



Treasury Inspector General for Tax Administration Office of Audit

PROTOTYPE PROCESS IMPROVEMENTS WILL BENEFIT EFFORTS TO MODERNIZE TAXPAYER ACCOUNT ADMINISTRATION

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Highlights

Highlights of Report Number: 2011-20-001 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

The mission of the Customer Account Data Engine (CADE) 2 Program is to provide state-of-the-art individual taxpayer account processing and technologies to improve service to taxpayers and enhance Internal Revenue Service (IRS) tax administration. Once completed, the new modernization environment should allow the IRS to more effectively and efficiently update taxpayer accounts, support account settlement and maintenance, and process refunds on a daily basis, which will contribute to improved service to taxpayers.

WHY TIGTA DID THE AUDIT

The overall objective of this review was to determine the effectiveness of CADE 2 Program prototype efforts, including applicable security provisions, designed to validate the first phase of development plans.

WHAT TIGTA FOUND

The CADE 2 Program Management Office created five prototype teams to demonstrate confidence in the CADE 2 solution by verifying system viability and performance and by defining components that will serve as the foundation for development activities. The prototype teams generally managed their objectives effectively. The teams also identified risks that faced the successful execution of the prototype plans and took steps to overcome the barriers.

The CADE 2 Program Management Office can improve management of: 1) work breakdown structure (task assignments) development, 2) prototype testing documentation, 3) organizational conflict of interest documentation, and 4) security documentation for contractor personnel working with prototype teams.

The CADE 2 Program Management Office has been vigilant in monitoring the prototypes to provide direction and support to development activities. The prototype teams recognized the limits in approaching some of the original objectives and made modifications to keep the

prototype activities relevant to future CADE 2 Program development. However, the ability of the CADE 2 Program to process individual taxpayer accounts as envisioned cannot be determined until the prototype results and recommendations are understood and implemented.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer have the CADE 2 Program Management Office reemphasize compliance with the elements of the CADE 2 Prototype Process to ensure planning, execution, and reporting activities are followed and incorporate guidance to include: 1) appropriately detailed work breakdown structures, 2) testing plans and documentation standards that follow Internal Revenue Manual and Enterprise Life Cycle guidance, 3) effective management of contracting activities to ensure that issues concerning organizational conflict of interest are properly managed, and 4) timely completion of all necessary security documentation for contractor personnel.

In its response to the report, the IRS agreed with TIGTA's recommendations. The IRS plans to: 1) update the CADE 2 contracting guidelines, 2) embed Contracting Officer's Technical Representatives within the CADE 2 Program Management Office to assist future prototype teams, 3) update the CADE 2 Program Management Plan's Prototype Process document, and 4) update the Prototype Lessons Learned presentation to address TIGTA's findings.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2011reports/201120001fr.pdf>.

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