



## Treasury Inspector General for Tax Administration Office of Audit

### **MORE MANAGEMENT INFORMATION IS NEEDED TO IMPROVE OVERSIGHT OF AUTOMATED COLLECTION SYSTEM OUTBOUND CALLS**

Issued on April 28, 2010

## Highlights

Highlights of Report Number: 2010-30-046 to the Internal Revenue Service Commissioners for the Small Business/Self-Employed Division and the Wage and Investment Division.

### **IMPACT ON TAXPAYERS**

The predictive dialers are automated calling technology in which the Automated Collection System (ACS) places outgoing calls without an attending employee on the originating telephone line. Our review showed that 1) there is insufficient management information available about whether the predictive dialers are effective in contacting taxpayers to resolve delinquent accounts, and 2) new receipt calling campaigns are run without prioritizing the cases within the new receipts. This may cause the Internal Revenue Service (IRS) to not collect from taxpayer cases that have greater potential for increased revenue collection and may cause unfair burden on other taxpayers who pay their taxes.

### **WHY TIGTA DID THE AUDIT**

This audit was initiated to determine whether the IRS is effectively using the outbound call feature on ACS function cases. The audit was conducted as part of the Fiscal Year 2009 Annual Audit Plan and addresses the major management challenge of Tax Compliance Initiatives.

### **WHAT TIGTA FOUND**

Although some information is captured regarding the number of outbound calls and the contacts made, ACS function management does not conduct sufficient analysis on the results of outbound calls to determine whether the campaigns were successful. Specifically, management does not identify inbound calls that are received as a result of outbound calls or compare campaign results. As a result, management is unable to analyze the complete results of the predictive dialer campaigns, thereby reducing management's ability to manage and evaluate outbound calls which could cause inefficient use of limited resources.

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In addition, the ACS does not use pre-established risk scores and priority categories when first selecting cases for the predictive dialers to call during new receipt campaigns. Experience among collection agencies and within the IRS shows that new receipt cases have a greater likelihood to have more current contact information and, therefore, could be more productive. However, when ACS function management establishes the new receipt campaigns, they rely solely on the age of the case without regard to risk scores or priority categories. Our review of ACS outbound calls data from October 2006 through May 2009 showed that new receipt cases made up approximately 62 percent of the outbound calls. As a result, some high-risk, high-priority cases with a greater potential for increased revenue collection may be omitted while other low-risk, low-priority cases with lesser collection potential may be worked first in new receipt campaigns.

### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Director, Campus Compliance Services, Small Business/Self-Employed Division, and the Director, Compliance, Wage and Investment Division, collect additional management information about outbound calls, including the identification of predictive dialers-related incoming calls when taxpayers are responding to Left Call Back Messages, and compare the results from the various campaigns. TIGTA also recommended that the IRS revise the case selection criteria/process so that within the new receipt campaign cases, those new cases having the highest risk scores and highest priority categories are the first taxpayers selected for predictive dialer calls.

In their response to the report, IRS officials agreed with both recommendations. Management in the Small Business/Self-Employed and Wage and Investment Divisions plans to work together to collect additional information about outbound calls and compare results from the various campaigns. In addition, the IRS began the Consolidated Decision Analytics project to improve the case selection criteria/process within the Inventory Delivery System, including ACS cases and the predictive dialer tool. The IRS plans to continue its efforts to design related business and technology improvements to ensure the expansion of Consolidated Decision Analytics to ACS operations delivers the intended results.

### **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/201030046fr.pdf>.

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