



Treasury Inspector General for Tax Administration Office of Audit

IMPROVEMENTS ARE NEEDED WHEN IDENTIFYING REVENUE OFFICER CASEWORK

Issued on March 16, 2010

Highlights

Highlights of Report Number: 2010-30-029 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The General Schedule (GS)-13 revenue officer position was established to address the need for a new set of skills and tools to deal with more sophisticated taxpayers and more complex casework. However, the Internal Revenue Service (IRS) is not identifying sufficient numbers of GS-13 cases to support the number of GS-13 revenue officers. Additionally, taxpayers may be burdened because cases can be worked for a significant time period by a lower graded revenue officer before the case is re-graded and reassigned to the GS-13 revenue officer who will ultimately close the case.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the Small Business/Self-Employed (SB/SE) Division is properly applying the GS-13 case criteria and ensuring revenue officers have an appropriate balance of assigned cases. The audit was included in our Fiscal Year 2009 Annual Audit Plan under the major management challenge of Tax Compliance Initiatives.

WHAT TIGTA FOUND

In March 2006, the SB/SE Division created the GS-13 revenue officer position, and the Case Assignment Guide was revised based on the tasks, competencies, and position descriptions at the GS-09 through GS-13 grade levels. TIGTA found that not all GS-13 revenue officers were actively working cases and that over the past 3 fiscal years more than 70 percent were not assigned a sufficient number of GS-13 cases. TIGTA identified several reasons why a sufficient number of GS-13 cases were not identified:

- The delivery of GS-13 cases is not systemic.
- Group managers rely on lower graded revenue officers to identify the majority of cases.
- Case assignment criteria are subjective, similarly worded, and not consistently interpreted.

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- Manually re-graded cases were not properly documented.
- The number of GS-13 revenue officers has increased over the past 4 fiscal years.

TIGTA estimates the IRS paid more than \$1.4 million in salary for the time GS-13 revenue officers spent working on lower graded cases instead of GS-13 case inventory. In addition, taxpayers may have been impacted when complex cases were not initially assigned to GS-13 revenue officers. For 132 cases that were re-graded after assignment, the GS-12 (or lower) revenue officer spent an average of 604 calendar days (more than 20 months) working on the case before it was reassigned to a GS-13, who ultimately completed and closed the case. Compounded by poorly documented case histories, the GS-13 revenue officer may spend significant time getting familiar with the case before moving towards closure.

WHAT TIGTA RECOMMENDED

TIGTA recommended the IRS 1) continue to emphasize the correct application of case assignment factors and the importance of proper documentation; 2) expand the capabilities of the Integrated Collection System pick list so that it can be used to identify the criteria used to change the grade of a case to GS-13; 3) clarify case assignment factors to make them less subjective and vague, and assess whether each factor contributes equally to the relative complexity of the case and if the methodology for justifying re-grading to a GS-13 is commensurate with the case complexity; 4) establish methods to improve the effectiveness and efficiency of manually identifying GS-13 cases; 5) identify methods to expand the number of GS-13 cases that meet the Range of Case Issues factor that can be identified systemically; and 6) compare and monitor the actual number of GS-13 cases that have been identified and assigned with the number of estimated cases and make adjustments to the forecasting methodology as appropriate.

The IRS agreed with our recommendations. The IRS plans to develop a training tool for the correct application of case assignment factors and proper documentation, form a team to recommend changes to reduce or eliminate the subjectivity of case assignment factors, consider requests for systemic changes to the Inventory Delivery System, and monitor the number of GS-13 graded cases and use this information in determining the appropriate GS-13 revenue officer resources needed. The IRS has already completed Integrated Collection System programming changes that require use of a pick list to identify GS-13 Case Assignment Guide factors when re-grading cases.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2010reports/201030029fr.pdf>

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