IT Waste at the Internal Revenue Service

Prepared by International Association of IT Asset Managers (IAITAM)

THE 2017 TRUMP BUDGET:

President Donald Trump has called for a $239 million reduction in the 2018 budget for the Internal Revenue Service (IRS). In addition, he recently announced the creation of the White House Office of Innovation which will be led by Jared Kushner, who said: "The government should be run like a great American company. Our hope is that we can achieve successes and efficiencies for our customers, who are the citizens." The mission of the newly created office is to "make recommendations to the President on policies and plans that improve Government operations and services."

IRS IT SPENDING/WASTE BY THE NUMBERS:

- $11.2 billion - Total IRS budget in 2016.

- 79,890 - Total IRS employees as of FY2015.

- $4,600-$4,900 - Average amount spent per employee on IT in the private sector.

- $37,051 - Average amount spent per employee on IT at the Department of Treasury.

- $31,000 - According to IAITAM, private sector-style IT Asset Management protocol implementation would save roughly $31,000 per employee at the IRS.

- More than three times – How much the potential ITAM-related savings per employee stack up in comparison to the average $9,118 federal income tax bill for Americans.

- 22 percent - Total potential ITAM-related savings would add up to $2.76 billion or nearly one quarter of the total 2016 IRS budget.

IRS IT PROBLEMS BY THE NUMBERS:

- Over one million - Number of attempts daily to improperly access IRS data.

- 724,000 - Number of taxpayers exposed to identity theft as the result of a massive breach of IRS files.

- 602 - Total "attack" incidents reported at the Department of Treasury in FY2016.

- 57% - Nearly three out of five mobile device inventory records that were incorrect at the IRS, where 94 percent of employees are provided with a mobile device. Further, the IRS paid monthly service fees for almost 6,800 devices that were not inventoried at all (almost 17 percent of total devices, and almost $2 million per year in service fees). For more than 700 employees, the IRS paid for multiple mobile devices (between two and five) despite the prohibition against multiple devices.

- $12 million - Wasted on a cloud-based email system that was incompatible with its existing email systems.

FIXING THE ITAM PROBLEM AT THE IRS

At the root of much of what ails the federal government bloat in IT spending and related woes is a lack of meaningful IT Asset Management. ITAM is the bridge that links an organization's financial, contractual, and physical IT inventory requirements with the goals and objectives of the operational IT environment. The Federal Government's approach to ITAM should include two components:

- The first is a rigorous government-wide, centralized ITAM program responsible for creating policies, procedures, processes, and metrics for all government agencies.
- The second is an agency-level ITAM team, which would include the day-to-day management of all assets within that agency as set forth and required by the centralized program.

Concurrently, legislation should be enacted to protect and manage our greatest resource (technology) at the federal level, state level, and in critical infrastructure in the private sector. This legislation should address the areas of procurement, disposal, inventory management to the component level of IT Assets (such as hard drives), data security, and other mandated policies which would mitigate the risk to

the United States and the critical infrastructure that is not owned by the government but is enabled and regulated by legislation.

A focus on ITAM at the federal level will decrease:

- IT security threats by understanding what we have, how it is being used, where it is located, who is using it, and when it is being used.
- Unnecessary IT spending by eliminating unused or underused products, maintenance, storage, and potentially hundreds of other areas from procurement to disposal.
- Gross underutilization of existing IT assets by understanding what we actually have and what is actually needed.
- Software license compliance violations by not only ensuring proper licensing but also eliminating rogue purchases.
- Equipment missing and/or lost – by having the knowledge of what you own you will be able to identify the danger in a speedy and efficient manner should the situation arise of a missing or lost piece of technology.
- Unauthorized user access by ensuring the standards are in place and backed by policy on who and when access is needed.
- Data lost by tracking the components of assets containing information.
- Unauthorized software programs installed and purchased outside of normal procurement process by ensuring a policy and standard is in place to eliminate rogue acquisition and installations.
- Project mismanagement by establishing a set of standards by which all projects must follow.
- Contract inconsistencies by establishing a set of standards by which all contracts and negotiations must follow.

A focus on ITAM at the federal level will increase:

- Infrastructure security by providing the knowledge and understanding of what you have, how it is being used, where it is located, who is using it, and when it is being used within your environment.
- IT accountability by providing measurements to understand what is owned and how it is used.
- IT asset value by ensuring assets are used to their full potential and overspending is mitigated.
- IT compliance by ensuring the procedures are in place to adhere to legislation and requirements.
- Usable, reliable, real-time information for proactive IT business decision-making by enacting a reporting structure that monitors performance of assets.
- Effectiveness in process adoption and automated management by defining procedures and processes that are repeatable and measurable.

- ITAM awareness and ownership by establishing a communication and education key process area which promotes ITAM awareness.
- Visibility of the IT asset environment to support IT Service Management through the association between the service and the asset.
- Software patch management accuracy by providing the knowledge and understanding of what you have and where it lies in the lifecycle process.