

Exhibit 300 (BY2009)

PART ONE	
OVERVIEW	
1. Date of Submission:	2007-09-10
2. Agency:	015
3. Bureau:	45
4. Name of this Capital Asset:	Integrated Financial System/CORE Financial System (IFS)
5. Unique Project Identifier:	015-45-01-01-01-4688-00
6. What kind of investment will this be in FY2009?	
Mixed Life Cycle	
7. What was the first budget year this investment was submitted to OMB?	
FY2001 or earlier	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>Upgrade the enterprise-wide IFS and migrate to a Shared Service Provider (SSP) in compliance with OMB Federal Management Line of Business (FMLOB) & Federal Systems Integration Office (FSIO) requirements. The IFS software is 7 years old, is currently under limited support through 2011, and therefore, no changes to accommodate federal accounting requirements or other desired enhancements can be made. Maintenance fees are increasing by 2% points each year, & beginning in 2010, additional T&M costs are allocated above baseline maintenance contract limits. If the IRS cannot implement subsequent new federal accounting requirements or changes to existing standards, IRS compliance with federal financial management standards, and potentially the audit opinion, could be jeopardized due to manual and risky work-arounds. Attempts to change the functions of the unsupported software could increase upgrade costs or be so invasive as to prohibit future upgrades, as occurred with the IRS legacy accounting system. The IRS intends to upgrade to software that provides federal accounting functionality. The current IFS is based on commercial accounting practices, rather than federal accounting practices. Migration to federal accounting practices will provide the following benefits: *Eliminate current work-around processes necessary to support adjustments & reimbursable receivables activities *Eliminate the year-end blackout period because multiple fiscal years remain open for transaction processing eliminating multiple budget versions *Eliminate month-end accrual process because liabilities would post upon receipt* Improve project management capability & enhanced budget reports Advantages of migration to an SSP include:- Use of hosting facility provides additional hardware capacity and support during periods of heavy usage, including year-end process testing, development for modifications or enhancements, & service pack installation. The IRS could rent the required capacity for the needed time without investing in additional hardware and software that is only needed periodically* Provision of disaster recovery would resolve IFS FISMA non-compliance - Application management and integration would be provided by staff with experience in maintaining and enhancing the software -The IRS would have the option to have the vendor maintain the software licenses --IRS IT staff can focus on core business activities</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2007-08-16	
10. Did the Project Manager review this Exhibit?	
yes	
11. Project Manager Name:	
Sullivan, Glenn	
Project Manager Phone:	
(202) 283-1939	
Project Manager Email:	
Glenn.S.Sullivan@irs.gov	
11.a. What is the current FAC-P/PM certification level of the project/program manager?	

TBD	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	
no	
12.a. Will this investment include electronic assets (including computers)?	
yes	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment directly support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
Budget Performance Integration	
Competitive Sourcing	
Expanded E-Government	
Financial Performance	
13.a. Briefly and specifically describe for each selected how this asset directly supports the identified initiative(s)? (e.g. If E-Gov is selected, is it an approved shared service provider or the managing partner?)	
1) E-Gov: Initiative will support E-gov by its upgrade & migration to an SSP to leverage shared capabilities 2) Fin. Perf: Provide internal support to maintain unqualified audit opinion; eliminate risky manual procedures; ensure continued compliance w/ Fed. Fin. requirements. 3) Budget & Perf. Integration: provide key fin. Rpts. in a more timely fashion; make real time, full program cost info. available 4) Comp. Sourcing: Open competition for SSP will take advantage of private sector competition.	
14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)?	
no	
15. Is this investment for information technology?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2007 agency high risk report (per OMB memorandum M-05-23)?	
yes	
19. Is this a financial management system?	
yes	
19.a. If yes, does this investment address a FFMIA compliance area?	
yes	
19.a.1. If yes, which compliance area:	
IFS i-complies with all three FFMIA 803 (a) areas for a Fed. Fin. Mgnt. System: 1) Federal Financial Management Systems Requirements; 2) Federal accounting standards; and 3) the U. S. Government Standard General Ledger at the transaction level.	
19.b. If yes, please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A11 section 52.	
Integrated Financial System (IFS) is the financial management system for the IRS	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	0
Software	5

Services	86
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Other	9
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21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?

n/a

22. Contact information of individual responsible for privacy related questions.

Name

Carlos Moura

Phone Number

202- 927-0730

Title

Management and Program Analyst

Email

carlos.moura@irs.gov

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

24. Does this investment directly support one of the GAO High Risk Areas?

no

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

	PY-1 & Earlier	PY	CY
	-2006	2007	2008
Planning Budgetary Resources	38.221	0.545	0.000
Acquisition Budgetary Resources	172.449	2.089	0.000
Maintenance Budgetary Resources	52.550	9.318	13.610
Government FTE Cost	6.088	4.600	1.513
# of FTEs	42	42	18

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

yes

2.a. If "yes," how many and in what year?

For the effort required on this upgrade, an additional 10 FTE in MITS are required in FY10. The total MITS FTE level of 28 for IFS and upgrade implementation is cut 50% for FY11&12 and further reduced to 5 FTE for FY13 and beyond.

3. If the summary of spending has changed from the FY2008 President's budget request, briefly explain those changes.

The FY09 budget requests an upgrade to the current IFS SAP software and migration to anSSP.. Upon funding approval for FY09, the acquisition strategy to allow for an SSP competition will be initiated as well.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures (indicators) must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative measure.

Agencies must use the following table to report performance goals and measures for the major investment and use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Map all Measurement Indicators to the corresponding Measurement Area and Measurement Grouping identified in the PRM. There should be at least one Measurement Indicator for each of the four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov. The table can be extended to include performance measures for years beyond FY 2009.

	Fiscal Year	Strategic Goal Supported	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2007	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Accounting	Elimination of Property and Equipment weaknesses in GAO audit report	50%	100%	In November (FY 2007) GAO notified the IRS that Property and Equipment material weakness eliminated 100% COMPLETE update made in Q3
2	2007	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Reduce the average number of calendar days for running cost assessment allocation cycles for internal and external customers measured quarterly	22 Days	16 Days	Q1 Avg Days = 19 Q2 Avg Days = 17 Q3 Avg Days = 17
3	2007	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Improve vendor on-time payment record as defined by the Treasury prompt payment score	97.0%	98%	Q1 = 97% Q2 = 97.5% Q3 = 97.8%

					card issued quarterly.			
4	2007	Manage the U.S. Government's Finances Effectively	Processes and Activities	Innovation and Improvement	Reduce the annual blackout period by improving year end internal processes measured annually.	17 Days	16 Days	This is an annual measure and will be updated in Q4
5	2007	Manage the U.S. Government's Finances Effectively	Technology	Availability	Increase system availability percentage (excludes scheduled regular maintenance) as measured by the systems performance team measurement to start in quarters 3 and 4 for FY2007	94%	95%	Update will be made in Q4 on this annual measure
6	2008	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Reduce the average number of calendar days for running cost assessment allocation cycles for internal and external customers measured quarterly	16 Days	14 Days	
7	2008	Manage the U.S. Government's Finances Effectively	Technology	Availability	Increase system availability percentage (excludes scheduled regular maintenance) as measured by the systems performance team	95%	96%	
8	2008	Manage the U.S. Government's Finances Effectively	Processes and Activities	Innovation and Improvement	Reduce the annual blackout period by improving year end internal processes measured annually.	16 Days	14 Days	

9	2008	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Accounting	Maintain timely submission of audit deliverables in support of maintaining clean audit opinion from GAO. Measured semi-annually	100%	100%	
10	2008	Manage the U.S. Government's Finances Effectively	Technology	Compliance and Deviations	Establish systems compliance with FMS and OMB goals (GWA).	0%	72%	
11	2009	Manage the U.S. Government's Finances Effectively	Technology	Availability	Increase system availability percentage (excludes scheduled regular maintenance) as measured by the systems performance team	96%	97%	
12	2009	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Reduce the average number of calendar days for running cost assessment allocation cycles for internal and external customers measured quarterly	14 Days	14 Days	
13	2009	Manage the U.S. Government's Finances Effectively	Technology	Compliance and Deviations	Establish systems compliance with FMS and OMB goals (GWA) by year end.	72%	100%	
14	2009	Manage the U.S. Government's Finances Effectively	Processes and Activities	Innovation and Improvement	Reduce the annual blackout period by improving year end internal processes measured annually.	14 Days	12 Days	
15	2009	Manage the U.S. Government's Finances	Mission and Business Results	Accounting	Maintain timely submission of audit deliverables in	100%	100%	

		Effectively			support of maintaining clean audit opinion from GAO.Measured semi-annually			
16	2010	Manage the U.S. Government's Finances Effectively	Technology	Compliance and Deviations	Maintain systems compliance with FMS and OMB goals (GWA) measured at year end.	100%	100%	
17	2010	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Reduce the average number of calendar days for running cost assessment allocation cycles for internal and external customers measured quarterly	14 Days	14 Days	
18	2010	Manage the U.S. Government's Finances Effectively	Technology	Availability	Maintain average system availability percentage (excludes scheduled regular maintenance) as measured by the systems performance team	98%	98%	
19	2010	Manage the U.S. Government's Finances Effectively	Processes and Activities	Innovation and Improvement	Reduce the annual blackout period by improving year end internal processes measured annually.	12 Days	10 Days	
20	2010	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Accounting	Maintain timely submission of audit deliverables in support of maintaining clean audit opinion from GAO.Measured semi-annually	100%	100%	
21	2011	Manage the U.S.	Technology	Improvement	Eliminate the year end	10 Days	0 Days	

		Government's Finances Effectively			blackout period with system upgrade.			
22	2011	Manage the U.S. Government's Finances Effectively	Customer Results	Delivery Time	Upgrade will enable the use of the Sales and Distribution module to improve operational efficiencies in reimbursable receivables. Reduce average number of calendar days to bill and invoice customers	90 Days	60 Days	
23	2011	Manage the U.S. Government's Finances Effectively	Mission and Business Results	Accounting	Maintain timely submission of audit deliverables in support of maintaining clean audit opinion from GAO.	100%	100%	
24	2011	Manage the U.S. Government's Finances Effectively	Technology	IT Contribution to Process, Customer, or Mission	Utilize upgrade to eliminate manual work arounds for Upward and Downward financial adjustments.	0% Real Time Automation	100% Real Time Automation	
25	2011	Manage the U.S. Government's Finances Effectively	Processes and Activities	Innovation and Improvement	Design and Implement Data Archiving Strategy resulting in a measurable reduction in database size at year end	0% Reduction	15% Reduction	

EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

INTEGRATED FINANCIAL SYSTEM/CORE Financial System (IFS)

3. Is this investment identified in a completed (contains a target architecture) and approved segment architecture?

yes

3.a. If yes, provide the name of the segment architecture as provided in the agency's most recent annual EA Assessment.

Enterprise Transition Plan, Volume 1: Enterprise Transition Strategy (IRS)

4. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Accounting and financial reporting to support the Core Financial System for the IRS	IFS is a Core Fin. Sys with a Gen Ledger which tracks history of all trans; Cost Acctg which Improves assess. of costs/benefits as well as forecasting value; Accts Rec. which details what is owed; Accts Pay. which details what needs to be paid. Produces financial reports to support reporting requirements	Financial Management	Billing and Accounting			Internal	100

5. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Billing and Accounting	Service Platform and Infrastructure	Database / Storage	Database	Oracle Relational Data Base Management System(10G)
2	Billing and Accounting	Service Interface and Integration	Interoperability	Data Types / Validation	Informatica Extract Transform (8.1) and Toad Software(8.6.1), SAP ABAP Custom Code

				(currently using SAP 4.6c), IBM Mainframe(Z990/2084-A08(302)) and Printing Services in ECC_Detroit
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6. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

yes

6.a. If yes, please describe.

The IFS system uses Pay.Gov in the processing of its receivables for User Fees that are related to Mortgage Companies verifying employment. The chosen alternative also puts IFS in a position to eventually migrate to either a Commercial or Federal Shared Service Provider once one becomes available. This is in line with both Treasury/OMB's E-Gov vision. Within Treasury, IFS interfaces with HR Connect, the System of Record for employee and personnel information and processes and the Financial Management System (FMS), which processes payments and receipts.

PART TWO

RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2007-05-11

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

yes

1.c. If yes, describe any significant changes:

There are identified risks which exist that are now code 'red'. The major condition in the moving to code 'red' is because of the limited maintenance on the current version of SAP 4.6C which no longer allows for the IFS system to be updated as laws and regulations change, as these updates will not be implemented by the vendor, and therefore, IFS cannot remain totally complaint . The migration to an SSP and the upgrade will significantly transfer both risk and responsibility from IRS to the SSP provider. Risk mitigation and triggers will be incorporated into the migration planning, and the legacy system will remain operational for about six months while the new system is tested and tweaked.

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule:

The life cycle costs will be addressed through the procurement process through a fixed price contract with performance incentives. The data and application management costs will be well known and will have standard contract language to contain cost increases. Security and privacy risks are integrated within the requirements gathering and analysis phases and will be clearly articulated to the SSP as part of the contractual agreement.

COST & SCHEDULE

1. Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

no

2. Is the CV% or SV% greater than $\hat{A} \pm 10\%$?

no

3. Has the investment re-baselined during the past fiscal year?

no