COMMISSIONER
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

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MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM: John M. Dalrymple
Commissioner, Wage and Investment Division

SUBJECT: Management Advisory Report: Substantial Work Remains If the Internal Revenue Service Is to Provide Refund Status Information on the Internet by the Beginning of the 2002 Filing Season

Thank you for the opportunity to respond to your draft management advisory report. Improving taxpayer access to tax account information and other services remains the key objective of the Wage and Investment Division.

When Customer Communications (CC) Release 2001 is complete, we will have redesigned the telephone systems used to receive, route, and answer more than 150 million taxpayer telephone calls each year. These improvements will increase the number of calls available staff can answer, and will be the foundation for subsequent projects for communication with taxpayers.

As part of our CC Release 2002, we plan to implement an Internet Refund Status check before the 2002 Filing Season. In your report citing the work remaining before this Internet refund check becomes a reality, you recommend I work with the Chief Information Officer to:

- Ensure we start detailed planning and development actions immediately.
- Ensure we design the appropriate security requirements into the system.
- Monitor the design and development work to ensure we meet milestone dates and resolve any unforeseen problems or issues.

We are reviewing a PRIME proposal to build an Internet-based refund inquiry application for the 2002 Filing Season, with a planned deployment by December 2001. As the sponsor of both CC Release 2001 and CC Release 2002, I provide resources to support these projects and review project deliverables. I also provide oversight as a member of the Core Business Systems Executive Steering Committee.

I agree that the detailed planning you recommend in your report is essential to the successful and timely completion of this project. This planning is already part of the

various Enterprise Life Cycle (ELC) system development methodologies all modernization projects use. However, such detailed planning would have been premature at the time your team reviewed this project. Now that I have received the PRIME proposal, this planning has begun.

I also agree that we must design security requirements into the system; the PRIME contractor understands that this is imperative. Our ELC methodologies already require that we document and certify system security before leaving milestone 3 and beginning deployment. At the time of your review, we did not have a proposal in hand, and it was premature to address this issue.

Finally, I recognize that rigorous program and project monitoring is a best practice in a successful effort. Monitoring modernization projects is the responsibility of the Business Systems Modernization Office (BSMO), together with the PRIME contractor. Several BSMO monitoring activities already in place at the program and project level include:

- Weekly submissions of the integrated master schedule.
- Monthly program management reviews.
- Risk management forums.
- Oversight by executive steering committees.

The BSMO has reviewed and concurred with this response.

We believe we have no corrective actions to complete. Moreover, we are already addressing your recommendations as a result of the required use of the ELC methodology for all modernization projects, strong program management, and rigorous oversight of the entire BSM program.

If you have any questions concerning this response, please contact me at (202) 622-6860 or Mary Davis, Director, Strategy and Finance at (404) 338-8865.

cc: Director, Legislative Affairs Division
Director, Communications Division