



## Treasury Inspector General for Tax Administration Office of Audit

### INADEQUATE EARLY OVERSIGHT LED TO WINDOWS UPGRADE PROJECT DELAYS

Issued on September 28, 2015

## Highlights

Highlights of Report Number: 2015-20-073 to the Internal Revenue Service Chief Technology Officer.

### IMPACT ON TAXPAYERS

Operating systems are critical software on computers that serve as a foundation to allow all other programs, software, and applications to run on the computers. When an operating system reaches its end of life, companies such as Microsoft stop supporting the operating system, which leaves the systems vulnerable to attack. For the IRS, the use of outdated operating systems may expose taxpayer information to unauthorized disclosure, which can lead to identity theft. Further, network disruptions and security breaches may prevent the IRS from performing vital taxpayer services, such as processing tax returns, issuing refunds, and answering taxpayer inquiries.

### WHY TIGTA DID THE AUDIT

The overall objective of this review was to review IRS efforts to upgrade the operating system on its Windows® workstations and servers. This audit is included in TIGTA's Fiscal Year 2015 Annual Audit Plan and addresses the major management challenge of Security for Taxpayer Data and Employees.

### WHAT TIGTA FOUND

The IRS was unable to upgrade all of its Windows workstations from Windows XP and all of its Windows servers from Windows Server 2003 by the Microsoft end of life deadlines. At the conclusion of our fieldwork, the IRS had not accounted for the location or migration status of approximately 1,300 workstations and upgraded only about one-half of its Windows servers from the 2003 software version to the 2008 release. Since April 2011 when the IRS initially started the Windows workstation upgrade project, the IRS spent approximately \$128 million to upgrade its Windows workstations and expects to spend an additional \$11 million through the end of Fiscal Year 2015. TIGTA found that the IRS did not follow established policies over project management and provided inadequate oversight and monitoring of the Windows XP upgrade early in its effort.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer: 1) ensure that all workstations have been adequately accounted for and upgraded to Windows 7; 2) ensure that enterprise-wide information technology maintenance and upgrade efforts going forward follow the Enterprise Life Cycle, as prescribed by IRS policy, to mitigate potential delays and to ensure project transparency and accountability; and 3) require appropriate Executive Steering Committees to oversee enterprise-wide information technology maintenance and upgrade efforts with regular project reviews and executive approvals.

The IRS agreed with two recommendations. First, the IRS stated it has accounted for all workstations that need to be upgraded to Windows 7 and plans to track them until completed. Second, the IRS plans to ensure that enterprise-wide upgrade efforts receive adequate oversight.

The IRS partially agreed with our recommendation that large-scale upgrade projects should follow the Enterprise Life Cycle. It disagreed that all upgrade efforts should follow the Enterprise Life Cycle but agreed that large-scale enterprise-wide efforts need to have a set of well documented minimum project documentation requirements to ensure that effective project management is adhered to for projects of this size.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2015reports/201520073fr.pdf>