

GAO Highlights

Highlights of [GAO-15-297](#), a report to congressional committees

Why GAO Did This Study

IRS relies extensively on IT systems to annually collect more than \$2 trillion in taxes, distribute more than \$300 billion in refunds, and carry out its mission of providing service to America's taxpayers in meeting their tax obligations. For fiscal year 2014, IRS expected to spend about \$2.4 billion on IT. Given the size and significance of IRS's IT investments and the challenges inherent in successfully delivering these complex IT systems, it is important that Congress be provided reliable cost, schedule, and scope information to assist with its oversight responsibilities.

Accordingly, GAO's objectives were to (1) evaluate IRS's efforts to address prior GAO recommendations for improving the reliability and reporting of cost, schedule, and scope information; (2) summarize the reported cost, schedule, and performance of IRS's major IT investments; and (3) assess the status and plans of selected investments.

To do so, GAO analyzed quarterly reports and reviewed information on cost and schedule from October 2013 to September 2014, interviewed program officials, and analyzed documentation for selected investments.

What GAO Recommends

GAO is making three recommendations to improve the reliability and reporting of investment performance information and management of selected investments. IRS agreed with two recommendations but disagreed with the third related to the reporting of test results. GAO continues to believe it is still warranted.

View [GAO-15-297](#). For more information, contact David Powner at (202) 512-9286 or pownerd@gao.gov.

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INFORMATION TECHNOLOGY

Management Needs to Address Reporting of IRS Investments' Cost, Schedule, and Scope Information

What GAO Found

The Internal Revenue Service (IRS) has made limited progress in improving the reliability and reporting of cost, schedule, and scope performance information—the agency has partially implemented two of GAO's five prior recommendations, but not yet addressed the remaining three (see table). IRS's implementation of these recommendations is critical in ensuring that Congress receives the reliable information it needs for effective oversight and decision making.

Status of IRS's Efforts to Address Prior GAO Recommendations

Recommendation	Status
Ensure projects consistently follow guidelines for updating performance information 60 days after completion of an activity.	◐
Ensure that projected cost and schedule variances for in-process activities are updated monthly.	◐
Develop and implement guidance for determining projected cost and schedule amounts.	∴
Report cumulative cost and schedule information in the quarterly reports to Congress.	∴
Qualitatively report on how delivered scope compares to what was planned in quarterly reports to Congress.	∴

Key: ● Fully—the agency provided evidence that it fully addressed the recommendation. ◐ Partially—the agency provided evidence that it has addressed the recommendation to some extent. ∴ Not addressed—the agency did not provide any evidence that it addressed the recommendation.

Source: GAO analysis of IRS documentation and interviews with IRS officials.

Most of IRS's major information technology (IT) investments were reported as meeting cost and schedule goals. Specifically, 11 of 17 investments were reportedly within 10 percent of cost estimates, and 13 were within 10 percent of schedule estimates between October 2013 and September 2014. In addition, the agency reported "green" ratings for investments instead of their previous "yellow" ratings for Chief Technology Officer summary-level risk assessments. It is important to note that these ratings are not provided for 6 investments for which IRS provides detailed reporting to Congress. Providing summary-level risk ratings for all major investments would improve the visibility into changes in investment risk, and provide Congress with the information to more easily determine the investments requiring greater attention.

Selected investments experienced variances from initial cost, schedule, and scope plans that were not transparent in congressional reporting because IRS has yet to address GAO's prior recommendations. Specifically, the Return Review Program has so far exceeded planned costs by \$86.5 million and has yet to deliver functionality that was scheduled for September 2012, and a key phase of Customer Account Data Engine 2 was developed 10 months late and at \$183.6 million more than planned. However, none of these variances were clearly identified in congressional reporting. In addition, the consolidated reports on the status of testing for the Affordable Care Act Administration investment are not comprehensive, making it difficult to determine whether all required testing is being performed.