DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

COMMISSIONER
WAGE AND INVESTMENT DIVISION

April 30, 2001

OFFICE OF TREASURY
INSPECTOR GENERAL
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FOR TAX ADMINISTRATION

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM: John M. Dalrymple
Commissioner, Wage and Investment Division

SUBJECT: Draft Letter Report – The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers

Your report highlights a problem that we have also identified, and one we are committed to addressing. As you will see from the plan outlined below, we are working to improve accuracy in the tax law information we provide. Clearly, accuracy is fundamental to one of our three strategic goals: quality service to each taxpayer.

In preparation for our first filing season in transition under the modernization process, we began to implement our Taxpayer Assistance Center (TAC) quality service plan. The plan is based on our 2000 Walk-In Quality Review, which reflects results not unlike yours.[1]

Highlights of the plan include:

- Creating a new position—Tax Resolution Representative (TRR)—which significantly raises the level of skill and accountability in meeting the expectations of taxpayers who visit our centers. In addition to providing more comprehensive and informed assistance, we envision this position minimizing the seasonal staffing support of compliance employees from other divisions.[2]

- Providing employees fast, on-line access to the resources they need.

- Integrating standard probe and response methods.

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[1] Employees anonymously visited 544 TACs, half before and half during filing season. The results showed that 92 percent of the assistors addressed reviewers courteously; 50 percent of tax law questions were answered correctly; and 79 percent of the reviewers received service. Full report on request from Jerald Heshel, (404) 338-7106.

[2] When TIGTA conducted this audit at the outset of the 2001 filing season, we had 1,000 TAC employees, less than 50% of the planned number. By March 16, we had added 504, and of the total, 1,041 are in the new TRR position. By next filing season, we project total staffing at approximately 2,700 TRRs, which will markedly improve service.

- Expanding Problem Solving Day to daily service at taxpayer convenience.
- Reconfiguring TACs for more efficient staff access to resources they need to assist taxpayers.

Based on our responses, I hope you will agree we are committed to the highest standard of accuracy.

Our comments on your recommendations:

Identity of Recommendation 1:

The Commissioner, Wage and Investment (W&I) Division should ensure high quality tax law assistance by requiring TAC assistors to use the IRS' Probe and Response (P&R) Guide or similar probing techniques recommended in the Guide.

Assessment of Cause:

While we agree the P&R Guide is a useful resource, we designed it for telephone assistors. The large binder does not fit on the workstation, and walk-in assistors have neither computer access to the electronic version nor space on their workstations.

Because of workspace constraints, the awkward placement of the P&R Guide visibly diminishes employees' credibility. Employee reluctance to refer to the Guide outweighs their perception of its value.

Before we developed a more effective solution than the P&R Guide, we worked with the former Workforce Performance and Analysis staff to update the Guide's format and content in order to develop a more effective solution. We planned to mandate its use beginning this filing season. However, we were unable to discuss the new version with National Treasury Employees Union (NTEU) until October, too late to produce it for this filing season. However, in accord with NTEU, we did provide TAC employees a Continuing Professional Education (CPE) session, which encouraged and instructed them to use the existing Guide.

We began this fiscal year with about 1,000 technical employees, half the number planned, and by mid-March had hired an additional 504. These employees started too late in the filing season to receive more than minimal tax law training (including the P&R Guide CPE). For example, in January we placed about 100 people in TRR positions, mostly GS-7's and 9's. Instead of six weeks of first-year training, these TRRs began working after just three weeks of training.

Corrective Actions:

We have made P&R techniques central to both our new hire training and CPE.

An important outcome of our collaboration with NTEU is an even more direct solution than the Guide itself. Since employees already provide information to taxpayers by guiding them through relevant publications, we intend to integrate P&R methodology into IRS publications and make their use the standard tool for Field Assistance technical employees[3].

Field Assistance and Media and Publications are targeting publications for revision on a P&R model, as well as developing cost projections and production timetables. A key aspect of this approach will be the costs of revising and then additional costs of printing.

Implementation date:

PROPOSED: Full implementation by October 1, 2002

Responsible officials:

Jerald H. Heschel
Director, Field Assistance, W&I Division

Corrective Action(s) Monitoring Plan:

A Field Assistance Area Director has been given responsibility for developing a cohesive concept of operation plan. This plan will include an action plan to monitor our progress on this recommendation.

Identity of Recommendation 2:

The Commissioner, W&I Division, should manage human resources to ensure taxpayers are not turned away without assistance. Staff should be available to provide technical support to front-line TAC assistors for tax law questions that are beyond their training or expertise. In addition, adequate staff should be made available to handle the filing season walk-in traffic.

Assessment of Cause:

We served the majority of taxpayers (83 of 90). Of the seven indicated as not served, we believe it may have been a result of some confusion associated with the

[3] A form of this solution exists in Publication 596, Earned Income Credit (EIC), and a step-by-step guide to determining whether a taxpayer meets the criteria and, if so, determining the amount.

implementation of same day appointments. For example, one reviewer was told the TAC would not issue any additional same day appointments after lunch. It appears the employee was confusing the return preparation procedures with routine operating procedures.

Before the standup of the W&I Division, TACs were organized and operated differently in each of 33 Districts, resulting in inconsistent assistance to taxpayers. We also relied very heavily on detailed-in employees from Examination to assist in providing technical support.

In the Field Assistance (FA) design phase, we had planned a national support hotline staffed by the Small Business/Self-Employed (SBSE) Division to assist our employees in answering questions beyond the scope of their training. Resource allocations in that division could not accommodate that plan. In addition, we explored the use of R-Mail but concluded that it did not provide fast enough response for walk-in situations as opposed to telephone inquiries. Access to R-mail was also not available in most of the TACs. To address this gap, we used local SBSE or other functional employees to answer technical questions. In most locations, this has been an effective interim procedure. Apparently, the employee did not use the available process in the locations visited by the shoppers.

Corrective Actions:

We are focused on:

- Consistent standardized services
- More and better trained employees
- Expedited access to complete and accurate information

By the end of FY 2001, we will hire approximately 400 additional technical employees, adding at least 1 TRR at nearly every current TAC location. We have developed an extensive training curriculum and will be training new hires, as well as our current staff.

Part of the FA design is to create another TRR position—GS-11—for senior technical support. We are announcing these positions in a number of locations in the country. These employees will receive technical training on more complex tax law issues including corporate and partnership issues. These positions will reduce W&I reliance on SBSE, although some issues inevitably will require assistance from other functions.

Working with SBSE to develop an appropriate means of contingent technical assistance, we agreed that the hotline—requiring an on-call employee--is not cost effective. Instead, we will be working with SBSE to develop an appropriate mechanism before next filing season.

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