



*The Interactive Tax Law Assistant  
Helps Assistors Provide Accurate  
Answers to Taxpayer Inquiries*

**April 20, 2011**

**Reference Number: 2011-40-043**

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.

---

Phone Number | 202-622-6500

Email Address | [TIGTACommunications@tigta.treas.gov](mailto:TIGTACommunications@tigta.treas.gov)

Web Site | <http://www.tigta.gov>



## HIGHLIGHTS

### THE INTERACTIVE TAX LAW ASSISTANT HELPS ASSISTORS PROVIDE ACCURATE ANSWERS TO TAXPAYER INQUIRIES

## Highlights

Final Report issued on April 20, 2011

Highlights of Reference Number: 2011-40-043 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### IMPACT ON TAXPAYERS

The Interactive Tax Law Assistant (ITLA) is an interactive web-based system designed to provide customer-specific tax law responses in an efficient and accurate manner. Testing showed that the ITLA provides assistors with accurate resolutions to taxpayer inquiries.

### WHY TIGTA DID THE AUDIT

Each year millions of taxpayers call the Internal Revenue Service (IRS) or walk into a local IRS office to ask tax law questions to help them meet their tax obligations. The overall objective of this review was to determine whether the ITLA improves the quality of responses and provides assistors with accurate resolutions to taxpayer inquiries. In addition, TIGTA determined whether performance metrics and efficiency savings goals for the project were clearly defined and achieved in accordance with the business case directives.

### WHAT TIGTA FOUND

Eighty-one percent of assistors surveyed indicated that the ITLA helps provide consistent answers to tax law inquiries. They also rated it as user friendly. Additionally, the Customer Accuracy rates continue to be high for Accounts Management function assistors and have improved for Field Assistance Office assistors.

Prior to the ITLA, Accounts Management function assistors used the Probe and Response Guide and Field Assistance Office assistors used the Publication Method Guide to assist them in responding to taxpayers' tax law questions. The IRS converted existing tax law

categories from the Probe and Response Guide and Publication Method Guide to create one source for all tax law categories in the ITLA.

TIGTA conducted a survey of Accounts Management function and Field Assistance Office assistors. TIGTA offered the survey to 1,321 Accounts Management function assistors and 706 Field Assistance Office assistors—610 assistors responded (317 Accounts Management function assistors and 293 Field Assistance Office assistors).

The results showed that more than 73 percent of all assistors who responded are satisfied that the ITLA provides accurate and consistent responses and that it is easy to use. In addition, most assistors favor the ITLA as a research tool over the Probe and Response Guide and Publication Method Guide.

However, only 68 percent of Accounts Management function assistors and 52 percent of Field Assistance Office assistors are satisfied with the overall tax law training received. Only 46 percent of Accounts Management function assistors and 41 percent of Field Assistance Office assistors rated training as adequately focusing on problem areas. When discussing the negative responses related to training with IRS managers and employees, they advised us that the dissatisfaction with Field Assistance Office training could be a result of the Office's delivery method. Because of budget constraints, annual training is conducted by Digital Video Disk. The Accounts Management function, with a dissatisfaction rate of 33 percent, conducts its annual training and training for new hires in a classroom environment. The IRS stated it is exploring a variety of options for providing training to its employees.

### WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

April 20, 2011

**MEMORANDUM FOR** COMMISSIONER, WAGE AND INVESTMENT DIVISION

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

**SUBJECT:** Final Audit Report – The Interactive Tax Law Assistant Helps  
Assistors Provide Accurate Answers to Taxpayer Inquiries  
(Audit #201040048)

This report presents the results of our review to determine whether the Interactive Tax Law Assistant improves the quality of responses and provides assistors with accurate resolutions to taxpayer inquiries. We also determined whether performance metrics and efficiency savings goals for the project were clearly defined and achieved in accordance with the business case directives. This audit is included in the Treasury Inspector General for Tax Administration's Fiscal Year 2011 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

There were no recommendations as a result of the work performed during this review. However, Internal Revenue Service officials reviewed this report and were pleased that the Treasury Inspector General for Tax Administration is acknowledging the positive impact of the Interactive Tax Law Assistance on assistors and taxpayers.

Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report results. Please contact me at (202) 622-6510 if you have questions or Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services), at (202) 622-5916.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

## *Table of Contents*

<b>Background</b> .....	Page 1
<b>Results of Review</b> .....	Page 4
The Interactive Tax Law Assistant Helps Ensure Taxpayers Receive Accurate Answers to Their Inquiries .....	Page 4
<b>Appendices</b>	
Appendix I – Detailed Objective, Scope, and Methodology .....	Page 11
Appendix II – Major Contributors to This Report .....	Page 15
Appendix III – Report Distribution List .....	Page 16
Appendix IV – IRS Employee Survey Results .....	Page 17
Appendix V – Management’s Response to the Draft Report .....	Page 23



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

## *Abbreviations*

DVD	Digital Video Disk
ITLA	Interactive Tax Law Assistant
IRS	Internal Revenue Service



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

## Background

Each year millions of taxpayers call the Internal Revenue Service (IRS) or walk into a local IRS office to ask tax law questions to help them meet their tax obligations. For the most part, IRS assistors respond to these questions using the Interactive Tax Law Assistant (ITLA), an interactive web-based system designed to provide customer-specific tax law responses in an efficient and accurate manner.

The ITLA is a logic-driven probe and response tool developed to provide accurate, consistent answers to certain tax law categories. It is organized as an interview in which the taxpayer (through the IRS employee) answers a series of questions that lead to a conclusion and a recommended course of action. For example, if a married taxpayer asks “What is my filing status?” the assistor will ask the taxpayer a number of questions. The assistor will input the taxpayer’s answers into the system and a response will be generated. See Figure 1 for the five questions used to determine if a married taxpayer can file Married Filing Jointly.

**Figure 1: Example of ITLA Filing Status Questions and Responses**

Questions and Responses	ITLA Summary
<ol style="list-style-type: none"><li>1. What tax year are you asking about? Taxpayer answers 2010.</li><li>2. What was your marital status on the last day of 2010? Taxpayer answers married.</li><li>3. Do you and your spouse agree to file a joint tax return for 2010 which covers a calendar year or on the same fiscal year? Taxpayer answers yes.</li><li>4. Were you a U.S. citizen on the last day of 2010? Taxpayer answers yes.</li><li>5. Was your spouse a U.S. citizen on the last day of 2010? Taxpayer answers yes.</li><li>6. Your filing status is married filing jointly.</li></ol>	<div style="text-align: center;"><b>Filing Status</b> <small>Q-Matic 555</small> Publication 501 Last revised: 01/10/2011</div> <hr/> <div><a href="#">Restart</a></div> <div style="border: 1px solid black; padding: 5px;"><b>Response</b> Your filing status is married filing jointly.</div> <div style="border: 1px solid black; padding: 5px;"><b>Summary</b> What tax year are you asking about? <b>2010</b> <a href="#">Change</a> What was your <b>marital status</b> on the last day of 2010? <b>Married</b> <a href="#">Change</a> Were you a U.S. citizen on the last day of 2010? <b>Yes</b> <a href="#">Change</a> Do you and your spouse agree to file a joint tax return for 2010 which covers a calendar year or on the same fiscal year? <b>Yes</b> <a href="#">Change</a> Was your spouse a U.S. citizen on the last day of 2010? <b>Yes</b> <a href="#">Change</a></div>

Source: The ITLA web site.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

The IRS began testing combined tax law categories for the Accounts Management function and the Field Assistance Office in May 2007. The ITLA Project officially deployed 45 tax law categories in January 2008 for the 2008 Filing Season. The Accounts Management function uses 105 tax law categories, and the Field Assistance Office uses 95 tax law categories. If the taxpayer asks a question on a topic covered in the ITLA, assistors are required to use the ITLA.

The ITLA has also been launched on the IRS's public Internet site, IRS.gov, as the Interactive Tax Assistant. This allows taxpayers a self-assistance option to obtain answers to their tax law questions. See Figure 2 for a screen image of the IRS.gov webpage for the Interactive Tax Assistant.

**Figure 2: The Interactive Tax Assistant**

Home | Change Text Size | Contact IRS | About IRS | Site Map | Español | Help

IRS.gov

Advanced Search Search Tips

Individuals | Businesses | Charities & Non-Profits | Government Entities | Tax Professionals | Retirement Plans Community | Tax Exempt Bond Community

**Interactive Tax Assistant (ITA)**

The ITA tool is a tax law resource that takes you through a series of questions and provides you with responses to tax law questions.

- Simply answer the questions and click the "Continue Button" to progress to the next question screen.
- You may need to collect information before the interview such as income amounts, taxes owed and credits you are claiming.
- The tool includes a crossover feature that allows you to move from one tax topic to another without needing to enter the same answers multiple times. The "Review/Change Button" allows you to adjust responses to previously asked questions.
- When you reach the response screen, you have the option to print the entire interview and the final response.

**Note:** The interview will time out after 5 minutes of inactivity. To avoid timing out, you should click on the "Continue" button on the question screen within 5 minutes.

**Note:** The Interactive Tax Assistant currently has information for tax year 2009 and years prior.

The tool does not require sensitive information such as Social Security Numbers.

The ITA tool covers a limited number of topics listed below. If you use the search feature and the requested topic is not covered by the tool, then you may be sent to the IRS.gov Tax Trails application.

We do not recommend use of the Back button. Using the Back button could cause an application error.

To search the Interactive Tax Assistant (ITA), enter your search terms or questions in the box below.

ITA Search  ITA SEARCH

Source: IRS.gov.

This review was performed in the Accounts Management function and the Field Assistance Office at the Wage and Investment Division Headquarters in Atlanta, Georgia, and at the tax law telephone call site and Taxpayer Assistance Center in Pittsburgh, Pennsylvania, during the period July 2010 through January 2011. 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 finding and conclusions based on our audit objective.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

*Results of Review*

***The Interactive Tax Law Assistant Helps Ensure Taxpayers Receive Accurate Answers to Their Inquiries***

Testing showed that the ITLA provides assistors with accurate resolutions to taxpayer inquiries. Eighty-one percent of assistors surveyed indicated that the ITLA helps provide consistent answers to tax law inquiries. They also rated the ITLA as user friendly. Additionally, the Customer Accuracy rates continue to be high for Accounts Management function assistors and have improved for Field Assistance Office assistors.<sup>1</sup> However, the IRS has implemented various new quality assurance systems and processes, and it is difficult to determine which of these have had the most influence on the Customer Accuracy rates. See Figure 3 for the Customer Accuracy rates for Fiscal Years 2008 through 2010.

***Figure 3: Tax Law Customer Accuracy Rates  
for Fiscal Years 2008 Through 2010***

Fiscal Year	Accounts Management Function		Field Assistance Office	
	Goal	Actual	Goal	Actual
2008	91	91.2	N/A	69.0
2009	91	92.9	70	75.3
2010	91	92.7	77	80.9

*Source: IRS Centralized Quality Review System, Weighted Customer Accuracy Reports.*

***The ITLA efficiently combined two prior guides into one resource, allowing the IRS to maintain only one resource and one system to be used by both Accounts Management function and Field Assistance Office assistors***

Prior to the ITLA, Accounts Management function assistors used the Probe and Response Guide and Field Assistance Office assistors used the Publication Method Guide to assist them in responding to taxpayers' tax law questions. The Probe and Response Guide was an electronic application accessed through the IRS's intranet, but the Publication Method Guide could be

<sup>1</sup> The Accounts Management function oversees the assistors who answer the IRS's toll-free telephone calls. The Field Assistance Office oversees the assistors in 401 Taxpayer Assistance Centers.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

accessed as hard-copy publications or electronically. The Accounts Management function and Field Assistance Office each maintained its own Guide.

Maintaining the Guides could be labor intensive and costly. For example, the Field Assistance Office had to annually update the Publication Method Guide using Microsoft Word and convert it to Adobe Portable Document Format. Then the Adobe file was converted by a vendor into an interactive application and posted to the IRS intranet. The vendor also provided printed versions of the Publication Method Guide. The Publication Method Guides were shipped to Field Assistance Office assistors. Any late changes in tax law created significant challenges getting the Publication Method Guide updated for each filing season. Any tax law changes that arose after the printing would have to be communicated through other methods.

**The ITLA includes tax law categories from the prior two systems and creates a path specific to the assistors for easy access**

The IRS converted existing tax law categories from the Probe and Response Guide and Publication Method Guide to create one source for tax law categories in the ITLA. However, Accounts Management function assistors and Field Assistance Office assistors access the topics using different links or paths. An alphabetic index of topics is provided to both Accounts Management function and Field Assistance Office assistors, as well as a topic listing by category; for example, Filing Requirements, Income, Adjustments to Income, and Itemized Deductions. However, only those topics in scope for the assistors are listed.

Due to the complexity of the tax law, not every assistor is trained in all tax topics. Field Assistance Office assistors are trained to respond to most tax issues related to individuals and a limited number of tax issues related to businesses. Accounts Management function assistors answer questions related to individual and business taxes. The IRS, with the ITLA, is able to maintain one database of tax law categories to direct assistors to the appropriate category and tax topic. Additionally, the ITLA includes links to tax products the assistors can use for further research or clarification.

**The ITLA allows for efficient and timely updates to tax law guidance**

Every year the tax law changes, from adjustments to the amounts for personal exemptions to significant revisions to specific laws. Additionally, there are changes in IRS policies and new legislation creating new tax laws. The ITLA allows for timely updates to tax law guidance, regardless of whether the changes come as expected with each filing season or unexpected throughout the year.

***The ITLA allows for timely updates to tax law guidance, regardless of whether the changes come as expected with each filing season or unexpected throughout the year.***

When a new tax law category is created, it is subject to several levels of review before it is added to the ITLA. Business representatives conceptualize the topic and Subject Matter Experts review the topic for accuracy and completeness. The Subject Matter



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

Experts also review changes to current topics. The ITLA homepage posts announcements of changes to the ITLA. The ITLA web site also posts a Change Log. The Change Log is a table listing significant changes to ITLA topics and the date the change was made. Minor changes such as hyperlinks or small changes in wording are not listed.

The ITLA team also relies on the assistors to identify errors with the tax law categories. If assistors identify problems with tax law categories, they are instructed to send feedback through their supervisors, who then forward it to quality reviewers for review and consideration.

The IRS's Modernization and Information Technology Services organization transmits the ITLA updates weekly, after business hours. Between updates, the IRS creates pop-up alert messages to the assistors. Additionally, alerts are posted on the ITLA homepage to notify employees that a change has been made to a tax law category.

**The ITLA provides accurate and consistent responses**

A limited test of the following eight tax law categories showed that the ITLA provides accurate and consistent responses.<sup>2</sup>

- Amended Returns.
- Dependents.
- Earned Income Credit.
- Estimated Tax.
- Filing Information.
- Income Inquiry Tax Law.
- Individual Taxpayer Identification Number.
- Itemized or Standard Deduction.

All probes within an ITLA tax law category must be asked in order for the ITLA response to be accurate and complete. The ITLA does not allow the assistor to proceed without covering all the probes within each tax law category.

**A survey of assistors showed that they believe the ITLA provides accurate responses to taxpayer questions, but assistors must still be knowledgeable in tax law to assure taxpayers receive accurate responses**

The IRS advises assistors that the ITLA is not designed to replace the technical and communication skills required by all assistors who have direct customer contact. Without a good foundation of tax law knowledge, adequate communication, and research skills, an assistor will not be fully proficient using the ITLA alone.

---

<sup>2</sup> We reviewed 6 of 105 tax law categories for the Accounts Management function and 4 of 95 tax law categories for the Field Assistance Office. The tax law categories Amended Returns and Dependents were tested for both the Accounts Management function and Field Assistance Office.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

We conducted a survey of Accounts Management function and Field Assistance Office assistors. We offered the survey to 1,321 Accounts Management function assistors and 706 Field Assistance Office assistors—610 assistors responded (317 Accounts Management function assistors and 293 Field Assistance Office assistors). More than 60 percent of the respondents have been with the IRS more than 4 years.

***Most survey respondents  
have been with the IRS  
for more than 4 years.***

We designed the survey to evaluate whether the assistors believe the ITLA is easy to use, provides correct answers, and helps eliminate tax law errors. We also wanted to determine if the assistors were satisfied with overall training, if the tax law training prepared the assistors to answer tax law questions, and if the assistors were satisfied with the training delivery method.<sup>3</sup>

As shown in Figure 4, more than 73 percent of all assistors who responded are satisfied that the ITLA provides accurate and consistent responses and that it is easy to use. In addition, most assistors favor the ITLA as a research tool over the Probe and Response Guide and Publication Method Guide. However, only 68 percent of Accounts Management function assistors and 52 percent of Field Assistance Office assistors are satisfied with the overall tax law training received. Only 46 percent of Accounts Management function and 41 percent of Field Assistance Office assistors rated training as adequately focusing on problem areas.

---

<sup>3</sup> See Appendix IV for the complete survey.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

**Figure 4: Responses to Selected Survey Questions**

<b>Assistors:</b>	<b>Total</b>	<b>Accounts Management Function</b>	<b>Field Assistance Office</b>
Are satisfied using the ITLA to answer tax law questions.	83%	82%	85%
Prefer the ITLA as a tax law research tool to the Probe and Response Guide and the Publication Method Guide.	83%	79%	87%
Believe the ITLA is user friendly.	80%	78%	82%
Are confident the ITLA helps provide correct answers.	73% <sup>4</sup>	68%	78%
Believe the ITLA is helping to provide consistent answers.	81%	79%	83%
Were satisfied with the overall tax law training received.	60%	68%	52%
Believe the ITLA helps to respond quickly to questions.	70%	71%	68%
Believe the ITLA reduces the need to use other research methods.	56%	47%	71%
Believe tax law training is adequate in preparing them to answer taxpayer inquiries.	62%	70%	54%
Are satisfied with the training delivery method.	57%	67%	47%
Are satisfied with the tax law training scenarios.	51%	55%	48%
Believe training is adequately focused on problem areas.	44%	46%	41%
Are satisfied with the tax law training by Digital Video Disk (DVD)	NA	NA*	35%

*Source: Treasury Inspector General for Tax Administration survey of assistors. NA=Not Applicable. Accounts Management function assistors do not receive Continuing Professional Education using DVDs.*

When discussing the negative responses related to training with IRS managers and employees, they advised us that the 53 percent dissatisfaction with Field Assistance Office training could be a result of the Office's delivery method. Because of budget constraints, annual training is conducted by DVD.<sup>5</sup> Training for new employees in the Field Assistance Office is conducted in a classroom environment. The Accounts Management function, with a dissatisfaction rate of

<sup>4</sup> The total column is the average of Accounts Management and Field Assistance individual totals and is subject to rounding.

<sup>5</sup> Updates to the annual training are provided by other delivery methods such as presentations over the intranet.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

33 percent, conducts its annual training and training for new hires in a classroom environment. The IRS stated it is exploring a variety of options for providing training to its employees.

IRS officials also stated annual tax law training cannot address all specific problems. The IRS's quality analysts provide operational and territory managers with tax law trending information. This information is disseminated down to Taxpayer Assistance Centers and call sites. Depending on the function, either group training or individual training is used to address defects that are specific to a Taxpayer Assistance Center, call site, and in some cases to an individual assistor.

Although many assistors are not satisfied with training, accuracy rates are currently more than 90 percent and 80 percent for Accounts Management function and Field Assistance Office assistors, respectively. Additionally, quality review staff and managers stated that the IRS is working to improve training for assistors by reinforcing research skills and focusing on certain tax law categories. Finally, training documents for the 2011 Filing Season showed an emphasis on researching tax law and the appropriate use of the ITLA. We are not making any recommendations at this time.

### **The ITLA has moved out of project status**

When the ITLA Project was initiated in Fiscal Year 2009,<sup>6</sup> the IRS established four objectives for the ITLA.<sup>7</sup>

1. Improve taxpayer services by deploying one single tax law guide to ensure consistency and continuity of customer tax law inquiries across the Wage and Investment Division.
2. Improve assistor satisfaction and performance.
3. Modernize the IRS through its people, processes, and technology.
4. Expand Electronic Government.

The ITLA Project appears to have generally met its objectives. The IRS eliminated the need to update two separate systems and replaced them with one electronic system that is more efficient and easy to use. Assistors are satisfied with the ITLA and prefer it to the prior methods.

The IRS also established performance metrics, efficiency savings, and reduction of taxpayer burden goals for the ITLA Project.

- The ITLA would be considered successful if, from Fiscal Year 2009 to 2010, it improved Customer Accuracy rate in the Accounts Management function by 0.17 percent and the Field Assistance Office by 1 percent.

---

<sup>6</sup> The original ITLA initiative began in June 2007.

<sup>7</sup> The project was officially named the Interactive Tax Law Assistant/Customer On-Line Decision Support.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

- The IRS also expected to increase efficiency from the use of the improved tax law categories. This included a reduction in Average Handle Time, the time an assistor spends with taxpayers when responding to their questions.
- The Project was expected to cost \$8.4 million over 11 years (Fiscal Year 2008 to 2018) and produce a cost savings of \$4.48 million over 9 years (Fiscal Year 2010 to 2018).<sup>8</sup> The IRS also expected a 42 percent Return on Investment<sup>9</sup> for the ITLA.

It is difficult to determine whether the IRS met the measures it set for the ITLA Project. The Customer Accuracy rates and Average Handle Time<sup>10</sup> are affected by numerous factors.

In Fiscal Year 2006, the IRS implemented a standardized quality measurement system to measure the quality of taxpayer service at its Taxpayer Assistance Centers. This includes Contact Recording that allows quality reviewers to review recordings of both face-to-face and telephone contacts. Both the Accounts Management function and the Field Assistance Office use the IRS Centralized Quality Review System to quality review the contacts and identify defects and concerns. It uses a number of feedback mechanisms to improve performance and quality.

The Customer Accuracy rate for the Accounts Management function decreased by 0.2 percent instead of increasing 0.17 percent (from 92.9 percent in Fiscal Year 2009 to 92.7 percent in Fiscal Year 2010). However, the Field Assistance Office Customer Accuracy rate increased by 7.4 percent, from 75.3 percent in Fiscal Year 2009 to 80.9 percent in Fiscal Year 2010.

Identifying the exact reason for either of these changes is not possible.

Average Handle Time is also influenced by a number of factors, including changes to the laws, the complexity of the laws, and, of course, the ITLA. Average Handle Time increased 7 percent from Filing Season 2009 to 2010. However, during the 2010 Filing Season, the IRS moved less complex calls to automation, such as calls related to refunds and prior years' adjusted gross income, leaving the more complex calls for assistors to answer. This would influence Average Handle Time.

The IRS has not reviewed the costs and savings specific to the ITLA Project's economic analysis and therefore does not know if it is meeting its Return on Investment goal. Nevertheless, the ITLA Project officially closed July 2010 and the new Rules Based Office responsible for the ITLA stood up January 2011. The Rules Based Office needs to establish controls to track costs to ensure it is budgeted sufficiently to maintain the ITLA. We are making no recommendations at this time.

---

<sup>8</sup> The IRS also calculated intangible efficiency savings of \$24.8 million over 9 years. The cost savings of \$4.48 million are tangible savings realized by eliminating contractor services, IRS labor costs, and travel costs.

<sup>9</sup> Return on Investment is the net profit or loss in an accounting period divided by the capital investment used during the period, usually expressed as an annual percentage return.

<sup>10</sup> The Field Assistance Office does not measure Average Handle Time.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

Our overall objective was to determine whether the ITLA improves the quality of responses and provides assistors with accurate resolutions to taxpayer inquiries. To accomplish our objective, we:

- I. Evaluated the IRS's implementation of the ITLA and determined whether the IRS established performance metrics, efficiency savings, and reduction of taxpayer burden goals for the project and whether the goals were achieved.
  - A. Analyzed the IRS's ITLA business case, project management plan, and other related documents.
  - B. Interviewed various IRS management officials and program analysts with responsibility for implementing the ITLA project.
  - C. Determined the process used by ITLA Subject Matter Experts to develop and verify the accuracy of tax law categories and determined whether the process is adequate.
  - D. Conducted Taxpayer Assistance Center visits to observe the ITLA being used and determined assistor satisfaction with the ITLA and training.
  - E. Conducted a visit to an Accounts Management function toll-free telephone tax law call site to observe ITLA use and determined assistor usability and satisfaction with the ITLA and training.
  - F. Evaluated the tax law and ITLA training process by reviewing tax law and ITLA training documents and the ITLA homepage training links, as well as interviewing Accounts Management function and Field Assistance Office tax law training staff and Subject Matter Experts assigned to the ITLA project. We also determined whether training is adequate in providing assistors with skills necessary to provide complete, accurate, and consistent tax law answers.
- II. Determined whether tax law accuracy has improved as a result of implementing the ITLA.
  - A. Reviewed Accounts Management function tax law Customer Accuracy rates from January 2008 through December 2010 and determined whether the rates had improved.
  - B. Determined whether the ITLA had a positive effect on the Accounts Management function's tax law Customer Accuracy rates or whether other factors were involved.



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

- C. Reviewed Field Assistance Office tax law Customer Accuracy rates from January 2008 through December 2010 and determined whether the rates had improved.
  - D. Determined whether the ITLA had a positive effect on the Field Assistance Office's tax law Customer Accuracy rates or whether other factors were involved.
  - E. Interviewed IRS officials to determine how they have gauged tax law accuracy performance since the implementation of the ITLA and if they measured whether an increase or decrease occurred in performance as a result of the ITLA's implementation.
- III. Determined whether tax law defects are identified in Accounts Specialized Product Review Groups and the effect on Accounts Customer Accuracy rates.
- A. Reviewed Centralized Quality Review System reports from January 2008 through December 2010 and identified tax law categories in Accounts Specialized Product Review Groups for both the Field Assistance Office and Accounts Management Function.
  - B. Determined the tax law defects in Accounts Specialized Product Review Groups and the effect on Accounts Customer Accuracy rates.
- IV. Evaluated whether assistors are satisfied with the ITLA.
- A. Obtained the list of Field Assistance Office and Accounts Management function assistors. The IRS list of assistors included 4,244 records. There were 4,059 records with complete employee data, including email addresses. We used these records to email a representative sample of 2,027 assistors the survey. We received a total of 610 responses.
  - B. Developed a survey questionnaire to assess employee satisfaction with the ITLA and whether assistors are satisfied with tax law training received.
- V. Evaluated Accounts Management function's ITLA tax law category answers for accuracy and completeness by comparing with IRS resource materials such as IRS tax publications, the tax law scenarios on the ITLA homepage, and other tax references for a sample of topics.
- A. Selected tax law defects for the Accounts Management function.
    - 1. Identified the top six tax law case type defects for the Accounts Management function based on volume for Fiscal Year 2009. We sampled tax law case type defects for Fiscal Year 2009 (October 2008 to September 2009). A query from the National Quality Review System resulted in a population of 434 records with Attribute 715 (a correct and complete response was provided to the taxpayer)



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

equal to “NO.” Of the 434 records, there were 80 case types with Attribute 715 defects. We identified the top six case types (two case types tied for fifth place) with defects and sorted by highest volume percentage. We tested the ITLA for these six case types.

- B. Created scenarios from the applicable IRS publications, accessed the ITLA tax law categories, and compared the tax law category answers to the publications.
- VI. Evaluated the Field Assistance Office’s ITLA tax law category answers for accuracy and completeness by comparing with IRS resource materials such as IRS tax publications, the tax law categories on the ITLA homepage, and other tax references for a sample of topics.
- A. Selected tax law defects for the Field Assistance Office.
    - 1. Identified the top four tax law case type defects for the Field Assistance Office based on volume for Fiscal Year 2009. We sampled tax law case type defects for Fiscal Year 2009 (October 2008 to September 2009). A query from the National Quality Review System resulted in a population of 1,155 records with Attribute 715 (a correct and complete response was provided to the taxpayer) equal to “NO.” Of the 1,155 records, there were 72 case types with Attribute 715 defects. We identified the top four case types with defects and sorted by highest volume percentage. We tested the ITLA for these four case types.
    - 2. Created scenarios from the applicable IRS publications, accessed the ITLA tax law categories, and compared the answer to the publications. We determined whether tax law or ITLA training contributed to the selected defects.

**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 project’s Phase A business case, economic analysis reports, tax law customer accuracy report, Strategy and Finance assessment reports, business plan assessments, tax law and ITLA training procedures, the Centralized Quality Review System’s monitoring processes, and the ITLA system. We evaluated these controls by conducting visits to the toll-free telephone call site and the Taxpayer Assistance Center in Pittsburgh, Pennsylvania, interviewing assistors and management from both functions, conducting an employee satisfaction survey on the ITLA and tax law, assessing the accuracy of the ITLA tax law categories, and reviewing documents relevant to the project’s implementation and management, as well as reviewing tax law and ITLA training procedures.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

### **Validation of Computer-Processed Data**

We used computer-processed data from the National Quality Review System to identify tax law case type defects for the Accounts Management function and Field Assistance Office. The data from the National Quality Review System were determined to be valid and reliable in a prior audit;<sup>1</sup> therefore, we did not perform additional validation of the data.

---

<sup>1</sup> *Data Used to Report Toll-Free Telephone Quality Are Reliable, but Internal Controls Need to Be Documented* (Reference Number 2006-40-107, dated July 21, 2006).



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

## **Appendix II**

### *Major Contributors to This Report*

Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services)  
Augusta R. Cook, Director  
Paula W. Johnson, Audit Manager  
Jean Bell, Lead Auditor  
Pamela DeSimone, Senior Auditor  
Patricia A. Jackson, Senior Auditor  
Jerry Kim, Information Technology Specialist



---

*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

## **Appendix III**

### *Report Distribution List*

Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
Chief Financial Officer OS:CFO  
Deputy Commissioner, Wage and Investment Division SE:W  
Director, Customer Account Services, Wage and Investment Division SE:W:CAS  
Director, Customer Assistance, Relationships, and Education, Wage and Investment Division  
SE:W:CAR  
Director, Strategy and Finance, Wage and Investment Division SE:W:S  
Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM  
Director, Field Assistance, Wage and Investment Division SE:W:CAR:FA  
Chief Counsel CC  
Chief, Performance Evaluation and Improvement, Wage and Investment Division  
SE:W:S:PRA:PEI  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis RAS:O  
Office of Internal Control OS:CFO:CPIC:IC  
Audit Liaison: Chief, Program Evaluation and Improvement, Wage and Investment Division  
SE:W:S:PRA:PEI



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

**Appendix IV**

*IRS Employee Survey Results<sup>1</sup>*

Question 1	Accounts Management function					
	Columns A and B Combined <sup>2</sup>	Definitely Agree (A)	Somewhat Agree (B)	Neither Agree or Disagree (C)	Somewhat Disagree (D)	Definitely Disagree (E)
Please rate the following aspects of the ITLA.						
Satisfied using the ITLA tool to answer tax law questions.	81.6%	30.8%	50.8%	3.7%	10.0%	4.7%
The ITLA is user friendly.	77.7%	32.4%	45.3%	5.4%	10.5%	6.4%
Feel confident the ITLA helps provide correct answer.	67.8%	23.7%	44.1%	6.1%	18.6%	7.5%
It is easy to determine which tax law category to use.	67.7%	24.8%	42.9%	10.2%	17.0%	5.1%
Satisfied with the research links and tables on the ITLA.	73.4%	35.0%	38.4%	10.4%	11.8%	4.4%
Helps to eliminate errors.	69.3%	32.4%	36.9%	13.7%	11.9%	5.1%
Helps to respond promptly to questions.	71.2%	31.9%	39.3%	10.8%	8.5%	9.5%
Helps provide consistent answers.	78.7%	40.0%	38.7%	8.0%	9.3%	4.0%
The ITLA reduces the use of other research methods.	47.2%	16.5%	30.7%	9.7%	24.3%	18.8%

<sup>1</sup> Percentages do not equal 100 percent due to rounding.

<sup>2</sup> Percentages subject to rounding for amounts in Columns A and B.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

Question 2	Accounts Management function					
Please rate the following aspects of tax law training.	Columns A and B Combined	Definitely Agree (A)	Somewhat Agree (B)	Neither Agree or Disagree (C)	Somewhat Disagree (D)	Definitely Disagree (E)
Satisfied with the overall tax law training received.	67.8%	26.1%	41.7%	8.1%	13.9%	10.2%
The tax law training adequately prepares me to answer taxpayer inquiries.	70.0%	25.6%	44.4%	6.8%	15.4%	7.8%
Satisfied with the training delivery method.	67.2%	23.3%	43.9%	8.4%	15.9%	8.4%
Receive adequate training on recognizing a tax law issue.	72.0%	28.4%	43.6%	8.0%	12.5%	7.6%
Receive adequate training on when to use the ITLA.	77.0%	40.0%	37.0%	10.0%	8.0%	5.0%
Satisfied with the tax law training scenarios.	55.2%	18.5%	36.7%	17.8%	18.5%	8.4%
Receive sufficient updates on tax law changes.	60.7%	21.0%	39.7%	10.7%	17.0%	11.7%
Training adequately focuses on problem areas.	46.1%	11.4%	34.6%	15.7%	26.8%	11.4%



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

<b>Question 3 Accounts Management function</b>		<b>Question 4 Accounts Management function</b>	
Do you receive classroom training, online self-study training, or both?		What kind of training delivery do you prefer?	
Classroom	38.5%	Classroom	46.1%
Online Self-Study	3.2%	Online Self-Study	5.5%
Both	57.3%	Both	47.4%
Other	1.0%	Other	1.0%
<b>Question 5 Accounts Management function</b>		<b>Question 6 Accounts Management function</b>	
Do you feel that the feedback provided by your supervisor/manager is meaningful and substantive in enabling you to improve your tax law performance?		What research tool do you prefer?	
Yes	66.9%	Probe & Response Guide or Publication Method Guide	21.0%
No	18.2%	ITLA	79.0%
Not Sure	15.0%		
<b>Question 7 Accounts Management function</b>		<b>Question 8 Accounts Management function</b>	
Do you feel your suggestions or feedback are considered when updating the ITLA tax law categories or probes?		How long have you been a Contact Representative or a Tax Specialist?	
Yes	29.6%	Less than one year	0.0%
No	17.0%	1 to 3 years	38.7%
Not Sure	26.7%	4 to 5 years	15.7%
Never made any suggestions or offered feedback.	26.7%	More than 5 years	45.7%



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

Question 1	Field Assistance Office					
	Columns A and B Combined	Definitely Agree (A)	Somewhat Agree (B)	Neither Agree or Disagree (C)	Somewhat Disagree (D)	Definitely Disagree (E)
Please rate the following aspects of the ITLA.						
Satisfied using the ITLA tool to answer tax law questions.	84.5%	40.5%	44.0%	1.7%	9.6%	4.1%
The ITLA is user friendly.	82.1%	37.5%	44.7%	3.8%	9.3%	4.8%
Feel confident the ITLA helps provide correct answer.	78.1%	39.4%	38.7%	4.8%	15.1%	2.1%
It is easy to determine which tax law category to use.	56.7%	14.1%	42.6%	10.3%	20.6%	12.4%
Satisfied with the research links and tables on the ITLA.	73.3%	33.9%	39.4%	10.6%	11.0%	5.1%
Helps to eliminate errors.	80.8%	43.5%	37.3%	8.2%	6.5%	4.5%
Helps to respond promptly to questions.	68.2%	34.6%	33.6%	6.2%	16.6%	9.0%
Helps provide consistent answers.	83.4%	47.2%	36.2%	5.2%	7.2%	4.1%
Use less paper products as a result of the ITLA.	71.3%	46.7%	24.6%	11.1%	10.7%	6.9%
The ITLA reduces the use of other research methods.	65.1%	25.3%	39.7%	8.6%	17.1%	9.2%



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

Question 2	Field Assistance Office					
	Columns A and B Combined	Definitely Agree (A)	Somewhat Agree (B)	Neither Agree or Disagree (C)	Somewhat Disagree (D)	Definitely Disagree (E)
Please rate the following aspects of tax law training.						
Satisfied with the overall tax law training received.	51.9%	15.8%	36.1%	7.9%	22.3%	17.9%
The tax law training adequately prepares me to answer taxpayer inquiries.	53.6%	19.4%	34.3%	12.1%	21.8%	12.5%
Satisfied with the training delivery method.	46.7%	14.4%	32.3%	11.0%	23.7%	18.6%
Receive adequate training on recognizing a tax law issue.	57.4%	22.0%	35.4%	12.4%	16.5%	13.7%
Receive adequate training on when to use the ITLA.	66.7%	29.9%	36.8%	11.0%	12.7%	9.6%
Satisfied with the tax law training scenarios.	47.6%	15.9%	31.7%	20.7%	19.0%	12.8%
Receive sufficient updates on tax law changes.	63.4%	24.8%	38.6%	13.1%	14.5%	9.0%
Training adequately focuses on problem areas.	41.4%	13.4%	28.1%	16.4%	24.7%	17.5%
Satisfied with Continuing Professional Education training by Digital Video Disk.	34.9%	11.6%	23.3%	13.0%	17.1%	34.9%



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

<b>Question 3 Field Assistance Office</b>		<b>Question 4 Field Assistance Office</b>	
Do you receive classroom training, online self-study training, or both?		What kind of training delivery do you prefer?	
Classroom	5.1%	Classroom	52.5%
Online Self-Study	24.7%	Online Self-Study	4.7%
Both	63.2%	Both	41.4%
Other	7.1%	Other	1.4%
<b>Question 5 Field Assistance Office</b>		<b>Question 6 Field Assistance Office</b>	
Do you feel that the feedback provided by your supervisor/manager is meaningful and substantive in enabling you to improve your tax law performance?		What research tool do you prefer?	
Yes	57.9%	Probe & Response Guide or Publication Method Guide	12.9%
No	26.6%	ITLA	87.1%
Not Sure	14.5%		
<b>Question 7 Field Assistance Office</b>		<b>Question 8 Field Assistance Office</b>	
Do you feel your suggestions or feedback are considered when updating the ITLA tax law categories or probes?		How long have you been a Contact Representative or a Tax Specialist?	
Yes	25.8%	Less than one year	5.1%
No	19.0%	1 to 3 years	32.2%
Not Sure	22.0%	4 to 5 years	11.6%
Never made any suggestions or offered feedback.	33.2%	More than 5 years	51.0%



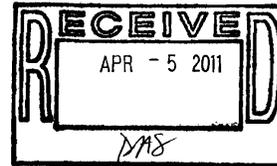
*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

## Appendix V

### *Management's Response to the Draft Report*



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308



MAR 29 2011

MEMORANDUM FOR MICHAEL R. PHILLIPS  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Richard Byrd, Jr.   
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – The Interactive Tax Law Assistant Helps  
Assistors Provide Accurate Answers to Taxpayer Inquiries  
(Audit #201040048)

We have reviewed the subject draft report and appreciate your findings regarding the Interactive Tax Law Assistant (ITLA). The IRS worked diligently to ensure that the combination of the Accounts Management Probe and Response Guide, and the Field Assistance Publication Method Guide resulted in a single source for tax law information that provides consistently accurate responses. The IRS is committed to providing top quality customer service through all service channels, and the ITLA provides Accounts Management (AM) and Field Assistance (FA) assistors an effective and reliable shared tool for answering tax law questions. Thank you for recognizing the positive impact the ITLA has for assistors and taxpayers.

During the course of the audit, your office conducted a survey of AM and FA assistors to determine satisfaction with the ITLA, and the training provided for both the ITLA and tax law. The survey results showed that 83 percent of all assistors are satisfied using the ITLA to answer tax law questions. The survey feedback will be considered as part of our efforts to continuously improve tools so that taxpayers receive consistent, timely, targeted, and accurate guidance.

Since the inception of the ITLA, IRS has seen an increase in the accuracy rate of responses provided to customers (taxpayers) by AM and the FA. From Fiscal Year 2008 through 2010, AM customer accuracy has increased from 91.2 percent to 92.7 percent, while FA has increased from 69.0 percent to 80.9 percent. While a number of factors contributed to these results, the ITLA has played a significant role in these achievements.



*The Interactive Tax Law Assistant Helps Assistors  
Provide Accurate Answers to Taxpayer Inquiries*

---

2

**If you have any questions, please contact me, or a member of your staff may contact Peter J. Stipek, Director, Customer Account Services, Wage and Investment Division, at (404) 338-8910.**