COMMISSIONER

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

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SEP 26 2000

September 25, 2000

MEMORANDUM FOR TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

FROM: Charles O. Rossotti
Commissioner of Internal Revenue

SUBJECT: Management Response to Draft Audit Report -- Significant Progress Has Been Made in Consolidating Mainframe Computer Operations, But Risks Remain (Audit No. 19990083)

Thank you for the opportunity to review and comment on your draft report and recommendations dated April 7, 2000, on the unresolved risks that may affect the successful consolidation of mainframe computer operations for the remaining five service centers. We agree with only the recommendations that are still relevant. We are taking the following actions to ensure the successful consolidation of mainframe computer operations.

- We will complete disaster recovery and five service center reviews by December 2000. We also plan to complete conversion from tape processing to disk processing by the end of December 2001.
- We have ensured that automated balancing and file tracking processes are in place and functioning in computing centers.

We explain these actions in detail in the attached management response. If you have any questions, please call Paul Cosgrave, Chief Information Officer, at (202) 622-6800. A member of your staff may call Barry Herrmann, Chief, Office of Program Oversight and Management Controls, at (202) 283-7698.

Attachment

cc: Associate Inspector General for Audit (Information Systems Programs)

ATTACHMENT

Management Response To Draft Report –
Significant Progress Has Been Made in Consolidating Mainframe Computer Operations, But Risks Remain (Audit No. 19990083)

A Segment of the Consolidated Mainframe Computer Environment May Not Support the Additional Workload of the Remaining Service Centers

Recommendation #1

The Chief Information Officer (CIO) should ensure that additional performance testing establishes that the current VM Server/ATL complex can support the workload of five service centers, including the disaster recovery processing requirements, before the remaining service centers' processing is consolidated into the computing centers.

Assessment of Cause

A segment of the Consolidated Mainframe Computer Environment may not support the additional workload of the remaining service centers.

Corrective Actions

We can not fully correct the Virtual Machine (VM)/Automated Tape Library (ATL) Server complex issue before the remaining centers begin mainframe consolidation into the Tennessee Computing Center (TCC). Additional resources are required for additional performance testing before consolidation. We do not have enough time to fully implement all the actions before continuing the rollout. The rollout must remain on schedule if we are to prevent consolidation affecting next year's filing season. A group is working to mitigate the problem with Computer Center Tape Processing, by having a Capability Maturity Model 5 continuous process improvement in place. We began risk mitigation activities before continuing with the remaining consolidations. We will also implement a number of findings from these activities while continuing the rollout in preparation for the 2001 filing season. The group is:

- Reconfiguring ATL at TCC (completed by June 2000 prior to next site consolidation)
- Evaluating a more capable tape management system to replace the aging VM Server (scheduled for completion in fall 2000 after all service center consolidation)
- Reviewing all of the media management for tape-processing at all computing centers, including tape retention and the use of compression. Phased-in implementation started in May 2000. We will complete disaster recovery and five service center reviews in December 2000. As a normal part of operations, this review will be a continual improvement process.

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- Pursuing a migration plan to convert tape processing to disk, which will reduce the Agency's overall dependency on tape processing. Phased-in implementation started in May 2000 and will continue through December 2001.

Implementation Date

Completed: Proposed: January 1, 2002

Responsible Officials

Chief Information Officer IS
Deputy Chief Information Officer IS
Director, Enterprise Operations IS:E

Monitoring Plan for Corrective Action #1

The Director, Enterprise Operations, will monitor progress through the monthly audit activity reports.

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Continued Information System Control Weaknesses Could Result in Incomplete or Inaccurate Data Processing.

Recommendation #2

The Chief Information Officer (CIO) should ensure the automated balancing and file tracking processes are in place and functioning prior to SCMC Project completion.

Assessment of Cause

Continued Information System control weaknesses could result in incomplete or inaccurate data processing.

Corrective Actions:

We verified that each computing center has functioning file tracking in place. The Martinsburg Computing Center (MCC) staff has developed automated balancing routines for the Unisys service center processing which are used in each computing center. These routines mimic the manual balancing done daily by the Accounting Division at the service centers. This balancing improves processing accuracy at the computing centers; and it ensures that all records have been processed and that dollar figures are as expected.

Implementation Date

Completed: August 1, 2000 Proposed:

Responsible Officials

Chief Information Officer IS
Deputy Chief Information Officer IS
Director, Enterprise Operations IS:E

Monitoring Plan for Corrective Action #2

Not applicable

ATTACHMENT

Management Response To Draft Report –
Significant Progress Has Been Made in Consolidating Mainframe Computer Operations, But Risks Remain (Audit No. 19990083)

Output Tracking System Development Efforts Did Not Always Adhere to Prescribed Policies and Procedures

Recommendation #3

The Chief Information Officer (CIO) should ensure that established IRS systems development procedures are followed including forwarding required documentation to the SEO for review and approval, and completing a security certification and accreditation for OTS.

Assessment of Cause

Output Tracking System (OTS) development efforts did not always adhere to prescribed policies and procedures.

Corrective Actions

On July 7, 2000, management decided to discontinue OTS. As a result, this recommendation is no longer applicable.

Implementation Date

Completed: Not applicable

Proposed: Not applicable

Responsible Officials

Chief Information Officer IS
Deputy Chief Information Officer IS
Director, Enterprise Operations IS:E

Monitoring Plan for Corrective Action #3

Not applicable