

Internal Revenue Service

FY 2018

Capital Investment Plan

*Treasury guidance requires five years of investment data for most IT investments. However, cybersecurity and non-major IT investments are not required to provide this level of detail. In addition, Treasury gives discretion to Bureaus on what level of detail to provide for out-year cost data. Due to this, there is some variability in the presentation of out-year cost estimates in this document.*

**Bureau:** IRS

**Investment Name:** Account Management Services (AMS)

**Type of Investment:** Major IT Investment

**Description:**

AMS is a major strategic investment that delivers improved customer service to over 37,500 IRS end-users by providing the tools necessary to access tax information quickly and accurately.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	23.27	0.00	0.00	0.00	0.00	0.00	N/A	N/A	<b>23.27</b>
O&M Costs	112.09	17.21	16.46	16.80	16.80	16.80	N/A	N/A	<b>196.16</b>
<b>Total Costs</b>	<b>135.36</b>	<b>17.21</b>	<b>16.46</b>	<b>16.80</b>	<b>16.80</b>	<b>16.80</b>	<b>N/A</b>	<b>N/A</b>	<b>219.43</b>

  

Number of FTE	653.40	83.21	79.30	79.30	79.30	79.30	N/A	N/A	1053.81
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**Summary of Purpose, Goals, and Benefits:**

Account Management Services (AMS) is a program that delivers improved customer support for managing taxpayer accounts by leveraging existing IRS applications. In 2006, IRS developed a strategy to use, retain, and provide real-time access to account data regardless of location in the current processing environment (CPE) or modernized data sources. Using a phased release strategy, AMS was able to validate this approach during its initial deployment in October 2007 using a service-oriented architecture implementation to access both CPE and Customer Account Data Engine (CADE). In 2009 the Desktop Integration (DI) system was integrated into AMS and the Correspondence Imaging System (CIS) became an inventory within AMS. AMS was fully deployed in December 2010 and is now in the Operations and Maintenance phase.

AMS provides interfaces to multiple systems for employees at one computer terminal. The AMS application provides IRS employees the ability to access and update taxpayer accounts quickly, provides data presentation services to display and validate changes/updates for taxpayer accounts, facilitates management actions/activities (such as work assignments, transfers, case creation and closures, and generation of letters to taxpayer) and making case information readily available for decision making and reporting, provides the front-end applications for adjustments, penalties, interest, abatements, credit and debit transfers, name and address changes, bankruptcies, installments agreements, changes to the automated treatment streams and many

other taxpayer account-related functions required for customer service and compliance. It also provides the functionality to monitor taxpayer accounts for follow-up activity or deferred actions.

AMS supports Goal 3 of the strategic goals Treasury set forth for fiscal years 2014-2017: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems; Strategic Objective 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code.

**Return on Investment:**

The Account Management Services (AMS) application provides a variety of research and case management tools for approximately 37,500 IRS employees. The AMS system also provides both large-scale inventory management at the enterprise level and customized workflow management at the individual case level. IRS customer service representatives (CSRs) utilized AMS while answering over 5.13 million taxpayer phone calls from Oct 1, 2015 - Jan 31, 2016. CSRs depended on AMS to provide detailed account history and other online tools (i.e., tax return view, worksheets and checklists) in order to respond to taxpayers efficiently and effectively. Further, from 1,629,000 documents were scanned into the AMS system during from Oct 1, 2015 - Jan 31, 2016 providing employees with electronic copies of taxpayer correspondence. AMS created 3,126,243 CIS cases and users closed 3,092,127 CIS cases during this period.

IRS has begun work to identify other legacy systems for possible retirement within the next 5 years; these systems include those associated with case types Pre-Refund, Examinations, and Collections. AMS has several electronic inventories providing IRS business organizations with case workflow automation and mobility. The electronic inventories are systemically delivered to all ten IRS campuses allowing the IRS to manage taxpayer accounts and to balance employees' workload.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* Treasury Strategic Plan 2014-2017 Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems: Strategic Objective 3.3 - Pursue tax reform, implement the Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code. AMS provides IRS employees the ability to access and update taxpayer accounts quickly and accurately on demand, providing data presentation services to display and validate changes/updates for taxpayer accounts, and making case information readily available for decision making and reporting. AMS provides the front-end applications for adjustments, penalties, interest, abatements, credit and debit transfers, name and address changes, bankruptcies, installments agreements, changes to the automated treatment streams and many other taxpayer account-related functions required for customer service and compliance.

*Presidential Priority:* N/A

*Other Requirement:* N/A

## **Accomplishments and Future Objectives:**

(PY) 2016

- The project delivered Health Coverage Tax Credit (HCTC) in support of Filing Season 2016. In November 2015, AMS Imaging implemented multiple HCTC changes related to the HCTC Category Code. The changes were to remove HCTC logic on IMF document types, IMF Carrybacks, and at the same time add new HCTC logic related to 1040X amended returns, IMF Correspondence and 4442 document types.
- The Filing Season 2016 release, including ACA 7.0 functionality, completed Systems Acceptability Test (SAT) and User Acceptance Test (UAT) and was deployed to Production timely.
- Lifecycle activities for the AMS 2016 Midyear release started on time. Maintenance support to keep the investment functioning as designed is ongoing.

FY 2017 Current Year

- Deliver modifications in support of legislative and filing season tax year changes.
- Upgrade AMS infrastructure, including hardware and Commercial Off The Shelf (COTS) product software upgrades.
- Maintain investment to keep asset functioning as designed and maintain high performance record.

BY 2018

- Deliver modifications in support of legislative and filing season tax year changes.
- Upgrade AMS infrastructure, including hardware and COTS product software upgrades.
- Maintain investment to keep asset functioning as designed and maintain high performance record.

## **Details of Useful Life Period:**

*Year the investment began:* 2009

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB*

*Circular A-131.:* This investment covers ongoing functionality with no clear retirement date.

IRS uses the 5-year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Accuracy of adjustments and responses to Taxpayer Correspondence. Percent of adjustments to taxpayer accounts and answers to taxpayer issues provided by correspondence units which are accurate.	Customer Satisfaction (Results)	Over target	Monthly	percent	89.00	88.00	04/07/2017
AMS Core Application Availability - The percentage of uptime that the AMS system is available for AMS users. The AMS Core Application allows all AMS users to handle a variety of Accounts Management actions. This measure indicates the percentage of scheduled up-time that the application is available to IRS employees. This technical measure considers the application servers and the infrastructure components of the AMS Core Application.	Strategic and Business Results	Over target	Monthly	percent	96.00	95.30	04/07/2017
AMS Imaging Inventory Application Availability - The AMS Imaging Inventory is used by over 8000 users to respond to taxpayer correspondence. This measure indicates the percentage of	Strategic and Business Results	Over target	Monthly	Percentage	96.00	100.00	03/08/2017

<p>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.</p>							
<p>AMS Databases Availability - This technical measure indicates the percentage of scheduled up-time of the four AMS databases that provide the data needed by AMS users.</p>	<p>Strategic and Business Results</p>	<p>Over target</p>	<p>Monthly</p>	<p>Percentage</p>	<p>96.00</p>	<p>99.00</p>	<p>04/07/2017</p>
<p>The projects' actual costs will not exceed the budget allocation in each quarter.</p>	<p>Financial Performance</p>	<p>Under target</p>	<p>Quarterly</p>	<p>Percentage.</p>	<p>0.00</p>	<p>0.00</p>	<p>12/31/2016</p>

**Investment Name:** Affordable Care Act Administration

**Type of Investment:** Major IT Investment

**Description:**

The ACA investment encompasses the planning, development, & implementation of IT systems needed to support IRS' tax administration responsibilities associated with key provisions of the ACA legislation. ACA was previously listed as 015-000000285.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	1228.77	142.52	32.88	0.00	0.00	0.00	N/A	N/A	1404.17
O&M Costs	112.42	110.52	203.61	226.06	217.02	208.34	N/A	N/A	1077.96
<b>Total Costs</b>	<b>1341.19</b>	<b>253.04</b>	<b>236.48</b>	<b>226.06</b>	<b>217.02</b>	<b>208.34</b>	<b>N/A</b>	<b>N/A</b>	<b>2482.13</b>

  

Number of FTE	2469.10	514.01	454.40	387.40	371.90	357.03	N/A	N/A	4553.84
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**Summary of Purpose, Goals, and Benefits:**

The Affordable Care Act (ACA) Administration investment encompasses the planning, development, and implementation of IT systems needed to support IRS tax administration responsibilities associated with key provisions of the ACA legislation. The work is organized into releases that deploy functionality to meet key legislative dates. Each release encompasses multiple projects that need to be delivered at a specific point in time.

ACA 1.0 through 7.0, already in production, includes the design and deployment of new systems, along with changes to existing IRS IT infrastructure. These releases support new taxes, credits, and fees, such as the Small Business Health Care Tax Credit, Branded Prescription Drug Industry Fee, Excise Tax on Medical device Manufacturers, Hospital Insurance Tax, and Insurance Provider Fee. These releases also provided the technical solution to support Health Insurance Marketplace open enrollment in the fall of 2013 and thereafter on an annual basis, along with IRS pre-filing and post-filing compliance activities. These releases also expand information return processing and capabilities needed for compliance processing. New IT systems deployed include the ACA Coverage Data Repository, Income and Family Size Determination, Information Sharing and Reporting, Premium Tax Credit (PTC), ACA Information Returns, ACA Verification Service, ACA Compliance Validation, and acceptance and validation of new ACA Information Returns 1094/1095 A/B/Cs.

Current work focuses on ACA 7.1 which will provide expanded post-filing compliance of Applicable Large Employers (ALEs) who have failed to offer coverage to full time employees. To ensure consistent treatment of taxpayers for these compliance activities, this release will develop a new enterprise common service to perform data reconciliation and perfection activities of the ACA Information Returns.

**Return on Investment:**

This investment allows the IRS to fulfill its responsibilities under the ACA legislation. However, there are many internal and external benefits of the program. IRS has the ability to verify household income and family size to support calculation of Premium Tax Credit (PTC); the ability for individuals and preparers to estimate potential penalties for non-coverage; a single, consistent source for all ACA-related data; a common infrastructure for data access which has allowed for faster response times; standardized methodology for secure, stable connectivity between IRS and Health and Human Services (HHS); and a seamless customer service experience for the individual.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** The work of the IRS IT ACA Program Management Office (ACA PMO) addresses specific legislative mandates in ACA.

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** IRS supports the Department of Treasury Strategic Goal #3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems. One of the strategic objectives of this goal centers on the implementation of the ACA. Strategies to carry out this objective include developing and publishing guidance on ACA tax provisions, including tax credits, revenue provisions, and market reforms; strengthening refund fraud prevention through advancements in automation and providing prompt assistance to support victims of identity theft; strengthening partnerships with tax practitioners, tax preparers, and other third parties to ensure effective tax administration; and providing taxpayers with targeted, timely guidance and outreach.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

**Accomplishments and Future Objectives:**

For the Prior Year (FY 2016), ACA focused on Releases 6.1 through 7.1. The objectives included:

- ACA 6.1 supported initial post-filing compliance activities through a new system, ACA Compliance Validation.
- ACA 6.2 supported electronic acceptance and validation of Information Returns 1094/1095 B/Cs for the initial voluntary year
- ACA 7.0 expanded information return processing and capabilities needed for compliance processing by enhancing ACA Information Returns (IR) validations, expanding intake and validation for paper/electronic submissions of ACA IR and handling duplicate and replacement IRs.
- ACA 7.1 expands post-filing compliance for 4980H(a) and data analytics supporting business reporting to identify Applicable Large Employers (ALEs) who have failed to offer coverage to full time employees. It will also develop enterprise common service for performing data reconciliation of Information Returns to ensure consistent treatment of taxpayer compliance.

For the Current Year (FY 2017), ACA will continue to focus on Release 7.1.

For FY 2018 and beyond IRS will continue to support the operations of ACA 1.0 through 7.1,



already in production, along with maintenance and enhancements to existing IRS IT infrastructure. In addition, the IRS will integrate ACA-related post-filing compliance case management for examination, audit, collections, and appeals.

**Details of Useful Life Period:**

*Year the investment began:* 2010

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses a 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Percent of successful transactions.	Strategic and Business Results	Over target	Monthly	Percentage	95.00	98.99	02/28/2017
Response Time Performance - Average Response Time in Seconds.	Customer Satisfaction (Results)	Under target	Monthly	Seconds	5.00	0.31	02/28/2017
ACA applications in production requiring software code changes via P1/P2 defects. Note: Applications in production requiring no more than three P2 defects and zero P1 defects. Yellow Threshold is 4 P2 Defects and Red Threshold is 8 P2 defects or any P1 defect.	Customer Satisfaction (Results)	Under target	Monthly	Number	3.00	0.00	02/28/2017
Branded Prescription Drug Fee - Statutory "Allocated Amount" Collected.	Strategic and Business Results	Over target	Annual	Percentage	100.00	100.00	09/30/2016
End-to-End Metric - Branded Prescription Drug.	Strategic and Business Results	Over target	Monthly	Percentage	97.00	99.99	02/28/2017
Annual Overall Cost Variance	Financial Performance	Under target	Annual	Percentage	5.00	-13.96	09/30/2016

**Investment Name:** Customer Account Data Engine 2 (CADE 2)

**Type of Investment:** Major IT Investment

**Description:**

The Customer Account Data Engine (CADE 2) Program's purpose is to implement a single, data-centric solution which provides daily processing of taxpayer accounts and addresses financial material weaknesses to maintain IRS' clean audit opinion.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	916.32	176.63	121.85	30.00	30.51	31.04	31.57	32.11	<b>1370.02</b>
O&M Costs	16.08	5.99	13.08	13.35	13.49	13.64	13.79	13.94	<b>103.35</b>
<b>Total Costs</b>	<b>932.39</b>	<b>182.61</b>	<b>134.93</b>	<b>43.35</b>	<b>44.01</b>	<b>44.68</b>	<b>45.36</b>	<b>46.05</b>	<b>1473.37</b>

Number of FTE	1609.95	175.83	223.50	123.41	123.41	123.41	123.41	123.41	2626.33
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**Summary of Purpose, Goals, and Benefits:**

CADE 2 was chartered in 2009 to enable the IRS business to provide 21st century technology and digital services to the taxpayer and more timely compliance. This data-centric solution is critical for the IRS to achieve its Strategic Goals. The CADE 2 solution is an authoritative database for individual taxpayer data that will transform the way the IRS approaches tax administration into the future.

CADE 2 goals are to: 1) establish one authoritative source for taxpayer data by leveraging a relational database and daily processing capability; 2) continue IT modernization efforts so business processes can be realigned to enable better taxpayer service and more timely compliance; 3) address the Financial Material Weakness (FMW), demonstrate compliance with Federal Financial Management System Requirements (FFMSR), and maintain a clean audit opinion; and 4) improve the IRS' security and privacy posture by addressing identified weaknesses.

Transition State 1 (TS1) and TS1.5 built and initialized the CADE 2 database in production. In doing so, the IRS took a major leap forward from a technology standpoint, accelerating the returns processing cycle from weekly to daily, and moving the management of individual taxpayer account data from 1960s sequential flat-files stored on magnetic tapes to state-of-the-art database technology. This is accomplished by updating individual taxpayer account data daily in relational formats dictated by a data model that maintains historical values never before retained on account transactions, with instant viewing of taxpayer account data by IRS customer service and other representatives. TS1 offers faster refunds and notices, faster payment postings, and improved service for taxpayers.

In TS2, the IRS is reengineering core components of the Individual Master File (IMF) by applying modern programming languages; 2) establishing CADE 2 as the authoritative data source for financial and legal purposes; and 3) implementing functionality to address the IRS FMW over unpaid tax assessments for individual taxpayer accounts. The current schedule for TS 2 has multiple releases over the next three years with the final release slated to begin in January 2019.

### **Return on Investment:**

Through CADE 2, the IRS is modernizing its tax processing capabilities so they are more in line with industry standards. As IRS' data-centric foundation, CADE 2 will enable better management of taxpayer dollars, tracking of taxpayer relationships and storage and reporting of accurate account balances. This Return on Investment is being realized incrementally as each piece of functionality within the transition states is deployed. CADE 2 will bring about many expected benefits for Taxpayers and the IRS, many of which are already being realized. As of July 2016, CADE 2 posted 145 million returns and issued more than 111 million refunds totaling \$304 billion. CADE 2 also enabled those refunds to be issued more rapidly. Since the conclusion of Transition State 1, daily processing of data has allowed for more efficient taxpayer issue resolution by making data available to IRS Customer Service Representatives faster and allowing taxpayers to address issues faster. Additional taxpayer benefits include: reduced compliance burden by enabling increased web-based self-service tools over time to provide taxpayers real-time access to up-to-date account information; better access to data and analytical tools by leveraging a relational database, which provides more granular, historic and timely data, and increases the IRS' ability to analyze, research, and respond to fraud and identity theft.

CADE 2 will benefit the IRS by enabling increased agility in response to changing taxpayer priorities and legislation; reduced IT costs and complexity; reduced workforce risk; enhanced analytics and reporting to greatly improve compliance and issue resolution; and reduced burden of manually intensive processes on IRS employees by enabling automated calculations that have never before been possible. CADE 2 will yield fiduciary benefits by enabling the IRS to address the Unpaid Assessments FMW for individual taxpayers, demonstrate compliance with Federal Financial Management System Requirements (FFMSR), maintain a clean audit opinion, and establish a data-centric foundation to better manage more than \$3 trillion in revenue.

### **Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** TIGTA Audit (201010022) to address an unpaid assessments material weakness. As part of Transition State 2, the IRS will transition its core taxpayer account processing applications to leverage the benefits of the new CADE 2 relational database. Upon completion of TS2, CADE 2 will become the authoritative source for individual taxpayer account data for the IRS, providing the processing platform to mitigate the IRS's long-standing Unpaid Assessments FMW and ensuring long-term viability of IRS tax processing systems.

***Agency Strategic Plan / Annual Performance Plan:*** This investment supports Treasury Strategic Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems; Objective 3.3 Pursue tax reform, implement the Patient Protection,

Affordable Care Act, Foreign Account Tax Compliance Act, and improve the execution of the tax code.

**Presidential Priority:** N/A

**Other Requirement:** N/A

**Accomplishments and Future Objectives:**

The CADE 2 database now retains expanded history starting from FS2015 for approximately two billion taxpayer records. The program is currently moving dozens of financial reports and data feeds from the IMF to the CADE 2 database. In addition, the program recently launched the Operational Data Store (ODS), which makes historical and up-to-date taxpayer data more readily available. The program also continued efforts to improve penalty and interest calculation consistency and accuracy, resulting in the Government Accountability Office (GAO) identifying no projectable errors during the penalty and interest audit for FY 2016.

IRS has several projects underway in FY 2017. Feed to Integrated Production Model Phase 2 will enhance CADE 2 to IPM interface and data model to update the CADE 2 Operational Data Store (ODS) on a daily basis, improve performance, and enable additional reporting capabilities. The Data Services Framework (DSF) is a set of sharable and reusable IRS-developed common services used to perform data selection, transformation, and output generation. DSF establishes the framework to provide the CADE 2 data to downstream systems in legacy and modernized data. During FY 2018 and beyond, CADE 2 will calculate, store, and leverage enhanced financial information to improve IRS Unpaid Assessment Financial Reporting and address the Unpaid Assessment FMW. The core tax processing business logic that post taxpayer transactions and settle taxpayer accounts utilizing 1960s technology will be retired and replaced with 21st century state-of-the-art Java applications. The CFO Critical Reports project will enable financial and legal interfaces currently reliant on IMF data provided by the 701 program to instead leverage data provided by the CADE 2 database. The Feed to Integrated Data Retrieval System (IDRS) will establish two interfaces between CADE 2 and IDRS, the first creating the daily taxpayer information file extract to IDRS and the second supporting the master file requests/response interface to send individual taxpayer accounts to IDRS. The Refunds Project will establish an interface from the CADE 2 database to IMF post-settlement runs, which will continue to generate refund files and the Net Tax Refund Report, thus allowing CADE 2 data to be used for refund generation.

**Details of Useful Life Period:**

***Year the investment began:*** 2009

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB***

***Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date.

CADE 2 is using a 5-year standard Period of Performance (POP) - Lifecycle not applicable to the overall investment.

## **Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Faster Refunds. The percentage of business days refunds (paper and electronic) were processed timely.	Financial Performance	Over target	Monthly	Percentage	95.34	100.00	03/30/2017
Daily Updates to IDRS. The percentage of business days in which updates to IDRS are processed within 48 hours by CADE 2.	Customer Satisfaction (Results)	Over target	Monthly	Percentage	98.00	100.00	03/30/2017
CADE 2 Database. The percentage of business days in which the Service is pointing to CADE 2 data in lieu of the Virtual Storage Access Method (VSAM) files which is how Individual Masterfile (IMF) data is stored/viewed. If CADE 2 data is not available for Individual Master File On Line (IMFOL) on a daily basis, then services will point to VSAM instead of CADE 2. This measures the availability of CADE 2 data.	Strategic and Business Results	Over target	Monthly	Percentage	98.00	100.00	03/30/2017
CADE 2 Production Validation. The production validation to ensure the data in the CADE 2 database matches the data in the Individual Master File (IMF). This measure tracks the number of times the data does not validate.	Strategic and Business Results	Under target	Annual	Number	1.00	0.00	03/30/2017
Feed to IPM. Percentage of timely updates from the CADE 2 Database to the Operational Data Store (ODS) for data analytics.	Strategic and Business Results	Over target	Monthly	Percentage	98.00	100.00	03/30/2017

**Investment Name:** e-A3 (Authentication, Authorization, Access)

**Type of Investment:** Major IT Investment

**Description:**

eA3 provides Secure Access to IRS Web based applications and data. eA3 is a new program that combines the eAuth (in Production), eAuth (in design phase), and eAccess (in conceptual phase) projects. Will manage secure access, application and data.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	0.00	0.86	7.22	13.00	13.15	13.30	13.45	13.60	74.56
O&M Costs	0.00	0.03	0.97	0.99	1.00	1.02	1.03	1.05	6.10
<b>Total Costs</b>	<b>0.00</b>	<b>0.89</b>	<b>8.19</b>	<b>13.99</b>	<b>14.15</b>	<b>14.32</b>	<b>14.48</b>	<b>14.65</b>	<b>80.66</b>

  

Number of FTE	0.00	0.91	7.34	7.34	7.34	7.34	7.34	7.34	44.95
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**Summary of Purpose, Goals, and Benefits:**

The IRS has been increasing using the Internet as a channel to provide services to the taxpayers and other stakeholder entities. The IRS requires that these services be delivered in such a manner that security and privacy risk is minimized. The primary objective of eA3 is to manages the risk of Identity Theft, fraudulent activity, and improper use of IRS information by enhancing detection and remediation capabilities within the IT Security environment. A key component of security and privacy risk is the manner in which individual users identify (proof) themselves to the system, how they subsequently re-authenticate and access the system. The eA3 Program consists of three projects, eAuthentication (in production), eAccess (in planning) and eAuthorization (in planning).

eAuthentication created one authentication system that all IRS applications can use, eAccess will manage and control the ways in which entities are granted or denied access to the resources of the IRS and verifies if they are authorized to perform a specific action within the system. eAuthorization will provide a mechanism for IRS systems to determine which role a user has and which applications they are allowed access to.

**Return on Investment:**

eA3 provides a shared Enterprise Service/platform that can be used by new and existing, internal and external applications to provide both coarse grain (role based) and fine grain (attribute based) authorization to users and services.

Internal Benefits:

Standardizes authentication and authorization patterns across an Enterprise shared infrastructure  
Reduces the cost because separate authentication systems no longer have to be developed for each application

Reduces overall maintenance cost of infrastructure through development and use of Common Services and APIs

eA3 does not develop application requirements, however testing with applications will take place as they integrate

External Benefits:

eA3 provides Identify Proofing services to Taxpayers and entities that wish to access their IRS information.

Confirms that the individual requesting access is who they say they are, thereby protecting taxpayer's information and privacy.

Reduces cost of operations and maintenance of the IRS by facilitating online services, which will help shift from more costly channels to less expensive self-service ones.

Improve customer experience by standardizing access to IRS applications and enabling more taxpayers to use online applications, such as Online Account, Taxpayer Digital Communications and IRS2Go mobile registration.

Decrease fraud and tax-related crimes.

### **Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** Improved Tax Return Filing and Tax Account Access Authentication Processes and Procedures are needed, Audit Finding #20152000

***Agency Strategic Plan / Annual Performance Plan:*** Service - Deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance.

Enforcement - Effectively enforce the law to ensure compliance with tax responsibilities and combat fraud.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

### **Accomplishments and Future Objectives:**

eAuth Release 1 (R1) was deployed in production in August 2012 as an enterprise identity proofing/authentication framework service with a high-quality customer experience. The IRS procured the Commercial-Off-The-Shelf (COTS) product CA Technologies (CA)-SiteMinder(SM) / IdentityManager (IDM) suite for this purpose. This COTS product suite enables IRS applications to authenticate (ID proof and credential) individual taxpayers in a secure manner consistent with National Institute of Standards and Technology (NIST) Special Publication (SP) 800-63 assurance levels 2 and 3. Additional releases were: R2 which included enhancements to include Out of Wallet verification and protected the initial releases of GetTranscripts Online and IPPIN in January 2014. R2.1 included infrastructure stability improvements, improved validation and Spanish support. R2.2 allowed 3rd party vendors, expanded the capacity to meet business volume, security enhancements and added Online Payment Agreement. R2.3 included more business volume capacity and security and fraud prevention enhancements.

In 2016 the project transitioned to Application Development where it adopted an agile development and implementation approach. Builds in 2016 added phone verification, second



factor SMS tokens, fraud analysis, protection for Federation, ePostcard, Online Account, FATCA QI and Taxpayer Digital Communications, as well as the relaunch of GetTranscripts with a higher level of security.

Future Objectives are: Improving the security and capacity of the enterprise authentication framework. Protecting additional applications, including eServices, ModIEIN, Federal Investigative Service (FIS) and Online Account products. Provide the suite of discrete authentication schemes and their associated workflows that will help deliver full compliance with NIST SP 800.63 Levels 1, 2 and 3 levels of assurance. Generate repeatable integration templates for the common components framework so that the component framework can be utilized across IRS Internet applications where needed with minimum of development cycles. Perform planning and design on eAccess. eAccess works integrally with eAuth to execute the delivery of data and services through specified and authoritative sources. Perform planning and design on eAuthorization. eAuthorization is the function of specifying access rights to resources related to information security and computer security in general and to access control.

**Details of Useful Life Period:**

*Year the investment began:* 2012

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. The IRS uses a 5-year standard Period of Performance Lifecycle not applicable to overall investment.

**Investment Name:** e-Services (e-SVS)

**Type of Investment:** Major IT Investment

**Description:**

e-SVS is a suite of web-based, self-assisted services that allow authorized individuals to do business with the IRS electronically. e-Services products are currently available to tax practitioners, registered agents and other third parties.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	54.45	0.00	0.00	0.00	0.00	0.00	N/A	N/A	54.45
O&M Costs	140.82	9.49	9.99	10.19	10.19	10.19	N/A	N/A	190.86
<b>Total Costs</b>	<b>195.27</b>	<b>9.49</b>	<b>9.99</b>	<b>10.19</b>	<b>10.19</b>	<b>10.19</b>	<b>N/A</b>	<b>N/A</b>	<b>245.31</b>

  

Number of FTE	438.57	33.36	32.80	32.80	32.80	32.80	N/A	N/A	603.13
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**Summary of Purpose, Goals, and Benefits:**

E-Services is a suite of web-based, self-assisted services that allow authorized individuals to do business with the IRS electronically. The e-Services products are currently available to tax practitioners, payers, and other third parties. The services include: Registration, Tax Identification Number (TIN) Matching, e-File Application, Transcript Delivery System (TDS), Return Preparer Registration - Identity Verification Service (RPR-IVS), TIN Validation Enterprise Common Service, Automated Electronic Fingerprinting, and eServices External Services Authorization Management (ESAM).

**Return on Investment:**

Cumulative data from October 1, 2015 through September 30, 2016 current IRS IT Business Value Chart is as follows:

- e-Services Registration: More than 752,129 individuals registered via the Integrated Enterprise Portal (IEP).
  - e-file Application: Processed more than 415,989 Electronic Return Originator Applications for e-File via the IEP and Enterprise User Portal (EUP).
  - TIN Matching: Processed more than 196,888,974 bulk requests and more than 15,797,893 interactive requests.
  - Transcript Delivery System: Processed more than 34,391,759 requests for transcripts via the IEP and more than 32,424,204 requests via the EUP
- Total estimated operational savings (print/mail/labor costs) in excess of \$1,687.1 million for e-File Application, TDS, and address change via the IEP and EUP.
- TIN Matching uncovered more than \$1,213.8 million in potentially unpaid taxes on 1099 income.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** The Restructuring and Reform Act of 1998 stated that the Internal Revenue Service (IRS) should set goals to have a minimum of 80 percent of all Federal tax and information returns filed electronically by calendar year (CY) 2007. eServices provides capabilities for the IRS to manage the process of registering and adjudicating third parties to file electronically federal tax returns and federal tax and ACA information returns.

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** The Treasury Strategic Plan 2014-2017: Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems. Strategic Objective 3.3 - Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code. eServices will support the IRS Strategic Goal of pursuing comprehensive tax and fiscal reform along with increasing voluntary tax compliance by offering electronic services in a web-based environment conducting most of the Internal Revenue Service's transactions with authorized individuals electronically.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

**Accomplishments and Future Objectives:**

As part of Organization and Business Systems Modernization programs, the Internal Revenue Service has reinforced the importance of leveraging the indirect channel of third party relationships to meet its strategic goals of service to each taxpayer, service to all taxpayers, and productivity. Accomplishments: 2016 Re-engineered the current e-File application into Java; 2016 Registration to eAuthentication capabilities migration, ESAM 2.0 (suitability for ACA Information Returns Registration Applications). Future Objectives: 2017 eFile Application capabilities migrated to External Services Authorization Management (ESAM) 3.0 and elimination of PeopleSoft from eServices Infrastructure.

**Details of Useful Life Period:**

***Year the investment began:*** 1999

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Number of transcripts processed through the Transcript Delivery System (TDS).	Strategic and Business Results	Over target	Monthly	Number	3000.00	10763.60	03/31/2017
The percentage of scheduled eServices availability per the approved Service Level Agreement as documented monthly by IRS Enterprise Services.	Customer Satisfaction (Results)	Over target	Monthly	Percentage	96.00	100.00	03/31/2017
Number of Priority 2 tickets opened and are related to eServices applications.	Strategic and Business Results	Under target	Monthly	Number	10.00	0.00	03/31/2017
Number of defect transmittals to the production environment.	Financial Performance	Under target	Monthly	Number	3.00	0.00	03/31/2017
Number of TIN Matching Requests processed through the TIN Matching application	Strategic and Business Results	Over target	Quarterly	Number	3500.00	7461.99	03/31/2017

**Investment Name:** Enterprise Case Management (ECM)

**Type of Investment:** Major IT Investment

**Description:**

This investment will provide an enterprise solution for performing case management functions using a common infrastructure platform and common services that multiple aging and new case management system will leverage.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	4.13	38.11	46.32	0.00	N/A	N/A	N/A	N/A	88.56
O&M Costs	0.00	0.00	0.00	0.00	N/A	N/A	N/A	N/A	
<b>Total Costs</b>	<b>4.13</b>	<b>38.11</b>	<b>46.32</b>	<b>0.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>88.56</b>

  

Number of FTE	11.08	59.71	92.00	0.00	N/A	N/A	N/A	N/A	162.79
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**Summary of Purpose, Goals, and Benefits:**

Enterprise Case Management (ECM) will address the need to modernize, upgrade, and consolidate ECM solutions. The approach to modernizing these systems is to develop an enterprise solution for performing case management functions utilizing a common infrastructure platform, thus reducing long-term costs for the organization. Today, the current systems provide limited visibility of case management practices between programs, process redundancies, and multiple handoffs which can lead to work impediments and increased risk. The case management functions will be developed as common services for systems to share. Implementation of the solution will provide a consistent approach to case management across business units. Preliminary results from the ECM Summit Series identified legacy systems for possible retirement within the next 5 years; these systems include those associated with case types Pre-Refund, Examinations, and Collections. The ECM program will provide the following benefits: Reduced process redundancies to improve transparency and timeliness, and to reduce the risk of systems failure impeding revenue collection; Increased process and case management efficiencies by creating one solution for all case types, treatment streams, and operating divisions; Increased integration amongst existing case management programs, which leads to migrating legacy systems to a standardized enterprise-wide solution for case management and reducing the fragmentation of both business and IT processes across legacy applications; Standardized system design for increased taxpayer information security, shortened development milestones; Reduced IT hardware, software, and systems operations and maintenance costs through replacement of numerous case management systems.

**Return on Investment:**

Through the utilization of the ECM solution, it is expected that operations and maintenance costs of these projects will be reduced and aging architecture can be retired. The enterprise solution

will also be a basis for the development of new case management systems. For new projects, design and development costs will be reduced through reuse of the common services and infrastructure.

**Internal Benefits:**

Through the utilization of the ECM solution, it is expected that operations and maintenance costs of these projects will be reduced and aging architecture can be retired. The enterprise solution will also be a basis for the development of new case management systems. For new projects, design and development costs will be reduced through reuse of the common services and infrastructure.

**Internal Benefits:**

- Streamline operations that reduce costs
- Reduce man hours for reporting due to implementing a common repository
- Integrate across programs
- Increase process and case management efficiencies
- Reduce training needs
- Reduce redundancies through reuse of common services and infrastructure

**External Benefits:**

- Reduce cost of operations and maintenance of IRS
- Improve employee experience by enabling cases to be prioritized and accordingly transferred across geographical locations
- Improve tax payer compliance by understanding non-compliant behaviors
- Decrease fraud and tax-related crimes.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** ECM will support the higher-level strategic goals and objectives of the Department of the Treasury as shown below:

Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems

- 3.2: Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government
- 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code

Goal 5: Create a 21st century approach to government by improving efficiency, effectiveness, and customer interaction

- 5.1: Increase workforce engagement, performance, and diversity by instilling excellence, innovation, and inclusion in Treasury's organizational culture and business practices
- 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of information.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

### **Accomplishments and Future Objectives:**

Focused on continuing development of the ECM Strategic Plan and Road Map in addition to standing up and stabilizing ECM Program Management Office (PMO). Detailed activities included: performing analysis to incorporate existing efforts (E-Trak, ACA Compliance Management, Return Review Program (RRP)); Refining Capabilities Definition with IT and the Business; Continuing to develop design patterns, and data sources/connectors; Reviewing analysis on E-Trak and previous tech demos to identify reusability for ECM; Establishing Multi-thread approach toward ECM delivery and; Continuing integrated working sessions to establish the Road Map.

ECM Foundational Capabilities - Conducted a series of integrated working sessions to identify scope, critical milestones, and dependencies that will inform comprehensive planning; Initiated market research study for service-wide case management solutions; Completed assessment of COTS product to meet IRS operational requirements.

ECM Correspondence - Completed upgrades and configuration for promoting the technology solution from development to testing; Work performed to date satisfies the intent of Correspondence as an Early Delivery for letter generation capabilities; Completed close-out activities, including a lessons learned report.

ECM Tracking - Completed requirements and development for two administrative tracking tools; Paused development of Release 1 in December 2016; final steps for pause activities were completed.

ECM Fraud Case Management - Completed Program Increment 2 with no defects outstanding; Concluded development work on functionality centered on user profiles and roles over a 12-week timeframe via six Agile sprints; Evaluated alternatives to deliver ECM Fraud Case Management; Made decision to halt development using the current COTS product due to technical limitations and initiated efforts to identify new products for ECM.

Future Objectives: Upcoming activities include developing and executing a strategy to conduct an ECM COTS product assessment and procure an ECM software solution. There will be a collaborative effort to drive the assessment strategy and the product acquisition, with a focus on products that will seamlessly integrate into the IRS ecosystem. Efforts will continue to develop technical requirements and develop a comprehensive plan based on business customer assessments on the current case management capabilities.

### **Details of Useful Life Period:**

*Year the investment began:* 2016

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Investment Name:** Foreign Account Tax Compliance Act (FATCA)

**Type of Investment:** Major IT Investment

**Description:**

FATCA requires foreign financial institutions to report to the IRS information about financial accounts held by U.S. taxpayers, or foreign entities in which U.S. taxpayers hold a substantial ownership interest.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	115.21	54.05	31.55	29.11	29.11	29.11	N/A	N/A	288.14
O&M Costs	6.94	10.31	40.46	43.38	43.38	43.38	N/A	N/A	187.85
<b>Total Costs</b>	<b>122.15</b>	<b>64.36</b>	<b>72.02</b>	<b>72.49</b>	<b>72.49</b>	<b>72.49</b>	<b>N/A</b>	<b>N/A</b>	<b>475.98</b>

  

Number of FTE	283.22	145.51	144.66	144.66	144.66	144.66	N/A	N/A	1007.37
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**Summary of Purpose, Goals, and Benefits:**

The purpose and goal of the Foreign Account Tax Compliance Act (FATCA) is to promote disclosure of foreign accounts held by U.S. taxpayers and to integrate this information into current IRS compliance activities. To accomplish this goal, FATCA introduces new reporting requirements for U.S. taxpayers and Foreign Financial Institutions (FFIs). The legislation requires U.S. taxpayers holding foreign financial assets, with aggregate values exceeding certain thresholds, to annually report information to the IRS; and for FFIs with U.S. taxpayer accounts to register, report annually to the IRS, and withhold / pay 30 percent of selected U.S. source income to the IRS. These complementary provisions will create a web of international tax accountability, allowing the IRS to gather and analyze information from multiple sources, bolstering the compliance of U.S. taxpayers with assets overseas.

Treasury has also been working with foreign governments to negotiate Intergovernmental Agreements (IGAs) that address specific legal impediments surrounding privacy laws and the disclosure of accountholder information. In addition to foreign account and asset data submitted by taxpayers and entities, the IRS will be assembling and transmitting Bank Deposit and Interest (BDI) data on accounts held by foreign nationals from U.S. FIs to foreign government Host Country Tax Authorities (HCTAs), under agreements intended to facilitate FATCA adoption.

The FATCA investment encompasses the planning, development, and implementation of key IT systems needed to support IRS' tax administration responsibilities in response to FATCA provisions. The work is organized into Releases that deploy functionality to meet key legislative dates. Major application components fall under the FATCA Program: Financial Institution (FI) Registration, International Data Exchange Service (IDES), International Compliance



Management Model (ICMM), and Withholding and Refund (W&R). Release details are explained in further detail below.

### **Return on Investment:**

Through FATCA implementation initiatives, the IRS will improve international service and enforcement practices via specialty audits (program, individual and business); and criminal investigations. The FATCA Program Management Office plans, manages, integrates, and delivers IT solutions that enable the IRS to meet business responsibilities and legislative mandates. Since 2012 the IRS has deployed major releases to ensure Return on Investments. Prior to Release 1.0, the agency designed & delivered Form 8938 to capture reporting data from individual taxpayers with foreign assets. Release 1.0 & 1.1 focused on the capability to register FIs worldwide & create/publish a Participating FI List with a search/download functionality. Release 2.0 deployed the International Data Exchange Service (IDES), introducing a secure data exchange, allowing FIs & HCTAs to submit FATCA data (via Form 8966 XML); deployed the International Compliance Management Model (ICMM) for file ingestion, transcription, & storage from IDES; and improved Withholding & Refund (W&R) compliance via updates to legacy systems (to receive/process withholding payments & forms).

Release 2.1 included a Competent Authority Request capability allowing for formal communication with HTCAAs, new functionality to process Forms 8938 & 8966, & backend employee analytics.

Release 3.0 enabled Sponsoring Entities to bulk upload an electronic file & focused on updates to the FI List search/download tool. In addition, Release 3.0 supported the receipt & management of notifications in response to reciprocal data files; automated matching of Form 1042-S data (credit determination for Chapter 3 Qualified Intermediaries & Chapter 4 FATCA); and created an interface with ICMM source data for compliance & analytics.

Release 4.0/4.1 provided functionality to move FIs to alternative status upon expiration of limited status; updates to existing forms submitted electronically & via paper, for ICMM processing; matching & comparison of Withholding Agents' and Recipients' Form 1042-S filings & deposits; and refund and reciprocal data available to Model 1 IGAs.

Release 5.0 is in flight and addresses the following legislative requirements: Reciprocal Data Exchanges to include Form 1042S-Withholding Agent changes for TY2015; Application submission, renewal, & termination of QI (Qualified Intermediary)/WP (Withholding Foreign Partnerships)/WT (Withholding Foreign Trust) Agreements; and Renewal of FI Agreements.

### **Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** Public Law 111-147 - The Hiring Incentives to Restore Employment (HIRE) Act of 2010 requires that the IRS provide an IT solution to support this mission. FATCA will expand coverage of International tax return filings as required by the legislation.

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** FATCA supports the Treasury Strategic Plan, specifically the following goal and objective:

Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems

Strategic Objective 3.3 Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code

FATCA also supports the IRS Strategic Plan, specifically:

Strategic Goal I: Deliver high quality and timely service to reduce taxpayer burden and encourage voluntary compliance.

Objective 6: Improve service delivery and support effective tax administration by fostering strong relationships with our tax community and government partners.

Strategic Goal II: Effectively enforce the law to ensure compliance with tax responsibilities and combat fraud.

Objective 5: Address noncompliance by improving data, information and knowledge sharing with tax community and government partners.

**Presidential Priority:** N/A

**Other Requirement:** N/A

### **Accomplishments and Future Objectives:**

The IRS has delivered legislative mandated functionality ahead of schedule and under budget, despite political challenges, regulatory flux, resource constraints, and compressed timelines.

- \* Deployed state-of-the-art FATCA Registration solution for Financial Institutions (FIs) worldwide, establishing a streamlined environment to register, ensuring data security; 191,409 FIs have registered to-date (as of September 20, 2016)
- \* Developed Global Intermediary Information Number (GIIN), issued to all FIs that register with the IRS (the GIIN will allow the U.S. and IGA partners to identify FIs with associated filing data)
- \* Deployed FI List, which is electronically searchable/downloadable (e.g., withholding agents/external stakeholders will need to confirm the status of an FI for FATCA purposes)
- \* Developed uniform standards for data collection/transmission from FIs via the FATCA XML schema, with cooperation of foreign governments; information sharing pursuant to IGAs will take place in accordance with these standards
- \* Released a series of new FATCA forms and deployed a global platform - International Data Environment Service (IDES) - successfully enabling reporting and the electronic exchange of information
- \* Launched the International Compliance Management Model (ICMM) to receive, process, store, and manage FATCA data received from various sources, making it available for future compliance activities
- \* Implemented significant communication and outreach activities to streamline processes and provide FATCA guidance (e.g., issues escalated from IRS.gov, eHelp Desk, and Comments Application)
- \* Established Intergovernmental Agreements (IGAs) with over 100 governments worldwide, on behalf of The Department of Treasury

FATCA's long-term goals will be achieved through the FATCA Program Release Plan, which serves as a roadmap to deliver the future scope for upcoming releases. This plan outlines a recommended approach to: address required legislative mandates, deliver new and enhanced business capabilities, reduce/mitigate risks, evaluate deficiencies in current system capabilities, reduce manual workarounds for the Business and IT, improve FATCA compliance practices, and establish IT capabilities that can support other IRS initiatives. Future releases will focus on

prioritized Program Capabilities and associated Technical Debt items - be delivered in three 12-18 month phases - supported by Organizational Readiness strategies.

**Details of Useful Life Period:**

*Year the investment began:* 2011

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Speed of Processing Submitted Registrations - This measure indicates the number of days the IRS used to process a submitted registration from a status of Submitted to a status of Approved, Limited Conditional, or Terminated).	Customer Satisfaction (Results)	Under target	Monthly	Days	30.00	0.52	03/31/2017
Timeliness of FFI List updated on IRS.GOV - This measure indicates the timeliness of the data getting posted to the IRS.GOV. Posting this data provides the public with easier access to regularly released data lowering operational costs for the IRS and for the FFIs and Individuals who use it.	Financial Performance	Under target	Monthly	Hours	24.00	3.00	03/01/2017
System Availability: Percentage of scheduled system availability. To	Strategic and Business Results	Over target	Monthly	Percentage	90.00	100.00	03/31/2017

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 System's'							
Number of Host Country Tax Authorities (HCTAs) reporting via International Data Exchange Service (IDES): This measures the treaty-based collaboration among international peers of IRS in leveraging their collective resources to jointly combat offshore tax evasion.	Strategic and Business Results	Over target	Annual	Number	75.00	90.00	09/30/2016
Number of Form 8966 "FATCA Reports" received: This helps to measure how FATCA's implementation influences taxpayer behavior and shines light on	Strategic and Business Results	Over target	Quarterly	Number	200000.00	1293680.00	03/31/2017

often previously undisclosed offshore financial accounts, aiding in treaty-based efforts to systematically identify fraudulent or erroneous tax refunds and credit claims							
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**Investment Name:** Individual Master File (IMF)

**Type of Investment:** Major IT Investment

**Description:**

IMF is the authoritative data source for individual tax account data. All other IRS information system applications that process IMF data depend on output from this source. IMF is a critical component of IRS' ability to process tax returns.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	28.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.97
O&M Costs	78.99	14.27	14.29	14.58	14.84	15.10	15.37	14.68	182.12
<b>Total Costs</b>	<b>107.96</b>	<b>14.27</b>	<b>14.29</b>	<b>14.58</b>	<b>14.84</b>	<b>15.10</b>	<b>15.37</b>	<b>14.68</b>	<b>211.09</b>

  

Number of FTE	596.27	63.82	62.40	62.40	62.40	62.40	62.40	62.40	1034.49
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**Summary of Purpose, Goals, and Benefits:**

IRS is responsible for collecting revenue from individuals to fund the operations of the federal government. In order to effectively accomplish this goal, it must maintain authoritative data on individual taxpayers. The Individual Master File (IMF) is the authoritative data stores for individual taxpayers' 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.

**Return on Investment:**

IMF is a legacy system that collects taxpayer data and information for tax processing. The IMF is a batch process that provides the taxpayer data to various downstream systems and selected outside organizations, such as Social Security.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* IMF supports the Treasury Strategic Plan, specifically the following goal:

Strategic Objective 3.3 - Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code.

*Presidential Priority:* N/A

*Other Requirement:* N/A

**Accomplishments and Future Objectives:**

In FY2016 the Individual Master File continued to fill the functional needs of the individual

taxpayer account processing and to perform Operations & Maintenance for tax law changes.

- IMF continued interacting with the CADE2 Database Implementation project for technical support staff and programmatic modifications; and interacted with the individual compliance (i.e., health insurance mandate, FATCA) when it impacted IMF.
- IMF will continue interacting with programs that impact IMF and continue performing Operations & Maintenance for tax law and maintenance changes.

**Details of Useful Life Period:**

*Year the investment began:* 1970

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses a 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.



**Performance Evaluation and Metrics:**

Metric Description	Performance Measurement Category Mapping	Measurement Condition	Reporting Frequency	Unit Of Measure	CY Target	Latest Actual Result	Date of Latest Actual Result
<p>Interest paid on taxpayer refunds per 1 Million Dollars. This figure represents total Refund Interest divided by total refund dollars issued on original settlement. Measurement data is provided by W&amp;I and SB/SE in the SMART database. The Business target for this measure is established by 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.</p>	Customer Satisfaction (Results)	Under target	Monthly	Dollars per Million Paid in Refunds	60.00	61.72	02/28/2017
<p>Percent of Taxpayer refunds (paper returns only) issued within 40 days. Timeliness measured by sampling taxpayers receiving refunds. Measurement data is provided by W&amp;I and SB/SE in Submission Processing (SMART) database. The Business target for this measure is established by CAS every January, with a yearly goal and cumulative planned projection for each</p>	Strategic and Business Results	Over target	Monthly	Percent of Refund Issued Within 40 Days	94.00	99.60	02/28/2017

month. The results report the variance against the target, and the monthly cumulative target is reported in the comments							
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 SMART database. Systemic errors (errors attributed to incorrect programming, less than ideal products from properly working systems, and incorrect IRM procedures) are also included in the rates which indicate "with systemic errors". CAS sets the yearly target for this measure in January	Strategic and Business Results	Under target	Monthly	Percent of Refund Errors Per Refund Issued	3.00	1.80	02/28/2017
IMF completes planned processing schedule (e.g., daily, weekly) to meet refund, notice and on-line access deadlines. Measurement available on Enterprise Operations weekly reports.	Strategic and Business Results	Over target	Monthly	Percent	95.00	100.00	02/28/2017
The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services in the IT Performance Report.	Financial Performance	Over target	Monthly	Percentage	95.00	100.00	02/28/2017

**Investment Name:** Integrated Customer Communication Environment (ICCE)

**Type of Investment:** Major IT Investment

**Description:**

ICCE provides problem-solving information through software and connections to legacy databases for both the phone and web. These applications use voice response, Internet, and other computer technology to provide service to taxpayers 24 hrs a day.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	186.49	10.88		0.02	1.00	1.00	N/A	N/A	199.39
O&M Costs	322.64	11.62	11.30	11.58	11.55	11.69	N/A	N/A	380.38
<b>Total Costs</b>	<b>509.13</b>	<b>22.50</b>	<b>11.30</b>	<b>11.60</b>	<b>12.55</b>	<b>12.69</b>	<b>N/A</b>	<b>N/A</b>	<b>579.77</b>

  

Number of FTE	739.43	44.98	42.90	42.90	48.43	48.43	N/A	N/A	967.07
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**Summary of Purpose, Goals, and Benefits:**

Integrated Customer Communication Environment (ICCE) directly supports the IRS Strategic Goal of improving service to make voluntary compliance easier. ICCE is comprised of many capabilities with specific functionality, including:

- Get Transcript is a web based application that allows authenticated taxpayers to view copies of their account and return transcripts in a secure environment.
- Online Payment Agreement Application allows the taxpayer or authorized representative (Power of Attorney) and qualified businesses to apply for and receive on-line approval for a short term extension of time to pay or set up a monthly installment agreement.
- Identity Protection PIN (IPPIN) is a web based application designed to provide a pin to taxpayers that are victims of identity theft. This pin will be used by taxpayers to file their tax return and prevent fraudulent tax return filing. Taxpayers will have to be authenticated and registered in e-authentication interface prior to accessing IPPIN.
- Internet Refund Fact of Filing (IRFOF) - Where's My Refund application - provides tax refund status information via the web to 1040 series filers.
- IRS2Go mobile applications - This product is designed for the taxpayer on the go to be used via smart phone technology.
- Where's My Amended Return (WMAR) allows taxpayers to check the status of their amended returns in either a web or phone environment.
- Internet Refund Trace allows taxpayers who have not received paper refunds after a specific amount of time to initiate a refund trace.
- The Modernized Internet Employer Identification Number application allows the general public to apply for an Employer ID number (EIN) over the web and receive the number in the same session.
- ICCE provides a set of telephone applications that allow individual taxpayers to interact

directly with their accounts. Consolidating logic for telephone applications reduces overall costs as standard solutions are applied to what was a specialize arena.

- ICCE Online Services (OLS) WEB services & mobile applications - This suite of products is designed for the taxpayer on the go to be used via smart phone technology, applications include (FACTA Foreign Financial Institution (FATCA FFI) Look-up Tool, Offer In Compromise (OIC) Calculator, Return Preparer Look-Up Tool, IRS2Go, Volunteer Income Tax Assistance (VITA) and Search).

### **Return on Investment:**

Due to the automation of taxpayer services, the government and taxpayers realize significant time savings as a result of the ICCE investment. The ICCE team continues to identify appropriate automated self-service features to incorporate into future releases to meet the challenge of increased automation.

The primary benefits defined for ICCE are due to productivity improvement in the cost per taxpayer contact. Currently, the toll-free phone service and internet inquiry features create significant savings of over \$400 million per year when compared to the cost of live Customer Service Representative (CSR) handling.

Estimates show a cost of approximately \$0.71 per completed toll-free automated call. The cost is ~\$70/hr (loadedcost) for live Customer Service Representative and a cost of \$0.21 per web inquiry compared to the cost of CSR's.

The ICCE Alternatives Analysis estimates benefits for FY 2017, (mainly from Productivity Improvement) at \$558 million. This high cost estimate for productivity improvement derives from the 24x7 availability of the internet compared to what the same service would cost if provided by CSRs working approximately 4.2 shifts per week, including extra compensation for overtime, weekends and holidays. The estimate also includes the cost of the additional overhead involved in supervision, building maintenance, security, insurance and all other ancillary expenditures required for continuous customer service provided by a workforce. The Return on the Investment (ROI) for ICCE in FY17 is derived by dividing this number by FY 2017 costs. It calculates to the return of 3720 percent.

### **Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* ICCE directly supports the Treasury Strategic Goal to Pursue Comprehensive Tax and Fiscal Reform by improving service to increase voluntary compliance.

*Presidential Priority:* N/A

*Other Requirement:* N/A

### **Accomplishments and Future Objectives:**

FY16 Accomplishments

- Prioritized and gained approval for Enhancement and Operations & Maintenance Unified Work

Requests for the application suite;

- Maintained security standards by performing reviews and scans and correcting any findings;
- Corrected application defects in accordance with business rules;
- Deployed and updated the following ICCE applications:
  - o Federal Student Aid - Datashare
  - o Prefix 81 to be incorporated into Modernized Internet Employer Identification Number (Mod IEIN)
  - o Contact Center Support Division - User and Network Services (CCSD/UNS) - Teletax
- Tax Topic Retirement CR2015-111
  - o Online Services - IRS2Go version 5.2.1
  - o eAuthentication (eAuth) | Automated ICCE ID Proofing data transfer for Fraud and ID
- Theft detection
  - o Online Services (OLS) - Expand 3rd Party Refund Status Retrieval
  - o Revision of Computer Paragraph (CP) 575E (MOD-IEIN)

FY 2017 Goals

- Prioritize Enhancement and Operations & Maintenance Unified Work Requests for the application suite
- Maintaining security standards by performing reviews and scans and correcting any findings
- Correcting application defects in accordance with business rules
- Deployment and updates to the following ICCE applications:

- o Federal Student Aid-Datashare application
- o IRS2GO Versions 5.3 and 6.0 For Filing Season 17
- o Free Tax Prep (VITA) Locator- Filing Season 2017 Enhancements
- o Submission address changes for IRTRC
- o The Path Act Refund Freeze
- o Identity Theft - IP PIN Application reporting changes
- o Identity Theft - IP PIN Application change to functionality
- o Identity Theft - IP PIN Application additions to IP PIN criteria
- o Affordable Care Act (ACA)-2016-5000A-MFT43-OPA(BMF) Online Payment Agreement - Business Master File
- o Installment Agreement User Fee Update, Increase existing fees, add 3 new fees
- o Web Apps / Allow Secondary Filer to establish agreement in OPA
- o Web Apps - Online Payment Agreement (OPA) Enhancements
- o Deployment of OPA-IMF PreAssessed Account on TIF
- o Deployment of Web Apps - Update Centralized Authorization File (CAF) Schema and Command Codes
- o Deployment of the WMAR - WMX003 Programming Change
- o Update the Directory of Federal Tax Return Preparers with Credentials and Select Qualifications.

**Details of Useful Life Period:**

***Year the investment began:*** 1992

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB***

***Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date.

IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Reduction in the number of Transmittals or requests for corrective changes to production environment, as evidence of improved efficiency.	Financial Performance	Under target	Quarterly	Number of transmittals	45.00	16.00	03/31/2017
Customer Satisfaction (IRS.gov American Customer Satisfaction Index (ACSI Score))	Customer Satisfaction (Results)	Over target	Monthly	number	52.00	67.00	03/31/2017
The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services in the IT Performance Report.	Strategic and Business Results	Over target	Monthly	Percentage	98.00	100.00	03/31/2017
Percentage of taxpayers utilizing IRS web applications and automated Phone Service vs. Customer Service Representatives in order find solutions and answer questions related to tax matters. This is a periodic metric.	Strategic and Business Results	Over target	Monthly	percentage	60.00	87.20	03/31/2017
The number of times taxpayers access IRS web applications to request refund status and other web services. (Internet	Strategic and Business Results	Over target	Monthly	Number (in millions)	80.00	298.79	03/31/2017

Refund Fact of Filing (IRFOF), Internet Employee Identification Number (IEIN), Online Payment Agreement (OPA).							
ICCE Health Assessment measures Cost Variance, the difference between planned and actual costs for ICCE DME work.	Financial Performance	Under target	Monthly	percentage	10.00	4.40	03/31/2017
The number of times the ICCE overall schedule slips each quarter.	Strategic and Business Results	Under target	Quarterly	integer	3.00	0.00	03/31/2017

**Investment Name:** Integrated Data Retrieval System (IDRS)

**Type of Investment:** Major IT Investment

**Description:**

Since 1973, IDRS has been a mission-critical system. Used by 60,000 IRS employees, it provides for systemic review, consistency in case control, alleviates staffing needs, issues notices to taxpayers and allows taxpayers to see status of refunds.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	31.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31.67
O&M Costs	201.74	15.83	15.22	15.52	15.99	16.47	16.96	17.47	315.21
<b>Total Costs</b>	<b>233.40</b>	<b>15.83</b>	<b>15.22</b>	<b>15.52</b>	<b>15.99</b>	<b>16.47</b>	<b>16.96</b>	<b>17.47</b>	<b>346.88</b>

Number of FTE	1972.92	107.52	97.03	97.03	97.03	97.03	97.03	97.03	2662.62
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**Summary of Purpose, Goals, and Benefits:**

Operational since 1973, IDRS is a secure, reliable, flexible and mission-critical system consisting of databases and programs supporting IRS employees who are working active tax cases. It manages data retrieved from the Tax Master Files allowing over 60,000 IRS employees who use it daily to take actions on specific taxpayer account issues, track status and post updates back to the Master Files. It provides for systemic review of case status, alleviating staffing needs and providing consistency in case control. For example, each time a taxpayer phones IRS, the person answering the phone uses IDRS to log the call and answer any questions. IDRS issues notices and processes installment agreements, offers in compromise, and adjustments. Actions taken via IDRS include notice issuance, installment agreement processing, offers in compromise, adjustment processing, penalty and interest computations and explanations, credit and debit transfers among accounts and research of taxpayer accounts for problem resolution of taxpayer inquiries. Using data analytics, IDRS enables IRS to efficiently evaluate taxpayer data 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, over 290 million taxpayers ask Where's-my-refund at irs.gov annually and over 4 million 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. Many kinds of tax information are produced by IDRS to support sending and receiving information to and from other systems within the IRS, SSA, Financial Management Service, State and local governments and tax practitioners.



IDRS is continuously monitored for cost, schedule, and project performance. IDRS serves the taxpayers in many ways and helps address various performance gaps. IDRS' citizen-centered services promote intangible goodwill to citizen's perception of IRS and the Federal Government as well as ensuring consistent, efficient service.

### **Return on Investment:**

In addition to dollar benefits, there are many quantitative and qualitative benefits:

- a. As a result of H.R. 5552, Firearms Excise Tax Improvement Act of 2010, legislation changes the way criminal restitution is assessed, allowing IRS to assess and collect restitution as if it were tax. A new sub-system, Restitution Assessment Project (RAP), was developed and allows employees to create, research, update and delete Restitution Assessment. The Database contains cross-reference information concerning restitution assessments against individuals and businesses. The benefits reduce the amount of adjustments to the financial statement due to duplicate assessments and reporting. Failure to have the ability to view accounts would be a detriment to the IRS's ability to validate and attest that these criminal restitution assessments are collected once as required.
- b. IDRS enables IRS to answer the question Where's-my-refund? over 290 million times each year without assistance of a Federal employee, through [www.irs.gov](http://www.irs.gov), the IRS2Go smartphone application, and the toll-free telephone number. IDRS annually enables over four million business taxpayers to obtain Employer Identification Numbers (EIN) via [irs.gov](http://irs.gov) instead of paper copies.
- c. IDRS allows users 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. Without access to other E-services there would be additional costs to taxpayers and IRS.
- d. IDRS is the only system within IRS that directly services taxpayer accounts in a real-time environment. Each year, Congress passes tax legislation (that mandates form creation or revision. Without yearly IDRS updates, IRS would not be able to maintain the consistency and integrity of tax cases, which would negatively impact the integrity of the nation's tax system.
- e. The IDRS Identity Theft Command Code allows IRS to credit ID theft victims faster and automatically update the accounting system for stolen refunds. Thus far in FY2016, there are 155,752 ID theft transactions, crediting victims over \$583 million.

### **Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** Without consistent IDRS updates, IRS would not be able to maintain the consistency and integrity of tax cases, which would negatively impact the integrity of the Government's tax system and subsequent legislation. Each year legislation is enacted that impacts the Internal Revenue Code mandating the creation or revision of forms and/or systems used to collect and process the mandated information, which in turn requires updates to IDRS.

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** The Treasury Strategic Plan for FY 2014-2017 has one goal and related objective that IDRS supports. Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems. Objective 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code. IDRS supports the

"IRS Strategic Plan 2014- 2017", under "Strategic Foundations: Invest for Organization Excellence", Goal One, "Deliver high quality & timely service to reduce taxpayer burden & encourage voluntary compliance." Objective one is to "design tailored service approaches with a focus on digital customer service to meet taxpayers' needs, preferences & compliance behaviors in order to facilitate voluntary compliance".

**Presidential Priority:** N/A

**Other Requirement:** N/A

**Accomplishments and Future Objectives:**

Future development efforts are limited primarily to legislatively mandated tax law changes. Continue implementing customer-approved work requests, to enable IRS employees and systems that depend on IDRS, to ensure compliance with current tax law while providing quick and accurate service to taxpayers.

Accomplishments FY2016:

- Implemented additional functionality for key ACA provisions: enabling split spousal assessments of the individual shared responsibility payment for provision 5000A; also extended implementation of Provision 4980H to include maintenance of an Applicable Large Employer code originating from new ACA information returns;
- Further improved efforts to fight identity theft including credits to the taxpayer's account to restore child support offsets from fraudulent refunds; and,
- Correction of Failure To Pay penalty computation when refundable credit reversals are involved.

Current Year FY2017:

Development for tax law changes and customer requested modernization and enhancement and FY2017 Maintenance (for example, incorporate filing season format and validation changes). Examples of currently planned changes to IDRS include, but are not limited to, the following:

- ACA: Extend provision 4980H implementation to include assessments of the employer shared responsibility payment and collection of the assessment.
- Receive individual master file data from the CADE2 database as the authoritative source for IDRS.
- Analysis and design of a new CADE2 TS2 process to extract IDRS specific status, notice history, and case management data to update the CADE2 database. This will provide an audit trail of case management history and address material weaknesses related to financial classification.

Budget Year FY2018:

FY 2018 Development for tax law changes and customer requested modernization and enhancement and FY18 maintenance (for example, incorporate format and validation changes).

**Details of Useful Life Period:**

***Year the investment began:*** 1973

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date.

IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
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, calculate the percentage of certified letters printed centrally versus locally out of all certified letters printed.	Financial Performance	Over target	Semi-Annual	Percentage. Percentage of certified letters	95.10	92.83	03/31/2017
Percentage of IDRS system availability, per an approved service level agreement, as documented by IRS Information Technology Enterprise Services for "Essential Business Systems".	Customer Satisfaction (Results)	Over target	Monthly	Percentage of system availability	95.00	99.83	02/28/2017
1. Individual taxpayer usage of "Where's my refund?" feature through www.irs.gov, IRS2Go smartphone application or automated, toll-free telephone number. This feature allows	Strategic and Business Results	Over target	Monthly	Pct; Usage equal to avg. typical processing years	72.20	157.00	03/31/2017

<p>taxpayers to find out the status of their refunds 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.</p>							
<p>Business taxpayer usage of www.irs.gov to obtain Employer Identification Numbers (EINs). This feature lets taxpayers obtain EINs on-line instead of mailing form SS-4 "Application for EIN", which requires assistance of an IRS employee. It reduces the expense and difficulty of doing business with the Government and has environmental impact. The target for this steady state performance metric is usage equal to 100 percent of the average usage during typical processing years.</p>	<p>Strategic and Business Results</p>	<p>Over target</p>	<p>Semi-Annual</p>	<p>Pct; Usage equal to avg. typical processing years.</p>	<p>52.20</p>	<p>119.22</p>	<p>03/31/2017</p>
<p>IRS staff usage of IDRS. The Command Code TXMOD allows approximately 60,000 taxpayer-facing IRS employees to retrieve taxpayer records quickly, accurately, and securely when responding to taxpayer inquiries and conducting</p>	<p>Strategic and Business Results</p>	<p>Over target</p>	<p>Monthly</p>	<p>Pct; Usage equal to avg. typical processing years</p>	<p>31.50</p>	<p>29.80</p>	<p>02/28/2017</p>

examinations.  
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.

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**Investment Name:** Integrated Financial System/CORE Financial System (IFS)

**Type of Investment:** Major IT Investment

**Description:**

IFS is the IRS' core financial system used for budget, payroll, accounts payable/receivable, general ledger functions and financial reporting. IRS uses IFS to report on the cost of operations and manage budgets by fiscal year.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	228.05	9.24	0.86	0.88	0.22	0.92	N/A	N/A	240.15
O&M Costs	209.65	9.93	1.97	2.01	10.74	10.74	N/A	N/A	245.04
<b>Total Costs</b>	<b>437.70</b>	<b>19.16</b>	<b>2.83</b>	<b>2.89</b>	<b>10.96</b>	<b>11.66</b>	<b>N/A</b>	<b>N/A</b>	<b>485.19</b>

Number of FTE	121.95	15.06	17.40	17.40	17.67	17.67	N/A	N/A	207.15
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**Summary of Purpose, Goals, and Benefits:**

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 the ability to accountants, budget, and financial management analysts to effectively manage U.S. Government finances for the Internal Revenue Service and respond to audit requests in support of a clean audit opinion. IFS allows the IRS to pay its bills on time while meeting the myriad of Federal financial regulations and account for how budget is spent. The main stakeholder of IFS is the CFO organization.

**Return on Investment:**

By leveraging a Federal version of SAP COTS software, IFS provides a reliable, standardized and auditable platform for budget, payroll, accounts payable, accounts receivable, general ledger functions and financial reporting. IFS allows the IRS to annually close its books and return the system to users in less than 3 days, supports monthly financial closures in less than 3 days, and provides the ability to input transactions with a .4 second response time. By implementing the latest version of SAP, IFS is on the upgrade path required to more easily meet new government accounting requirements which will be included in future SAP releases. The upgraded method is part of the budgetary ledger and will cause far fewer posting errors. By implementing the latest version of SAP, IFS is on the upgrade path required to more easily meet new government accounting requirements which will be included in future SAP releases.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** Federal Financial Management Improvement Act of 1996/OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow when managing their financial management systems.

Chief Financial Officers Act of 1990, Sets forth congressional findings with respect to the

financial management systems of the Federal Government. Requires an audit of each financial statement prepared under this Act.

OMB Circular A-136 Financial Reporting requirements establishes a central point of reference for all Federal financial reporting guidance for Executive Branch departments, agencies, and entities required to submit audited financial statements, interim financial statements.

Government Management and Reform Act of 1994 is to improve the efficiency of executive branch performance in implementing statutory requirements for reports to Congress and committees such as the elimination or consolidation of duplicative or obsolete reporting requirements and adjustments.

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** The Treasury Strategic Plan: Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems --Strategic Objective 3.3 - Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code. Treasury's largest bureau, the Internal Revenue Service (IRS), touches every American in its efforts to collect taxes fairly and effectively. IRS has a renewed commitment to creating an organizational culture where internal controls are consistently reviewed for effectiveness and where emerging risks are identified, openly discussed, and swiftly addressed. The IFS goal is to Manage the Government's Finances in a Fiscally Responsible Manner by modernizing the IRS' core financial system and standardizing our accounting practices and improve our operations and processes to generate efficiency savings.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

### **Accomplishments and Future Objectives:**

During PY2016, IFS supported a new data interface to support a vendor '1/2tax check' for procurement to ensure that new awards are not made to vendors with a tax liability. IFS completed standard maintenance patches, year-end close, and supported the GAO audit. In addition the IFS application enabled the SAP Asset Module (SM) to automate the accounting processes for financial reporting of assets, capitalized and expensed amounts, depreciation, disposals, other analysis, and reconciliations. Asset categories to be enabled in SAP AM are being developed in a phased approach. The IFS application also completed a migration of the Informatica, SAP Portal, TWS and Business Warehouse (BW) components from Solaris to virtual Linux. During FY2017, IFS completed an ORACLE upgrade for BW, TWS, Informatica and Portal to Version 12C. IFS will continue to enable additional asset categories in the SAP Asset Module (SM). IFS will complete standard maintenance patches, year-end close, and support the GAO audit responding to audit findings (if any). For the BY and budget out years IFS will complete standard maintenance patches, year-end close, and address any GAO findings. In FY2017 IFS will be making system updates to support the Federal Data Act and enhance Fixed Asset Accounting. IFS will also be working to enable the procurement functionality within the IFS application to eventually replace the current procurement system, IPS. The plan is to deploy this functionality in FY18. In addition, IFS will also make changes as necessary to support ongoing Federal Financial System mandates.

### **Details of Useful Life Period:**

***Year the investment began:*** 2001

**End Year of the current planning cycle: 2023**

**Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:** This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Services.	Strategic and Business Results	Over target	Monthly	Percentage	99.00	98.60	03/31/2017
Complete monthly financial close process and submit Treasury Information Executive Repository (TIER) report within 3 days after month end.	Financial Performance	Under target	Monthly	Number of days	3.00	1.00	03/31/2017
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.	Strategic and Business Results	Over target	Monthly	percentage	90.00	100.00	03/31/2017
Percentage of timely implementation per IFS maintenance schedule (i.e. deployment) of IFS server patches including Solaris, Veritas, Oracle, SAP and Informatica	Strategic and Business Results	Over target	Quarterly	percentage	100.00	100.00	03/31/2017
Percentage of interface failures requiring transmission to system	Financial Performance	Over target	Monthly	percentage	95.00	100.00	03/31/2017
Timely availability of environments for Mocks and testing	Customer Satisfaction (Results)	Over target	Quarterly	Percentage	100.00	100.00	03/31/2017



**Investment Name:** Integrated Submission and Remittance Processing System (ISRP)

**Type of Investment:** Major IT Investment

**Description:**

ISRP is the legacy frontline tax processing system that processes paper tax returns from individuals and businesses. It also updates tax forms to comply with tax law changes.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	1.45	0.17	0.00	0.00	0.00	0.00	0.00	0.00	1.62
O&M Costs	162.73	12.82	11.74	11.98	12.14	12.30	12.47	12.64	248.83
<b>Total Costs</b>	<b>164.18</b>	<b>12.99</b>	<b>11.74</b>	<b>11.98</b>	<b>12.14</b>	<b>12.30</b>	<b>12.47</b>	<b>12.64</b>	<b>250.45</b>

Number of FTE	130.94	18.13	18.10	18.10	18.10	18.10	18.10	18.10	257.67
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**Summary of Purpose, Goals, and Benefits:**

The Integrated Submission and Remittance Processing (ISRP) system 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, which 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. There is a system dependence on various IRS applications such as Generalized Mainline Framework (GMF), Enhanced Entity Index File (EEIF), Integrated Data Retrieval System (IDRS), and Enterprise File Transfer Utility (EFTU).

**Return on Investment:**

The service ISRP provides is crucial as tens of millions of returns and billions of dollars in receipts are processed by ISRP each year. The cost of updating, operating, and maintaining ISRP has been reduced by more than 40 percent since 2010. ISRP supports both of these functions by: Collecting taxes, duties, and monies paid to and due to the United States and Enforcing Federal finance and tax laws.

Even though, most individual and corporate taxpayers have switched to submitting their forms and payments electronically, millions still submit their forms and payments on paper. Electronic versions do not cover all forms and payment vouchers and ISRP is the only system at the IRS that can support this taxpayer requirement. ISRP provides top quality service to taxpayers through fair and uniform application of the law.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** ISRP addresses the U.S. Department Treasury Goal 3, Fairly and effectively reform and modernize federal financial management, accounting, and tax systems, Objective 3.3, Pursue tax reform, implement the Patient Protection and Affordable Care Act (ACA) and Foreign Account Tax Compliance Act (FATCA) improving the execution of the tax code.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

**Accomplishments and Future Objectives:**

Investment Accomplishments:

Developed changes required by tax law. ISRP deployed ACA Changes. ISRP completed the deployment of MS Internet Explorer 11 and the associated update to the remittance COTS product. Completed the transition to new PRPS Contractor.

Future Objectives:

Deliver Tax Year Changes to keep ISRP up-to-date. ISRP will program, test, and deploy the new Achieving a Better Life Experience (ABLE) Act functionality to capture and archive in the AIR/IRI system for IRIS. Deliver updates to the ISRP system for The Protecting Americans from Tax Hikes Act (PATH Act) and ACA.

ISRP will update programs and continue to send FATCA information (Forms 8938, 8966 and 1042-S (Recipient Copy) to the ICMM system (International Compliance Management Model). Begin migration of the ISRP Program Requirements Package (PRP) documents currently in WORD format to the Rational Requirements Composer (RRC) system. Complete the deployment of the upgrade to the Intrust Version 11 that supports server event log management. Deploy security patches, maintenance and firmware updates. The refresh of ISRP hardware, both server infrastructure and workstation is planned. Transfer of desktop support from Enterprise Operations (EOps) to User and Network Services (UNS). Consider proposals and options to leverage functionality between the ISRP and SCRIPS systems to improve efficiency and continue to reduce costs.

**Details of Useful Life Period:**

***Year the investment began:*** 1998

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Scanner/ Transport HARDWARE Response Timeliness - Percentage of Priority Trouble Tickets (P1) Maintenance Response within 2 hours.	Strategic and Business Results	Over target	Monthly	Percent	97.00	99.98	02/28/2017
Production Problem Resolution and Reporting - Number of high priority trouble tickets (P1) not closed within 4 hours.	Strategic and Business Results	Under target	Monthly	numeric	0.00	0.00	02/28/2017
System Availability (Uptime) - Percent of up time hours (actual uptime hours/planned uptime hours).	Financial Performance	Over target	Monthly	Percent	99.00	100.00	02/28/2017
Production Problem Resolution and Reporting - Number of priority trouble tickets (P2) not closed timely within 24 hours	Customer Satisfaction (Results)	Under target	Monthly	Numeric	1.00	0.00	02/28/2017
Percentage of daily ISRP deposits made in accordance with IRM 3.0.275.	Strategic and Business Results	Over target	Monthly	Percent	70.00	93.40	02/28/2017

**Investment Name:** IRS End User Systems and Services (EUSS)

**Type of Investment:** Major IT Investment

**Description:**

The End User Systems and Services (EUSS) investment provides desktops, laptops, mobile devices, software, incident management services, and asset management services to all end users in the IRS.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs		47.03	39.09	42.31	43.20	44.11	45.03	45.98	<b>306.76</b>
O&M Costs	1081.71	190.97	169.47	257.16	260.64	264.17	267.76	271.40	<b>2763.28</b>
<b>Total Costs</b>	<b>1081.71</b>	<b>238.01</b>	<b>208.56</b>	<b>299.47</b>	<b>303.84</b>	<b>308.28</b>	<b>312.79</b>	<b>317.38</b>	<b>3070.05</b>

  

Number of FTE	3243.04	973.18	951.79	984.04	1016.12	1016.12	1016.12	1016.12	10216.53
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**Summary of Purpose, Goals, and Benefits:**

The End User Systems and Services (EUSS) Investment supports the IRS day-to-day end user products and services for over 84,000 IRS employees at headquarters and field sites. The products and services provided are such things as desktops, laptops, mobile devices, software, incident management services, and asset management services.

The investment goal is to provide reliable, secure, innovative and cost effective computer hardware, software and services that enable communication, collaboration and business capabilities in support of the IRS mission.

The EUSS investment provides operations and maintenance support delivering a secure and stable IT infrastructure provisioning and managing assets by improving existing utilization, streamlining processes, and delivering services consistent with industry trends and long term investment planning in the IRS production environment. The investment provides desktops, laptops, mobile devices, software, incident management services, and asset management services to all end users in the IRS. The investment will implement enterprise-wide analytics and research capabilities to ensure that timely and informed decisions/strategies are made. In support of improving efficiency and productivity for all IRS employees the investment continues to implement World Class Service strategies to deliver exceptional performance and service by meeting or exceeding industry performance standards. Meeting or exceeding industry performance standards will be accomplished through enhanced customer experience and innovation, driving to a transformative culture of self-sufficiency through tools and pro-active education and services, drive efficiency through channel segmentation, demand management, performance measures and to implement where budget allows, new technologies and interactions to enable more frequent and effective user communication.

**Return on Investment:**

The EUSS Investment is an Operation & Maintenance investment therefore does not provide a return on investment. EUSS is constantly integrating new technologies into the infrastructure to provide cost benefits and service improvements to the environment.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* Objective 5 Invest in innovative, secure technology needed to protect taxpayer data and support taxpayer, partner and IRS business needs.

*Other Requirement:* N/A

**Accomplishments and Future Objectives:**

The investment was able to continue to provide customers with all required hardware, software and maintenance support needed. This was accomplished through the efficient management and maintenance of infrastructure operations.

The Investment looks to:

- \* Continue Operations and Maintenance requirements
- \* Expand Wi-Fi access points throughout post of duties to help support a more mobile workforce
- \* Develop the use of Cloud Computing software as a service to evaluate solutions for common services (email, collaboration, etc.) and identify best candidates
- \* Development of virtualization and cloud based solutions to help change desktop/laptop service model
- \* Windows 10ToGo desktop strategy and leverage virtualization to redefine user experience
- \* PC on a stick to drive down the demand of laptops and desktops
- \* Upgrading clients to Win10 and Office Pro Plus.

**Details of Useful Life Period:**

*Year the investment began:* 2002

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses a 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

## **Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
First Level Resolution - Measures the percentage of IT interactions closed at the First Level (i.e. by the Enterprise Service Desk (ESD)).	Financial Performance	Over target	Monthly	Percentage	60.00	60.18	03/31/2017
Speed of Answer (Service Desk) - measures the average amount of time a customer waits in the Service Desk queue before reaching a Service Desk Representative. The time does not include the time an employee spends listening to the Front End Message (FEM)	Strategic and Business Results	Under target	Monthly	Minutes	8.00	5.67	03/31/2017
USGCB Compliance - Measures the percentage of workstations that have settings configured that are compliant to pass baseline security scans	Strategic and Business Results	Over target	Monthly	Percentage	95.00	99.85	03/31/2017
EUSS Percent on Time Priority 3 - measures the timeliness of resolution against the standards contained in the Master Service Level Agreement (MSLA), two business days.	Customer Satisfaction (Results)	Over target	Monthly	Percentage	90.00	98.47	03/31/2017
Call Handle Time - measures the average amount of time it takes a Customer Service Representative to complete a service call	Strategic and Business Results	Under target	Monthly	Minutes	25.00	19.88	03/31/2017

**Investment Name:** IRS Main Frames and Servers Services and Support (MSSS)

**Type of Investment:** Major IT Investment

**Description:**

Provides for the design, development and deployment of server, middleware and large systems and enterprise storage infrastructures, including systems software products, databases and operating systems for these platforms.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	43.37	24.77	27.93	39.02	39.84	40.68	41.53	42.41	<b>299.55</b>
O&M Costs	5562.18	474.59	398.66	461.87	468.88	476.02	483.27	490.65	<b>8816.12</b>
<b>Total Costs</b>	<b>5605.56</b>	<b>499.36</b>	<b>426.59</b>	<b>500.89</b>	<b>508.73</b>	516.70	524.80	533.05	<b>8188.20</b>

  

Number of FTE	8388.09	1612.78	1594.83	1583.54	1583.54	1583.54	1583.54	1583.54	19513.40
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**Summary of Purpose, Goals, and Benefits:**

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. 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.

**Return on Investment:**

Benefits from infrastructure are derived from on-going and improved tax systems usage.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** Yes. This investment supports the Enterprise Operations Strategic Priorities updated June 23rd, 2015. EOps strategic priorities ensure focus on the right activities to deliver World Class IT Operations which in turn assists the IRS in achieving its goals. EOps Core Mission: Seamless operations support for filing season and tax administration. Provide efficient, cost effective, and highly reliable computing (server and mainframe) services for all IRS business entities and taxpayers. This investment is supported by EOps Priorities 2 - Standardized data centers and data center operations; 3 - Rapid provisioning of computing infrastructure for customers; 4 - Common, current, and flexible technology infrastructure; 5 - Highly responsive event, incident, and problem management; 6 - High availability and security.

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

**Accomplishments and Future Objectives:**

The Mainframes and Servers, Services and Support (MSSS) investment plans to deliver a successful filing season through the efficient management and maintenance of infrastructure operations. The MSSS investment will accomplish this by ensuring continued support for the design, development and deployment of servers, middleware and large systems as well as enterprise storage infrastructures, including software products, databases and operating systems for these platforms.

**Details of Useful Life Period:**

*Year the investment began:* 1970

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses a 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.



**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Percentage of Uptime for the ACS, ICS and IDRS Databases	Strategic and Business Results	Over target	Monthly	percentage	98.00	100.00	03/30/2017
Percentage of Server Environment Virtualized	Strategic and Business Results	Over target	Monthly	percentage	62.00	70.20	04/01/2017
Success Rate Percentage for Automated Deployment of Infrastructure Component Packages to Production - Using the Package Based Promotion Tool	Strategic and Business Results	Over target	Monthly	percentage	95.00	99.96	03/30/2017
Number of Standard Employee IDs with Elevated Access are Reduced	Financial Performance	Under target	Quarterly	Number	3000.00	530.00	11/29/2016
The percent (%) of the KISAM P1/P2 tickets assigned to the ITOCC for Server, Mainframe and Network branch triaged and resolved.	Customer Satisfaction (Results)	Over target	Monthly	Percentage	70.00	80.00	04/02/2017

**Investment Name:** IRS Telecommunications Systems and Support (TSS)

**Type of Investment:** Major IT Investment

**Description:**

The Telecommunications Systems and Support (TSS) investment supports the voice and data network infrastructure services, video services and engineering throughout the IRS.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs		9.35	8.79	8.79	8.98	9.17	9.36	9.55	<b>63.99</b>
O&M Costs	1578.46	327.03	342.61	375.56	380.32	385.14	390.03	394.98	<b>4174.13</b>
<b>Total Costs</b>	<b>1578.46</b>	<b>336.38</b>	<b>351.39</b>	<b>384.35</b>	<b>389.29</b>	<b>394.31</b>	<b>399.39</b>	<b>404.54</b>	<b>4238.12</b>

Number of FTE	1493.31	478.71	497.06	553.37	576.93	576.93	576.93	576.93	5330.17
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**Summary of Purpose, Goals, and Benefits:**

The Telecommunications Systems and Support (TSS) investment supports the IRS's broad and local network infrastructure services such as WANs, LANs, routers, switches, video conference service, enterprise fax service, and voice service for over 84,000 IRS employees at about 1,000 IRS locations.

The goal of the investment is to provide the IRS with reliable, secure, innovative, cost-effective technology and services that enable communication, collaboration and business capabilities in support of the IRS mission.

The investment provides operations & maintenance support and projects which provide remote access, voice telephony, voicemail, contact center support and video conferencing. The investment is responsible for secure management of voice and data networks, video services and engineering throughout the IRS, in support of the IRS mission. The investment continues to implement enterprise wide analytics and research capabilities to ensure that timely and informed decisions/strategies are made which will allow for delivery of exceptional performance and service by meeting or exceeding industry performance standards. TSS invests in innovative, secure technology needed to protect taxpayer data and support taxpayer, partner and IRS business needs. The investment realizes operational efficiencies and effectively manages costs by improving enterprise-wide resource allocation and streamlining processes. TSS continues delivery of services and products to IRS employees which translates into service to taxpayers. Consistent and well-coordinated planning throughout the investment results in improved customer service that leads to higher quality, improved system stability, and reliability for all stakeholders.

**Return on Investment:**

The TSS Investment is an Operation & Maintenance investment so therefore it does not provide

a return on investment. TSS is constantly upgrading the infrastructure with new technologies leading to a more stable, secure, and cost effective environment.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* Objective 5 Invest in innovative, secure technology needed to protect taxpayer data and support taxpayer, partner and IRS business needs.

*Other Requirement:* N/A

**Accomplishments and Future Objectives:**

The investment was able to continue to provide customers with all required operation & maintenance support needed. This was accomplished through the efficient management and maintenance of infrastructure operations.

The Investment looks to:

- \* Continue to provide Operations and Maintenance requirements
- \* Through Network Convergence provide quality video and voice over IP by continuing to move all voice, voicemail messaging and video to an IP based transmission capability
- \* Implement Enterprise Infrastructure Solutions (EIS) as the Treasury TNET re-compete acquisition vehicle for Treasury Wide network managed services
- \* Outbound Virtual Desktop Infrastructure to allow the IRS workforce to connect securely to external partners
- \* Refreshment of Automated Call Distributors (ACDs) endpoints by Infrastructure Upgrade Project
- \* Unified Access & Network Segmentation rollout
- \* Leverage new capabilities to support remote workforce and case management
- \* Integrate Unified Communications across multiple user environments/clients (Windows, virtual, Cloud, mobile).

**Details of Useful Life Period:**

*Year the investment began:* 2001

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
GSP Compliance (Network Devices) - measures the percentage of network devices that meet GSP (Guidelines Standards and Procedures) standards	Strategic and Business Results	Over target	Monthly	Percentage	95.00	95.16	03/31/2017
WAN Availability - measures the percentage of availability of Wide Area Network (WAN) Services	Financial Performance	Over target	Monthly	Percentage	99.95	99.98	03/31/2017
LAN Availability - measures the percentage of availability of Local Area Network (LAN) Services	Strategic and Business Results	Over target	Monthly	Percentage	99.95	99.97	03/31/2017
Internet Access Availability - measures the percentage of internet availability through the three CCGs (Common Communication Gateways)	Customer Satisfaction (Results)	Over target	Monthly	Percentage	99.80	100.00	03/31/2017
GSP Compliance (Network Rules) - measures the percentage of network rules that meet GSP (Guidelines Standards and Procedures) standards	Strategic and Business Results	Over target	Monthly	Percentage	95.00	99.93	03/31/2017

**Investment Name:** IRS.GOV - Portal Environment

**Type of Investment:** Major IT Investment

**Description:**

IRS portal provides seamless one-stop web-based services to internal and external users, such as taxpayers, business partners and IRS employees. NOTE Acquisition for IEP 1.5 will continue to provide the same level of infrastructure web service hosting.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	115.58	20.58	46.89	10.83	25.10	25.10	N/A	N/A	244.07
O&M Costs	512.11	55.85	60.47	91.15	62.84	62.84	N/A	N/A	845.26
<b>Total Costs</b>	<b>627.69</b>	<b>76.43</b>	<b>107.36</b>	<b>101.98</b>	<b>87.94</b>	<b>87.94</b>	<b>N/A</b>	<b>N/A</b>	<b>1089.34</b>

  

Number of FTE	208.15	7.37	14.66	14.66	14.66	14.66	N/A	N/A	274.16
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**Summary of Purpose, Goals, and Benefits:**

The IRS.gov website provides a virtual tax assistance center for internal and external users. This investment enables landing page access to services for taxpayers, businesses, practitioners, electronic return originators and IRS employees.

**Return on Investment:**

The Integrated Enterprise Portal is an infrastructure hosting and therefore, does not have a direct return on investment.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* U.S. Treasury Strategic Plan (FY2014-2017)

Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems.

Strategic Objective 3.3 - Pursue tax reform, implement the Patient Protection and Affordable Care Act and FACTA, and improve the execution of the tax code

***Other Requirement:*** FAR- Subpart 6.2; Full and Open Competition After Exclusion of Sources 6.200 Scope of subpart

This subpart prescribes policy and procedures for providing for full and open competition after excluding one or more sources.

6.201 Policy

- Acquisitions made under this subpart require use of the competitive procedures prescribed in 6.102.

**Accomplishments and Future Objectives:**

FY 2016 Accomplishment for IEP:

IRS.gov ensured the public had access to IRS information that was current and accurate with near real time updates for forms, publications, news items, rules, and articles.

Filing Season updates were implemented by continued planning and technical replacement activities for IRS.gov.

FY 2017 Planned Accomplishment for IEP Public User Portal (PUP):

Operations and Maintenance will continue for IRS Web Services Infrastructure so that irs.gov provides secure information for the Web portal.

Filing Season 2017 updates will be implemented to ensure accurate tax information for taxpayers, tax practitioners, businesses, and electronic return originators

Increase Analytics capacity is a planned accomplishment for irs.gov utilizing web applications and Google Analytics.

**Details of Useful Life Period:**

*Year the investment began:* 1996

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Percentage of system response time of search queries completed in less than 3 seconds.	Strategic and Business Results	Over target	Monthly	Percentage	99.99	99.99	03/31/2017
Percentage of system response times of User requests for Website content completed less than 3 seconds.	Strategic and Business Results	Over target	Monthly	Percentage	95.00	99.13	03/31/2017
Providing the percentage of Formal O&M deliverables submitted timely.	Financial Performance	Over target	Monthly	Percentage	90.00	100.00	03/31/2017
Providing a Web portal Content Management System (CMS) that allows availability of 99.99% portal services to meet obligations timely.	Strategic and Business Results	Over target	Monthly	Percentage	99.99	100.00	03/31/2017
Providing a public facing web Portal environment availability of 99.99% that allows taxpayers to meet their tax obligations timely.	Customer Satisfaction (Results)	Over target	Monthly	percentage	99.99	100.00	03/31/2017

**Investment Name:** Modernized e-File (MeF)

**Type of Investment:** Major IT Investment

**Description:**

MeF provides a secure web-based platform for electronic filing of individual and business tax and information returns by registered Electronic Return Originators. Returns are submitted through the Internet in Extensible Markup Language (XML) format.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	310.69	17.13	3.51	0.00	0.00	0.00	0.00	0.00	331.33
O&M Costs	177.45	44.02	42.50	43.36	43.95	44.56	45.17	45.79	486.80
<b>Total Costs</b>	<b>488.14</b>	<b>61.14</b>	<b>46.01</b>	<b>43.36</b>	<b>43.95</b>	<b>44.56</b>	<b>45.17</b>	<b>45.79</b>	<b>818.13</b>

  

Number of FTE	641.38	115.95	97.80	74.80	74.80	74.80	74.80	74.80	1229.13
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**Summary of Purpose, Goals, and Benefits:**

The Modernized e-file (MeF) Program provides a secure, web platform for electronically filing tax and information returns by registered Electronic Return Originators (EROs). 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 MeF program supports the Treasury and IRS strategic goals by effectively and efficiently using resources to optimize return filing, expand e-Government, and reduce taxpayer burden.

Beneficiaries include the tax preparation community and the taxpayers they represent. MeF also benefits large corporations and tax-exempt organizations that are required at a specific asset threshold to electronically file their tax returns or annual information returns by reducing the handling/ mailing of voluminous paper returns which sometimes exceed 700 attachments/schedules.

CY (2017):

Deploy MeF Release 10.1 which will allow changes due to ACA, FATCA and maintenance of MeF including hardware, software, security, helpdesk, training, etc.

Develop MeF Release 10.2 which will allow maintenance of MeF including hardware, software, security, helpdesk, training, etc.

BY (2018):

Deploy MeF Release 10.2 which will allow maintenance of MeF including hardware, software, security, helpdesk, training, etc.



Develop MeF Release 10.3 which will allow maintenance of MeF including hardware, software, security, helpdesk, training, etc.

MeF has dependencies with:

irs.gov - Portal Environment

Information Return and Document Matching (IRDM)

Individual Master File (IMF)

Business Master File (BMF)

Tax Return Data Base (TRDB)

Electronic Fraud Detection System (EFDS).

### **Return on Investment:**

Benefits of Modernized e-File (MeF) include a cost savings of \$2 for filing a business return vs. a paper return. As of December 31, 2016 since over 40.5M BMF returns have been accepted this translates to a cost savings of \$81M. For individual returns the cost savings are \$3.13 per return. As of December 31, 2016 over 140.7M IMF returns have been accepted. The total IMF cost savings are \$440M. Total cost savings for MeF program are therefore \$521M. For FY2016 the total cost expended for MeF is \$61M. As a result the MeF Return on investment is 854%.

Modernized e-File (MeF) receives and processes e-file returns in an Internet environment. MeF provides for real time processing of acknowledgements, streamlined error detection, standardization of business rules and requirements across form types, capability to attach PDF files, and capability for IRS employees to view MeF return data through the Employee User Portal (EUP) and also the Business Objects Server.

MeF contributes to Treasury's Federal Enterprise Architecture (FEA) Performance Reference Model (PRM) objectives 'Increase Voluntary Tax Compliance'; and 'Increase electronic transactions with public to improve service, prevent fraud and reduce costs'.

### **Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** 1. Title II, Section 2001 of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA98) - includes a provision setting a goal of an 80 percent e-file rate for all federal tax and information returns. (P.L.105-206)

***Audit Finding or Material Weakness:*** N/A

***Agency Strategic Plan / Annual Performance Plan:*** MeF supports the Treasury Strategic Goal of Managing the Government's Finances in a Fiscally Responsible Manner, Objective #2, Expand the use of electronic transactions by providing a secure, web platform for electronically filing tax and information returns by registered Electronic Return Originators (ERO).

***Presidential Priority:*** N/A

***Other Requirement:*** N/A

### **Accomplishments and Future Objectives:**

CY (2017):

Deploy MeF Release 10.1 which will allow changes due to ACA, FATCA and maintenance of MeF including hardware, software, security, helpdesk, training, etc.

Develop MeF Release 10.2 which will allow maintenance of MeF including hardware, software,

security, helpdesk, training, etc.

BY (2018):

Deploy MeF Release 10.2 which will allow maintenance of MeF including hardware, software, security, helpdesk, training, etc.

Develop MeF Release 10.3 which will allow maintenance of MeF including hardware, software, security, helpdesk, training, etc.

**Details of Useful Life Period:**

*Year the investment began:* 2001

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

## **Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
Error rate for electronically filed tax returns	Financial Performance	Under target	Quarterly	percentage	8.00	8.00	03/31/2017
The percentage of scheduled system availability per the approved Service Level Agreement, as documented monthly by IRS Enterprise Operations.	Customer Satisfaction (Results)	Over target	Monthly	percentage	99.00	99.00	03/31/2017
The average number of minutes within which electronic filers receive acknowledgement of their electronically filed tax returns.	Customer Satisfaction (Results)	Under target	Monthly	minutes	5.00	5.00	03/31/2017
Percent of business tax returns processed electronically by MeF.	Strategic and Business Results	Over target	Monthly	percentage	40.00	60.52	03/31/2017
Percent of individual tax returns processed electronically.	Strategic and Business Results	Over target	Quarterly	percentage	80.00	94.34	03/31/2017
Total quarterly cost savings derived from electronically filed tax returns. Savings achieved is based on an average of \$10M target savings per quarter. This a periodic metric.	Strategic and Business Results	Over target	Quarterly	Millions of Dollars. (\$M)	18.00	32.00	03/31/2017

**Investment Name:** Return Review Program (RRP)

**Type of Investment:** Major IT Investment

**Description:**

The Return Review Program (RRP) is an automated system designed to maximize fraud detection at the time that tax returns are filed to eliminate the issuing of questionable refunds.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	181.29	58.81	40.22	51.00	51.63	52.27	52.92	53.57	541.70
O&M Costs	11.32	41.36	44.28	45.18	45.73	46.29	46.86	47.44	328.46
<b>Total Costs</b>	<b>192.61</b>	<b>100.17</b>	<b>84.50</b>	<b>96.18</b>	<b>97.36</b>	<b>98.56</b>	<b>99.78</b>	<b>101.01</b>	<b>870.16</b>

  

Number of FTE	251.65	85.16	85.70	76.70	76.70	76.70	76.70	76.70	806.01
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**Summary of Purpose, Goals, and Benefits:**

RRP will be the enterprise anomaly detection platform for all anomaly type fraud and noncompliance supporting pre and post refund processes. The purpose of RRP is to implement a framework that will use leading-edge technologies to advance IRS' effectiveness in detecting, addressing, preventing tax refund fraud and protecting revenue. Using the analytics capability provided by RRP, the goal is to create predictive fraud and non-compliance detection models, which will seek out subtle data patterns to determine reliability of return data.

In Filing Season 2016, RRP expanded Non-Identity Theft fraud detection by nearly three times compared to the legacy fraud detection system Electronic Fraud Detection System (EFDS). RRP also detected 64% more Identity Theft at a 31% lower false detection rate compared to the EFDS.

RRP is critical for IRS mission success in tackling ever-evolving tax schemes in a sophisticated, scalable, and adaptable manner. RRP currently runs individual tax returns through a comprehensive set of rules and models to identify potential taxpayer fraud and other noncompliance. In the future, RRP will allow the Business Operating Divisions the ability to perform analytic self-service to facilitate rapid deployment of new rules and models for non-compliance and emerging fraud schemes. In addition, RRP will perform analytics on business returns and improve workload management for the Business Operating Divisions by developing rules and models that flag potential cases and dynamically route anomalies/exceptions to different treatment streams. This will increase efficiencies to assist in selection and prioritization of workload.

RRP will have an expanded role beyond fraud detection in the future. RRP will correlate data across multiple data sources. Currently, RRP supports IRS enforcement of international

compliance with FATCA through its matching and analysis of withholding data reported by foreign financial institutions to prevent fraudulent refund requests from being paid.

With increasing fraud sophistication and fraudsters having more information on taxpayers, RRP has built models to detect fraud in the most sophisticated cases where the individual Wage and Tax statements on the return matched 3rd party data.

**Return on Investment:**

Overall in Filing Season 2016, RRP is responsible for identifying over \$6.8B in suspicious refunds across 845K returns. The actual values for RRP FS2016 are the following: 444K confirmed fraud returns at \$2.5B which is equal to 39% False Detection Rate. This includes expanded detection of Non-Identity Theft based schemes. RRP developed and deployed Non-Identity Theft Fraud analytics resulting in RRP selecting over 101K suspected cases of fraud with refunds totaling \$2.3B. RRP developed new analytics which enabled RRP to detect over 170K suspected cases of Identity Theft at a false detection rate of only 19% where the fraudulent return had significant taxpayer information (beyond Social Security Number (SSN) and date of birth).

Other qualitative benefits both internal and external to the Federal Government that RRP will provide are as follows:

- RRP has resulted in improved tax compliance and revenue protection for the U.S. Department of Treasury.
- Pre-refund revenue protection and fraud detection functionality resulting in preventing payment from the Treasury of fraudulent refund claims through data analysis of foreign financial institutions' tax withholding reports to the IRS and the withholding claimed on taxpayers' returns
- Identification of real-time potential fraud/ suspicious activity by using a comprehensive and flexible set of data analytic techniques including risk scoring and anomaly detection, to detect suspicious conditions on returns and react quickly
- Systemic identification of suspected identity theft on tax returns based on entity analytics, resulting in greater revenue protection for the Government and reduced impact to the taxpayers whose identities were stolen
- New entity-based non-compliance and fraud pattern detection through predictive analytics, data mining using external sources and IRS entity history, a business rules engine that enables near real-time response to emerging trends, and Linked Return Analysis (LRA), a comprehensive view of filer's identity and filing history, enabling systemic detection of new fraud.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* Agency Strategic Plan:

Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems.

Objective 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code.

Goal 5: Create a 21st century approach to government by improving efficiency, effectiveness, and customer interaction.

Objective 5.2: Support effective, data-driven decision-making and encourage transparency

through intelligent gathering, analysis, sharing, use, and dissemination of information.

**Presidential Priority:** N/A

**Other Requirement:** N/A

**Accomplishments and Future Objectives:**

RRP developed the Release Plan (RP) using inputs from Business & IT to prioritize capabilities that will be implemented into the system based on alignment with the goal of retiring the current legacy fraud detection system, Electronic Fraud Detection System (EFDS). The RP, which grouped the prioritized capabilities into projects & identified the cost, scope, & schedule for Phase 1 of RRP, was approved January 2016. RRP RP projects are currently in progress, as described below. The RRP is being updated to provide a re-baselined 2017 schedule based on increased understanding of scope & complexity of the remaining functionality, & schedule alignment with other components needed to retire EFDS.

RRP has recently completed Release Plan projects, Enhancing RRP Analytics (ERA) and Reporting and Transactional Processing (RTP). ERA provides increased revenue protection by improving the existing Non-Identity Theft (IDT) related anomaly detection for Electronic Returns and expanding the system's functionality to provide IDT and Non-IDT related anomaly detection for paper returns.

Capabilities introduced with the RTP project increased frequency and reliability of interactions with other IRS systems to prevent fraudulent refunds from being issued & minimize manual, resource-intensive processes. ERA and RTP improves RRP's ability to detect and send identified anomalies for treatment.

RRP completed the Filing Season 2017 project which brings annual improvements to analytical rules and models, the ability to process updated tax forms, and additional enhancements. These deliveries includes expanded querying for standard reports, expansion of W-2 Verification Code Pilot to perform security validation on an estimated 50 million returns, and loading of fraud lead data from 3rd party organizations.

Withholding and Refund (W&R) Release (R) 2.0 went live February 2016, enabling the aggregation and comparison of Form 1042. Implementation of Denial Letters deployed February 2017. W&R R4.1 went live June 2016, providing annual tax year updates and performance enhancements. Various performance and security enhancements, along with non-critical defect fixes found during the June launch, deployed February 2017. Implementation of all new W&R functionality is on hold pending a review of business processes and requirements.

RRP's future objectives include providing the remaining EFDS components to retire the anomaly detection functionality of EFDS.

**Details of Useful Life Period:**

***Year the investment began:*** 2010

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB***

***Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date.

IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
System Availability - The percent of hours the RRP system is up and running during hours RRP is scheduled to be available, per the Service Level Agreement (SLA).	Customer Satisfaction (Results)	Over target	Quarterly	Percent	90.00	99.99	03/31/2017
False Protection ID Theft - The percent of all individual tax returns that RRP detects to be the result of stolen identity refund fraud (SIRF) that are not actually SIRF returns. (RRP False Detection Rate for ID Theft].	Strategic and Business Results	Under target	Annual	Percent	50.00	39.00	12/31/2016
Systemic Verification of Income and Withholding Reported on Returns - Percent of electronically-filed income documents received by the IRS that RRP systemically verified.	Strategic and Business Results	Over target	Quarterly	Percent	10.00	78.00	03/31/2017
Total RRP P1 + P2 Production Tickets Opened each Month.	Strategic and Business Results	Under target	Monthly	Number	14.00	3.00	03/31/2017
The cumulative number of confirmed identity theft (ID) returns identified by the data models.	Financial Performance	Over target	Quarterly	Number of confirmed identity theft (ID) returns	14000.00	41029.00	03/31/2017

**Investment Name:** Service Center Recognition/Image Processing System (SCRIPS)

**Type of Investment:** Major IT Investment

**Description:**

SCRIPS is a data capture, management and image storage system that uses high speed scanning and digital imaging to process the 940, 941, K-1, IRP, and ACA-IRP paper returns and converts data to electronic format for processing downstream.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	3.10	0.40	0.00	0.00	0.00	0.00	0.00	0.00	3.50
O&M Costs	174.31	10.61	9.63	9.82	9.94	10.07	10.19	10.32	244.88
<b>Total Costs</b>	<b>177.40</b>	<b>11.01</b>	<b>9.63</b>	<b>9.82</b>	<b>9.94</b>	<b>10.07</b>	<b>10.19</b>	<b>10.32</b>	<b>248.38</b>

  

Number of FTE	109.04	8.04	10.12	10.12	10.12	10.12	10.12	10.12	177.80
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**Summary of Purpose, Goals, and Benefits:**

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-1s (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 will process ACA-IRP Forms 1094-x and 1095-x. 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 2 Dimensional (2D) bar code recognition which optimizes and automates data entry of the taxpayer data.

SCRIPS is one of the front-end input systems that operates at four IRS Service Centers where forms are received, sorted, and then sent 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, as well as Service-Wide Employment Tax Research System (SWETRS) and Statistics Of Income (SOI) for compliance. Beginning in 2016, SCRIPS will send data to ACA Information Returns (AIR) database for Master Files. Images are archived and retained on the Enterprise Shared Storage platform. IRS Customer Service Representatives can request hard copies of images through the Integrated Data Retrieval System (IDRS).

SCRIPS will deliver legislatively mandated Tax Year Changes to keep SCRIPS the system up-to-date. In addition, SCRIPS will program, test, and deploy new Affordable Care Act (ACA) functionality. SCRIPS processed more than 63 million tax forms in 2016 and expects to process



66 million tax forms in 2017. SCRIPS provides taxpayers fair and uniform application of the law, and increases efficiency for tax processing by converting paper forms to electronic images.

**Return on Investment:**

In 2016, SCRIPS scanned 63.2 million taxpayer documents, and is on track to complete 66 million in 2017. Considering the total cost to operate SCRIPS per year, the point at which the gain equals the costs incurred for SCRIPS is about 5.5 million documents. By the end of February of each year, SCRIPS has processed more than 15 million documents. Thus, the point at which the gain equals the costs incurred for SCRIPS is achieved before the end of the 2nd month of the Filing Season.

**Requirements/ Benefits/ Mandates:**

*Legislative Mandate:* N/A

*Audit Finding or Material Weakness:* N/A

*Agency Strategic Plan / Annual Performance Plan:* SCRIPS addresses the U.S. Department of the Treasury Goal 3, Fairly and effectively reform and modernize federal financial management, accounting, and tax systems, Objective 3.3, Pursue tax reform, implement the Patient Protection and Affordable Care Act (ACA) and Foreign Account Tax Compliance Act (FATCA), and improve the execution of the tax code. SCRIPS also satisfies Treasury Goal 5, Create a 21st century approach to government by improving efficiency, effectiveness, and customer interaction, Objective 5.3 Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability when SCRIPS implemented an EA compliant system in 2014 that utilizes a Shared Storage platform.

*Presidential Priority:* N/A

*Other Requirement:* N/A

**Accomplishments and Future Objectives:**

Delivered legislatively mandated Tax Year Changes to keep SCRIPS up-to-date. In FY2017, SCRIPS will:

Deliver Tax Year Changes to keep SCRIPS up-to-date.

Consider proposals and options to leverage functionality between the SCRIPS and ISRP systems to improve efficiency and reduce costs.

Deploy ACA functionality.

Deploy new Data Perfection Operator workstations.

**Details of Useful Life Period:**

*Year the investment began:* 1991

*End Year of the current planning cycle:* 2023

*Description of why the investment is not consistent with life cycle model defined in OMB Circular A-131.:* This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.

**Performance Evaluation and Metrics:**

<b>Metric Description</b>	<b>Performance Measurement Category Mapping</b>	<b>Measurement Condition</b>	<b>Reporting Frequency</b>	<b>Unit Of Measure</b>	<b>CY Target</b>	<b>Latest Actual Result</b>	<b>Date of Latest Actual Result</b>
The percentage of time the SCRIPS system is available per month for processing (system up-time).	Financial Performance	Over target	Monthly	percentage	99.00	100.00	03/31/2017
Percent of tax return image print requests fulfilled within 2 days.	Customer Satisfaction (Results)	Over target	Monthly	percent	95.00	100.00	03/31/2017
Maintain a character recognition error rate on scanned forms of no more than 6% per month.	Strategic and Business Results	Under target	Monthly	percent	6.00	2.34	03/31/2017
Number of Moderate Priority (P2) trouble tickets not closed within 24 hours.	Strategic and Business Results	Under target	Monthly	numeric	1.00	0.00	03/31/2017
Number of High Priority (P1) trouble tickets not closed within 4 hours.	Strategic and Business Results	Under target	Monthly	numeric	1.00	0.00	03/31/2017
Average number of tax return-related documents processed per hour (for all sites). This is a seasonal metric.	Strategic and Business Results	Over target	Quarterly	numeric	350.00	400.10	03/31/2017

**Investment Name:** Web Applications

**Type of Investment:** Major IT Investment

**Description:**

Web Applications will simplify the taxpayer's online experience by providing secure digital communications and more interactive capabilities. Components include: Online Account; Authorization; Third Party; and Mobile.

**Investment Anticipated Outlay: (\$000,000s):**

Type	2015 and Prior Actual	2016 Actual	2017 Enacted	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 and Beyond Estimated	Total
DME Costs	13.22	27.21	29.25	21.28	21.45	21.45	N/A	N/A	133.87
O&M Costs	0.00	0.00	0.00	2.72	0.00	0.00	N/A	N/A	2.72
<b>Total Costs</b>	<b>13.22</b>	<b>27.21</b>	<b>29.25</b>	<b>24.00</b>	<b>21.45</b>	<b>21.45</b>	<b>N/A</b>	<b>N/A</b>	<b>136.59</b>

  

Number of FTE	15.48	35.75	58.00	49.00	36.00	36.00	N/A	N/A	230.23
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**Summary of Purpose, Goals, and Benefits:**

This will lead the IRS to achieving enterprise themes of facilitating voluntary compliance by empowering taxpayers with innovative tools and support and driving more agility and efficiency in IRS operations. The Web Applications investment is a digital-first approach that enhances the taxpayer's online experience, provides secure digital communications, and adds more interactive capabilities to existing web self-service products.

To keep pace with increasing taxpayer demand for IRS service, the IRS must create and enhance online, self-service capabilities for taxpayers, tax practitioners, and internal IRS stakeholders. This allows taxpayers the ability to easily access both public and personal information from their computers, smart phones and tablets and interact digitally with the IRS within a secure framework. Web Applications will drive the IRS transition to digital government and supports the long-term vision of migrating services from expensive traditional channels to the internet. Web Applications will continue to enhance the taxpayer's experience by providing additional self-service options within a secure communications infrastructure.

The IRS goal is to deliver new digital communication channels and migrate service delivery from offline channels to the World Wide Web by implementing Online Account, Advanced Mobile projects; developing Authorization services; and expanding the Third Party Application Programming Interfaces (API).

**Return on Investment:**

Online Account is a multi-phase effort that provides single sign-on capability to offer taxpayers easy access account-related information. It will provide a consolidated view of taxpayer capabilities with access to applications including Online Payment Agreement, IRS Direct Pay,

and Where's My Refund? as well other tools. Online Account will continue to implement additional individual taxpayer capabilities and integrate with other IRS projects that need to interact with Web Apps to provide better online access for taxpayers.

The IRS2Go Mobile Application will continue to evolve, allowing taxpayers to increase their use of multiple mobile digital devices such as smart phones and tablets as a primary source for accessing information and conducting business. By offering new services tailored for mobile devices, taxpayers will be able to find tax-related information and meet their filing obligations with added convenience and flexibility. Developing a framework for mobile applications to leverage many of the features developed for Online Account provides taxpayers with a new generation of faster and more feature-rich mobile applications.

New Authorization services provide the Centralized Access File (CAF) Registration feature and lay the ground work for the Third Party Access Tool (TPAT) capabilities. CAF Registration will allow third-parties to claim their previously assigned CAF numbers online. This is a pre-requisite to TPAT which will allow third-party practitioners the ability to submit Disclosure Authorizations (Form8828), Powers of Attorney (Form2848) and potentially other authorization forms online.

In the future, expansion of Third Party Application Programming Interfaces (APIs) will increase the number of tax services available to third parties and broaden the definition of third party to include other federal and state government agencies, as well as commercial tax preparers.

**Requirements/ Benefits/ Mandates:**

***Legislative Mandate:*** N/A

***Audit Finding or Material Weakness:*** Long-Term Strategy Needed to Improve Interactive Services; GAO-13-435: Published: Apr 16, 2013. Publicly Released: Apr 16, 2013.

GAO recommended that IRS develop a long-term strategic plan for its web services. While the IRS has already developed a long term strategy on improving web services for taxpayers, we will continue to expand the strategy and make improvements as appropriate. This strategy is a living document that will evolve as priorities and progress are made over time. Based on the GAO recommendations, we will make necessary changes to continue to improve our long term strategy.

***Agency Strategic Plan / Annual Performance Plan:*** The IRS' implementation of Web Apps will support the strategic goals and objectives of the Department of the Treasury as shown below:

Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems

Strategic Objective 3.2: Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government

Strategic Objective 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code

Goal 5: Create a 21st century approach to government by improving efficiency, effectiveness, and customer interaction

Strategic Objective 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of

information

Strategic Objective 5.4: Create a culture of service through relentless pursuit of customer value.

**Presidential Priority:** N/A

**Other Requirement:** N/A

**Accomplishments and Future Objectives:**

In FY 16, two Online Account (OLA) Federated Delivery Teams (FDTs) were established and completed 5 Program Increments, totaling 20 sprints to develop Account Commons and Balance Due capabilities for the initial release of OLA. During FY16, WebApps completed the acquisition and configuration OLA technical environments including DEV, SAT, PTE and PROD. In FY17, Web Applications will provide new taxpayer services by releasing Online Account, IRS2Go OLA capabilities for mobile, and an Authorization Framework to support third party applications.

In the future, Web Applications will continue striving to provide a user-centric, data-informed approach in order to ensure that taxpayer information is being presented and provided in a way that is easy for a taxpayer to interpret. This will include the release of new and continuing applications providing a wide variety of services to the taxpayer that will provide a better user experience, clearer content, an enhanced portal, and more robust analytics to continuously improve the taxpayer experience.

In the budget out-years, Web Applications plans to expand the ability communicate digitally to a wider variety of users including, individual taxpayers, business taxpayers, tax practitioners, and internal IRS stakeholders. The IRS will achieve significant savings through fewer help desk and informational calls and walk-ins and deliver a greater level of service.

**Details of Useful Life Period:**

***Year the investment began:*** 2015

***End Year of the current planning cycle:*** 2023

***Description of why the investment is not consistent with life cycle model defined in OMB***

***Circular A-131.:*** This investment covers ongoing functionality with no clear retirement date. IRS uses 5 year standard Period of Performance (POP) - Lifecycle not applicable to overall investment.