



U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON OVERSIGHT

1139 LONGWORTH HOUSE OFFICE BUILDING

(202) 225-3625

Washington, DC 20515

April 4, 2023

The Honorable Daniel Werfel
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Werfel:

I write to request that the Acting Chief Information Officer (CIO) and other relevant subject matter experts at the Internal Revenue Service (IRS) provide me with a status update briefing on IT modernization efforts at the agency.

In April 2019, the agency released a multi-year IRS Modernization Plan.¹ The Modernization Plan includes a six-year strategy to modernize the agency's IT systems and build necessary critical infrastructure, and "initiatives to improve how the agency interacts with taxpayers and the tax community while continuing to strengthen cybersecurity protections and information technology systems."² We are well into that six-year period and would like to receive a status update on the progress the agency has made over the last four years, and what still needs to be addressed to bring the IRS into the 21st Century in a way that best serves taxpayers.

This request is particularly timely given the U.S. Government Accountability Office (GAO) released a report in January 2023, which reviewed the IRS's legacy environment, assessed the IRS's modernization plans, and evaluated the agency's cloud computing implementation.³ In doing this review, GAO analyzed legacy applications, software, and hardware data; assessed plans for 21 modernization initiatives against practices identified in GAO's prior work; and compared IRS's cloud computing documentation to relevant federal requirements.⁴ The GAO made nine recommendations to the IRS, including that the agency establish time frames to complete selected modernization plans and fully address the Office of Management and Budget's (OMB) cloud computing requirements.⁵ According to GAO, the IRS agreed with all nine recommendations.⁶

¹ Internal Revenue Service, IRS Integrated Modernization Business Plan (Apr. 2019), <https://www.irs.gov/pub/irs-pdf/p53336.pdf>.

² Internal Revenue Service, IRS Modernization, <https://www.irs.gov/newsroom/irs-modernization>.

³ U.S. Government Accountability Office, Information Technology: IRS Needs to Complete Modernization Plans and Fully Address Cloud Computing Requirements, GAO-23-104719 (Jan. 2023), <https://www.gao.gov/assets/gao-23-104719.pdf>.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

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In addition, the Treasury Inspector General for Tax Administration (TIGTA) released a report in September 2022, to assess the security and access controls over the Taxpayer Digital Communications (TDC) platform.⁷ The TDC enables faster communication and offers taxpayers and their authorized representatives the ability to securely send and receive electronic messages and documents to and from IRS agents and customer service representatives.⁸ TIGTA made 11 recommendations to the IRS's CIO, which include ensuring that the standard operating procedures are updated to require continuous monitoring security reviews are conducted, along with security reviews; eGain managed service provider (MSP) personnel timely upgrade antivirus software in accordance with requirements; users are both authorized and have access to the TDC platform; and a process is developed to timely identify, quarantine, and remove user accounts for inactivity in accordance with requirements.⁹ According to TIGTA, IRS agreed with all 11 recommendations and the report outlined some the IRS's plans to address TIGTA's recommendations moving forward.¹⁰

Notably, the IRS recently received a massive infusion of \$80 billion in mandatory funding on top of its annual budget when the Inflation Reduction Act (IRA) was signed into law on August 16, 2022.¹¹ Of the \$80 billion provided by the IRA, \$25.3 billion is allocated for operations support, which includes legacy information technology systems and telecommunications. Only \$4.8 billion is allocated for business systems modernization, which includes technology to improve customer service. Thus, the agency has been given a large amount of money to address GAO and TIGTA's concerns as well as advance other IT modernization efforts, and a lack of funds should not be a challenge for the agency to undertake such modernization efforts. However, given concerns about how the agency spent funds on IT modernization in the past, and to ensure that the funds given to the agency are spent wisely moving forward, it is imperative that Congress conduct oversight of such efforts to ensure the agency is being a good steward of taxpayer dollars and is not throwing good money after bad.

Given these concerns, we would like a briefing from the Acting CIO and other relevant subject matter experts at the agency on the status of the IRS's IT modernization plans and efforts.

Thank you for your attention to this request. Please contact Sean Clerget of the Ways and Means Committee staff to schedule the requested briefing by April 28, 2023.

Sincerely,



David Schweikert
Chairman
Committee on Ways and Means
Subcommittee on Oversight

⁷ Treasury Inspector General for Tax Administration, Taxpayer Digital Communications Platform Security and Access Controls Need to Be Strengthened, Rep. No. 2022-20-051 (Sept. 21, 2022), <https://www.tigta.gov/sites/default/files/reports/2022-09/202220051fr.pdf>.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Inflation Reduction Act of 2022, Pub. L. No. 117-169.