



# U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS  
1139 LONGWORTH HOUSE OFFICE BUILDING  
Washington, DC 20515

January 8, 2024

The Honorable Daniel Werfel  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, D.C. 20224

Dear Commissioner Werfel:

I write to express my ongoing concern about the unprecedented leak of confidential taxpayer information by an Internal Revenue Service (“IRS”) contracted employee over two years ago to *The New York Times* and *ProPublica*, and what the agency is doing to prevent such disclosures from happening in the future. Since September 2020, the Committee on Ways and Means Republicans have continually requested information from the U.S. Department of the Treasury, the IRS, the Treasury Inspector General for Tax Administration (“TIGTA”), and the U.S. Department of Justice regarding actions taken by the executive branch in reaction to this historic leak of taxpayer information.<sup>1</sup>

While many Committee Republicans’ requests to date focused on what was being done to get to the bottom of how news outlets gained possession of taxpayer information, I am also concerned about what the IRS is doing to prevent breaches of taxpayer information from happening again. This concern stems from the historic leak of taxpayer information to *The New York Times* and *ProPublica*, as well as recent TIGTA reports released this summer which

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<sup>1</sup> See e.g., The H. Comm. on Ways and Means, *Brady Calls for Investigation into Potentially Criminal Leak of Trump’s Private Tax Info* (Sept. 28, 2020), <https://waysandmeans.house.gov/brady-calls-for-investigation-into-potentially-criminal-leak-of-trumps-private-tax-info/>; H. Comm. on Ways and Means Press Release, *Brady, Crapo to IRS: Breach of Taxpayer Data Cannot Be Tolerated: Top Republican Tax Writers Call for Transparency, Investigation Into Leak of Confidential Tax Information* (June 9, 2021), <https://waysandmeans.house.gov/brady-crapo-to-irs-breach-of-taxpayer-data-cannot-be-tolerated/>; Letter from Hon. Jason Smith, Chairman, H. Comm. on Ways and Means to Hon. J. Russell George, Inspector General for Tax Administration, Treasury Inspector General for Tax Administration (Feb. 16, 2023), <https://waysandmeans.house.gov/wp-content/uploads/2023/02/2.16.23-Ltr-to-TIGTA-on-ProPublica.pdf>; H. Comm. on Ways and Means, Hearing, *Hearing on President Biden’s Fiscal Year 2024 Budget Request with Treasury Secretary Yellen* (Mar. 10, 2023) <https://gop-waysandmeans.house.gov/wp-content/uploads/2023/08/WEBSITE-Yellen-Hearing-Transcript.pdf>; Letter from Hon. Jason Smith, Chairman, H. Comm. on Ways and Means, et al., to Corey R. Amundson, Chief, Public Integrity Section, Criminal Division, Dep’t of Just. (Nov. 8, 2023), <https://waysandmeans.house.gov/ways-and-means-republicans-demand-doj-answers-for-inadequate-charging-decisions-for-propublica-leaker/>.

indicate that significant deficiencies continue to exist with respect to the IRS's ability to safeguard taxpayer information.<sup>2</sup>

On October 23, 2023, the IRS released the Management Quarterly Update for Fiscal Year 2023 Q3 updates.<sup>3</sup> Included in the update are details on the progress made on information technology data security within the IRS.<sup>4</sup> The update states that the "IRS has significantly strengthened information security with a focus on implementing security methods to achieve effective, secure data sharing and reductions in vulnerabilities for system attacks."<sup>5</sup> Included in the list of security methods the IRS has already begun to implement is reducing the number of agency staff and contractors who have access to federal tax information ("FTI") and/or personally identifiable information ("PII"), limiting the ability to remove sensitive information from the IRS computing environment, and enhanced monitoring to see what leaves the IRS environment.<sup>6</sup>

I am pleased that the IRS is taking some action to address vulnerabilities in its system, but I want to understand the full scope of what IRS is doing so that we can ensure that another massive leak of confidential taxpayer information does not happen again. I expect TIGTA to make recommendations regarding what IRS needs to do to better secure its systems and hope that you will work hard to review and implement TIGTA's recommendations on this issue.

To facilitate congressional oversight concerning the IRS's protection of sensitive taxpayer records and information, please provide answers to the following no later than January 22, 2024.

1. How many employees had access to federal tax information before the previously mentioned changes were made?
  - a. How many employees currently have access to federal tax information.
2. How many IRS contractors had access to federal tax information before the previously mentioned changes were made?

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<sup>2</sup> See e.g., Treasury Inspector General for Tax Administration, *The Cyber Threat Hunting Program Properly Conducts Analysis to Identify Threats; However, Guidance, Documentation, and Controls Need to Be Improved*, Report No. 2023-20-040 (July 20, 2023), <https://www.tigta.gov/sites/default/files/reports/2023-07/202320040fr.pdf>; Treasury Inspector General for Tax Administration, *Sensitive Tax Information Is Not Being Controlled Adequately When Shipping to and From Processing Centers*, Report No. 2023-IE-R007 (Aug. 1, 2023), <https://www.tigta.gov/sites/default/files/reports/2023-08/2023ier007fr.pdf>; Treasury Inspector General for Tax Administration, *Sensitive Business and Individual Tax Account Information Stored on Microfilm Cannot Be Located*, Report No. 2023-IE-R008 (Aug. 8, 2023), <https://www.tigta.gov/sites/default/files/reports/2023-08/2023ier008fr.pdf>.

<sup>3</sup> See U.S. Dept. of the Treasury, Internal Revenue Service, Publication No. 5801 (Rev. 10-2023), Cat. No. 94047N, at 1. <https://www.irs.gov/pub/irs-pdf/p5803.pdf>.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*, at 2.

Letter to The Honorable Daniel Werfel

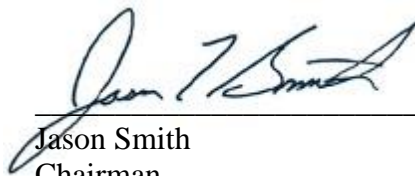
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- a. How many IRS contractors currently have access to federal tax information.
3. Describe the efforts taken and amount of money spent by the IRS to implement the following measures:
    - a. Ensuring all system accesses are appropriately authorized and tracked via enterprise management.
    - b. Fortifying auditing and logging of all IRS systems containing FTI and/or PII.
    - c. Reducing the number of agency staff and contractors who have access to sensitive information.
    - d. Installing the new firewall between infrastructure and the rest of the IRS.
    - e. The stronger 24/7 monitoring using advanced analytics used to detect and prevent risky data usage.
  4. What additional steps is the IRS taking to close the loopholes exposed by the theft of taxpayer information and leak of that information in 2020 and 2021?
  5. What additional steps is the IRS taking to determine whether it has additional system vulnerabilities that need to be addressed?

Thank you for your prompt review and responses. If you have any questions, please contact the Majority Committee staff at (202) 225-3625.

Sincerely,



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Jason Smith  
Chairman  
House Committee on Ways and Means