

Internal Revenue Service

FY 2014

Capital Investment Plan

Information Technology (IT)

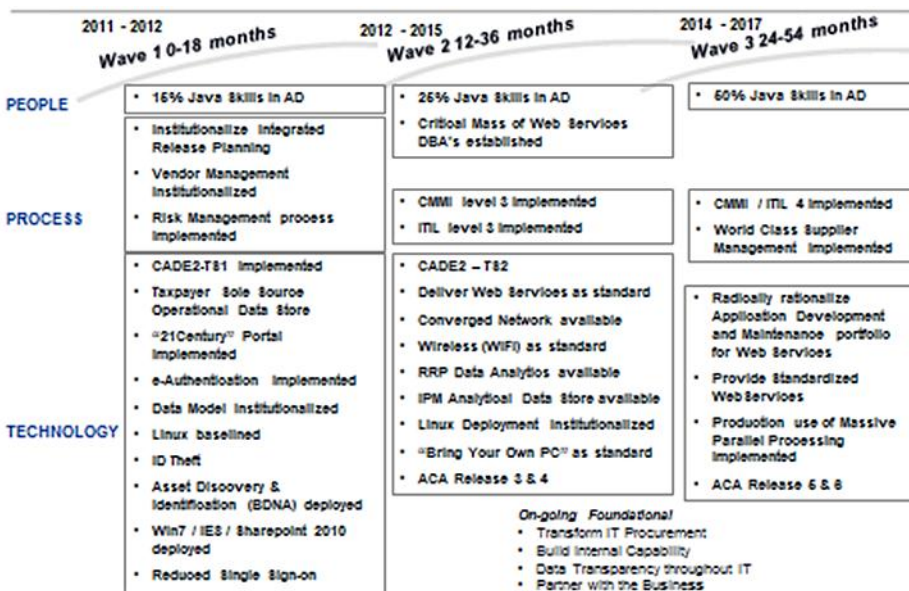
IT is a key enabler for efficient and effective tax administration. Today, the role of IT is more important than ever as the IRS faces the increasing complexity of tax administration, accelerating globalization, and an explosion in electronic data, online interactions, and related security risks. IRS IT investments address these new challenges, while ensuring that the IRS continues to deliver on its core mission and meets ongoing business needs. The IRS evaluates new technologies to deliver comprehensive IT solutions that focus on improving electronic filing of tax returns, enhancing services to taxpayers and third party practitioners, and strengthening compliance and criminal enforcement of tax laws. To ensure the public trust, the IRS also is making significant investments to secure infrastructure, data, and applications. With continued investment in new technologies and the modernization of existing IT systems, the IRS is improving service to taxpayers, achieving productivity gains, and distinguishing itself as a model of tax administration around the world.

The IRS also has established world-class practices and tools to manage and implement its portfolio of IT investments more efficiently. One element of the strategy, the Integrated Release Plan (IRP), provides a multiyear view of essential technology initiatives noting schedule, budgetary and human capital data and a link to the IT Technology Roadmap. The IRS continues to develop and refine the IRP by it to encompass a larger proportion of its IT investments each year. The IRP allows the IRS to assess proposed and current essential investments, assuring alignment to strategic goals, while illuminating budget or staffing constraints. This improves the IRS's ability to use limited resources efficiently and practice sound investment management.

IT Technology Roadmap

Another tool, the IT Technology Roadmap (shown below), provides a multiyear strategic view defined in 18-month segments or waves. Each wave identifies the critical people, process, and technology needed to support the IRS mission. This guiding strategic document integrates with the more tactical Integrated Release Plan.

Technology Roadmap 2011 – 2017



Delivering a Balanced Portfolio of Investments

While the annual tax-filing season and legislative changes are IRS's highest priorities each year, the IT strategy ensures the IRS also explores new technologies in areas such as communications to complement its existing portfolio of IT investments. For example, projects such as *Bring Your Own Device* enable employees to use their personal smart phones and tablets for both professional and personal communications; *Network Convergence* embraces the power of the Internet for voice, data, and visual communications; and *IRS portal modernization* is streamlining navigation and enhancing search capabilities to make it easier for taxpayers and other stakeholders to find information and resources quickly. The IRS balances these technologically-advanced investments, which enable more effective use of resources, against other IT investments that support revenue collections, such as third party tax information reporting and document matching, faster return reviews in processing to prevent tax refund fraud, and foreign account tax reporting.

Managing Performance as part of IRS's IT Strategy

The IRS monitors major IT investments using baselines identified in OMB Exhibit 300B, IT Capital Asset Performance Measurement Report. The monthly review includes a comparison of the projected cost, schedule, and performance estimates to those in the approved business case and generates reports for internal and external stakeholders. Every month an Executive Steering Committee (ESC) reviews the overall status, cost, schedule, and scope for each investment and makes needed recommendations. Any changes to the cost, schedule, or scope of the investment require a formal Baseline Change Request (BCR). The IRS employs remediation strategies for investments that are not meeting their stated performance goals, including conducting internal TechStat meetings for investments with a “yellow” (or below) rating in the areas of cost, schedule, or Treasury CIO rating.

IRS Portfolio of Major Investments

Following is a comprehensive list of assets that make up the foundation of IRS's investment strategy. Also included are details regarding the immediate and full life-cycle costs, projected useful life, anticipated benefit(s), performance measurement criteria, and remediation strategy specific to each asset.

Account Management Services

Account Management Services (AMS) is a strategic program that delivers improved customer support for managing taxpayer accounts by leveraging existing IRS applications. It is a web-based resource that brings various IRS systems together into one common view. The AMS application enables IRS case managers to access and update taxpayer accounts instantaneously, provides data presentation services to display and validate updates, and facilitates management actions (such as assignments, transfers, case creation and closure, and the generation of letters to taxpayers). AMS provides front-end functions for adjustments, penalties, interest, abatements, credit and debit transfers, name and address changes, bankruptcies, installment agreements, changes to the automated treatment streams, follow-up activity or deferred actions and many other taxpayer account-related functions required for customer service and compliance.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life cycle cost of the asset:

FY 2013 - FY 2014: \$43,635,403
Life-cycle Cost: \$211,833,520

The projected useful life of the current asset: estimated 2019.

Timeframe for the “development, modernization, and enhancement” (DME) or “operations and maintenance” (O&M) phase of the investment for FY 2014:

AMS deployed in December 2010 and is now in the O&M phase.

The anticipated benefit(s) of the investment:

AMS cost-effectively and expeditiously decreases taxpayer burden and improves taxpayer service by providing customer service representatives and other users, such as tax examiners, with tools to access taxpayer and filer data. AMS supports the IRS's mission to provide America's taxpayers quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness.

How performance will be measured and evaluated:

- **Core Application Availability:** The percentage of uptime that the AMS system is available for users. The Core Application allows users to handle a variety of account management actions. This measure indicates the percentage of available, scheduled up-time and considers the application servers and the infrastructure components of the AMS Core Application.
- **Databases Availability:** This technical measure indicates the percentage of scheduled up-time of the four AMS databases that provide the data needed by users.
- **Imaging Inventory Application Availability:** More than 8,000 users respond to taxpayers using the Imaging Inventory. This measure indicates the percentage of scheduled up-time that the application is available to customer service representatives. This technical measure considers the availability of the application servers, workflow system, and content management system components of the Imaging Inventory.
- **Accuracy of adjustments and responses to Taxpayer Correspondence:** The percent of adjustments to taxpayer accounts and answers to taxpayer issues provided by correspondence units that are accurate.
- **Telephone Level of Service:** The percent of time that taxpayers calling IRS toll-free operations successfully reach a live assister.

Customer Account Data Engine 2

The Customer Account Data Engine (CADE 2) program implements a single, data-centric solution that provides daily processing of taxpayer accounts. CADE 2 is one of the key IRS modernization programs. Once fully implemented, it will provide state-of-the-art individual taxpayer account processing and will provide a solid data foundation for the future. It will allow the IRS to collect, consolidate, access, and analyze taxpayer data more effectively, to drive improvements in service to taxpayers and enhancements in tax administration. After 50+ years of weekly posting of returns, payments, and other types of transactions, CADE 2 moved the IRS to a daily cycle for tax processing and posting of individual taxpayer accounts and for feeding downstream systems. This means application programs that formerly took hours or days to complete now run in minutes or seconds. The new CADE 2 daily processing capability enhances IRS tax administration and improves service by enabling faster refunds for more taxpayers.

The IRS will implement CADE 2 through two Transition States. The first phase is Transition State 1 (TS1), which established the target CADE 2 data model, database, and uses the data to provide individual taxpayer account information to select external systems. Updated daily from

the individual taxpayer account core processing applications, the database establishes the foundation for developing the CADE 2 solution and is critical to addressing the IRS financial statement audit material weakness. The TS1 solution primarily leverages security controls provided by existing systems, including the Security and Communications System (SACS) for account viewing. Transition State 2 (TS2), builds upon the foundation established in TS1. Core applications will directly access and update the CADE 2 database implemented in TS1. TS2 will focus on the hardest and more critical financial management applications and address financial material weaknesses. Capturing taxpayer account data on a daily basis and storing it in new multi-level, connected and relatable formats will enable the IRS to do sophisticated searches and comparisons to identify trends revealing critical areas of noncompliance.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$496,298,988
Life-cycle Cost: \$1,479,340,951

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

With the exit of Milestone 5, the IRS met its goals for CADE 2 TS1 by providing the following business functionality and benefits: a single database that stores all individual taxpayer accounts; enhanced processing, including daily batch processing; more timely posted data to IRS's key customer service operational database, IDRS; tools for business users to access the CADE 2 Database and Integrated Production Model (IPM) for analytical reporting; enhanced data security; and downstream systems feeds to support daily processing.

How performance will be measured and evaluated:

- **Faster Notices:** The number of daily notices generated by CADE 2 (versus weekly notices);
- **Faster Refunds:** The percentage of refunds processed daily;
- **Increased percentage of transactions processed daily:** The percentage of transactions processed daily compared to the total transactions processed by IRS;
- **Daily Updates to IDRS:** The percent of business days the CADE 2 solution will process transactions within 48 hours of receipt from submissions processing for days in which there are transactions to process; and
- **Individual Accounts Viewable:** The percent of individual taxpayers that will have individual account data stored in the CADE 2 relational database and usable by IRS employees for viewing.

e-Services

e-Services is a suite of web-based, self-assisted services that allow authorized individuals to conduct business with the IRS electronically. Currently, e-Services products are available to tax practitioners, payers, and other third parties. The services include Registration, Tax Identification Number (TIN) Matching, e-File Application, Disclosure Authorization (DA), Electronic Account Resolution (EAR), Transcript Delivery System (TDS), Reporting Agents, and Automated Electronic Fingerprinting.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$24,283,012
Life-cycle Cost: \$211,434,389

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

e-Services provides a faster way for authorized individuals to interact and conduct business electronically with the IRS.

How performance will be measured and evaluated:

- The number of e-Services transactions processed through the Registered User Portal (to represent the usage of the Internet applications);
- The percentage of transcripts delivered by the re-engineered Transcript Delivery System;
- The percentage of scheduled e-Services Transcript Delivery System availability per the approved Service Level Agreement as documented monthly by IRS Enterprise Services;
- The percentage of external merchants receiving transcripts electronically; and
- Reduction in the number of transmittals or requests for corrective changes to the production environment.

Electronic Fraud Detection System

The Electronic Fraud Detection System (EFDS) is a major, steady state, automated client server-based system used to maximize fraud detection at the time that tax returns are filed to eliminate the issuance of fraudulent tax refunds. EFDS supports the Department of the Treasury strategic goal to "Manage the Government's Finances Effectively." EFDS allows IRS Criminal Investigation Investigative Aides/Analysts and Wage and Investment (W&I), Business

Performance Solutions, and Accounts Management Taxpayer Assistance Program (AMTAP) Tax Examiners to protect Government revenue by detecting potentially fraudulent tax refund claims and preventing the issuance of fraudulent tax refunds.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$37,636,862
Life-cycle Cost: \$149,601,593

The projected useful life of the current asset: estimated 2015.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The EFDS investment is 100 percent O&M funded for FY 2014.

The anticipated benefit(s) of the investment:

The EFDS will protect Government revenue by detecting potentially fraudulent tax refund claims and stopping the issuance of fraudulent tax refunds at the time a return is filed. As of August 2012, EFDS stopped fraudulent refunds totaling \$11.2 billion during Filing Season 2012.

How performance will be measured and evaluated:

- Number of confirmed fraudulent returns identified by the data models.
- Percentage of Questionable Refund Program refunds identified as false that AMTAP stops.
- Percentage of scheduled system availability per the approved Service Level Agreement.
- Percentage of completed verifications that is potentially fraudulent.
- Percentage of primary investigations accepted by CI as subject criminal investigations.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) project is a system under development that will improve tax compliance by identifying U.S. taxpayers that attempt to shield or divert assets by depositing funds in foreign accounts. The system will consist of a registration component and a document-matching component. FATCA legislation requires foreign financial institutions to report to the IRS information regarding financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$31,641,500
Life-cycle Cost: \$91,485,794

The projected useful life of the current asset: estimated 2019.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The FATCA investment is 100 percent Development, Modernization, and Enhancement (DME) funded for FY 2014.

The anticipated benefit(s) of the investment:

The primary beneficiaries of this investment are the Federal Government and the U.S. taxpayers. FATCA will allow the agency to increase international service and enforcement through examinations of employment tax; specialty program audits, individual audits, business audits, and criminal investigation case closures, ensuring taxpayers meet their tax obligations.

How performance will be measured and evaluated:

The FATCA investment has yet to deploy and performance measures are under development.

Implement Return Review Program

The Return Review Program (RRP) is a system that uses leading-edge technologies to advance IRS effectiveness in detecting, addressing, and preventing tax refund fraud and protecting United States Treasury revenue. It will replace the legacy EFDS which was built in the mid-1990s. The entirely new RRP fraud framework is critical for IRS success in tackling ever-evolving tax schemes in a sophisticated, scalable, and adaptable manner. Based on specific business models from the Office of Criminal Investigation and the Return Integrity and Correspondence Services (RICS) Office, RRP will support the new cross-functional approach to criminal and civil tax noncompliance, including identity theft. With RRP, predictive fraud detection models will seek out subtle data patterns to determine the reliability of return data, including the filer's identity. RRP will generate a scorecard for questionable returns, evaluating consistency and dependability on each. RRP will evaluate returns against the prior three years of filing history and other external data sources to provide a robust perspective. The IRS will be able to respond to multiple issues of noncompliance on a single return. Using massively parallel processing, the system's capacity will promote speed, even during the peak of tax filing season. This speed will serve taxpayers not only by supporting fast refunds, but also by quickly recognizing patterns and redirecting fraudulently filed returns. The database query speed will be more than 10 times that of the current EFDS system.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014:	\$75,065,921
Life-cycle Cost:	\$169,127,670

The projected useful life of the current asset: estimated 2019.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The RRP investment is 100 percent DME funded for FY 2014.

The anticipated benefit(s) of the investment:

- IRS will be able to respond to multiple issues of noncompliance on a single return; and
- Using massively parallel processing, the system's capacity will promote speed, even during the peak of tax filing season. This speed will serve taxpayers not only by supporting fast refunds, but also by quickly recognizing patterns and redirecting fraudulently filed returns.

How performance will be measured and evaluated:

The RRP investment has yet to deploy and the IRS is developing performance measures.

Individual Master File

The Individual Master File (IMF) is the authoritative data source for individual taxpayer's accounts. Within the IMF, accounts are updated, taxes are assessed, and refunds are generated as required each tax filing period. Virtually all IRS information system applications and processes depend on output, directly or indirectly, from this data source. IMF Daily Processing is a key component in the development efforts of CADE 2. While today IMF remains the system of record for individual taxpayer account data, CADE 2 will continue to migrate the IRS away from the current IMF tape-based architecture for tax processing toward its target state of a more modern system architecture based on relational database technologies.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$18,135,736
Life-cycle Cost: \$107,669,300

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Performs daily processing of tax returns allowing faster issuance of refunds; and
- Performs identity theft related checks on individual tax returns filed on paper.

How performance will be measured and evaluated:

- Completes planned processing schedule (e.g., daily, weekly) to meet refund, notice and online access deadlines. Measurement available on Enterprise Operations weekly reports;

- Refund Error rate with Systemic Errors: The error rate is the ratio of total incorrect refunds compared to the total number of refunds. Measurement data is provided by W&I and SB/SE in the Submission Processing Measures Analysis and Reporting Tool (SMART) database. Systemic errors (errors attributed to incorrect programming, less than ideal products from properly working systems, and incorrect Internal Review Manual procedures are also included in the rates which indicate “with systemic errors”;
- The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services in the IT Performance Report; and
- Percent of Taxpayer refunds (paper returns only) issued within 40 days. Timeliness measured by sampling taxpayers receiving refunds. Measurement data is provided by W&I and Small Business/Self-Employed (SB/SE) in Submission Processing (SMART) database. The Business target for this measure is established by Customer Account Services (CAS) every January, with a yearly goal and cumulative planned projection for each month. The results report the variance against the target, and the monthly cumulative target is reported in the comments.

Information Reporting and Document Matching

Information Reporting and Document Matching (IRDM) is a program to improve business taxpayer compliance by automatically matching the tax return filings to third party information returns. The goals of IRDM are to increase voluntary compliance and enhance accurate reporting of income by establishing a new business tax return and information returns that focus on merchant card payments and securities basis reporting. IRDM supports IRS Business utilizing information systems that sort, match, identify, manage, and report on returns that are likely sources of tax gap-reducing revenue. Closing the tax gap through IRDM increases Federal Government revenues and benefits the vast majority of taxpayers who voluntarily file accurate returns. To accomplish this, the IRS requires operational resources and systems be put in place to implement business and technology changes that will expand and improve automated matching of data on information returns to the data submitted on tax returns filed. This automation will improve the use of third party data to increase compliance, provide improved access to information to enhance the quality of customer services, accelerate issue identification and resolution, and increase the productivity and quality of tax administration.

IRDM has many dependent relationships and interacts with other systems across the IRS, including data submission systems, databases, data transport functionality, and data processing systems.

IRDM relies heavily on submission processing systems, corporate data systems, and newly implemented infrastructure to identify potential under-reporters and non-filers. IRDM will utilize corporate data master file data such as Information Return Master File (IRMF) and Business Master File (BMF) extracted and stored in the Integrated Production Model (IPM). IRDM consists of new functionality developed to assimilate, correlate, select, and manage potential cases. In addition, it supplies data during the management process to as many as

19 external systems to resolve cases and provide the disposition of a case to other systems within the IRS.

IRDM is a component of the overall tax gap initiative. The effectiveness of other efforts, as well as funding for compliance personnel will influence how much and how quickly IRDM reduces the tax gap. Reducing the tax gap through IRDM will increase Federal Government revenues and benefit the vast majority of taxpayers who voluntarily file accurate returns by improving the use of third party data to increase compliance and provide improved access to information. This will enhance the quality of customer services, accelerate issue identification and resolution, and increase the productivity and quality of tax administration.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014:	\$46,039,380
Life-cycle Cost:	\$186,485,472

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Reduce the tax gap through IRDM, which will increase Federal Government revenues and benefit the vast majority of taxpayers who voluntarily file accurate returns; and
- Improve the use of third party data to increase compliance, provide improved access to information to enhance the quality of customer services, accelerate issue identification and resolution, and increase the productivity and quality of tax administration.

How performance will be measured and evaluated:

The IRDM investment has yet to deploy and the IRS is developing performance measures.

Integrated Customer Communication Environment

The Integrated Customer Communication Environment (ICCE) directly supports the IRS Strategic Goal of improving service to make voluntary compliance easier. Consolidating logic for telephone applications reduces overall costs because it applies standard solutions to what was a specialized arena. ICCE provides a set of telephone and web applications that allow individual taxpayers to interact directly with their accounts, as described below:

- The Online Payment Agreement Application allows the taxpayer or authorized representative (i.e., Power of Attorney) to apply for and receive online approval for a short term extension of time to pay or set up a monthly installment agreement;
- The Internet Refund Fact of Filing provides tax refund status information via the web to 1040 series filers;

- The Internet Refund Address change allows taxpayers who have not received paper refunds after a specific amount of time to initiate a refund trace;
- The Personal Identification Number (PIN) applications are intended to be used as common modules, available for use by any Interactive Application, which callers use to establish their identity. Callers establish their identity by either correctly entering a previously established PIN or by successfully passing an automated Identification and Authentication Interview and establishing a PIN;
- The Address Module supports multiple ICCE Web applications, providing taxpayers with the ability to initiate a change of address of record as well as information on refund status and undelivered refund checks;
- The Modernized Internet Employer Identification Number application is a component of ICCE web applications and the business web application servers. It allows the general public to apply for an Employer ID number over the web and receive the number in the same session;
- The Send My Transcripts, eTranscript offers an additional method for requesting tax return or tax account transcripts via the web. Taxpayers can request their current year and three prior years of tax account and/or tax return transcripts. The transcripts are delivered to a secured mailbox for retrieval by a third party; and
- The Foreign Account Tax Compliance Act Registered User Portal Application provides an online registration process for Foreign Financial Institution to register and enter into an agreement with the IRS to comply with FATCA regulations.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$32,732,556
 Life-cycle Cost: \$534,244,437

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Allows the taxpayer or an authorized representative (i.e., Power of Attorney) to apply for and receive online approval for a short term extension of time to pay or set up a monthly installment agreement;
- Allows taxpayers who have not received (lost or destroyed) paper refunds after a specific amount of time to initiate a refund trace (or re-issuance of their refund check); and
- Provides taxpayers the ability to initiate a change of address of record and provide a phone number (optional) based on a refund status that indicates an undeliverable refund check and other criteria have been met.

How performance will be measured and evaluated:

- Customer Satisfaction (IRS.gov American Customer Satisfaction Index Score);
- The percentage of taxpayers utilizing IRS web applications and automated Phone Service versus Customer Service Representatives in order to find solutions and answer questions related to tax matters;
- The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services in the IT Performance Report;
- The number of times a taxpayer accesses IRS web applications to request refund status and other web services: Internet Refund Fact of Filing, Internet Employee Identification Number, or Online Payment Agreement; and
- Reduction in the number of transmittals or requests for corrective changes to production environment, as evidence of improved efficiency.

Integrated Data Retrieval System

Operational since 1973, the Integrated Data Retrieval System (IDRS) is a secure, reliable, flexible, mission-critical system consisting of databases and programs supporting IRS employees working active tax cases. It would not be possible to run the Federal Government tax filing season without IDRS or some equivalent system. About 60,000 of the 100,000 IRS employees rely on it daily to do their work. It provides for systemic review of case status, alleviating staffing needs and providing consistency in case control. For example, each time a taxpayer calls the IRS, the person answering the phone uses IDRS to log the call and answer questions. IDRS issues notices and processes installment agreements, offers in compromise, and adjustments. Actions taken via IDRS include penalty and interest computations and explanations, credit and debit transfers among accounts and research of taxpayer accounts for problem resolution of taxpayer inquiries. IDRS manages data retrieved from the tax master files (Business, Individual, and Employee Plan) allowing IRS employees to take actions on taxpayer issues, track status and post updates back to the master files. Using data analytics, IDRS allows the IRS to evaluate taxpayer data efficiently to inform enforcement and secure legal compliance, both domestically and internationally.

In addition to IRS employees, IRS Internet applications depend on IDRS to provide back-end services to enable them to help taxpayers. For example, tens of millions of taxpayers ask *Where's My Refund?* at IRS.gov annually and millions of business taxpayers obtain Employer Identification Numbers via IRS.gov instead of via paper. IDRS enables businesses providing payroll services to submit tax data on behalf of millions of taxpayers and collaborates with registered tax practitioners to reduce the burden of filing Powers of Attorney and Taxpayer information authorizations, allowing them to request access to other e-Services. IDRS produces many kinds of tax information to support sending and receiving information to and from other systems within the IRS, Social Security Administration, Financial Management Service, State and local governments, and tax practitioners.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 – FY 2014: \$37,184,289
Life-cycle Cost: \$322,110,686

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Allows the IRS to evaluate taxpayer data efficiently to inform enforcement and secure legal compliance, both domestically and internationally; and

How performance will be measured and evaluated:

- Individual taxpayer usage of *Where's My Refund?* feature through IRS.gov, IRS2Go smartphone application, or automated, toll-free telephone number. This feature relies on IDRS to operate and provides convenient, high-quality, citizen-centered service without the assistance of a Federal employee. The target for this steady state performance metric is usage equal to 100 percent of the average usage during typical processing years;
- IRS staff usage of IDRS. IDRS enables approximately 60,000 taxpayer-facing IRS employees, using a variety of methods, to retrieve taxpayer records quickly, accurately, and securely to authorized staff while responding to taxpayer inquiries and conducting examinations. The command code TXMOD displays tax data for specific taxpayers for specific periods. The target for this steady state performance metric is TXMOD usage equal to 100 percent of the average usage during typical processing years;
- The percentage of scheduled system availability. To measure this steady state performance metric, calculate the cumulative average percentage of system availability per an approved service level agreement as documented by IRS Information Technology Enterprise Services for "Essential Business Systems";
- Business taxpayer usage of IRS.gov to obtain Employer Identification Numbers (EINs). This feature relies on IDRS to operate and lets taxpayers obtain EINs without the assistance of a Federal employee or the mailing of form SS-4 "Application for EIN." It reduces the expense and difficulty of doing business with the Government. The target for this steady state performance metric is usage equal to 100 percent of the average usage during typical processing years; and
- The percentage of certified letters printed centrally versus locally. These notify business and individual taxpayers of issues. This aligns with IRS goals to improve taxpayer service and enhance enforcement of tax law. To measure this steady state performance metric, the IRS calculates the percentage of certified letters printed centrally versus locally out of all certified letters printed.

Integrated Financial System

The Integrated Financial System (IFS) is the core financial system used by the IRS for budget, payroll, accounts payable, accounts receivable, general ledger functions, and financial reporting. The IFS system provides accountants, budget, and financial management analysts the ability to effectively manage U.S. Government finances for the IRS and respond to audit requests in support of a clean audit opinion.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$31,574,976
Life-cycle Cost: \$482,838,476

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Enables the IRS to make informed and timely performance-based business and budgetary decisions.
- Eliminates redundant data management by providing a single master data repository.

How performance will be measured and evaluated:

- Complete monthly financial close process and submit Treasury Information Executive Repository (TIER) report within 3 days after month end;
- The number of calendar days required to run cost assessment allocation cycles for internal and external customers;
- The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services;
- Obtain clean audit opinion from GAO; and
- Percentage of end user issues (aka, Priority 1 and Priority 2 tickets, equating to severity) eliminated or remediated within timeframes established in the approved Service Level Agreement.

Integrated Submission and Remittance Processing System

The Integrated Submission and Remittance Processing (ISRP) system is a mission-critical operations and maintenance project that processes tens of millions of tax returns and deposits billions of dollars to the U.S. Treasury on a yearly basis. ISRP is an integrated suite of hardware, software, and network components that provides the interfaces for data entry perfection and transmission of data to IRS Corporate data storage. ISRP Data Entry Operators enter the

information from various paper documents that are then converted into electronic data used by downstream operations such as Financial Information Systems. ISRP also updates tax forms to comply with legislative changes in tax laws.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$23,521,379
Life-cycle Cost: \$191,856,671

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Processes tens of millions of “paper” tax returns supporting the core business of IRS.
- Processes billions of dollars of remittances to the U.S. Treasury on a yearly basis.

How performance will be measured and evaluated:

- The percentage of daily ISRP deposits made in accordance with Internal Revenue Manual (IRM) 3.0.275;
- Production Problem Resolution and Reporting - Number of high priority trouble tickets (P1) not closed within 4 hours;
- System Availability (Uptime) - Percent of up time hours (actual uptime hours/planned uptime hours);
- Production Problem Resolution and Reporting - Number of priority trouble tickets (P2) not closed timely within 24 hours; and
- Scanner/ Transport Hardware Response Timeliness – Percentage of Priority Trouble Tickets (P1) Maintenance Response within 2 hours.

IRS End User Systems and Services

The End User Systems and Services (EUSS) program supports the IRS’s day-to-day end user products, services, and support for over 100,000 IRS employees at headquarters and field sites.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$380,575,962
Life-cycle Cost: \$1,683,601,065

The projected useful life of the current asset: estimated 2025.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The EUSS investment is 100 percent O&M funded for FY 2014.

The anticipated benefit(s) of the investment:

- Provides the IT infrastructure to allow the IRS to process tax returns, collect revenue, and issue refunds;
- Decreases the obsolescence rate of “in use” assets;
- Optimizes use of technology and tools allowing incidents to be resolved remotely; and
- Equips high-mobility employees with tools and technologies for network connectivity from off-site locations.

How performance will be measured and evaluated:

- Obsolescence Asset Quantity - Percentage of obsolete UNS assets (those assets that are beyond end-of-life) identified as "in use" on the asset record. This includes nine groups of equipment. *If UNS improves the delivery of end user equipment, the organization should experience a decrease in the obsolescence rate of "in use" assets;
- Remote Closures - Percentage of incidents resolved remotely using a service delivery process that optimizes the use of technology and tools;
- Service Desk Speed of Answer - Average time a customer is waiting in the Service Desk queue before reaching a Service Desk Representative;
- Aircard Deployment - Number of wireless aircards provided to high-mobility employees for network connectivity from off-site locations; and
- First Contact Resolution - Percentage of calls and incidents resolved on first contact with the customer.

IRS Mainframes and Servers, Services and Support

The Mainframes and Servers, Services and Support (MSSS) program provides for the design, development, and deployment of server, middleware and large systems as well as enterprise storage infrastructures, including systems software products, databases and operating systems for these platforms.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$809,621,304

Life-cycle Cost: \$6,015,836,109

The projected useful life of the current asset: estimated 2025.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The MSSS investment is 100 percent O&M funded for FY 2014.

The anticipated benefit(s) of the investment:

- Enables the IT infrastructure to allow the IRS to process tax returns, collect revenue, and issue refunds;
- Provides 24x7 IT Operations and Maintenance to all Tier I and Tier II production systems responsible for the daily operation of the IRS batch and online processing environments;
- Ensures server computer resources maintain sufficient capacity to meet system functional and performance demands; and
- Develops, installs, maintains, and modifies the infrastructure required for various ongoing Tax Processing Unisys mainframe systems.

How performance will be measured and evaluated:

- The percentage of Server Environment Virtualized;
- The percentage of Uptime for the ACS, ICS and IDRS Databases;
- The success Rate Percentage for Automated Deployment of Infrastructure Component Packages to Production - Using the Package Based Promotion Tool;
- The number of Standard Employee IDs with Elevated Access are Reduced; and
- The percentage of Priority Tickets that are Triaged/Resolved by Service Operations Command Center Systems Administrators.

IRS Telecommunications Systems and Support

The TSS program falls under the jurisdiction of the Users and Networks Services (UNS) organization that is responsible for the management of voice and data networks, video services and engineering throughout the IRS. This includes providing remote access, voice telephony, voicemail, contact centers, cell phones, pagers, and video conferencing. UNS network is composed of wide area networks, local area networks, servers, switches, and control devices. The investment supports the IT Infrastructure services regarding the Federally mandated transition to IPV6.

Network Convergence replaces aged voice, voicemail, and video infrastructure, and combines these services on a common network. It provides operational efficiencies, supports agency initiatives to reduce real estate (through projects including the shared workspaces initiative, universal workspace design, home as point of duty), and reduces risks posed by aged legacy assets. The Video Conferencing System (VCS) infrastructure has aged devices that need replacing. The original equipment manufacturer no longer supports these devices. The VCS refresh initiative is in alignment with the IRS's Sustaining Infrastructure goal to retire aged assets and reduce obsolescence enterprise-wide. Enterprise e-Fax provides desktop fax capability to IRS employees nationwide. The fax capability will help support decreases in paper, hardware, and toner costs and help support telework related initiatives.

UNS manages a large-scale contact center infrastructure to assist its customers with tax-related problems and questions. It is in the planning stages of upgrading the existing Aspect Automated Call Distributor (ACD) platforms. ACDs distribute calls among local and remote agents at 30+ centers within the United States and Puerto Rico. The ACD platforms are reaching end-of-life and need replacing. Replacement will provide features necessary to replicate primary functionality of the ACDs, while supporting integration with the existing application and other Contact Center production systems.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014:	\$594,080,041
Life-cycle Cost:	\$2,583,274,476

The projected useful life of the current asset: estimated 2021.

Timeframe for the DME or O&M phase of the investment for FY 2014:

The TSS investment is 100 percent O&M funded for FY 2014.

The anticipated benefit(s) of the investment:

- Provides the IT infrastructure to allow the IRS to process tax returns, collect revenue, and issue refunds;
- Supports agency initiatives to reduce real estate (through projects including the shared workspaces initiative, universal workspace design, and home as post of duty);
- Reduces risks posed by aged legacy assets; and
- Supports the IRS's Sustaining Infrastructure goal to retire aged assets and reduce obsolescence enterprise-wide.

How performance will be measured and evaluated:

- Internet Access Availability - Average availability of the IRS to be able to reach a select number of external websites through the three Common Communications Gateways (CCG);
- LAN Availability - Availability based on Knowledge Incident Service Asset Management (KISAM) tickets and the customer impact on making the network available. Percent is derived from total number of hours per month X total number of sites/hours a site is not available;
- WAN Availability - Availability based on KISAM tickets and the customer impact on making the network available. Percent is derived from total number of hours per month X total number of sites/hours a site is not available;
- Percent of GSP compliance - Guidance's, Standards, and Procedures (GSP) - UNS Router/Switch GSPs exist to ensure standardized security configurations for the network devices used in the IRS User & Network Services. NetDoctor is the enforcement tool used for ensuring GSP compliance. It enforces the GSP rules against the IRS's network device configurations;
- Total Network Usage (as a percentage of capacity) Average - Target is greater than or equal to 15 percent - It is the average of all sites based on bandwidth in and bandwidth out. Capacity is determined to ensure the IRS correctly sizes TNet circuits to accommodate user's needs - too small a circuit means the network slows down. Too large means the IRS pays for unused capacity; and
- Total Network usage (as a percentage of capacity) Peak - Target is less than or equal to 65 percent - It is the average of all sites based on bandwidth in and bandwidth out. Capacity is determined to ensure the IRS correctly sizes TNet circuits to accommodate user's needs - too small a circuit means the network slows down. Too large means the IRS pays unnecessary expenses for unused capacity.

IRS.gov - Portal Environment

The Integrated Enterprise Portals (IEP) are critical to the IRS mission and foundational to IRS electronic tax administration and to IRS business operations. IRS has adapted these mission-critical systems over the years to meet the changing needs of the tax paying population; however, current portal design limitations and available systems capacity will not meet the needs of the future investment portfolio. The new IRS IEP will provide seamless one-stop, web-based services to internal and external users, such as taxpayers, business partners, IRS employees, and other Government agencies. The objective of the new portal project is to continue to maintain and operate secure and reliable portals to meet the goals of the agency by competitively acquiring managed services for the establishment and management of a new infrastructure, hosting, help desk, content management, search, and reporting solution, and the transition of the existing portal capabilities and services to the new IRS Web environment transparent to external users. By transitioning both to the new Integrated Enterprise Portal (IEP) environment, it improves the IRS capability to increase IT services to meet the changing needs of the taxpaying

public. The IRS will build the new IEP environment in phases with the final phase to be completed FY 2013.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014:	\$130,986,829
Life-cycle Cost:	\$612,032,567

The projected useful life of the current asset: estimated 2020.

The anticipated benefit(s) of the investment:

- Improves web environment, efficiencies, effectiveness, quality, and process maturity.
- Provides visibility into program cost drivers.
- Delivers year over year unit cost reductions to the IRS.

How performance will be measured and evaluated:

- The percentage of the calls answered by Help Desk representative within 40 seconds. Providing a public facing web portal environment availability of 99.99 percent that allows taxpayers to meet their tax obligations timely.
- Web portal environment is available 99.99 percent to meet the internal user's needs with minimum interruption.
- The percentage of the e-mails responded to within 24 business hours with scripted e-mail response.
- The percentage of all new applications successfully deployed in the IRS.Gov production environment within five business days, must equal 100 percent.

Modernized e-File

The Modernized e-File (MeF) system is a mixed life-cycle investment that is the primary system to receive and process all tax returns submitted electronically. When MeF receives an electronic tax return, the system determines if it satisfies the acceptance rules required for further processing.

One of the benefits of MeF is the extensive error checking and data validation that occurs before the return is fully processed. MeF creates an acknowledgment telling the transmitter that the return was either accepted or rejected, and it provides information about the cause(s) of rejection. This acknowledgment is generally available to the transmitter within minutes of tax return submission. MeF forwards accepted returns to IRS systems used for processing tax returns. If MeF rejects a return due to errors, the transmitter can correct the identified issues and re-submit. These up-front checks help ensure successful processing of returns by downstream tax systems.

The MeF Program provides a secure, web platform for electronically filing tax and information returns by registered Electronic Return Originators (ERO). This system uses a browser-based and application-to-application solution to provide ERO end users with optimized return filing. MeF is becoming the primary system for electronic filing of business and individual tax returns and forms.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014: \$139,790,105

Life-cycle Cost: \$575,302,667

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

- Beneficiaries include the tax preparation community and the taxpayers they represent;
- Benefits large corporations and tax-exempt organizations that are required at a specific asset threshold to file their tax returns or annual information returns electronically by reducing the handling/mailing of voluminous paper returns that sometimes exceed 700 attachments/schedules;
- Extensive error checking and data validation that occurs before the return is processed; and
- The system delivers tax returns that do not pass these error checks to the transmitter for correction. These up-front checks help ensure successful processing of returns by the downstream tax systems.

How performance will be measured and evaluated:

- The percent of business tax returns processed electronically by MeF;
- The average number of minutes within which electronic filers receive acknowledgement of their electronically filed tax returns;
- The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services;
- Error rate for electronically filed tax returns;
- The percentage of individual tax returns processed electronically; and
- Total quarterly cost savings derived from electronically filed tax returns.

Service Center Recognition/Image Processing System

The Service Center Recognition/Image Processing System (SCRIPS) is a major paper input processing system specifically designed to automate the processing of Information Return Processing (IRP) forms, Schedule K-1's (Forms 1041 K-1, 1065 K-1, and 1120 K-1), Form 941 (and associated Schedules B and Schedule R), and Form 940 (and associated Schedule A and Schedule R). SCRIPS scans and stores images of all tax documents processed, saving time by converting the scanned images and data to computer-readable code and providing hardcopy images when requested. This is accomplished using the Optical Character Recognition/Intelligent Character Recognition (OCR/ICR) engine in addition to utilizing 2D bar code recognition that optimizes and automates data entry of the taxpayer data.

SCRIPS is one of the front-end input systems that operates at four IRS Submission Processing Centers where the IRS receives, sorts, and sends forms to the scanning areas. SCRIPS sends the electronic taxpayer data to the IRS downstream tax processing systems, including Generalized Mainline Framework (GMF) and Master File for posting to the IRS database, and also Service-Wide Employment Tax Research System (SWETRS) and Statistics Of Income (SOI) for compliance. The IRS archives and retains the images on the system. IRS Customer Service Representatives can request hard copies of images through the IDRS.

The immediate cost (defined as the base FY 2013 budget plus the FY 2014 request) as well as the full life-cycle cost of the asset:

FY 2013 - FY 2014:	\$19,399,137
Life-cycle Cost:	\$194,979,712

The projected useful life of the current asset: estimated 2019.

The anticipated benefit(s) of the investment:

SCRIPS scans and stores images of all tax documents processed, saving time by converting the scanned images and data to computer-readable code and providing hardcopy images when requested.

How performance will be measured and evaluated:

- The average number of tax return-related documents processed per hour (for all sites);
- Maintain a character recognition error rate on scanned forms of no more than 4 percent per month;
- The percentage of time the SCRIPS system is available per month for processing (system up-time);
- Number of High Priority (P1) trouble tickets not closed within 4 hours;
- Number of Moderate Priority (P2) trouble tickets not closed within 24 hours; and

- The percentage of tax return image print requests fulfilled within 2 days.

Criminal Investigations (CI) Capital Assets

These capital assets are used to protect CI special agents from threats and bodily injury when performing their law enforcement duties including conducting investigations concerning alleged criminal tax fraud violations, financial crimes, and other related offenses. CI special agents use law enforcement vehicles to conduct or participate in surveillance, armed escorts, undercover operations, execution of search and arrest warrants, seizures, etc.

Security Equipment

The IRS purchases security equipment such as cameras, digital video recorder system (DVRs), access control panels, and card readers. The IRS uses facility-specific security assessments to prioritize asset needs and develop criteria for replacing equipment in a given facility. Additionally, emergency needs arise over the course of the year. These needs are ranked and funded according to the effect the equipment has on the overall security posture.

Performance is measured through security reviews, testing, and the assessment of individual facilities for their overall security posture using a number of criteria including location, size, number of employees, and type of work done in the facility. These criteria are used to develop an overall security posture. This posture is then compared to existing equipment in the facility to determine additional needs. If a facility has a large divergence from the posture, equipment is ordered. Reviews are done on a regular basis to measure and evaluate performance.

The useful life of security equipment is usually five years. The need for equipment can arise at any time, such as when employees are moved into a new building, during internal moves, or intermittently when equipment needs to be replaced. The benefit of this capital asset investment is that it supports the IRS priority to provide a safe and secure environment for its employees, equipment, and facilities.

Leasehold Improvements

Many projects undertaken by IRS entail the design, alteration, and furnishing of space either upon acquisition, at lease renewal, or for other purposes, such as supporting space consolidation or reduction. The portion of the project that is captured as a capital asset is reflected in OMB Object Class 3200, Land and Structures, and includes alterations to buildings; fixtures such as elevators, plumbing, power-plant boilers, fire-alarm systems, lighting, heating systems, air-conditioning systems, flooring, and carpeting. The total figure is a sum of the expenditures in that object class for all IRS projects in that particular year.

The IRS employs a scheme to rank projects in priority order and keeps a comprehensive list of projects across the territories. Projects are considered based on the critical need for the project. Projects approved but not funded in the current year are deferred to the following year. Proposed projects are identified throughout the year and are prioritized and added to list as appropriate.

Performance is measured utilizing the following measures:

- Project Spend per total rentable square feet (RSF) in Portfolio;
- Project Spend per usable square feet (USF) on Closed Projects;
- Total USF Touched by Projects; and
- Percent of Total USF Under Management; Percent Customers Satisfied With Completed Space Projects.

The useful life of these alterations is usually five years or the remaining fixed term of the lease. The fixed term of most leases is five years, with options to renew or to extend for some additional period. The need for alterations can arise at any time, including, but not limited to:

- Adding personnel workspaces;
- Consolidating functions; and
- Addressing other space issues.

The benefit of these alterations is that they provide the means for the business unit occupants to perform their mission efficiently and in user-friendly space. In some cases, a portion of the investment may provide a savings such as in the area of energy consumption.

[A summary of capital investment resources, including major information technology and non-technology investments](#) is available.