



Treasury Inspector General for Tax Administration Office of Audit

REENGINEERING INDIVIDUAL TAX RETURN PROCESSING REQUIRES EFFECTIVE RISK MANAGEMENT

Issued on December 7, 2009

Highlights

Highlights of Report Number: 2010-20-001 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

In August 2008, the Internal Revenue Service (IRS) Commissioner established the Modernized Taxpayer Account Program Integration Office to manage the transition of individual taxpayer account processing to a new modernized environment. Once completed, the new modernization environment should allow the IRS to more effectively and efficiently update taxpayer accounts, support account settlement and maintenance, and process refunds on a daily basis, which will contribute to improved service to taxpayers.

WHY TIGTA DID THE AUDIT

This review was conducted in response to a request from the Chief Technology Officer for TIGTA to assess the Modernized Taxpayer Account Program Integration Office start-up activities and governance processes. The overall objective of this review was to assess the adequacy of the Modernized Taxpayer Account Program Integration Office start-up activities to manage the transition of taxpayer account processing to a new modernized environment.

WHAT TIGTA FOUND

The Modernized Taxpayer Account Program Integration Office has taken the lead in transitioning the current individual income tax processing environment consisting of multiple computer systems into a single environment for processing tax returns, payments, and other transactions that affect individual taxpayer accounts. The Program Integration Office, working in conjunction with the IRS business owners, decided to integrate elements from both the existing Individual Master File and current Customer Account Data Engine (CADE) processes into a new Customer Account Data Engine Strategy. The proposed plan incrementally transfers taxpayer accounts from the current Individual Master File and CADE processing environments to a new Customer Account Data Engine relational database.

Upon completion, individual tax account processing applications will access and update taxpayer data using the new relational database. The relational database will be the single system of record for all individual taxpayer accounts. Accounts will be updated and settled within 24 hours to 48 hours, and subsequently synchronized with other systems.

The Program Integration Office solution teams, working with the IRS business owners, have identified risks that must be managed to allow the success of the new Customer Account Data Engine Strategy. TIGTA analyzed these risks and identified challenges the Program Integration Office must address to effectively manage these risks. The challenges include ensuring support for the modernization efforts from other critical IRS organizations; implementing a governance structure for the implementation of the new Customer Account Data Engine Strategy; employing enough competent technical resources to modify the Individual Master File and current CADE programs, while continuing to keep the current system operating; developing a strategy for addressing potential questions and concerns by Congress, the IRS Oversight Board, and other stakeholder groups; and developing contingency plans in the event that the new Customer Account Data Engine Strategy cannot be fully implemented.

Successful completion of the new Customer Account Data Engine Strategy will require a long-term commitment from both current and future IRS executives. To promote Program continuity, senior executives should continue to use the Information Technology Modernization Vision and Strategy framework as a baseline for Modernization Program decision making. The Information Technology Modernization Vision and Strategy, if adhered to, provides executives the ability to achieve the current and planned modernization plans.

WHAT TIGTA RECOMMENDED

TIGTA provided an assessment of the Modernized Taxpayer Account Program Integration Office status and accomplishments through August 2009 and did not offer any recommendations.

In the response to the draft report, the Chief Technology Officer acknowledged the report assessment was valid and that the detailed program plan, being developed as TIGTA suggested with the Modernization Vision and Strategy framework, may result in adjustments to target deliverables and time periods including elimination of redundant processing systems.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2010reports/201020001fr.pdf>.

Email Address: inquiries@tigta.treas.gov
Web Site: <http://www.tigta.gov>

Phone Number: 202-622-6500