

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Office of Integrity and Oversight

MEMORANDUM

TO: Stephen M. Cordi, Deputy CFO
Office of Tax and Revenue

FROM: William J. DiVello, Executive Director
Office of Integrity and Oversight *William J. DiVello*

DATE: July 19, 2011

SUBJECT: Final Management Alert: The Office of Tax and Revenue Has Not Restricted
Access to Certain High-Profile Taxpayers and Employees (11-02-16 OTR)

The purpose of this management alert is to inform management of an operational issue that requires immediate attention. In our ongoing efforts to monitor operations at the Office of Tax and Revenue (OTR) it has come to our attention that certain prominent District officials and OTR employees' accounts are not restricted in the Integrated Tax System (ITS).

Background

In April 2004, OIO issued a report titled "Improper Access of Tax Accounts (Browsing)." OIO reviewed the access to 23 high-profile tax accounts. As stated in the Restricted Account Access Recommendation dated March 15, 2005, a high profile account is one that is conducive to curious examination because of the position of the person, notoriety of the person or business, or a combination of both of these conditions. The OIO report disclosed no patterns of improper access of the 23 high profile accounts reviewed.

OTR convened a task force to address the issue of browsing and restricting accounts. The task force set a policy on browsing of restricted accounts and developed a list of taxpayers that were deemed high profile and therefore should be restricted from account view except by designated staff. To ensure employees cannot access their own accounts or those of public figures OTR created a restricted list that 'turns' off employee access to certain accounts and limits access to supervisors,

The following taxpayers and employees were deemed as restricted accounts per Attachment 1 of the Restricted Account Access Recommendation dated March 15, 2005:

Taxpayers:

- DC City Council Members
- US President
- Presidential Cabinet Members
- Presidential candidates
- Congressional members
- Local celebrities
- Former DC Mayors
- Athletes

District Employees:

- Mayor
- City Administrator
- Chief Financial Officer
- CFO Cabinet
- OTR employees

Finding: High Profile District Taxpayers and Certain OTR District resident employees are not restricted in ITS

OIO obtained the current ITS restricted account listing from the Office of the Chief Information Officer, Tax Systems Group (TSG) as of March 31, 2011, and noted that seven of the thirteen DC City Council members were not included in the restricted taxpayer listing. Additionally, OIO noted that several OTR employees with District home addresses are not included in the restricted account listing.¹

In the 2005 restricted access recommendation document cited above, it was determined that City Council and OTR employees were to be included in the restricted access file; however, the restricted taxpayer file is not current as of March 2011.

The OCFO Code of Conduct as well as the recommendation document prepared by OTR requires taxpayer information to be treated confidentially and prohibits accessing tax records for personal use, working on matters involving family, friends or associates, and the "Browsing" of tax records or payroll data in order to satisfy personal curiosity. These policies are in place to reduce the risk of non-work related accessing of accounts, using information for personal use, and changing account information for personal gain. Additionally, it allows for the safeguarding of taxpayer information. However, if the restricted taxpayer lists are not properly maintained, updated and monitored on a routine basis, the policy is ineffective.

¹ OIO obtained the personnel file for OTR employees from the Office of Pay and Retirement as of March 2011.

Recommendations:

We recommend the Deputy CFO:

1. Reinforce the browsing policy with all employees and administrations.
2. Review the restricted taxpayer file to ensure all high profile taxpayers and employees that live in the District are properly restricted.
3. Designate staff to review the list of restricted taxpayers on a periodic basis to remove or add taxpayers as required.
4. Continue to monitor browsing reports to identify attempts to access restricted accounts.

Management Response and OIO Comments

OTR concurred with OIO's recommendations. OTR will issue a notice to all employees by e-mail and through management channels reminding employees of their responsibilities concerning browsing by July 30, 2011. Management is also reviewing the restricted access file compared to high profile taxpayers and employees to update the file by August 31, 2011. See the agency response in its entirety at Exhibit B.

We find the agency's corrective action plan responsive to our recommendations.

If you have any questions you may contact me at 202-442-6445 or Tisha Edwards, Audit Manager at 202-442-6446.

Attachments

cc: Natwar M. Gandhi, Chief Financial Officer
Angell Jacobs, Chief of Staff, OCFO
Kathy Crader, Chief Risk Officer, OCFO
Glen Groff, Director of Operations, OTR

Exhibit A Summary of Potential Benefits from Alert

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status ²
1	Reinforce the browsing policy with all employees and administrations.	Internal Control	July 30, 2011	Open
2	Review the restricted taxpayer file to ensure all high profile taxpayers and employees that live in the District are properly restricted.	Internal Control	August 31, 2011	Open
3	Designate staff to review the list of restricted taxpayers on a periodic basis to remove or add taxpayers as required.	Internal Control	Ongoing	Open
4	Continue to monitor browsing reports to identify attempts to access restricted accounts.	Internal Control	Ongoing	Open

² This column provides the status of the recommendation as of the report date. For final reports "Open" means management and OIO are in agreement on the action to be taken, but the action is not complete. "Closed" means that management advised OIO that they took the action needed to correct the condition and that action is complete. If a completion date was not provided the date of management's response was used. "Unresolved" means that management has neither agreed to the recommended action nor proposed a satisfactory alternative action to correct the condition.

Exhibit B Office of Tax and Revenue Response

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



Stephen M. Cordi
Deputy Chief Financial Officer

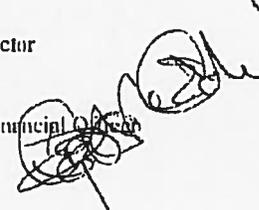
MEMORANDUM

TO: William J. DiVello, Executive Director
Office of Integrity and Oversight

FROM: Stephen M. Cordi, Deputy Chief Financial Officer
Office of Tax and Revenue

DATE: July 14, 2011

SUBJECT: Draft Management Alert: The Office of Tax and Revenue Has Not
Restricted Access to Certain High-Profile Taxpayers and Employees
(11-02-16-OTR)



The Office of Tax and Revenue concurs with the alert from the Office of Integrity and Oversight that the current list of IRS restricted accounts is not current as required. In response to this alert OTR will take the following steps to comply with the restricted access policy.

OTR recommendations:

Recommendation #1:

Reinforce the browsing policy with all employees and administrators.

Response:

OTR will issue a notice to all employees by e-mail and through management channels reminding the employees of their responsibilities concerning browsing and keeping the information of all taxpayers confidential. This will be completed by July 30, 2011.

Recommendation #2:

Review the restricted taxpayer file to ensure all high profile taxpayers and employees that live in the District are properly restricted.

Response:

OTR has undertaken a complete review of the restricted access file compared to high profile taxpayers in the District and employees living in the district. OTR will remove any taxpayers who

Exhibit B Office of Tax and Revenue Response

no longer need to be restricted and add all of the high profile taxpayers and employees that need to be included in the file. This review and change process will be completed by August 31, 2011.

Recommendation #3:

Designate staff to review the list of restricted taxpayers on a periodic basis to remove or add taxpayers as required.

Response:

The customer service administration has been tasked with keeping the file current subject to input from all of the administrations as employees are hired or released. In order to ensure that this is occurring a quarterly meeting with the director of operations and all of the directors is now scheduled on a recurring basis to review compliance with this policy.

Recommendation #4:

Continue to monitor browsing reports to identify attempts to access restricted accounts.

Response:

OTR has a browsing report produced every quarter and it is reviewed by directors and the director of operations to identify attempts at improper access. We will continue to review these reports and keep them on file for review if necessary.

If you have any additional questions or concerns, please contact Glen I. Groff, Director of Operations, at 442-6499.