

**Individual Income Tax Return Information
Was Accurately and Timely Posted
to the Customer Account Data Engine**

July 2005

Reference Number: 2005-40-109

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

July 18, 2005

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report - Individual Income Tax Return Information
Was Accurately and Timely Posted to the Customer Account
Data Engine (Audit # 200540014)

This report presents the results of our review of the Internal Revenue Service (IRS) Customer Account Data Engine (CADE). The overall objective of this review was to determine whether tax return information was accurately and timely posted to taxpayers' accounts on the CADE. The CADE consists of current and planned databases and related applications that will eventually replace the existing IRS Master File¹ system. We also determined whether related refunds were accurately and timely issued and taxpayers' accounts were accurately moved from the CADE back to the Master File when their tax return information could not be posted to the CADE.

The CADE is a critical building block in the IRS' modernization program that will enable the development of subsequent modernized systems to improve customer service and compliance. The CADE is intended to eventually replace the antiquated Master File system that came into use four decades ago. The Government Accountability Office has stated that, without the CADE, the IRS business systems modernization program cannot succeed.² The CADE is designed to post information to taxpayers' accounts on a daily rather than weekly basis. Taxpayers should receive refunds faster, and IRS employees should be able to provide improved service to taxpayers by having up-to-date, accurate account information available.

¹ The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

² *Business Systems Modernization – Internal Revenue Service Needs to Further Strengthen Program Management* (GAO-04-438T, dated February 12, 2004).

The CADE will be implemented in a series of releases over several years. The first CADE release, Release 1.1, began posting the simplest individual tax return information in July 2004. This Release posted only information from an Income Tax Return for Single and Joint Filers With No Dependents (Form 1040EZ) with a filing status of single and a refund or even balance. Release 1.2, which included updates for tax law changes affecting Tax Year 2004 income tax returns, was delivered in January 2005 and was the subject of our review.

To prepare for tax return processing during Calendar Year 2005, the IRS moved selected taxpayers' accounts from the Master File to the CADE. Based on previous tax year information, the IRS moved accounts likely to have returns filed that would meet CADE posting criteria. When a tax return that did not meet CADE criteria was filed for a CADE account, the account was moved back to the Master File and the return information posted there. Actions subsequent to tax return posting that could not be handled by the CADE³ also caused accounts to be moved back to the Master File.

As of January 2005, 3.2 million individual taxpayers' accounts were on the CADE. From January through April 2005, the IRS posted 1.3 million tax returns to taxpayers' accounts on the CADE, generating \$400 million in refunds. During this same time, 1.2 million accounts were moved from the CADE back to the Master File. As of the end of April 2005, at least 700,000 accounts that did not yet have a Tax Year 2004 return filed remained on the CADE.

In summary, tax return information was accurately and timely posted to CADE accounts. For returns posted to the CADE, the IRS also issued accurate refunds faster than for returns posted to the Master File and provided accurate refund information to taxpayers through its automated telephone service and its web site. When tax returns filed for CADE accounts did not meet CADE criteria, the related account information was accurately moved back to the Master File.

At the time of our review, a very limited number of accounts met the criteria to be on the CADE. The IRS plans to continually increase the capabilities of the CADE, which will increase the number of accounts eligible to be moved to the CADE and reduce the number of CADE accounts returned to the Master File. This will allow the IRS to provide better service to more taxpayers.

We identified employee actions that, coupled with CADE restrictions, caused accounts to be unnecessarily moved from the CADE to the Master File. We reported this issue during our review, and the IRS immediately issued instructions to minimize these actions.

The successful implementation of the first two CADE releases is a noteworthy achievement, providing a good foundation for future releases. However, there is much to be done, and expanding the CADE will become even more challenging as the IRS adds capabilities to handle more complicated tax returns.

³ Such as payments, address changes, or amended returns.

IRS management reviewed the draft report and provided their concurrence with its contents via email. However, since there were no recommendations requiring a formal response, the IRS agreed that the report will be issued without one.

Copies of this report are also being sent to the IRS managers affected by the report issues. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

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Background

The Customer Account Data Engine (CADE) is the foundation for managing taxpayer accounts in the Internal Revenue Service's (IRS) modernization plan. The CADE consists of current and planned databases and related applications that will eventually replace the existing IRS Master File¹ system. When fully operational, the CADE will house tax information for more than 200 million individual and business taxpayers. It is intended to replace the antiquated Master File system that came into use four decades ago.

Both paper and electronic tax returns are received by the IRS at various Submission Processing sites across the country. At these sites, the return information is input to the IRS return processing computer system, which validates certain taxpayer identifying information and checks the returns for mathematical errors. After the return information has been validated and errors have been corrected, the sites send the information to the IRS Computing Centers² to be posted to taxpayers' accounts. In the past, this account information was all posted to the Master File database, the official repository for all tax accounts. The CADE is gradually replacing this database.

The age and complexity of the Master File system cause delays and inaccuracies in providing service to taxpayers. Updates to taxpayers' account information on the Master File³ occur on a weekly basis, and some updates require multiple weekly cycles to complete. Because current data are not available to IRS employees, taxpayers may be given incorrect information about their accounts. In contrast, the CADE is designed to post information to taxpayers' accounts on a daily rather than weekly basis. Taxpayers should receive refunds faster, and IRS employees should be able to provide improved service to taxpayers by having

¹ The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

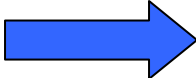
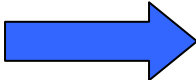
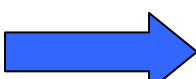
² IRS Computing Centers support tax processing and information management through a data processing and telecommunications infrastructure.

³ For example, posting return information and payments.

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up-to-date, accurate account information available (see Figure 1).

Figure 1: Benefits of the CADE Over the Master File

TAXPAYER ACCOUNT UPDATES		Daily vs. Weekly
REFUNDS		Faster by 3 to 14 Days ⁴
CUSTOMER SERVICE		Improved With More Current Information

Sources: IRS Business Systems Modernization CADE web site and Wage and Investment Division CADE Project Office.

The first phase of the CADE, for individual taxpayer accounts, is to be implemented in a series of releases over several years.⁵ The simplest taxpayer accounts will be moved to the CADE first. Each successive release will move a more complex segment of taxpayer accounts. The first CADE release, Release 1.1, began posting the simplest individual tax return information in July 2004. This Release posted only information from an Income Tax Return for Single and Joint Filers With No Dependents (Form 1040EZ) with a filing status of single and a refund or even balance. Release 1.2, which included updates for tax law changes affecting Tax Year 2004 income tax returns, was delivered in January 2005 and was the subject of our review.

As with Release 1.1, CADE Release 1.2 would post only Forms 1040EZ filed using a filing status of single. Additional CADE limitations included accepting only those tax returns that reflected a refund or even balance, had no errors identified during processing, and used the same address as shown on IRS records. To prepare for tax return

⁴ This range was provided by the IRS and included returns filed both electronically and on paper, with refunds issued either by direct deposit or paper check.

⁵ See Appendix IV for the CADE Release Chart.

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processing during Calendar Year 2005, the IRS moved selected taxpayer accounts from the Master File to the CADE based on previous tax year information. These were accounts identified as likely to have returns filed that would meet CADE posting criteria. As Tax Year 2004 returns for these selected accounts were processed:

- Tax returns meeting all CADE criteria had the tax return information posted to the CADE account.
- Tax returns not meeting all CADE criteria had the related account moved back to the Master File, and the tax return information was subsequently posted to the Master File.
- Actions subsequent to posting tax return information that could not be handled by the CADE also caused accounts to be moved back to the Master File.

As of January 2005, 3.2 million taxpayers' accounts were on the CADE. From January through April 2005, the IRS posted 1.3 million tax returns to taxpayers' accounts on the CADE, generating \$400 million in refunds. During this same time, due to restrictions on what the CADE was able to accept, 1.2 million accounts were moved from the CADE back to the Master File. As of the end of April 2005, at least 700,000 accounts that did not yet have a Tax Year 2004 return filed remained on the CADE. For perspective, the 1.3 million returns posted to the CADE represented 1.2 percent of the 105 million income tax returns processed during this same period.⁶

This review was performed at the CADE Project Office in New Carrollton, Maryland, and at the Austin, Texas; Fresno, California; and Kansas City, Missouri, Submission Processing Sites during the period December 2004 through April 2005. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

⁶ See Appendix V for the weekly CADE return and refund volumes.

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**Tax Return Information Was
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Information from tax returns was accurately and timely posted to CADE accounts. In addition, for tax returns posted to the CADE, the IRS issued accurate, timely refunds; accurately calculated interest due to taxpayers on their refunds;⁷ issued refunds faster than those for tax returns posted to the Master File; and provided accurate refund information to taxpayers through its automated telephone service and its web site.

Tax return information was accurately and timely posted

We selected a sample of Forms 1040EZ processed during 4 weeks in February 2005 and identified approximately 200 that posted to the CADE. We researched the CADE information using the IRS Integrated Data Retrieval System⁸ to determine if the CADE accounts accurately reflected the tax return information. This included verifying the accuracy of:

- Taxpayers' identifying information, such as name and address.
- Tax and credit information used to generate any refund or balance due on an account, such as tax, withholding, and Earned Income Tax Credit amounts.
- The calculated balance for the return, such as refund amount or even balance.⁹
- Income amounts that might later be needed by IRS employees, such as adjusted gross income or taxable income.

For the 200 tax returns posted to the CADE, we also determined the dates the tax return information was sent from the Submission Processing sites to the Computing Centers for posting and the dates the information was posted to the CADE. The IRS expected the information to be

⁷ Delays occurring prior to when tax return information is sent to the CADE, and unrelated to CADE processing, may result in interest being paid.

⁸ The IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.

⁹ Returns with a balance due were not to be posted to the CADE, and we did not identify any that were.

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posted to the CADE on the day after it was released by the Submission Processing sites for initial processing by the Computing Centers.

For all 200 tax returns in our sample, the information was posted accurately to the CADE within the expected time period.





Refunds from the CADE were accurate, timely, and issued faster than Master File refunds

The IRS expected refunds to be issued 4 business days after CADE posting for refunds directly deposited into taxpayers' accounts and 6 business days after CADE posting for paper check refunds. We analyzed refund information for our sample of 200 tax returns, and all refunds were accurate and issued within the expected time period. In addition, we identified 29 accounts with interest paid on refunds as of December 31, 2004, and the CADE had accurately computed the interest.

From our 4-week time period, we also selected a sample of approximately 350 tax returns that posted to the Master File (for accounts that were never on the CADE) and evaluated the refunds. As a comparison, paper check refunds for these tax returns took an average of 8 days longer to be issued than those for returns posted to the CADE, and direct deposit refunds took an average of 4 days longer to be issued than those for returns posted to the CADE (see Figure 2).

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Figure 2: Average Calendar Days to Refund¹⁰

 Refund Type	 Master File	 CADE	 CADE = Faster Refunds
Paper Check	18 days	10 days	8 days faster
Direct Deposit	11 days	7 days	4 days faster
Combined	15 days	9 days	6 days faster

Source: Treasury Inspector General for Tax Administration (TIGTA) review of sample returns.

Accurate CADE refund information was available through the automated telephone service and web site

The IRS provides an automated telephone service and a web site that taxpayers can use to get information about their refunds. When taxpayers access these services and input their identifying information,¹¹ they are given the date and payment method (direct deposit or paper check) of their refund.

We researched the refunds for approximately 50 returns posted to the CADE from the first week of our 4-week sample using both the automated telephone service and web site. Both IRS services provided the correct date and payment method for the refunds.

As tax returns for CADE accounts were processed, those that did not meet CADE criteria had the related account information moved back to the Master File. The tax return information for these accounts was subsequently posted to the Master File.

We reviewed approximately 100 tax returns from our 4-week sample that had CADE accounts moved back to the

**Accounts Were Accurately
Moved Back to the Master File**

¹⁰ We determined the number of calendar days from the date the Submission Processing site sent the return information for posting to the date the refund was issued. These are the average days for our judgmental sample cases, which may not reflect the overall Master File or CADE populations.

¹¹ Taxpayers must input their Social Security Number along with the filing status and dollar amount of the refund shown on their return.

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Master File as the returns were posting. For these returns, we obtained specific account information that was on the CADE before the account was moved. This included information such as the taxpayer's name, address, and filing information for prior year returns. We compared this information to that on the account after it was returned to the Master File to determine if any changes were caused by the move. We did not identify any discrepancies.

In addition, the transfer of the account information back to the Master File was transparent to taxpayers. Their tax returns were posted and refunds issued within the same time periods as tax returns posted directly to the Master File.

The Current Scope of the Customer Account Data Engine Is Limited, and Expanding It Will Be Challenging

The successful implementation of the first two CADE¹² releases is a noteworthy achievement, providing a good foundation for future releases. However, the current scope of the CADE includes a very limited number of taxpayer accounts. The IRS plans to continually increase the capabilities of the CADE by increasing the number of accounts added to and retained by the CADE and expanding the types of returns the CADE can handle. This will allow the IRS to provide better service to more taxpayers. However, there is much to be done, and expanding the CADE will become even more challenging as the IRS adds capabilities to handle more-complicated tax returns.

The current version of the CADE posted tax return information only for Forms 1040EZ for single taxpayers filing a refund or even-balance tax return. There were many additional CADE restrictions, such as posting information only for tax returns with no errors identified during processing and with the same address as shown on IRS records. Actions subsequent to tax return posting that could not be handled by the CADE¹³ also caused accounts to be returned to the Master File.

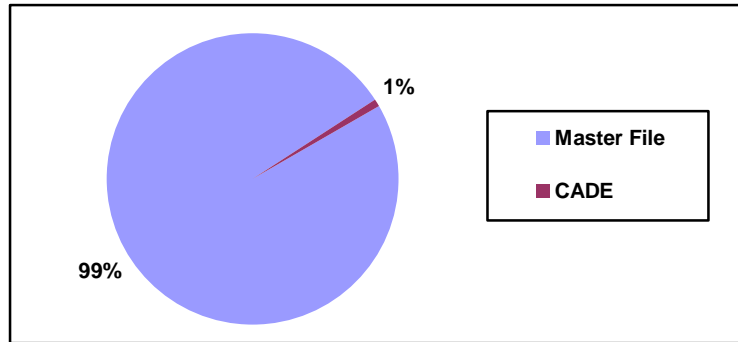
From January through April 2005, the IRS processed approximately 105 million individual income tax returns. Of these, 1.3 million (1.2 percent of the total processed) were posted to taxpayers' accounts on the CADE (see Figure 3).

¹² CADE Releases 1.1 and 1.2.

¹³ Such as payments, address changes, or amended returns.

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Figure 3: Master File and CADE Returns
January Through April 2005



Source: IRS statistics for total individual tax returns processed from January through April 2005, verified by TIGTA computer analysis.

The IRS is making incremental progress with adding capabilities to the CADE. By July 2005, the IRS plans to include the ability to accept returns with address changes. The IRS also plans changes for early 2006 to increase the number of accounts that are eligible to be moved to the CADE. These changes include accepting taxpayer accounts with prior year issues that have been resolved and increasing the number of prior tax years a taxpayer could have filed.

Although subsequent CADE releases will include additional capabilities, it is expected to be Processing Year 2007 before the CADE will be able to post a significant number of tax returns (see Figure 4).¹⁴

¹⁴ Appendix IV shows the complete IRS schedule of planned CADE releases.

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Figure 4: Projected CADE Deployment

Projected Deployment	Filing Status	Return Types Added	Expected Volumes
January 2005	Single No Dependents	Forms 1040EZ Refund or Even Balance	1.3 Million (actual)
January 2006	Single No Dependents	Forms 1040 & 1040A ¹⁵ With No Schedules Extensions Without payment Address Changes Prior Year Returns	4 Million
January 2007	Single Married No Dependents	Forms 1040 and 1040A With Various Schedules Extensions With Payment Full Paid	33 Million

Source: Condensed from the IRS CADE Master Plan, dated February 4, 2005.

More Accounts Could Be Retained on the Customer Account Data Engine

In January 2005, there were approximately 3.2 million taxpayer accounts on the CADE. By April 2005, approximately 1.2 million of these accounts had been moved back to the Master File because the related Tax Year 2004 returns were not eligible to be posted to the CADE or due to other actions on the accounts. This left approximately 2 million accounts on the CADE. Taxpayers whose accounts are moved from the CADE to the Master File lose the benefits of the CADE, including faster refund processing.

During our review we identified CADE criteria that caused accounts to be returned to the Master File unnecessarily.

Employees' comments and letters caused unnecessary movement of accounts

Currently, tax accounts on the CADE are moved back to the Master File if a transaction attempts to post that the CADE has not been programmed to handle, such as subsequent tax changes. We determined that, when IRS employees placed temporary comments on a taxpayer's account or sent certain

¹⁵ U.S. Individual Income Tax Return (Forms 1040 and 1040A).

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computer-generated letters to a taxpayer, these actions were recognized by the CADE as transactions and caused the account to be moved back to the Master File. This occurred even though these actions made no actual change to the taxpayer's account and were on the account only temporarily.

Management Actions: We reported this issue to the IRS during our review, and management immediately issued instructions to employees to minimize these actions on CADE accounts. In addition, because there are some instances where these actions are required, the IRS plans to implement programming changes to eliminate this problem.

The CADE tax computation comparison caused unnecessary movement of accounts

We also noted that some CADE accounts were returned to the Master File because the tax computed by the CADE did not match the tax computed during return processing.¹⁶ However, at the time of our review, the IRS used only the tax computed during return processing and made no use of the tax computed by the CADE. This comparison of computed tax did not appear to serve a purpose, and therefore caused accounts to be moved back to the Master File unnecessarily.

We provided this information to IRS management for consideration. Because this tax mismatch affected only a small volume of returns, we are making no formal recommendation at this time.

¹⁶ There are computation tolerances used by the return processing system that may not be used by the CADE, which would cause differences in the tax computed by the two systems.

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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether tax return information was accurately and timely posted to taxpayers' accounts on the Internal Revenue Service (IRS) Customer Account Data Engine (CADE). The CADE consists of current and planned databases and related applications that will eventually replace the existing IRS Master File¹ system. We also determined whether related refunds were accurately and timely issued and taxpayers' accounts were accurately moved from the CADE back to the Master File when their tax return information could not be posted to the CADE.

To accomplish our objective, we:

- I. Determined whether tax return information was accurately and timely posted to the CADE.
 - A. Reviewed IRS documents regarding expected posting time periods.
 - B. Selected a judgmental sample of 4,000 paper and electronic returns² (specifically, Income Tax Return for Single and Joint Filers With No Dependents (Form 1040EZ)) processed during 4 weeks in February 2005. Our sample included three Submission Processing sites³ that process paper and/or electronic returns and send their tax return data to the two different IRS Computing Centers.⁴ This sample was sufficient for our test purposes and we did not plan to make projections.
 - C. Researched account information for the selected tax returns on the Integrated Data Retrieval System (IDRS).⁵ We identified the tax returns that were posted to the CADE, those with accounts moved from the CADE back to the Master File for the tax returns to be posted, and those with accounts not on the CADE that went directly to the Master File to be posted.

¹ The IRS database that stores various types of taxpayer account information. This database includes individual, business, and employee plans and exempt organizations data.

² The population for our sample consisted of all tax returns input to the IRS return processing computer system on a single day each week for the 4 weeks of February 2005. This sample was selected from three different Submission Processing sites. We could not determine with any accuracy the total volume of returns input during those specific days at those sites.

³ IRS Submission Processing sites receive tax returns, validate return information and identify and correct mathematical errors, and send the information to IRS Computing Centers to be posted to taxpayers' accounts.

⁴ IRS Computing Centers support tax processing and information management through a data processing telecommunications infrastructure. At the Centers, tax return data are analyzed and posted to taxpayers' accounts.

⁵ The IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.

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- D. Researched on the IDRS all 222 sample tax returns posted to the CADE and compared the IRS account information with the information on the tax returns to determine whether the returns were accurately posted. We eliminated nine tax returns that were delayed in return processing. For the remaining 213 tax returns, we also determined the number of days from the date the tax return information was sent to the Computing Centers to the date it was posted to the CADE and compared this to the expected time periods.
- II. Determined whether the refunds for the CADE-posted tax returns identified in Step I.D. were accurately and timely issued to taxpayers.
 - A. Reviewed IRS documents to determine expected refund time periods.
 - B. Identified 213 taxpayers with refunds. We compared refund data obtained by the IRS from the Department of the Treasury Financial Management Services⁶ with the refund amounts shown on these taxpayers' CADE accounts and with expected refund dates.
 - C. Researched the 52 CADE-posted tax returns identified during the first week of our sample in Step I.D. on the IRS toll-free automated telephone service and on its web site to determine whether accurate refund information was available.
 - D. Identified 29 accounts on the CADE as of December 31, 2004, with interest paid on refunds. We used the IDRS to compute the interest due the taxpayers and compared it to the interest computed by the CADE.
- III. Determined whether accounts on the CADE were accurately and timely restored to the Master File when the related tax return did not meet CADE criteria for posting. We also determined whether the tax return information was then posted timely to the Master File after the account was restored. We researched accounts on the IDRS for 105 tax returns identified in Step I.C. that were moved from the CADE back to the Master File.⁷
 - A. Compared account information on the CADE before the account was removed to that on the Master File after the account was restored. We determined whether there were any discrepancies between the CADE and the Master File for the taxpayer's name and address, the tax years present on the account, and other account information.
 - B. Researched the tax returns on the IDRS to determine whether they were timely posted. We also determined the timing of the related refunds to use for comparison purposes.

⁶ The Financial Management Services issues all tax refunds.

⁷ The 105 represented all of the returns moved back to the Master File for 3 weeks of the 4-week sample. We did not have the data available to research 1 week.

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- IV. Selected a judgmental sample of 359 tax returns⁸ identified in Step I.C. for accounts not on the CADE that went directly to the Master File to be posted. This sample was sufficient for our test purposes and we did not plan to make projections. We researched the IDRS and determined the timing of the refunds to use for comparison purposes.
- V. Obtained computer extracts and IRS reports to determine the volume of tax returns posted to the CADE, to determine the volume of tax returns with accounts moved from the CADE back to the Master File for the tax returns to be posted, and to evaluate the reasons the accounts were moved back to the Master File.

⁸ This sample was a subset of our sample of 4,000 returns selected in Step I.B. As mentioned in a footnote for that step, we could not determine the population for that sample with any accuracy because of the specific time periods involved.

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Appendix II

Major Contributors to This Report

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)

Scott A. Macfarlane, Director

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Carola Gaylord, Senior Auditor

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Arlene Feskanich, Information Technology Specialist

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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner, Wage and Investment Division SE:W
Chief Information Officer OS:CIO
Associate Chief Information Officer, Business Systems Modernization OS:CIO:B
Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Acting Director, Strategy and Finance, Wage and Investment Division SE:W:S
Director, Submission Processing, Wage and Investment Division SE:W:CAS:SP
Acting Chief, Performance Improvement, Wage and Investment Division SE:W:S:PI
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Management Controls OS:CFO:AR:M
Audit Liaison: Acting Senior Operations Advisor, Wage and Investment Division SE:W:S

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Appendix IV

Customer Account Data Engine Release Chart

Release	Sub-Release	Projected Deployment	Filing Status	Return Types	Expected Volumes
Release One¹	1.1	July 2004	Single	Forms 1040EZ ²	1.3 Million (actual)
	1.2	January 2005	No dependents	Refund or Even Balance	
	1.3.1	July 2005	Single	Address Changes	
	1.3.2	January 2006	Single	Forms 1040 & 1040A ³ With No Schedules Extensions Without Payment Prior Year Returns	4 Million
Release Two	2.1	July 2006	Single Married No Dependents	Form 1040 Schedules A, B, & R ⁴ Form 1040A Schedules 1 & 3 ⁵ Extensions With Payment Full Paid	
	2.2	January 2007		Form 1040 Schedules C, E, & F ⁶ and Supporting Forms (With No EIN ⁷) Form 1040 Schedules D, H ⁸	33 Million
Release Three	3.1	July 2007	Single Married Head of Household Dependents	Form 1040 Schedule EIC ⁹ Form 1040A Schedule 2 ¹⁰ Decedents	To Be Determined (TBD)

¹ Highlighted (yellow) items are completed.

² Income Tax Return for Single and Joint Filers With No Dependents (Form 1040EZ).

³ U.S. Individual Income Tax Return (Forms 1040 and 1040A).

⁴ Itemized Deductions (Schedule A), Interest and Ordinary Dividends (Schedule B), and Credit for the Elderly or the Disabled (Schedule R).

⁵ Interest and Ordinary Dividends for Form 1040A Filers (Schedule 1) and Credit for the Elderly or the Disabled for Form 1040A Filers (Schedule 3).

⁶ Profit or Loss From Business (Schedule C), Supplemental Income and Loss (Schedule E), and Profit or Loss From Farming (Schedule F).

⁷ Employer Identification Number.

⁸ Capital Gains and Losses (Schedule D) and Household Employment Taxes (Schedule H).

⁹ Earned Income Credit (Schedule EIC).

¹⁰ Child and Dependent Care Expenses for Form 1040A Filers (Schedule 2).

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Release	Sub-Release	Projected Deployment	Filing Status	Return Types	Expected Volumes
Release Four	3.2	January 2008		Balance Due Math Errors Alternative Minimum Tax Estimated Payments	TBD
	4.1 ¹¹	July 2008			TBD
Release Five	4.2	January 2009		1040 Schedules C, E, & F With EIN Payroll, Unemployment, Excise Tax Returns for Form 1040 Customers	TBD
	5.1	July 2009			TBD
Release Six	5.2	January 2010	First-Time Filers	All Other Individual Returns	TBD
	6.1	July 2010			TBD

Source: Internal Revenue Service Customer Account Data Engine (CADE) Master Plan dated February 4, 2005.

¹¹ For Releases 4.1, 5.1, and 6.1 the Internal Revenue Service planned CADE updates to internal processes but not to the filing status or return type.

**Individual Income Tax Return Information Was
Accurately and Timely Posted to the Customer Account Data Engine**

Appendix V

**Weekly Customer Account Data Engine
Return and Refund Posting Volumes – January Through April 2005**

Week Ended	Returns Posted to the CADE¹	Refunds Generated by the CADE²	Refund Amount	Average Refund	Accounts Returned to the Master File
Jan 21	23,583	23,488	\$11,188,097	\$476	23,123
Jan 28	55,435	55,186	\$24,055,925	\$436	45,532
Feb 4	138,671	138,029	\$54,282,957	\$393	109,887
Feb 11	136,710	135,867	\$48,005,534	\$353	119,647
Feb 18	121,014	120,183	\$39,327,352	\$327	105,491
Feb 25	115,495	114,619	\$35,414,988	\$309	94,200
Mar 4	114,883	113,893	\$33,601,031	\$295	96,625
Mar 11	94,553	93,637	\$26,914,609	\$287	84,315
Mar 18	84,926	84,003	\$23,507,824	\$280	71,323
Mar 25	71,047	70,111	\$19,232,646	\$274	64,341
Apr 1	65,268	64,209	\$17,099,667	\$266	62,421
Apr 8	69,974	68,760	\$17,850,434	\$260	65,024
Apr 15	95,458	93,317	\$23,851,892	\$256	90,312
Apr 22	88,166	85,929	\$20,573,087	\$239	105,516
Apr 29	60,659	59,061	\$13,164,070	\$223	66,781
Totals	1,335,842	1,320,292	\$408,070,113	\$309	1,204,538

Source: Internal Revenue Service CADE production report as of April 29, 2005, which was validated with computer runs by the Treasury Inspector General for Tax Administration.

¹ Customer Account Data Engine (CADE).

² Some returns posted by the CADE had no refund due (referred to as 'Even Balance'), so the number of refunds issued is fewer than the number of returns posted.