MSP #6 ENTERPRISE CASE MANAGEMENT (ECM): The IRS's ECM Project Lacks Strategic Planning and Has Overlooked the Largely Completed Taxpayer Advocate Service Integrated System (TASIS) As a Quick Deliverable and Building Block for the Larger ECM Project

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TAXPAYER RIGHTS IMPACTED[1]

- *The Right to Quality Service*
- *The Right to a Fair and Just Tax System*

DEFINITION OF PROBLEM

As the IRS moves forward with its "Future State" planning,[2] a critical component of this effort will be how it improves its information technology (IT) systems in order to achieve its mission.[3] The IRS's IT challenges are significant and include:[4]

- The two oldest IT systems (each 56 years old) in the entire federal government,[5] and

1 *See* Taxpayer Bill of Rights (TBOR), www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR that was adopted by the IRS are now listed in the Internal Revenue Code (IRC). *See* Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, 401(a) (2015) (codified at IRC § 7803(a)(3)).

2 TAS is unable to provide its usual comprehensive background data for this Most Serious Problem because in an unprecedented move, the IRS declined to respond to the ECM-related information requested by TAS as part of the Annual Report to Congress process, taking the position that ECM is internal to the IRS and "cannot be categorized as a most serious problem 'encountered by taxpayers.'" IRS response to TAS research request (Nov. 3, 2016).

3 *See, e.g.*, Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2015-40-053, *Taxpayer Online Account Access is Contingent on the Completion of Key Information Technology Projects* (May 2015) (noting that while the IRS has made progress in providing taxpayers with online customer service options, it needs to prioritize the completion of key IT projects that are necessary to provide the electronic platform for developing future projects that will provide taxpayers with dynamic online access capabilities).

4 For an excellent discussion of the IRS's IT challenges, see Zach Noble, *The Taxman's Tech Troubles*, Federal Computer Week (FCW) (Apr. 15, 2016), https://fcw.com/articles/2016/04/08/taxman-tech-troubles.aspx.

5 *See* Government Accountability Office (GAO), GAO-16-468, *Information Technology: Federal Agencies Need to Address Aging Legacy Systems* (May 2016) (discussing aging IT systems throughout the government and listing the IRS's Individual Master File (IMF) and Business Master File (BMF) as the two oldest investments or systems at 56 years old each).

- Disparate case management systems ranging between 60 and approximately 200 based on different estimates.[6]

The age, number, and lack of integration across IRS case management systems as well as the lack of digital communication and record keeping cause waste, delay, and make it difficult for IRS employees, including those in TAS, to perform their jobs efficiently. They also create a burden on taxpayers, who must contend with IRS customer service representatives who may not be able to access the records they need to assist taxpayers or must do so on multiple systems. This infringes upon the taxpayers' *right to quality service*.

As a part of its "Future State" vision, the IRS is currently pursuing an IT solution to unify these disparate case management systems through an enterprise case management (ECM) project intended to deal with the issues of automation, records management, and integration. ECM requires a significant investment of both time and money to promote productivity and efficiency gains, and to improve taxpayer service.

Two of the IRS's systems, according to a recent Government Accountability Office report, are the oldest IT systems (at 56 years old) in the entire federal government.

TAS understands these challenges, as it is operating with a 1980s legacy system known as the Taxpayer Advocate Management Information System (TAMIS), a system that is largely obsolete and requires case advocates to manually perform many tasks that can and should be automated.[7] For several years TAS worked with the IRS's IT function and a contractor to develop the requirements for an integrated replacement system known as the Taxpayer Advocate Service Integrated System (TASIS), completing around 70 percent of the system programming and spending approximately $20 million out of a total estimated cost of about $32 million.[8] However, in March 2014, the IRS halted TASIS citing a lack of funding.[9] This decision impacts taxpayers' *right to a fair and just tax system,* which includes the right to receive assistance from TAS. TAS advocates for taxpayers who are experiencing *significant* hardship and therefore the risk of harm from delay or inefficiency is markedly greater.

The National Taxpayer Advocate is concerned that:

- The IRS is failing to design the ECM project from the ground up to comprehensively engage its employees and seek their suggestions as to how to make processes and procedures more efficient and maximize employee productivity. Without this critical foundational step, the ECM system

6 *See IRS Legacy Information Technology Systems: Hearing Before the H. Comm. on Oversight and Government Reform, Subcomm. on Government Operations*, 114th Cong. (2016) (written testimony of Terence Milholland, Chief Technology Officer, IRS) (noting that there are more than 60 aging IRS case management systems), https://oversight.house.gov/wp-content/uploads/2016/05/2016-05-25-Milholland-Testimony-IRS.pdf; TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 22 (Sep. 2016) (noting that the IRS maintains approximately 90 case management systems); Email from Director, Enterprise Case Management (ECM) to all designated ECM Business Unit Point of Contacts, which included the TAS Executive Director, Business Modernization (Mar. 11, 2016) (listing 198 case management systems). IRS response to TAS fact check request (Dec. 16, 2016). *See also* TIGTA, Ref. No. 2014-20-071, *Information Technology: Improvements Are Needed to Successfully Plan and Deliver the New Taxpayer Advocate Service Integrated System* (Sept. 2014); TIGTA, Ref. No. 2014-20-088, *The Information Reporting and Document Matching Case Management System Could Not Be Deployed* (Sept. 2014) (both TIGTA reports note "there are more than 200 case management applications in operation across the IRS enterprise").

7 A legacy system can be defined as an obsolete computer system that may still be in use because its data cannot be changed to newer or standard formats, or its application programs cannot be upgraded, http://www.businessdictionary.com/definition/legacy-system.html (last visited Dec. 22, 2016).

8 *Internal Revenue Service Fiscal Year (FY) 2017 Budget Request*: *Hearing Before S. Subcomm. on Financial Services and S. General Government Comm. on Appropriations*, 114th Cong. 27 (2016) (statement of Nina E. Olson, National Taxpayer Advocate).

9 *Id*.

ultimately designed may work well for IT but will not be employee centric and will ultimately adversely impact taxpayers. If the IRS is unable to successfully integrate its 60 to 200 case management systems, then it is unlikely that it will be able to create robust online services to serve taxpayers, thus jeopardizing its "Future State" goals;[10]

- The IRS's current ECM strategy appears to be inefficient and does not reflect lessons learned from its past case management project failures that, to date, have resulted in abandoned, wasteful, and incomplete initiatives costing tens of millions of dollars; and
- The IRS is failing to leverage the extensive investment of time, money, and effort expended on TASIS in order to incorporate the largely completed elements of TASIS as building blocks for the servicewide ECM solution.

ANALYSIS OF PROBLEM

Background

Enterprise Case Management (ECM) in General

The IRS is currently undertaking an assessment of its case management systems as part of a comprehensive project to create a servicewide ECM solution. The term "case management" is used in a comprehensive sense to refer to electronic recordkeeping systems the IRS uses to track information about interactions with respect to taxpayers' tax returns or other tax-related matters.[11] These systems include audit and collection case records for individuals and large, medium, and small businesses, exempt organization determinations, whistleblower claims, automated substitutes for returns, the Automated Underreporter Program, criminal investigations, and TAMIS, the TAS case management system.

ECM offers a future vision for consolidated case management that will address the need to modernize, upgrade, and consolidate multiple aging IRS systems. The IRS now supports many of these systems, and although it is unclear precisely how many systems the IRS has, estimates range from more than 60 to approximately 200 systems.[12] As stated above, two of the IRS's systems, according to a recent Government Accountability Office report, are the oldest IT systems (at 56 years old) in the entire federal government.[13] Few of these systems communicate with one another and none provides an electronic substitute for the paper case file (*i.e.*, there are reams of paper supplementing whatever records

10 *See* Most Serious Problem: *Online Accounts: Research into Taxpayer and Practitioner Needs and Preferences Is Critical As the IRS Develops an Online Taxpayer Account System*, *infra*.

11 Case management can also be referred to as "the process that addresses the resolution of tax administration issues through the management of case creation, execution, maintenance, and closure." *See* TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 22 (Sept. 2016).

12 *See IRS Legacy Information Technology Systems: Hearing Before the H. Comm. on Oversight and Government Reform, Subcomm. on Government Operations*, 114th Cong. (2016) (written testimony of Terence Milholland, Chief Technology Officer, IRS) (noting that there are more than 60 aging IRS case management systems), https://oversight.house.gov/wp-content/uploads/2016/05/2016-05-25-Milholland-Testimony-IRS.pdf; TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 22 (Sep. 2016) (noting that the IRS maintains approximately 90 case management systems); Email from Director, Enterprise Case Management (ECM) to all designated ECM Business Unit Point of Contacts, which included the TAS Executive Director, Business Modernization (Mar. 11, 2016) (listing 198 case management systems). IRS response to TAS fact check request (Dec. 16, 2016). *See also* TIGTA, Ref. No. 2014-20-071, *Information Technology: Improvements Are Needed to Successfully Plan and Deliver the New Taxpayer Advocate Service Integrated System* (Sep. 2014); TIGTA, Ref. No. 2014-20-088, *The Information Reporting and Document Matching Case Management System Could Not Be Deployed* (Sept. 2014) (both TIGTA reports note "there are more than 200 case management applications in operation across the IRS enterprise").

13 *See* GAO, GAO-16-468, *Information Technology: Federal Agencies Need to Address Aging Legacy Systems* (May 2016) (discussing aging IT systems throughout the government and listing the IRS's IMF and BMF as the top two oldest investments or systems at 56 years old each).

are included in the electronic system). The IRS's current case management system structure requires employees to retrieve data from many systems manually, which requires maintaining both paper and electronic records. They must transcribe or otherwise import information from paper and other systems into their own case management systems, and ship, mail, or fax an estimated hundreds of thousands, if not millions, of case management files and supporting documents annually for management approval, quality review, and responses to Appeals and Counsel.[14]

The IRS's former Chief Technology Officer discussed the IRS's ECM goal in recent congressional testimony. He noted:

> The IRS intends to further improve compliance programs through investment in an Enterprise Case Management (ECM) system, which is intended to modernize, upgrade, and consolidate more than 60 aging IRS case management systems. This common case management environment will yield efficiencies by implementing standard case management functions, providing the ability to transfer cases between IRS organizations and creating centralized case data accessibility and usability.[15]

ECM Is Fundamentally Connected to the "Future State"

The IRS recognizes the critical importance of ECM to its "Future State," stating:

> The nexus of ECM to Future State is as an enabler of a more flexible workplace whereby an all-electronic case file will be a complete record of a selected case from its inception to closure, including all the tax histories, contacts, communications, actions, etc. The cases could be reassigned if necessary simply by transferring the electronic file, regardless of function or geography — this enables workload balancing and workforce alignment, in addition to enabling a more flexible work environment and more efficient work assignment. It also enables more complete communications with taxpayers and those they authorize to serve them to more readily resolve issues based on the entire tax and case history and all related interactions, so both the taxpayer and employee are working from complete information, including interactions between them from secure messaging and file uploads and downloads for openness and transparency.[16]

In addition, the Commissioner of Internal Revenue has noted "If we can pull off Enterprise Case Management, it would impact so many IRS employees positively and would allow us to make a significant step toward our dealings with taxpayers and the future state."[17]

ECM Is a Taxpayer Issue

In an unprecedented move, the IRS declined to respond to the ECM-related information requested by TAS as part of the Annual Report to Congress process, taking the position that ECM is internal to the

14 See National Taxpayer Advocate FY 2017 Objectives Report to Congress 196.

15 *IRS Legacy Information Technology Systems: Hearing Before the H. Comm. on Oversight and Government Reform, Subcomm. on Government Operations*, 114th Cong. (2016) (written testimony of Terence Milholland, Chief Technology Officer, Internal Revenue Service).

16 IRS response to TAS research request (Nov. 3, 2016).

17 IRS, *Enterprise Case Management Day* 4 (Aug. 3, 2016).

The IRS's current case management system structure requires employees to retrieve data from many systems manually, which requires maintaining both paper and electronic records. They must transcribe or otherwise import information from paper and other systems into their own case management systems, and ship, mail, or fax an estimated hundreds of thousands, if not millions, of case management files and supporting documents annually for management approval, quality review, and responses to Appeals and Counsel.

IRS and "cannot be categorized as a most serious problem 'encountered by taxpayers.'"[18] This is contrary to the Commissioner of Internal Revenue's remarks above and his statement that ECM's ultimate goal is "better taxpayer service."[19]

Fortunately for all of us, the IRS isn't the arbiter of what constitutes a most serious problem for taxpayers — Congress granted that authority to the National Taxpayer Advocate.[20] The National Taxpayer Advocate is disappointed that the IRS refused to provide information about its ECM strategy to TAS and, through the National Taxpayer Advocate's Annual Report to Congress, to members of Congress. ECM is not internal to the IRS. ECM ties directly into the "Future State" and has an impact on the quality of taxpayer interaction with the IRS, which is essential to voluntary compliance and taxpayer morale.[21] Finally, and more fundamentally, ECM implicates *taxpayer rights*, specifically taxpayers' *right to quality service*.[22]

The IRS Has Not Laid the Foundation It Needs for ECM to Succeed

As mentioned above, the IRS's ECM solution is intended to modernize, upgrade, and consolidate somewhere between 60 and approximately 200 aging IRS case management systems and develop a servicewide solution for performing case management functions using a common infrastructure platform for multiple projects to share across all business units. However, in order to accomplish this mammoth undertaking, it is critical that the IRS undertake the necessary foundational work and build the ECM project from the ground up. Specifically, the National Taxpayer Advocate believes that the IRS should actively and comprehensively engage its employees at the outset of the ECM project, which, as will be described below, is what TAS did when it developed TASIS. IRS employees are the ones that use IRS systems, and understanding their

18 IRS response to TAS research request (Nov. 3, 2016). As such, TAS was unable to obtain the bulk of the information it sought to prepare this Most Serious Problem. TAS obtained the information used in this Most Serious Problem from external sources and from IRS information outside of the formal Most Serious Problem process.

19 Enterprise Case Management Day 2016, Commissioner Koskinen's remarks, IRS Newsletter (Oct. 4, 2016), http://irweb.irs.gov/AboutIRS/Nwsctr/OtherNws/51951.aspx.

20 *See* IRC § 7803(c)(2)(B)(ii)(III). With respect to the IRS's unlawful refusal to provide data and other information required by the National Taxpayer Advocate in furtherance of her tax administration duties, see Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*.

21 *See* Most Serious Problem: *Voluntary Compliance: The IRS Is Overly Focused on So-Called "Enforcement" Revenue and Productivity, and Does Not Make Sufficient Use of Behavioral Research Insights to Increase Voluntary Tax Compliance, supra.* Most Serious Problem: *Online Accounts: Research into Taxpayer and Practitioner Needs and Preferences Is Critical As the IRS Develops an Online Taxpayer Account System*, *infra*.

22 *See* TBOR, www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR are now listed in the Internal Revenue Code. *See* Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, § 401(a) (2015) (codified at IRC § 7803(a)(3)).

interaction with those systems and how to make current processes and procedures more efficient is crucial to having a more functional and polished ECM product that will maximize employee productivity. Without this critical foundational step, the ECM system ultimately designed may work well for IT but will not be employee centric and will ultimately adversely impact taxpayers.

However, it appears that the IRS has not reached out to its employees in its current ECM effort. The IRS stated that it asked its employees for work process improvement suggestions during a 2014 realignment between its Small Business/Self-Employed (SB/SE) and Wage and Investment (W&I) divisions.[23] The IRS indicated that it received several employee suggestions noting the need for creating a common case history and providing access to all systems.[24] Soliciting these type of suggestions, particularly from front-line employees and on a larger scale across all business units, is critical to building a solid foundation for ECM.

The National Taxpayer Advocate is supportive of the IRS's efforts to develop a comprehensive ECM solution and believes that proper funding from Congress is needed for this effort to succeed.[25] However, she is concerned about the IRS's ECM planning, particularly its failure to comprehensively engage its employees. The IRS will also benefit from engaging taxpayers and tax professionals to gauge their needs in obtaining quality service from IRS employees. Because ECM will ultimately feed into online accounts, taxpayers and their representatives are important end users.[26] Further, as the IRS is not alone in its need for a large-scale ECM solution, it might benefit from consulting with other federal agencies and international tax agencies about their ECM experiences.[27] However, TAS is unaware of the IRS's attempts to engage taxpayers, tax professionals, or even the majority of future ECM users within the IRS. The National Taxpayer Advocate is concerned that without seeking suggestions from users and intended beneficiaries (*i.e.*, taxpayers), the ECM system developed will likely be rudimentary, cumbersome, and one that falls far short of what the IRS needs to accomplish its "Future State" vision.[28]

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23 IRS response to TAS research request (Nov. 3, 2016).

24 *Id.*

25 *See* Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*, *supra*.

26 *Id.* Most Serious Problem: *Online Accounts: Research into Taxpayer and Practitioner Needs and Preferences Is Critical As the IRS Develops an Online Taxpayer Account System*, *infra*.

27 For example, in a recent article the Chief Information Officer (CIO) of the Social Security Administration (SSA) stated that incremental migration may not be an effective solution to the problem of outdated legacy systems. Instead, he believes that agencies need to understand the business rules and processes that went into the programming of these systems and rewrite the programming from scratch for the modern IT environment. The SSA CIO also believes that these modernization builds can be broken down into several $25 or $50 million dollar modules, instead of projects that run hundreds of million dollars or more. *See* Zach Noble, *It's Time to Trash Your Legacy System and Rewrite From Scratch*, FCW (June 8, 2016), https://fcw.com/articles/2016/06/08/modernization-acquire-noble.aspx. In addition, an Australian National Audit Office audit report of the Australian Taxation Office (ATO) describes the ATO's Change Program to develop a cost effective and integrated system of tax administration. As part of this program, the ATO implemented the Client Contact – Work Management – Case Management System (CWC), an enterprise-level system used to manage cases and work items as well as manage telephone calls and correspondence. The audit report notes "The implementation of the CWC has changed the way customer service representatives (CSR) and other Tax Office staff interact with clients. Previously staff were required to refer to several computer systems to obtain enough information to verify a caller's identity, resulting in time-consuming processes for even basic client interactions. Staff only had access to specific items of information on the taxpayer. This meant that advice and information given to the taxpayer was general and could not be tailored to the individual taxpayer's circumstances." *See* Australian National Audit Office, Audit Report No.6 2010-11, *The Tax Office's Implementation of the Client Contact – Work Management – Case Management System* 17 (Sept. 2010).

28 For an overview of the IRS's "Future State" plans, see IRS, *Future State Initiative* (Feb. 22, 2016), https://www.irs.gov/uac/newsroom/future-state-initiative.

The IRS's Current ECM Strategy Appears to Be Inefficient and Does Not Reflect Lessons Learned From Past Mistakes

The IRS's Current ECM Efforts Do Not Appear to Be Successful

The current ECM effort began in September 2014 with a presentation to IRS senior leadership and, in January 2015, the IRS Commissioner approved a plan for an ECM system that can be used IRS-wide.[29] The IRS's top priority in ECM is ECM fraud case management (EFCM), specifically the retirement and replacement of the Electronic Fraud Detection System (EFDS) program.[30] The IRS has stated that EFCM "will set the technology foundation for Enterprise Case Management."[31] However, this transition has been fraught with issues and it appears that the IRS will need multiple case management systems, including a new system outside of ECM, to replace EFDS.[32] Thus, instead of creating a "technology foundation" for ECM, it appears that the IRS is creating patchwork and new case systems that will need to be integrated into ECM at a later date.

Because the IRS would not respond to TAS's ECM-related questions, TAS does not have information about how much the IRS has spent on ECM efforts so far, other than the fact that more than $566 million of the IRS's 2016 Fiscal Year (FY) $2.5 billion IT budget was available for business systems modernization funding.[33] Additionally, it appears that the IRS has more than $35 million in ECM commitments, obligations, expenditures, and disbursements (COED) for FY 2016 alone.[34]

In Developing Its ECM Solution the IRS Should Learn From Its Previous Unsuccessful Case Management Projects

It is also important that in developing its ECM solution the IRS look to its own unsuccessful case management efforts to avoid repeating the same mistakes. As noted in a Treasury Inspector General for Tax Administration (TIGTA) report from September 2014, the IRS spent $8.6 million from FYs 2009 through 2013 developing a failed information reporting and document matching case management (IRDMCM) system.[35] The report indicates that the IRDMCM system requirements were not sufficient, user testing of the system generated a high number of problem tickets, and the system "could not effectively process business cases containing underreported income and could not be deployed into the IRS production environment."[36] The report also pointed out that the IRS potentially relinquished $54.9 million in taxes in 2011 alone from unprocessed cases due to the IRDMCM failure.[37] A

29 IRS, *Enterprise Case Management Day, Journey to the Future State* 10 (Aug. 3, 2016). *See also* TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 22 (Sept. 2016).

30 IRS, *Enterprise Case Management Day, Journey to the Future State* 45 (Aug. 3, 2016). For a detailed discussion of the high false positive rates within IRS fraud detection programs, see Most Serious Problem: *Fraud Detection: The IRS's Failure to Establish Goals to Reduce High False Positive Rates for Its Fraud Detection Programs Increases Taxpayer Burden and Compromises Taxpayer Rights*, *infra*.

31 IRS, *Enterprise Case Management Day, Journey to the Future State* 45 (Aug. 3, 2016).

32 IRS, *Enterprise Case Management Point of Contact Briefing* 4, 11 (Oct. 3, 2016).

33 TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 4 (Sept. 2016).

34 IRS, *Enterprise Case Management Governance Board* 14 (Oct. 27, 2016).

35 TIGTA, Ref. No. 2014-20-088, *The Information Reporting and Document Matching Case Management System Could Not Be Deployed* (Sept. 2014). As stated in this TIGTA report, the purpose of the IRDMCM case management system was "to assimilate and correlate data submitted on filed business tax returns to information returns and select individual sole proprietor and business returns for examination."

36 *Id*.

37 *Id*.

subsequent United States GAO report, from February 2015, put the IRDMCM project cost at $16.2 million, nearly double the figure mentioned in the TIGTA report.[38]

As noted in a Treasury Inspector General for Tax Administration report from September 2014, the IRS spent $8.6 million from fiscal years 2009 through 2013 developing a failed information reporting and document matching case management system … A subsequent United States Government Accountability Office report put the project cost at $16.2 million.

In addition, a recent TIGTA report has pointed out issues with three other IRS case management system projects.[39] First, after approximately a year and a half of work and an unspecified amount of money spent on an Affordable Care Act (ACA) case management system, the IRS decided in June 2016 to stop the project in order to free up resources.[40] In addition, the report notes that the IRS developed and spent $15 million on a Foreign Account Tax Compliance Act (FATCA) database that although built to requirements, "has not provided the intended business results."[41] However, the semi-automated tool the IRS developed to screen returns for potential irregularities harms thousands of taxpayers, including many international students.[42] Finally, the report describes the IRS's development of the Return Review Program (RRP), one of the systems that will replace the EFDS. Even though the IRS has been developing RRP since 2009, it does not have an estimated date for its full implementation.[43]

It is also vitally important that the IRS ensure that Entellitrak, the case management platform that it will use for ECM, has the requisite functionality to handle the task of large-scale ECM and the integration of between 60 and 200 separate case management systems. In audit reports of prior IRS individual case management projects, TIGTA recommended that the IRS verify and assess whether Entellitrak's case management capabilities could meet those project needs.[44] The IRS has a significant investment in Entellitrak, as it entered into a $50 million contract for its use in 2015, and needs to ensure that it is spending money on an ECM system that will meet its business needs.[45]

The IRS Is Overlooking the Largely Completed TASIS Project As a Quick Deliverable and Building Block for the Larger ECM Project

The IRS Should Take Lessons From the Development of TASIS

The IRS does not need to look far for assistance with its ECM efforts, as TAS has performed a significant amount of the necessary legwork in developing its TASIS case management system. TAS worked for several years with the IRS's IT function and a contractor to develop the requirements for TASIS, an

38 GAO, GAO-15-297, *Information Technology: Management Needs to Address Reporting of IRS Investments' Cost, Schedule, and Scope Information* (Feb. 2015).

39 TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* (Sept. 2016).

40 *Id.* at 22.

41 *Id.* at 24.

42 *See* Most Serious Problem: *Foreign Account Tax Compliance Act (FATCA): The IRS's Approach to International Tax Administration Unnecessarily Burdens Impacted Parties, Wastes Resources, and Fails to Protect Taxpayer Rights*, *infra*.

43 TIGTA, Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program* 25 (Sept. 2016).

44 TIGTA, Ref. No. 2014-20-071, *Information Technology: Improvements Are Needed to Successfully Plan and Deliver the New Taxpayer Advocate Service Integrated System* 11 (Sept. 2014); TIGTA, Ref. No. 2014-20-088, *The Information Reporting and Document Matching Case Management System Could Not Be Deployed* 15 (Sept. 2014).

45 *See U.S. Internal Revenue Service Signs $50 Million Deal with MicroPact*, PR Newswire (Mar. 11, 2015), http://www.prnewswire.com/news-releases/us-internal-revenue-service-signs-50-million-deal-with-micropact-300048249.html.

integrated replacement system for its current antiquated TAMIS system. The IRS should pay heed to the process that TAS undertook in developing TASIS. Beginning in 2011, TAS started TASIS development by focusing on processes first (intake strategy, guidance, Operations Assistance Requests (OARs), case-weighting and assignments rules) and only then did the analysis of what the case management program needed to do.

By holding workgroup meetings dedicated to employee technology needs, TAS asked *all* of its employees what they needed to perform their jobs efficiently, recorded their proposals and "wish lists" for capabilities, and tracked them in the development of the business requirements. In other words, TAS built TASIS from the ground up. In addition, unlike the IRS, TAS did not pay a single consultant for the work it did until it started actually writing the computer-based business rules. The initial thinking and planning was done directly by TAS, saving taxpayers significant dollars.

TASIS Is a Versatile Case Management System That Can Benefit the IRS As a Whole

As the National Taxpayer Advocate has discussed in previous Objectives Reports to Congress and congressional testimony, TASIS is a versatile case management system that would replace TAMIS, TAS's current antiquated system.[46] While ECM focuses on case selection and work assignment capabilities, among other things, TASIS focuses on case intake and case-building functions, creating virtual case files with data auto-populated from other IRS systems and information transmitted electronically between functions for review and action, resulting in a complete picture of the taxpayer's case and both the IRS and TAS's actions with respect to that matter. Once TASIS is completed, the IRS can incorporate elements or modules of TASIS into core ECM for use by other IRS business units, including the Exempt Organization function, Appeals, Whistleblower Office, Office of Professional Responsibility, and the Innocent Spouse, Identity Theft, and Offer in Compromise units.

When TAS learned that TAMIS was slated for retirement, it capitalized on the opportunity to integrate all of its systems and business processes into a single state-of-the-art application. TAS developed over 4,500 business requirements[47] for the case management system aspect of TASIS functionality, including:

- Fully virtual case files;
- Electronic access to other IRS case-management systems and automatic retrieval of taxpayer information;
- Electronic submission and tracking of Operations Assistance Requests (OARs);[48]
- Electronic transmission and tracking of Taxpayer Assistance Orders (TAOs);
- Full access to all virtual case information for purposes of management and quality review;
- TAS and taxpayer (and representative) ability to communicate digitally;
- Taxpayer (and representative) ability to electronically check the status of a case in TAS; and
- An electronic case assignment system.

These are just some of the capabilities contained within the TASIS Business System Requirements Report, which collectively illustrates that TASIS's case management component will not just replace TAMIS but

46 See National Taxpayer Advocate FY 2017 Objectives Report to Congress 195; National Taxpayer Advocate FY 2016 Objectives Report to Congress 98.

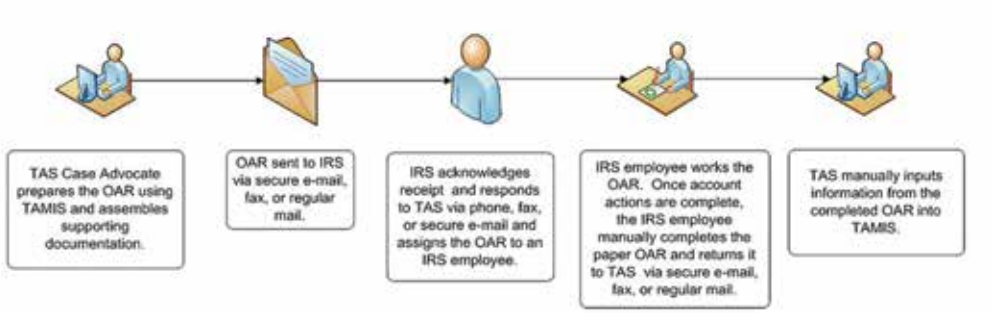
47 TAS, *TASIS Business System Requirements Report* (Nov. 14, 2011).

48 IRS Form 12412, *Operations Assistance Request*, is the form TAS uses when it lacks the statutory or delegated authority to perform an action on a case and must request the IRS to perform that action.

will significantly increase the productivity of TAS case advocates because they will no longer spend their valuable time tracking down paper documents or inputting information into multiple systems. Moreover, taxpayers will be able to communicate efficiently with TAS and electronically send key case information and documents. This functionality will enable TAS's case advocates to spend their time advocating for taxpayers, rather than performing administrative tasks such as manually inputting and tracking documents and IRS actions, thereby upholding taxpayers' *right to quality service*. In short, TASIS reflects the complexity and interaction of cases in the IRS.

The following figure illustrates the current, labor-intensive OAR process, which is representative of many of the challenges of the current manual processes facing both TAS and the larger IRS.

FIGURE 1.6.1, Operations Assistance Request (OAR) Process



Without an electronic OAR process:

- Getting an OAR to the right IRS unit may be complicated. There are over 100 options for TAS to choose from, and an incorrect selection can lead to rework, delaying resolution of the taxpayer's problem;
- Very limited data is available for analyzing OAR process performance, such as tracking the reasonable performance expectations in the Service Level Agreements between TAS and IRS operating divisions (ODs);
- Both TAS and the responding OD manually track OAR progress. TAS cannot look up the status, but must call, fax, or email a status request and wait for a response; and
- Supporting documents are not stored electronically, and must sometimes be shared by mail, with related packaging and shipping costs, including expedited handling when the taxpayer's need is urgent.

Implementation of a solution to electronically submit and track OARs, whether in TASIS or ECM, would benefit both TAS and the IRS by reducing delays in case resolution and providing resource savings by eliminating much of the current costs, including shipping, time spent by employees manually inputting and tracking OARs; and physically printing and scanning OARs into other IRS tracking systems. TAS has proposed a separate electronic OAR process since 2015, and to date this request has been denied despite the clear benefits to taxpayers, the IRS, and TAS.[49]

49 *See* IRS, *Enterprise Case Management (ECM) Governance Board Meeting Minutes* 5 (Aug. 5, 2016); *see also* IRS response to TAS research request (Nov. 3, 2016).

The IRS's Commitment to Completion of TASIS Is Critical for TAS

At the time the project was halted after the IRS spent $20 million on it, it was estimated that six months and $12 million would be needed to complete Release 1 programming, testing, and launch.[50] Despite the demonstrated savings of TASIS and its benefits for all of the IRS, no funding is presently allocated for TASIS. Moreover, the IRS has stated that TASIS has not been identified as a legacy system for the ECM program because it was not placed into production and has therefore not been prioritized for ECM.[51] Yet since 2013, Congress has identified TASIS as a major IT system and requires the IRS to provide quarterly reports on it.[52] The IRS's position appears to contradict a statement made by the IRS nearly two years ago in a required quarterly report to Congress on TASIS. In that report, the IRS stated that if it does not receive ECM funding, it will impact TASIS, which is part of the ECM initiative and uses the same Entellitrak platform.[53] It is also disturbing that despite apparent benefits for both the IRS and TAS, as well as the taxpayers we serve, electronic OARs are not being prioritized as an ECM early delivery.[54]

TAS is ready to begin final TASIS programming as soon as funds are available. If TASIS is not funded to completion, the $20 million the IRS has spent on it will be wasted and TAS will be forced to invest time and funds in upgrading TAMIS, an obsolete legacy system. This would be an extreme waste of limited resources, and fails to provide TAS's case advocates with the tools they need to effectively and promptly assist taxpayers who are *experiencing significant hardship* in resolving their problems with the IRS. It would also infringe upon taxpayers' *right to a fair and just tax system*.

CONCLUSION

The IRS's current ECM project has been in existence for nearly two years, has not produced a single ECM product, and appears to lack the planning and focus necessary to succeed. It is critical that ECM not follow the path of prior IRS case management projects, which have resulted in abandoned, wasteful, and incomplete initiatives that have cost taxpayers tens of millions of dollars. Without engaging with its employees and other stakeholders in ECM development, learning from past case management mistakes, and using the TASIS development process and system as a building block for ECM, the end case management product will inevitably be mediocre, have usability issues, and the IRS will likely not realize genuine productivity increases. The National Taxpayer Advocate is concerned that IRS will develop an ECM solution with the lowest common denominator and will not push technology to meet taxpayer needs. This will also have an adverse effect on the IRS's ability to carry out its "Future State" vision. Therefore, both congressional funding and oversight of ECM are needed.

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50 *Internal Revenue Service FY 2017 Budget Request*: *Hearing Before S. Subcomm. on Financial Services and S. General Government Comm. on Appropriations*, 114th Cong. 27 (2016) (statement of Nina E. Olson, National Taxpayer Advocate). In a required quarterly report to Congress, the IRS stated "Once funding is secured, vendor contracts are in place, and the project resumes, TASIS is expected to deploy in approximately 14 months." IRS Report of Chief Technology Officer, *FY 2015 1st Quarter IT Investment Report DRAFT V. 4.1* (Jan. 2015), provided in IRS response to TAS research request (Nov. 3, 2016).

51 IRS response to TAS research request (Nov. 3, 2016).

52 The Senate Appropriations Subcommittee on Financial Services and General Government has repeatedly included TASIS on a list of six "major information technology project activities" about which it has directed the IRS to submit quarterly reports. *See* S. Rep. No. 114-280, at 40 (2016); S. Rep. No. 114-97, at 39 (2015); S. Rep. No. 113-80, at 34 (2013). In 2014, a similar provision was included in the Senate Appropriations Committee's draft report, but the draft report was not adopted for that year.

53 IRS Report of Chief Technology Officer, *FY 2015 1st Quarter IT Investment Report DRAFT V. 4.1* (Jan. 2015), provided in IRS response to TAS research request (Nov. 3, 2016).

54 IRS response to TAS research request (Nov. 3, 2016).

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Develop its ECM solution from the ground up by actively and comprehensively engaging all its employees and seeking their specific suggestions as to how to make processes and procedures more efficient and maximize employee productivity in order to provide quality customer service to taxpayers.
2. Use TASIS and its foundational work as part of the ECM effort, for example by using TASIS modules that are adaptable for ECM.
3. Provide the funding necessary to complete TASIS Release 1.
4. Prioritize and fund the development of an electronic OAR process.