



For Immediate Release
October 11, 2007

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**BAUCUS: IRS MUST WATCH TAXPAYER CASE FILES CLOSELY,
PROTECT AMERICANS' INFORMATION SECURITY, PRIVACY**
GAO Report Details IRS Problems Locating Missing Case Files

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) commented today on a new review of the Internal Revenue Service (IRS) that found significant problems with missing taxpayer case files. In a study requested by Chairman Baucus as part of the Finance Committee's oversight of the IRS, the Government Accountability Office (GAO) found that the IRS lacks an effective process to find paper case files, and then fails to track whether requested case files are located in a timely manner or document the reasons when they cannot be found. Missing case files hamper the IRS's ability to assist taxpayers, impede enforcement efforts, and increase the risk of unauthorized use of private taxpayer information.

“The IRS's case files contain confidential information that taxpayers have a right to expect is stored safe and sound,” said Baucus. **“When these files are lost, taxpayers face increased burdens to sort out their tax matters and may be put at risk of identity theft. Efficient tax administration requires that the IRS follow GAO's recommendations to increase file security and establish reliable storage practices.”**

Missing case files also impede congressional oversight. In a Treasury Inspector General for Tax Administration audit that called for a random sample of tax records, the IRS could not locate 19 percent of the requested case files. Lack of staff accountability for file maintenance, misplaced files, and files sent to the wrong locations all contribute to the IRS's problems. For more efficient file management, the GAO recommends that the IRS comply with the Federal Records Act, track the number of missing files, and ensure that case file performance is monitored across the IRS.

The entire GAO report, entitled “Tax Administration: The Internal Revenue Service Can Improve Its Management of Paper Case Files,” can be located at www.gao.gov.

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