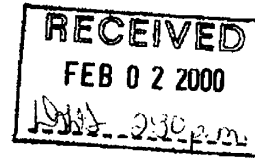




COMMISSIONER

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



January 27, 2000

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX
ADMINISTRATION

FROM: Charles O. Rossotti *COA*
Commissioner of Internal Revenue

SUBJECT: Management Response to Draft Audit Report, The Internal
Revenue Service Can Take Further Action to Ensure a
Successful Year 2000 Rollover Period

Thank you for the opportunity to review the subject Draft Audit Report. I believe that the Internal Revenue Service (IRS) was fully prepared to monitor and to report on IRS activity during the rollover to the Year 2000. I am happy to report that our critical tax processing and administrative support system are fully operational and that no major Year 2000 related problems or outages have occurred to date. I am also pleased that you recognize that we took appropriate actions to address the problems that occurred during the first rollover weekend rehearsal.

We took steps to address rollover weekend by distributing rollover procedures, The Century Date Change Rollover Plan, Version 1.0, establishing points of contact for each site across the country, and assuring appropriate staffing for rollover weekend. We held four End Game conferences and four training sessions to ensure that all participants have a clear understanding of their responsibilities.

We have included our corrective actions, which address your recommendation for more oversight of rollover activities, in the attached management response. We have also included a section on status updates, which addresses the specific issues encountered during the first rollover weekend rehearsal.

Again, I thank you for the report and the opportunity to address your concerns in our rollover weekend planning. If you have any questions, please call Paul Cosgrave, Chief Information Officer, at (202) 622-6800, or have a member of your staff call David Junkins, Director, Office of Information Resources Management, at (202) 283-4060, or Barry Herrmann, Chief, Office of Information Services Program Oversight and Management Controls, at (202) 283-7698, as appropriate.

cc: Associate Inspector General for Audit (Information Systems Programs)
Director for Legislative Affairs

Attachment

**Management Response to the Draft Audit Report – The Internal Revenue Service
Can Take Further Action to Ensure a Successful Year 2000 Rollover**

STATUS UPDATES

Audit issues from the November 20, 1999, rehearsal are highlighted in bold, followed by management's update.

Inventory integrity continues to be a problem.

The Century Date Change Project's Year 2000 Command Center (YCC) disseminated a listing of the inventory discrepancies from the first rehearsal to the sites and is tracking their resolution. Inventory results were marginally better during the second rehearsal and continued to be addressed during the third rehearsal.

Capacity problems caused slow access to the system for input.

At the time that the first rehearsal was conducted, the YCC shared a hub. As a result of the capacity problems experienced during the first rehearsal, the YCC now is the sole user of this hub. No capacity problems occurred during the second or third rehearsal weekends or during the rollover weekend.

In some cases, the reporting system was not completing form updates and was losing submitted data.

Incomplete form updates and loss of data caused completed milestones to be listed as incomplete. The Year 2000 Command Center database administrators and programmers have resolved all the problems that occurred with the positive reporting system during the first rehearsal and validated that these issues were resolved in the second rehearsal. No problems of this nature occurred during rollover weekend.

There was some confusion in the field as to what point of the process a trouble ticket is to be entered into the system.

Only one participant indicated some confusion about when to report a trouble ticket. The Year 2000 Command Center staff clarified the process in the lessons learned session. When problems are identified, personnel should report them immediately, as stated in the official IRS procedures, The Century Date Change Rollover Plan, Version 1.0. No problems of the nature occurred rollover weekend.

Attachment

**Management Response to the Draft Audit Report – The Internal Revenue Service
Can Take Further Action to Ensure a Successful Year 2000 Rollover**

Recommendation

Management is already addressing the problems identified during the rehearsal exercise. We recommend that the Century Date Change Project Office (CDC) take an even more active role in preparing for the rollover period. In addition to developing and distributing general procedures to the business owners, the CDC Project Office should assume full responsibility for following up to ensure that all staff and specific procedures are in place for the Year 2000 rollover activities.

Assessment of Cause

While the CDC Project Office has taken a very aggressive role, each site has a designated executive who is responsible for coordinating, assuring staff availability and procedures are followed. The CDC Project Office will continue to perform oversight and monitoring functions.

Corrective Action #1

IRS will confirm contact numbers for 24 hours a day, 7 days a week, access to management and technical staff. The Century Date Change Project Office has established Points of Contact for each site, and held four End Game conferences and four training sessions with representatives from the sites to communicate expectations.

Implementation Date of Corrective Action #1

Completed: December 14, 1999 **Proposed:**

Responsible Officials for Corrective Action #1

Chief Information Officer IS
Deputy Chief Information Officer (Systems) IS
Director, Century Date Change Project IS:CD

Corrective Action #1 Monitoring Plan

The CDC PO will track the progress of the corrective action by establishing that names and phone numbers on a spreadsheet were confirmed by each organization and by telephone contact, if necessary.

Attachment

**Management Response to the Draft Audit Report – The Internal Revenue Service
Can Take Further Action to Ensure a Successful Year 2000 Rollover**

Corrective Action #2

IRS will conduct a third rehearsal December 21, 1999, to ensure that all organizations have reported in during a rehearsal exercise.

Implementation Date of Corrective Action #2

Completed: December 21, 1999 **Proposed:**

Responsible Officials for Corrective Action #2

Chief Information Officer IS
Deputy Chief Information Officer (Systems) IS
Director, Century Date Change Project IS:CD

Corrective Action #2 Monitoring Plan

IS will track the results of the positive reporting during the third rollover rehearsal. If percentage of participation is less than 100 percent, IS will take further remedial actions.