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BAUCUS, GRASSLEY CRITICIZE IRS DELAYS IN UPDATING TAXPAYER DATABASE

Treasury audit finds flaws in deployment of Customer Account Data Engine

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Republican Member Chuck Grassley (R-Iowa) today expressed concern over Internal Revenue Service (IRS) delays in implementing a new database to manage taxpayer accounts and meet taxpayer needs. The Customer Account Data Engine (CADE) is intended to be a cornerstone of the IRS’s plan to modernize its systems and services. But an audit by the Office of the Treasury Inspector General for Tax Administration (TIGTA) found that CADE implementation has been plagued by delays and poor planning, and that the IRS has yet to implement essential processing requirements. The IRS will have spent nearly \$234 million on CADE by the end of fiscal year 2007.

“When the IRS spends nearly a quarter of a billion dollars on a project, Congress and American taxpayers have a right to expect results,” said Baucus. **“Top-quality service for taxpayers requires up-to-date systems at the IRS. The Inspector General has recommended specific changes for the IRS to get the Customer Account Data Engine fully up and running, and I expect the IRS to carry out those changes as promised.”**

Grassley said, **“The IRS has a poor track record with computer modernization. It’s tiresome to hear yet another example of a failed project. Tomorrow, the committee will hold a hearing including the nominee to become the IRS’ assistant secretary for management. I plan to ask him how he intends to fix the IRS’ computer modernization mess.”**

The audit discovered a pattern of missed and deferred project deadlines surrounding CADE, due to insufficient staffing, inadequate design, coding and testing, and insufficient IRS oversight. The delays have also reduced the time available for project testing, making programming errors much more costly to correct. TIGTA recommended that the IRS set more reasonable project deadlines in the future that take into account time constraints and the amount of work involved. TIGTA’s report also called on the IRS to ensure staffing needs are met and to explore alternative design solutions. The IRS has agreed with TIGTA’s recommendations.

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The full report, "Vital Decisions Must Be Made to Ensure Successful Implementation of Customer Account Data Engine Capabilities," number 2007-20-080, is available online at <http://www.treas.gov/tigta/auditreports/2007reports/200720080fr.html>.

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