



Treasury Inspector General for Tax Administration Office of Audit

THE INTERNAL REVENUE SERVICE SHOULD IMPROVE MAINFRAME SOFTWARE ASSET MANAGEMENT AND REDUCE COSTS

Issued on February 20, 2014

Highlights

Highlights of Report Number: 2014-20-002 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

Computer software is typically protected by Federal copyright law, which requires users of software programs to have a license authorizing such use. Software licenses are legal rights to use software in accordance with terms and conditions specified by the software copyright owner. Software license management at the IRS is not being adequately performed. Efficient and cost-effective management of the IRS's software assets is crucial to ensuring that information technology services continue to support the IRS's business operations and help it to provide services to taxpayers efficiently.

WHY TIGTA DID THE AUDIT

The overall objective was to determine whether the IRS is adequately managing mainframe software licenses. This audit was included in TIGTA's Fiscal Year 2013 Annual Audit Plan and addresses the major management challenge of Achieving Program Efficiencies and Cost Savings.

WHAT TIGTA FOUND

The IRS is not adequately performing mainframe software license management and is not adhering to Federal requirements and recommended industry best practices. The IRS does not have enterprisewide or local policies, procedures, and requirements for mainframe software license management and does not have a centralized, enterprisewide organizational structure for managing mainframe software licenses.

The IRS also does not use asset discovery, network scanning, license management, and license metering tools to identify current usage, deployment, and inventory of mainframe software and related licenses. The inadequate software license management has resulted in an estimated waste of \$11.6 million and overutilization of \$1.5 million in license and software subscription support fees.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer develop policies and guidance, an enterprisewide organizational structure, and roles and responsibilities for managing mainframe software assets and licenses; implement a specialized mainframe software license management tool(s) and develop detailed standard operating procedures for using those tools; develop an enterprisewide inventory of mainframe software licensing data and maintain the inventory with a specialized mainframe software license tool; and maintain data in the inventory system that the IRS can use to more effectively manage mainframe software spending.

In their response to the report, IRS management agreed with all seven recommendations with slight modifications to three of them. The IRS plans to enhance policies and guidance, and implement an Enterprise Software Governance Board; clarify the enterprisewide organizational structure including roles and responsibilities for mainframe software asset and license management; enhance standard operating procedures; continue working to identify and implement a standard enterprise toolkit that can discover, track, and manage software license deployment and usage; continue developing a mainframe software inventory and identifying and implementing a standard enterprise toolkit; and enhance the software inventory process by leveraging tools with the data collected, which will be consolidated and maintained in a central data repository.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201420002fr.pdf>.