



## Treasury Inspector General for Tax Administration Office of Audit

### CUSTOMER ACCOUNT DATA ENGINE PROJECT MANAGEMENT PRACTICES HAVE IMPROVED, BUT CONTINUED ATTENTION IS NEEDED TO ENSURE FUTURE SUCCESS

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## Highlights

Highlights of Report Number: 2008-20-151 to the Internal Revenue Service Chief Information Officer.

### IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) has developed a strategy for a phased replacement of its computer systems to better support today's tax laws, tax policies, and taxpayer needs. As the centerpiece of the IRS modernization program, the Customer Account Data Engine (CADE) is an essential project in this strategy. However, long-term objectives and the ability to adjust for unplanned initiatives have challenged the IRS' ability to meet the goal of having the CADE perform as the modernization program's centerpiece. The modernized CADE database will allow the IRS to update taxpayer accounts, support account settlement and maintenance, and process refunds daily, which will contribute to improved service to taxpayers.

### WHY TIGTA DID THE AUDIT

This audit was initiated as part of TIGTA's Fiscal Year 2008 audit plan for reviews of the IRS' modernization efforts. The overall objectives of this review were to determine the status of management's implementation of corrective actions to TIGTA's previous CADE report and to assess efforts to improve CADE customer service capabilities.

### WHAT TIGTA FOUND

In July 2007, TIGTA reported a continuing pattern by the CADE project team of deferring requirements to later releases and missing release deployment dates. TIGTA also reported that 1) the approach taken to implement the CADE architectural design would not support long-term goals and objectives, and 2) alternative design approaches might be needed to meet the CADE computer processing demands. The Chief Information Officer agreed with the recommendations in our prior audit report and outlined corrective actions to address the findings.

Although the project team has made progress to ensure that CADE releases contain a reasonable scope of work

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and sufficient staffing, long-term issues continue to challenge the CADE project. The ability of the CADE to access historical taxpayer account information currently residing on the Individual Master File must be resolved to enable requirements for soon to be developed CADE releases. In addition, with the expectation of significant increases in the CADE taxpayer population, processing capacity and data storage require consideration to meet future operational needs.

The processing of payments related to the Economic Stimulus Act of 2008 put the CADE Release 4 Project Schedule at risk. In January 2008, the IRS engaged the PRIME contractor to conduct an impact analysis and develop a preliminary design assessment for the work needed for the CADE to process economic stimulus payment checks. The project team included the work related to this effort in the scope of Release 4 with a task order modification. However, the IRS did not have funds appropriated for this work until the effort was already underway.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Information Officer should 1) ensure that a Historical Data Conversion solution is in place to enable the CADE to process transactions related to issues such as balance-due conditions, 2) develop an updated estimate of the processing and storage requirements—including the related costs—to support the long-term objectives and goals of CADE operations, and 3) use a standardized process—including measurement and reporting to appropriate parties—to determine the effect on the CADE project's scope, cost, and delivery schedules when unplanned initiatives are mandated for implementation.

In their response to the report, IRS officials agreed with the recommendations. Planned corrective actions include developing a decision paper to assess how to proceed with the Historical Data Conversion as it relates to the CADE's continued development, updating CADE end-state processing and storage design estimates, and reviewing current procedures for assessing the effects and risks in response to unplanned initiatives affecting the CADE, and filling any gaps in these procedures.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2008reports/200820151fr.pdf>.

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