



## Treasury Inspector General for Tax Administration Office of Audit

### CUSTOMER ACCOUNT DATA ENGINE RELEASE 3 SUCCESSFULLY PROCESSES INDIVIDUAL TAX RETURN AND TAX ACCOUNT INFORMATION

Issued on October 24, 2008

## Highlights

Highlights of Report Number: 2009-20-001 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### 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, 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. 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. Based on our review, CADE Release 3 is operating effectively to help the IRS provide these improved services to taxpayers.

### WHY TIGTA DID THE AUDIT

This audit was initiated as part of TIGTA's Fiscal Year 2008 Annual Audit plan for reviews of the IRS' modernization efforts. The overall objective of this audit was to determine whether CADE Release 3 met user requirements and is performing as expected.

### WHAT TIGTA FOUND

CADE Release 3 successfully incorporated new requirements to accept and process tax return and tax account information. In addition to new tax law changes, several new tax return schedules were added to the CADE, as was the enhanced ability to process taxpayer address changes. For the first time, the CADE is now processing two mathematical error notices and an Earned Income Tax Credit informational notice.

As of July 25, 2008, the CADE had processed more than 30 million tax returns (approximately 21 percent of all individual tax returns filed) and generated more than \$44 billion in refunds in Calendar Year 2008. This is a significant increase over the 11.2 million tax returns processed in Calendar Year 2007.

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In addition, the CADE accurately and effectively processed payments to taxpayers required by the Economic Stimulus Act of 2008. Through July 25, 2008, the CADE had processed almost 24 million economic stimulus payments totaling more than \$18 billion.

### WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations in this report. Because the IRS concurred with an advance copy of the report and the report contained no recommendations, the IRS was not required to and did not provide a formal response.

### READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2009reports/200920001fr.pdf>.

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