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STAKEHOLDERS SHARES VIEWS WITH OVERSIGHT BOARD

On January 26th, the Board held a public meeting on Capitol Hill to listen to the concerns and insights voiced by stakeholders who work regularly with the IRS. Participants articulated their positions on a number of subjects, including the IRS' future strategic direction, efforts to manage the IRS workforce, status of e-filing, and professional responsibility among tax practitioners.¹

“Hearing the views of the members of the tax community is always extremely helpful,” said Board Chair Nancy Killefer. “This year, the Board found it striking that the issue of tax simplification came up again and again. It has become abundantly clear that it is extremely difficult for taxpayers to keep up with an every changing and complex tax code. What is equally clear is that the IRS does not have enough resources to help taxpayers understand and comply with that code. This disconnect is very troubling to the Board.”

Two other important issues raised were IRS workforce training and the quality of tax returns prepared by uncertified tax preparers. “Are IRS employees getting the right training they need to do their jobs?” asked Chair Killefer. “As the IRS continues to modernize, more demand will be placed on its workforce. The IRS must provide training that is pertinent and effective.” The Board's Human Capital Committee plans to study IRS training closely this year.

Several meeting participants raised concerns regarding the professional responsibilities of tax preparers and described cases in which poor quality work has severely penalized taxpayers. While there was no consensus on how to address the issue, the Board believes it must be reviewed closely by the IRS.

Congressman Portman Meets with Board

House Ways and Means Committee Member Rob Portman (R-OH), former co-chairman of the National Commission on Restructuring the IRS and original sponsor of the IRS Restructuring and Reform Act of 1998, also met with the Board. He expressed his pleasure with the Board's progress since its inception and for the continuity it is providing. Rep. Portman also stressed the importance of developing appropriate performance measures of success – one of the Restructuring Commission's recommendations. He stated that Congress finds these measures particularly helpful, especially when measuring the IRS' performance and progress over the long-term.

IRS Reports on Status of Business Systems Modernization Program

The IRS Oversight Board received a status report from Commissioner Mark W. Everson on the agency's troubled Business Systems Modernization (BSM) program. Commissioner Everson

¹ To review the written statements presented to the Board at its January 26th meeting, visit www.irsoversightboard.treas.gov.

discussed the 180-day improvement plan to the Board at its January 27th meeting. The IRS is in the process of implementing the plan.

Last December, the Board released its independent analysis of the IRS' BSM program. It made nine specific recommendations for turning around this critical program that has experienced significant and unacceptable delays and cost overruns. Of greatest concern was another round of schedule slippages in the Customer Account Date Engine (CADE) project. CADE is intended to provide a modern reliable database to house taxpayer information.

The Commissioner's plan, which was put in place after reviewing the findings of independent analyses reviewing the program, identified six "issues" for resolution that closely track the Board's BSM recommendations. These include: CADE, software development productivity and quality, acquisition (e.g. contract issues between the IRS and the PRIME), technology (architecture and engineering), key skills and strengthening the BSM team; and organization and roles.

Board Member and Modernization Committee Chair Larry Levitan stated, "The Board is pleased with this targeted and thoughtful plan. Now the IRS and the PRIME must be able to implement the plan and get BSM back on track and start delivering its intended benefits to taxpayers. The Board will closely monitor the IRS' and the PRIME's progress and will suggest further corrective actions if deemed necessary."

The IRS also reported that e-Services, a suite of web-based products that will allow tax practitioners who e-file to exchange account information with the IRS in a secure environment, will be available for registered tax professionals in March.

Board to Help Develop Strategic Plan

One of the Board's core duties under the Restructuring Act is to review and approve the IRS's strategic plans. The agency is beginning to construct its next 5-year strategic plan (FY 2005-FY 2009). The Board will be working closely with the IRS in its formulation. Chair Killefer commented, "I cannot stress enough the significance of the plan for the next five years. The IRS' first strategic plan set out broad goals and objectives, guiding principles and major strategies, and to a large degree the IRS made progress on many of them. This follow-up plan must clearly demonstrate how the IRS will rise to a higher level of performance on its goals."

Tribute to Departing Treasury Assistant Secretary Ressel

The IRS Oversight Board noted its regret at the resignation of Treasury Assistant Secretary of Management and Chief Financial Officer Teresa Ressel. "Assistant Secretary Ressel's insightful guidance and advice to the Board has been invaluable in the past two years. She will be missed." said Chair Killefer.

The next meeting of the IRS Oversight Board will be held on March 10-11, 2004 in Washington, DC.

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