



*Toll-Free Access for the 2007 Filing Season
Was Effective, but the Quality and Level of
Customer Service for Spanish-Speaking
Taxpayers Could Be Improved*

August 31, 2007

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TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 31, 2007

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

FROM: 
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Toll-Free Access for the 2007 Filing Season Was Effective, but the Quality and Level of Customer Service for Spanish-Speaking Taxpayers Could Be Improved (Audit # 200740022)

This report presents the results of our review to evaluate the customer service toll-free telephone access during the 2007 Filing Season.¹ This audit was included in our Fiscal Year 2007 Annual Audit Plan.

Impact on the Taxpayer

The Internal Revenue Service (IRS) provided taxpayers with effective access to its toll-free telephone system during the 2007 Filing Season. However, the quality and level of customer service for Spanish applications² were lower than those provided for English applications and could be improved. In addition, the next time the IRS uses a recorded message to provide information to taxpayers, it could improve customer service by adding the option of returning to the main menu, if adequate system capacity exists.

Synopsis

Each year, millions of taxpayers contact the IRS seeking assistance in understanding the tax law and meeting their tax obligations by calling the various Customer Account Services Toll-Free

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed.

² The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistors that have received specialized training to help taxpayers with specific tax issues.



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telephone assistance lines.³ During the 2007 Filing Season, the IRS made available approximately 11,000 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico.

The IRS planned and met the 2007 Filing Season toll-free performance measurement goals of 81.6 percent Level of Service and 258 seconds Average Speed of Answer and provided taxpayers with effective access to its toll-free telephone system. Level of Service is the IRS' primary measure of providing taxpayers with access to an assistor. Average Speed of Answer is the average number of seconds taxpayers waited in the queue (on hold) before receiving services.

In preparation for the 2007 Filing Season, the IRS expected and planned for 16.1 million calls to assistors and 18.4 million calls to the automated lines—an increase of 8.2 percent over the 2006 Filing Season. It expected this increase to result from taxpayers calling the toll-free assistance lines to ask about the Telephone Excise Tax Refund (TETR).⁴ However, the expected number of TETR calls did not materialize; overall, assistors answered 9.7 percent fewer calls and the automated lines received 5 percent fewer calls than planned.

The IRS also planned to provide approximately 1.1 million more toll-free telephone assistor services. It defines a service as an issue or multiple issues handled by a single assistor. Although the numbers of toll-free telephone automated calls/services provided have decreased steadily over the last 4 filing seasons, Customer Account Services function assistor services provided remained at 17.4 million for the last 2 filing seasons. Toll-free telephone assistors answered only 29,095 TETR calls during the 2007 Filing Season, or less than 2 percent of the 2.3 million TETR calls expected. However, they were able to answer an additional 700,000 (5 percent) more non-TETR calls than planned. When the expected volume of TETR calls did not materialize, the Customer Account Services function used the additional resources to provide a higher Level of Service than planned and transferred more experienced assistors to work taxpayer correspondence.

The IRS provides toll-free telephone service to Spanish-speaking taxpayers by using assistors in designated call sites responsible for the Spanish applications. For the 2007 Filing Season, calls in the Spanish applications were abandoned at a rate of 21 percent, while calls in the English applications were abandoned at a rate of 13 percent. In addition, the accuracy rate for answers provided for the Spanish applications was lower than that for the English applications. The Average Speed of Answer performance measure and other workload indicators for Spanish

³ The IRS refers to the suite of 15 telephone lines to which taxpayers can make calls as “Customer Account Services Toll-Free.” Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for Customer Account Services Toll-Free telephone assistance lines through April 21, 2007, and comparable dates in prior years.

⁴ The TETR is a one-time refund, available on the 2006 Federal income tax return, designed to refund previously collected long-distance Federal excise taxes. It is available to anyone who paid long-distance taxes on landline, cell phone, or Voice Over Internet Protocol service.



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applications for the 2007 Filing Season were also higher than those for English applications. This trend has occurred for the last four filing seasons.

Finally, to help minimize assistors' time answering TETR-related questions, the IRS provided taxpayers the option of hearing an automated message about the TETR. After the recording ended, callers were not returned to the main menu so they could make another selection or speak with an assistor; instead, the calls were ended. We believe callers should be given the option to return to the main menu, which provides better taxpayer service and is common practice on customer service telephone lines.

Recommendations

We recommended the Commissioner, Wage and Investment Division, (1) monitor the performance for the Spanish applications and take appropriate corrective actions if performance does not improve and (2) ensure taxpayers have the option of returning to the main menu the next time the IRS uses a recorded message to provide information to taxpayers, if adequate system capacity exists.

Response

IRS management agreed with both of our recommendations. Management will continue monitoring performance on the Spanish applications and take appropriate actions as needed. Management agreed that, if and when another recorded message is needed, they will ensure taxpayers have the option of returning to the main menu, if adequate system capacity exists. Management's response to the draft report is included as Appendix VI.

Office of Audit Comment

In its response, the IRS stated that it disagreed with the way we characterized the examples found on report page 13 concerning why quality is not as high for Spanish applications as it is for English applications. The IRS stated the examples in the report are not valid representations of why quality is not as high for Spanish calls. However, the examples in the report were provided by IRS quality review staff to be representative of the types of problems identified in the calls reviewed.

Please contact me at (202) 622-6510 if you have questions or Michael E. McKenney, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 622-5916.



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Abbreviations

CAS	Customer Account Services
FTE	Full-Time Equivalent
IRS	Internal Revenue Service
TETR	Telephone Excise Tax Refund

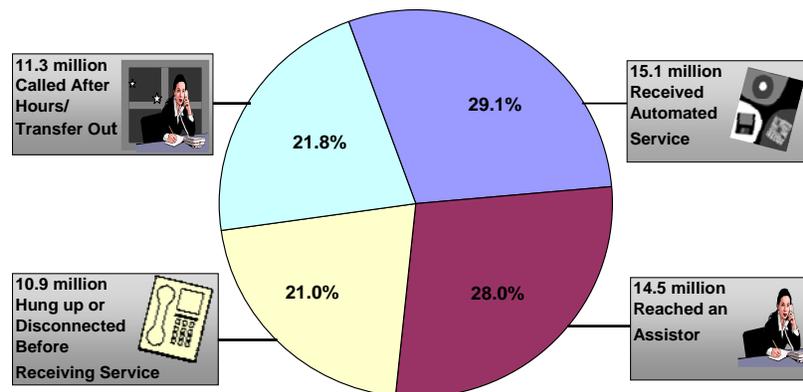


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Background

Each year, millions of taxpayers contact the Internal Revenue Service (IRS) by calling the various toll-free telephone assistance lines to seek help in understanding tax laws and meeting their tax obligations. Taxpayers called the IRS toll-free telephone assistance lines approximately 51.9 million times¹ during the 2007 Filing Season.² Of these calls, about 18.8 million were made to the toll-free telephone number, 1-800-829-1040, that taxpayers call to ask tax law or account-related questions. In addition, more than 7.2 million calls were made to the IRS automated TeleTax system that provides recorded tax law and tax refund information. Figure 1 shows the number of calls made to the toll-free telephone assistance lines, including about 14.5 million calls answered during the 2007 Filing Season.³

Figure 1: Calls Handled by the IRS in the 2007 Filing Season



Source: IRS Enterprise Telephone Data Warehouse.⁴

¹ These calls were made to the suite of 15 telephone lines the IRS refers to as “Customer Account Services Toll-Free” and included calls made to the TeleTax system. Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for Customer Account Services Toll-Free telephone assistance lines through April 21, 2007, and comparable dates in prior years.

² The filing season is the period from January through mid-April of each year when most individual income tax returns are filed. All references to the 2007 Filing Season made in this report, unless otherwise specified, are for the period from January 1 to April 21, 2007.

³ Due to rounding, numbers in the report may not always equal the sum of the totals or 100 percent.

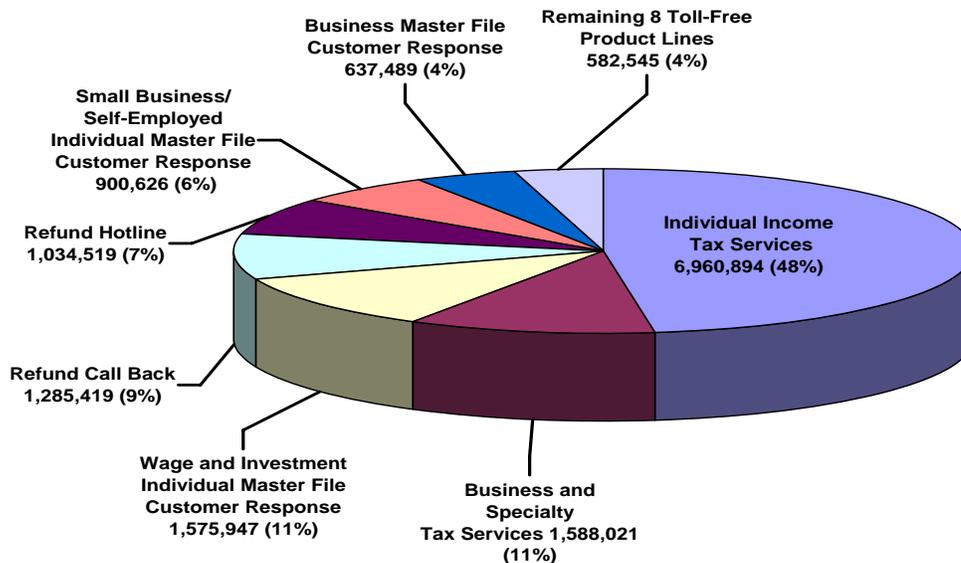
⁴ The Enterprise Telephone Data Warehouse is the official source for all data related to toll-free telephone measures and indicators. Numbers presented in this report are based on various reports dated not later than May 11, 2007.



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The toll-free telephone assistance lines are further subdivided into categories called “applications,” each of which is staffed with a group of customer service representatives (assistors) who have received specialized training to assist taxpayers with specific tax issues. Assistors answer taxpayer questions involving tax law and tax account-related conditions such as refunds, balance-due billing activity, and changes to the amount of tax owed. For example, if an individual taxpayer calls to find out where to mail a tax return, the call would be routed to an assistor who has been trained to handle IRS procedural issues for individual taxpayers. If a business taxpayer calls to find out the taxes due on a business account, the call would be routed to an assistor who handles balance-due questions for the business taxpayer. Figure 2 shows the number of calls handled during the 2007 Filing Season.

Figure 2: Toll-Free Telephone Service Product Lines and Number of Calls Answered During the 2007 Filing Season⁵



Source: IRS Enterprise Telephone Data Warehouse.

During the 2007 Filing Season, the IRS made available approximately 11,000 assistors to answer the toll-free telephone lines at 24 call centers located throughout the United States and Puerto Rico and provided taxpayers with effective access to its toll-free telephone system. The Director, Customer Account Services (CAS), Wage and Investment Division, manages tax law

⁵ The Individual Master File is the IRS database that maintains transactions or records of individual tax accounts. The Business Master File is the IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.



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and account telephone calls through the Joint Operations Center. Appendix IV explains the role of the Joint Operations Center and how telephone calls are routed to automated services or an assistor. Appendix V shows the Toll-Free Telephone Services Individual Product Lines for the 2006 and 2007 Filing Seasons.

This review was performed at the Joint Operations Center in Atlanta, Georgia, during the period January through June 2007. The audit was performed in accordance with *Government Auditing Standards*. The scope of this audit did not include an evaluation of the quality of toll-free telephone services. The performance data presented were provided by IRS management information systems. We did not verify the accuracy of these data because of resource limitations. 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

The Internal Revenue Service Provided Taxpayers With Effective Access to Its Toll-Free Telephone System During the 2007 Filing Season

The IRS planned and met the 2007 Filing Season toll-free performance measurement goals of 81.6 percent Level of Service and 258 seconds Average Speed of Answer and provided taxpayers with effective access to its toll-free telephone system. Level of Service is the IRS' primary measure of providing taxpayers with access to an assistor. Average Speed of Answer is the average number of seconds taxpayers waited in the queue (on hold) before receiving services. Figure 3 shows the actual performance measures for the last four filing seasons.

Figure 3: Comparison of the Performance Measures for the 2004–2007 Filing Seasons

Performance Measure	2004	2005	2006	2007
Level of Service	85.0%	81.8%	82.0%	83.1%
Average Speed of Answer (seconds)	184	255	213	246
Assistor Calls Answered (millions)	16.8	15.6	14.6	14.6

Source: IRS Enterprise Telephone Data Warehouse.

In addition, from January through March 2007, 94 percent of the taxpayers who called the IRS toll-free telephone system and completed customer satisfaction surveys regarding their experience gave the IRS a rating of 4 (somewhat satisfied) or 5 (very satisfied) on a 5-point scale.⁶ The overall satisfaction rating was 4.6. Only 2 percent of the taxpayers surveyed were dissatisfied (i.e., gave a rating of 1 or 2).

⁶ The only taxpayers surveyed were a sample of those that had completed their interactions with the IRS.



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The IRS planned for more calls than it received and provided a higher Level of Service than in the 2006 Filing Season

In preparation for the 2007 Filing Season, the IRS expected and planned for 16.1 million calls to assistors and 18.4 million calls to the automated lines—an increase of 8.2 percent over the 2006 Filing Season. It expected this increase to result from taxpayers calling the toll-free assistance lines to ask about the Telephone Excise Tax Refund (TETR).⁷ However, the expected number of TETR calls did not materialize; overall, assistors answered 9.7 percent fewer calls and the automated lines received 5 percent fewer calls than planned.

The IRS also planned to provide approximately 1.1 million more toll-free telephone assistor services. It defines a service as an issue or multiple issues handled by a single assistor. In general, one service equates to one or more taxpayer questions answered by one assistor. For example, one call might result in the IRS counting three services provided for one taxpayer (1) asking a tax law question and requesting a form (two questions equals one service by one tax law assistor), (2) asking the status of an Employer Identification Number (one service by a business assistor), and (3) asking the status of the customer's individual account (one service by an individual account assistor).

Although the numbers of toll-free telephone automated calls/services provided have decreased steadily over the last 4 filing seasons, CAS function assistor services provided remained at 17.4 million for the last 2 filing seasons. Toll-free assistors answered only 29,095 TETR calls during the 2007 Filing Season, or less than 2 percent of the 2.3 million TETR calls expected. However, they were able to answer an additional 700,000 (5 percent) more non-TETR calls than planned.

Figure 4 shows the number of toll-free telephone services provided for the last four filing seasons.

⁷ The TETR is a one-time refund, available on the 2006 Federal income tax return, designed to refund previously collected long-distance Federal excise taxes. It is available to anyone who paid long-distance taxes on landline, cell phone, or Voice over Internet Protocol service.



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**Figure 4: Comparison of Toll-Free Telephone Services
Provided for the 2004–2007 Filing Seasons (in millions)⁸**

Services Provided	2004	2005	2006	2007
Automated Services Provided ⁹	26.5	19.8	18.6	17.5
Assistor Services Provided	19.6	18.3	17.4	17.4
Totals	46.1	38.1	36.0	34.9

Source: IRS Enterprise Telephone Data Warehouse.

More taxpayers are using tax preparation software and the IRS web site (IRS.gov) to obtain tax forms and answers to tax law questions and to prepare tax returns. As calls to the toll-free telephone lines have decreased, visits to IRS.gov have increased (from 55.8 million in the 2004 Filing Season to 133.5 million in the 2007 Filing Season).

In addition, during the 2007 Filing Season, taxpayers made approximately 32.2 million attempts to access the Internet Refund Fact of Filing application, which allows taxpayers to check the status of their tax refunds via IRS.gov. This represented a 26.9 percent increase from the 2006 Filing Season (from 25.4 million to 32.2 million).

Level of Service was higher than planned for the 2007 Filing Season

The IRS devotes considerable resources to its toll-free telephone operations. Telephones historically have been the first choice for taxpayers who contact the IRS for tax assistance. Each year, the IRS allocates Full-Time Equivalents (FTE)¹⁰ to the CAS function for operation of the toll-free telephone lines. Based on these budgeted resources, the CAS function plans for the number of taxpayer calls that will be answered by assistors and the number of services taxpayers may need during the calls. The CAS function had available 550 more FTEs for toll-free telephone operations during the 2007 Filing Season to meet the expected demand for TETR calls.

When the expected number of TETR calls did not materialize, the CAS function used the additional FTEs to provide a higher Level of Service than planned and transferred more experienced assistors to work taxpayer correspondence.

⁸ Due to changes in the methodology the IRS used to capture toll-free telephone data, the totals for previous filing seasons in Figure 4 may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

⁹ The Automated Services Provided category does not include the number of services provided by the Internet Refund Fact of Filing application. Automated Services Provided equals Automated Calls.

¹⁰ An FTE is a measure of labor hours. One FTE is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscals Year 2006 and 2007, 1 FTE was/is equal to 2,080 staff hours.



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The IRS blocked fewer calls

A blocked call is one that cannot be connected immediately because either no circuit is available at the time the call arrives, (i.e., the taxpayer receives a busy signal) or the system is programmed to block calls from entering the queue when the queue backs up beyond a defined threshold (i.e., the taxpayer receives a recorded announcement to call back at a later time). The IRS refers to the latter type of blocked call as a courtesy disconnect.

To ensure it provides taxpayers with the planned Level of Service, the IRS attempts to balance the components of the Level of Service to reach its goals. For example, it controls the number of calls allowed into the toll-free telephone system to help improve the taxpayers' experiences once they are connected. The number of taxpayers in the system directly affects taxpayers' wait times in the queue before receiving services (the Average Speed of Answer). As wait times in the queue increase, taxpayers hang up more often before speaking to assistors.¹¹ Inversely, fewer taxpayers in the system result in shorter queue times and fewer hang ups.

The IRS blocked more taxpayer calls in the 2006 Filing Season in an attempt to reduce taxpayers' time spent waiting to speak to assistors but reversed this trend for the 2007 Filing Season by blocking significantly fewer calls. Total blocked calls decreased in the 2007 Filing Season by 53.1 percent. The IRS made the business decision to allow more taxpayers into the queue, thus allowing them to decide how long they were willing to wait before speaking to an assistor rather than having the IRS decide for them.

Figure 5 shows a comparison of various components (workload indicators) the IRS uses to manage the Level of Service.

¹¹ The IRS refers to calls that disconnect after reaching the queue as secondary abandons.



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Figure 5: Comparison of Toll-Free Telephone Level of Service Components and Workload Indicators for the 2004–2007 Filing Seasons¹²

Component	2004	2005	2006	2007
Average Speed of Answer (seconds)	184	255	213	246
Busy Signals	150,027	296,736	215,150	284,700
Courtesy Disconnects	618,273	624,051	1,121,571	341,994
Selected Expanded Access¹³	9,650	–	–	–
Total Blocked Calls	777,950	920,787	1,336,721	626,694
Primary Abandons (millions)¹⁴	7.1	5.5	6.2	6.6
Secondary Abandons (millions)	2.3	2.7	2.0	2.5

Source: IRS Enterprise Telephone Data Warehouse.

Some primary abandons are controllable, while others are not. Taxpayers may hang up because they did not have at hand the information needed for the call, such as a Social Security Number, or because they find the toll-free telephone system too difficult to use. When taxpayers have difficulties navigating the automated menu before being placed in the queue to speak to an assistor, the IRS’ strategic goal of improving taxpayer service is not being met. In completing customer satisfaction surveys during the 2007 Filing Season, taxpayers who called the IRS toll-free telephone system identified “time to get through to the IRS” and “finding the appropriate menu choice” as the top two improvement opportunities.¹⁵ Consequently, the continued identification and correction of causes for high levels of primary abandons is necessary.

¹² Due to changes in the methodology the IRS used to capture toll-free telephone data, the totals for previous filing seasons in Figure 5 may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

¹³ The Selected Expanded Access was a system that allowed a taxpayer to receive automated services in lieu of a busy signal during periods of peak demand. It was discontinued in Fiscal Year 2005 because network prompting now identifies upfront where to route the calls and sends them directly to assistors.

¹⁴ The IRS refers to calls that disconnect before reaching the queue as primary abandons.

¹⁵ IRS Customer Satisfaction Survey, Toll-Free Wage and Investment Division National Report, Covering January through March 2007.



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The Joint Operations Center is leading a task force to verify and validate the use of the IRS-defined measure “Primary Abandons” in a contact center environment. The task force plans to focus on areas with the potential for correction, such as the menu scripts that direct a caller to an appropriate service. It is conducting usability studies on the toll-free telephone scripts and focus groups that will ascertain the public’s perception of the IRS and apparent reluctance to provide personal information to it through the automated system.

In Fiscal Year 2007, the IRS implemented in the Accounts Management function a system of enterprise queuing for toll-free calls called the Customer Voice Portal. This system queues callers at a virtual, central point and routes each call to the next available assistor, regardless of the assistor’s location. The IRS believes this enterprise queuing system will improve the customer experience by reducing taxpayer wait time and maximizing the efficiency of assistor resource use.

Assistors answered fewer calls per FTE, and calls were longer than during the 2006 Filing Season

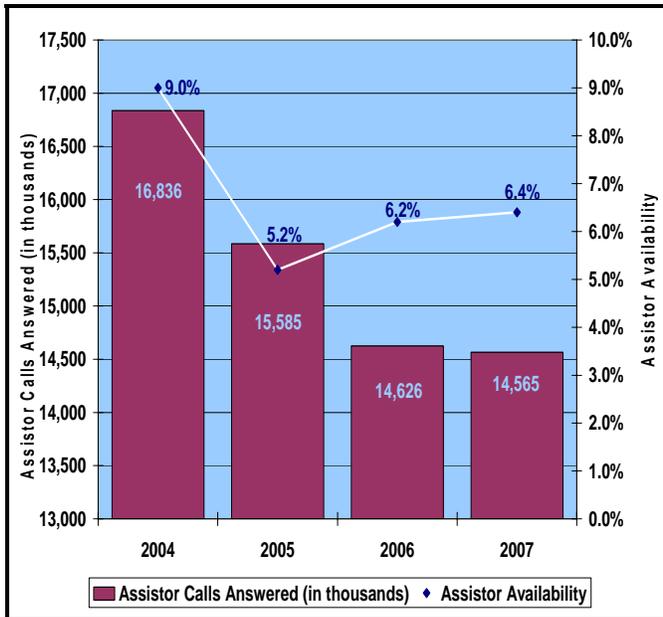
Assistors answered 5,054 calls per FTE in the 2006 Filing Season compared to 4,795 calls in the 2007 Filing Season. In contrast, Assistor Availability, which measures the amount of time assistors are idle or available to answer calls, increased .2 percentage points (and by 3.2 percent overall) compared to the 2006 Filing Season. When Assistor Availability is low, assistors’ time is being productively used and the cost of providing toll-free telephone services decreases. Figures 6 and 7 show a comparison of calls answered based on FTEs and Assistor Availability for the last four filing seasons.¹⁶

¹⁶ The due date for the 2007 Filing Season ended on a weekend; therefore, there was a 2-day extension until April 17, 2007. The totals for the 2004–2007 Filing Seasons in Figures 6 and 7 may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.



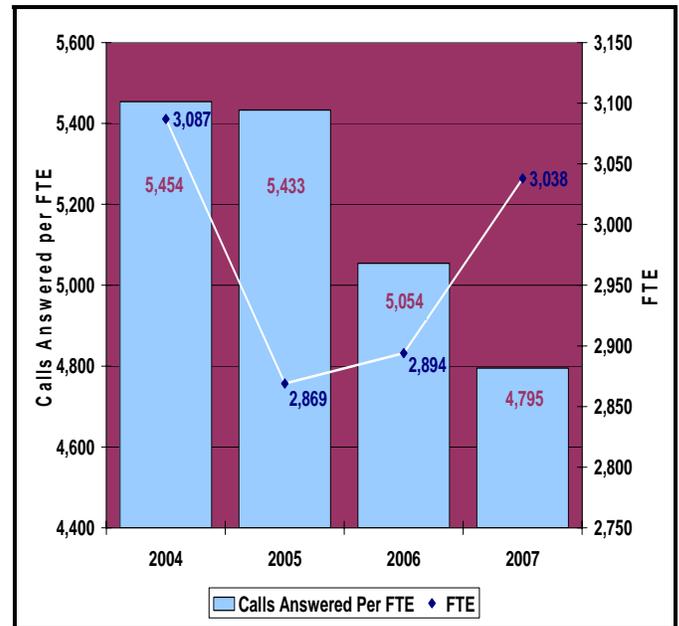
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Figure 6: Comparison of Calls Answered and Assistor Availability for the 2004–2007 Filing Seasons



Source: IRS Enterprise Telephone Data Warehouse.

Figure 7: Comparison of Assistor Calls Answered per Toll-Free FTE for the 2004–2007 Filing Seasons



Source: IRS Enterprise Telephone Data Warehouse.

While the IRS surpassed its Level of Service goal, the amount of time assistors are taking to answer taxpayers' questions (called Handle Time) has increased more than 12 percent over the last 4 filing seasons, from 522 seconds in the 2004 Filing Season to 586 seconds in the 2007 Filing Season.

Many factors influence Handle Time, including the complexity of the issues and the types of tax law or tax account questions. IRS.gov offers taxpayers many options to obtain answers to tax law questions, through either research or use of interactive applications. However, the only account service IRS.gov offers individual taxpayers is tax refund inquiry. Therefore, taxpayers are more likely to use the toll-free telephone lines for tax account inquiries and more complex tax law questions, which generally take longer to answer.

For the last three filing seasons, there has been a continued decline in the number of tax law calls answered while the number of account calls answered has increased each year. For the 2007 Filing Season, assistors answered approximately 3.6 million tax law calls and 9.9 million account-related calls.



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In addition, although the Transfer Rate¹⁷ has remained fairly constant for calls from taxpayers seeking tax law assistance, it has increased during the last three filing seasons for taxpayers seeking account assistance. This increases the time taxpayers are on the telephone. During the 2007 Filing Season, 17 percent of all calls were transferred, which is a 4 percent increase over the 2006 Filing Season. Reducing the number of call transfers lowers taxpayer burden because taxpayers spend less time on the telephone. The IRS' cost to handle a call is also lowered when the call is completed by the first assistor it is sent to and not transferred. Figure 8 shows a comparison of these measures for the last four filing seasons.

Figure 8: Comparison of Tax Law and Account Calls Performance Metrics for the 2004–2007 Filing Seasons¹⁸

Performance Metric	Tax Law Calls				Account Calls			
	2004	2005	2006	2007	2004	2005	2006	2007
Number of Calls Answered (millions)	4.2	4.3	3.8	3.6	11.3	9.3	9.7	9.9
Average Speed of Answer (seconds)	162	188	223	211	200	299	215	265
Assistor Response Level¹⁹	64.4%	51.4%	55.5%	43.0%	44.6%	21.3%	38.6%	31.3%
Secondary Abandons	7.0%	8.5%	9.4%	8.1%	10.3%	13.9%	10.0%	13.7%
Transfer Rate	25.6%	25.5%	25.4%	25.5%	10.2%	10.7%	12.4%	13.5%

Source: IRS Enterprise Telephone Data Warehouse.

The Quality and Level of Customer Service for Spanish Applications Were Lower Than Those Provided for English Applications

The IRS provides toll-free telephone service to Spanish-speaking taxpayers by using assistors in designated call sites responsible for the Spanish applications. Calls in Spanish applications take longer than those in English applications because assistors are taking the time to educate taxpayers about the United States tax system and how the tax laws work. The differences in cultural backgrounds and dialects require assistors to rephrase their answers if they are not initially understood. Additionally, many Spanish-speaking taxpayers have multiple tax issues that must be addressed during one call. Finally, after their initial questions are answered,

¹⁷ The Transfer Rate compares the number of calls transferred by assistors to the number of calls handled.

¹⁸ Due to changes in the methodology the IRS used to capture toll-free telephone data, the totals in Figure 8 for previous filing seasons may not equal the totals presented in previous Treasury Inspector General for Tax Administration reports.

¹⁹ Assistor Response Level describes the percentage of callers who are connected to an assistor within 30 seconds.



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taxpayers often have other family members or friends who ask questions, requiring more time on that one call.

Because their calls are longer, Spanish-speaking taxpayers wait longer to speak to assistors and hang up more frequently. The abandon rate for Spanish applications is also higher than that for English applications. For the 2007 Filing Season, calls in the Spanish applications were abandoned at a rate of 21 percent, while calls in the English applications were abandoned at a rate of 13 percent. Figure 9 shows that the Average Speed of Answer performance measure and other workload indicators for Spanish applications for the 2007 Filing Season were higher than those for English applications. This trend has occurred for the last four filing seasons.

**Figure 9: Comparison of Spanish and English Applications
for the 2007 Filing Season**

Performance Metric	Spanish	English	Numeric Difference	Percentage Difference
Average Speed of Answer (seconds)	427	240	187	78%
Average Hold Time (seconds)	222	126	96	76%
Average Talk Time (seconds)	496	334	162	49%
Average Wrap Time (seconds) ²⁰	95	91	4	4%
Average Handle Time (seconds)	813	551	262	48%

Source: IRS Aspect Application Activity Reports.

In addition, the accuracy rate for answers provided for the Spanish applications is lower than that for the English applications. For the 2007 Filing Season, accuracy rates for both applications were:²¹

Spanish Accounts	89.6%	English Accounts	93.6%
Spanish Tax Law	83.3%	English Tax Law	89.8%

In reviewing a judgmental sample of calls with long handle times in the Spanish applications from January 1 through April 20, 2007, quality reviewers found that assistors are not always following guidelines. For example:

²⁰ Wrap time is the time an assistor spends taking actions to complete a call after the taxpayer hangs up.

²¹ Unweighted accuracy rates are shown for comparison purposes because weighted accuracy rates are not available for Spanish Accounts and Spanish Tax Law separately. The IRS combines the Spanish Accounts and Spanish Tax Law and reports a combined weighted accuracy rate. The weighted accuracy rate for Spanish Accounts and Tax Law for January 1 through April 30, 2007 was 89.5 percent.



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- Assistors receive calls with repetitive issues and make assumptions as to why the taxpayer is calling before the taxpayer explains why he or she called.
- Assistors conduct unnecessary disclosure probing. The assistor is probing the taxpayer for disclosure issues after the assistor should be comfortable he or she is speaking with the correct taxpayer.
- Assistors are unnecessarily taking additional time to identify the notice sent to the taxpayer by probing the taxpayer instead of using available tools to identify the notice.
- Assistors are answering questions on topics/issues in which they are not trained.

In addition, some calls are disconnected because the research time takes too long. Even after researching, the assistor often comes back with an incorrect answer.

IRS guidelines require that, to provide quality service, both Spanish- and English-speaking assistors use the *Probe and Response Guide*, which is designed for assistors to use as a tool when responding to telephone tax law inquiries on the topics covered in the *Guide*. Procedures require assistors to ask appropriate questions to determine the caller's inquiry and to obtain sufficient information to accurately answer the inquiry. Assistors must also ask questions to ensure they are following taxpayer authentication procedures.

IRS management is aware of the disparities between Spanish and English applications and is addressing them through their national quality assurance program. Quality reviews are conducted by managers and quality reviewers to help ensure the quality of the service provided by assistors is sufficient. Both informal and formal training to assistors is also provided. Finally, management officials stated attrition rates for Spanish-speaking assistors is very high and recruiting is often difficult.

In Fiscal Year 2005, over 26 million calls from individuals were handled by assistors. Of those answered, almost 2 million (8 percent) were Spanish calls. With 32 million speakers, Spanish is the most commonly used language other than English in the United States. Almost one-half of all Spanish speakers, approximately 15 million, reported they speak English less than "very well."²² The IRS should ensure Spanish-speaking taxpayers receive services comparable to those provided to English-speaking taxpayers.

Recommendation

Recommendation 1: The Commissioner, Wage and Investment Division, should monitor the performance for the Spanish applications and take appropriate corrective actions if performance does not improve.

²² *The 2007 Taxpayer Assistance Blueprint Phase 2*, April 2007.



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Management's Response: IRS management agreed with this recommendation. They view monitoring performance on all applications as an ongoing standard operating procedure and continually monitor performance and take appropriate corrective actions, as needed, for all their applications.

Office of Audit Comment: In its response, the IRS stated that it disagreed with the way we characterized the examples found on report page 13 concerning why quality is not as high for Spanish applications as it is for English applications. The IRS stated the examples in the report are not valid representations of why quality is not as high for Spanish calls. However, the examples in the report were provided by IRS quality review staff to be representative of the types of problems identified in the calls reviewed.

The Telephone Excise Tax Refund Automated Message Did Not Allow Callers the Option of Returning to the Main Menu

To help minimize assistors' time answering TETR-related questions, the IRS provided taxpayers the option of hearing an automated message about the TETR. The first menu item callers heard when calling the 1-800-829-1040 toll-free telephone line was about the TETR. After the welcome message, callers heard, "If you are calling about how to request the Telephone Excise Tax Refund, press 7." When callers chose this option, they were provided three additional options:

- Individuals who do not file a business Schedule C, E, or F²³ or individuals who normally do not file a return, press 1.
- Individuals who file a [Form] 1040 return with a business Schedule C, E, or F, press 2.
- Corporations, partnerships, trusts, or tax-exempt organizations, press 3.

Once callers made their selections, they heard a detailed message on how to file for the TETR. As of April 21, 2007, 542,947 callers had pressed 7 to hear the TETR recorded message, and 411,536 (75.8 percent) callers had selected 1 of the 3 additional options to listen to at least a portion of the message. Nevertheless, after the recording ended, callers were not returned to the main menu so they could make another selection or speak with an assistor; instead, the calls were ended. Callers should be given an easy way to go back to the main menu and all submenus.

IRS officials stated the goal of the TETR message was to lead customers to venues other than the toll-free telephone assistors. Given the unusual circumstances, abbreviated lead time, and one-time nature of the TETR Program, they were concerned the potential volume of customers

²³ U.S. Individual Income Tax Return (Form 1040) Profit or Loss From Business (Schedule C), Supplemental Income and Loss (Schedule E), and Profit or Loss From Farming (Schedule F).



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calling about the TETR could be very high and these callers could have a negative impact on customers calling for assistance about other issues.

After developing and internally testing the TETR announcement, the IRS was confident that the vast majority of customers would obtain the information they needed from the announcement or via IRS.gov and would not need to speak with an assistor. To discourage unnecessary referrals to assistors and minimize the impact on system capacity, the IRS designed the message without an option to go back to the main menu or to an assistor. Additionally, the IRS believed allowing the taxpayer an option to repeat the message or step back in the menu would have required keeping the caller in the system longer, possibly denying service to other customers (i.e., blocking more calls).

The IRS planned for 2.3 million TETR Assistor Calls Answered during the 2007 Filing Season. When the planned volume of calls did not materialize, the risk of service denial was significantly reduced. After comparing the number of received calls against planned calls and evaluating the impact on service, the IRS could have later added a prompt to return the taxpayer to the main menu. However, IRS officials stated they try to avoid program changes during each filing season because of the potential negative impact the changes might have during peak demand. In addition, changing the telephone menu and scripts would have required pulling resources from current assignments to design, document, test, and implement the changes.

We believe callers should be given the option to return to the main menu, which provides better customer service and is common practice on customer service telephone lines. Industry literature advises call centers to let callers feel in control. In addition, callers should be given a way to reach an assistor by pressing zero (0). In the case of the TETR message, taxpayers returning to the main menu might have required other taxpayers to wait longer or be denied service. This could have been factored into the workload indicators and Level of Service for the filing season, similar to other toll-free telephone program changes.

Recommendation

Recommendation 2: The Commissioner, Wage and Investment Division, should ensure taxpayers have the option of returning to the main menu the next time the IRS uses a recorded message to provide information to taxpayers, if adequate system capacity exists.

Management's Response: IRS management agreed with this recommendation. However, they are unsure when they will need to use a recorded message to provide taxpayers with information. If, and when, they need another recorded message, they will ensure taxpayers have the option of returning to the main menu, if adequate system capacity exists.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the customer service toll-free telephone access during the 2007 Filing Season.¹ To accomplish this objective, we:

- I. Evaluated the IRS' preparation of the toll-free telephone system for the 2007 Filing Season.
 - A. Analyzed IRS planning documents for references to toll-free telephone access.
 - B. Identified any new tax law legislation passed during Calendar Year 2006.
 - C. Reviewed the U.S. Individual Income Tax Return (Form 1040) instruction booklet and *Your Federal Income Tax for Individuals* (Publication 17) to determine the accuracy of published toll-free telephone numbers.
 - D. Determined the process used to develop the workplans for the 2007 Filing Season.
- II. Determined whether the IRS implemented any new operational processes to improve taxpayer access to the toll-free telephone system for the 2007 Filing Season.
- III. Attended biweekly executive status meetings and reviewed toll-free telephone reports and workplans used to monitor call volumes and respond to any unanticipated changes in call patterns or problems taxpayers experienced in accessing the toll-free telephone system.
- IV. Determined whether the toll-free telephone program achieved its 2007 Filing Season goals by reviewing the performance measures and indicators. This included comparing the 2007 Filing Season performance to that of prior filing seasons. Performance data were obtained from the Enterprise Telephone Data Warehouse.² We did not validate these data due to resource limitations.
- V. Determined whether toll-free performances for English and comparable Spanish applications³ were significantly different, leading to Spanish-speaking taxpayers not receiving a level of service comparable to that of English-speaking taxpayers.
- VI. Determined whether the IRS decreased taxpayer services from the levels provided in Fiscal Year 2006.

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed.

² The Enterprise Telephone Data Warehouse is the official source for all data related to toll-free telephone measures and indicators.

³ The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistants that have received specialized training to help taxpayers with specific tax issues.



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Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

Acting Commissioner C
Office of the Commissioner – Attn: Acting Chief of Staff C
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner, Wage and Investment Division SE:W
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Strategy and Finance, Wage and Investment Division SE:W:S
Chief, Performance Improvement, Wage and Investment Division SE:W:S:PI
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
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: Senior Operations Advisor, Wage and Investment Division SE:W:S



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Appendix IV

Joint Operations Center

The Joint Operations Center serves as the central control organization for all of the IRS' toll-free telephone call routing. It uses intelligent call management software to control and route calls to call centers and assistors who have the skills and are available to answer the calls. In addition, it monitors the call centers for abnormally high queue (wait) times and/or the number of assistors that are idle or available to answer calls. When this occurs, actions are taken to modify routing scripts and balance the workload and associated staffing. In 2007, the IRS implemented a system of enterprise queuing for the toll-free calls in the Accounts Management function. The Customer Voice Portal queues callers at a virtual, central point and routes each call to the next available assistor, regardless of the assistor's location. The Customer Voice Portal should improve the customer experience by reducing the call wait time and maximizing the efficiency of assistor resource use.

The Joint Operations Center has the ability to trace one call from the time it is received to the time the call is terminated but does not do so because of the large volume of calls received. The IRS does, however, monitor key segments in the life of a call. For example, the IRS monitors the call from the time it was answered by a screener to when it was transferred to an assistor or from the time it was answered by an assistor to the time the taxpayer was transferred or the call ended. The IRS believes this provides indications of the type(s) of service the average taxpayer receives.

Taxpayers that call the IRS can receive automated services or choose to speak to a customer service representative (assistor). For taxpayers using a touchtone telephone, the automated services Telephone Routing Interactive System uses recorded information and interactive applications to provide automated tax refund status information, permit taxpayers to obtain a payoff amount for an outstanding balance due, or enable taxpayers to set up an installment agreement to settle a delinquent tax debt. For example, when calling 1-800-829-1040 with a tax law or account-related question, the taxpayer is provided, in English or Spanish, four touchtone automated main menu options with secondary options:¹

1. Requesting information on the TETR. This option provides information about claiming the TETR.

¹ For the 2007 Filing Season, there was also an option for requesting information about the Telephone Excise Tax Refund. This option transferred the caller to a recorded message. The filing season is the period from January through mid-April when most individual income tax returns are filed.



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2. Preparing or filing individual income tax returns or tax-related rules and regulations. This option provides the taxpayer with a second automated menu from which to choose the following options: (a) ordering tax forms or publications, (b) finding addresses to mail tax returns or payments to the IRS, or (c) getting help with other tax questions.
3. Requesting information on a tax refund or personal tax account. This option provides the taxpayer with a second automated menu from which to choose the following options: (a) questions concerning a tax refund or (b) questions concerning a payment or personal account.
4. Using the business and specialty tax line or obtaining the address for the IRS Internet web site.
5. Repeating the above options.

If the taxpayer does not select an option or is calling from a rotary telephone and is unable to select a touchtone option, the same script is repeated providing voice response options. If the taxpayer selects an invalid option, he or she is transferred to an IRS employee (screener) who screens and transfers the call to the appropriate assistor to answer the taxpayer's question. Assistors are trained and certified on specific applications² for each current filing season.

² The toll-free telephone assistance lines are subdivided into categories called applications, each of which is staffed with a group of assistors that have received specialized training to help taxpayers with specific tax issues.



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Appendix V

*Toll-Free Telephone Services Individual Product
Lines for the 2006 and 2007 Filing Seasons¹*

Product Lines	Assistor-Answered Calls		Average Speed of Answer (Seconds)		Primary Abandons ²		Secondary Abandons ³		Level of Service (Percentage)	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Individual Income Tax Services	6.6 M*	7.0 M	209	244	2.5 M	2.4 M	868,563	1.1 M	81.9	83.9
Business and Specialty Tax Services	1.7 M	1.6 M	190	218	336,724	403,723	235,131	237,115	83.9	85.1
Refund Hotline	1.1 M	1.0 M	249	276	2.1 M	2.5 M	177,758	217,039	80.3	81.6
Business Master File⁴ Customer Response	617,461	637,489	180	192	100,163	98,525	52,624	59,997	91.2	90.3
Small Business/Self-Employed Individual Master File⁵ Customer Response	811,387	900,626	206	285	184,554	214,723	102,654	186,569	84.2	80.8
Wage and Investment Individual Master File Customer Response	1.5 M	1.6 M	219	273	400,060	442,857	220,477	346,536	81.6	80.0
Refund Call Back	1.6 M	1.3 M	279	287	305,672	289,757	232,756	240,308	75.9	81.7
Special Services	65,853	7,840	169	342	14,383	3,210	9,352	2,616	85.7	73.4

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed. Numbers presented in this appendix are based on reports as of June 29, 2007.

² The IRS refers to calls that disconnect before reaching the queue as primary abandons.

³ The IRS refers to calls that disconnect after reaching the queue as secondary abandons.

⁴ The Business Master File is the IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.

⁵ The Individual Master File is the IRS database that maintains transactions or records of individual tax accounts.



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Product Lines	Assistor-Answered Calls		Average Speed of Answer (Seconds)		Primary Abandons ²		Secondary Abandons ³		Level of Service (Percentage)	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Telecommunications/ Teletype	641	329	187	160	211,197	165,381	347	222	27.9	14.3
National Taxpayer Advocate	109,141	108,811	133	128	46,952	40,495	20,530	19,452	81.9	82.5
Practitioner Priority Service	317,709	367,214	136	129	38,752	44,046	20,936	26,078	92.6	92.4
Taxpayer Assistance Center ⁶ – CAS	9,429	8,396	122	194	12	15	2,018	2,051	78.7	79.2
Volunteer Income Tax Assistance ⁷	15,564	15,758	137	129	683	257	1,849	2,242	88.6	86.6
International	56,295	58,423	267	260	26,347	26,880	7,785	9,533	86.5	84.5
International Employer Identification Number	13,875	15,774	191	376	5,391	5,279	1,283	3,576	91.1	81.2
Totals⁸	14.8 M	14.6 M	–	–	6.3 M	6.6 M	2.0 M	2.4 M	–	–

Source: IRS Enterprise Telephone Data Warehouse.⁹

*M = Million(s)

⁶ Taxpayer Assistance Centers provide taxpayers face-to-face assistance with interpreting tax laws and regulations, preparing certain individual tax returns, resolving inquiries on taxpayer accounts, accepting payments, and providing various other services designed to minimize the burden on taxpayers in satisfying their tax obligations.

⁷ The Volunteer Income Tax Assistance Program provides free tax return preparation assistance and electronic filing to underserved segments of individual taxpayers, including low-income, elderly, disabled, and limited-English-proficient taxpayers.

⁸ The individual product line totals will not sum to Totals because of rounding.

⁹ The Enterprise Telephone Data Warehouse is the official source for all data related to toll-free telephone measures and indicators.



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Appendix VI

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

RECEIVED

AUG 16 2007

August 13, 2007

MEMORANDUM FOR MICHAEL R. PHILLIPS
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Richard J. Morgante *Richard J. Morgante*
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – Toll-Free Access for the 2007 Filing
Season Was Effective, but the Quality and Level of Customer
Service for Spanish Speaking Taxpayers Could Be Improved
(Audit # 200740022)

I reviewed the draft report and appreciate your acknowledgment that through our planning and proactive redeployment of resources, we provided taxpayers with effective access to our toll-free telephone system and exceeded our 2007 filing season toll-free performance measurement goals. We believe these results are directly attributable to the hard work and dedication of our employees, and our managers' commitment to meeting our goals.

The challenges posed by the administration of the Telephone Excise Tax Refund were successfully met through proper planning and the IRS's ability to quickly respond to actual demand by redeploying resources. This allowed the IRS to raise Customer Service Representative Level of Service and to devote additional staffing to address other non-telephone inventories. Also, the successful transition to the Customer Voice Portal improved customer experience by equalizing wait times within applications.

While we agree with your recommendation to monitor Spanish applications, I disagree with the way you characterized the examples in your report on pages 12 and 13 suggesting reasons why quality is not as high in Spanish applications as it is in English applications. These anecdotal examples were provided at Treasury Inspector General for Tax Administration's request by our quality review staff to show why average handle time is longer on Spanish calls. These are not valid representations of why the overall quality of Spanish applications is not as high as our English applications.

We are taking several actions to improve both accuracy and service levels to Spanish-speaking callers on our toll-free lines. While Spanish assistance quality is not quite as high as English, our efforts over the past several years have resulted in positive trends in performance. The improvement in Spanish quality mirrors the trend in English assistance quality. We continue to implement initiatives designed to improve both



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accuracy and service levels to Spanish speaking callers on our toll-free lines. Some of the initiatives include:

- increasing emphasis on managerial monitoring;
- developing a quality newsletter to highlight defect trends and provide guidance on how to avoid recurrence;
- scheduling monthly conference calls with phone analysts to identify quality trends;
- providing additional coaching to employees charged with defects; and
- increasing hiring and staffing levels of Spanish-speaking assistors to increase the level of customer service.

Progress made during the 2007 filing season is evident in the total time spent delivering Spanish applications, which is up 6.2 percent over 2006. Additional hiring is planned for Fiscal Year (FY) 2008 with a goal of 260 Spanish-speaking assistors, more than doubling the 120 hired in FY 2007. This increase in staff is expected to result in continued improvement in service levels in Spanish applications.

We recognize there are still many opportunities to continue to enhance our customers' experience, and I appreciate your recommendations and view them as supporting our efforts already underway.

Our response to your recommendations is attached. If you have any questions, please call me at (404) 338-7060, or members of your staff may contact Peter Stipek, Director, Customer Account Services, at (404) 338-8910.

Attachment



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Attachment

RECOMMENDATION 1

The Commissioner, Wage & Investment Division, should monitor the performance for the Spanish applications and take appropriate corrective actions if performance does not improve.

CORRECTIVE ACTION

We agree with your recommendation. We view monitoring performance on all applications an ongoing standard operating procedure and continually monitor performance and take appropriate corrective actions, as needed, for all of our applications.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A

RECOMMENDATION 2

The Commissioner, Wage & Investment Division, should ensure taxpayers have the option of returning to the main menu the next time the IRS uses a recorded message to provide information to taxpayers if adequate system capacity exists.

CORRECTIVE ACTION

We agree with your recommendation. However, we are not sure when we will need to use a recorded message to provide taxpayers with information. If, and when, we need another recorded message, we will ensure taxpayers have the option of returning to the main menu, if adequate system capacity exists.

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIAL

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A