



*Initial Efforts to Develop a New Web-based  
Portal Environment Were Not Successful*

**May 19, 2009**

**Reference Number: 2009-20-079**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 19, 2009

**MEMORANDUM FOR CHIEF TECHNOLOGY OFFICER**

*Michael R. Phillips*

**FROM:**

Michael R. Phillips  
Deputy Inspector General for Audit

**SUBJECT:**

Final Audit Report – Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful (Audit # 200820002)

This report presents the results of our review of the Internal Revenue Service's (IRS) efforts to establish a new web-based portal<sup>1</sup> environment. The overall objective of this audit was to review IRS management and development of the new web-based portal environment. This review was included in the Treasury Inspector General for Tax Administration Fiscal Year 2009 Annual Audit Plan under the major management challenge of Modernization of the IRS.

*Impact on the Taxpayer*

The use of the Internet is critically important to the IRS' tax administration mission of delivering top-quality service to all taxpayers. The IRS uses Internet portals as the means to enable taxpayers and tax practitioners to submit and retrieve tax-related and general IRS information and electronically file tax returns. As a result, the portal environment is a critical interface between the public and the IRS. Although the initial attempt to develop a new portal environment terminated unsuccessfully, the IRS subsequently hired a contractor to assist in the development of an enterprise portal business strategy. The success of this effort is important in order to provide taxpayers with both continuous access to IRS data and information and the ability to electronically fulfill their tax responsibilities.

*Synopsis*

In Fiscal Year 2006, the IRS recognized the need to upgrade its existing portal environment and initiated the New Portal Implementation Project. A major concern that led to developing the new

---

<sup>1</sup> See Appendix IV for a glossary of terms.



## *Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful*

---

portal environment was that a significant amount of portal equipment was nearing or was at the end of its useful life expectancy. In addition, requirements from existing and planned projects that needed portal support could not be met due to technical limitations of existing equipment.

The IRS planned to complete the new portal environment by November 2008; however, in June 2008, the IRS Chief Information Officer cancelled the Project before it was completely developed. Reasons for the cancellation included the lack of a comprehensive enterprise strategy that considered industry best practices or advancements in portal technology, and budget challenges due to the significant expenditure requirements necessary to replace existing equipment. Subsequent to the Project being cancelled, the IRS hired a contractor to assist in developing an enterprise portal business strategy.

The IRS planned to launch two new projects, the My IRS Account project and a new release of the Modernized e-File project, in the new portal environment. However, because the New Portal Implementation Project was cancelled, the IRS had to expend \$9.7 million for new equipment and upgrades to the existing portal capacity to operate projects dependent on the portals, including the My IRS Account<sup>2</sup> and Modernized e-File projects. In addition to extraneous expenses, purchasing new equipment for portal capacity upgrades prior to development of an enterprise portal business strategy increases the risk that new equipment may not integrate with the new portal environment once it is developed.

The IRS uses the Modernization Vision and Strategy process to identify projects that need portal support. However, during our prior audit work<sup>3</sup> and through recent discussions with IRS portal project personnel, we determined that the Modernization Vision and Strategy process has not yet matured to the extent that it includes all information technology projects. The IRS uses various methods to identify existing projects that require portal support, such as the Modernization Vision and Strategy Plan and Unified Work Requests; however, there is no formal process to continuously identify and evaluate future planned projects that may require portal support. As a result, the IRS currently does not have a uniform procedure to continuously identify all projects needing portal support. An interim procedure would assist portal office personnel in recognizing future needs and performing more precise portal capacity studies.

The Chief Technology Officer is re-evaluating the best approach for completing the information technology modernization program. Until final decisions on modernization emphasis are made, the enterprise portal business strategy may remain undecided.

---

<sup>2</sup> In December 2008, the IRS decided to discontinue the development of the My IRS Account project.

<sup>3</sup> *The Modernization Vision and Strategy Program Is Achieving Desired Results, but Risks Remain* (Reference Number 2009-20-008, dated October 31, 2008).



## *Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful*

---

### Recommendation

The Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to develop a process to ensure that new projects seeking approval and funding during the information technology governance process, and which are not part of the Modernization Vision and Strategy process, are properly identified and their portal needs are considered. The new process should be similar to existing procedures to ensure that a uniform analysis is conducted for projects that are not part of the Modernization Vision and Strategy process.

### Response

IRS management agreed with our recommendation. The Chief Technology Officer and the Wage and Investment Division organization will partner together to improve coordination intended to ensure that all major new projects needing portal services will receive analysis that is similar to existing procedures. To effect this change, the Enterprise Services-led Modernization Vision and Strategy team and the Wage and Investment Division Electronic Tax Administration function will collaborate in a timely manner to identify priority projects and decision data. Existing portfolio identification and management procedures will be tailored to optimize the impact from a time and resources perspective and to ensure the capture of key elements necessary for informed decision making. The steps selected from the current procedures will meet the specific needs of the project and an explanation of why specific actions are tailored will be recorded for each item. The end result will be a process that identifies investment opportunities which are channeled through an engineering and estimation process to ensure that any portal needs are identified, considered, and properly addressed. Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report recommendation. Please contact me at (202) 622-6510 if you have questions or Margaret E. Begg, Acting Assistant Inspector General for Audit (Security and Information Technology Services), at (202) 622-8510.



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

*Table of Contents*

**Background** .....Page 1

**Results of Review** .....Page 4

    Progress Was Made on Developing a New Web-based Portal  
    Environment.....Page 4

    Scope and Budget Issues Delayed Development of the New  
    Web-based Portal Environment .....Page 4

    Procedures Are Not in Place to Continuously Identify New  
    Projects Needing Portal Support.....Page 6

Recommendation 1:.....Page 6

**Appendices**

    Appendix I – Detailed Objective, Scope, and Methodology .....Page 8

    Appendix II – Major Contributors to This Report .....Page 10

    Appendix III – Report Distribution List .....Page 11

    Appendix IV – Glossary of Terms.....Page 12

    Appendix V – Management’s Response to the Draft Report .....Page 14



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

*Abbreviations*

ETA	Electronic Tax Administration
IRS	Internal Revenue Service
MITS	Modernization and Information Technology Services
MV&S	Modernization Vision and Strategy
NPI	New Portal Implementation
PPMO	Portal Program Management Office



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

## *Background*

The use of the Internet is critically important to the Internal Revenue Service's (IRS) tax administration mission of delivering top-quality service to all taxpayers. The IRS uses Internet portals<sup>1</sup> as the means to enable taxpayers and tax practitioners to submit and retrieve tax-related and general IRS information and electronically file tax returns. As a result, the portal environment is a critical interface between the public and the IRS. Each year, millions of taxpayers and practitioners visit IRS web sites for information needed to file tax returns and process tax payments and refunds. For example, taxpayers are able to electronically check the status of their refunds at the "Where's My Refund?" resource. In addition, a significant number of IRS personnel depend on these web sites to effectively and efficiently perform their job duties. Figure 1 provides examples of portal uses by taxpayers and IRS employees.

***Web-based portals make significant contributions to the IRS tax administration mission by providing taxpayers with access to tax-related resources such as electronic filing.***

***Figure 1: Examples of Current Portal Activities and Usage Statistics***

Portal Name	Portal Users	Activities Performed by Users	Number of Accesses in 2008*	Information Technology Projects
Public User Portal	<ul style="list-style-type: none"> <li>• Taxpayers</li> </ul>	<ul style="list-style-type: none"> <li>• Research tax regulations</li> <li>• File tax forms</li> <li>• Check status of refunds</li> <li>• Download IRS forms</li> <li>• Download IRS publications</li> <li>• Locate IRS offices</li> </ul>	343,654,118	<ul style="list-style-type: none"> <li>• Withholding calculator</li> <li>• Office locator</li> <li>• Online Publication 78</li> </ul>
Registered User Portal	<ul style="list-style-type: none"> <li>• Business owners</li> <li>• Tax professionals</li> </ul>	<ul style="list-style-type: none"> <li>• Request tax transcripts</li> <li>• File tax forms</li> </ul>	12,300,839	<ul style="list-style-type: none"> <li>• Modernized e-File</li> <li>• e-Services</li> <li>• Integrated Financial System</li> </ul>
Employee User Portal	<ul style="list-style-type: none"> <li>• IRS employees</li> </ul>	<ul style="list-style-type: none"> <li>• Request tax transcripts</li> <li>• File tax forms</li> </ul>	2,879,135	<ul style="list-style-type: none"> <li>• Modernized e-File</li> <li>• e-Services</li> <li>• Integrated Financial System</li> </ul>

Source: IRS Portal Program Management Office and Electronic Tax Administration function.

\* = Number of times the portal was accessed in Calendar Year 2008 through December 6, 2008.

<sup>1</sup> See Appendix IV for a glossary of terms.



---

## *Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful*

---

The current portal structure consists of three distinct portal environments<sup>2</sup> to accommodate a diverse user group that includes individual taxpayers, business partners, and government personnel. The IRS paid contractors an average of \$25 million<sup>3</sup> annually from Fiscal Year 2001 through Fiscal Year 2008 to operate and maintain the current portal environment. However, the IRS recognized a need for a new portal environment due to several constraints, including:

1) the technical design limitations of the existing portal would not meet Fiscal Year 2008 user needs and increased business demand from the Modernization Vision and Strategy (MV&S) process; 2) the IRS projected significant increases in the use of the Employee User Portal (1300 percent increase) and the Registered User Portal (400 percent increase) by Fiscal Year 2008; 3) the high percentage of portal hardware components (90 percent) and third-party software products (70 percent) that had exceeded their useful lifespan; and 4) the contractors owned and operated the current portal system and equipment.

To address these concerns, the IRS implemented the New Portal Implementation (NPI) Project to establish an enterprise portal as a single point of access to information, services, and applications for all internal and external users. The IRS planned to complete the enterprise portal by November 2008. The new portal system and equipment would be owned and operated by the IRS.

The responsibility for developing and implementing the new portal environment is shared by the Modernization and Information Technology Services (MITS) organization Portal Program Management Office (PPMO) and the Wage and Investment Division Electronic Tax Administration (ETA) function.

- The PPMO provides program direction, oversight, and central control of the New Portal Implementation and Transition Program. It is responsible for providing a portal environment for new and existing portal applications for public users, registered users, and IRS employees. This new environment will update the current computer equipment to handle the capacity and performance of existing and future portal applications, and introduce the next generation of portal technology to assist the IRS in achieving its strategic goals.
- The ETA function provides leadership, guidance, and integration with IRS business divisions to effectively manage, coordinate, and deliver portal business strategies; new business capabilities; and requirements management, policies, and content management. It serves as the integration point between the IRS business divisions and MITS organization functions.

---

<sup>2</sup> The Employee User Portal, the Registered User Portal, and the Public User Portal.

<sup>3</sup> The costs included in this report were obtained from the Modernization and Information Technology Services organization Portal Program Management Office. We did not independently validate the reliability of these costs.



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

This review was performed at the MITS organization facilities in New Carrollton, Maryland, during the period July through November 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. However, we did not perform a full-scope audit of the new portal development. During our survey work, we determined that the IRS had cancelled the NPI Project and withdrew the portal business case from the Department of the Treasury. As a result, we did not conduct any additional audit fieldwork. We communicated the interim results of our review and suggestions for improvement to MITS organization officials on November 18, 2008. While we were performing our review, the IRS began developing a new portal business strategy. As a result, additional changes and progress might have occurred since the conclusion of our analyses. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

## *Results of Review*

### ***Progress Was Made on Developing a New Web-based Portal Environment***

In Fiscal Year 2006, the IRS implemented the NPI Project to develop a new portal environment by November 2008. In August 2006, the PPMO was established to manage, consolidate, coordinate, and deliver the new portal environment.

To ensure adequate controls over system development projects, the IRS requires that provisions of the Enterprise Life Cycle be followed. We determined that the Enterprise Life Cycle was generally followed. For example, a portal business case was developed, regular oversight of the NPI Project's progress was performed during monthly meetings of the Infrastructure Executive Steering Committee, and the Project's scope and activities were detailed in a Project Management Plan and a Work Breakdown Structure.

In addition, the Project Management Plan identified IRS projects that were dependent on development of the new portal environment. When the IRS Chief Information Officer decided to cancel the NPI Project before completion of the new portal environment, an impact assessment was performed to determine how projects that were planning to operate on the new portal would be affected. The assessment showed that 7 of 58 projects would be affected if the new portal environment was not available by the planned November 2008 date. Executives in the MITS organization decided to enhance the capacity of the current portals to support the existing and future projects.

### ***Scope and Budget Issues Delayed Development of the New Web-based Portal Environment***

In June 2008, after nearly 2 years of work and expending \$19.5 million, the IRS Chief Information Officer decided to cancel the NPI Project before developing and implementing the new portal environment. The NPI Project was canceled primarily for two reasons.

- The Project did not have a viable, agreed-upon enterprise-level portal business strategy. Although a business case was developed, ETA function officials questioned whether Project objectives would result in a new portal environment that represented the industry best practices and considered advances in portal technology. The Director, ETA,

***Questions about the portal business strategy and MITS organization funding challenges led to cancellation of the new portal project.***



---

## *Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful*

---

informed us that during his research he discovered industry businesses mostly outsourced portals to independent contractors. This was inconsistent with the NPI Project plan that the IRS would have ownership of its portal system. The Director, ETA, also stated that the portal business case did not reflect adequate consideration of advances in portal technology.

- The MITS organization was experiencing budget challenges and the Chief Information Officer decided not to fund the Project any longer because it would require a significant expenditure on equipment. As a result, the Project was cancelled and the IRS withdrew the business case from the Department of the Treasury.

All modernization projects must follow the Enterprise Life Cycle, which requires that an enterprise strategy be developed for information technology projects and that the strategy consider the business needs and requirements of all stakeholders. An enterprise strategy should be developed in project planning activities that are performed during the vision and strategy phase. During this initial phase, the information technology proposal is developed and IRS executives consider whether to approve the project and authorize funding. The enterprise strategy should be fully explained in the business case developed for the information technology project.

After cancelling the NPI Project, the IRS hired a contractor at a cost of \$2 million to assist in development of an enterprise portal business strategy. However, the IRS also had to expend additional funds to add capacity to the current portals to support ongoing information technology projects that were planned to be implemented on the new portal environment. At the time of our review, to accommodate the My IRS Account and Modernized e-File projects, the IRS confirmed that it had to spend \$9.7 million to upgrade the capacity on the current portals. The My IRS Account is a web application that will provide individual taxpayers with direct online access to their Federal tax return and account information, 24 hours a day, 365 days a year, much like an online banking operation.<sup>4</sup> The Modernized e-File project provides electronic filing and payment options for businesses that include corporations, exempt organizations, partnerships, and filers of excise tax returns. As of August 31, 2008, the Modernized e-File project had accepted over 2.9 million returns, which was a 55 percent increase over the number of returns accepted during the same time in the previous year.

While we understand the IRS decision to upgrade the existing portals to support the My IRS Account and Modernized e-File projects, purchasing new equipment for portal capacity upgrades prior to development of an enterprise portal business strategy increases the risk that new equipment may not integrate with the new portal environment once it is developed. Also, the new Chief Technology Officer, appointed in November 2008, is re-evaluating the best approach for completing the information technology modernization program. Until final decisions on modernization emphasis are made, the enterprise portal business strategy may remain undecided.

---

<sup>4</sup> In December 2008, the IRS decided to discontinue the development of the My IRS Account project.



## *Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful*

Because the Chief Technology Officer is reconsidering the information technology modernization focus and a contractor is assisting in development of the portal business strategy, we are not making any recommendations at this time regarding development of the portal strategy. Also, the Enterprise Life Cycle provides procedures and controls to ensure that all stakeholder requirements and industry best practices are considered during system development activities.

### ***Procedures Are Not in Place to Continuously Identify New Projects Needing Portal Support***

The NPI Project's Project Management Plan identified existing projects which are dependent on the new portal environment. The IRS also uses various methods to identify existing projects that require portal support, such as the MV&S process and Unified Work Requests; however, there is no formal process to continuously identify and evaluate future planned projects that may require portal support. As a result, the IRS currently does not have a uniform procedure to continuously identify all projects needing portal support.

***Portal capacity, performance, and functionality needs could be addressed earlier by implementing a process designed to identify all projects needing portal support.***

The Director, PPMO, relies on the MV&S process to identify portal-dependent projects. However, this process is not yet mature enough to include all information technology projects, and the requirement that all projects needing portal support go through the MV&S process is not documented in a procedure. Although the PPMO staff believes that they have a good idea of which projects need portal support, until a process and procedure are developed to continuously identify new portal-dependent projects, there is a risk that portal capacity may not be sufficient to handle dependent projects, and performance and functionality may not meet user needs.

While the MV&S process matures, an interim procedure is needed to identify all projects needing portal support, especially new projects that may not meet the requirements for the MV&S process. This procedure would assist the PPMO in anticipating future needs, performing more precise portal capacity studies, and ensuring that the portal is consistently available to meet the performance and functionality needs of users.

### ***Recommendation***

***Recommendation 1:*** The Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to develop a process to ensure that new projects seeking approval and funding during the information technology governance process, and which are not part of the MV&S process, are properly identified and their portal needs are considered. The new process should be similar to existing procedures to ensure that a uniform analysis is conducted for projects that are not part of the MV&S process.



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

**Management's Response:** IRS management agreed with our recommendation. The Chief Technology Officer and the Wage and Investment Division organization will partner together to improve coordination intended to ensure that all major new projects needing portal services will receive analysis that is similar to existing procedures. To effect this change, the Enterprise Services-led MV&S team and the Wage and Investment Division ETA function will collaborate in a timely manner to identify priority projects and decision data. Existing portfolio identification and management procedures will be tailored to optimize the impact from a time and resources perspective and to ensure the capture of key elements necessary for informed decision making. The steps selected from the current procedures will meet the specific needs of the project and an explanation of why specific actions are tailored will be recorded for each item. The end result will be a process that identifies investment opportunities which are channeled through an engineering and estimation process to ensure that any portal needs are identified, considered, and properly addressed.



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

The overall objective of the audit was to review IRS management and development of a new web-based portal<sup>1</sup> environment. During our survey work, we determined that the IRS had cancelled the NPI Project and withdrew the related business case from the Department of the Treasury. As a result, we determined that our review did not warrant additional audit fieldwork and sufficient evidence was obtained during our survey to support the findings and conclusions in this report.

To accomplish our audit objective, we:

- I. Determined whether the IRS had developed an overall enterprise strategy for implementation of the new portal environment.
  - A. Interviewed the Director, PPMO, and other officials in the ETA function to determine:
    1. Their roles and responsibilities related to the development and implementation of the new portal environment.
    2. The timeline for the initiation of the new portal environment, including identifying the first year the IRS began updating the portal environment.
    3. Whether a portal charter, business strategy, and business case were developed.
    4. Whether an overall plan was developed to guide the new portal strategy and enhancements across the IRS enterprise (including transitioning existing information systems to the new portal environment).
    5. Whether the portal infrastructure and technology components (i.e., hardware, software, etc.) were adequately identified to ensure that users have sufficient and secure access to IRS systems in the new portal environment.
    6. How security (such as access/authentication controls) and capacity will be addressed in the new portal environment.
    7. Whether the completed portal had any major security and capacity incidents, and how those issues were documented and resolved.

---

<sup>1</sup> See Appendix IV for a glossary of terms.



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

8. How the PPMO ensured that the new portal environment had adequate capacity to handle the increase in volume of user transactions, the number of new applications/projects transitioning to the new portal, and the amount of information available to users.
  9. How the PPMO identified and ensured that all information technology projects needing portal engineering support were identified.
  10. Whether the PPMO had developed an inventory of IRS information technology projects that require or will need portal engineering support.
- B. Reviewed available documentation to support the development of an overall enterprise strategy for implementation of the new portal environment, including:
1. The portal business strategy.
  2. The PPMO charter.
  3. The ETA function portal charter.
  4. The portal business case.
  5. The current MV&S Plan to determine whether the portal strategy is mentioned in the Plan.
  6. Documents showing the process of how the PPMO identifies business unit information technology projects needing portal engineering support.
- II. Determined whether the new portal project followed the Enterprise Life Cycle guidelines.
- A. Interviewed the Director, PPMO, to determine whether the NPI Project:
1. Followed Enterprise Life Cycle guidelines.
  2. Had documented development and/or management results.
  3. Was or was not completed (i.e., not deployed into IRS operations) and, if it was not completed, whether the reasons were documented as to why it was discontinued (including the total amount expended on the project).
  4. Results were used to support the new portal environment.
- B. Reviewed documentation to determine whether the NPI Project adhered to the Enterprise Life Cycle guidelines.
- C. Obtained the total costs that were estimated and expended for the PPMO current portal projects.



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

**Appendix II**

*Major Contributors to This Report*

Margaret E. Begg, Acting Assistant Inspector General for Audit (Security and Information  
Technology Services)  
Scott A. Macfarlane, Director  
Kimberly R. Parmley, Audit Manager  
Wallace C. Sims, Lead Auditor  
Louis V. Zullo, Senior Auditor  
Melinda H. Dowdy, Auditor  
Charlene L. Elliston, Auditor



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

**Appendix III**

*Report Distribution List*

Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Operations Support OS  
Deputy Commissioner for Services and Enforcement SE  
Commissioner, Wage and Investment Division SE:W  
Chief Information Officer OS:CIO  
Associate Chief Information Officer, Enterprise Services OS:CIO:ES  
Director, Electronic Tax Administration and Refundable Credits, Wage and Investment  
Division SE:W:ETARC  
Director, Stakeholder Management OS:CIO:SM  
Chief Counsel CC  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis RAS:O  
Office of Internal Control OS:CFO:CPIC:IC  
Audit Liaisons:  
    Commissioner, Wage and Investment Division SE:W  
    Director, Program Oversight OS:CIO:SM:PO



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

**Appendix IV**

*Glossary of Terms*

e-Services	A project that provides a set of web-based business products as incentives to third parties to increase electronic filing, in addition to providing electronic customer account management capabilities to all businesses, individuals, and other customers.
Enterprise Life Cycle	A structured business systems development method that requires the preparation of specific work products during different phases of the development process.
Executive Steering Committee	A committee that oversees investments, including validating major investment business requirements and ensuring that enabling technologies are defined, developed, and implemented.
Integrated Financial System	An administrative accounting system used by the IRS intended to address administrative financial management weaknesses. The first release of the Integrated Financial System will include Accounts Payable, Accounts Receivable, General Ledger, Budget Execution, Cost Management, and Financial Reporting activities. Future releases will address all administrative financial management weaknesses.
Modernization Vision and Strategy	A 5-year plan for the governance and planning processes for IRS information technology decisions.
Modernized e-File	A project to develop the modernized, web-based platform for filing approximately 330 IRS forms electronically, beginning with the U.S. Corporation Income Tax Return (Form 1120), U.S. Income Tax Return for an S Corporation (Form 1120S), and Return of Organization Exempt From Income Tax (Form 990). The project serves to streamline filing processes and reduce the costs associated with a paper-based process.



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

My IRS Account	A web-based application that will provide taxpayers direct online access to their Federal tax return and account information.
Office Locator	An online application that allows taxpayers to search for the location and hours of local IRS Taxpayer Assistance Centers.
Online Publication 78	<i>Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986</i> ; a list of organizations eligible to receive tax-deductible charitable contributions.
Portal	A point of entry to a network system that includes a search engine or a collection of links to other sites arranged especially by topic. It provides the infrastructure that allows users (including IRS employees and taxpayers) to have web-based access to IRS information.
Project Management Plan	A plan that defines program projects, the scope of work to be performed for each project, and the planned methodology and deliverables for the project.
Unified Work Request	A process that provides a common framework to document, control, monitor, and track requests to the MITS organization for changes to IRS computer systems and for support.
Where's My Refund?	An application that provides tax refund status information via the Internet to U.S. Individual Income Tax Return (Form 1040) series filers who are eligible to receive a refund.
Withholding Calculator	An application to help employees ensure that they do not have too much or too little income tax withheld from their pay. It is not a replacement for Employee's Withholding Allowance Certificate (Form W-4), but is more accurate and easier to use than the worksheets that accompany Form W-4.
Work Breakdown Structure	A deliverable-oriented grouping of project elements that organizes and defines the total scope of a project.



*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

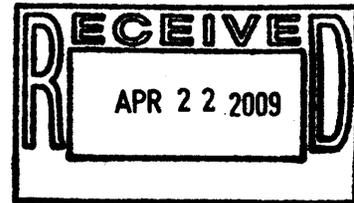
**Appendix V**

*Management's Response to the Draft Report*



CHIEF TECHNOLOGY OFFICER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224



APR 22 2009

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Terence V. Milholland *Terence V. Milholland*  
Chief Technology Officer

SUBJECT: Draft Audit Report – Initial Efforts to Develop a New Web-based  
Portal Environment Were Not Successful (Audit #200820002)  
(i-trak #2009-55378)

Thank you for the opportunity to review your draft audit report and meet with the audit team to discuss earlier draft report observations. We appreciate your comments and observations acknowledging that provisions of the Enterprise Life Cycle are being followed to ensure adequate controls over system development projects. We also acknowledge and appreciate the audit team's advice on ways to further improve the process. We agree with and will implement the recommendation as specified in the attachment.

Your continued support and the assistance and guidance your team provides have been a valuable resource to us. If you have any questions, please contact me at (202) 622-6800 or Perry Robinett, Director of Program Oversight, at (202) 283-6283.

Attachment



---

*Initial Efforts to Develop a New Web-based Portal Environment  
Were Not Successful*

---

Attachment

Draft Audit Report – Initial Efforts to Develop a New Web-based Portal Environment Were Not Successful (Audit #200820002) (i-trak #2009-55378)

---

**RECOMMENDATION #1:** The Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to develop a process to ensure that new projects seeking approval and funding during the information technology governance process, and which are not part of the Modernization Vision and Strategy process, are properly identified and their portal needs are considered. The new process should be similar to existing procedures to ensure a uniform analysis is conducted for projects that are not part of the Modernization Vision and Strategy process.

**CORRECTIVE ACTION #1:** We agree with this recommendation. The Chief Technology Officer and Wage and Investment organizations will partner with one another to improve coordination intended to ensure that all major new projects needing portal services receive analysis that is similar to existing procedures. To effect this change, the Enterprise Services-led Modernization Vision and Strategy team and the Wage and Investment Electronic Tax Administration organization will collaborate in a timely manner to identify priority projects and decision data. This will be accomplished by tailoring existing portfolio identification and management procedures to optimize the impact from a time and resources perspective and to ensure we capture those key elements necessary for informed decision making. The steps selected from the current procedures will meet the specific needs of the project and an explanation of why specific actions are tailored will be recorded for each of these items. The end result will be a process that identifies investment opportunities which are channeled through an engineering and estimation process to ensure that any portal needs are identified, considered and properly addressed.

**IMPLEMENTATION DATE:** October 1, 2009

**RESPONSIBLE OFFICIAL:** Associate Chief Information Officer, Enterprise Services

**CORRECTIVE ACTION MONITORING PLAN:** We enter accepted Corrective Actions into the Joint Audit Management Enterprise System and monitor them on a monthly basis until completion.