Treasury Inspector General for Tax Administration
Office of Audit

IMPLEMENTING THE DATA STRATEGY WILL MAKE SYSTEM AND APPLICATION DEVELOPMENT MORE EFFICIENT AND EFFECTIVE

Issued on February 19, 2009

Highlights

Highlights of Report Number: 2009-20-022 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) is developing a Data Strategy that includes a comprehensive plan for data collection, consolidation, storage, and distribution. The Data Strategy is a key element in the IRS Modernization Program along with the Modernized Electronic Filing, Customer Account Data Engine, and Account Management Services projects. Successful implementation of these four "pillars" is essential to the support of all tax administration activities and is critical to the long-term success of the Modernization Program.

WHY TIGTA DID THE AUDIT

This audit was initiated as part of our Fiscal Year 2008 Annual Audit Plan for reviews of the IRS Modernization Program. The overall objective of this review was to determine whether the IRS Data Strategy includes adequate management and internal controls for its program and project plans.

WHAT TIGTA FOUND

The Enterprise Data Access and Data Strategy Implementation Programs are the major components of the Data Strategy. These programs are in development, and projects related to these programs have been initiated and, in some cases, completed.

While progress is being made, challenges facing Modernization and Information Technology Services organization executives include gaining support for the Data Strategy throughout the IRS, obtaining adequate funding to execute the related Data Strategy programs, and sustaining the support to achieve the goals of the Information Technology Modernization Vision and Strategy.

Although specific funding for the Data Strategy was not designated in the IRS budget, the Data Strategy executives were able to obtain funding from the respective organizations that anticipate using the capabilities. Without a commitment to fully fund and implement the Data Strategy, the IRS will continue to have redundant, inconsistent, and outdated data, making it difficult to provide its customers and stakeholders with appropriate service and to efficiently and effectively enforce the nation's tax laws.

Defining and sharing the quantifiable benefits for using the Data Strategy would help the various Modernization project teams understand the advantages and necessity of employing the Data Strategy. However, the Data Strategy team stated that it does not currently have cost details quantifying the benefits it expects to provide. In addition, the IRS has developed an Information Technology Modernization Vision and Strategy plan to help guide the Modernization Program, but it does not assign a priority for scheduling development and implementation. This could lead to an ineffective and inefficient transition of the Data Strategy.

WHAT TIGTA RECOMMENDED

To facilitate implementation of the Data Strategy, TIGTA recommended that the Chief Technology Officer 1) work with IRS senior executives to consider the priority of the Data Strategy effort to provide the necessary funding so that it can be successfully implemented as an integral component of the Information Technology Modernization Vision and Strategy, 2) quantify and communicate the benefits that will be realized from implementation of the Data Strategy, and 3) develop a method to determine the priority for IRS systems and data assets to begin following the Data Strategy and when systems and data assets can be retired.

The IRS agreed with two of our recommendations. The Data Strategy Implementation Program Office plans to quantify potential benefits from the Data Strategy and develop a method to determine the priority for IRS systems and data assets to begin following the Data Strategy. While the IRS agreed with the intent of our first recommendation to consider the priority of the Data Strategy effort, IRS management does not plan to implement the recommendation because they cannot agree to fund any one project without considering each year's annual budget.

TIGTA understands the IRS cannot agree to fund any one project without considering the available budget, but the IRS should place a high enough priority on the Data Strategy that the project is considered for a relevant portion of available funding. Without providing the resources to secure this portion of the foundation, the Modernization effort is weakened, potentially leading the Data Strategy to a partially completed goal.

READ THE FULL REPORT

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

http://www.treas.gov/tigta/auditreports/2009reports/200920022fr.pdf.

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