



Treasury Inspector General for Tax Administration Office of Audit

CHANGING STRATEGIES LED TO THE TERMINATION OF THE MY IRS ACCOUNT PROJECT

Issued on August 12, 2009

Highlights

Highlights of Report Number: 2009-20-102 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

The My IRS Account project was designed to improve the Internal Revenue Service's (IRS) ability to meet taxpayers' needs by developing secure online procedures for electronic tax return interaction. The intent of the project was to develop a project that would provide taxpayers a means to securely view their tax account and return information online, as well as provide tools for self-service assistance. It was also intended to be used as a prototype for future delivery of new web-based projects. Successful implementation of this effort is essential to support taxpayers' ability to electronically fulfill their tax responsibilities and is critical to the long-term success of the IRS Modernization Program. However, the decision by the IRS to terminate deployment of the My IRS Account project puts the goals of the project at risk as well as the approximately \$10 million spent to develop it.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the IRS established and followed adequate internal controls to ensure efficient and effective management of the My IRS Account project development activities. 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.

WHAT TIGTA FOUND

The first release of the My IRS Account project, which would allow taxpayers to view their tax account information online, was developed and near deployment when the IRS decided to terminate the project. This decision occurred after 32 months of development and the expenditure of approximately \$10 million to build the My IRS Account Release 1.

Also, the IRS has not yet developed an enterprise-wide electronic authentication strategy and solution to ensure secure online interactions. Because the IRS did not

Email Address: inquiries@tigta.treas.gov

Web Site: <http://www.tigta.gov>

have an enterprise-wide electronic authentication solution, the My IRS Account project team developed an interim solution that was to be used for Release 1.

In addition, the IRS did not formally develop a project disposition or reactivation plan for the My IRS Account project that addressed all facets of archiving, transferring, and disposing of the system and its data in the event the project was discontinued or terminated.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer work with the Commissioner, Wage and Investment Division, to complete a long-term strategy for the My IRS Account project. If the project is restarted, the project should be quickly deployed in order for the IRS to realize the maximum benefit from its \$10 million investment by reusing the hardware and functionality developed for My IRS Account Release 1. The Chief Technology Officer should also ensure that a strategy to develop and deploy an enterprise-wide electronic authentication solution is developed as quickly as possible to allow online projects that require secure access, such as the My IRS Account project, to be deployed without experiencing similar costly delays, and ensure formal project termination procedures are developed for information technology projects that are shut down prior to deployment.

In their response to the report, IRS officials agreed with the recommendations. The IRS is currently developing a comprehensive electronic strategy that will identify a set of electronic services for taxpayers, tax professionals, and other partners. The My IRS Account project is among the electronic services being considered and, if it is determined the My IRS Account project should be deployed, the IRS plans to address the components outlined in the recommendation to maximize potential taxpayer benefits. Also, the IRS plans to develop a strategy for delivery and deployment of an enterprise-wide electronic authentication solution for all customer channels. Lastly, the IRS has created a project shutdown guide for projects that are shut down prior to deployment. The new guide was approved on May 14, 2009, and provides instructions for archiving, transferring, and disposing of a system and its data.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2009reports/200920102fr.pdf>

Phone Number: 202-622-6500