



*Inefficiencies in Processing Operations
Assistance Requests Caused Taxpayers
Unnecessary Delays*

May 18, 2007

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Phone Number | 202-927-7037

Email Address | Bonnie.Heald@tigta.treas.gov

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



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 18, 2007

MEMORANDUM FOR NATIONAL TAXPAYER ADVOCATE
DEPUTY COMMISSIONER FOR SERVICES AND
ENFORCEMENT
CHIEF, APPEALS

Michael R. Phillips

FROM: Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Inefficiencies in Processing Operations Assistance
Requests Caused Taxpayers Unnecessary Delays
(Audit # 200510040)

This report presents the results of our review of the Operations Assistance Request (hereafter referred to as OAR or Request) process. The overall objectives of this review were to determine whether the OAR process is efficient and whether the Taxpayer Advocate Service (TAS)¹ has an effective method to track OARs. The National Taxpayer Advocate identified the Request process as an area of concern that should be reviewed by the Treasury Inspector General for Tax Administration.

Impact on the Taxpayer

The OAR process is critical to ensure taxpayer problems are addressed correctly and timely. However, because the process is paper intensive, the Requests were not always delivered to and from other functions (Operations) using the most expeditious method, Operations sometimes rejected the Requests instead of taking the appropriate action to assist taxpayers, and the TAS did not always send Requests to the appropriate Operations liaisons, causing further delays to reroute the Requests. These delays are significant to taxpayers, many of whom had already experienced either a systemic delay trying to resolve problems with the Internal Revenue Service (IRS) or had a financial hardship that required an immediate response.

¹ The TAS is an independent organization within the Internal Revenue Service that provides assistance to taxpayers whose tax problems have not been resolved through normal channels.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Synopsis

The TAS did not always deliver Requests to Operations liaisons using the most expeditious method. We estimate approximately 39,600 (28 percent) of the 140,709 Requests closed as completed in Fiscal Year (FY) 2005 were delayed because the most expeditious method available was not used. Likewise, Operations liaisons did not return completed Requests to the TAS using the most expeditious method available. An estimated 36,300 Requests (26 percent) were not returned immediately to the TAS once the recommended actions had been completed.

The TAS uses the Taxpayer Advocate Management Information System (TAMIS) to record, control, and process taxpayer cases and to analyze core tax issues, laws, policies, and internal IRS processes. However, TAS personnel did not record milestone dates in the TAMIS properly. We estimate approximately 90,000 (64 percent) of the 140,709 Requests had at least 1 error on the OAR milestone dates recorded on the TAMIS, including case assignment and case closure dates. As a result, TAS management cannot rely on the System to accurately assess the Request process and identify trends. Fully automating the Request process would dramatically improve the reliability of OAR data on the TAMIS, as well as eliminate the inefficient process of manually sending Requests to and from the TAS.

When the TAS sends Requests to Operations liaisons, it provides a Requested Completion Date. If Operations believes the Requested Completion Date is not reasonable, the TAS is required to obtain a Negotiated Completion Date with Operations, to ensure action is taken as expeditiously and realistically as possible to resolve the taxpayers' inquiries. However, we found 42,731 (30 percent) of the 140,709 Requests that had not been completed by the Requested Completion Date either did not have a Negotiated Completion Date or the Request had been received by the TAS after the Negotiated Completion Date. These Dates should be used to facilitate communication between the TAS and Operations during the OAR process. Regular communication would ensure Requests are worked expeditiously, address any problems, and provide additional time to resolve the taxpayer's issue, if needed.

During FY 2005, Operations rejected 20,463 Requests without addressing the TAS' recommended actions. Of these, 6,472 (32 percent) were rejected because they were misrouted to the wrong Operations liaison. Generally, there was little or no information in the TAMIS history to establish why the TAS employees sent the Requests to the wrong person, such as use of an outdated liaison list. The remaining 13,991 rejected Requests were closed for a reason other than being misrouted. Further, 46 percent of the Requests rejected by Operations in FY 2005 were closed with the reason "Other," which provides no useful information to TAS management. Although the Operations Assistance Request (Form 12412) contains seven reasons why an OAR can be rejected, the Service Level Agreements signed between the National Taxpayer Advocate and Operations executives do not allow for a Request to be returned without the recommended action being addressed. It appeared that Operations employees did not always contact the TAS to discuss the reason(s) why a Request could not be processed. Consequently,



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

the TAS employee had to issue a second Request to Operations to address the taxpayer's issue, which further delays the taxpayer's case.

Recommendations

We recommended the National Taxpayer Advocate automate the OAR process by giving Operations personnel the capability to input data and return Requests electronically. Until the process is fully automated, the TAS and Operations should use the most expeditious method to deliver and return Requests. We also recommended the National Taxpayer Advocate; the Commissioners, Small Business/Self-Employed Division, Wage and Investment Division, Tax Exempt and Government Entities Division, and Large and Mid-Size Business Division; the Chief, Appeals; and the Chief, Criminal Investigation, define the Requested and Negotiated Completion Dates clearly in their respective Service Level Agreements and establish and enforce procedures requiring management to follow up on these Dates. The National Taxpayer Advocate also should require TAS employees to document their case histories when they communicate with Operations employees. In addition, the National Taxpayer Advocate should revise Form 12412 to allow Requests to be closed as completed or misrouted only if they are sent to the wrong Operations liaison. Finally, the National Taxpayer Advocate should evaluate a sample of misrouted Requests to determine the reasons they had been issued to the incorrect liaison or Operating Division.

Response

IRS management agreed with all but one of our recommendations. Although the TAS did not agree with our recommendation to automate the OAR process by allowing Operations liaisons direct access to the TAMIS, they agreed to automate the OAR process through the Desktop Integration System, which sufficiently addresses our recommendation. The TAS will revise its procedures and negotiate revisions to the Service Level Agreements with Operations regarding the method used to deliver and return OARs, along with the use of Requested and Negotiated Completion Dates. TAS management agreed case advocates should document their case histories when communication occurs with Operations, and the TAS will reinforce this need during their annual training. The TAS responded that the TAMIS alerts case advocates that action is required 1 day after the due date because advocates are permitted a 5-day grace period. We believe the grace period should be eliminated to avoid delays and move a taxpayer's case to resolution. Also, TAS management stated they are in the process of revising Form 12412; however, it is unclear if these revisions will fully address our recommendation. Finally, TAS management will evaluate a sample of misrouted OARs to determine the common causes of errors. Management's complete response to the draft report is included as Appendix VI.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Nancy Nakamura, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Table of Contents

BackgroundPage 1

Results of ReviewPage 3

 The Operations Assistance Request Process Is Inefficient, Contributes to
 Inaccurate Data, and Causes Unnecessary Delays to TaxpayersPage 3

Recommendations 1 and 2:Page 9

 The Taxpayer Advocate Service and Operations Are Not Complying
 With Completion DatesPage 9

Recommendations 3 and 4:Page 12

 The Taxpayer Advocate Service and Operations Are Not Complying
 With the Service Level Agreements When Rejecting Operations
 Assistance RequestsPage 13

Recommendations 5 and 6:Page 16

Appendices

 Appendix I – Detailed Objectives, Scope, and MethodologyPage 17

 Appendix II – Major Contributors to This ReportPage 19

 Appendix III – Report Distribution ListPage 20

 Appendix IV – Outcome MeasuresPage 21

 Appendix V – Operations Assistance Request (OAR) (Form 12412)Page 27

 Appendix VI – Management’s Response to the Draft ReportPage 30



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Abbreviations

FY	Fiscal Year
IRS	Internal Revenue Service
OAR; Request	Operations Assistance Request
TAMIS	Taxpayer Advocate Management Information System
TAS	Taxpayer Advocate Service



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Background

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS) that provides assistance to taxpayers whose tax problems have not been resolved through normal IRS channels. TAS employees are authorized to perform some case-related activities to resolve taxpayer problems; however, they are restricted from taking certain actions on taxpayer accounts that exceed their delegated and statutory authorities.¹ Consequently, the TAS must rely on assistance from employees assigned to other IRS functions. To request assistance from an operating or functional unit (Operations), the TAS issues an Operations Assistance Request (Form 12412) specifying the actions needed to help resolve the taxpayer's problem.

The TAS and Operations have designated certain employees as liaisons who control and monitor the Operations Assistance Request (hereafter referred to as OAR or Request) process. The TAS sends Requests to the appropriate Operations liaison on a paper Form 12412. Both the TAS and Operations liaisons monitor the processing of Requests on the TAS database, the Taxpayer Advocate Management Information System (TAMIS).² Although Operations employees cannot input information directly into the TAMIS, Operations liaisons can view information for specific Requests using an electronic web portal. TAS employees can query and update Requests for case activity, and TAS and Operations employees can produce summarized reports for internal and external uses.

The TAS and each operating unit formalized the OAR process with a Service Level Agreement (Agreement). The Agreements outline required time periods, guidance for negotiating completion dates, procedures for elevating disagreements, a requirement of assigning liaisons, and establishment of quarterly meetings.

The OAR process is critical to ensure taxpayer problems are addressed correctly and timely. During Fiscal Year (FY) 2005, the TAS closed 161,172 Requests related to 109,400 TAS cases, based on a November 17, 2005, extract of the TAMIS. Because some taxpayer cases may involve more than one issue or more than one action, the TAS may need to issue more than one Request to resolve a taxpayer's case. In addition, the TAS may have to issue a replacement Request for a taxpayer if Operations rejects the initial one.

¹ Delegation Order No. 267, January 17, 2001, and Internal Revenue Code Sections 7803 and 7811 (2007).

² The TAMIS is dedicated exclusively to recording, controlling, and processing taxpayer cases and is used by the TAS in the analysis of core tax issues, laws, policies, and internal IRS processes.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Prior to passage of the IRS Restructuring and Reform Act of 1998,³ the Problem Resolution Program assisted the taxpayers. Although IRS employees performed case work for the Problem Resolution Office, they reported to different operating units authorized to perform specific case-related activities.⁴ After enactment of the IRS Restructuring and Reform Act of 1998, the TAS replaced the Problem Resolution Program and became an independent function within the IRS. TAS employees report to the National Taxpayer Advocate, not the operating units.

This review was performed at the IRS National Headquarters in Washington, D.C., and the Treasury Inspector General for Tax Administration Field Office in Denver, Colorado, with discussions and information provided by the TAS, Small Business/Self-Employed Division, Tax Exempt and Government Entities Division, Wage and Investment Division, Criminal Investigation function, and Office of Appeals during the period December 2005 through September 2006. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

³ Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

⁴ Operating units include employees from collection, examination, customer service, and tax return processing who report to divisions or functions that include the Large and Mid-Size Business Division, Small Business/Self-Employed Division, Tax Exempt and Government Entities Division, Wage and Investment Division, Office of Appeals, and Criminal Investigation function.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Results of Review

***The Operations Assistance Request Process Is Inefficient,
Contributes to Inaccurate Data, and Causes Unnecessary Delays to
Taxpayers***

During FY 2005, the TAS closed 161,172 OARs related to 109,400 TAS cases. Of these, 140,709 (87 percent) were completed, while 20,463 (13 percent) were rejected by Operations for various reasons. It took an average of 22 days to close the 140,709 completed Requests. However, we identified inefficiencies in the Request process that led to processing delays and contributed to inaccurate data in the TAMIS. Many taxpayers who request assistance from the TAS have already experienced either a systemic delay trying to resolve problems with the IRS or have a financial hardship that requires an immediate response. Given the substantial volume of Requests, it is important that both the TAS and Operations process them effectively and efficiently, to provide relief to burdened taxpayers as quickly as possible.

The TAS did not always deliver Requests to Operations liaisons using the most expeditious method. We estimate approximately 39,600 (28 percent) of the 140,709 Requests were delayed because the TAS did not use the most expeditious method available. Likewise, Operations liaisons did not return completed Requests to the TAS using the most expeditious methods available. We estimate Operations did not immediately return 36,300 (26 percent) Requests to the TAS once the recommended actions had been completed.

In addition, TAS personnel did not record milestone dates properly in the TAMIS for approximately 66 percent of the Requests in our random variable sample. We estimate approximately 90,000 (64 percent) of the 140,709 Requests closed as completed in FY 2005 had at least 1 error on the OAR milestone dates recorded on the TAMIS. As a result, TAS management cannot rely on the TAMIS to accurately assess the Request process and identify trends.

Further, it did not appear the TAS and Operations were communicating to establish the dates when Requests should be completed to address taxpayers' issues, and a significant number of Requests were rejected by Operations. We believe the Request process can be improved to reduce the processing delays, errors, and rejections.

The current process for shipping OARs to and from Operations is inefficient

The TAS and Operations did not always use the most expeditious method to exchange Requests. Currently, the TAS and Operations liaisons send Requests via facsimile, hand delivery, internal mail, priority mail, and regular mail. Each of these methods has benefits and limitations



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

including cost, time, and staff resources. No single method will work for all Requests because some involve just the Request, while others involve sending original documents and/or varying quantities of supporting documents. However, because taxpayers seek the TAS' assistance in resolving a hardship, possibly one that had already involved IRS delays, we believe the TAS and Operations should use the most expeditious delivery methods to minimize further burden to taxpayers.

The Agreements do not specify how Requests should be shipped between the TAS and Operations liaisons. One agreement between the TAS and the Criminal Investigation function mentions the shipping method but states only that the Request can be sent via facsimile. In addition, written procedures in the TAS Internal Revenue Manual do not provide direction to employees for the preferred method or best practices for shipping Requests to Operations liaisons.

We selected a random variable sample of 250 completed Requests and determined 180 were sent from the TAS to Operations liaisons using the most expeditious method (fax, internal mail, hand delivery, or priority mail). However, the TAS could have sent the remaining 70 Requests (28 percent) more expeditiously, primarily by faxing them to Operations. When projected to the entire population, we estimate the TAS could have sent approximately 39,600 of the FY 2005 Requests, related to 37,600 taxpayers, to the Operations liaisons in a more expeditious manner.

Generally, Operations needs to return the Form 12412 to the TAS only after the Request is completed. Occasionally, Operations must return original documents or a large quantity of documents to the TAS. Our sample identified 60 Requests (24 percent) that could have been returned to the TAS faster if Operations had faxed them to the TAS the day the requested actions had been completed. When projected to the entire population, we estimate approximately 36,300 Requests, affecting 34,900 taxpayers, could have been returned to the TAS more expeditiously.

The TAS closed an additional 41 Requests from our sample without a completed Request or the completed Request was not in the TAS case file. TAS officials stated that if Form 12412 is not provided, TAS employees may verbally contact Operations or research the case to determine if Operations had completed the requested action. This takes additional time and may cause further delays to the taxpayer, especially if the TAS must take additional steps to resolve the taxpayer's issue after Operations completes the Request. One Operations liaison reported that Requests are not returned to the TAS because the Agreements do not require this action. The Agreements require only that the Operations employee assigned the case discuss findings and recommendations on the final disposition of the case with the appropriate TAS employee.⁵

⁵ Only the Agreement between the TAS and the Criminal Investigation function requires the completed Requests to be returned to the TAS.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Although the TAS expressed concerns related to the regular use of priority mail because of the cost, it issued internal guidance on May 24, 2006, regarding the shipping of Requests to Operations liaisons by stating in part:

For now, TAS Liaisons will use a facts and circumstance approach to determine the speed that an OAR and its documentation needs to be transmitted based on the taxpayer's burden to be relieved. We find that most often, faxes are the way to go, they're expeditious and you get a confirmation receipt. If a taxpayer's situation requires the OAR receive expedite processing, TAS Liaisons can use priority mail if warranted.

The use of expeditious shipping methods to deliver Requests allows TAS employees to better track when Requests are received by Operations liaisons, provides better customer service to the taxpayer, and reinforces the priority consideration that should be given to Requests. We agree that not all Requests should be sent by priority mail, only those that require the submission of original documents or are too large to fax. Priority mail should not be the first choice, but it should be considered after the other expeditious methods, primarily faxing, have been considered.

OAR information on the TAMIS is unreliable

The TAMIS is a database dedicated to recording, controlling, and processing taxpayer cases and is used by the TAS in the analysis of core tax issues, laws, policies, and internal IRS processes. It is a critical source of data for the National Taxpayer Advocate's Annual Report to Congress, for internal feedback reporting to Operations, and for recommending changes to tax legislation and internal IRS processes. Accurate information on the TAMIS is important for both the TAS and Operations to identify trends, successes, and areas needing improvement to better serve taxpayer needs.

The TAS creates, updates, and monitors Requests on the TAMIS and has created a TAMIS web portal for IRS Operations to review this information. With the introduction of the TAMIS web portal, Operations liaisons have the capability of accessing Request information on the TAMIS; however, the access is read only. Only TAS personnel are authorized to input data directly to the TAMIS.

We considered six dates used in the Request process and recorded on the TAMIS to be milestones. In our random variable sample of 250 Requests completed during FY 2005, we identified 164 (66 percent) with 1 or more of the 6 milestone dates incorrectly input to the TAMIS. We estimate 90,000 of the 140,709 Requests on the TAMIS were unreliable for



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

controlling and monitoring of the OAR process. Figure 1 shows the number of errors for each of the six milestone dates in our sample.⁶

Figure 1: OAR Dates Not Reliable on the TAMIS

OAR Dates on the TAMIS	Random Variable Sample of 250 Completed OARs From a Population of 140,709	
	Sample Errors	Estimated Errors for Population
The TAS Sends OAR to Operating Unit	42	23,259
Operations Liaison Receives OAR	64	32,644
Operations Liaison Acknowledges OAR	50	26,904
Operations Liaison Assigns OAR	46	23,555
Operations Employee Completes OAR	64	34,136
The TAS Receives Completed OAR	85	47,419
Total	164*	90,000*

() Columns do not total because some OARs contained more than one incorrect date on the TAMIS.*

Source: Our analysis of unedited TAMIS data, TAS case information, and operating unit information for a random variable sample of 250 Requests completed during FY 2005 from a population of 140,709. See Appendix IV for details on the random variable sample estimates.

In addition, the TAMIS did not accurately track the dates throughout the OAR process. The TAMIS reported an average of 21.70 calendar days to process the 140,709 Requests completed during FY 2005. However, we estimated the average processing time for Requests completed in FY 2005 was 24.55 calendar days. Based on our sample results, we estimated the TAMIS understated the average processing time by 2.85 calendar days. Some actions were understated while others were overstated on the TAMIS. Figure 2 shows the average calendar days by component for Requests completed during FY 2005.

⁶ Appendix IV explains the combined unreliable information estimate for the different results presented in this report.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

**Figure 2: Average Calendar Days to Process
140,709 OARs Completed During FY 2005**

Components of the OAR Process	Unedited TAMIS Average Number of Calendar Days	Estimate From Random Variable Sample of 250 Completed OARs From a Population of 140,709	
		Average Calendar Days the TAMIS Is Understated/(Overstated)	Net Result for Average Number of Calendar Days
Send OAR to Operating Unit	4.95	(2.09)	*2.85
Acknowledge OAR	1.14	1.70	2.84
Assign OAR	0.62	0.00	0.62
Complete OAR Action(s)	11.85	3.06	14.91
Return OAR to the TAS	3.14	.18	3.32
Total Process	21.70	2.85	*24.55⁷

(*) Net result for rows do not total due to calculation rounding.

Source: Our analysis of unedited TAMIS data, TAS case information, and operating unit information for a random variable sample of 250 Requests completed during FY 2005 from a population of 140,709.

The TAS does not always send the Request to Operations on the same date it records as the “sent date” on the TAMIS. This date is critical to the OAR process because time starts when the TAS sends a Request to Operations and ends when the TAS receives the completed Request from Operations. We also found several incorrect dates recorded on the TAMIS, including the liaison received date, acknowledged date, date assigned, and date assistance actions were completed. These errors occurred because Operations liaisons did not provide information consistently to the TAS employees using Document Transmittals (Form 3210) and Forms 12412. Sometimes these documents were not returned or not associated with the TAS case file, and occasionally, documentation was incomplete. Most of the Agreements between the TAS and Operations do not require Operations to return the completed Form 12412 to the TAS. However, these Agreements require Operations personnel assigned the Request to communicate the resolution to the TAS employee.

The TAS also tracks the date a completed Request is received. We determined this date is not always accurate on the TAMIS. In 13 instances, the TAS date-stamped the completed Request with the date it was received but documented the TAMIS with a different date. An additional 22 Requests were faxed by Operations to the TAS, but the TAS did not record the faxed date on the TAMIS. TAS personnel told us the dates recorded in the TAMIS depended on the time of day the Request was faxed, as well as the time zones of the TAS and Operations employees. We believe the date Operations faxed the Request to the TAS should be considered the date on which the completed Request was received.

⁷ Our estimate is based on a 90 percent confidence level and a precision level of ± 2.32 days.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

We also identified 43 situations in which the TAS closed Requests prematurely and documented the wrong date on the TAMIS, although Operations had not yet completed the recommended actions. This occurred when Operations returned the Form 12412 to the TAS with an update or status of the Request; however, TAS employees mistakenly viewed this action as receipt of a completed Request. Consequently, the Request processing time was understated when the TAS closed the Request before Operations had completed all of the necessary actions on a taxpayer's account. Because of these inaccuracies, the TAMIS provides management with misleading information that indicates faster processing times than taxpayers are actually experiencing. In addition, management does not have the information necessary to identify problems and implement actions to reduce taxpayers' delays.

The OAR process should be fully automated

The OAR process begins when the TAS liaison issues a Request to an Operations liaison using a hardcopy Form 12412 along with Form 3210. The Operations liaison returns the Form 3210 to the TAS with the date on which the Request was received and identifies the Operations employee assigned to the Request. Once the Operations employee completes the necessary actions on a taxpayer's account, the Operations liaison returns the completed Form 12412 to the TAS liaison, with the closed date and a description of the actions taken. The TAS is required to update the TAMIS once this information is received.

Since Operations liaisons have "read-only" access to Request information through the TAMIS web portal, they cannot directly update the Requests on the TAMIS. TAS employees must manually document all dates and actions on the TAMIS. One Operations liaison told us the TAMIS web portal is not useful because the TAS does not update it timely and it cannot be used to track and manage the inventory of Requests. As a result, many Operations liaisons either do not obtain access to the TAMIS web portal or do not use it regularly. In many instances, Operations liaisons developed their own spreadsheets to manage their inventory of Requests.

Fully automating the OAR process would dramatically improve the reliability of data on the TAMIS as well as the inefficient process of sending and returning Requests to and from the TAS. A fully automated system would allow Operations liaisons the capability to update the System directly, which would virtually eliminate the unreliable data we identified on the TAMIS. By sending and receiving Requests electronically, the System would accurately record milestone dates in the OAR process. A fully automated System also would document the date Requests are read (acknowledged received) by the Operations liaisons, similar to how email can be used to determine when messages are received and read. In addition, if Operations liaisons are given the ability to input data to the TAMIS, they can instantly update a Request with the individual assigned to address the recommended actions as well as the actions taken. Further, the System would automatically input the dates those actions occurred. Therefore, a fully automated TAMIS would substantially reduce human errors, timing differences, and insufficient documentation provided by Operations that cause Request data to be unreliable.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Although the TAS and Operations can improve the efficiency of the OAR process by delivering and returning Requests using the most expeditious method available (fax, hand delivery, internal mail, and priority mail), automation will make the process even more efficient and reliable and will significantly reduce or eliminate the time needed to deliver Requests between the TAS and Operations. This will allow the IRS to reduce the number of unnecessary delays when responding to taxpayers, many of whom have already experienced IRS delays or financial hardships.

Recommendations

Recommendation 1: The National Taxpayer Advocate should request that the TAMIS be reprogrammed to allow Operations liaisons the ability to directly input the information they are currently required to provide to the TAS in hardcopy, including the return of completed Requests. In addition, the Operations liaisons should use the TAMIS web portal for the receipt of Requests being issued by the TAS.

Management's Response: IRS management did not agree with our recommendation to automate the OAR process to allow Operations liaisons direct access to the TAMIS. The TAS stated taxpayer information is confidential, and allowing Operations liaisons access to the TAMIS would require special, complex programming. However, the TAS plans to develop an electronic OAR which Operations employees will be able to access through the new Desktop Integration System.

Office of Audit Comment: We believe the TAS' plan to develop an electronic OAR accessible through the Desktop Integration System sufficiently addresses our recommendation.

Recommendation 2: Until the OAR process is fully automated, the TAS and Operations should reinforce the use of faxing or other expeditious methods to deliver and return Requests and clarify expectations for the return of completed Forms 12412 to the TAS.

Management's Response: IRS management agreed with the recommendation and will revise their procedures and negotiate revisions to the Service Level Agreements with Operations regarding the method used to deliver and return OARs. Also, Small Business/Self-Employed Division management will reinforce the use of fax or other expeditious methods to deliver/return Form 12412 requests and clarify expectations.

The Taxpayer Advocate Service and Operations Are Not Complying With Completion Dates

When the TAS issues a Request, it specifies a date it anticipates the Request will be completed; this is called the Requested Completion Date. The Agreements require TAS personnel to contact



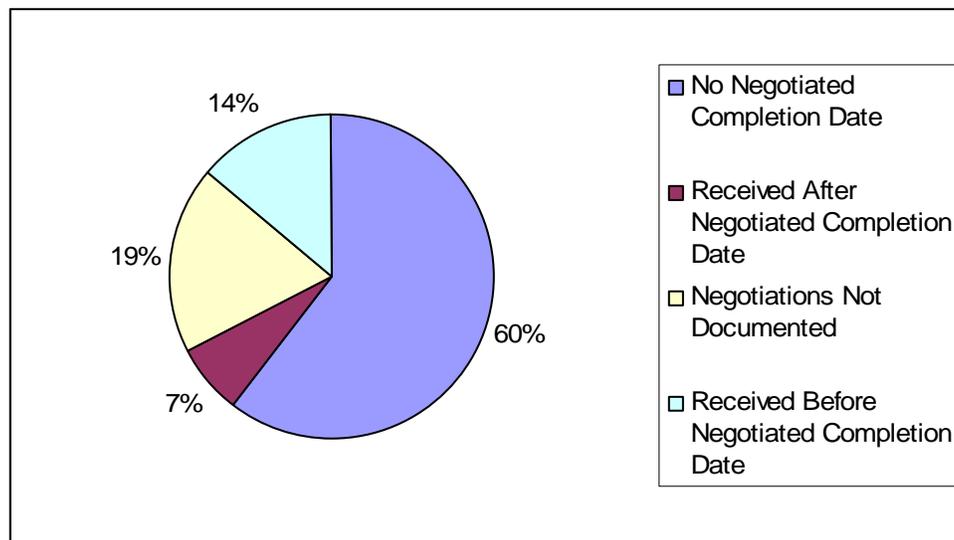
Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

the Operations employee assigned the Request to discuss the Requested Completion Date. If the TAS agrees that a Requested Completion Date is unreasonable, it is required to obtain a Negotiated Completion Date (usually later) with Operations.

Our analysis of the TAMIS showed that Operations did not address the taxpayer's issue and returned the completed Request to the TAS by the Requested Completion Date in 57,602 (41 percent) of the 140,709 Requests closed in FY 2005. It appears the TAS is not always working with Operations to negotiate when a Request will be completed. We determined 42,731 (74 percent) of the 57,602 Requests either did not document that a Negotiated Completion Date was secured or the Request was received by the TAS after the Negotiated Completion Date. These 42,731 Requests were related to 37,212 taxpayers.

From our random variable sample of 250 completed Requests, we determined 116 required a Negotiated Completion Date because the TAS received the Request either after the Requested Completion Date or after the Negotiated Completion Date had expired, per the TAMIS. Figure 3 shows the results of our analysis of these 116 Requests.

Figure 3: OARs Requiring a Negotiated Completion Date



Source: Our analysis of a sample of 250 OARs completed during FY 2005.

We determined only 14 percent of the Requests that required a Negotiated Completion Date actually had one, were received by the due date, and had documentation supporting the negotiations with Operations. The remaining 86 percent of the Requests either did not have a Negotiated Completion Date, were received after the due date, or did not have documentation that the TAS had discussed the Negotiated Completion Date with Operations. Specifically:



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

- Seventy (60 percent) of the 116 Requests did not have a Negotiated Completion Date. The majority of these were received by the TAS more than 5 workdays after the Requested Completion Date.
- Eight (7 percent) of the 116 Requests were received after the Negotiated Completion Date and no revised Negotiated Completion Date was secured. The majority of these were received by the TAS more than 5 workdays after the Negotiated Completion Date.
- Twenty-two (19 percent) of the 116 Requests were received before the Negotiated Completion Date, but the TAS did not document that any negotiations between the TAS and Operations had taken place. The Internal Revenue Manual requires, “The case advocate must document [the] TAMIS throughout the OAR process. For those items that cannot be recorded, or updated, on the two OAR Screens, the case advocate will use the appropriate TAMIS screens.” This process provides evidence that the Negotiated Completion Date recorded in the TAMIS was agreed to with Operations. However, TAS personnel told us they do not believe it is necessary for case advocates to document these communications in the TAMIS.
- Sixteen (14 percent) of the 116 Requests were received timely (prior to the expiration of the Negotiated Completion Date) and negotiations between the TAS and Operations were documented.

The TAS did not agree with some of the Requests we identified as untimely because they were received within 5 workdays of the due dates. The TAS Internal Revenue Manual requires that subsequent actions be taken within 5 workdays from a “follow-up date” notated on the TAMIS. We believe a Requested Completion Date or Negotiated Completion Date is not a “follow-up date” but rather a date when the TAS expects the Request to be completed and received. Further, the National Taxpayer Advocate disagreed with a previous Treasury Inspector General for Tax Administration recommendation to eliminate the 5-workday grace period allowed on follow-up dates.⁸ We continue to believe this provision of the Internal Revenue Manual is not prudent because it does not emphasize the urgency needed to resolve taxpayer issues.

One Operations employee explained he or she does not arrange for Negotiated Completion Dates with the TAS. Others stated a Negotiated Completion Date was not applicable because they completed the recommended action on the Request prior to the Requested Completion Date. Although Operations may have completed the recommended action prior to the Requested Completion Date, for the exceptions we identified Operations did not communicate the resolution with the TAS employee prior to that date. These dates should be used to facilitate communication between the TAS and Operations during the OAR process. Regular

⁸ *The Taxpayer Advocate Service Needs to Improve Case Management to Ensure Taxpayer Problems Are Resolved Timely* (Reference Number 2004-10-166, dated September 2004).



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

communication would ensure Requests are worked expeditiously, address any problems, and provide additional time to resolve the taxpayer's issue, if needed.

The purpose of a Negotiated Completion Date is to set a viable date because the Requested or previous Negotiated Completion Date cannot be met. TAS employees should document their case histories to support why a Requested Completion Date or Negotiated Completion Date was not met, how much more time is necessary, and the actions remaining. Without this information, the TAS may not identify OAR processing issues or delays with Operations that would allow the TAS to take corrective actions to better serve taxpayer needs.

Recommendations

Recommendation 3: The National Taxpayer Advocate; the Commissioners, Small Business/Self-Employed Division, Wage and Investment Division, Tax Exempt and Government Entities Division, and Large and Mid-Size Business Division; the Chief, Appeals; and the Chief, Criminal Investigation, should define clearly the Requested and Negotiated Completion Dates.

Management's Response: IRS management agreed with the recommendation and will revise their procedures and negotiate revisions to the Service Level Agreements with Operations regarding the use of Requested and Negotiated Completion Dates. Also, Small Business/Self-Employed Division management will publish an article in their Technical Digest to reinforce the need to communicate with the TAS on setting agreed-upon completion dates and the need to close cases within the agreed-upon timeframes.

Recommendation 4: The National Taxpayer Advocate should require TAS personnel to document their case histories when communication between the TAS and Operations occurs, including instances when a Negotiated Completion Date is discussed. Also, the TAS should revise and enforce procedures requiring follow-up to Requested and Negotiated Completion Dates prior to their expiration. This would include reprogramming the TAMIS so the systemic follow-up occurs on or before the Requested and/or Negotiated Completion Date.

Management's Response: IRS management agreed that case advocates should document their case histories when communication occurs between the TAS and Operations. The TAS will reinforce the need for better documentation as part of the annual training for case advocates. When a Requested Completion Date or Negotiated Completion Date is input on an OAR screen, the TAMIS automatically establishes a follow-up date 1 day after the newly established date. The National Taxpayer Advocate stated that case advocates face extreme difficulty in meeting timeliness goals in the face of rapidly increasing caseloads and decreasing staff. Generally, case advocates are given a 5-day grace period to follow-up on an action item. This grace period is necessary because unlike other IRS units, the TAS cannot simply shelve cases when inventories



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

become too big. However, the TAS is considering revising its policy of permitting the 5-day grace period because of the role that OARs play in moving cases along.

Office of Audit Comment: We believe case advocates should take action by the Requested Completion Date or the Negotiated Completion date to avoid delays and move the taxpayer's case to resolution. We believe the National Taxpayer Advocate should follow through with its reconsideration of the policy, and eliminate the 5-day grace period allowed on follow-up dates because this grace period undermines the importance of meeting follow-up dates and the sense of urgency inherent to the TAS. We understand that case advocates may not always meet the follow-up dates and in those instances they should document the cases with an explanation.

The Taxpayer Advocate Service and Operations Are Not Complying With the Service Level Agreements When Rejecting Operations Assistance Requests

A rejected Request occurs when Operations returns it to the TAS without addressing the recommended action. However, the Agreements do not allow Requests to be returned to the TAS as rejects but instead require that Operations contact the Local Taxpayer Advocate or the TAS liaison. This includes Requests that are sent to the wrong Operations liaison (misrouted) for all but one of the Agreements. A misrouted Request cannot be completed because the Operations liaison does not have the authority and/or expertise and the Request needs to be handled by another office. Although the Agreements do not allow for Requests to be rejected, with the exception of one Agreement, the Form 12412 includes the following options to reject a Request:

- The operating unit disagrees with TAS' recommended actions.
- The TAS has the authority to complete the requested action(s).
- Routed to the wrong OAR operations liaison (misrouted).
- The Form 12412 is incomplete.
- The action requested by the TAS is unclear.
- Supporting documentation was not attached.
- Other.

If a Request is rejected, the TAS generally must prepare a new one and repeat the process. This delays the resolution of the taxpayer's issue(s), potentially causing burden to the taxpayer by extending the time to respond to his or her needs. During FY 2005, 20,463 (13 percent) of the 161,172 closed Requests were closed on the TAMIS as rejects. Figure 4 presents the reasons why Requests were rejected in FY 2005.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Figure 4: OARs Rejected During FY 2005

Reason OARs Were Rejected	Number of OARs	Percentage of Total
Other	9,466	46.3%
Routed to the wrong OAR operations liaison (misrouted)	6,472	31.6%
The operating unit disagrees with TAS' recommended actions	1,997	9.8%
Supporting documentation was not attached	1,069	5.2%
OARs closed with multiple reasons ⁹	920	4.5%
The TAS has the authority to complete the requested action(s)	322	1.6%
The Form 12412 is incomplete	174	.8%
The action requested by the TAS is unclear	43	.2%
Total OARs Rejected	20,463	100%

Source: TAMIS data for Requests rejected during FY 2005.

We selected a random variable sample of 100 Requests rejected by Operations during FY 2005 to determine the reason they could not be processed. Based on our analysis, we believe rejected Requests may be significantly reduced with better communication between the TAS and Operations. In addition, the majority of misrouted Requests occurred because the TAS mistakenly sent them to the wrong Operations liaison. Most of the misrouted Requests can be eliminated if the TAS uses the tools it already has available. This would allow the IRS to further reduce the number of unnecessary delays passed on to the taxpayers. The TAS independently reviewed the cases in our sample and concluded a significant number of misrouted Requests could have been avoided with Internal Revenue Manual, web, or Integrated Data Retrieval System research.¹⁰

The OAR recommended action should be addressed by Operations unless the Request was misrouted

During FY 2005, 13,991 (68 percent) of the 20,463 rejected Requests were closed for reasons other than being misrouted. These 13,991 Requests involved a total of 11,763 taxpayers.¹¹ Further, 46 percent of the Requests rejected by Operations in FY 2005 were closed with the reason "Other," which provides no useful information to TAS management. When Operations returns a Request to the TAS without addressing the recommended action, it wastes IRS

⁹ A rejected Request can be closed on the TAMIS with more than one of the reject reasons listed.

¹⁰ TAS monthly analyst conference call minutes dated March 16, 2006. The Integrated Data Retrieval System is the IRS computer system capable of retrieving or updating stored information; it works in conjunction with a taxpayer's account records.

¹¹ A TAS taxpayer may require more than one Request to resolve his or her account.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

resources, causes delays in resolving the taxpayer's issue, and is in violation of the Agreement. As stated earlier, the Agreements require Operations to contact the TAS when a Request involves one of the reject reasons instead of returning the Request unworked.

It appeared that Operations employees did not always contact the TAS to discuss the reasons a Request could not be processed. Consequently, the TAS employee has to issue a second Request to Operations to address the taxpayer's issue. With improved communication between the TAS and Operations, there would be fewer rejected Requests. It appeared that many of the reasons for rejecting Requests could have been resolved over the telephone. For example, Operations could verbally request that the TAS send missing documentation, clarify requests, or provide missing information. In addition, even if the TAS has the authority to complete the requested actions, we believe Operations should still process the Request so the taxpayer is not further burdened because of an IRS procedural error. Operations can work internally to address this issue with the TAS during their mandatory quarterly meetings.

The TAS did not send the majority of the misrouted OARs to the proper liaison

In our sample of 100 Requests rejected by Operations, 35 (35 percent) of 100 were misrouted, per the TAMIS. Further, 27 (77 percent) of the 35 misrouted Requests occurred because the TAS employee sent the Request to the wrong Operations liaison. We estimate 5,800 of the 20,463 Requests rejected (affecting approximately 5,000 taxpayers) were misrouted by TAS employees even though they had the necessary tools to determine where the Requests should have been sent. The results of our sample are consistent with a recent study by the Wage and Investment Division that recommended TAS employees be informed of the resources available and use those resources to determine where Requests should be routed. While it is possible misroutes could occur because of insufficient resources or inadequate guidance provided by Operations (such as the current list of liaisons), we did not identify any Requests that were misrouted for these reasons.

Several factors contributed to TAS employees misrouting Requests. TAS employees who issue Requests must identify the appropriate liaison, which can be a complicated process. TAS employees must consider the taxpayer's issue, if the taxpayer's account is currently assigned to an Operations employee, and the taxpayer's location. To facilitate the proper assignment of Requests to the correct liaison, the TAS provides several tools to its employees on its web site including a link to the Campus Locator Guide, which shows what issues are worked at which campuses.¹² The TAS web site also contains an OAR routing guide that is issue specific and provides an explanation of the Request requirements and/or special instructions for each of the applicable campuses. In addition, the current Agreements for each of the six operating divisions and their addendums (as provided by Operations) provide the liaison lists.

¹² Campuses 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.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Although there appears to be adequate guidance available to TAS employees on the TAS web site, we were unable to ascertain why the majority of TAS-caused misroutes occurred. TAS management believes Operations does not always provide them with an updated list of liaisons that are responsible for processing the Requests. We could neither confirm nor refute the TAS' claim that Operations failed to provide them with timely and updated information. Generally, there was little or no information in the TAMIS history to establish why the TAS employees sent the Requests to the wrong person, such as an outdated liaison list. Because the OAR process is paper driven, misrouted Requests cause delays to the taxpayer.

Recommendations

Recommendation 5: The National Taxpayer Advocate should revise Form 12412 to allow Requests to be closed as completed or as misrouted only if they had been sent to the wrong Operations liaison.

Management's Response: IRS management agreed with the recommendation that the Form 12412 should be revised and will revise the Form with two sections to indicate actions taken on the OAR, "Action Taken" and "Returned with No Action Taken."

Office of Audit Comment: Although IRS management has committed to revising the Form 12412, it is unclear whether the revisions will completely address our recommendation. By allowing Operations liaisons to return an OAR to the TAS with no action taken, the resolution of taxpayer cases may continue to be delayed. If the instructions for completing the "Action Taken" section clarify that it is not acceptable to return the OAR without taking the requested action unless the OAR was misrouted to the wrong liaison, this would sufficiently address our recommendation.

Recommendation 6: The National Taxpayer Advocate should evaluate a sample of misrouted Requests to determine the reasons the Requests were issued to the incorrect liaison or operating division. TAS management should then take appropriate action to reduce the number of misrouted Requests in the future.

Management's Response: IRS management agreed with the recommendation and stated they are currently in the process of evaluating a sample of misrouted OARs. Also, they are developing an intranet tool to assist TAS employees with determining where an OAR should be sent.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix I

Detailed Objectives, Scope, and Methodology

The overall objectives of this review were to determine whether the OAR process is efficient and whether the TAS has an effective method to track OARs. The scope of our review included Requests that were closed on the TAMIS in FY 2005. To achieve the objectives, we:

- I. Determined whether TAS or Operations personnel were causing delays when processing Requests.
 - A. Obtained an extract of Requests closed in FY 2005 from the TAMIS. We validated the reliability of the computer extract by comparing population totals to information obtained from TAS officials and reviewed selected fields for accuracy.
 - B. Selected a random variable sample of 250 Requests closed as completed and secured applicable Request documents.
 - C. Reviewed the sampled Requests to determine whether Agreement requirements were being met.
 - D. Evaluated the management controls over the OAR process by reviewing the TAMIS web portal and audit trail for FY 2005.
- II. Determined whether the TAS and Operations were using the Negotiated Completion Date when processing Requests.
- III. Determined why a substantial number of Requests are being rejected.
 - A. From the extract of Requests closed in FY 2005 from the TAMIS, selected a random variable sample of 100 Requests closed as rejects.
 - B. Reviewed the sampled Requests to determine whether there were opportunities to decrease the number being rejected.
- IV. Determined whether Request information on the TAMIS is reliable by using the 250 sampled Requests that were closed on the TAMIS as completed.
 - A. Compared the Request data input to the TAMIS against information provided by Operations and TAS case files.
 - B. Evaluated management controls over the OAR process by reviewing the accuracy of six milestone dates in the process.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Sampling Plan

We consulted with a statistician to design our sampling methodology and to ensure our results were projected accurately. We selected a random variable sample of 250 Requests closed in FY 2005 (from the TAMIS database) by using a standard deviation for each stratum based on the number of estimated days delayed. A random variable sample was selected to allow us the opportunity to project time, if applicable. The following table shows the sampling methodology.

Sampling Methodology

STRATA	TOTAL DAYS OPEN	# OF REQUESTS	ESTIMATED STANDARD DEVIATION	# OF REQUESTS × STANDARD DEVIATION	SAMPLE SIZE
STRATUM 1	30 OR FEWER	113,374	7.5	850,305	161
STRATUM 2	31 TO 60	18,891	13.0	245,583	46
STRATUM 3	61 TO 90	4,685	22.5	105,413	20
STRATUM 4	91 TO 180	2,870	27.0	77,490	15
STRATUM 5	181 AND ABOVE	889	50.0	44,450	8
TOTALS		140,709		1,323,241	250

We took a second random variable sample of Requests from the rejected/returned population of Requests closed in FY 2005 (from the TAMIS database) using the following parameters: a confidence level of 90 percent, an expected error rate of 10 percent, and a sampling precision of ± 5 percent. Based on these parameters, our sample size was 100 rejected/returned Requests. A random variable sample was selected to allow us the opportunity to project time, if applicable. The following table shows the sampling methodology.

Sampling Methodology for Rejected Requests

STRATA	TOTAL DAYS OPEN	# OF REEQUESTS	ESTIMATED STANDARD DEVIATION	# OF REQUESTS × STANDARD DEVIATION	SAMPLE SIZE
STRATUM 1	21 OR FEWER	16,238	7.5	121,785	62
STRATUM 2	22 TO 45	3,076	13.0	39,988	20
STRATUM 3	46 AND ABOVE	1,149	30.0	34,470	18
TOTALS		20,463		196,243	100



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix II

Major Contributors to This Report

Nancy A. Nakamura, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs)
Daniel R. Devlin, Assistant Inspector General for Audit (Small Business and Corporate Programs)
Michael E. McKenney, Assistant Inspector General for Audit (Wage and Investment Income Programs)
Carl L. Aley, Director
Janice M. Pryor, Audit Manager
Joseph P. Smith, Lead Auditor
Aaron R. Foote, Senior Auditor
Stephanie K. Foster, Senior Auditor
Mary F. Herberger, Senior Auditor
Daniel M. Quinn, Senior Auditor
David P. Robben, Senior Auditor



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Commissioner, Large and Mid-Size Business Division SE:LM
Commissioner, Small Business/Self-Employed Division SE:S
Commissioner, Tax Exempt and Government Entities Division SE:T
Commissioner, Wage and Investment Division S:W
Chief, Criminal Investigations SE:CI
Chief Counsel CC
Deputy 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:
 Commissioner, Large and Mid-Size Business Division SE:LM:CL
 Commissioner, Small Business/Self-Employed Division SE:COM
 Commissioner, Tax Exempt and Government Entities Division SE:T:CL
 Commissioner, Wage and Investment Division SE:W:S:W
 National Taxpayer Advocate TA
 Chief, Appeals AP:TP:SS
 Chief, Criminal Investigation SE:CI:S:PS



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix IV

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 90,000 TAS-closed OARs due to inaccurate data input to the TAMIS (see page 3).

Methodology Used to Measure the Reported Benefit:

The TAS closed a total of 140,709 Requests as completed in FY 2005. We selected a random variable sample of 250 Requests closed in FY 2005. One or more of the 6 milestone dates reviewed were incorrectly documented on the TAMIS in 164 of the 250 Requests sampled. Based on the sample, we estimate there were a total of 90,000 Requests with unreliable data on the TAMIS (our estimate is based on a 90 percent confidence level and a precision level of ± 5.33 percent). See Figure 1 in the report for the number of errors identified in our sample and the projected number of errors over the population for the six milestone dates. Our statistician confirmed the computed weighted averages used for each milestone date delayed to determine the number of Requests affected.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; the resolutions of 37,600 taxpayer accounts were affected during FY 2005 (see page 3).

Methodology Used to Measure the Reported Benefit:

The TAS closed a total of 140,709 Requests as completed in FY 2005. From our random variable sample of 250 Requests closed in FY 2005, we found that 70 could have been sent by the TAS and received by Operations liaisons faster. We estimate 39,600 (28 percent) Requests were delayed because of the delivery method used by the TAS when delivering the Requests to the Operations liaisons (based on a 90 percent confidence level and a precision level of ± 4.97 percent). Because some taxpayers required more than 1 Request to resolve their accounts (the 140,709 Requests were associated with 102,604 taxpayers), we further estimate the 39,600 delayed Requests potentially adversely affected approximately 37,600 taxpayers. See Appendix I for our overall sampling methodology. Using a binomial probability distribution,



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Table 1 provides the computations of taxpayers affected by how Requests were delivered to Operations.

**Table 1: Detailed Computation of Taxpayers Affected by
the Method Through Which OARs Were Sent to
Operations During FY 2005**

Number of OARs Issued per Taxpayer	Count of Taxpayers With X Number of OARs	Estimated Number of Taxpayers Affected by the OAR Delivery Method *
1 OAR	71,216	20,026
2 OARs	19,874	9,606
3 OARs	6,722	4,226
4 OARs	2,698	1,978
5 OARs	1,041	841
6 OARs	526	453
7 OARs	257	232
8 OARs	119	111
9 OARs	53	50
10 OARs	39	38
11 OARs	26	25
12 OARs	14	14
13 OARs	7	7
14 OARs	4	4
15 OARs	5	5
16 OARs	1	1
17 OARs	1	1
26 OARs	1	1
Total Taxpayers	102,604	37,619

*Source: TAMIS data for Requests completed during FY 2005. *Based on a binomial probability distribution formula as follows: Number of taxpayers multiplied by the sum of 1 minus the inverse of the error rate to the power of the number of Requests associated with those taxpayers.*



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; the resolutions of 34,900 taxpayer accounts were affected during FY 2005 (see page 3).

Methodology Used to Measure the Reported Benefit:

The TAS closed a total of 140,709 Requests as completed in FY 2005. From our random variable sample of 250 Requests closed in FY 2005, we found that 60 could have been returned to the TAS more expeditiously and timely. We estimate 36,300 (26 percent) Requests were delayed because of the delivery method used by Operations when returning completed Requests to the TAS (based on a 90 percent confidence level and a precision level of ± 4.88 percent). Because some taxpayers required more than 1 Request to resolve their accounts (the 140,709 Requests were associated with 102,604 taxpayers), we further estimate the 36,300 delayed Requests potentially adversely affected approximately 34,900 taxpayers. See Appendix I for our overall sampling methodology. Using a binomial probability distribution, Table 2 provides the computations of taxpayers affected due to the delivery method used by Operations or because the delivery was not timely.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Table 2: Detailed Computation of Taxpayers Affected by the Method Through Which OARs Were Returned to the TAS During FY 2005

Number of OARs Issued per Taxpayer	Count of Taxpayers With X Number of OARs	Estimated Number of Taxpayers Affected by the OAR Return Delivery Method*
1 OAR	71,216	18,388
2 OARs	19,874	8,938
3 OARs	6,722	3,978
4 OARs	2,698	1,881
5 OARs	1,041	807
6 OARs	526	438
7 OARs	257	225
8 OARs	119	108
9 OARs	53	49
10 OARs	39	37
11 OARs	26	25
12 OARs	14	14
13 OARs	7	7
14 OARs	4	4
15 OARs	5	5
16 OARs	1	1
17 OARs	1	1
26 OARs	1	1
Total Taxpayers	102,604	34,907

*Source: TAMIS data for Requests completed during FY 2005. *Based on a binomial probability distribution formula as follows: Number of taxpayers multiplied by the sum of 1 minus the inverse of the error rate to the power of the number of Requests associated with those taxpayers.*

Type and Value of Outcome Measure:

- Reliability of Information – Potential; the resolutions of 37,212 taxpayer accounts were affected during FY 2005 (see page 9).

Methodology Used to Measure the Reported Benefit:

The TAS closed a total of 140,709 Requests as completed in FY 2005. These 140,709 Requests were associated with 102,604 taxpayers (a TAS taxpayer may require more than 1 Request to resolve his or her account). Based on the TAMIS, 57,602 of the 140,709 Requests were not



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

returned to the TAS by the Requested Completion Date. Further analysis of these Requests showed that 42,731 potentially affected 37,212 taxpayers because a Negotiated Completion Date was not documented or the Request was returned to the TAS after a Negotiated Completion Date.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; the resolutions of 11,763 taxpayer accounts were affected during FY 2005 (see page 13).

Methodology Used to Measure the Reported Benefit:

The TAS closed 20,463 Requests because they were rejected by Operations in FY 2005. Based on the TAMIS, 13,991 of these Requests were rejected for a reason other than being misrouted. These 20,463 Requests were associated with 15,965 taxpayers (a TAS taxpayer may require more than 1 Request to resolve his or her account). Further, the 13,991 Requests were associated with 11,763 taxpayers and potentially adversely affected those taxpayers because the recommended actions on the Requests were not addressed by Operations.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; the resolutions of approximately 5,000 taxpayer accounts were affected during FY 2005 (see page 13).

Methodology Used to Measure the Reported Benefit:

The TAS closed 20,463 Requests as rejects in FY 2005. We selected a random variable sample of 100 Requests from those rejected in FY 2005. Thirty-five of the 100 sampled Requests were rejected because they were misrouted to the wrong Operations liaisons. Twenty-seven of the 35 were caused by TAS employees; we estimate 5,846 misrouted Requests were caused by TAS employees (based on a 90 percent confidence level and a precision level of ± 8.07 percent). Based on the TAMIS, 6,472 of the 20,463 rejected Requests, affecting 5,454 taxpayers, were closed because they were misrouted. We estimate the error rate of misrouted Requests caused by the TAS in FY 2005 was 90.3 percent (5,846/6,472). We further estimate the 5,846 misrouted Requests caused by the TAS potentially adversely affected approximately 5,000 taxpayers. See Appendix I for our overall sampling methodology. Using a binomial probability distribution, Table 3 provides the computations of taxpayers affected because their misrouted Requests were caused by the TAS.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

**Table 3: Detailed Computation of Taxpayers Affected by
OARs Being Misrouted During FY 2005**

Number of OARs Issued per Taxpayer	Count of Taxpayers With X Number of OARs	Estimated Number of Taxpayers Affected by OARs Being Misrouted*
1 OAR	4,642	4,192
2 OARs	661	655
3 OARs	116	116
4 OARs	23	23
5 OARs	8	8
6 OARs	3	3
8 OARs	1	1
Total Taxpayers	5,454	4,998

*Source: TAMIS data for Requests closed as being misrouted only during FY 2005. *Based on a binomial probability distribution formula as follows: Number of taxpayers multiplied by the sum of 1 minus the inverse of the error rate to the power of the number of Requests associated with those taxpayers.*



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix V

Operations Assistance Request (OAR) (Form 12412)

Operations Assistance Request (OAR)			
Section I - Taxpayer Information (Completed by Taxpayer Advocate Service (TAS))			
1. Taxpayer(s) Name	2. TIN	3. TAMIS Case File No.	4. Criteria Code
5. MFT(s)/Tax Period(s)	6. OAR Issue		7. Date Created
Section II - Originating TAS Office Information (Completed by TAS)			
1. Employee's Name	2. Phone No.	3. Fax No.	4. Office Hours
5. Manager's Name		6. Manager's Phone Number	
7. TAS Group Mailing Address		8. TAS Office (Org Code and Location)	
9. Name of TAS Liaison		10. Phone No.	11. Fax No.
Section III - Responsible Operating Division/Functional Unit (OD/Func) Information (Completed by TAS)			
1. BOD	2. Organizational Unit	3. Area	4. Location
5. Unit			
6. Name of OD/Functional Liaison		7. Phone No.	8. Fax No.
		9. Date OAR Sent to OD/Func. Liaison	
Section IV - Specific Assistance Requested (Completed by TAS)			
1. Description of Recommended Actions			
2. Supporting Documents (Indicate "None" if there is no supporting documentation.)			
3. Requested Completion Date		4. Negotiated Completion Date	



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

1. Taxpayer(s) Name	2. TIN	3. TAMIS Case File No.	4. Criteria Code
5. MFT(s)/Tax Period(s)	6. OAR Issue		7. Date Created

Section V - OD/Func Acknowledgement and Assignment (Completed by Operating Division/Functional Unit)

1. Liaison Received Date	2. Liaison Acknowledge Date	3. Date Assigned	4. Relief Determination Date
5. OD/Functional Employee's Name		6. Phone Number	7. Fax Number
8. OD/Functional Group Mailing Address			
9. Manager's Name			10. Phone Number

Section VI - OD/Func Action Taken (Completed by Operating Division/Functional Unit)

1a. Assistance Action Completed (<i>Indicate all actions taken</i>)	2a. Reject/Return (<i>Check appropriate box or boxes. Explain reasons for rejection/return in Item 2b below.</i>) <input type="checkbox"/> OD/Function disagree within TAS recommended actions <input type="checkbox"/> TAS has authority to complete requested action(s) <input type="checkbox"/> OAR routed to wrong BOD/OrganizationalUnit/Area/Location/Unit <input type="checkbox"/> Action requested in Section IV (1) is not clear <input type="checkbox"/> Incomplete Form 12412 <input type="checkbox"/> Supporting documentation not attached <input type="checkbox"/> Other (<i>Explain in detail in space below</i>)
2b. Reject/Return Explanation (<i>Note: If OAR misrouted, please indicate correct routing.</i>)	
1b. Date assistance actions completed	2c. Date OAR rejected/returned to TAS

Section VII - Closing Information (Completed by TAS)

1. Date completed OAR received	2. Were all recommended actions completed? Yes <input type="checkbox"/> No <input type="checkbox"/>
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Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Instructions

This form is used to request assistance from an Operating Division or Function to resolve Taxpayer Advocate cases.

Section I - Taxpayer Information (Completed by TAS)

1. Enter taxpayer's name as it appears (or will appear) in the TAMIS case file.
2. Enter the taxpayer's Taxpayer Identification Number (TIN); Social Security Number (SSN) for an individual taxpayer or Employer Identification Number (EIN) for a business taxpayer.
3. Enter the TAMIS Case File Number of the underlying TAMIS case.
4. Enter the appropriate TAS case Criteria Code (1, 2, 3, 4, 5, 7 or 9).
5. Enter only the Master File Tax (MFT) category or categories and Tax Period(s) that relate to the OAR action(s).
6. Enter the tax issue that is the subject of the OAR.
7. Enter the date TAS prepared and completed Form 12412 (OAR).

Section II - Originating Office Information (Completed by TAS)

- 1-7. Enter name of TAS employee assigned the TAS case, his/her telephone and facsimile numbers, office hours, manager's name and telephone number and group mailing address.
8. Enter the Advocate Office Org. Code, name and location.
- 9-11. Enter the name, telephone and facsimile numbers of the TAS Liaison for the Advocate Office listed in Item 8.

Section III - Responsible Operating Division/Functional Unit (OD/Func) Information (Completed by TAS)

- 1-5. Enter Operating Division/Functional Unit entity information: BOD, Organizational Unit, Area, Location and Unit Codes.
- 6-8. Enter the name, telephone and facsimile numbers of the Operating Division/Functional Unit Liaison.
9. Enter the date TAS Liaison forwarded Form 12412 and Form 3210 (Document Transmittal) to the OD/Func Liaison.

Section IV - Specific Assistance Requested (Completed by TAS)

1. Provide a detailed narrative explanation and justification of all actions requested of the Operating Division/Functional Unit. Indicate how any attached taxpayer-provided or other documentation supports the carrying out of TAS recommended actions. If the request involves, for example, an account adjustment, specify the type and nature of the adjustment (e.g. tax, penalty and/or interest abatement) but do not provide a listing or breakdown of transaction codes and dollar amounts since the latter will be the responsibility of the Operating Division/Functional Unit after they receive the materials.
2. List all attached taxpayer-provided or other documents supporting TAS recommended actions. (Note: supporting documents will generally **not** include copies of TAMIS screens, Form 911-H, Form 911, Form 3870 or similar internal forms)
3. Enter the TAS requested completion date of all OAR recommended actions.
4. Enter the revised completion date mutually agreed to by both TAS and the Operating Division/Functional Unit when the latter indicates additional time will be needed to complete all OAR recommended actions.

Section V - OD/Func Acknowledgement and Assignment (Completed by Operating Division/Functional Unit)

1. Enter the date the Operating Division/Functional Unit Liaison received Form 12412 and Form 3210 (Document Transmittal).
2. Enter the date the Operating Division/Functional Unit Liaison acknowledged receipt of Form 12412.
3. Enter the date TAS OAR is assigned to Operating Division/Functional Unit employee.
4. Enter the date Operating Division/Functional Unit decided whether or not to comply with TAS relief/assistance request. (This entry is only required for Criteria 1 through 4 cases.)
- 5-10. Enter the name of the Operating Division/Functional Unit employee assigned the TAS OAR, his/her telephone and facsimile numbers, group mailing address and manager's name and telephone number.

Section VI - OD/Func Actions Taken (Completed by Operating Division/Functional Unit)

- 1a. Indicate all assistance actions taken by Operating Division/Functional Unit.
- 1b. Enter the date Operating Division/Functional Unit completed TAS recommended actions.
- 2a. Indicate/check off the reason(s) why Operating Division/Functional Unit did not complete OAR recommended actions.
- 2b. Explain in detail the reason(s) indicated in Item 2a for OAR rejection or return.
- 2c. Enter the date of OAR rejection/return by Operating Division/Functional Unit Liaison.

Section VII - Closing Information (Completed by TAS)

1. Enter the date TAS Liaison receives completed OAR package from Operating Division/Function Unit Liaison.
2. Indicate (Yes or No) whether Operating Division/Functional Unit completed all actions recommended by TAS.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Appendix VI

Management's Response to the Draft Report



National Taxpayer Advocate

RECEIVED
APR 16 2007

APR 12 2007

MEMORANDUM FOR: Michael R. Phillips
Deputy Inspector General for Audit

FROM: Nina E. Olson 
National Taxpayer Advocate

SUBJECT: Draft Audit Report #200510040, "Inefficiencies in
Processing Operations Assistance Requests Caused
Taxpayers Unnecessary Delays"

Thank you for giving me the opportunity to respond to the report, Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays. I will first discuss an important development that will impact the way Operations Assistance Requests (OARs) are processed, then respond to the report's specific recommendations. We concur with five of the report's six recommendations. For each recommendation, we will identify the actions we plan to take to implement the recommendation or explain why we disagree with the recommendation.

Processing OARs efficiently is of vital importance to the Taxpayer Advocate Service (TAS), to the IRS operating divisions (ODs), and particularly to the taxpayers we serve. Although we feel that TAS and the ODs have done well to process the high volume of OARs currently generated (over 190,000 OARs issued in fiscal year 2006), we acknowledge there is room for improvement. TAS is working on a number of initiatives to improve the OAR process and reduce delays and errors.

I am pleased to report that TAS is transitioning to an electronic OAR platform by FY 2009. TAS submitted a work request to the Modernization and Information Technology Services (MITS) division on December 29, 2006, to enable electronic routing of OARs by moving OAR information back and forth from the Taxpayer

The Office of the Taxpayer Advocate operates independently of any other IRS Office and reports directly to Congress through the National Taxpayer Advocate.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

Advocate Management Information System (TAMIS) to Desktop Integration (DI).¹ This new process will significantly improve the accuracy of OAR data, reduce routing delays, and improve tracking, while retaining the confidentiality of taxpayer information.

In the electronic OAR system, TAS case advocates would create OARs in TAMIS. They would download information, similar to what they now input on the OAR form (Form 12412), to DI to create an electronic document. TAS will route it to the designated OD liaison for assignment to the appropriate OD employee. As the OD employee updates information (actions, closures, dates, etc.) in DI while the OAR is processed, these changes will be uploaded in real time onto TAMIS. This approach will allow faster and easier retrieval of data required by ODs to process OARs, and will improve cycle time.

This electronic OAR platform will also allow OD employees to access OAR information in real time while retaining safeguards to protect the confidentiality of taxpayer information. TAMIS access will still be restricted to TAS employees, but OD employees will have access to the electronic OAR through DI. As a further precaution, access to OAR information and case history on DI will be restricted to TAS employees and OD liaisons, managers, and employees directly involved in the OAR. OD employees will not be able to view any TAMIS history entries not related to the OAR on DI.

Response to Recommendation 1: *The National Taxpayer Advocate should request the TAMIS be reprogrammed to allow Operations liaisons the capability to directly input the information they are currently required to provide to TAS in hard copy including the return of the completed OARs. In addition, the Operations liaisons should be using the current TAMIS portal for the receipt of OARs being issued by the TAS. This will significantly improve the accuracy of the OAR data on the TAMIS.*

While we agree that there is significant room for improvement in the current OAR process, we do not agree with the recommendation that TAS allow OD liaisons to input information directly into TAMIS. We believe that our current plan for developing an electronic OAR will address the concerns underlying your recommendation.

Concerns Regarding Taxpayer Confidentiality

By statute, local taxpayer advocates have the discretion to withhold taxpayer-provided information from other organizations in the IRS.² This taxpayer

¹ Electronic OARs would be available only to employees with access to DI. Not all IRS employees have access to DI. As of April 6, 2007, 33,802 IRS employees had access to DI.

² IRC § 7803(c)(4)(A)(iv) provides that each local taxpayer advocate "may, at the taxpayer advocate's discretion, not disclose to the Internal Revenue Service contact with, or information provided by, such taxpayer."



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

confidentiality provision assures taxpayers that they can discuss information with TAS without fear of reprisal from the IRS, while TAS retains the discretion to disclose this information to the IRS where warranted by tax administration or public policy considerations.³

Providing OD employee access to TAMIS while also maintaining taxpayer confidentiality would require special, complex programming. TAS would need to limit OD employee access to the TAMIS OAR screens for cases referred to a particular OD and restrict access to TAMIS case histories and taxpayer entity screens. OD edit and update permissions would also have to be limited to specific OAR screen data fields.

Further, TAS cases often involve multiple issues and result in more than one OAR submitted to multiple locations. The Wage and Investment (W&I) operating division alone has over 180 TAS liaisons. The Small Business/Self-Employed (SB/SE) division has more than 80 liaisons in the IRS campuses and numerous others in Field Examination, Collection, and Advisory groups. If TAS assigns a case to a field group, we would potentially have to give TAMIS access to every Exam and Collection group manager in the country and maintain their employee screens on TAMIS as liaisons change. Also, to maintain an audit trail, TAMIS does not delete users from the system but instead changes their status on the employee screen to "inactive." Thus, if TIGTA's recommendation were adopted, TAMIS will become populated with a large number of inactive users.

Under TIGTA's proposed approach, TAS would have to devote considerable resources to maintaining these screens due to the sheer volume of liaisons among all of the ODs and functional units. It will take as long, if not longer, to design, test, and implement this programming as it will to implement programming to submit OARs electronically. Moreover, since the electronic OAR process can be designed to avoid confidentiality concerns, we believe it is better to pursue development of electronic OARs. Thus, TAS does not plan to undertake programming to allow ODs access to TAMIS.

TAMIS Portal Usage

As TIGTA noted, OD employees have access to OAR status reports via the TAMIS portal. OD usage of this portal usage has risen significantly over the past year, with portal reports generated through the second quarter in FY 2007 up 75 percent from the same period in FY 2006. We are encouraged by this increased usage and will continue to monitor it, and provide support to the ODs with respect to portal use and functionality.

³ For a detailed discussion of the TAS confidentiality process, see IRM 13.1.5, Taxpayer Advocate Case Procedures, Taxpayer Advocate Service (TAS) Confidentiality.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

At the National Taxpayer Advocate's request, TAS is exploring the design of a TAMIS report that provides a listing of late OAR responses by OD site, case number, and OAR number. This report will allow both TAS and OD analysts to easily monitor the status of over-age OARs.

Response to Recommendation 2: *Until the system is fully automated, the TAS and Operations should reinforce the use of faxing or other expeditious method to deliver and return OARs and clarify the expectations for the return of the completed Forms 12412 to the TAS.*

We agree with this recommendation. Taxpayers come to TAS when they experience economic harm or delays that extend beyond normal IRS processing time. When an OAR is issued, time is often of the essence.

TAS liaisons are instructed to use a "facts and circumstance" approach to determine how quickly an OAR and its documentation need to be transmitted, based on the taxpayer burden to be relieved. In most cases, fax is the most appropriate method because of its expediency and the availability of a confirmation receipt. Most liaisons listed on the SLA addendums for all ODs contain fax as well as voice numbers. The ODs have discouraged faxes in some instances because they are not equipped with fax machines or are not staffed to monitor faxes, but these situations are rare.

If a taxpayer's situation does not lend itself to faxed OAR transmittal (perhaps because of voluminous attachments or the need for original documents), TAS liaisons may fax the OAR form and other essential documents and send the rest of the file by regular or priority mail. The SLAs now under negotiation with the ODs will contain instructions that original documentation, forwarded by next day or regular delivery service, will not be shipped until employees confirm routing with a phone call or fax.

Secure email is a third method of expediting an OAR. This option, however, is only available if the receiver has secure email capabilities, which not all IRS employees possess. Moreover, if the recipient is out of the office, no one else could retrieve the OAR, which could delay processing.

In the past year, TAS issued guidance to case advocates regarding the use of fax or priority mail when the circumstances warrant expeditious treatment.⁴ The TAS Internal Revenue Manual (IRM) chapter currently under revision will include guidance that fax is the preferred method of routing an OAR to another geographic location. Currently, most Service Level Agreements (SLAs) with

⁴ See May 24, 2006, *Wednesday Weekly*; September 13, 2006, *Wednesday Weekly*. The *Wednesday Weekly* is a weekly newsletter distributed via e-mail each Wednesday to all TAS employees.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

other IRS functions do not specify how to send the OAR.⁵ TAS is renegotiating its SLAs with each OD and is proposing that OD employees return OARs to TAS via the most expeditious method within three workdays of the date all actions are completed.

Response to Recommendation 3: *The National Taxpayer Advocate, Commissioners of Small Business/Self-Employed, Wage and Investment, Tax Exempt and Government Entities, Large and Mid-Sized Businesses and the Chiefs of Appeals and Criminal Investigation should clearly define Requested and Negotiated Completion Dates.*

We agree that the SLAs should clearly define Requested Completion Dates (RCDs) and Negotiated Completion Dates (NCDs). The TAS IRM chapter on OARs, which is currently under review, will clarify the RCD and NCD, and the TAS case advocate will select an RCD when he or she creates the OAR. Since the NCD must be reached by mutual agreement between TAS and the IRS business unit, the NCD will be entered only if the OD employee cannot complete the requested actions by the RCD specified on the OAR. We note that because many OARs are completed by the RCD, NCDs often are not necessary.

TAS is revising the OAR form, and one of the proposed enhancements is to emphasize the RCD and NCD fields. The proposed instructions include the following definition for the NCD: "Only enter the Negotiated Completion Date mutually agreed to by both TAS and the Operating Division/Functional Unit when the latter indicates additional time will be needed to complete all OAR recommended actions."

TAS is also revising its SLAs with all of the ODs and will reach agreement on the definition and usage of RCDs and NCDs. As with many negotiations involving work processes affecting several parties, the SLA revisions have been difficult and slow at times. The SB/SE SLA is currently in the clearance process. TAS is actively negotiating with the other Operating Divisions, Appeals, and Criminal Investigation. Despite the difficulty in negotiating the SLAs with the ODs, TAS is committed to improving the way RCDs and NCDs are used and communicated.

Response to Recommendation 4: *The National Taxpayer Advocate should require TAS personnel document to their case histories when communication between the TAS and Operations occurs, including instances when a Negotiated Completion Date is discussed. Also, the TAS should revise and enforce procedures requiring follow up to Requested and Negotiated Completion Dates prior to their expiration. This would include reprogramming the TAMIS so the systemic follow up occurs on or before the Requested and/or Negotiated Completion Date.*

⁵ The only SLA with a provision specifically authorizing the transmittal of OARs via fax is contained in the Criminal Investigation (CI) division SLA.



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

The National Taxpayer Advocate appreciates the importance of accurately documented case histories and agrees with this recommendation. Current IRM provisions already instruct TAS case advocates to document TAMIS case histories throughout the OAR process.⁶ Case advocates are instructed to elevate an issue to a manager if the OD has not completed an action by the agreed-upon date, and to document the case history.⁷

When an RCD or NCD is input on an OAR screen, TAMIS automatically establishes a follow-up on the case actions screen for one day after the newly-established date. When a case advocate's inventory is high, he or she may not be able to meet all the deadlines for initial contact and follow-up actions (generally, initial contacts have shorter timeframes and are prioritized higher than follow-up actions).

The National Taxpayer Advocate recognizes the reality that case advocates face extreme difficulty in meeting timeliness goals in the face of rapidly increasing caseloads and decreasing staff. Generally, case advocates are given a five-day grace period to follow up on an action item. This grace period is necessary because unlike other IRS units, TAS cannot simply shelve cases when inventory becomes too high. Thus, if a case advocate notices the action has occurred a day or two after the requested completion date, it may not be necessary to track down the OD contact to discuss an NCD. Nevertheless, given the role OARs play in moving cases along, TAS is considering reviewing the policy of permitting a five-day grace period for follow-up when an OAR completion date is involved.

Response to Recommendation 5: *The National Taxpayer Advocate should revise Form 12412 to only allow for OARs to be closed as completed or misrouted.*

The National Taxpayer Advocate agrees with TIGTA's recommendation that the Form 12412 should be revised. TAS is already revising Form 12412 (see above) and has solicited feedback from internal and external stakeholders, including TAS case advocates and managers, OD liaisons, and a Breakthrough Performance Team convened in FY 2006.

Based on the suggestions received, TAS will revise the "Action Taken" section of the form and provide greater clarification on how to complete this section. The revised form will have two sections to indicate actions taken on the OAR – "Action Taken" and "Returned with No Action Taken."

Response to Recommendation 6: *The National Taxpayer Advocate should evaluate a sample of misrouted OARs to determine the reasons OARs were*

⁶ See IRM 13.1.7.7.3.4(7).

⁷ See IRM 13.1.7.7.4(1).



Inefficiencies in Processing Operations Assistance Requests Caused Taxpayers Unnecessary Delays

issued to the incorrect liaison or Operating Division. TAS management should then take appropriate action to reduce the number of misrouted OARs in the future.

The National Taxpayer Advocate recognizes that misrouted OARs are a problem and agrees that TAS should evaluate a sample of misrouted OARs to determine the common causes of misrouting. TAS analysts have already begun evaluating a sample of rejected OARs to determine potential areas for improvement. Issue Codes with high misroute or reject rates will be further evaluated to identify training issues or processes that require clarification.

TAS is also developing a tool to help case advocates determine where to route an OAR. Within the next quarter, case advocates should be able to access the first OAR-routing IDRS Decision Assisting Program (IDAP) tool on the TAS intranet site. The IDAP is a pilot program that will allow us to incrementally improve OAR routing as additional contact information is automated by:

- Locating field-assigned Examination case operational liaisons;
- Recognizing account information by the Document Locator Number (DLN) and business operating division (BOD) codes;
- Providing a link to the Campus Locator Guide;
- Providing a link to the SB/SE Planning and Specialized Programs (PSP) SLA OAR liaison contact information;
- Identifying SLA liaisons within each OD; and
- Providing an electronic notification to the OD contact reflecting that current liaison information is outdated. The notification can also provide an avenue to update the outdated information immediately with little effort.

The IDAP tool, combined with the results from the study, should help reduce the number of OAR misroutes.

We appreciate the opportunity to review and comment on this report. Attached is a summary of TIGTA's recommendations and proposed corrective action from the National Taxpayer Advocate. If you have any questions or concerns, please contact Chris Lee at (202) 622-8391.

Attachment



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

Attachment

Summary of TIGTA Recommendations and Management Response

RECOMMENDATION #1: The National Taxpayer Advocate should request the Taxpayer Advocate Management Information System (TAMIS) be reprogrammed to allow Operations liaisons the capability to directly input the information they are currently required to provide to the Taxpayer Advocate Service (TAS) in hard copy including the return of the completed Operations Assistance Requests (OARs). In addition, the Operations liaisons should be using the current TAMIS portal for the receipt of OARs being issued by the TAS. This will significantly improve the accuracy of the OAR data on the TAMIS.

CORRECTIVE ACTION: TAS submitted a work request to the Modernization and Information Technology Services (MITS) division on December 29, 2006, to enable electronic routing of OARs by moving OAR information back and forth from TAMIS to Desktop Integration (DI). MITS has until April 30, 2007, to respond to the work request.

IMPLEMENTATION DATE: Pending response from MITS (proposed implementation October 2009).

RECOMMENDATION #2: Until the system is fully automated, the TAS and Operations should reinforce the use of faxing or other expeditious method to deliver and return OARs and clarify the expectations for the return of the completed Forms 12412 to the TAS.

CORRECTIVE ACTION: The TAS IRM chapter currently under revision will include guidance that fax is the preferred method of routing an OAR to another geographic location. TAS will also negotiate to include in the SLAs the requirement that Operations use fax or other expeditious methods to return OARs to TAS.

IMPLEMENTATION DATE: It is anticipated that the revision to the TAS IRM chapter will be completed by September 2007.

SB/SE CORRECTIVE ACTION: SB/SE management official will work with TAS to reinforce the use of fax or other expeditious methods to deliver/return Form 12412 requests and clarify expectations. Specifically, SB/SE Examination will publish an article in their Technical Digest to reinforce to their Examination employees the use of fax and/or other expeditious methods to deliver completed OAR forms to TAS at the conclusion of case work.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

SB/SE IMPLEMENTATION DATE: September 15, 2007. The Director, Examination, SB/SE Division, will advise the SB/SE Commissioner of any delays in implementing this corrective action.

SB/SE RESPONSIBLE OFFICIAL: Director, Examination SB/SE Division

RECOMMENDATION #3: The National Taxpayer Advocate, Commissioners of Small Business/Self-Employed, Wage and Investment, Tax Exempt and Government Entities, Large and Mid-Sized Businesses and the Chiefs of Appeals and Criminal Investigation should clearly define Requested and Negotiated Completion Dates.

CORRECTIVE ACTION: TAS will clearly define Requested Completion Dates (RCDs) and Negotiated Completion Dates (NCDs) for the revised IRM chapter 13 and Form 12412. TAS is in the process of revising SLAs with all of the ODs, and will reach an agreement on how RCDs and NCDs are used.

TARGET IMPLEMENTATION DATES:

- SB/SE: July 2007
- W&I: July 2007
- LMSB: September 2007
- CI: September 2007
- Appeals: September 2007
- TE/GE: December 2007

SB/SE CORRECTIVE ACTION: SB/SE management officials will work with TAS to clearly define "Requested" and "Negotiated" Completion Dates for Form 12412 requests. The Director, Examination SB/SE Division, will publish an article in their Technical Digest to reinforce to their Examination employees the need to communicate with the TAS office on setting agreed-upon completion dates and the need to close cases within the agreed-upon timeframes.

SB/SE IMPLEMENTATION DATE: September 15, 2007. The Director, Examination, SB/SE Division, will advise the SB/SE Commissioner of any delays in implementing this corrective action.

SB/SE RESPONSIBLE OFFICIAL: Director, Examination SB/SE Division

RECOMMENDATION #4: The National Taxpayer Advocate should require TAS personnel document to their case histories when communication between the TAS and Operations occurs, including instances when a Negotiated Completion Date is discussed. Also, the TAS should revise and enforce procedures requiring follow up to Requested and Negotiated Completion Dates prior to their expiration.



*Inefficiencies in Processing Operations Assistance Requests
Caused Taxpayers Unnecessary Delays*

This would include reprogramming the TAMIS so the systemic follow up occurs on or before the Requested and/or Negotiated Completion Date.

CORRECTIVE ACTION: TAS will reinforce the need for case advocates to thoroughly document TAMIS case histories as part of the annual TAS Technical Training Symposium.

IMPLEMENTATION DATE: July 2007.

RECOMMENDATION #5: The National Taxpayer Advocate should revise Form 12412 to only allow for OARs to be closed as completed or misrouted.

CORRECTIVE ACTION: TAS is in the process of revising Form 12412.

IMPLEMENTATION DATE: September 2007.

RECOMMENDATION #6: The National Taxpayer Advocate should evaluate a sample of misrouted OARs to determine the reasons OARs were issued to the incorrect liaison or Operating Division. TAS management should then take appropriate action to reduce the number of misrouted OARs in the future.

CORRECTIVE ACTION: TAS has already started to evaluate a sample of misrouted OARs to determine the common causes of misrouted OARs.

IMPLEMENTATION DATE: December 2007.