DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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MEMORANDUM FOR CHIEF INSPECTOR

FROM: Helen H. Bolton
Director, Office of Information Resources Management IS:IR

SUBJECT: Draft Internal Audit Report - Review of the Service's Year 2000 Non-Information Technology Project, Dated August 25, 1998

The Information Systems organization has reviewed the subject draft Internal Audit report. The attached management response was coordinated with the Chief, Management and Administration.

If you have any questions, please call me on (202) 283-4060 or have a member of your staff call Donna Downing on (202) 283-4159.

Attachment

cc: Assistant Chief Inspector (Internal Audit)
Deputy Director, Office of Audit Projects

Audit Title: Review of the Service's Year 2000 Non-Information Technology Project

Recommendation 1

The Century Date Change (CDC) Project Office should identify requirements for completing the entire Non-IT conversion strategy. These requirements should be documented in a corporate milestone schedule. This document should also define the overall steps that must be taken to timely accomplish each phase of the Non-IT conversion strategy.

Assessment of Cause

Appendix D of the Non-IT Project Management Plan (PMP) is the Non-IT Milestone Plan and does not have sub-tasks for the Renovation, Validation or Implementation phases.

Corrective Action for Recommendation 1

The Century Date Change Project Office is preparing version 3.0 of the Non-IT Project Management Plan. In this document the new Non-IT Milestone Plan will contain the sub-tasks for Renovation, Validation and Implementation phases. This milestone plan is being prepared by the M&A Non-IT Project Manager. The new PMP will be issued and put on the Y2K web page in December 1998.

Implementation Date

Completed:

Proposed: December 1, 1998

- Issuance of the new PMP will correct the problem.

Responsible Official(s)

Chief Information Officer IS
Deputy Chief Information Officer (Systems) IS
Director, Year 2000 Program IS:CD

Audit Title: Review of the Service's Year 2000 Non-Information Technology Project

Recommendation 2

The CDC Project Office should coordinate with the responsible chief and functional areas, as necessary, to ensure supplemental and more detailed work breakdown schedules are developed to support functional-level Year 2000 Non-IT conversion efforts. Supplemental work plans should be linked to the corporate work plan, and any established timelines in the plans should be in agreement with the overall schedule.

Assessment of Cause

The CDC Project Office has not developed a comprehensive Non-IT Milestone Plan that represents the Service's corporate efforts to convert Non-IT equipment and systems.

Since Inspection, Criminal Investigation (CI), Multimedia, and Management & Administration (M&A) are accepting responsibility for the Non-IT inventories it would not be the responsibility of the CDC Project Office to establish work breakdown schedules to support functional-level Year 2000 Non-IT conversion efforts.

Corrective Action for Recommendation 2

The listing of non-compliant products have now been produced by the M&A support contractor (Logistics Management Institute (LMI)). This listing will be broken up by region and sent to each region for verification.

This list of equipment does not include investigative equipment belonging to Inspection and CI. It also does not include the Composite Mail Processing System (COMPS) equipment that is the responsibility of Multimedia Division.

The Century Date Change Project Office is preparing version 3.0 of the Non-IT Project Management Plan. In this document the new Non-IT Milestone Plan will contain the sub-tasks for Inventory, Renovation, Validation and Implementation

phases. The new PMP will be issued and put on the Y2K web page in December 1998. This new version will contain sufficient guidance to meet established timelines.

Implementation Date

Completed:

Proposed: December 1, 1998

- Listings will be mailed to the field and issuance of the new PMP will correct the problem.

Responsible Official(s)

Chief Information Officer IS
Deputy Chief Information Officer (Systems) IS
Director, Year 2000 Program IS:CD

Audit Title: Review of the Service's Year 2000 Non-Information Technology Project

Recommendation 3

The Chief Management and Administration should expand the building prioritization efforts to include the remaining sites. The assistance of the appropriate personnel in the Chief/functional areas should be solicited when prioritizing the remaining facilities for conversion.

Assessment of Cause

The original plan was to assess only the buildings that GSA has delegated management responsibility to the Service. The plan was then expanded to include ten (10) Service Centers, three (3) Computing Centers and the Headquarters Building in Washington, D.C. This has again been expanded to include all Customer Service Centers, three (3) Forms Distribution Sites, the New Carrollton Building and the new Martinsburg facility. These assessments will now cover 99 of the approximately 800 sites. In the report it is stated that the current prioritization process has covered only 16% of the sites. The report did not recognize that these efforts include more than 50% of the assigned square footage and space that is occupied by more than 60% of the service's employees.

Corrective Action for Recommendation 3

Management and Administration will prepare a priority list of all buildings, by groups, on or before November 1, 1998. Even though this prioritization will be prepared, there are no plans to conduct additional building assessments. Additionally, GSA is currently assessing the federally owned buildings. For the leased buildings, GSA is requiring from the owners their approach to rectifying potential Y2K problems. The CDC Project Office and M&A are monitoring their progress.

Implementation Date
Completed: 10/28/98

- M&A has prepared a priority list of buildings and is available on the LMI/IRS web page and on the Treasury web page.

Responsible Official(s)

Chief, Management and Administration M

Audit Title: Review of the Service's Year 2000 Non-Information Technology Project

Recommendation 4

The CDC Project Office, in coordination with Inspection and CI personnel, should reevaluate the processes used to assess and validate investigative equipment. If necessary, additional action should be taken to ensure investigative systems and equipment will be Year 2000 compliant. These efforts should include enhanced coordination to ensure the proper steps are taken to convert investigative, forensic or other Non-IT equipment used by the functions.

Assessment of Cause

For security reasons Inspection and CI maintain their own inventories of investigative equipment. They proposed to assess their inventories without outside assistance. The CDC Project Office received certification memorandums signed by the Director, Finance, Criminal Investigation (CP:CI:F) and the Chief Inspector (I) saying their investigative equipment was Y2K compliant.

Corrective Action for Recommendation 4

The CDC Project Office, in conjunction with Management and Administration, has contacted Inspection and Criminal Investigation to offer the services of M&A's Y2K engineering contractors (LMI). The Century Date Change Project Office would fund this support.

Implementation Date

Completed:

Proposed: May 3, 1999

- The M&A support contractor will reevaluate the Inspection and CI investigative equipment inventory.

Responsible Official(s)

Chief Information Officer IS
Deputy Chief Information Officer (Systems) IS
Director, Year 2000 Program IS:CD