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**Tax System Modernization:
Issues Facing IRS**

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Before the
Subcommittee on Commerce, Consumer, and
Monetary Affairs
Committee on Government Operations
House of Representatives





Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to comment on the Internal Revenue Service's program to modernize our nation's automated tax processing system. The program, known as Tax System Modernization, or TSM, has an enormous price tag--\$8 billion by the time it is expected to be in place around the end of this century.

Our purpose today is to highlight some key prerequisites to moving forward with the modernization, and to identify issues the Subcommittee and IRS need to focus on as TSM moves from the planning stage to implementation. With your permission, Mr. Chairman, I will summarize my testimony and ask that my complete statement be placed in the record of this hearing.

In the past 25 years, IRS has unsuccessfully tried on two occasions to modernize its 1950s-era tax processing system. A 1968-78 attempt was abandoned because of congressional concerns over the cost of the redesign and the security of taxpayer information. A 1982-86 effort never got beyond the planning stage because of repeated management changes and insufficient technical expertise. As a result of these failures, IRS and taxpayers are saddled with a system that is antiquated, cumbersome, and unresponsive to their needs.

Today, through hard work and leadership, IRS is in the best position it has ever been in to modernize its outmoded systems. But it has a long way to go to make modernization a reality. A number of prerequisites to moving forward with this multibillion-dollar modernization remain unfinished.

ESSENTIAL PREREQUISITES TO MODERNIZATION

IRS' first prerequisite is to formally communicate, in a clear, comprehensive way, its vision of how it wants to do business in the future and how technology will be used to achieve this vision. Mr. Chairman, without a clear target it is impossible to hit the bull's-eye--or even know where to aim. A clearly defined, well-communicated vision of the future way of using technology to do business can serve as a rallying point, a core concept on which the Congress, agency leaders, employees, and outside customers can focus. It is also a standard against which the Congress and IRS may measure progress. Although the Commissioner has stated in a variety of forums his vision of how the IRS of the future should use technology to do business, we think it is time to write it down, create a shared vision with the Congress, and put the vision in the master plan.

Second, IRS' Design Master Plan, intended as a road map and baseline for the modernization, must be put in final form, with due recognition that such plans must be fine-tuned periodically. In this regard, more than half a billion dollars has been budgeted for the modernization through fiscal year 1991, and IRS has requested \$427 million more in fiscal year 1992 for modernization

initiatives without a final plan. Third, although IRS can identify the modernization's costs, it is just beginning to develop a system to track the corresponding benefits.

Only by doing these things--and doing them quickly--can the Congress and IRS itself measure progress against a firm baseline, and account for the program's costs and benefits.

THE DESIGN MASTER PLAN
MUST ADDRESS KEY ISSUES

Toward the end of last month, we released a report that summarized our recently completed analysis of IRS' draft master plan for the modernization.¹ The draft plan was issued last September, and IRS expects to issue it in final form this September. As we stated in our report, the draft plan is a reasonable, useful, high-level guide for the modernization. But it does not address some key issues. Specifically, the plan needs to

- articulate a clear vision for the modernization,
- address more completely key planning components such as transition planning,
- establish measurable goals for assessing progress,
- fix accountability for all major modernization activities,
- address the issue of taxpayer privacy,
- address technology risks, and
- contain a strategy to recruit, train, and retain staff with highly technical skills.

IRS generally agreed with our assessment of the draft master plan, and intends to address these issues in its final plan and subsequent updates.

OTHER IMPORTANT ISSUES
NEED ATTENTION

IRS also faces other important issues as it implements this huge modernization program. These issues are not trivial: failure to successfully address them will result in a third failure in as many decades. Specifically, IRS needs to strengthen both its procurement and its systems development policies and practices, and ensure that it has people with the necessary technical

¹Tax System Modernization: An Assessment of IRS' Design Master Plan (GAO/IMTEC-91-53BR, June 25, 1991).

expertise to carry out the program. Each of these is an area in which we have found past problems. For example:

- As we reported in January 1990, a number of irregularities were found in IRS' award of a noncompetitive contract to enhance and maintain its Electronic Filing System.² As a result of these findings, IRS is reporting its procurement system as a material control weakness under the Federal Managers' Financial Integrity Act and has corrective actions planned and underway.
- Several times in recent years, projects fell behind schedule, cost more than planned, and fell short of performance expectations because IRS did not properly manage their design and development.
- Some past projects have been plagued by a lack of technical expertise, also contributing to project delays, cost overruns, and diminished technical performance.

There are signs of hope. IRS is taking steps to address all these problems, and appears to be making progress. But we must not be deluded. The success or failure of the current modernization will depend on how aggressively IRS follows through on these steps.

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This concludes my statement, Mr. Chairman. We will be happy to respond to any questions you or other members of the Subcommittee may have at this time.

²IRS Automation: Procurement Practices Need Strengthening
(GAO/IMTEC-90-24, Jan. 12, 1990).

DETAILED STATEMENTMODERNIZATION MASTER PLAN: A PROMISING
BEGINNING, BUT KEY ISSUES NEED TO BE ADDRESSED

IRS' Design Master Plan is to serve as a road map for the modernization. It lays out a schedule for the projects that collectively form TSM and describes the overall architecture that IRS intends to use to electronically capture, process, transport, and retrieve tax returns and other information. However, the draft plan we reviewed does not address some key issues, including some important ones identified in our work on modernization projects in the last few years.

The Plan Needs to Describe IRS' Vision
for the Modernization

In our February 1990 report on the modernization, we stated that the key to successfully modernizing information technology is the commitment and vision of the agency's leadership.¹ We reported that IRS must clearly define its fundamental missions, understand the needs of the public it serves, and firmly link its information system plans to these missions and needs. After examining its missions in light of the public's future needs, IRS should prepare clear, forward-looking written statements articulating a vision for the agency. These statements then need to be communicated to the Congress for concurrence.

The draft plan made no reference to IRS' vision of how it intends to conduct its future operations. Although the Commissioner has stated his vision of the future in a variety of forums, we think it is time to write it down and clearly communicate it to the Congress. We think it reasonable that this be done before the final plan is issued in September.

Key Planning Components Were
Not Complete

We looked at the way the plan described how the various projects that are part of the modernization relate to the overall modernization and to each other. We also wanted to know if there was a good definition of how IRS planned to make the transition from its current to its future operations, and if the plan established priorities for the development and implementation of the modernization projects.

¹Tax System Modernization: IRS' Challenge for the 21st Century
(GAO/IMTEC-90-13, Feb. 8, 1990).

Basically, we found that the plan did a good job of describing the relationships among all the projects in the modernization, but there was no detailed strategy for how these systems are to be integrated, including standards to ensure they work together.

The plan also did a good job of describing how the automated systems would make the transition from the old to the new, but shortcomings existed on the business side. In other words, the plan did not describe how the business functions of IRS--collections, taxpayer services, examinations, and so on--would change from the current slow, largely manual way of doing business to the modernization's more rapid electronic method. For example, the faster operations promised by the new system may result in audits being started sooner, cases being closed more quickly, and, perhaps, fewer cases because the data will be more accurate.

We found that the master plan established priorities for modernization activities, but these could change due to budgetary constraints or changes in the tax laws. One example of a priority that has already changed is telecommunications, which is now considered a high priority although it was not a high priority in the draft plan. IRS must do everything it can to ensure that any changes to its priorities are well justified and the number of changes minimized.

Measurable Objectives Need To Be Established

The draft master plan was not as complete as it should have been in providing measurable program objectives. These are needed so that managers can determine if the modernization systems are achieving their goals. For example, a system intended to improve the accuracy of responses to taxpayers' questions should specify the level of accuracy sought. Such measurable objectives do not exist in the draft plan.

Accountability for the Modernization Needs To Be More Clearly Defined and a Tracking System Developed

We found that the plan contained development milestones for 10 of the 11 major modernization initiatives (appendix II contains a list and description of the 11 initiatives). However, the program management initiative, on which all systems depend, did not contain complete and consistent milestones.

The plan also did not specify the IRS organizations responsible for the 11 major initiatives that constitute the modernization program. While we were able to ultimately identify the responsible organizations in most cases, neither we nor IRS was able to

identify the organizations responsible for two key projects in the Program Management initiative.

In addition, IRS lacks a system for tracking its modernization projects. Sound project management demands that the agency be able to account for its \$8-billion investment in computer modernization. In December 1990, the Office of Management and Budget requested that IRS develop such a tracking system to give IRS the ability to compare actual costs, benefits, and schedules for its modernization projects against the modernization budget and the Design Master Plan. To date, however, such a system does not exist. Without one, we would argue that IRS cannot effectively manage this program. We understand that IRS is developing such a system, and hopes to have it implemented by 1993 or 1994.

Taxpayer Privacy Must be Addressed

IRS' systems contain highly sensitive information. This information must be kept secure and taxpayers' privacy must be assured. The draft plan provides for developing security features that should help protect taxpayers' privacy, but the plan does not recognize privacy as a discrete issue or show how it will be addressed. This is a serious omission in view of the fact that IRS intends to allow public access, under certain conditions, to some of its systems, and because concerns over the security of taxpayer information helped doom the first modernization effort in the late 1970s.

Technology Risks Need To Be Addressed

The plan also did not address the risks to the modernization program if required technology will not meet IRS' needs. As a central part of tax system modernization, IRS hopes to eliminate paper files by using new technology to optically read and electronically capture the data on tax returns and other documents when they are received at IRS. From that point on, IRS intends to work entirely with the information in electronic form. As we pointed out in a recent report, IRS needs to solve two main problems in this area.²

The first deals with the feasibility of optically reading data from nonstandard tax forms--for example, more than 30 types of Form 1040 are produced by different vendors. The second problem is that the technology for reading handwritten data is currently

²Tax System Modernization: Status of IRS' Input Processing Initiative (GAO/IMTEC-91-9, Dec. 12, 1990).

evolving, and it is uncertain whether it will reliably meet IRS' needs. In this regard, about 50 percent of the tax returns filed are handwritten. While solutions may well emerge in the future, we think that IRS needs a fallback position if these problems cannot be solved. The draft plan recognizes a significant risk in using this technology, but it does not provide a fallback position should the technology be unavailable. One alternative could be greater reliance on electronic filing of tax returns.

Strategy Needed
for Hiring, Training, and Retaining
Technical and Managerial Staff

Mr. Chairman, to carry out the modernization successfully, IRS needs to have the very best people--both at the top, to provide strategic direction and leadership, and in the ranks, where individual modernization projects are planned, designed, developed, and operated. Past projects have been plagued by a lack of technical expertise. For example, last July we reported that the use of incomplete system designs and shortcutting of important development steps contributed to a 2-year delay in the development of the Automated Underreporter System, a case management system to disclose taxpayers who underreport income.³ These problems occurred because project management was inexperienced with large systems development, and not enough technical and procurement staff were assigned to the project. In another report we pointed out that a lack of continuity and leadership had been a problem in past modernization efforts, and noted that many project managers do not serve for the duration of a project's development.⁴

In the next 18 to 24 months IRS plans to hire an additional 325 technical staff to work on the modernization. However, the draft master plan does not lay out a strategy for the hiring, training, and retention of this specialized staff. We believe that these steps need to be followed. IRS officials have told us that because of the recent increase in pay for federal executives and the recent recession, they have not had any trouble getting qualified staff. While it may be easy to hire such staff now, we think it prudent to develop a strategy to hire them under the competitive conditions that would exist in a period of economic growth. Other essential parts of the strategy should include plans for training and retaining these critically needed staff.

³Tax System Modernization: Management Mistakes Caused Delays in Automated Underreporter System (GAO/IMTEC-90-51, July 10, 1990).

⁴GAO/IMTEC-90-13, Feb. 8, 1990.

The Next Version of the Plan
Will Include Some, but Not All,
Needed Additions

IRS agrees with the need to address all the issues. Some, such as the lack of a vision statement and measurable objectives, are to be addressed in the final design master plan that IRS will issue this September, and which will serve as the baseline against which the progress of the modernization will be measured. However, other matters, such as a more complete discussion of privacy issues and plans for a transition of the business functions of IRS from the old to the new systems, will not be addressed. IRS plans to include these and other additions in future periodic updates to the plan.

ADDITIONAL ISSUES IRS NEEDS TO ADDRESS

I would now like to turn to additional issues that IRS needs to address as it moves toward implementing its plan to make TSM a reality. These need aggressive, committed action. We have identified these issues on the basis of our prior work. One issue, how to obtain the needed technical expertise, I have already discussed. The others are (1) improving the procurement function, and (2) better managing the design and development of systems projects.

Improving the Procurement Function

Properly directing and controlling procurement activities is essential to efficient operations; in recent years several internal and external reviews have criticized IRS' ability to achieve such direction. In January 1990 we reported, for example, a number of irregularities in IRS' noncompetitive award of a contract to Vanguard Technologies Corporation for automated data processing (ADP) services to enhance and maintain the Electronic Filing System.⁵ The basis for the noncompetitive award was unusual and compelling urgency. The irregularities we found included orally authorizing Vanguard to proceed with work before IRS (1) contacted other potential offerors, (2) had all necessary IRS approvals to contract with less than full and open competition, and (3) received procurement authorization from Treasury. As a result of these findings, IRS is reporting its procurement system as a material internal control weakness under the Federal Managers' Financial Integrity Act.

Mr. Chairman, the modernization will place huge demands on IRS' procurement organization. We have identified 18 major

⁵GAO/IMTEC-90-24, Jan. 12, 1990.

modernization program procurements, each over \$10 million, through fiscal year 1994. IRS estimates the total life cycle cost of these procurements to be \$8.3 billion. Some of the procurements that support the modernization have already been awarded or soon will be. For instance, in 1989 IRS awarded a \$355 million contract for ADP support services, and in December 1990 awarded a \$340 million contract for the Integrated Collection System, one of the modernization projects. Within the next few months, five more large contracts are to be awarded. (See appendix III for a description of the 18 procurements.)

To carry out tasks of this magnitude, IRS needs a first-class procurement organization. IRS recognizes that it will need sufficient numbers of qualified people if its procurements are to be carried out and administered efficiently, effectively, and in compliance with applicable laws and regulations--and it appears to be making headway on this problem. Last September the procurement function was elevated organizationally, and is now headed by IRS' first assistant commissioner for procurement. In addition, IRS has taken other actions intended to ensure that contracting officials comply with procurement laws and regulations.

IRS has ambitious plans to increase its procurement staff, but these plans are going to be difficult to carry out. The Assistant Commissioner for Procurement plans to increase the ADP procurement staff from its current 67 to 95 by August 1992. It likewise plans to increase its contract administration staff--most of whom will be devoted to ADP contracts--from 42 to 71 during the same period. Since the beginning of fiscal year 1991, 27 people have been hired for these two organizations, but attrition has also been a problem --10 people left during the same period.

The Assistant Commissioner for Procurement said that his hiring strategy is to get seasoned contract specialists who have had extensive experience in ADP and telecommunications procurements. In view of the large number of procurement actions going on now and in the near future, and the apparent difficulty in retaining staff, IRS needs to keep management attention focused on the issue of ensuring that sufficient resources are available to properly handle the procurements.

Better Managing Systems Design and Development

Several of our recent reports have been critical of IRS' systems development policies and practices. By this we mean the overall management controls in place to assure that systems are developed logically and that all phases of the development process--the system development life cycle--are followed. Failure in this area leads to projects that fall behind schedule, cost more than

planned, and do not do what they are supposed to do. For example, we reported that the Automated Examination System--intended to help IRS revenue agents, tax auditors, and tax examiners review income tax returns more efficiently--was 6 years behind schedule, would cost \$800 million more than planned, and claimed unproven benefits.⁶ This situation was due to poor systems design. In another example, we found that haste to complete the Automated Underreporter System led to use of incomplete system designs and shortcutting of important system development steps.⁷ These problems, compounded by the lack of adequate technical expertise and experience mentioned earlier, delayed the scheduled start of the system pilot from 1988 to October 1990.

In the last few years, IRS has taken some steps to improve its management of automation. For example, oversight groups have been established. The Information Systems Planning Board, consisting of IRS' Chief Information Officer and several other senior executives, is responsible for approval, oversight, and coordination of all information systems development projects. In addition, Information Systems Control Groups, which are led by assistant commissioners, are formed for individual projects. Their purpose is to ensure executive oversight and involvement in the development and implementation of major information systems projects, and they are to focus on the quality of project deliverables, budgets, and plans. Also, this past January IRS issued in final form a project management guide that lays out procedures and policies that project managers are to follow.

Despite these improvements, the systems development process continues to experience problems. Last month we issued a report on the Taxpayer Service Integrated System--a project to use automation to improve the accuracy of answers provided to taxpayers who call IRS.⁸ Faced with too many wrong answers being given to taxpayers who called toll-free numbers for information, IRS believed it had to act quickly and introduce an automated IRS solution to the problem. As a result, IRS decided to begin nationwide installation of this system, even though test results were inconclusive and the benefits of the system had not been demonstrated. In a December 1990 meeting with IRS officials, we pointed out that IRS still needed to identify specific, measurable objectives for the system, and should explore non-automation

⁶ADP Modernization: IRS' Automated Examination System--Troubled Past, Uncertain Future (GAO/IMTEC-89-54, June 22, 1989).

⁷GAO/IMTEC-90-51, July 10, 1990.

⁸Tax System Modernization: Further Testing of IRS' Automated Taxpayer Service Systems Is Needed (GAO/IMTEC-91-42, June 20, 1991).

alternatives more thoroughly. We also expressed concern about shortcomings in the testing of the system. The Office of Management and Budget also had concerns and denied IRS' fiscal year 1992 budget request for \$41 million to expand the system because it did not appear to be cost effective. In our report, we recommended that IRS develop a test methodology that will allow it to conclusively determine the impact of the system on toll-free telephone operations. We also recommended that IRS consider how this system can most effectively be combined with non-automation improvement initiatives to enhance the accuracy and productivity of taxpayer service call sites.

THE MODERNIZATION INITIATIVES

IRS' Tax System Modernization (TSM) program is composed of 11 initiatives described as follows.

1. Program Management

This initiative is composed of 10 projects, described below.

- Program Control-General Management: This project is responsible for the overall planning, organization, direction, and control of TSM.
- Systems Engineering and Integration: This project is responsible for supporting the TSM architecture implementation through activities such as architectural-level planning and design, systems modeling, risk assessments, and capacity planning.
- Acquisition Management: This project is responsible for developing a strategy to (1) acquire hardware, software, application development services, and systems integration services required for TSM, including replacement of components after their life cycles; (2) review current acquisitions to determine if all components will be available according to the acquisition schedules; and (3) develop a master acquisition schedule to keep track of all TSM acquisitions so that schedule and content deviations and their impact on the modernization can be identified.
- Transition Management: This project is responsible for implementing the strategy to make the transition from the current environment to the TSM environment. It includes transition planning, integration support, and transition tracking.
- Configuration Management: This project is responsible for capturing and controlling initial TSM information and for keeping track of changes in the TSM architecture, project requirements and design, and project implementation.
- Data Management and Standards: This project is responsible for establishing data management for TSM, including the planning, identification, definition, implementation, and use of IRS corporate data and data bases. Also, this project is responsible for developing a data dictionary and policies and procedures for data and data base administration.
- Quality Assurance: This project is responsible for ensuring that all elements of TSM are specified, designed, implemented,

and maintained according to IRS quality metrics and following sound software engineering practices.

- System Development Methodology: This project is responsible for establishing the system development methodology and associated standards for all TSM applications and data bases. Examples are strategic planning, prototyping, logical software design, conceptual data base design, and software maintenance.
- Program-wide Standards Administration: This project is responsible for providing program-wide direction and oversight on the selection, use, and replacement of standards. The project has three general activities: (1) define an initial set of standards for TSM; (2) assess the value of the initial set of standards and make necessary changes; and (3) monitor use of the standards and update them.
- Human Resources Management: This project is responsible for labor relations and for working with the National Treasury Employees Union. With the assistance of the union, this project will establish training programs, assess TSM program decisions to determine their organizational impact, and redesign job functions of IRS' current work force.

2. Input Processing

This initiative focuses on the processing and archiving of paper input documents through Document Processing System (DPS) and on the processing of remittances through the Cash Management System (CMS), Check Handling Enhancements and Expert System (CHEXS), and District Office Remittance Processing System (DRPS).

3. Electronic Data Interchange (EDI)/Electronic Management System (EMS)

This initiative focuses on the electronic exchange of information between IRS and external parties.

4. Corporate Accounts Processing System (CAPS)

This initiative is responsible for all tax account data. It is composed of seven projects: (1) account access; (2) account update and analysis; (3) issue detection; (4) revenue accounting; (5) reference support; (6) index and cross-reference services; and (7) Corporate Files On-Line (CFOL). Except for CFOL, all CAPS projects are tentative; i.e., they have been identified as activities under CAPS, but need to be defined and designed. CFOL is a current project that is the end-user prototype for the accounts access project mentioned above. CFOL will be retired once CAPS is implemented.

5. Workload Management System (WMS)-Case Management

This initiative focuses on the management of all cases worked on by IRS regardless of the functional area or type of site to which the cases are assigned.

6. Case Processing

This initiative focuses on the processing of all types of cases and will share applications to perform common functions when required.

7. System Support

This initiative focuses on the technical support to application systems. It encompasses eight areas of technical support: (1) environment management; (2) program development and test environment; (3) standard end-user interface; (4) end-user support; (5) system management; (6) output processing; (7) proof of concept laboratory; and (8) file-server support.

8. Security

This initiative focuses on implementing the security architecture and ensuring that all TSM projects have incorporated appropriate security measures into their plans. Such measures could include access controls and data encryption to protect the information contained in the modernization systems.

9. Telecommunications

This initiative focuses on the modernization of IRS' telecommunications capabilities.

10. Facilities Management

This initiative focuses on ensuring that adequate facilities such as building floor space exist to support TSM projects.

11. Acquisitions

This initiative focuses on the major acquisitions that support TSM.

TAX SYSTEM MODERNIZATION
MAJOR ACQUISITIONS

1. Automated Data Processing Support Services (ADPSS)

ADPSS is a multiyear-services contract to provide support for software development, systems analysis, and design.

Current status: Contract was awarded in August 1989.

2. Air Force Contract Vehicle for Data Base Machines (DB Machines)

The Air Force Contract Vehicle will provide data base machines for the Martinsburg, W. Va. Computing Center (MCC), the Detroit Computing Center (DCC), and the service centers. The MCC data base machine will be used for the nationwide Employee Plans Master File (EPMF), entity research, and program development. DB machines at DCC will be used for Currency Transaction Report (CTR) processing and program development. Four systems (two for each center) are designated for MCC and DCC, along with subsequent upgrades. Ten additional systems are optional for the service centers. The acquisition is being conducted by the Air Force.

Current status: RFP is to be released in late July 1991.
Estimated contract award date: December 1991.

3. Check Handling Enhancements and Expert System (CHEXS)

CHEXS is designed to replace the remittance processing equipment in the service centers with a modern image-based system for processing remittances (checks, money orders, etc.) and associated vouchers.

Current status: Vendors' proposals are being evaluated.
Evaluations are to be completed in July 1991.
Estimated contract award date: September 1991.

4. Corporate Files On-Line Direct Access Storage Device (DASD) Acquisition (Triple Density DASD Purchase)

Triple Density DASD will replace existing single and double density DASD and will support the migration of existing tape files to DASD at MCC. This acquisition will also replace the existing DASD at DCC.

Current status: Performing technical evaluations.
Estimated contract award date: September 1991.

5. Corporate System Modernization/Mirror Imaging Acquisition (CSM/MIA)

This acquisition is designed to upgrade the Martinsburg and Detroit Computing Centers (MCC and DCC) to provide the processing capacity required to support (1) planned production processing, (2) mirror imaging processing between MCC and DCC, (3) projected growth in current systems processing, and (4) early implementation of the system architecture's functionality. The acquisition will include processors and peripheral hardware, data storage, non-image terminals, communications, and automated development and testing support tools.

Current status: Preparing Requirements Analysis Package (RAP) and drafting RFP.

Estimated contract award date: January 1993.

6. Departmental Microcomputer Acquisition Contract (DMAC-II)

The DMAC-II award includes laser printers, image workstations and security equipment (encryption and authentication devices). The equipment will support case processing at the service centers, district offices, posts of duty, MCC, DCC, and the national office. DMAC II is expected to support the workstation acquisition requirements in the early years of the modernization. This acquisition is being conducted by the Treasury Department but will be administered by IRS.

Current status: Contract awarded to Sysorex Information Systems, Inc., on May 17, 1991. Protest filed by Sears Business Systems on May 24, 1991, has since been withdrawn.

7. Document Processing System (DPS)

DPS will upgrade the process in which IRS receives, processes, stores, and retrieves the millions of documents it is sent each year. DPS will, to the maximum extent possible, make full use of image processing technology instead of the current dependence on paper.

Current status: RFP was released in late June 1991.

Estimated contract award date: October 1993.

8. Federally Funded Research and Development Center (FFRDC)

An FFRDC will be established to assist IRS with certain aspects of the modernization. It will be used to study and assess new and emerging technologies through research and experimentation, including the establishment of prototype systems; provide unbiased

assessments of design and strategies; review acquisition plans; and assist in evaluations.

Current status: DPA was received from GSA in May 1991. IRS is currently seeking expressions of interest, qualifications, and capabilities statements, along with comments on the establishment of the center.

Current estimate for establishing the center: March 1992.

9. IBM-Compatible Tape Cartridge Subsystems

This procurement is for IBM-compatible magnetic tape cartridge subsystems to be used at MCC and DCC.

Current status: Best and final offers were received on May 28, 1991.

Estimated contract award date: July 1991.

10. Integrated Collection System (ICS)

ICS will replace the Automated Collection System mainframe and associated peripherals. The contract provides for the acquisition of 11 IBM 3090 mainframes and an option for 10 more. In addition, the contract provides for up to 5,000 PS/2 computers and 10,000 portable computers.

Current status: Contract was awarded in December 1990.

11. Integration Support Contract (ISC)

ISC will acquire support services needed to translate the IRS systems architecture into specific systems, subsystems, and interfaces, and will perform systems engineering analyses for those systems.

Current status: Evaluations were completed in June 1991, with best and final offers due in July 1991.

Estimated contract award date: August 1991.

12. Interim Engineering Services for TSM

This acquisition is for engineering support on the continued development of the systems architecture and the Design Master Plan, as well as assistance with the acquisition and technical management of technology initiatives.

Current status: Contract awarded noncompetitively to MITRE Corporation on May 23, 1991.

13. Interim Microcomputer Acquisition Contract (IMAC)

IMAC is for the award of an interim contract to support IRS microcomputer requirements until the award of the DMAC-II contract. The contract is to be an indefinite delivery, indefinite quantity requirements contract and will be awarded under the Small Business Administration's 8(a) program.

Current status: Awaiting approval of DPA from GSA and outcome of current protest on DMAC-II award.

14. Service Center Recognition/Image Processing System (SCRIPS)

SCRIPS will replace the existing Optical Character Reader (OCR) systems, which process Federal Tax Deposits (FTDs), Information Return Program (IRP) documents, Forms 1040EZ, Paper Input Processed as an Electronic Return (PIPER), and Forms 941 with technologically advanced hardware and software, and will provide back-up processing of OCR applications. SCRIPS is intended to provide a stepping stone to DPS in terms of imaging technology.

Current status: RFP was released to vendors in January 1991; vendors' proposals are due in September 1991.
Estimated contract award date: September 1992.

15. Security and Communication System/Secure Corporate Data Network (SEACOS/SCDN)

SEACOS/SCDN will provide communications processors, telecommunications support software, and security support software. The acquisition will support security systems at the service centers, MCC, DCC, district offices, posts of duty, call sites, and national office.

Current status: Requirements analysis being performed.
Current estimated contract award date: September 1993.

16. Service Center Support System (SCSS)

SCSS will provide equipment for the service centers. Equipment to be acquired will include processors and peripheral hardware, data storage, production laser printers, non-image terminal communications, and encryption devices.

Current status: Request for delegation of procurement authority (DPA) pending at GSA.
Estimated contract award date: March 1994.

17. Treasury Multi-User Acquisition Contract (TMAC)

TMAC is a Treasury-wide requirements contract. The contract covers processors, data storage, laser printers, image workstations, and security equipment. Equipment will be acquired for case processing at the service centers, district offices, posts of duty, the Martinsburg Computing Center, and the Detroit Computing Center.

Current status: Scheduled for award in July 1991.
Estimated contract award date: July 1991.

18. Universal Wiring Plan (UWP)

UWP provides for the purchase and installation of telecommunication cables for voice, data, imaging, and integrated voice and data networks at all IRS facilities. The Universal Wiring Integration Services Contract will be the vehicle with which to implement the wiring specifications.

Current status: Approval of DPA is pending.
Estimated contract award date: October 1992.

