



Treasury Inspector General for Tax Administration Office of Audit

THE REMEDIATION PLAN STILL DOES NOT CONTAIN ALL THE NECESSARY ACTIONS TO ADDRESS THE UNPAID ASSESSMENTS MATERIAL WEAKNESS

Issued on July 19, 2012

Highlights

Highlights of Report Number: 2012-10-069 to
the Internal Revenue Service Chief Financial Officer.

IMPACT ON TAXPAYERS

The Federal Financial Management Improvement Act (FFMIA) remediation plan is a critical part of the IRS's efforts to bring its financial management systems into compliance with the FFMIA and to provide reliable and timely financial data. Overall, the IRS still faces challenges in its efforts to comply with the FFMIA. Complete and reliable financial information is critical to the IRS's ability to accurately report on the results of its operations to both internal and external stakeholders, including taxpayers.

WHY TIGTA DID THE AUDIT

The overall objectives of this review were to report to Congress, as required by the FFMIA, any instances of and reasons for missed intermediate target dates established in the IRS's September 30, 2011, FFMIA remediation plan, and to determine whether the IRS has taken adequate corrective actions on prior audit findings related to the plan.

WHAT TIGTA FOUND

The IRS continues to face challenges in becoming compliant with the FFMIA. Our review of the IRS's September 30, 2011, FFMIA remediation plan identified that the plan continues to provide specific remediation actions to address the material weakness relating to information security. However, as previously reported, the IRS continues to not fully include costs and remediation actions relating to addressing the unpaid assessments material weakness.

TIGTA also found that this year's remediation plan does not include any specific detail related to the Customer Account Data Engine 2 (CADE 2). Since the CADE 2 is the key piece of the IRS's strategy to address its material weakness related to unpaid assessments, TIGTA continues to believe this information should be included in the remediation plan. Until the IRS updates its FFMIA remediation plan with additional information and actions

related to addressing the unpaid assessments material weakness, TIGTA will be unable to fully assess the IRS's overall progress in resolving its noncompliance with the FFMIA.

Additionally, our review of the remediation plan found that the IRS did not complete two of the remedial actions that the plan indicated were closed. Because the actions were not taken, additional actions will be necessary to resolve the underlying material weakness. As such, TIGTA believes the IRS should have developed new action items to address the issue rather than close these two actions.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS's Chief Financial Officer: 1) determine whether the November 2014 implementation of the CADE 2 that fully addresses the unpaid tax assessment material weakness is still achievable and update future remediation plans with a more accurate date, if necessary, and 2) develop alternative actions and target implementation dates for the two issues TIGTA identified.

In their response, IRS management agreed with our recommendations. Management agreed to determine whether the November 2014 implementation date for CADE 2 is still achievable and to develop alternative actions and target implementation dates for the two issues TIGTA identified.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2012reports/201210069fr.pdf>.

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