

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

KEITH B. ASHDOWN, STAFF DIRECTOR
GABRIELLE A. BATKIN, MINORITY STAFF DIRECTOR

April 20, 2015

Mr. Sanjeev "Sonny" Bhagowalia
Chief Information Officer
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Bhagowalia:

The Committee on Homeland Security and Governmental Affairs is examining the lack of transparency and inaccuracy of risk information related to the federal government's information technology (IT) projects.

As you are aware, in June 2009, the Office of Management and Budget (OMB) launched the "IT Dashboard," a public website that displays important performance and risk information on major federal IT projects. In addition to cost and schedule performance data, the IT Dashboard displays overall risk evaluations for each major IT project by the respective agency Chief Information Officer (CIO).¹

The value of the IT Dashboard to taxpayers is dependent upon the accuracy and timeliness of the risk information it displays. Inaccurate or dated information prevents the public from understanding how their tax dollars are being used and inhibits Congress' ability to track the progress of IT projects over time. As such, we are concerned that a number of agencies appear to be reporting questionable risk ratings for their respective IT projects.

As noted in a February 2015 report by the Government Accountability Office (GAO), the Internal Revenue Service (IRS) Chief Technology Officer (CTO) provides quarterly summary-level risk assessments to Congress for 13 major IRS IT projects.² These assessments are determined during quarterly meetings between the IRS CTO and Deputy CIOs, and are "based on these officials' knowledge of each of the major projects as well as an assessment of six key performance indicators (cost, schedule, scope, risk, organizational readiness, and technical)."³

¹ Office of Management and Budget, *IT Dashboard FAQ*, available at: <https://itdashboard.gov/faq>.

² The 13 major projects are: Affordable Care Act Administration (ACA); Account Management Services (AMS); Electronic Fraud Detection System (EFDS); Foreign Account Tax Compliance Act (FACTA); Individual Master File (IMF); Integrated Customer Communication Environment (ICCE); Integrated Data Retrieval System (IDRS); Integrated Financial System/CORE Financial System (IFS); Integrated Submission & Remittance Processing System (ISRP); IRS End User Systems and Services (EUSS); IRS Main Frame and Servers Services and Support (MSSS); IRS Telecommunications Systems and Support (TSS); and Service Center Recognition/Image Processing System (SCRIPS).

³ Government Accountability Office, *Information Technology: Management Needs to Address Reporting of IRS Investments' Cost, Schedule, and Scope Information*, GAO-15-297 (Washington, D.C.: February 25, 2015).

In the fourth quarter of FY 2014, three IRS projects were rated “red” by the CTO, indicating that “an eminent threat has been identified that puts the program deliverables in jeopardy.”⁴ An additional four projects were rated “yellow,” indicating that “risks have been identified, but the occurrence of such risks will not impede the core mission of the program.”⁵ Together, these projects total more than \$1.4 billion in spending in FY 2015, with many suffering significant cost and schedule variances.⁶

Despite the significant risks identified by the IRS CTO for these seven major IT projects, the IT Dashboard indicated that each of these projects were “green” (i.e., “low risk” or “moderately low risk”) for the entirety of FY 2014. In fact, for the past several quarters through today, the IT Dashboard reports that none of the Department of Treasury’s roughly 60 major IT projects are “high risk” or even “moderately high risk.”

Given the clear discrepancy between the information reported by Treasury to the IT Dashboard and the ratings provided to Congress by the IRS, we request that you provide the Committee with the following information:

1. Please explain the discrepancy between the risk assessments provided to Congress by the IRS CTO and the CIO evaluations displayed on the IT Dashboard. Specifically, please explain how the IRS CTO could report to Congress significant risks in IRS’ major IT projects, yet those same projects be labeled as “green” (i.e., “low risk” or “moderately low risk”) on the IT Dashboard by the Treasury CIO. Further, please explain the degree to which you utilized the knowledge of the IRS CTO and relevant program managers in formulating your CIO evaluation ratings for these projects.
2. In general, please explain the degree to which you utilize the knowledge of component-level CTOs and CIOs in determining your CIO evaluation ratings, in what cases you may disagree with their assessments, and your process for integrating their knowledge of Treasury’s major IT projects into your IT Dashboard CIO evaluations.
3. Please explain why Treasury currently displays zero major IT projects as “red” and only eight projects as “yellow” on the IT Dashboard.

Please produce this material as soon as possible, but by no later than 5:00 p.m. on May 8, 2015.

The Committee on Homeland Security and Governmental Affairs is the chief investigative committee of the United States Senate. Rule XXV of the Standing Rules of the Senate authorizes the Committee to investigate “the efficiency, economy, and effectiveness of all

⁴ Id. at 19.

⁵ Id. at 19.

⁶ Office of Management and Budget, *IT Dashboard*, Department of Treasury Investments, available at: <https://itdashboard.gov/portfolios/agency=015>.

Mr. Sanjeev "Sonny" Bhagowalia

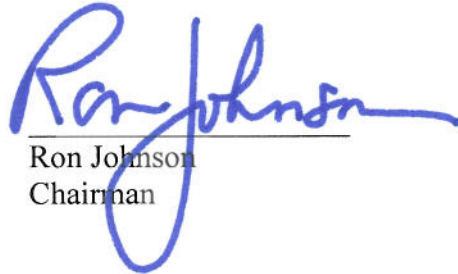
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agencies and departments of the Government.”⁷ Additionally, S. Res. 73 (114th Congress) authorizes the Committee to examine “the efficiency and economy of all branches of the Government including the possible existence of . . . waste . . . and the improper expenditure of Government funds”⁸

If you have any questions regarding this request, please contact Sean Casey with the Majority Committee staff at sean_casey@hsgac.senate.gov, or Matt Grote with the Minority Committee staff at matt_grote@hsgac.senate.gov. Thank you for your attention to this matter.

Sincerely,


Ron Johnson
Chairman


Thomas R. Carper
Ranking Member

⁷ S. Rule XXV(k); *see also* S. Res. 445, 108th Cong. (2004).

⁸ S. Res. 73 § 12, 114th Cong. (2015).