

United States Senate

WASHINGTON, DC 20510

October 4, 2017

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Mr. Koskinen:

We are writing regarding the fact that – just three weeks after Equifax made public a massive data breach affecting over 145 million Americans, and as new evidence emerges about significant gaps in the company’s cybersecurity prevention and response strategies – the IRS awarded Equifax a \$7.25 million contract “to verify taxpayer identity and to assist in ongoing identity verification and validations needs of the Service.”¹

The contract was awarded on September 29, and, according to the IRS, is a sole-source contract, required “to cover the timeframe needed to resolve the protest” on a previous contract.² Rewarding a company that has exposed tens of millions of American’s personal data to criminals with millions of dollars in taxpayer funds to verify and validate personal tax-related data is a confusing decision.

Right now, no businesses or consumers in Massachusetts or Nebraska would blindly trust Equifax to protect against fraud or handle sensitive personal information. It is surprising that the IRS would choose to do so given its legal obligations to protect Americans’ privacy. The catastrophic breach at Equifax puts a significant burden on the company to earn any government contract, and on the IRS to explain fully why such a contract was awarded. If the IRS cannot sufficiently do so, this contract should be rescinded. As such, we ask that you provide answers to the following questions:

- 1) According to the IRS, the short-term no-bid contract was awarded because Equifax has contested the award of a long-term contract. Why was this contract temporarily awarded to Equifax pending the results of their protest? Were you required by Department rules or guidelines to award the contract to Equifax? What specific services will the company be providing to the IRS? How long is this contract?
- 2) What cybersecurity requirements are in place for Equifax under this new contract?

¹ FedBizOpps.gov, Internal Revenue Service Solicitation Number TIRNO17Q00319, Transaction Support for Identity Management (awarded Sep. 29, 2017) (https://www.fbo.gov/index?s=opportunity&mode=form&id=ea6f7d2c319f384e03e24ba0bdfad389&tab=core&_cvi=0)

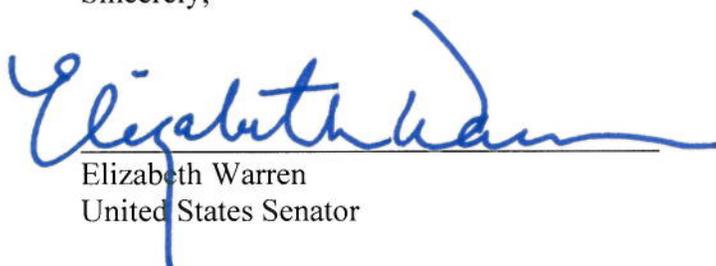
² FedBizOpps.gov, Internal Revenue Service Solicitation Number TIRNO17Q00319, Transaction Support for Identity Management (awarded Sep. 29, 2017) (https://www.fbo.gov/index?s=opportunity&mode=form&id=ea6f7d2c319f384e03e24ba0bdfad389&tab=core&_cvi=0)

- 3) What is the nature of the contract protest referred to in the contract announcement, and why did this protest necessitate a sole source contract?
- 4) What cybersecurity provisions are included in the new contract that has been contested?
- 5) Media reports suggest that the 2015 hack of the IRS occurred via authentication technology that was procured from Equifax.³ Is the IRS still using this technology? If so, what changes has IRS forced Equifax to make to fortify its systems?
- 6) In 2015, the IRS also issued a request for proposal to the built its own suit of identity verification systems.⁴ What is the status of the project? How does it relate to this contract?
- 7) According to reports, the contract was signed without the approval of CIO Gina Garza, which would appear to violate the Federal IT Acquisition Reform Act.⁵ Did CIO Garza fail to sign-off on this contract, and, if so, why did the IRS award it to Equifax in apparent violation of the law?
- 8) Did IRS review and change any cybersecurity requirements for contractors following the breach announced by Equifax on September 7, 2017?

In addition to providing written answers to our questions, we also ask that you provide our staff with a briefing on this contract and its requirements, and why it was awarded on a no-bid basis, no later than October 18, 2017.

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator



Ben Sasse
United States Senator

³ Federal News Radio, IRS \$130 Million RFP to Fix ID Theft Diverges from Governmentwide Initiative (June 8, 2015) (<https://federalnewsradio.com/technology/2015/06/irs-130-million-rfp-to-fix-id-theft-diverges-from-governmentwide-initiative/>).

⁴ Federal News Radio, IRS \$130 Million RFP to Fix ID Theft Diverges from Governmentwide Initiative (June 8, 2015) (<https://federalnewsradio.com/technology/2015/06/irs-130-million-rfp-to-fix-id-theft-diverges-from-governmentwide-initiative/>).

⁵ FedSCOOP, IRS Says it Awarded \$7M Stopgap Contract to Equifax After Protest Limited Its Options (Oct. 2017) (<https://www.fedscoop.com/irs-awards-7m-e-authentication-stopgap-contract-equifax-protest-limited-options/>).