COMMISSIONER

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

November 6, 2000

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MEMORANDUM FOR TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

FROM: for Charles O. Rossotti Bob Wenzel
Commissioner of Internal Revenue

SUBJECT: Management Response to Draft Audit Report – Efforts to Consolidate Information Systems Staff Need Additional Attention (Audit No. 200020008)

Thank you for the opportunity to comment on your draft report, dated August 29, 2000, on our efforts to consolidate staff performing computer systems work throughout the Internal Revenue Service. We agree with your recommendations and the information you provided on the impact and measurable benefits of the consolidation of Information Systems staff.

Information Systems Division must accurately identify and consolidate transition candidates to effectively implement the shared services structure. The Chief Information Officer is leading the effort, in conjunction with all stakeholder organizations, to identify all non-IS employees performing computer systems work, transition them to IS, and address all outstanding actions and issues.

We included our corrective actions, which address your recommendations, in the attached management response. If you have any questions, please call Paul Cosgrave, Chief Information Officer, at (202) 622-6800. Members of your staff may call Barry Herrmann, Chief, Office of IS Program Oversight and Management Controls, at (202) 283-7698.

Attachment

cc: Associate Inspector General for Audit (Information Systems Programs)
Director, Legislative Affairs

Attachment

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Recommendation #1

The CIO and the IS Transition Team Leader should identify all non-IS transition candidates, their workload and customers, and determine whether they are performing IS-related work. The transition team's consolidation considerations need to include the additional candidates identified by the FAST and by this review.

Assessment of Cause

Information Systems (IS) did not identify all non-IS candidates for transition, nor adequately communicate their methodology through the transition design team process. The original Functional Automation Support Team (FAST) study was specifically limited to employees in District Offices who were assigned to Collection and Examination functions and Tax Exempt and Government Entities Division (TE/GE) field based employees. IRS always recognized and communicated that it would implement a subsequent FAST study (sometimes referred to as FAST II) to identify non-IS transition candidates in all other functions.

Corrective Action #1

Information Systems will complete the Functional Automation Support Team II (FAST II) study to identify all remaining non-IS transition candidates, their workload and customers, and whether they are performing IS-related work. The FAST II study will focus on all functions not included in the first study.

Implementation Date Corrective Action #1

Proposed: April 1, 2001

Responsible Official for Corrective Action #1

Chief Information Officer IS
Deputy Chief Information Officer (Operations) IS
Director, Strategic Customer Support IS

Corrective Action #1 Monitoring Plan

The Director, Strategic Customer Support, will provide a monthly progress report to the Deputy Chief Information Officer (Operations).

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Recommendation #2

The CIO, IS Transition Team Leader, and the Information Systems Organization Modernization Executive Steering Committee need to give immediate priority to adequately staff the Phase III transition team to meet implementation objectives and the October 1, 2000, target completion date.

Assessment of Cause

The original information systems Phase III transition had both full-time and part-time IRS employees and Contractor resources. We did not have consistent guidelines on how the teams within IS Systems and IS Operations should be composed.

Corrective Action #2

The Deputy Chief Information Officer (Operations) adequately staffed the Phase III Transition Team to meet implementation objectives, including target completion dates.

Implementation Date Corrective Action #2

Completed: October 10, 2000

Responsible Official for Corrective Action #2

Chief Information Officer IS
Deputy Chief Information Officer (Operations) IS
Director, Infrastructure Program Management Office IS

Corrective Action #2 Monitoring Plan

The IS Organization Modernization Executive Steering Committee will conduct monthly reviews to ensure the appropriate level of staffing and decision support is provided to IS Operations Phase III transition activities.

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Recommendation #3

The CIO, IS Transition Team Leader, and the Information Systems Organization Modernization Executive Steering Committee need to follow through on the Committee's action item to increase executive involvement at the CIO and Deputy CIO level and refer unresolved issues to the Commissioner. Success of this plan item is essential to moving the MOU process forward.

Assessment of Cause

The transition Memorandum of Understanding (MOU) processes and activities are complex. We have made significant progress to coordinate and complete these important documents. We continue to coordinate the agreements at the lowest possible organization level and only elevate issues on an exception basis. The most difficult coordination efforts are ahead, and may require Chief Information Officer (CIO) or Commissioner involvement.

Corrective Action #3

The Deputy CIO (Operations) will personally attend to any unsigned MOUs. The Director, Strategic Customer Support, and the Director, Infrastructure Program Management Office, will oversee progress on completing the MOUs. We will also assess the remaining MOUs to determine whether involvement by the CIO or Commissioner is appropriate, and make recommendations for the next steps. We will continue this process until all activities are completed and all issues are resolved.

Implementation Date Corrective Action #3

Proposed: July 1, 2001

Responsible Official for Corrective Action #3

Chief Information Officer IS
Deputy Chief Information Officer (Operations) IS
Director, Strategic Customer Support IS

Corrective Action #3 Monitoring Plan

The Director, Infrastructure Program Management Office, will provide a monthly MOU completion progress report to the Deputy CIO, Operations regarding the overall progress of the MOU activities.

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Corrective Action #3 Monitoring Plan (Continued)

The IS Organization Modernization Executive Steering Committee will conduct monthly reviews to ensure the appropriate level of attention and decision support is provided to IS Operations Phase III transition activities for MOUs.

Recommendation #4

The CIO, IS Transition Team Leader, and the Information Systems Organization Modernization Executive Steering Committee need to alleviate functional management concerns about service levels. To accomplish this, they should augment IS executive involvement with information about the Business Results (customer service levels) developed for the IS Balanced Measures that were approved in March 2000. These Business Results will provide candidate group managers and executives a preview of the types of services and service levels IS plans to provide for customers. These measures will also show the Business Results that IS will be held accountable for providing.

Assessment of Cause

IRS needs Memorandums of Understanding (MOUs) with appropriate transition criteria in place. The Strategic Planning and Client Services (SP/CS) organization will manage these service level agreements and establish program objectives. Unfortunately, that new organization is not fully in place and many of the policies and outcomes have not yet been decided. The new Infrastructure Program Management Office (IPMO), with its expanded roles and responsibilities, has not yet had time to establish processes and account for or manage the service level process for the IS Operations organization.

Corrective Action #4

Information Systems will put the required MOUs in place.

The Strategic Planning and Client Services, Infrastructure Program Management Office, and Enterprise Systems and Asset Management (ESAM) organizations will:

- Continually provide functional managers with information on the service levels they can expect from Information Systems
- Use current measures as a baseline, and refine and incorporate new measures where appropriate
- Measure and report results on a timely basis through both manual and automated processes

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Implementation Date Corrective Action #4

Proposed: October 1, 2001

Responsible Official for Corrective Action #4

Chief Information Officer IS
Deputy Chief Information Officer (Operations) IS
Director, Infrastructure Program Management Office IS

Corrective Action #4 Monitoring Plan

The IS Organization Modernization Executive Steering Committee will determine from IS' customers, if the information provided to them adequately addresses their service level concerns.

Recommendation #5

The CIO, IS Transition Team Leader, and Information Systems Organization Modernization Executive Steering Committee, in conjunction with the NTEU, need to adopt an effective and efficient plan to consolidate candidates currently performing information systems support in district offices.

They should review the FAST transition plan and adopt its tiered process with provisions that include analyzing staffing requirements to support moving workload and determining which existing candidates will be necessary to support the workload. If volunteers do not move with the workload, the group should consider detailing the employees currently performing the support activity with an option for their transfer to IS. They should continue the detail for a period that allows IS to either accept a transfer from the existing employee, reassign the work performed by the employee, or obtain other staffing to support the work.

Assessment of Cause

Information Systems and Business functions have not finalized negotiations with NTEU on procedures to accomplish the transition. The Deputy Chief Information Officer (Operations) designated the Director, Strategic Customer Support (IS) as the executive responsible for accomplishing the transition. The Executive Steering Committee gave the Deputy Director, Compliance Small Business and Self Employed (SB/SE), responsibility to represent the interests of not only SB/SE but also Large and Mid-Size Business (LMSB) and Tax Exempt and Government Entities (TE/GE).

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Corrective Action # 5

Implement Final IRS/NTEU Transition agreement using the tiered approach recommended in the original Functional Automation Support Team (FAST). Using transfers and details, Information Systems (IS) will move the appropriate non-IS employees into IS to support the moving workload.

Implementation Date Corrective Action # 5

Proposed: January 1, 2001

Responsible Official for Corrective Actions #5

Chief Information Officer IS
Deputy Chief Information Officer (Operations) IS
Director, Strategic Customer Support IS

Corrective Action #5 Monitoring Plan

The Director, Strategic Customer Support will provide a monthly progress report to the Deputy Chief Information Officer (Operations).