punctuated by a big uptick in fears about fraud. There was nearly a bank run when TurboTax suspended filing state tax returns over fraud.

The watchdog Treasury Inspector General for Tax Administration reported that [1.6 million taxpayers](#) were affected by identity theft in the first part of 2014. Four years ago, the figure was a fraction of that, presumably due to the rise in electronic filing as well as more sophisticated hackers and identity thieves.

Some taxpayers learned the disturbing news that someone had filed 'their' tax return and scooped up their refund. Initially, it was just a state tax problem, not a federal one. Then the [FBI started investigating fraudulent IRS returns filed through TurboTax](#). Taxpayers interviewed about the [fraudulent tax filings](#) said their IRS data was compromised too, and returns were filed, perhaps based on 2013 tax return data.

The GAO report says the IRS uses old outdated software without proper security functions. IRS passwords can easily be compromised, the report notes. Even worse, the report says the IRS does not always delete employee access when workers quit or are fired. All in all, the GAO report paints a grim picture, suggesting that one need not be a terribly sophisticated hacker to get into the IRS. Even so, the GAO says there are some improvements.

A previous GAO report said there were 69 security weaknesses at the IRS. Some of those have been addressed, which is good news. There are fewer now, but there at least 20 security weaknesses that cry out for attention. The GAO recommends that the IRS should update its policies and software to address the remaining weaknesses. Unlike some other reports on the IRS, in this case, the IRS agreed.

Meanwhile, there are still naysayers who worry that TurboTax has been compromised and has lax security procedures. During TurboTax's state return flap, [H&R Block](#) one-upped its rival, stating that it was not impacted. When TurboTax got back in the saddle and [resumed processing state tax returns, it added security](#). Still, no system is perfect.

The IRS monitors identity theft and other types of fraud, and has [resources](#) for victims of identity theft. The IRS says it has added and strengthened protections in its processing systems this filing season. Even so, so far this tax filing season has been a kind of perfect storm. It isn't over yet, even before one considers the new hassles over [Obamacare tax filings](#).

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