



*Changing Strategies Led to the Termination
of the My IRS Account Project*

August 12, 2009

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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

August 12, 2009

MEMORANDUM FOR CHIEF TECHNOLOGY OFFICER

Michael R. Phillips

FROM:

Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT:

Final Audit Report – Changing Strategies Led to the Termination of the My IRS Account Project (Audit # 200820030)

This report presents the results of our review to determine whether the Internal Revenue Service (IRS) established and followed adequate internal controls to ensure efficient and effective management of the My IRS Account (MIRSA) 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.

Impact on the Taxpayer

The MIRSA project was designed to improve the 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 MIRSA project puts the goals of the project at risk as well as the approximately \$10 million spent to develop it.



Changing Strategies Led to the Termination of the My IRS Account Project

Synopsis

The IRS initiated the MIRSA project (initially called the Internet Customer Account Services project)¹ in April 2006. The project was intended to provide taxpayers with an online application to view, access, update, and manage their tax accounts as part of the requirements of the IRS Restructuring and Reform Act of 1998² and the Electronic Government Act of 2002.³

The IRS generally followed project management guidance while developing the MIRSA project. For example, a business case was developed, project scope and development activities were detailed in a Project Management Plan⁴ and a Work Breakdown Structure, and regular oversight of project progress was accomplished during monthly meetings of the Customer Service Executive Steering Committee or Information Technology Project Control Reviews. In addition, the Project Management Plan identified dependencies for the development of the MIRSA project.

The first release of the MIRSA 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. The IRS Strategic Plan for 2009-2013 was presented at the same time the MIRSA project was being readied for deployment, and IRS executives decided to reexamine the project for its ability to fully meet both taxpayer and IRS strategic needs. As a result, to ensure that a long-term strategy was in place before proceeding with the MIRSA project or other online projects, the IRS approved the termination of the MIRSA project in December 2008, near the project's scheduled deployment date. This decision occurred after 32 months of development and the expenditure of approximately \$10 million to build MIRSA Release 1.

Also, the IRS has not yet developed an enterprise-wide electronic authentication strategy and solution to ensure secure online interactions. The MIRSA project team intended to use the electronic authentication solution to ensure taxpayers could securely interact online through the MIRSA project for viewing and modifying tax information. Because the IRS did not have an enterprise-wide electronic authentication solution, the MIRSA project team developed an interim solution that was to be used for Release 1.

In addition, Department of the Treasury guidance⁵ requires that formal termination procedures be developed and operative in the event a project is discontinued or terminated. However, the IRS

¹ On June 24, 2008, the Customer Service Executive Steering Committee voting members approved the name change of the Internet Customer Account Services project to My IRS Account for all releases.

² Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

³ Pub. L. No. 107-347, 116 Stat. 2899.

⁴ See Appendix V for a glossary of terms.

⁵ Treasury Directive 84-01, Information System Life Cycle, Version 3.0, dated March 2002.



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did not formally develop a project disposition or reactivation plan for the MIRSA project that addressed all facets of archiving, transferring, and disposing of the system and its data.

The IRS expressed the intent to reuse most of the hardware and functionality of MIRSA Release 1 in a future project resurrection. However, at the time we completed our review, the IRS had not developed a tangible plan or a time period for restarting the MIRSA project. Additionally, there were no formal proposals to use the hardware or functionality that were developed for the MIRSA project in any future information technology endeavors. If the IRS does not soon develop a comprehensive and well-researched strategic plan to further develop and deploy the MIRSA project and/or related projects, the IRS may not realize the maximum benefit from its \$10 million investment.

Recommendations

To facilitate a possible future deployment of the MIRSA project, the Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to complete a long-term strategy for the MIRSA 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 MIRSA 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 MIRSA 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.

Response

IRS management agreed with our 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 MIRSA project is among the electronic services being considered and, if it is determined the MIRSA project should be deployed, the IRS will address the components outlined in the recommendation to maximize 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. Management's complete response to the draft report is included as Appendix VI.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or



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Margaret E. Begg, Acting Assistant Inspector General for Audit (Security and Information Technology Services), at (202) 622-8510.



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Abbreviations

E-authentication	Electronic Authentication
IRS	Internal Revenue Service
MIRSA	My IRS Account



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Background

The Internal Revenue Service (IRS) initiated the My IRS Account (MIRSA) project in April 2006. The project (initially called the Internet Customer Account Services project)¹ was designed to improve the IRS' ability to meet taxpayers' needs as part of the requirements of the IRS Restructuring and Reform Act of 1998² and the Electronic Government Act of 2002.³ The IRS Restructuring and Reform Act mandated that the IRS develop secure online procedures allowing taxpayers to file electronic tax returns and review tax account information online by December 31, 2006. The Electronic Government Act called for Federal Government agencies to promote usage of the Internet and other information technology to improve Government services to the public.

The MIRSA project was intended to provide taxpayers with an online application to view, access, update, and manage their tax accounts and was to be the prototype for future delivery of new web-based projects. The MIRSA project was planned to be released in two consecutive versions, or releases, as follows:

- Release 1: The first release was to allow taxpayers limited online access to view their account information. The planned functionality included the ability to view and print tax account and return information, order transcripts, research payment data, view links to the Internet Refund Fact of Filing⁴ and the Online Payment Agreement web-based projects, and obtain IRS customer service information.
- Release 2: The second release was designed to expand functionality of the first release by providing 'payoff amount' tax account information. The release was expected to reduce manual paperwork processing by providing taxpayers with user-friendly, online versions, thereby converting several of the most frequently used IRS tax forms, such as Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (Form 4868), Change of Address (Form 8822), and Power of Attorney and Declaration of Representative (Form 2848), into online electronic formats. In Fiscal Year 2005, the IRS received 10.33 million in combined submissions from these frequently used forms.

The IRS launched the Internet Refund Fact of Filing and the Online Payment Agreement projects in Calendar Year 2002, both of which have experienced significant use by taxpayers. However,

¹ On June 24, 2008, the Customer Service Executive Steering Committee voting members approved the name change of the Internet Customer Account Services project to My IRS Account for all releases.

² Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

³ Pub. L. No. 107-347, 116 Stat. 2899.

⁴ See Appendix V for a glossary of terms.



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there are relatively few support tools available online for taxpayer use, specifically account-related support tools. Therefore, most taxpayers still get their tax account information by calling the IRS toll-free number. Currently, taxpayers have the option to either speak with an IRS Customer Service Representative or use the automated self-service telephone projects. However, taxpayers occasionally experience long wait times in obtaining their information using the telephone because each IRS Call Center has a limited number of employees to assist taxpayers. The MIRSA project would provide taxpayers with new online, self-service tax account features that can handle the transaction types that are not adequately addressed by the existing automated telephone projects.

This review was performed at the Modernization and Information Technology Services organization facilities in New Carrollton, Maryland, during the period August 2008 through March 2009. 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 MIRSA project because, during the course of our audit fieldwork, the IRS terminated the project prior to deployment of Release 1. We communicated the final results of our review and suggestions for improvement to Modernization and Information Technology Services organization officials on March 4, 2009. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

The First Release of the My IRS Account Project Was Developed and Near Deployment

Release 1 of the MIRSA project was fully developed and near deployment when the IRS decided to terminate the project in December 2008. The MIRSA project was intended to emulate an online banking experience by displaying tax account data over the Internet. The functions to be offered by the project were modeled after the IRS automated telephone projects (e.g., View Credit, View Debit, PIN), the Internet Refund Fact of Filing, and other web-based account projects. It also would have allowed taxpayers to submit an online request to have tax account transcripts mailed to their address of record. Figure 1 provides examples of features and capabilities of MIRSA Release 1.

Figure 1: Examples of Features and Capabilities of MIRSA Release 1

Features	Capabilities
<p>Security and authentication features are implemented for all taxpayers' accounts. Specifically:</p> <ul style="list-style-type: none"> ➤ View all available online credit and debit payments, which may be more than the telephone automated self-service projects. ➤ Access links to the Internet Refund Fact of Filing and the Online Payment Agreement projects through a pass-through authentication scheme. The links to these projects will enable refund inquiries and payment agreements to be accomplished. ➤ Access detailed online help screens during each session. 	<p>Research capabilities are provided for taxpayers for historical tax return and account information to be viewed by tax year. Specifically:</p> <ul style="list-style-type: none"> ➤ Obtain tax transcripts using the United States Postal Service mail. ➤ View, print, and save tax return transcripts in an electronic format. ➤ Search for specific tax payments or view listings of previous tax payments.

Source: MIRSA Project Management Plan version 1.9, dated November 25, 2008.

Once taxpayers were successfully identified and authenticated online, the project would have allowed them to access their individual tax return information using a secure session from the Internet. The MIRSA project was developed to retrieve and display tax return information for multiple tax years by line item. It would have provided information on tax payments; amended returns; and other subsequent adjustments, penalties, and interest. It also would have provided



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links to more sensitive data such as balances due, the Online Payment Agreement project and publications, and the refund inquiry project.

The MIRSA project team generally followed the IRS Enterprise Life Cycle provisions to adequately control system development projects. For example, a MIRSA project business case was developed, project scope and development activities were detailed in a Project Management Plan and a Work Breakdown Structure, and regular oversight of project progress was accomplished during monthly meetings of the Customer Service Executive Steering Committee or Information Technology Project Control Reviews. In addition, the Project Management Plan identified dependencies for the development of the MIRSA project.

The My IRS Account Project Was Terminated Prior to Deployment

Release 1 of the MIRSA project was completed and near deployment when the IRS decided to terminate the project in December 2008. At about the same time that this release was scheduled to be deployed, the IRS Strategic Plan for 2009-2013 was developed with a renewed focus on taxpayer experience. One of the three strategic goals was to “improve service to make voluntary compliance easier.” The Plan calls for the IRS to take the following service-specific actions:

- Incorporate taxpayer perspectives to improve all service interactions.
- Expedite and improve issue resolution across all interactions with taxpayers, making it easier to navigate the IRS.
- Provide taxpayers with targeted, timely guidance and outreach.
- Strengthen partnerships with tax practitioners, tax preparers, and other third parties in order to ensure effective tax administration.

In conforming to the new Plan, IRS executives decided to reexamine the MIRSA project for its ability to fully meet taxpayers’ needs. After reviewing the functionality of the project, the executives decided a long-term strategy should be in place before proceeding with the MIRSA project and, therefore, terminated the project.

The MIRSA project team did encounter some challenges outside of project control during the development of Release 1 that delayed completion of the Release from the originally scheduled January 2008 date until December 2008. The nature of these delays is presented in Figure 2.



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Figure 2: MIRSA Project Deployment Delays

Nature of the Delay	Reasons for Delay	Delayed Deployment Date
Development of New Portal Environment and Electronic Authentication (E-authentication) Solution	The first two delays were caused by technical dependencies (waiting on delivery of the new Portal system and development of an online security solution), both of which were going through strategy evaluations.	July 2008
Development of Internet Tax Authentication Solution in Place of E-authentication		August 2008
Perform Additional Usability Testing and Development of MIRSA Toll-Free Helpline	The third delay was due to the inability of the IRS to handle the projected large amount of taxpayer inquiries due to the new release.	December 2008

Source: Interviews held with IRS officials during audit fieldwork.

The MIRSA project team was eventually able to overcome these conditions and the first release of the MIRSA project was completed and near deployment when the IRS decided to terminate the project. However, the delays did push the project back far enough that its deployment coincided with the development of the IRS Strategic Plan.

The Enterprise Life Cycle requires that information technology projects develop a strategy that considers business needs of all stakeholders. An enterprise strategy should be developed in project planning activities that are performed during the vision and strategy phase. During the 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.

The IRS spent \$10 million and 32 months to develop the MIRSA Release 1 that was not deployed. In addition, the goals of the IRS Restructuring and Reform Act and the Electronic Government Act to provide taxpayers with online services were not met. The IRS expressed its intent to reuse most of the hardware and functionality of MIRSA Release 1 in a future project resurrection. However, at the time we completed our review, the IRS had not developed a tangible plan or a time period for restarting the MIRSA project. Additionally, there were no formal proposals to use the hardware or functionality that were developed for the MIRSA project in any future information technology endeavors. 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. If the IRS does not soon develop a long-term strategy to further develop and deploy the MIRSA project and/or related applications, the IRS may not realize the maximum benefit from its \$10 million investment.



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Recommendation

Recommendation 1: To facilitate a possible future deployment of the MIRSA project, the Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to complete a long-term strategy for the MIRSA 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 MIRSA Release 1.

Management's Response: IRS management agreed with our recommendation. 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 MIRSA project is among the electronic services being considered and, if it is determined the MIRSA project should be deployed, the IRS will address the components outlined in the recommendation to maximize potential taxpayer benefits.

An Electronic Authentication Strategy and Solution Needs to Be Developed

The Office of Management and Budget Memorandum M-04-04⁵ requires that secure E-authentication controls be in place when remote users access a Federal Government information technology system. E-authentication is the process of confirming an online user's identity when he or she electronically attempts to log in to a remote information system.

The IRS has not developed an enterprise-wide E-authentication strategy and solution to ensure that remote taxpayers can securely access taxpayer data. According to MIRSA project documentation, the E-authentication solution for MIRSA Release 1 was to be designed to adhere to the authentication protocol being developed as part of the enterprise-wide E-authentication Service project. However, because the E-authentication Service initiative was put on hold in 2007 and its completion date was uncertain, the MIRSA project team developed its own authentication service, known as the MIRSA Internet Taxpayer Authentication Services.

While MIRSA Release 1 was designed to allow remote taxpayers to read sensitive taxpayer data, MIRSA Release 2 was designed to allow remote taxpayers to both read and modify sensitive taxpayer data. Due to the increased functionality and ability to modify taxpayer data, Release 2 would require a higher level of E-authentication controls that were not developed as part of the solution for Release 1.

Because an enterprise-wide E-authentication strategy and solution were not developed and the project team had to develop its own interim solution, the project team experienced additional major delays in the development of Release 1. Without an E-authentication solution, the IRS

⁵ *E-authentication Guidance for Federal Agencies*, dated December 16, 2003.



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cannot ensure taxpayers can securely access and modify their tax account information using the Internet.

Recommendation

Recommendation 2: The Chief Technology Officer should ensure that a strategy to develop and deploy an enterprise-wide E-authentication solution is developed as quickly as possible to allow online projects that require secure access, such as the MIRSA project, to be deployed without experiencing similar costly delays.

Management's Response: IRS management agreed with our recommendation. The Office of Privacy, Information Protection and Data Strategy, will partner with both the Modernization and Information Technology Services and the Electronic Tax Administration organizations to develop a strategy for delivery and deployment of an enterprise-wide E-authentication solution for all customer channels.

Formal Project Termination Procedures Need to Be Developed

When the decision to terminate the MIRSA project was made, the IRS had not developed formal termination procedures for information technology projects that shut down prior to deployment. The Department of the Treasury requires⁶ agencies to develop shutdown procedures for ensuring the orderly termination of a system and to preserve vital information in the event the system, or portions thereof, is reactivated. A disposition plan should be prepared to address all facets of archiving, transferring, and disposing of the system and its data. Criteria outline the importance of data preservation for effective migration (conversions) into another system or archival of information for potential future access. Termination procedures preserve information about the evolution of the system information through its life cycle.

In the absence of IRS project termination guidance, the MIRSA project team did not develop formal project shutdown procedures at the onset of project planning. There were no disposition plans in place to outline the steps for archiving, transferring, and disposing of the system and its data. Specifically, there were no procedures for data preservation for effective migration (conversions) into another system or archival of information for potential future access.

When it became apparent that the MIRSA project was going to be terminated, the project team developed and executed a type of informal procedures to aid in this process. However, the procedures were incomplete because they did not include a reactivation plan. With incomplete project termination procedures, shutting down a project could result in loss of data during migration (conversions) or archival of information in the event the system, or portions of the system, is reactivated.

⁶ Treasury Directive 84-01, Information System Life Cycle, Version 3.0, dated March 2002.



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Recommendation

Recommendation 3: The Chief Technology Officer should ensure formal project termination procedures are developed for information technology projects that are shut down prior to deployment. At a minimum, these procedures should include a disposition plan addressing all facets of archiving, transferring, and disposing of the system and its data.

Management's Response: IRS management agreed with our recommendation. 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.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this audit was to determine whether the IRS established and followed adequate internal controls to ensure efficient and effective management of the MIRSA project development activities. To accomplish our objective, we:

- I. Determined whether the IRS and its contractors followed sound systems development practices and whether the project team:
 - A. Had adequate program management processes in place to manage project activities.
 - B. Maintained project management documents that were updated to provide complete requirements traceability.
 - C. Instituted an adequate risk management process for managing project activities.
 - D. Adequately managed project dependencies.
 - E. Adequately managed testing activities.
 - F. Had adequate contract management practices in place to manage all task orders¹ for the project.
 - G. Obtained an Independent Government Cost Estimate for the MIRSA project task order.
 - H. Had an adequate process in place to shut down the MIRSA project.
- II. Reviewed systems security during project development by determining whether the system, when deployed into a production environment, was adequately protecting the confidentiality of taxpayer information. This included a review of the MIRSA E-authentication strategy and solution documentation. To accomplish this, we reviewed:
 - A. Security categorization by reviewing IRS security categorization for the system under review and commented on the reasonableness of the security categorization decision.
 - B. Security standards by considering the system's assigned security categorization and reviewing relevant National Institute of Standards and Technology, Department of the Treasury, and IRS Internal Revenue Manual guidance concerning required security controls.
 - C. System's requirements documents.

¹ See Appendix V for a glossary of terms.



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- D. Security testing and evaluation test results.
 - E. Management's risk mitigation efforts.
- III. Determined whether the MIRSA project was sufficiently incorporated into the Modernization Vision and Strategy plan and whether it was appropriately funded. This included discussions with IRS officials relating to the Modernization Vision and Strategy and funding process. (Auditor's Note: We could not complete the work for this step because the IRS made the decision to terminate the MIRSA project.)
- A. Determined whether the project team provided estimated costs and benefits for the project as required by the Office of Management and Budget.
 - B. For the projects listed in Exhibit-53, determined whether the IRS had adequate support documentation for the estimated costs and benefits.
 - C. Determined whether additional MIRSA Release 1 funds were needed and, if so, determined the reasons and sources of funding.



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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
Carol T. Taylor, Audit Manager
Suzanne M. Westcott, Lead Auditor
Myron L. Gulley, Senior Auditor
Joan Raniolo, Senior Auditor
Beverly K. Tamanaha, Senior Auditor
William V. Carasik, Auditor



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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:CTO
Associate Chief Information Officer, Applications Development OS:CTO:AD
Associate Chief Information Officer, Cybersecurity OS:CTO:C
Director, Customer Account Services SE:W:CAS
Director, Electronic Tax Administration and Refundable Credits SE:W:ETARC
Director, Stakeholder Management OS:CTO: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:CTO:SM:PO



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Appendix IV

Outcome Measure

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Potential; \$10 million (see page 4).

Methodology Used to Measure the Reported Benefit:

The MIRSA is an online project designed to allow taxpayers to securely view their tax account and return information online. Release 1 of the MIRSA project was developed; however, the project was terminated near the scheduled deployment date of the project. Currently, there is neither a plan in place, nor a time period for restarting the MIRSA project or for incorporating the functionalities into other solutions in the future. If the IRS does not develop a strategy soon and complete the development of the MIRSA project, the IRS may not realize the maximum benefit from its \$10 million investment.

We obtained actual MIRSA project costs from IRS management and combined them by adding Fiscal Years 2006 – 2008 project cost summaries to both the Modernization and Information Technology Services organization internal labor costs and Release 1 termination activities costs.

Fiscal Years 2006 – 2008 project costs listed in cost summaries	\$8.2 million
IRS Modernization and Information Technology Services organization internal labor costs and project termination activities	<u>\$1.8 million</u>
Total	<u>\$10.0 million</u>



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Appendix V

Glossary of Terms

Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (Form 4868)	A form used to request an automatic extension of time to file a United States individual income tax return.
Archival	A collection of files packaged together as a type of final backup into one compressed file.
Change of Address (Form 8822)	A form used to notify the IRS of a change of address and to report a change of name.
E-authentication Service project	Designed to support the new portal implementation with projects such as the MIRSA and ensure compliance with the Government-wide electronic authentication requirements.
Electronic Authentication	The process of establishing confidence in user identities electronically presented to an information system. Systems can use the authenticated identity to determine whether that individual is authorized to perform an electronic transaction.
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	Oversees investments, including validating major investment business requirements, and ensures that enabling technologies are defined, developed, and implemented.
Exhibit 53	An agency's Information Technology Investment Portfolio required by the Office of Management and Budget that demonstrates the agency's management of Information Technology investments and how these governance processes are used when planning and implementing information technology within the agency.
Information Technology Project Control Reviews	An executive group that oversees the overall progress of a project to include risk assessments and budget and performance issues.



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Internet Refund Fact of Filing	A project – also known as “Where’s My Refund?” – that provides tax refund status information using the Internet to Form 1040 series filers who are eligible to receive a refund.
Internet Taxpayer Authentication Services	An authentication solution developed by the MIRSA project team due to the absence of an enterprise-wide E-authentication solution. Authentication for the MIRSA Release 1 project is enabled using the Internet Taxpayer Authentication Services.
Migration	The process of translating data from one format to another. Data migration or conversion is necessary when an organization decides to use a new computing or database management system that is incompatible with the current system. Also, it is defined as the process of moving data from one storage device to another.
Online Payment Agreement	A project that allows taxpayers or their authorized representatives to set up a monthly payment plan, request a short-term deferral to pay the tax, or pay the tax in full.
Power of Attorney and Declaration of Representative (Form 2848)	A form that authorizes an individual to represent another individual before the IRS. The individual must be a person eligible to practice before the IRS.
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.
Task Order	An order for services placed against an established contract.
Web-based Application	An application that is accessible using web browsers over a network such as the Internet or an Intranet. It is also a computer software application that is coded in a browser supported language and reliant on a common web browser to render the application executable.
Work Breakdown Structure	A deliverable-oriented grouping of project elements that organizes and defines the total scope of the project.



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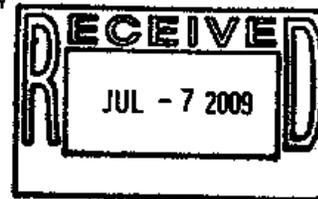
Appendix VI

Management's Response to the Draft Report



CHIEF TECHNOLOGY OFFICER

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



July 7, 2009

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

Terence V. Milhoiland *Terence V. Milhoiland*
Chief Technology Officer

SUBJECT:

Draft Audit Report – Changing Strategies Led to the Termination of the
My IRS Account Project (Audit #200820030) (i-trak #2009-59659)

Thank you for the opportunity to review your draft audit report and to meet with the audit team to discuss earlier draft report observations. We appreciate your comments and observations that acknowledge the Modernization and Information Technology Services organization's actions to follow project management guidance while developing the My Internal Revenue Service Account (MIRSA) project. We also appreciate the audit team's advice on ways to further improve the process.

We agree with the spirit and intent of the first recommendation. The Internal Revenue Service is currently developing a comprehensive e-strategy which will identify a set of e-services for taxpayers, tax professionals and other partners. The MIRSA project is among the e-services being considered. If it is determined that MIRSA should be deployed as part of this comprehensive e-strategy, the service will consider and address the components outlined in the recommendation to maximize potential taxpayer benefits. However, we will not conduct planning for the MIRSA project until it is determined to be among the services included in the e-strategy along with a timeframe for that delivery.

We also agree with the other two recommendations included in your report and have attached details of our plans to implement.

Your continued support and the assistance and guidance provided by your team are extremely valuable to our organization. If you have any questions, please contact me at (202) 622-6800 or Perry Robinett, Director of Program Oversight, at (202) 283-6283.

Attachment



*Changing Strategies Led to the Termination of the
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Attachment

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RECOMMENDATION #1: To facilitate a possible future deployment of the My Internal Revenue Service Account (MIRSA) project, the Chief Technology Officer should work with the Commissioner, Wage and Investment Division, to complete a long-term strategy for the MIRSA 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 MIRSA Release 1.

CORRECTIVE ACTION #1: We agree with the overall intent of the recommendation. The Internal Revenue Service is currently developing a comprehensive e-strategy which will identify a set of e-services for taxpayers, tax professionals and other partners. The My Internal Revenue Service Account (MIRSA) project is among the e-services being considered. If it is determined that MIRSA should be deployed as part of this comprehensive e-strategy, the service will consider and address the components outlined in the recommendation to maximize potential taxpayer benefits. However, we will not conduct planning for the MIRSA project until it is determined to be among the services included in the e-strategy along with a timeframe for that delivery.

IMPLEMENTATION DATE: October 15, 2010

RESPONSIBLE OFFICIAL: Director, Electronic Tax Administration and Refundable Credits, Wage and Investment

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.

RECOMMENDATION #2: The Chief Technology Officer should ensure that a strategy to develop and deploy an enterprise-wide E-authentication solution is developed as quickly as possible to allow online projects that require secure access, such as the MIRSA project, to be deployed without experiencing similar costly delays.

CORRECTIVE ACTION #2: We agree with this recommendation. The Office of Privacy, Information Protection & Data Strategy will partner with both the Modernization and Information Technology Services and the Electronic Tax Administration organizations to develop a strategy for delivery and deployment of an enterprise-wide E-authentication solution for all customer channels.

IMPLEMENTATION DATE: February 1, 2010

RESPONSIBLE OFFICIAL: Director, Office of Privacy and Security, Information Protection



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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.

RECOMMENDATION #3: The Chief Technology Officer should ensure formal project termination procedures are developed for information technology projects that are shut down prior to deployment. At a minimum, these procedures should include a disposition plan addressing all facets of archiving, transferring and disposing of the system and its data.

CORRECTIVE ACTION #3: We agree with this recommendation. The IRS has created a project shutdown guide for projects that are shutdown prior to deployment. The new guide was approved on May 14, 2009, and is now available in the Process Asset Library. The guide provides instructions for archiving, transferring and disposing of the system and its data.

IMPLEMENTATION DATE: May 14, 2009

RESPONSIBLE OFFICIAL: Associate Chief Information Officer, Enterprise Services

CORRECTIVE ACTION MONITORING PLAN: N/A