



Treasury Inspector General for Tax Administration Office of Audit

INCREASED OVERSIGHT OF INFORMATION TECHNOLOGY HARDWARE MAINTENANCE CONTRACTS IS NECESSARY TO ENSURE AGAINST PAYING FOR UNNECESSARY SERVICES

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Highlights

Highlights of Report Number: 2013-22-094 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

Coordination among acquisition team members is a key to ensuring that the contractor is meeting the Government's interest in terms of providing deliverables that are of high quality, complete, timely, and cost effective. However, the IRS's administration of selected information technology hardware maintenance contracts could be enhanced. As a result, the IRS cannot ensure that taxpayer dollars are not being misspent to service information technology hardware assets that are no longer in use.

WHY TIGTA DID THE AUDIT

This audit is included in TIGTA's Fiscal Year 2013 Annual Audit Plan and addresses the major management challenge of Achieving Program Efficiencies and Costs Savings. The overall objective was to determine whether the IRS has adequate controls over its hardware maintenance contracts and is actively mitigating contract fraud risks.

WHAT TIGTA FOUND

TIGTA found several weaknesses in the oversight of selected information technology hardware maintenance contracts. Specifically, TIGTA found instances where contracting personnel were not always effectively monitoring the contracts. TIGTA also found an instance where the IRS did not receive contract deliverables in accordance with the contract's requirements or submit written modifications when necessary to update an existing contract. As a result of the lack of coordination and oversight, the IRS paid for services it did not receive or need.

Further, TIGTA found incomplete or inaccurate asset data in three of the seven information technology hardware maintenance contracts reviewed. A current TIGTA review provided the IRS with several

recommendations for improving internal controls and overall reliability of the data.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer ensure that Contracting Officer's Representatives provide Contracting Officers notification to timely process a contract modification when information technology assets are retired or removed from service or changes to performance requirements are made. Additionally, Contracting Officer's Representatives should make any necessary adjustments with respect to receipt and acceptance. In addition, the Chief Technology Officer should ensure that Contracting Officer's Representatives work closely with Technical Points of Contact to periodically reconcile assets associated with hardware maintenance contracts and provide necessary updates to User and Network Services Asset Management personnel.

In its response to the report, the IRS agreed with TIGTA's recommendations. The IRS plans to communicate and emphasize expectations with Information Technology organizations so that managers can take appropriate action to ensure that hardware maintenance contracts are administered, acquisition duties are performed, and acquisition staff effectively coordinate in reconciling and providing updates about assets associated with hardware maintenance contracts, all in accordance with existing IRS policy.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2013reports/201322094fr.pdf>