
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Office of Inspections and Evaluations



*Inspection of the IRS's
Pandemic Influenza Preparedness Plan
(Phase II)*

FINAL REPORT

May 13, 2010

Reference Number: 2010-IE-R004

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 | inquiries@tigta.treas.gov

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



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 13, 2010

MEMORANDUM FOR DEPUTY COMMISSIONER FOR OPERATIONS SUPPORT

FROM: R. David Holmgren *R. David Holmgren*
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Inspection Report – Inspection of the IRS’s Pandemic Influenza Preparedness Plan (Phase II) (IE-09-010)

This report presents the results of Phase II of our inspection to determine if the Internal Revenue Service (IRS) has met the various requirements directed to Federal agencies in preparing for a potential outbreak of a pandemic influenza like the H1N1 virus.

On October 1, 2009, the Secretary of Health and Human Services declared, “... that a public health emergency exists nationwide involving Swine Influenza A (now called 2009–H1N1 flu) that affects or has significant potential to affect national security.” If the IRS is not adequately prepared for an outbreak of pandemic influenza, or if it does not fully carry out its related implementation plan, employees, contractors, and visitors to IRS facilities will not be protected from infection; and the continuity of critical tax administration operations could be negatively affected.

In 2006, the Homeland Security Council requested that department and agency heads certify that their department or agency was addressing the applicable elements of pandemic planning set forth in a checklist it developed. In August 2008, the checklist was updated to reflect current Federal Government guidance. The Department of the Treasury is using the Homeland Security Council checklist to assess pandemic preparations by each of the Treasury Bureaus. The Treasury Inspector General for Tax Administration chose to use the same criteria for our initial inspection and shared the results of this inspection with the Department of the Treasury’s Director, Emergency Programs.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

We issued an interim report¹ in which we determined that the IRS had addressed the majority of the pandemic checklist issued by the Homeland Security Council. This included prioritizing work and essential operations in the event of a pandemic outbreak, communicating information to employees on the potential implications of a pandemic, and taking steps to protect the health and safety of IRS employees. In response to our interim report, the IRS outlined steps to address the remaining items in the checklist.

While acknowledging the IRS has addressed the pandemic checklist, there were additional aspects of a potential outbreak that the Treasury Inspector General for Tax Administration believed warranted additional review. This included the tests, training, and exercises related to local business continuity plans (using a pandemic scenario); contingencies if a campus² or field office³ had to completely close down due to expected high absenteeism; and the IRS's ability to use telework in the context of a pandemic.

Results

In the course of this review, we determined that guidance related to pandemic influenza developed by the IRS was distributed to field operations and that seasonal and pandemic vaccinations will be provided for employees. We found that while continuity exercises are improved, planned further development of the exercises is warranted. In addition, we noted that even with the potential of high absenteeism due to a pandemic, daily staffing levels at large IRS facilities are not consistently tracked, and the IRS does not include a provision in teleworking agreements for directed teleworking of qualified employees in an emergency, such as a pandemic.

Recommendations

We recommend that the Chief, Submission Processing (Wage and Investment Division) implement a process to provide senior management of campuses with daily information on attendance levels at the facility they manage. Also, in expanding the teleworking program of the IRS, the Chief Human Capital Officer should include a provision for directed teleworking of qualified employees in an emergency, such as a pandemic, power outage, or severe weather.

¹ *Inspection of the Internal Revenue Service's Pandemic Influenza Preparedness Plan* (Reference Number: 2010-IR-R001, dated January 2010).

² Campuses (formerly known as Service Centers) are the data processing arm of the IRS. The campuses process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

³ A field office is any office of the IRS not located at a campus or the National Headquarters.



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Response

IRS management agreed with the recommendations. The Wage and Investment Division has incorporated procedures for reporting absenteeism into their Business Resumption Plans, and the Human Capital Office plans to modify IRS telework agreements to stipulate that employees may be directed to telework during emergency situations. The actions taken are reflected in detail in Management's complete response to the draft report, included as Appendix IV.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 927-7048 if you have questions or Kevin Riley, Director, Inspections and Evaluations at (972) 249-8355.



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Table of Contents

BackgroundPage 1

Results of ReviewPage 3

 Pandemic Policies Have Been Adopted by Field OperationsPage 3

 Continuity Exercises are Improved, and Further Development is
 Planned.....Page 4

 Daily Staffing Levels at Campuses Should Be Tracked.....Page 6

Recommendation 1:.....Page 7

 Teleworking Agreements Should Include a Provision for
 Directed Teleworking of Qualified Employees in an EmergencyPage 8

Recommendation 2:.....Page 9

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 10

 Appendix II – Major Contributors to This ReportPage 12

 Appendix III – Report Distribution ListPage 13

 Appendix IV – Management’s Response to the Draft ReportPage 14



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

Background

A pandemic is a viral disease that is prevalent throughout an entire country, continent, or the whole world, or an epidemic over a large area. On June 11, 2009, the World Health Organization declared the H1N1 virus to be a Phase 6 global pandemic. On October 1, 2009, the Secretary of Health and Human Services declared, "that a public health emergency exists nationwide involving Swine Influenza A (now called 2009–H1N1 flu) that affects or has significant potential to affect national security." On October 24, 2009, the President declared H1N1 to be a national emergency.

The typical flu season in the Northern Hemisphere spans from November to March. It is predicted that agencies could experience periodic local absenteeism as high as 40 percent. There are risks to the Internal Revenue Service (IRS) if it is not adequately prepared for an outbreak of pandemic influenza, or if it does not fully carry out its related implementation plan. Employees, contractors, and visitors to IRS facilities may not be protected from infection and the continuity of critical tax administration operations could be negatively affected.

In November 2006, the Homeland Security Council requested that department and agency heads certify that their respective department or agency was addressing the applicable elements of pandemic planning set forth in a checklist. That checklist provided a mechanism to assist agencies in developing their pandemic plans and ensured uniform preparedness across the Federal Government. In August 2008, the checklist was updated following an interagency process to reflect current Federal Government guidance. The Department of the Treasury was using the checklist to assess pandemic preparations by each of the Treasury Bureaus. We used the checklist as our criteria and shared the results of the inspection with the Department of the Treasury's Director, Emergency Programs.

At the time of our initial inspection, the IRS had addressed the majority of the pandemic checklist issued by the Homeland Security Council. This included prioritizing work and essential operations in the event of a pandemic outbreak, communicating information to employees on the potential implications of a pandemic, and taking steps to protect the health and safety of IRS employees. We issued an interim report with the results of that inspection.¹ In response to that report, the IRS outlined steps to address the remaining items in the checklist.

¹ *Inspection of the Internal Revenue Service's Pandemic Influenza Preparedness Plan* (Reference Number: 2010-IR-R001, dated January 2010).



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

While acknowledging the IRS has addressed the pandemic checklist, there were additional aspects of a potential outbreak that the Treasury Inspector General for Tax Administration believed warranted additional review. This included the tests, training, and exercises related to local business continuity plans (using a pandemic scenario); contingencies if a campus² or field office³ had to completely close down due to expected high absenteeism; and the IRS's ability to use telework in the context of a pandemic.

This review was performed at the IRS National Headquarters in Washington, D.C., in the Office of the Chief, Agency-Wide Shared Services; and at the Atlanta, Georgia Campus; Austin, Texas Campus; Cincinnati, Ohio Field Office, and Denver, Colorado Field Office during the period October 2009 through February 2010. We conducted this inspection in accordance with the President's Council on Integrity and Efficiency Quality Standards for Inspections. Detailed information on our inspection objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

² Campuses (formerly known as Service Centers) are the data processing arm of the IRS. The campuses process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

³ A field office is any office of the IRS not located at a campus or the National Headquarters.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

Results of Review

Pandemic Policies Have Been Adopted by Field Operations

In reviewing field operations, we noted additional issues related to our initial review.

Human Capital and Continuity of Operations guidance was distributed to field operations

In addition to the general information published for all employees, the IRS's Human Capital Office published, "Human Capital Reference For Pandemic Health Issues: Information for Managers." Managers were encouraged to maintain a copy for reference. During our various field visits, all the managers that we interviewed possessed a copy of this document.

Emergency procedures for a pandemic outbreak have been incorporated into the IRS Headquarters' Continuity of Operations plan (COOP), in an appendix entitled, "Pandemic Influenza COOP." The Continuity of Operations Plan outlines the priority of work and mission essential functions, the continuity of leadership, notification procedures, vital records, and other recovery procedures. A template has been published for IRS functions to incorporate similar information in local Continuity of Operations Plans across the IRS. There are in excess of 2,500 of these plans, as each function in each office has their own plans. We found this template, as well as the Human Capital document discussed above, were both attached to all of the local business resumption plans we reviewed during our field visits.

Seasonal and pandemic vaccinations will be provided for employees

Each year, the IRS provides free influenza vaccinations to interested employees for the recurring "seasonal" flu. The vaccinations are administered under the guidance of Federal Occupational Health⁴ using the criteria developed by the Centers for Disease Control and Prevention. This year, seasonal flu shots began on October 1, 2009.

A vaccine for the 2009-H1N1 is also available and being provided to employees. However, the H1N1 vaccine is to be distributed to all interested employees over the course of several months,

⁴ Federal Occupational Health is a non-appropriated agency and a service unit within the Department of Health and Human Services that provides occupational health and wellness services exclusively to federal employees. Federal Occupational Health works in partnership with Federal organizations nationally and internationally to design and deliver comprehensive solutions to meet their occupational health needs.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

since the initial quantities of the vaccine were limited. Vaccinators were instructed by the Center for Disease Control to target the subgroups for whom the risk of complications is greatest.

As of December 2, 2009, the Federal Occupational Health had provided the H1N1 vaccine to only 617 IRS employees. As of February 17, 2010, the Federal Occupational Health recorded that 17,000 IRS employees had received the vaccine. While this shows progress, the IRS has over 100,000 employees. The unavoidable delays in administering the vaccine cannot be controlled by the IRS, but may place individual employees at risk of contracting the virus before the vaccine is available. Employees have been advised that they may also get the H1N1 vaccine through local sources including doctors, public health units, etc.

As the typical flu season runs from November to March, H1N1 has the potential to impact the 2010 filing season. However, timing is uncertain. In past years, seasonal flu activity typically did not reach its peak in the United States until January or February, but flu activity has occurred as late as May. It is significant that the 2009 H1N1 flu virus has caused illness, hospitalizations, and deaths in the United States during the summer months when influenza is very uncommon. So it is not known when flu activity will increase, when it will be most intense (peak), what viruses will circulate, or how long the season might last.

Continuity Exercises are Improved, and Further Development is Planned

Testing and exercising continuity plans is critical to ensuring the viability of the plans. Testing validates the recovery strategies, assumptions, and procedures against likely disasters or emergency events. The gaps and weaknesses in the plans should be identified and documented during comprehensive testing, which allows management to update and strengthen the plans.

Homeland Security guidance states that, "Developing and implementing comprehensive exercise policies is a continually evolving process." The guidance recommends a multi-year plan that employs a building-block approach in which training and exercise activities focus on specific capabilities in a cycle of escalating complexity. Homeland Security lists seven exercise types of increasing complexity in two categories.

Discussion-based exercises are normally used as a starting point in the building-block approach of escalating exercise complexity. Discussion-based exercises include seminars, workshops, tabletop exercises, and games. These types of exercises typically highlight existing plans, policies, interagency/inter-jurisdictional agreements, and procedures.

Operations-based exercises represent the next level of the exercise cycle. They are used to validate the plans, policies, agreements, and procedures solidified in discussion-based exercises. Operations-based exercises include drills, functional exercises, and full-scale exercises. They can clarify roles and responsibilities, identify gaps in resources needed to implement plans and procedures, and improve individual and team performance. Operations-based exercises are characterized by actual reaction to simulated intelligence; response to emergency conditions;



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

mobilization of apparatus, resources, and/or networks; and commitment of personnel, usually over an extended period of time.

In 2008, the Treasury Inspector General for Tax Administration conducted a review of business resumption plans⁵ and reported that the IRS did not conduct complete tests or exercises in a timely manner to ensure the viability of its plans. In addition, we noted that the exercises that were performed were generally a “tabletop”, a discussion based type of exercise.

In September 2009, in the formal response to the Treasury Inspector General for Tax Administration audit, the IRS reported that it had developed a multi-year plan of testing and exercises for Fiscal Years 2010-2012 in compliance with the Homeland Security guidelines. According to IRS officials, the IRS Multi-Year Test and Exercise Strategy documents agency-wide requirements for the types of tests and exercises that the IRS will conduct. The requirements provide escalating complexities for exercise design, planning and execution for all IRS continuity plans. The strategy moves the IRS toward operations-based (functional and full-scale) exercises that demonstrate its capability to perform mission essential functions and manage incidents at the local, area and national levels.

Our inspection of pandemic preparations showed that the IRS had done exercises with a pandemic scenario, but still mostly at the discussion based tabletop level.

- In 2006, the Atlanta, Georgia Campus held an exercise using a pandemic scenario. At that time, the scenario involved the “avian” influenza, at the beginning of both the Federal Government’s and the IRS’s preparations for a potential pandemic outbreak.
- In May 2009, four campuses, Andover, Massachusetts; Kansas City, Missouri; Memphis, Tennessee; and Ogden, Utah; conducted exercises involving a pandemic scenario. Also in May, a pandemic exercise was held in the Jacksonville, Florida Field Office. This exercise scenario included simulating high absenteeism of employees and an order by the Centers for Disease Control and Prevention to close all offices for a period of 2 weeks.
- In June 2009, in the Washington, D.C. area, the IRS participated in “Eagle Horizon 2009.” Eagle Horizon was a government-wide exercise which used a scenario of a terrorism-based biological attack on the National Capital Region. The exercise also involved IRS-specific pandemic related events at two of its campus locations to test and validate the IRS emergency management and response capabilities, and included the simulated closure of the campuses. By activating alternate sites, this event had elements of an operations based exercise.

⁵ *Weaknesses in Business Resumption Plans Could Delay Recovery From a Disaster* (Reference Number: 2008-20-178, dated September 17, 2008).



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

- In November 2009, the Atlanta, Georgia Campus again conducted an exercise with a pandemic scenario. Members of the Treasury Inspector General for Tax Administration's Office of Inspections and Evaluations were invited to observe this exercise.

We acknowledge the IRS has made progress in the testing and exercises of continuity plans since our audit in 2008, and additional future improvements are planned. However, we are concerned that, to date, the tabletop exercises conducted at the campuses may not have been as effective in identifying potential weaknesses as planned future operations based exercises.

Daily Staffing Levels at Campuses Should Be Tracked

According to some predictions, an organization could experience up to 40 percent of its staff absent for periods of 2 weeks at the peak of a pandemic wave with lower levels of staff absent for a few weeks on either side of the peak. The absenteeism can be the result of illness, the need to care for sick family members, or simply fear of contracting the flu. Agencies have been advised to prepare for high absenteeism by considering several mitigating measures, such as social distancing (including telework) and adjusting workforce deployment and workload inventories.

Closing a campus during the filing season, even for a brief period, could severely impact the IRS's processing of tax returns, particularly those returns still filed on paper forms. However, the number of paper individual income tax returns is steadily decreasing as more taxpayers file electronically. In 2009, the IRS processed 46 million individual (non-business) paper tax returns. In contrast, the projections for 2010 are that the IRS will receive and process only 37 million individual returns as paper. Managers at both campuses that we visited stated they had enough trained reserve personnel to cover predicted numbers of absences. However, should a campus be unable to process work due to whatever reason, the IRS has existing procedures to transship paper returns from one processing campus to another.

Transshipping primarily is used to reroute misdirected paper returns⁶ that arrive at a campus not equipped to process that work. The IRS has shipped large quantities of returns in the recent past. The Government's stimulus programs caused a large number of additional U.S. Individual Income Tax Returns (Form 1040A) to be filed during the 2008 filing season. Staff in the Kansas City, Missouri campus made two shipments of Form 1040A stimulus returns to the Fresno, California campus totaling 616,000 returns. During the first week of May 2008, staff at the Austin, Texas campus shipped 235,000 standard Form 1040 returns to other campuses over a 2-day period. For comparison, in this same week of 2009, the Austin, Texas campus staff processed 550,000 returns and is only projected to process 81,000 during the same week in 2010.

⁶ An example of "misdirected" returns would be business tax returns mistakenly submitted to a campus that only processes individual returns, or vice versa.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

Decisions to transfer workload inventories or to adjust the workforce are made corporately between campus management and IRS Wage and Investment Division management. Wage and Investment Division monitors return processing production at all the campuses through a central monitoring function in the Cincinnati, Ohio campus. The decision to transship or bring on additional seasonal staff can start at a campus or with the monitoring function. These decisions are usually based on comparing actual production to projected goals. When the projections are not being met, decisions for adjustments can be made.

The scenario of a pandemic causing unprecedented absenteeism could create a new variable in this management decision. High absences of employees would reduce production, but would precede the measurement of it. Therefore, it would be valuable to management to monitor absenteeism as a predictor of workload imbalances.

Currently, an IRS "head of office" (Campus Director, Senior Commissioner's Representative, or other senior manager) may not be able to track absenteeism within the facility they manage and use it as a factor or trigger in decision making related to a facility closure and/or the necessity of transferring work to another location. The IRS has no consistent policy or process to track absenteeism at a facility. First line managers are aware of attendance within their span of control on a daily basis, but this information is not generally collected or summarized at a facility level. Under the present practices, a facility head of office may not have timely information to assist in the decision process. Delays in decision making could affect the efficiency of operations, particularly at the campuses during the filing season.

We discussed the idea of collecting attendance data at a campus with the Chief, Submission Processing for Wage and Investment Division. The Chief indicated that conceptually, such a process could be developed and implemented in consultation with the various campus directors.

Recommendation

Recommendation 1: The Chief, Submission Processing (Wage and Investment Division) should implement a process to provide senior management of campuses with daily information on attendance levels at the facility they manage.

Management's Response: IRS management agreed with the recommendation. All Submission Processing campuses have incorporated procedures into their Business Resumption Plans for when there is an absenteeism rate of 50 percent or more in a department, the campus Department Manager will notify the Operations Manager. The Operations Manager will notify the Field Director. The Field Director will consider staffing levels throughout all Operations. If there is a 50 percent absenteeism rate throughout the campus, the Field Director will notify the Submission Processing Director.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

Teleworking Agreements Should Include a Provision for Directed Teleworking of Qualified Employees in an Emergency

The Homeland Security Council *Implementation Plan* references the benefits of using telework to slow the spread of disease by keeping face-to-face contact to a minimum (often referred to as “social distancing”) while maintaining operations as close to normal as possible. Telework can also help agencies retain functionality as infrastructure issues and other challenges make the main worksite difficult to access.

The Office of Personnel Management suggests that the key to successful use of telework in the event of a pandemic health crisis is an effective routine telework program. The Office of Personnel Management telework guide states that “telework is of particular interest for its benefits in ... ensuring continuity of essential Government functions in the event of national or local emergencies.” The success of an organization’s telework program depends on regular, routine use. The Office of Personnel Management guide strongly recommends any individuals asked to telework in the case of an emergency event or a pandemic health crisis have a telework agreement in place that provides for such an occurrence. Such individuals also should practice teleworking on a regular basis as much as possible. Experience is the only way to enable managers, employees, technical support, and other stakeholders to work through any issues that may inhibit remote work.

As of January 16, 2010, the IRS reported that it had 105,000 employees, including 85,000 full time employees. Only 23,000 of the full time employees are approved teleworkers, that is, they have all of the hardware, software, and training that they need as well as a valid telework agreement approved by their manager. In our field visits, we determined that the majority of employees at campuses are not able to telework due to the nature of the work performed. There are 48,500 employees at the campuses, including production workers in Submission Processing, as well as other operations such as telephone call centers. On the other hand, field positions, such as Revenue Agents and Revenue Officers, do make use of teleworking capabilities; i.e., the employees often work away from an IRS office using laptop computers and remote connections.

The IRS has recently begun to develop plans for the expansion of telework. The existing labor contract between the IRS and the National Treasury Employees Union details the specific jobs suitable for telework. Additionally, the contract lists the eligibility requirements employees must meet in order to telework. Under current IRS teleworking guidelines, all teleworking is voluntary and employees cannot be directed to telework. However, Office of Personnel Management guidelines allow provisions for agencies to direct qualified employees to telework in an emergency, such as a pandemic or severe weather event that causes offices to be closed. Going forward the IRS has the opportunity to adopt the Office of Personnel Management provision.



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Recommendation

Recommendation 2: In expanding the teleworking program of the IRS, the Chief Human Capital Officer should include a provision for directed teleworking of qualified employees in an emergency.

Management's Response: IRS management agreed with the recommendation. The Human Capital Office has convened a cross-functional task group to study telework expansion within the IRS. The task group will develop a structured approach and recommendations for expanding telework. Included in the recommendations will be a provision for modifying IRS telework agreements to stipulate that employees may be directed to telework during emergency situations.



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

Appendix I

Detailed Objective, Scope, and Methodology

Our objective was to determine if the IRS had met the various requirements directed to Federal agencies in preparing for a potential outbreak of a pandemic influenza like the H1N1 virus. To accomplish this objective we:

- I. Determined if campuses have taken appropriate measures to incorporate pandemic planning into their local operations.
 - A. Interviewed the Submission Processing Director and Site Coordinator at two campuses.
 - B. Determined if the potential effects of a pandemic have been incorporated into planning for the 2010 filing season. Specifically, we evaluated information/data on:
 1. projections for return volumes through the filing season.
 2. plans and capabilities for transshipping returns to another campus should the center have to be closed.
 - C. Reviewed examples of local business continuity plans for pandemic contingencies.
 - D. Obtained and reviewed documentation of any campus exercises or tests using a scenario of a pandemic outbreak.
 - E. Determined what procedures are in place to track absenteeism.
 - F. Determined the state of the current teleworking program at the selected campuses. Specifically, we evaluated information/data on:
 1. number of approved teleworkers.
 2. number of positions eligible to telework.
 3. number of deployed laptop computers.
- II. Determined if field offices have taken appropriate measures to incorporate pandemic planning into their local operations.
 - A. Interviewed local "head of office" and/or Senior Commissioner's Representative.
 - B. Reviewed selected local business continuity plans for pandemic contingencies.
 - C. Obtained and reviewed documentation of any exercises or tests using a scenario of a pandemic outbreak.
 - D. Determined what procedures are in place to track absenteeism.



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

- E. Determined the state of the current teleworking program at the selected office. Specifically, we evaluated information/data on:
 - 1. number of approved teleworkers.
 - 2. number of positions eligible to telework.
 - 3. number of deployed laptop computers.

- III. Determined if the IRS has taken necessary steps to take advantage of teleworking as a means of mitigating certain risks of a pandemic.
 - A. Assessed the telework program in the IRS as a whole:
 - 1. number of approved teleworkers.
 - 2. number of positions eligible to telework.
 - 3. number of deployed laptop computers.
 - 4. capacity of the Enterprise Remote Access Program portal.

 - B. Assessed the capability of the IRS to expand the telework program/capacity in the short term:
 - 1. costs of additional teleworkers (in terms of infrastructure).
 - 2. training issues.
 - 3. management issues.



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Appendix II

Major Contributors to This Report

Kevin P. Riley, Director
David Brown, Program Analyst
Jacqueline Nguyen, Senior Auditor



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Assistant Deputy Commissioner for Operations Support OS
Chief, Agency-Wide Shared Services OS:A
Chief, Human Capital Officer OS:HC
Director, Physical Security and Emergency Preparedness OS:A:PSEP
Director, Workforce Progression and Management OS:HC:WRT
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 Liaisons:
 Chief, Agency-Wide Shared Services OS:A
 Chief, Human Capital Officer OS:HC



*Inspection of the IRS's Pandemic Influenza Preparedness Plan
(Phase II)*

Appendix IV

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

March 31, 2010

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR INSPECTIONS
AND EVALUATIONS

FROM: David A. Grant *David A. Grant*
Chief, Agency-Wide Shared Services

SUBJECT: Draft Inspection Report – Inspection of the Internal Revenue
Service's Pandemic Influenza Preparedness Plan (Phase II)
(IE-09-010)

Thank you for the opportunity to comment on the subject report. We are pleased that you recognize our many accomplishments in preparing for a potential pandemic outbreak.

We agree with the recommendations of the report. The Wage & Investment Division has incorporated procedures for reporting absenteeism into their Business Resumption Plans, and the Human Capital Office plans to modify IRS telework agreements to stipulate that employees may be directed to telework during emergency situations. Details of these corrective actions are reflected on the attached.

The IRS Pandemic Influenza Program is a top priority for us as we are committed to protect the health and safety of our employees while fulfilling our mission. As your report indicates, pandemic policies have been communicated and are maintained in field operation offices, both seasonal and H1N1 flu vaccinations have been made available to IRS employees, and more operations-based exercises are being incorporated by means of the IRS Multi-Year Test and Exercise Strategy.

We appreciate the continued support and guidance that your team provides. If you have any questions, please contact me at (202) 622-7500, or a member of your staff may contact Norris Walker, Director, Physical Security and Emergency Preparedness, at (202) 622-4025. For matters concerning audit follow-up, please contact Larry Pugh, Office of Strategy and Finance, Agency-Wide Shared Services, at 202-622-4541.

Attachment



Inspection of the IRS's Pandemic Influenza Preparedness Plan (Phase II)

RECOMMENDATION #1:

The Chief, Submission Processing, Wage and Investment Division, should implement a process to provide senior management of campuses with daily information on attendance levels at the facility they manage.

CORRECTIVE ACTION:

We agree with this recommendation. All Submission Processing (SP) campuses have incorporated the following procedures into their Business Resumption Plans: when there is an absenteeism rate of 50 percent or more in a department, the campus Department Manager will notify the Operations Manager. The Operations Manager will notify the SP Field Director. The Field Director will consider staffing levels throughout all Operations. If there is a 50 percent absenteeism rate throughout the SP campus, the Field Director will notify the Director, SP.

IMPLEMENTATION DATE: Completed March 3, 2010

RESPONSIBLE OFFICIAL: Chief, Submission Processing, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN: N/A

RECOMMENDATION #2:

In expanding the teleworking program of the IRS, the Chief Human Capital Officer should include a provision for directed teleworking of qualified employees in an emergency.

CORRECTIVE ACTION:

We agree with this recommendation. HCO has convened a cross-functional task group to study telework expansion within the agency. The task group will develop a structured approach and recommendations for expanding telework. Included in the team's recommendations will be a provision for modifying IRS telework agreements to stipulate that employees may be directed to telework during emergency situations. We will develop the policy recommendation by the date below. Following that date, we will fulfill our collective bargaining obligation and enter into negotiations with NTEU.

IMPLEMENTATION DATE: December 31, 2010

RESPONSIBLE OFFICIAL: Chief, Human Capital Officer

CORRECTIVE ACTION MONITORING PLAN:

This corrective action will be monitored via the Treasury Joint Audit Management Enterprise System (JAMES).