



*The Taxpayer Advocate Service's
ASK-TAS1 Toll-Free Line Has Evolved
Over Time, but Additional Steps Are
Necessary to Evaluate Its Impact*

June 7, 2012

Reference Number: 2012-10-052

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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HIGHLIGHTS

THE TAXPAYER ADVOCATE SERVICE'S ASK-TAS1 TOLL-FREE LINE HAS EVOLVED OVER TIME, BUT ADDITIONAL STEPS ARE NECESSARY TO EVALUATE ITS IMPACT

Highlights

Final Report issued on June 7, 2012

Highlights of Reference Number: 2012-10-052 to the Internal Revenue Service National Taxpayer Advocate.

IMPACT ON TAXPAYERS

Millions of taxpayers contact the IRS each year by calling the various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations. Taxpayers specifically requesting Taxpayer Advocate Service (TAS) assistance have several telephone options, including the ASK-TAS1 toll-free line staffed by TAS personnel. Additional documentation and analysis is necessary to evaluate the impact of the ASK-TAS1 toll-free line and ensure that proposed changes to the line provide the expected benefits without adversely affecting taxpayers.

WHY TIGTA DID THE AUDIT

This audit was initiated to evaluate the IRS's use of two TAS toll-free telephone lines, including service provided to taxpayers and costs associated with the lines, to determine whether opportunities exist to reduce duplication and achieve cost savings. This review is included in our Fiscal Year 2012 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

WHAT TIGTA FOUND

The TAS does not have a formalized process to track or analyze the calls received by the ASK-TAS1 toll-free line to assess the effectiveness of its outreach efforts in generating cases meeting TAS case criteria.

In addition, TAS management is planning a new process involving both the National Taxpayer

Advocate (NTA) and the ASK-TAS1 toll-free lines. The new process will require Wage and Investment Division customer service representatives answering the NTA toll-free line to transfer calls to the ASK-TAS1 toll-free line if they determine a call meets TAS case criteria. While this approach could have merit, it would involve additional technological features, additional or reallocated resources, and new procedures for both Wage and Investment Division and TAS employees involved with the toll-free telephone calls. TAS management had not prepared detailed documentation that clearly outlines their methodology, such as how many TAS personnel will be required to answer the transferred calls and how TAS management would evaluate the costs and expected benefits of handling the increased call volume from the NTA toll-free line when implemented.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the NTA develop a formalized process to track and analyze the impact of any targeted outreach that results in calls received by the ASK-TAS1 toll-free line. The NTA should also prepare detailed documentation that clearly summarizes how the ASK-TAS1 toll-free line will be used in the future and should periodically analyze the call statistics for the new process to determine whether TAS personnel are answering calls in an efficient manner.

TAS management agreed with all three recommendations. Management's plans include tracking and analyzing calls to the ASK-TAS1 toll-free line, documenting the future vision of the ASK-TAS1 toll-free line, and using statistical information to monitor the transfer of calls to the ASK-TAS1 toll-free line.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 7, 2012

MEMORANDUM FOR NATIONAL TAXPAYER ADVOCATE

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – The Taxpayer Advocate Service’s ASK-TAS1 Toll-Free Line Has Evolved Over Time, but Additional Steps Are Necessary to Evaluate Its Impact (Audit # 201110027)

This report presents the results of our review of the National Taxpayer Advocate’s ASK-TAS1 toll-free line. Our overall objective was to evaluate the Internal Revenue Service’s use of the two Taxpayer Advocate toll-free telephone lines, including service provided to taxpayers and costs associated with the lines, to determine whether an opportunity exists to reduce duplication and achieve cost savings. This audit is conducted as part of the Treasury Inspector General for Tax Administration’s Fiscal Year 2012 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

Management’s complete response to the draft report is included as Appendix IX.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Russell P. Martin, Acting Assistant Inspector General for Audit (Management Services and Exempt Organizations), at (202) 622-8500.



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Abbreviations

CSR	Customer Service Representative
FTE	Full-Time Equivalent
FY	Fiscal Year
IRS	Internal Revenue Service
NTA	National Taxpayer Advocate
TAS	Taxpayer Advocate Service
W&I	Wage and Investment



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Background

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS) whose mission is to help taxpayers resolve problems with the IRS and to recommend changes to prevent future problems. The goals of the TAS are to protect individual and business taxpayer rights and reduce taxpayer burden. Currently, taxpayers specifically requesting TAS assistance can utilize one of the following telephone options:

- **National Taxpayer Advocate (NTA) Toll-Free Telephone Line (1-877-777-4778)** – became operational in November 1998 and is staffed by Wage and Investment (W&I) Division customer service representatives (CSR) in the Fresno, California; Atlanta, Georgia; Baltimore, Maryland; Guaynabo, Puerto Rico; and Richmond, Virginia, offices. This line is the “official” TAS toll-free telephone number that is publically listed and available on the IRS website and in IRS publications. The CSRs determine whether the taxpayers calling meet TAS case criteria¹ and refer applicable cases to the TAS unless they are able to resolve the taxpayer’s issue within 24 hours. Because the NTA toll-free telephone number is widely publicized on many IRS notices and on the IRS’s website,² significantly more taxpayers call this line for assistance compared with the ASK-TAS1 toll-free and local taxpayer advocate lines. In the 4th quarter of Fiscal Year³ (FY) 2011, 28.3 percent of all new TAS case receipts were generated through the NTA toll-free line.
- **ASK-TAS1 Toll-Free Telephone Line (1-877-275-8271)** – became operational in FY 2004 and is currently staffed by TAS intake advocates⁴ at six locations – the Fresno, California; Cincinnati, Ohio; Guaynabo, Puerto Rico; Memphis, Tennessee; Dallas, Texas; and Ogden, Utah, offices. This telephone number is provided to the public through targeted publicity and by including the telephone number on certain IRS notices. The intake advocates determine whether the taxpayers calling meet TAS case criteria and initiate a TAS case if applicable. The TAS case is then assigned to a case advocate (a different person than the intake advocate) to work with the taxpayer to help resolve the taxpayer’s problem. In the 4th quarter of FY 2011, only 0.7 percent of all new TAS case receipts were generated through the ASK-TAS1 toll-free line.

¹ See Appendix IV for a description of TAS case criteria.

² www.irs.gov.

³ A 12-consecutive-month period ending on the last day of any month, except December. The Federal Government’s fiscal year begins on October 1 and ends on September 30.

⁴ Serve as the first point of contact for taxpayers who have contacted or who have been referred to the Taxpayer Advocate’s office after unsuccessful attempts to resolve their tax-related inquiries.



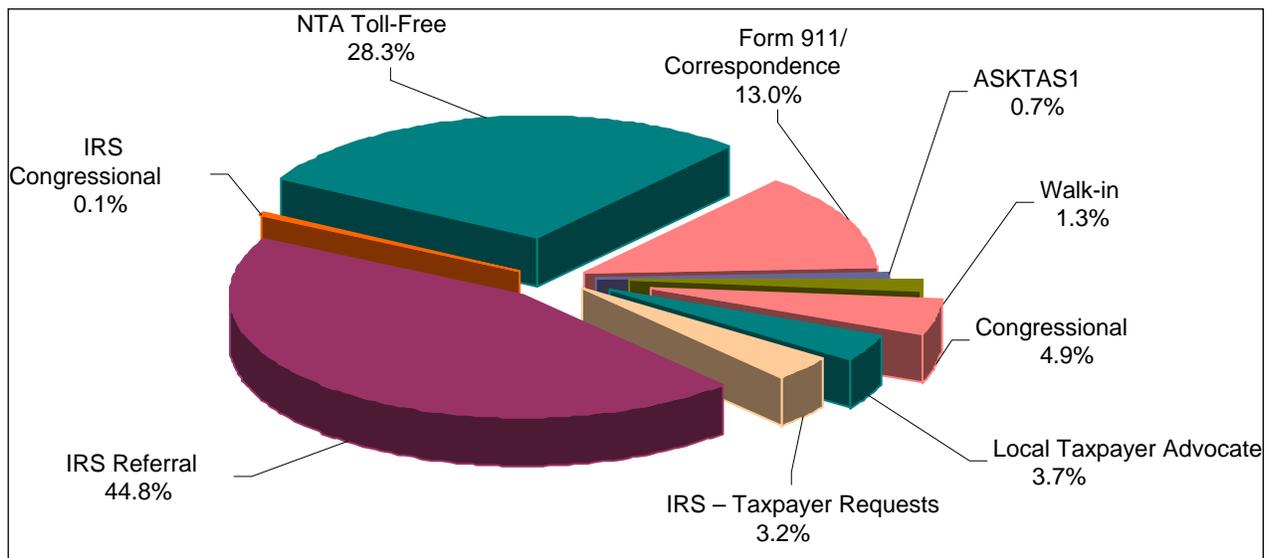
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- **Local Taxpayer Advocate** – a local telephone number for each TAS office is required by Internal Revenue Code Section (§) 7803 to be published and available to taxpayers served by the office. Intake advocates also answer the Local Taxpayer Advocate telephone numbers to determine whether taxpayers calling meet TAS case criteria and whether a TAS case should be initiated. In the 4th quarter of FY 2011, 3.7 percent of all new TAS case receipts were generated through telephone calls to the Local Taxpayer Advocates.

In addition, millions of taxpayers contact the IRS each year by calling the other various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations.⁵ If the taxpayer's issue meets TAS case criteria, the case is referred to the TAS and is assigned to a case advocate for resolution. Based on statistical information on TAS case receipts, more cases come from IRS referrals (*e.g.*, an IRS employee identified that the taxpayer's issue should be referred to the TAS for resolution) than through the NTA toll-free, ASK-TAS1 toll-free, and Local Taxpayer Advocate lines combined.

As noted in Figure 1, in the 4th quarter of FY 2011, 44.8 percent of all new TAS case receipts were generated through referrals from IRS employees (this includes taxpayers who called the IRS's toll-free telephone number, 1-800-829-1040). Other sources of TAS cases include taxpayer submission of Form 911, *Request for Taxpayer Advocate Service Assistance*, congressional requests, and walk-ins.

Figure 1: Fiscal Year 2011 4th Quarter TAS Case Receipts by Source



Source: Fiscal Year 2011 4th Quarter TAS Business Performance Review.

⁵ The IRS has various toll-free telephone assistance lines available to taxpayers, including a line for individuals, businesses, exempt organizations, *etc.*



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The ASK-TAS1 toll-free line was first established in FY 2004 and has been used in some of the TAS's marketing campaigns. In addition, the NTA stated the ASK-TAS1 toll-free line was initially established to evaluate if this line could be used to replace the NTA toll-free line by improving the identification of calls meeting TAS case criteria. Currently, TAS management is planning to implement a new process in which calls meeting TAS case criteria are transferred directly from the NTA toll-free line to the ASK-TAS1 toll-free line during the same phone call instead of being referred for the TAS to contact the taxpayer at a later date. See Appendices V through VII for detailed comparisons of the NTA and ASK-TAS1 toll-free lines.

This review was performed at the IRS Headquarters in Washington, D.C.; the TAS office in Dallas, Texas; and the W&I Division office in Atlanta, Georgia, during the period July 2011 through January 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

Since FY 2004, TAS management has used the ASK-TAS1 toll-free line for two purposes and expanded the line from a single site to its current structure of six call sites that answered approximately 9,000 calls in FY 2011. In its current form, TAS management generally publicizes the ASK-TAS1 toll-free telephone number on targeted notices sent to taxpayers and through speeches and outreach performed by the NTA. However, we determined that the TAS does not have a formalized process to track or analyze the calls received by the ASK-TAS1 toll-free line to assess the effectiveness of its outreach efforts in generating cases meeting TAS criteria. TAS management should establish goals and improve tracking and analyses of the impact of their targeted outreach on calls received by the ASK-TAS1 toll-free line to assist them in fully evaluating the success of their efforts in meeting the intended purpose of the line.

During our fieldwork, the NTA discussed her future vision of the ASK-TAS1 toll-free line. She indicated that TAS management is planning a new process involving the NTA toll-free line. The new process will require W&I Division CSRs answering the NTA toll-free line to transfer calls to the ASK-TAS1 toll-free line if they determine the call meets TAS case criteria. Intake advocates on the ASK-TAS1 toll-free line will further evaluate the taxpayer's issue to confirm it meets TAS case criteria and, if applicable, initiate a case in the TAS to be worked by a case advocate.

In FY 2011, approximately 84,000 calls received by the NTA toll-free line were determined to meet TAS case criteria and were referred to TAS personnel to be worked. Case advocates are required to contact taxpayers referred from the NTA toll-free line within three to five workdays to begin the case resolution. When implemented, the NTA envisions that intake advocates will be able to conduct a comprehensive interview with the taxpayer during the same telephone call to identify underlying issues, share options for resolution, describe what to expect from the TAS experience, build the case, and, in some instances, resolve the issues while talking with the taxpayer. As a result, TAS management stated that this vision could result in increased productivity for the TAS.

While this approach could have merit, it would involve additional technological features, additional or reallocated resources, and new procedures for both W&I Division and TAS employees involved with the toll-free calls. TAS management had not prepared detailed documentation that clearly outlines their methodology, such as how many TAS personnel will be required to answer the transferred calls and how TAS management would evaluate the costs and expected benefits of handling the increased call volume from the NTA toll-free line when implemented. As a result, the TAS is at risk of not being able to ensure that their resources are being used as efficiently as possible. This is especially important given the current economic environment and the increased focus on efficient spending in the Federal Government.



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Additional Documentation and Analysis Is Necessary to Evaluate the Impact of the ASK-TAS1 Toll-Free Line

Over time, the purpose of the ASK-TAS1 toll-free line has changed and expanded based on TAS management's use and vision for the line. However, TAS management does not evaluate the current impact of their targeted outreach in generating calls to the ASK-TAS1 toll-free line that would more clearly show the benefits for its use. In addition, TAS management has not prepared documentation that outlines their proposed future vision of the ASK-TAS1 toll-free line, including a comprehensive methodology for implementing the vision and measuring and monitoring the results, along with expected benefits and costs, to assess the success of the new process. Collectively, we believe this information is necessary for TAS management to evaluate the impact of the line and determine how this line should be used in the future.

The TAS has not established a formal process to track and analyze the success of the ASK-TAS1 toll-free line in reaching targeted taxpayers

TAS management advised us the ASK-TAS1 toll-free line has gone through two distinct phases since its implementation in FY 2004: 1) an evaluation to determine if the ASK-TAS1 toll-free line could replace the NTA toll-free line and 2) use of the ASK-TAS1 toll-free line to measure targeted outreach efforts of the TAS. However, the TAS was unable to provide documentation summarizing the results of its analysis of the ASK-TAS1 toll-free line as a replacement for the NTA toll-free line. In addition, TAS management has not fully tracked and analyzed their outreach efforts to assess the impact of these activities on generating calls to the ASK-TAS1 toll-free line that meet TAS case criteria.

Based on the documentation provided during our fieldwork, TAS established the ASK-TAS1 toll-free line in FY 2004 to pilot a 90-day outreach campaign (beginning on March 15, 2004) to test whether the line would be useful. At the end of the 90-day test, the TAS indicated it would decide whether to continue answering calls on the ASK-TAS1 toll-free line or use a recorded message to refer callers to the NTA toll-free line. We do not know if the test was successful because TAS management was unable to provide us with the results of this test or any documentation that shows management's evaluation of the ASK-TAS1 toll-free line use for this purpose. However, TAS management advised us they continued to use the ASK-TAS1 line for this purpose after the 90-day test.

The NTA informed us that the initial intent of the ASK-TAS1 toll-free line was to determine whether it could be used to replace the NTA toll-free line to improve the identification of calls meeting TAS case criteria and whether a business case could be made for the TAS to take over the NTA toll-free line from the W&I Division. In Calendar Year 2008, the NTA ultimately found that the TAS had similar results as the W&I Division in the percentage of calls received meeting TAS criteria and concluded that the TAS should not pursue taking over the NTA toll-free line. We asked TAS management for the results of this test; however, management was



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unable to provide us with any documentation outlining this test or summarizing the results of any analysis performed by the TAS in this area. As a result, we could not determine what information affected the TAS's decision not to further pursue any action to replace the NTA toll-free line. The NTA informed us this decision was based on the similar percentage of cases identified through both the NTA and ASK-TAS1 toll-free lines.

We performed an analysis comparing the NTA and ASK-TAS1 toll-free lines and concluded that there is little difference between the NTA and ASK-TAS1 toll-free lines from a statistical perspective. Specifically, we determined that there were a similar percentage of calls received by each line that resulted in TAS cases. In addition, we determined that TAS cases initiated due to the telephone calls from each line related to similar issues. As such, we agree with the TAS's conclusion that there is no measurable difference in the percentage of TAS cases identified or types of issues handled between the ASK-TAS1 and NTA toll-free lines (see Appendix VI and VIII for additional details). While both toll-free lines currently assist taxpayers in a similar manner, the NTA is planning to use the ASK-TAS1 toll-free line in a new process as part of her future vision, as discussed on page 7.

The NTA advised us that after the TAS decided not to pursue taking over the NTA toll-free line, the TAS made the decision to use the ASK-TAS1 toll-free line to measure the effectiveness of the TAS's targeted outreach efforts. Specifically, TAS management generally publicizes the ASK-TAS1 toll-free telephone number on targeted notices sent to taxpayers and through speeches and outreach performed by the NTA. For example, the TAS published the ASK-TAS1 toll-free telephone number on specific correspondence to taxpayers related to identity theft and private debt collection. In addition, the NTA stated she provides the ASK-TAS1 toll-free telephone number during various speeches and interviews.

Although TAS management has stated the publicity of the ASK-TAS1 toll-free line is targeted to specific taxpayers, we determined that the ASK-TAS1 toll-free telephone number is also published on the TAS's recently established Facebook site, which is available to all taxpayers.⁶ As a result, any taxpayer accessing the Facebook site could contact the TAS through the ASK-TAS1 toll-free line. The NTA informed us that TAS management is interested in determining the impact of social marketing in reaching taxpayers needing TAS assistance.

However, TAS management has not fully tracked and analyzed its outreach efforts to assess the impact on calls received through the ASK-TAS1 toll-free line. During our fieldwork, we asked TAS management if they could determine the origin of the calls historically received by the ASK-TAS1 toll-free line, such as the number of calls received due to specific notices sent by the IRS containing the ASK-TAS1 toll-free telephone number, the number of calls received due to the NTA's external presentations, the number of calls received due to the taxpayer identifying the toll-free telephone number through the TAS's Facebook site, *etc.*

⁶ www.facebook.com/YourVoiceAtIRS.



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TAS management advised us they do not specifically track how taxpayers calling the ASK-TAS1 toll-free line identified the toll-free telephone number. In addition, TAS management stated that no formal analyses were performed assessing its outreach efforts. As a result, neither we nor the TAS were able to determine if the TAS's outreach efforts were successful in reaching targeted taxpayers and what, if any, benefit that information was to TAS management.

Internal controls should provide reasonable assurance that an organization's objectives are being achieved. Tracking the source of calls and comparing them to the outreach events is necessary for the TAS to determine the effectiveness of its outreach efforts in generating TAS cases. Improved tracking and analyses of the impact of its targeted outreach on calls received by the ASK-TAS1 toll-free line would assist TAS in fully evaluating the success of its efforts in meeting its stated goal. This analysis should also help TAS management in assessing the value of using the ASK-TAS1 toll-free line for this purpose and determining whether they are allocating their limited resources in the most efficient manner.

Additional analysis and monitoring should be performed to ensure the future vision of the ASK-TAS1 toll-free line provides the anticipated benefits

During our audit, the NTA briefed us on the TAS's future vision of the ASK-TAS1 toll-free line. Specifically, TAS management is planning to implement a new process in which calls meeting TAS case criteria are transferred directly from the NTA toll-free line to the ASK-TAS1 toll-free line. At the time of our review, the technical capabilities allowing for direct call transfer from the NTA toll-free line to the ASK-TAS1 toll-free line were not yet available due to IRS budget constraints. IRS management indicated that the information technology changes necessary to facilitate this process would not be made until April 2012 or later.

When the new process is implemented, the NTA envisions that TAS intake advocates will conduct a comprehensive interview with the taxpayer to identify underlying issues, share options for resolution, describe what to expect from the TAS experience, begin building the case, and, in some instances, resolve the issues while talking with the taxpayer during the same initial call. These types of questions are normally covered as part of the TAS's initial contact with the taxpayer after the case is assigned to a case advocate. The NTA also stated the new process could ultimately help the TAS assist with inventory balancing in its Case Advocacy Program and reduce its case cycle time if the case advocates and taxpayers are better prepared for the initial contact meeting.⁷ Further, TAS management stated the intake advocates will verify that the case coding input by the W&I Division CSRs is accurate. As a result, TAS management stated this could result in increased productivity for the TAS. The new process should be tracked and measured to determine whether it does result in increased productivity or reduced cycle time.

⁷ Closed case cycle time in the Case Advocacy Program averaged 82.2 days in FY 2011.



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In 2007, the TAS worked with W&I Division management to move the ASK-TAS1 toll-free line to the IRS Joint Operations Center.⁸ At that time, the number of ASK-TAS1 call sites increased from one to three, resulting in technology costs of approximately \$337,000. In FY 2011, TAS management increased the number of ASK-TAS1 call sites from three to six offices to build the infrastructure necessary to implement the new process and “drive calls” to the ASK-TAS1 toll-free line to increase the experience level of the intake advocates. We reviewed the documentation supporting this call site increase, which indicated additional sites were necessary to provide for continuity of operations and increased geographic coverage. The cost of this expansion was approximately \$52,000.⁹

In FY 2011, approximately 84,000 calls received by the NTA toll-free line were determined to meet TAS case criteria and were referred to TAS personnel to be worked. We are concerned with the amount of TAS resources that would be necessary to potentially answer an additional 84,000 calls per year transferred from the NTA toll-free line.

TAS management has not fully determined if additional full-time equivalents¹⁰ (FTE) will need to be hired to fully implement the new process. However, they informed us that they expected to be able to redirect TAS resources based on efficiencies gained through its implementation. In addition, TAS management stated that they may be able to obtain some resources from the W&I Division if W&I Division CSRs also obtain resource savings when the new process is implemented. Based on our analysis, implementation would be costly in terms of the FTEs required to staff the ASK-TAS1 toll-free line. As shown in Figure 2, we estimate it will take an additional 53 FTEs, equating to approximately \$3,110,676 in annual salary costs.¹¹ These additional resources would need to be hired as new employees or redirected from other TAS programs. This is a significant increase in staff resources, and the TAS needs to develop specific plans for addressing the rapid increase in both call volume and staff needed to answer the calls.

⁸ The Joint Operations Center is operated by the W&I Division to monitor the IRS telephone operations and tracks statistics such as number of calls answered, calls dropped by taxpayers, length of time on hold, *etc.*

⁹ The TAS added ASK-TAS1 call sites in Guaynabo, Puerto Rico; Memphis, Tennessee; and Ogden, Utah.

¹⁰ A measure of labor hours in which one FTE is equal to eight hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2011, one FTE was equal to 2,088 staff hours. For Fiscal Year 2012, one FTE is equal to 2,080 staff hours.

¹¹ The cost of FTEs is based on FY 2011 average salary and benefits provided by the TAS.



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**Figure 2: Impact of the Future Vision on the
ASK-TAS1 Toll-Free Line When Implemented**

	ASK-TAS1 Toll-Free Line (FY 2011)	ASK-TAS1 Toll-Free Line (Estimated When Fully Implemented)¹²
Totals Calls Answered	8,958	84,000
Direct and Overhead FTE	5.66	53
Cost per FTE	\$58,692	\$58,692
Total FTE Cost	\$332,197	\$3,110,676

Source: TAS and W&I Division management and Treasury Inspector General for Tax Administration analysis.

The NTA informed us that they plan to implement this process in FY 2012. However, TAS management had not prepared any detailed documentation that clearly outlined their methodology, such as how many TAS personnel will be required to answer the transferred calls and how TAS management would evaluate the costs and expected benefits of handling the increased call volume from the NTA toll-free line when fully implemented. On March 8, 2012, TAS management issued a notice to the National Treasury Employees Union of their intent to conduct a 6-month “proof of concept” to transfer calls handled by select assistors at the NTA toll-free sites located in Baltimore, Maryland, and Richmond, Virginia, to all six of the TAS’s ASK-TAS1 call sites.

TAS management informed us that the only procedural detail still pending relates to differences in the hours of operation between the NTA and ASK-TAS1 toll-free lines.¹³ Because the ASK-TAS1 toll-free line is available only until 5:00 p.m., TAS management has not yet determined how to respond to taxpayers who call the NTA toll-free line between 5:00 p.m. and 7:00 p.m. If TAS management is unable to extend the hours of operation on the ASK-TAS1 toll-free line, taxpayers may be required to leave a message for TAS intake advocates to return or the TAS will have to coordinate with the W&I Division to ensure calls received during this time period are not transferred to the ASK-TAS1 line. This may negate some of the expected benefits of this new process.

While we understand the potential benefits of this new process, there may be significant increased costs and resources needed to implement the future vision. In addition, we believe TAS management should identify the measures they will use to assess the new process and evaluate it on a periodic basis to ensure the new process provides the expected benefits without

¹² The Total Calls Answered (rounded) and Cost per FTE are the actual amounts from FY 2011.

¹³ The NTA toll-free line operates between 7:00 a.m. to 7:00 p.m., while the ASK-TAS1 toll-free line is available from 7:00 a.m. to 5:00 p.m.



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adversely affecting taxpayers. Fully determining the costs associated with the new process and establishing how they will measure its impact will assist TAS management in evaluating the success of this process.

W&I Division management tracks performance data related to calls received by the ASK-TAS1 toll-free line, including the number of calls answered, level of service,¹⁴ dropped calls, average speed of answer,¹⁵ etc. TAS management should ensure they analyze this information on a periodic basis when the new process is implemented. This will assist TAS management in determining if the intake advocates are able to answer all the incoming and transferred calls and take appropriate actions, if necessary, to ensure taxpayer calls are handled in the most efficient manner.

Recommendations

The National Taxpayer Advocate should:

Recommendation 1: Develop a formalized process to track and analyze the impact of any targeted outreach efforts that result in calls received by the ASK-TAS1 toll-free line. In addition, TAS management should document the results of their analyses assessing whether they are achieving their stated goal and what, if any, benefit this information is to TAS management.

Management's Response: TAS management agreed with our recommendation and will formalize the process to track and analyze ASK-TAS1 toll-free line calls and assess the results against outreach efforts.

Recommendation 2: Prepare detailed documentation that clearly summarizes how TAS management envisions the ASK-TAS1 toll-free line will be used in the future. In addition, TAS management should determine the full costs of implementing the TAS's future vision, including the resources necessary to effectively handle the increased call volume on the ASK-TAS1 toll-free line and the measures that they will use to monitor whether the new process achieves its expected benefits.

Management's Response: TAS management agreed with our recommendation and will clearly document the vision for the ASK-TAS1 toll-free line, determine the costs and benefits, and establish measures to monitor the success of the new process.

Recommendation 3: Ensure a process is implemented to periodically analyze the call statistics captured by the W&I Division for the new process to determine whether TAS personnel are answering incoming and transferred calls to the ASK-TAS1 toll-free line in an efficient manner.

¹⁴ Level of service measures the relative success rate of taxpayers who call the IRS for assistance.

¹⁵ The average speed of answer is the average number of seconds customers waited in a queue before receiving service.



*The Taxpayer Advocate Service's ASK-TAS1
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Management's Response: TAS management agreed with our recommendation and will formalize a process using statistical information available through the IRS toll-free network to monitor the transfer of calls to the ASK-TAS1 toll-free line.



*The Taxpayer Advocate Service's ASK-TAS1
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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to evaluate the IRS's use of two Taxpayer Advocate toll-free telephone lines, including service provided to taxpayers and costs associated with the lines, to determine whether an opportunity exists to reduce duplication and achieve cost savings. To accomplish our objective, we:

- I. Determined why the NTA, ASK-TAS1, and local TAS telephone numbers were established and how they differ by interviewing TAS and W&I Division personnel. In addition, we compared the service provided by the NTA, ASK-TAS1, and local TAS telephone numbers to determine whether an opportunity exists to eliminate overlap or reduce duplication.
- II. Identified applicable policies and procedures used by the W&I Division and the TAS regarding the toll-free telephone lines by reviewing the Internal Revenue Manual to determine the criteria used to accept cases into the TAS, and the W&I Division and TAS authorities to resolve taxpayer inquiries. Further, we researched the notices, letters, publications, *etc.*, containing the NTA and ASK-TAS1 toll-free telephone numbers.
- III. Performed a statistical analysis of the NTA and ASK-TAS1 toll-free lines to determine utilization and potential trends by identifying the volume of calls received, calls answered, and taxpayers with cases opened in the TAS. We also determined whether certain types of cases are received through a particular toll-free telephone line based on analysis of the major issue codes in the Taxpayer Advocate Management Information System.
- IV. Assessed the cost of operating the NTA and ASK-TAS1 toll-free lines by determining the FTE¹ salary and benefits cost, including overhead which consists of management and support personnel.
- V. Determined the hours of operation and staffing for the NTA and ASK-TAS1 toll-free lines.

¹ A measure of labor hours in which one FTE is equal to eight hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2011, one FTE was equal to 2,088 staff hours. For Fiscal Year 2012, one FTE is equal to 2,080 staff hours.



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Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the TAS and W&I Division's policies, procedures, practices, and statistical information related to the usage and cost of the NTA and ASK-TAS1 toll-free lines. We evaluated these controls by interviewing management and analyzing statistical information.



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Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Commissioner, Wage and Investment Division SE:W
Deputy National Taxpayer Advocate TA
Executive Director, Case Advocacy, Taxpayer Advocate Service TA:EDCA
Director, Intake Strategy and Workload Distribution, Taxpayer Advocate Service TA:IS&WD
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM
Director, Joint Operations Center, Wage and Investment Division SE:W:CAS:JOC
Chief Counsel CC
Director, Office of Legislative Affairs CL:LA
Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaisons:
 National Taxpayer Advocate TA
 Director, Customer Account Services, Wage and Investment Division SE:W:CAS



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Appendix IV

Taxpayer Advocate Service Case Criteria

The following chart details the criteria used by the TAS for initiating cases affecting taxpayers.¹

Economic Burden Criteria	1	A taxpayer is experiencing economic harm or is about to suffer economic harm.
	2	A taxpayer is facing an immediate threat of adverse action.
	3	A taxpayer will incur significant costs if relief is not granted (including fees for professional representation).
	4	A taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted.
Systemic Burden Criteria	5	A taxpayer has had a delay of more than 30 calendar days (after normal processing) to resolve a tax account problem.
	6	A taxpayer has not received a response/resolution to his or her problem/inquiry by the date promised.
	7	A system(s) or procedure(s) has either failed to operate as intended or failed to resolve the taxpayer's problem or dispute within the IRS.
Best Interest of the Taxpayer	8	The manner in which the tax laws are being administered raises considerations of equity or has impaired or will impair the taxpayer's rights.
Public Policy	9	The National Taxpayer Advocate determines compelling public policy warrants assistance to an individual or group of taxpayers.

Source: Internal Revenue Manual Part 13, dated April 26, 2011.

¹ The TAS has identified specific criteria that qualify certain taxpayers for TAS assistance. The criteria under which the TAS accepts a case do not govern whether a taxpayer is entitled to relief they have requested. Situations meeting the specific criteria should be referred to the TAS for special handling.



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Appendix V

*Comparison of the National Taxpayer Advocate
and ASK-TAS1 Toll-Free Lines*

To compare the NTA and ASK-TAS1 toll-free lines, we considered a variety of factors, including the number of calls answered, hours of operation, FTE cost per call, how the IRS publicizes each telephone number, and how often the taxpayer's issue was referred to the TAS. The following table summarizes the comparison of the NTA and ASK-TAS1 toll-free lines.

**Comparison of NTA and ASK-TAS1 Toll-Free Lines
Fiscal Year 2011**

Factors Considered	NTA Toll-Free Line	ASK-TAS1 Toll-Free Line
Calls Answered	380,352	8,958
Percentage of Calls Resulting in TAS Cases	22%	22%
Number of Direct FTEs	59.5	3.11
FTE Cost / Call	\$20.42	\$37.08
Hours of Operation (local time)	7:00 a.m. – 7:00 p.m. Monday - Friday	7:00 a.m. – 5:00 p.m. Monday - Friday
Percentage of TAS Case Receipts (4 th Quarter FY 2011)	28.3%	0.7%
Publicity	IRS Website, Publications, <i>etc.</i>	Targeted Publicity

Source: TAS and W&I Division management and Treasury Inspector General for Tax Administration analysis.



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Appendix VI

*Taxpayer Advocate Service Cases Received
From the National Taxpayer Advocate
and ASK-TAS1 Toll-Free Lines*

The ASK-TAS1 toll-free line generates a very low number of calls and TAS cases compared to the NTA toll-free line. During FY 2011, the TAS received 295,904 new cases, but only 1,998 (0.7 percent) of those cases originated from the ASK-TAS1 toll-free line. In addition, both lines initiated a new TAS case only 22 percent of the time from the total calls answered during FY 2011. Figure 1 provides statistical information for the ASK-TAS1 toll-free line for FY 2009 through FY 2011.

Figure 1: ASK-TAS1 Toll-Free Line Statistical Comparison by Fiscal Year

Fiscal Year	Total Calls Answered	Number of TAS Cases Initiated	Percentage of TAS Cases Based on Calls Answered
2009	6,733	1,791	27%
2010	7,077	1,826	26%
2011	8,958	1,998	22%

Source: TAS 4th Quarter 2011 Business Performance Review and the IRS's Enterprise Telephone Data Reporting website.

W&I Division CSRs on the NTA toll-free line answered 380,352 calls and initiated 83,889 new TAS cases (28 percent of TAS's new receipts in FY 2011). Figure 2 provides statistical information for the NTA toll-free line for FY 2009 through FY 2011.

Figure 2: NTA Toll-Free Line Statistical Comparison by Fiscal Year

Fiscal Year	Total Calls Answered	Number of TAS Cases Initiated	Percentage of TAS Cases Based on Calls Answered
2009	326,228	77,168	24%
2010	371,069	85,792	23%
2011	380,352	83,889	22%

Source: TAS 4th Quarter 2011 Business Performance Review and the IRS's Enterprise Telephone Data Reporting website.



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Appendix VII

*Cost Comparison of the National Taxpayer Advocate
and ASK-TAS1 Toll-Free Lines*

The average FTE cost of calls answered and average FTE cost per TAS case initiated from the ASK-TAS1 toll-free line far exceeds that of the NTA toll-free line.¹ During FY 2011, the TAS average FTE cost per call answered was \$37.08 and cost per TAS case was \$166.27. In comparison, W&I Division FTE cost per call answered was \$20.42 and cost per case was \$92.58. Figure 1 shows the FTE cost information for the ASK-TAS1 toll-free line for FY 2009 through FY 2011.

Figure 1: ASK-TAS1 Toll-Free Line Fiscal Year Cost Comparison

Fiscal Year	Direct FTEs	FTEs With Overhead	Average Annual Cost Per FTE	Total FTE Cost for FY	Average FTE Cost Per Total Calls Answered	Average FTE Cost Per TAS Case
2009	1.67	3.04	\$56,234	\$170,951	\$25.39	\$95.45
2010	1.74	3.16	\$57,026	\$180,202	\$25.46	\$98.69
2011	3.11	5.66	\$58,692	\$332,197	\$37.08	\$166.27

Source: TAS management and Treasury Inspector General for Tax Administration analysis.

Figure 2 shows the FTE cost information for the NTA toll-free line for FYs 2009–2011.

Figure 2: NTA Toll-Free Line Fiscal Year Cost Comparison

Fiscal Year	Direct FTEs	FTE With Overhead	Average Annual Cost Per FTE	Total FTE Cost for FY	Average FTE Cost Per Total Calls Answered	Average FTE Cost Per TAS Case
2009	49.1	98.2	\$61,339	\$6,023,490	\$18.46	\$78.06
2010	61.3	122.6	\$63,494	\$7,784,364	\$20.98	\$90.74
2011	59.5	118.9	\$65,321	\$7,766,667	\$20.42	\$92.58

Source: W&I Division management and Treasury Inspector General for Tax Administration analysis.

¹ The average FTE cost was based on the total calls answered.



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Appendix VIII

Primary Issue Codes of Taxpayer Advocate Service Cases Originating From the National Taxpayer Advocate and ASK-TAS1 Toll-Free Lines

Many taxpayers who contact both the ASK-TAS1 and the NTA toll-free lines have similar types of problems. In FY 2010, the top five issues developed into TAS cases from the ASK-TAS1 toll-free line were in the top seven of the NTA toll-free line. This indicates that taxpayers are using the two phone lines for the same reasons. The following table provides more detailed information about the types of issues received on the NTA and ASK-TAS1 toll-free lines.

Figure: FY 2010 Primary Issue Code Comparison

TAS Primary Issue Code	ASK-TAS1 TAS Cases	NTA Toll-Free TAS Cases
Stolen Identity (425) ¹	395	4,077
Levy (710) ²	120	5,640
Audit Reconsideration (620) ³	86	4,709
Amended Returns (330) ⁴	83	6,965
Open Audit (610) ⁵	81	11,632
Expedite Request (020) ⁶	18	6,505
Unpostable / Rejects (315) ⁷	63	4,744

Source: Queries of the Taxpayer Advocate Management Information System of FY 2010 case receipts.

¹ Identity theft occurs when someone uses your personal information such as your name, Social Security Number, or other identifying information without your permission to commit fraud or other crimes.

² A method used by the IRS to collect outstanding taxes from sources such as bank accounts and wages.

³ The process the IRS uses to reevaluate the results of a prior audit where additional tax was assessed and remains unpaid or a tax credit was reversed. If the taxpayer disagrees with the original determination, he or she must provide information that was not previously considered during the original examination.

⁴ Taxpayers and businesses may file an amended return to correct errors on an original tax return.

⁵ Includes examination of a tax return in progress.

⁶ Requests for expedited refunds include hardship refund requests, whether by paper check or Electronic Funds Transferred. Excludes bankruptcy hold refunds.

⁷ Those transactions that cannot be posted to the Master File because of a specific freeze code (e.g., Criminal Investigation freeze). A transaction that fails to post to an account is returned to the Submission Processing site and is referred to the appropriate area for corrective action (e.g., cases with a Criminal Investigation freeze will go to the Fraud Detection Centers for review).



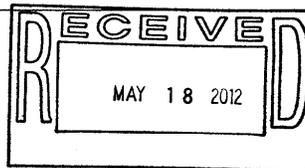
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Appendix IX

Management's Response to the Draft Report



THE OFFICE OF THE TAXPAYER ADVOCATE OPERATES INDEPENDENTLY OF ANY OTHER IRS OFFICE AND REPORTS DIRECTLY TO CONGRESS THROUGH THE NATIONAL TAXPAYER ADVOCATE



May 18, 2012

MEMORANDUM FOR MICHAEL R. PHILLIPS
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Nina E. Olson 
National Taxpayer Advocate

SUBJECT: Draft Audit Report – The Taxpayer Advocate Service's
ASK-TAS1 Toll-Free Line Has Evolved Over Time, but
Additional Steps Are Necessary to Evaluate Its Impact
(Audit # 201110027)

I appreciate the opportunity to comment on the draft audit report, *The Taxpayer Advocate Service's ASK-TAS1 Toll-Free Line Has Evolved Over Time, but Additional Steps Are Necessary to Evaluate Its Impact*. In general, I believe the report presents an accurate and instructive overview of the evolution of the TAS toll-free telephone lines.

By statute, the first prong of TAS's mission is to "assist taxpayers in resolving problems with the Internal Revenue Service."¹ As your report notes, 29 percent of TAS cases originate from calls to our two toll-free telephone lines. In fiscal year (FY) 2011, there were approximately 390,000 phone calls answered by assistants on the NTA Toll-Free and ASK-TAS1 lines, up three percent from FY 2010 and 17 percent from FY 2009.² As the number of taxpayers coming to TAS continues to increase, it is imperative that we achieve efficiencies in our case intake processing.

To that end, TAS management plans to utilize the new Taxpayer Advocate Service Integrated System (TASIS) platform to enhance the taxpayer experience. TASIS will fundamentally change the way TAS employees perform their duties. It will be the most significant automation innovation in TAS (or its predecessor organization, the Problem Resolution Program) in thirty years. TASIS will automate work processes, eliminate manual and redundant steps, and allow TAS

¹ Internal Revenue Code § 7803(c)(2)(A)(i).

² Per the October 2011 TAS Toll Free Telephone Intake Line Monthly Report, TAS received 389,310 phone calls on these two toll-free lines in FY 2011, 378,146 in FY 2010, and 332,961 in FY 2009.



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employees to spend more time focused on the core TAS mission of advocating for taxpayers. It will provide an intake process/system that encompasses all TAS work regardless of how it is received, whether it is by telephone, walk-in, correspondence, the Internet, or virtual interaction. TESIS will bring automated tools and resources to intake and case advocates and provide the capability to document and track all contacts with TAS regardless of whether or not the contact leads to opening a case. We anticipate that these new capabilities, along with the TAS Intake Line Proof of Concept, will result in increased efficiencies in the case intake process and significantly enhance the customer experience. We look forward to making these process improvements as TESIS is rolled out in the coming year.

We generally concur with the report's recommendations. For each recommendation, we will identify the actions we plan to take to implement the recommendation.

Response to Recommendation 1: *Develop a formalized process to track and analyze the impact of any targeted outreach efforts that result in calls received by the ASK-TAS1 toll-free line. In addition, TAS management should document the results of their analyses assessing whether they are achieving their stated goal and what, if any, benefit this information is to TAS management.*

As referenced in the report, the ASK-TAS1 number is provided through various channels including media events presented by the National Taxpayer Advocate on national television and radio, correspondence related to special case issues, and via social network sites. We are currently able to track any surge in calls that comes through this line during and immediately following the airing of National Taxpayer Advocate media events or publication of the number in new venues. We commit to formalizing the process to track and analyze the impact of such targeted outreach and any associated increase in call volume.

While we are not currently able to track the source of calls that do not become TAS cases, we will have this capability after the implementation of TESIS. Therefore, we commit to enhancing our tracking and analysis relative to the source of calls and comparing them to the outreach once this capability is in place.

Response to Recommendation 2: *Prepare detailed documentation that clearly summarizes how TAS management envisions the ASK-TAS1 toll-free line will be used in the future. In addition, TAS management should determine the full costs of implementing the TAS's future vision, including the resources necessary to effectively handle the increased call volume on the ASK-TAS1 toll-free line and the measures that they will use to monitor whether the new process achieves its expected benefits.*



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As your report notes, to continue the commitment to broadening access to service, TAS future vision is to implement a proof of concept in which taxpayers who seek help through the NTA Toll-Free line will find an improved direct transfer to a TAS Intake Advocate via the ASK-TAS1 line, as opposed to the current electronic referral process and subsequent callback once the taxpayer's issue is assigned to a Case Advocate. Intake Advocates will conduct a comprehensive interview with the taxpayer to identify underlying issues, share options for resolution, describe what to expect from the TAS experience, build the case, and in some instances, resolve the issues while talking with the taxpayer. We commit to clearly documenting this vision and determine the costs and benefits of implementation. We will also define and document the measures we will use to monitor the success of the new process.

Response to Recommendation 3: *Ensure a process is implemented to periodically analyze the call statistics captured by the W&I Division for the new process to determine whether TAS personnel are answering incoming and transferred calls to the ASK-TAS1 toll-free line in an efficient manner.*

The IRS toll-free network, administered through the Joint Operations Center of the Wage & Investment Division, provides call statistics (such as level of service and average speed of answer) for both the NTA Toll-Free and ASK-TAS1 lines. We currently use these statistics as one method of monitoring the effectiveness of both of these lines. We commit to continue the use of these statistics for the purposes of monitoring the new process/proof of concept.

Thank you for the opportunity to review and comment on this report. If you have any questions or concerns about our comments, please contact Chris Lee at (202) 622-8391 or christopher.j.lee@irs.gov.

Attachment.



*The Taxpayer Advocate Service's ASK-TAS1
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Attachment 1

Summary of TIGTA Recommendations and Management Response

RECOMMENDATION #1: *Develop a formalized process to track and analyze the impact of any targeted outreach efforts that result in calls received by the ASK-TAS1 toll-free line. In addition, TAS management should document the results of their analyses assessing whether they are achieving their stated goal and what, if any, benefit this information is to TAS management.*

CORRECTIVE ACTIONS:

1. Formalize the process to track and analyze the impact of targeted outreach on the ASK-TAS1 line and any associated increase in call volume.
2. Enhance tracking and analysis relative to the source of ASK-TAS1 calls and compare them to outreach efforts.

IMPLEMENTATION DATE:

1. October 1, 2012
2. June 2013 with the implementation of TESIS

RESPONSIBLE OFFICIAL: Director, Intake Strategy & Workload Distribution.

RECOMMENDATION #2: *Prepare detailed documentation that clearly summarizes how TAS management envisions the ASK-TAS1 toll-free line will be used in the future. In addition, TAS management should determine the full costs of implementing the TAS's future vision, including the resources necessary to effectively handle the increased call volume on the ASK-TAS1 toll-free line and the measures that they will use to monitor whether the new process achieves its expected benefits.*

CORRECTIVE ACTIONS:

1. Clearly document the future vision for ASK-TAS1 and determine the costs and benefits of implementing the TAS Intake Line Proof of Concept.
2. Define and document the measures we will use to monitor the success of the new process.

IMPLEMENTATION DATE:

1. December 31, 2012
2. December 31, 2012

RESPONSIBLE OFFICIAL: Director, Intake Strategy & Workload Distribution.



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RECOMMENDATION #3: *Ensure a process is implemented to periodically analyze the call statistics captured by the W&I Division for the new process to determine whether TAS personnel are answering incoming and transferred calls to the ASK-TAS1 toll-free line in an efficient manner.*

CORRECTIVE ACTION:

1. Formalize the process to use statistics available through the IRS toll free network, administered by the Joint Operations Center of the Wage & Investment Division, for monitoring the new TAS Intake Line Proof of Concept.

IMPLEMENTATION DATE:

1. December 31, 2012

RESPONSIBLE OFFICIAL: Director, Intake Strategy & Workload Distribution.