THE INTERNAL REVENUE SERVICE IS SUCCESSFULLY TAKING STEPS TO TRANSITION MODERNIZATION ACTIVITIES FROM THE PRIME CONTRACTOR; HOWEVER, DIFFICULT CHALLENGES REMAIN

Issued on October 24, 2006

Highlights

Highlights of Report Number: 2007-20-003 to the Internal Revenue Service Chief Information Officer.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) has successfully taken the first steps to transition modernization activities from the PRIME contractor and is taking additional actions to build on these initial steps. However, because the IRS has not yet developed performance measures for all of the transitioned modernization activities, the IRS does not have an objective method of determining if transitioned activities are being accomplished effectively and taxpayer funds are being used efficiently.

WHAT TIGTA FOUND

The IRS has effectively assumed 2 (14 percent) of 14 modernization activities. For example, the IRS filled 8 of the 10 vacancies in the Modernization Program Engineering Office and eliminated all contractor support. In addition, the IRS simplified its system development process, which had been previously maintained by the PRIME contractor. For the remaining 12 activities, the IRS has taken good first steps and established an initial capability. Until the IRS has time to take additional actions and consistently use new processes and strengthen its new capabilities, it is difficult to judge the eventual success of the IRS’ actions.

Due to the significance of the transition activities, it will be important to measure how effectively activities are being accomplished as improvements are made. The IRS has not developed performance measures for all of the transitioned modernization activities that can be measured.

WHAT TIGTA RECOMMENDED

The Chief Information Officer should ensure performance measures are developed for each IRS modernization activity that can be measured.

The Chief Information Officer agreed with our recommendation and will develop a plan to identify potential performance metrics for each measurable transitioned modernization activity.

READ THE FULL REPORT

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