



Treasury Inspector General for Tax Administration Office of Audit

PROGRESS HAS BEEN MADE IN STANDARDIZING PROCESSES IN THE COMPUTING CENTERS, BUT ADDITIONAL IMPROVEMENTS ARE NEEDED TO MAXIMIZE BENEFITS

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Highlights

Highlights of Report Number: 2010-20-007 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) began the TRIPLEX initiative to optimize data center operations using industry best practices. Once fully implemented, the TRIPLEX initiative will create a Uniform Operating Environment across the three computing centers, operated by a Competency Based Organization through the standardization of processes and tools. This will make better use of taxpayer dollars by reducing labor costs and mitigating risks that can hamper the IRS' ability to perform its primary mission of tax collection and compliance activities.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine the efficiency and effectiveness of implementing the Process Standardization component of the TRIPLEX initiative. In October 2005, the Enterprise Operations organization took the first step in a multi-year process and stood up a Competency Based Organization.

WHAT TIGTA FOUND

Implementation of the Competency Based Organization and Process Standardization has resulted in labor costs savings and improved operations. The reduction of 129 full-time equivalent positions resulted in more than \$10 million in labor savings. In addition, the Enterprise Operations organization selected 10 processes for reengineering, and the completed and ongoing process reengineering efforts have resulted in operational improvements.

While savings have been realized and operations improved, additional improvements are needed to ensure ongoing and future process reengineering efforts are effectively planned, and timely and successfully implemented. Two of the process reengineering efforts were not effectively planned to ensure timely and

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successful implementation. Specifically, the Capacity Management process reengineering team does not have a plan in place to effectively monitor its progress. The Data and Storage Management process reengineering team does not have a timeline scheduling completion of the remaining process improvement activities. Without giving due attention to its process reengineering efforts, the Enterprise Operations organization cannot effectively monitor the progress and ensure timely completion of the reengineering efforts. As a result, the maximum benefits resulting from the completed process reengineering efforts may not be realized.

In addition, five of seven completed or ongoing operational processes selected for reengineering were not effectively baselined prior to the initiation of the reengineering efforts. The reengineering teams also had not implemented the performance measures that had been designed for some of these reengineering efforts. Without operational process baseline and performance measure information, management cannot assess the improved effectiveness and efficiency of the reengineered processes.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer ensure 1) process reengineering teams adequately plan the scope of the effort, establish time periods for workload completion, track the progress, timely complete the effort, and have adequate resources, 2) management timely completes the remaining process reengineering efforts or, if resources are not available to timely complete the efforts, suspends or cancels the process reengineering effort(s), 3) the Configuration Management reengineering team establishes a schedule for entering the prioritized configuration items in the Configuration Management Library, 4) operational processes selected for reengineering are baselined to establish the current state of the process, and 5) the implementation of reengineered process performance measures.

In their response to the report, IRS officials stated they agreed with the five recommendations and plan to take corrective actions including ensuring process reengineering teams adequately plan the scope of the effort, establish time periods for workload completion, track the progress, timely complete the effort, and have adequate resources. If resources are not available to complete the efforts, management plans to suspend or cancel the efforts. Management also plans to develop a schedule for entering configuration items in the Configuration Management Library, ensure operational processes selected for reengineering are baselined, and implement performance measures.

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/201020007fr.pdf>.

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