

**Area of
Focus #13**

While the IRS Has Made Encouraging Progress on Its Enterprise Case Management (ECM) Project, Much Work Remains to Be Done for the Project to Succeed

TAXPAYER RIGHTS IMPACTED¹

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

DISCUSSION

The National Taxpayer Advocate has previously raised several issues relating to the IRS's development of an enterprise case management (ECM) project.² The IRS has many information technology (IT) challenges, including the two oldest IT systems, each nearly six decades old, in the entire federal government.³ It also has somewhere between 60 and approximately 200 different case management systems.⁴ The age, number, and lack of integration across these systems, as well as the lack of digital communication and record keeping, cause waste, delay, and difficulty for IRS employees, including those in TAS, to perform their jobs efficiently and provide quality service to taxpayers.

As a part of its "Future State" vision, the IRS is currently pursuing an ECM project to unify these disparate case management systems and address the issues of automation, records management, and integration. The IRS has identified 63 case management systems to include in this project.⁵ The ECM project offers a future vision for consolidated case management that will address the need to modernize, upgrade, and consolidate multiple aging IRS systems. Few of these systems communicate with one another, and none provides an electronic substitute for the paper case file (*i.e.*, there are reams of paper supplementing whatever records are included in the electronic system).

The IRS's current case management system structure requires employees to retrieve data from many systems manually, which requires maintaining both paper and electronic records. Employees must transcribe or otherwise import information from paper and other systems into their own case

- 1 See Taxpayer Bill of Rights (TBOR), www.TaxpayerAdvocate.irs.gov/taxpayer-rights. The rights contained in the TBOR that was adopted by the IRS are now listed in the Internal Revenue Code (IRC). See Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, Title IV, § 401(a) (2015) (codified at IRC § 7803(a)(3)).
- 2 National Taxpayer Advocate 2016 Annual Report to Congress 31-3, 109-20.
- 3 See Government Accountability Office (GAO), GAO-16-468, Information Technology: Federal Agencies Need to Address Aging Legacy Systems (May 2016) (discussing aging IT systems throughout the government and listing the IRS's Individual Master File (IMF) and Business Master File (BMF) as the two oldest investments or systems at 56 years old each).
- 4 See *IRS Legacy Information Technology Systems: Hearing Before the H. Subcomm. On Government Operations of the H. Comm. on Oversight and Government Reform*, 114th Cong. 4 (2016) (written testimony of Terence Milholland, IRS Chief Technology Officer) (noting that there are more than 60 aging IRS case management systems), <https://oversight.house.gov/wp-content/uploads/2016/05/2016-05-25-Milholland-Testimony-IRS.pdf>; Treasury Inspector General for Tax Administration (TIGTA), Ref. No. 2016-20-094, *Annual Assessment of the Internal Revenue Service Information Technology Program 22* (Sept. 2016) (noting that the IRS maintains approximately 90 case management systems); Email from Director, Enterprise Case Management (ECM) to all designated ECM Business Unit Point of Contacts, which included the TAS Executive Director, Business Modernization (Mar. 11, 2016) (listing 198 case management systems). IRS response to TAS fact check (Dec. 16, 2016). See also TIGTA, Ref. No. 2014-20-071, *Information Technology: Improvements Are Needed to Successfully Plan and Deliver the New Taxpayer Advocate Service Integrated System* (Sept. 2014); TIGTA, Ref. No. 2014-20-088, *The Information Reporting and Document Matching Case Management System Could Not Be Deployed* (Sept. 2014) (both TIGTA reports note "there are more than 200 case management applications in operation across the IRS enterprise").
- 5 IRS, *Enterprise Case Management Day, Journey to the Future State* 12 (Aug. 3, 2016).

management systems, and ship, mail, or fax an estimated hundreds of thousands, if not millions, of case management files and supporting documents within or between business functions annually for activities such as case work, management approval, quality review, and responses to Appeals, Counsel, and TAS.⁶

To ameliorate these problems, ECM requires a significant investment of time and money to promote productivity and efficiency gains and to improve taxpayer service. Indeed, success of the ECM project is critical to establish online accounts to effectively serve taxpayers and their representatives.⁷ However, although the IRS requires substantial funding for IT in general and ECM specifically, it must provide a clear strategy that will assure both Congress and taxpayers that the IRS will spend this money appropriately.

While the National Taxpayer Advocate continues to support the IRS's ECM efforts and need for adequate funding, she remains concerned that:

- The IRS is not laying the foundation it needs for the ECM project to succeed by designing the project from the ground up and comprehensively engaging its employees; and
- After deciding not to complete the Taxpayer Advocate Service Integrated System (TASIS), the IRS may fail to leverage the extensive investment of time, money, and effort expended on TASIS and neglect its design work and lessons learned in the current ECM project.

The IRS Is Not Laying the Foundation It Needs for the ECM Project to Succeed by Designing the Project From the Ground Up and Comprehensively Engaging Its Employees

The IRS's ECM project involves the daunting task of consolidating 63 unique case management systems.⁸ The end goal is to develop an IRS solution for performing case management functions using a common infrastructure platform for multiple projects to share across all business units. The IRS has recently brought on new leadership to the ECM project and is in the process of soliciting information to identify products that will meet its ECM needs.⁹ The National Taxpayer Advocate commends the IRS for taking these steps. However, to accomplish this tremendous undertaking, it is critical that the IRS engage in the necessary foundational work and build the ECM project from the ground up.

The National Taxpayer Advocate firmly believes that the IRS should actively and comprehensively engage its employees at the outset of the ECM project, as TAS did when it developed TASIS, which was designed as a comprehensive replacement for its largely obsolete current case management system called the Taxpayer Advocate Management Information System (TAMIS). IRS employees are the front-line users of IRS systems, and understanding their interaction with those systems and ways to make current processes and procedures more efficient are crucial to having a more functional and polished ECM product that will maximize employee productivity. Without this critical foundational step, the ECM system, as designed, may work well for IT and make business processes faster and virtual but will not focus on what IRS employees need to better interact with and assist taxpayers, which will adversely impact taxpayers and practitioners. The National Taxpayer Advocate is unaware of any effort within the current ECM project to comprehensively engage IRS employees about their case management

⁶ See National Taxpayer Advocate 2016 Annual Report to Congress 112; National Taxpayer Advocate Fiscal Year 2017 Objectives Report to Congress 196.

⁷ See National Taxpayer Advocate 2016 Annual Report to Congress 31.

⁸ IRS, *Enterprise Case Management Day, Journey to the Future State 12* (Aug. 3, 2016).

⁹ For a description of the IRS Request for Information, see <https://www.fbo.gov/index?s=opportunity&mode=form&id=f2ef8e74927e11203cc978340993624e&tab=core&tabmode=list> (last visited June 8, 2017).

The end goal [of the IRS's Enterprise Case Management project] is to develop an IRS solution for performing case management functions using a common infrastructure platform for multiple projects to share across all business units.

system experiences, needs, and suggestions for improvement. In contrast, when TAS went through the TASIS design process, we learned about employee technology needs by holding dedicated town hall or workgroup meetings. TAS asked *all* of its employees what they needed to perform their jobs efficiently, recorded their proposals and “wish lists” for capabilities, and then considered and tracked them in the development of the business requirements to see what, if anything, we could do to address them.

The National Taxpayer Advocate had previously suggested that the IRS consult with other federal agencies with large-scale ECM needs to gauge their experiences.¹⁰ In a recent development, the National Taxpayer Advocate has learned that the IRS plans on reaching out to other federal agencies as well as state governments to solicit opinions about their ECM experiences.¹¹ The National Taxpayer Advocate is encouraged by this step and hopes that the IRS will continue reaching out to other federal agencies, as well as tax administrators abroad, as it seeks an ECM solution.

After Understandably Deciding Not to Complete TASIS, the IRS May Fail to Leverage the Extensive Investment of Time, Money, and Effort Expended on TASIS and Neglect Its Design Work and Lessons Learned in the Current ECM Project

The National Taxpayer Advocate has recently learned the IRS does not plan to complete TASIS, which was halted in March 2014 after \$20 million was spent on it.¹² TASIS was a versatile case management system that would have replaced TAMIS, TAS's current antiquated system from the 1980s. Since 2013, Congress had identified TASIS as a major IT system and required quarterly IRS reporting on it.¹³ While we understand and appreciate the IRS's reason for not moving forward with TASIS as it seeks an ECM solution and platform that will work across the IRS, the time, effort, and \$20 million spent in developing TASIS should not go to waste. As discussed in the 2016 Annual Report to Congress, TAS worked over several years to develop more than 4,500 business requirements for TASIS.¹⁴ It is critical that the IRS leverage the extensive business requirements, development, and process design work that went into TASIS as it endeavors to find an ECM solution. The IRS can also use the lessons learned from the development of TASIS in its current ECM effort to reimagine its business processes and make them more efficient and user-friendly, thereby enabling it to thrive technologically in the 21st century.

TAS is committed to working with the IRS to develop an ECM solution and is offering its assistance with testing products as the IRS designs and programs the new ECM system. For example, we recommend the IRS test a solution to electronically submit and track Operations Assistance Requests

¹⁰ See National Taxpayer Advocate 2016 Annual Report to Congress 114.

¹¹ See IRS, *Enterprise Case Management Governance Board February Meeting* 15 (Feb. 23, 2017).

¹² See National Taxpayer Advocate 2016 Annual Report to Congress 110.

¹³ The Senate Appropriations Subcommittee on Financial Services and General Government has repeatedly included TASIS on a list of six “major information technology project activities” about which it has directed the IRS to submit quarterly reports. See S. REP. No. 114-280, at 40 (2016); S. REP. No. 114-97, at 39 (2015); S. REP. No. 113-80, at 34 (2013). In 2014, a similar provision was included in the Senate Appropriations Committee's draft report, but the draft report was not adopted for that year.

¹⁴ See National Taxpayer Advocate 2016 Annual Report to Congress 117 (Most Serious Problem: *Enterprise Case Management (ECM): The IRS's ECM Project Lacks Strategic Planning and Has Overlooked the Largely Completed Taxpayer Advocate Service Integrated System (TASIS) As a Quick Deliverable and Building Block for the Larger ECM Project*).

(OARs),¹⁵ which would benefit taxpayers, TAS, and the IRS by reducing delays in case resolution in the most urgent of cases. It would also produce resource savings by eliminating many of the current costs, including shipping, time spent by employees manually inputting and tracking OARs, and time spent physically printing and scanning OARs into other IRS tracking systems.

It is also vitally important that the IRS take steps to address its aging legacy systems while it develops an ECM system, which could take several years. In the meantime, the IRS requires funding, which the National Taxpayer Advocate recommends that Congress provide, to maintain its current aging case management systems, many of which desperately need upgrading to provide effective tax administration and quality service to taxpayers. For example, TAS's antiquated TAMIS case management system requires upgrades to allow TAS's case advocates to do their jobs effectively and assist taxpayers.

Although the IRS requires substantially more funding for IT in general and ECM specifically, it must articulate a clear strategy that will assure both Congress and taxpayers that this money will be spent appropriately. TAS encourages Congress to require the IRS to submit an IT strategic plan to not only show its direction but also identify the talent gaps it has. Congress could then hold oversight hearings but should not simply hand the IRS a blank check.

CONCLUSION

To ensure the best chance of success for both the individual ECM project and its broader "Future State" vision, the IRS's ECM effort requires comprehensive employee engagement from the ground up and leveraging the extensive investment of time and money expended on TESIS. It also requires congressional funding and oversight.

FOCUS FOR FISCAL YEAR 2018

In Fiscal Year 2018, TAS will:

- Collaborate with the IRS in the ECM development process, particularly by lending its case management building expertise and sharing TESIS's relevant business requirements, design work, and lessons learned from this process; and
- Work with the IRS to assist with the testing of new products, such as an electronic OAR process, as the IRS designs and programs the new ECM system.

¹⁵ An Operations Assistance Request (OAR) is the form that TAS uses to request the IRS to take action on a case when TAS lacks the statutory or delegated authority to perform the action.