



*Progress Has Been Made, but Additional
Improvements to the E-Help Desk
Are Needed to Support Expanding
Electronic Products and Services*

July 28, 2011

Reference Number: 2011-40-073

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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HIGHLIGHTS

PROGRESS HAS BEEN MADE, BUT ADDITIONAL IMPROVEMENTS TO THE E-HELP DESK ARE NEEDED TO SUPPORT EXPANDING ELECTRONIC PRODUCTS AND SERVICES

Highlights

Final Report issued on July 28, 2011

Highlights of Reference Number: 2011-40-073 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

Customers who contact the e-help Desk may be experiencing difficulty registering for e-Services, transmitting an electronically filed tax return, or applying to be an Electronic Return Originator. Electronic products supported by the e-help Desk include electronically filed tax returns and e-Services such as the Electronic Federal Tax Payment System and the Central Contractor Registration. Progress has been made, but additional improvements to the e-help Desk are needed to support expanding electronic products and services. Improvements needed relate to the protection of taxpayer data, the process of assessing customer satisfaction, and other enhancements that can increase productivity and reduce customer burden.

WHY TIGTA DID THE AUDIT

This audit was a follow-up to a prior TIGTA review to determine whether the Internal Revenue Service (IRS) e-help Desk Program is providing quality customer service.

WHAT TIGTA FOUND

The IRS continues to recognize the need to provide assistance to customers using e-Services. The IRS has addressed the concerns reported in Fiscal Year 2007 and has made improvements to the e-help Desk Program. Foremost was the establishment of the Electronic Products and Services Support organization.

Using an automated scheduling system could save resources and improve the Level of

Service. Although the Level of Service is more than 80 percent, the scheduling process for the e-help Desk is labor intensive and inefficient. Other IRS telephone call sites use the E-Workforce Management (EWF) System to schedule assistors, which provides automated tools to forecast, schedule, and track call center workload and staffing requirements.

On October 1, 2007, a Customer Satisfaction Survey was implemented. However, the Survey results may not be reliable because the IRS cannot validate or verify the sample selection methodology and does not include all customers. In addition, assistors are often aware their calls have been selected for the Survey. Without reliable information, the IRS cannot provide a basis for comparing Program results with established performance goals.

In Fiscal Year 2010, there were 82,235 instances in which the assistors did not take the required steps to protect the confidentiality of the taxpayer information they disclosed. Managers are not holding employees accountable for not following required disclosure procedures.

A toll-free telephone line is not available for international calls to the e-help Desk. Furthermore, calls to the e-help Desk that are not serviceable by the e-help Desk are increasing, which burdens taxpayers and wastes resources.

WHAT TIGTA RECOMMENDED

TIGTA recommended and the IRS agreed to ensure: 1) funding for the implementation of the EWF System is considered in the annual budget process; 2) oversight and accountability is improved so managers consistently and effectively complete required evaluative reviews of assistors; 3) assistors use the electronic version of the Authentication Disclosure Guide; 4) technological upgrades are used to improve the Survey; 5) all calls are included in the population to be sampled for the Survey; 6) the e-help Desk is considered in any plans the IRS has to fund toll-free service to international callers; and 7) a study is completed to determine why the e-help Desk receives unrelated calls and the action needed to reduce these calls.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 28, 2011

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

Michael R. Phillips

FROM:

Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT:

Final Audit Report – Progress Has Been Made, but Additional Improvements to the E-Help Desk Are Needed to Support Expanding Electronic Products and Services (Audit # 201140007)

This report presents the results of our review in determining whether the Internal Revenue Service e-help Desk Program is providing quality customer service. This audit is a follow-up to a prior Treasury Inspector General for Tax Administration review¹ and is part of our Fiscal Year 2011 Annual Audit Plan. The audit addresses the major management challenge of Providing Quality Taxpayer Service

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

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

¹ *Improvements to the E-Help Desk Are Needed to Support Expanding Electronic Products and Services* (Reference Number 2007-40-026, dated January 30, 2007).



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Abbreviations

| | |
|----------------------------|---|
| CQRS | Centralized Quality Review System |
| <i>e-file(d), e-filing</i> | Electronically file(d); electronic filing |
| EHSS | E-Help Desk Support System |
| EPSS | Electronic Products and Services Support |
| EWFM | E-Workforce Management |
| IRS | Internal Revenue Service |



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Background

In Calendar Year 2010, nearly 100 million taxpayers opted to electronically file (*e-file*) their Federal tax returns by preparing and filing their tax returns themselves using commercial tax software, using the Internal Revenue Service's (IRS) various *e-filing* products offered on its public Internet site (IRS.gov), or by *e-filing* through a paid return preparer. To conduct business electronically, including *e-filing*, the IRS developed a suite of web-based products, called e-Services, which provides multiple electronic products and services to tax professionals. The suite is not available to the general public; rather, only approved IRS business partners are eligible to participate in e-Services. Figure 1 lists the e-Services products offered to tax professionals.

Figure 1: E-Services Products

| | |
|--------------------------------------|---|
| Disclosure Authorization | Eligible tax professionals may complete authorization forms, view and modify existing forms, and receive acknowledgement of accepted submissions of tax returns immediately--all online. Disclosure Authorization allows tax professionals to electronically submit a Power of Attorney and Declaration of Representative (Form 2848) and Tax Information Authorization (Form 8821). This e-Service expedites processing and issues a real-time acknowledgment of accepted submissions. |
| E-file Application | The IRS <i>e-file</i> Application can be completed using the Internet. Applications can be started and saved in progress, and modifications to a firm's application can be made quickly and easily without restarting the process. Users can check the status of the application as the IRS makes updates to the suitability check. It also enables users to easily adapt their application to the changes in their business. The Application allows management of all Authorized IRS <i>e-file</i> Provider ¹ information in one place and it more easily updates the information when changes occur. |
| Electronic Account Resolution | Electronic Account Resolution allows tax professionals to expedite closure on clients' account problems by electronically sending/receiving account related inquiries. Tax professionals may inquire about individual or business account problems, refunds, installment agreements, missing payments, or notices. Tax professionals must have a power of attorney on file before accessing a client's account. The IRS response is delivered to a secure electronic mailbox within 3 business days. |

¹ *E-file* Providers are individuals and businesses that facilitate *e-filing* and can be an Electronic Return Originator, Intermediate Service Provider, Transmitter, or software developer. Electronic Return Originators originate the electronic submission of income tax returns to the IRS. An Electronic Return Originator electronically submits income tax returns that are either prepared by the Electronic Return Originator firm or received from a taxpayer. Transmitters, once the return is prepared, send the income tax return to the IRS. Software Developers write the e-file programs according to IRS file specifications and record layouts, making IRS e-file and Federal/State e-file possible.



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| | |
|--|--|
| Registration | All tax professionals who wish to use e-Services products must register online as individuals to create an electronic account. The registration process is a one-time automated process whereby the user selects a username, password, and Preparer Identification Number. Once the registration information has been validated, the registrant will receive an on-screen acknowledgement. |
| Taxpayer Identification Number Matching | A prefilling service offered to payers and/or authorized agents who submit any of six information returns subject to backup withholding. With <i>Interactive Taxpayer Identification Matching</i> , authorized payers can match up to 25 payee Taxpayer Identification Number and name combinations against IRS records prior to submitting an information return. <i>Bulk Taxpayer Identification Number Matching</i> allows payers and/or authorized agents filing any of the 6 information returns to match up to 100,000 Taxpayer Identification Number and name combinations. |
| Transcript Delivery System | Eligible tax professionals may use the Transcript Delivery System to request and receive account transcripts, wage and income documents, tax return transcripts, and verification of nonfiling letters for both individual and business taxpayers. Tax professionals must have a power of attorney authorization on file with the IRS before accessing a client's account (or use Disclosure Authorization to file an authorization on a new client and obtain Transcript Delivery System information immediately). |

Source: IRS.gov.

The IRS established the e-help Desk Program to assist customers with *e-filing* and e-Services. Customers who contact the e-help Desk may be experiencing difficulty registering for e-Services, transmitting an electronic tax return, or applying to be an Electronic Return Originator. Electronic products and services supported by the e-help Desk include *e-file* and e-Services, the Electronic Federal Tax Payment System, and the Central Contractor Registration.² Figure 2 provides a 4-year trend of calls serviced by each e-help Desk site.

Figure 2: Calls Answered by E-Help Desk Sites

| E-Help Desk Site | Fiscal Year 2007 | Fiscal Year 2008 | Fiscal Year 2009 | Fiscal Year 2010 |
|------------------------|------------------|------------------|------------------|------------------|
| Andover, Massachusetts | 119,660 | 134,556 | 108,801 | 128,790 |
| Austin, Texas | 133,493 | 156,089 | 185,552 | 215,444 |
| Cincinnati, Ohio | 69,504 | 60,756 | 29,697 | 43,990 |
| Ogden, Utah | 49,659 | 33,554 | 35,129 | 41,503 |
| Totals | 372,316 | 384,955 | 359,179 | 429,727 |

Source: Enterprise Telephone Data Reporting System.³

² The Electronic Federal Tax Payment System allows taxpayers and tax professionals to use the telephone, personal computer software, or the Internet to initiate tax payments. The Central Contractor Registration is the means by which contractors doing business with the Federal Government register.

³ IRS data included in the figures in this report are provided for perspective only and were not validated.



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In September 2010, the IRS added an additional e-help Desk site in Atlanta, Georgia, to meet the increased volume of calls expected because of the *e-file* mandate included in the Worker, Homeownership, and Business Assistance Act of 2009.⁴ As a result of the *e-file* mandate, preparers were or will be required to start using IRS *e-file* beginning:

- **January 1, 2011**, for those preparers who anticipate preparing **100 or more** Federal individual or trust tax returns during the year.
- **January 1, 2012**, for those preparers who anticipate preparing **11 or more** Federal individual or trust tax returns during the year.

A prior audit identified improvements that were needed to support expanding IRS electronic products and services

In Fiscal Year 2007, the Treasury Inspector General for Tax Administration reported that continued expansion in the availability and use of e-Services required that improvements be made to ensure the e-help Desk Program can continue to provide effective customer service.⁵ We recommended and the IRS agreed to:

- 1) Develop a process to ensure customer satisfaction is timely measured.
- 2) Develop quality measures as well as a process to assess progress towards achieving the measures.
- 3) Develop processes and procedures to ensure predefined solutions are accurately developed, timely monitored, and appropriately approved.
- 4) Develop processes and procedures to ensure management information is complete and accurate.
- 5) Develop a process to ensure assistors complete required training.
- 6) Realign e-help Desk Program assistors under the Business Strategy and Business Architect office.

This audit was performed in the Wage and Investment Division Customer Account Services function in the Atlanta, Georgia; Andover, Massachusetts; and Austin, Texas, Campuses⁶ and at the Strategy and Finance function in Atlanta, Georgia, during the period October 2010 through April 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to

⁴ Pub. L No. 111-92, 123 Stat. 2984.

⁵ *Improvements to the E-Help Desk Are Needed to Support Expanding Electronic Products and Services* (Reference Number 2007-40-026, dated January 30, 2007).

⁶ 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.



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obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

The E-Help Desk Program Has Made Improvements to Customer Service

The IRS continues to recognize the need to provide customers with the ability to obtain assistance when using e-Services. Over the last 3 years, the IRS has addressed the concerns reported in Fiscal Year 2007 and has made improvements to the e-help Desk Program. Foremost was the establishment of the Electronic Products and Services Support (EPSS) organization in October 2007 under the Customer Accounts Services function within the Wage and Investment Division. The EPSS organization is responsible for both the e-help Desk assistors and the related policies and procedures. The EPSS organization's vision is to advance IRS electronic business opportunities to meet the changing demands of the future while delivering a positive customer experience. Its mission is to support customer-valued e-solutions for service-wide electronic products and services.



The many improvements made to the e-help Desk are critical to the continued success of the e-help Desk Program in providing quality customer service while meeting the increase in demand for its service. According to the IRS, 21,493 new preparers will be requesting to be part of the *e-file* Program in Fiscal Year 2011 and 85,310 in Fiscal Year 2012.

A Customer Satisfaction Survey was implemented

On October 1, 2007, the EPSS organization implemented a Customer Satisfaction Survey (also referred to as the Survey) designed to provide statistical results on the quality of service provided by the e-help Desk Program. The Survey is part of the IRS's balanced performance measures to support achievement of its strategic goal to provide quality service to each taxpayer.

The e-help Desk Customer Satisfaction Survey is one of the agency-wide customer satisfaction surveys conducted by an outside contractor. The e-help Desk Program uses the same methodology and technology used by the IRS's main toll-free telephone lines. The contractor provides the selection methodology and plan. Telephone analysts select the calls and assistors ask callers if they would like to participate. If the caller agrees, the assistor transfers the caller to



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an automated survey system. The contractor provides the results to the IRS quarterly and annually. Appendix V presents a detailed flowchart of the Survey process.

Quality measures and a process to assess progress towards achieving the measures were developed

The EPSS organization adopted the IRS's Embedded Quality Measures and the Centralized Quality Review System (CQRS)⁷ to gauge the quality of customer service the e-help Desk assistors provide to callers. The Embedded Quality Measures include Customer Accuracy, Procedural Accuracy, Professionalism, Regulatory Accuracy, and Timeliness.⁸ In Fiscal Year 2010, the e-help Desk Program achieved 91.3 percent in Customer Accuracy.

The EPSS organization also adopted many of the IRS's toll-free telephone lines measures. These include Level of Service (percentage of callers who wish to speak to an assistor and who actually speak with one) and Average Speed of Answer (the average number of seconds taxpayers waited in the queue (on hold) before receiving services).

Even though the number of calls has increased 20 percent from Fiscal Year 2009 to 2010 (from 359,179 to 429,727), the Level of Service for the e-help Desk Program has been more than 80 percent. For Fiscal Year 2011, as of March 5, 2011, e-help Desks assistors had assisted 232,830 callers. The Level of Service for this same time period was 81.2 percent. Figure 3 shows the goals and achievements for Fiscal Years 2010 and 2011.

Figure 3: E-Help Desk Program Measures

| Measure | 2010 Goal | 2010 Actual | 2011 Goal | 2011 Actual* |
|-----------------------------------|------------------|--------------------|------------------|---------------------|
| Level of Service | 82% | 83.4% | 82% | 81.2% |
| Average Speed of Answer (seconds) | Baseline | 316 | 360 | 343 |
| First Contact Resolution | Baseline | 93.8% | 92.5% | 94.70% |

*Source: IRS Enterprise Telephone Data Reporting System. *Level of Service and Average Speed of Answer data are from October 1, 2010, through March 5, 2011. First Contact Resolution is cumulative data through February 28, 2011.*

Using an automated scheduling system could save resources and improve the Level of Service

Although the Level of Service is more than 80 percent, the scheduling process for the e-help Desk is labor intensive and inefficient. In addition, analysts are part of a tiered scheduling

⁷ The CQRS provides an independent quality review service nationwide for the various programs where taxpayers contact the IRS with an inquiry.

⁸ See Appendix VI for definitions of these measures.



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process and may have other duties and assignments. Therefore, they might not be available for the scheduling changes.

Other IRS telephone call sites use the E-Workforce Management (EWF) System to schedule assistors. It is a comprehensive resource planning and workforce management application that provides automated tools to forecast, schedule, and track call center workload and staffing requirements. Using this System, management can predict contact volumes, automatically create detailed schedules to ensure the assistors' workload is balanced, and assign schedules to assistors based on skills and experience.

The IRS rolled out the EWF System to a number of call sites in October 2007 and provided EPSS organization management with a Service Level Agreement for system implementation. At that time, the EPSS organization decided it could not give up the resources needed to operate the System. Currently, EPSS organization officials advised us that implementation is dependent on acquiring additional funding, but they could not provide the associated costs.

The EWF System would improve service to callers of the e-help Desk by ensuring staffing is sufficient to respond to calls. Customer Satisfaction Survey results show that 12 percent of those surveyed are dissatisfied with the amount of time they wait to receive assistance from the e-help Desk.

Processes and procedures were developed to ensure predefined solutions are accurately developed, timely monitored, and appropriately approved

The EPSS organization created procedures for updating and maintaining the E-Help Desk Support System (EHSS) solutions used by assistors to address customer questions. The solutions contain responses to frequently asked questions and information from IRS publications and related manuals. An annual certification process was developed to ensure all solutions contain current and accurate information.

The e-help Desk Program has grown as IRS electronic products have grown. For example, assistors respond to issues concerning registration; *e-filing* individual, estate and trust, partnership, and corporate tax returns; the Electronic Federal Tax Payment System; or using any of the e-Services products. As new products are developed, the e-help Desk partners with other business owners to develop solutions to ensure assistors provide accurate and consistent responses and resolve the caller's issues. All new solutions are approved by the Solutions Board, which is comprised of subject matter experts. The Board also meets annually and completes a certification process whereby each solution is reviewed for accuracy by both the Board and by the respective business owners. It is a quality assurance process that is augmented by the CQRS statistical review team that continuously reviews the accuracy of solutions used by assistors.

A process to ensure assistors complete required training was implemented

In Fiscal Year 2008, the EPSS organization began using the Enterprise Learning Management System to track assistors' training history. The training history is used to staff e-help Desk



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telephones and to ensure assistors are staffed only on telephone applications for which they are trained. Refresher training lessons were developed using quality data, and lessons were designed for the experienced assistors to ensure performance continues to grow and improve.

Currently, the EPSS organization is supporting the *e-file* mandate and has processed an increased volume of *e-file* applications. In addition, the EPSS organization partnered with the Electronic Tax Administration to create the Preparer *e-file* Hardship Waiver Request (Form 8944). The EPSS organization proactively partnered with the Modernization and Information Technology Services organization to create a database to house Form 8944 data and systemically generate acceptance and denial letters.

Recommendation

Recommendation 1: The Commissioner, Wage and Investment Division, should ensure funding for the implementation of the EWFM System is considered in the annual budget process.

Management's Response: IRS management agreed with this recommendation. Currently, the EPSS organization has an effective forecasting and scheduling process in place that allows it to deliver and exceed its measures. The EWFM System is scheduled to be upgraded in July 2011, pending approved funding. The proposed upgrade includes hardware to address capacity issues and software to provide additional functionality. After the EWFM System has been upgraded and the IRS has observed its performance, it will reevaluate the feasibility of adding the EPSS organization to the EWFM System.

Taxpayers Are at Risk of Having Their Tax Account Information Inadvertently Disclosed

Assistors do not always establish the identity of callers before disclosing tax account information. Of the 429,727 calls received in Fiscal Year 2010, 300,633 (70 percent) required that assistors disclose tax account information. In 82,235 (27 percent) of 300,633 instances, assistors did not take the required steps to authenticate the callers' identities to ensure they were authorized to receive the tax account information.⁹ This happened because assistors did not always follow IRS authentication procedures, managers did not always monitor the number of calls they are required to review, and managers did not always hold the assistors accountable when procedures were not followed. In addition, assistors are not required to use the Authentication and Authorization Job Aid¹⁰ to authenticate callers.

⁹ The total disclosure opportunities and errors are projected based on the CQRS Fiscal Year 2010 statistical sample results.

¹⁰ The Job Aid provides e-help Desk assistors with a disclosure job aid that systematically directs their efforts in establishing the identity of callers.



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Assistors are required to ask the caller their name or company name; Taxpayer Identification Number (Employer Identification Number, Individual Taxpayer Identification Number, or Social Security Number); and in some instances their address, date of birth, and filing status. Additional probes are sometimes required. Also, unique to the e-help Desk are the various types of *e-file* Providers requiring authentication, including Electronic Return Originators, Transmitters, attorneys, large corporations, and financial institutions. Depending on the purpose of their call (e.g., *e-file* application, individual *e-file*, or e-Services registration), the combination of authentication questions assistors are required to ask vary.

Improper disclosure of tax information by e-help Desk Program assistors has been one of the top errors reported since formal tracking began in February 2008. The authentication error rate, when assistors continue to disclose information to an unauthorized third-party caller after the assistor obtained information that revealed the caller was not authorized, was 37.0 percent from February to September 2008. The error rate for not following authentication procedures was 45.4 percent for the same time period. Figure 4 presents Fiscal Year 2010 error rates and a projection of the occurrences of these errors to the total calls that require or would require authentication.

**Figure 4: Fiscal Year 2010 Estimate of Total Disclosure Errors
Based on CQRS Statistical Sample**

| Description of the Error | Error Rate per CQRS | Calls Requiring Caller Authentication ¹¹ | Projected Errors ¹² |
|--|---------------------|---|--------------------------------|
| Assistor determines the caller is not the taxpayer (through research or other means), but still discloses tax information. | 37.2% | 19,552 | 7,269 |
| Assistor did not follow authentication procedures before discussing tax account information. | 26.7% | 292,612 | 78,041 |

Source: CQRS quarterly reports.

Examples of tax account information that was disclosed included the amount of Adjusted Gross Income, information regarding rejected tax returns, Employment Identification Numbers, and information about a spouse's prior year return. Taxpayer privacy and security are at risk for potentially 82,235 calls annually; 411,175 taxpayers over 5 years. IRS officials are concerned with the error rate and have already implemented an action plan. Although more work remains, as of March 31, 2011, the error rates have decreased from 37.2 to 32.0 percent and from 26.7 to 22.0 percent.

¹¹ The total 312,164 calls requiring authentication as per Figure 4 relate to only 300,633 calls as some calls involved both error types.

¹² The total 85,310 errors shown relate to 82,235 calls as some calls will involve both types of errors.



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Managers do not always conduct the required call monitoring reviews

Managers were required to conduct 14 reviews for each assistor for the period July 2010 through January 2011. These reviews are to evaluate the assistor’s performance and ensure the assistor is providing quality service. IRS data show that managers only completed 1,070 (54 percent) of 1,974 required reviews of 141 assistors. There are reasons the required number of reviews are not completed. For example, some reviews are not performed if the assistor is in training and not working the e-help Desk. However, documentation was not sufficient to determine when those instances were applicable.

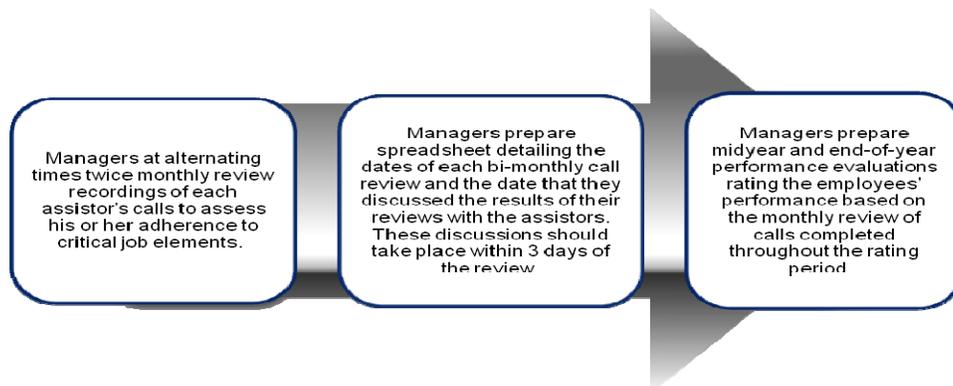
Two managers in the e-help Desk Program stated that they did not complete and track all reviews because of competing demands on their time. In other instances, managers did maintain the required documentation that showed two required monthly reviews were being completed. The prior Treasury Inspector General for Tax Administration review also reported that there were no procedures in place to ensure reviews were being completed.

Managers are not holding assistors accountable for not following authentication procedures

For 38 end-of-year evaluations issued between May 2010 and January 2011, 21 (55 percent) contained disclosure ratings that, according to the guidelines, were above the ratings the employees should have received. The disclosure errors identified should have precluded assistors receiving the higher rating.

Evaluations provide a framework for communicating to e-help Desk Program employees the performance expectations that are intended to promote the achievement of IRS strategic goals. Figure 5 shows the employee performance monitoring and evaluative process that e-help Desk Program managers are required to follow to assess the assistors’ adherence to procedures for authenticating callers before disclosing tax information.

Figure 5: Managers’ Monitoring and Evaluation Process



Source: Internal Revenue Manual guidelines for managers.



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The Performance Plan¹³ for e-help Desk Program assistors includes the critical job element *Security and Disclosure*. To receive an “Exceeds” rating, the critical job element states the assistor must always, without exception, adhere to all disclosure policies. Employees should be held accountable when not following IRS procedures to ensure appropriate corrective actions are taken. Instead, employees are receiving higher ratings in their annual evaluations. This can result in assistors being awarded with cash and time off.

Assistors are not required to use the Authentication and Authorization Job Aid

In January 2009, EPSS organization management developed the e-help Desk Program Authentication and Authorization Job Aid. The implementation of the Job Aid brought marked improvement to the number of disclosure errors. To increase the ease of use of the Job Aid, links were added to the EHSS giving assistors access to the Job Aid via their computers.

Despite the effectiveness of the Authentication and Authorization Job Aid, assistors are not required to use it. To require its use and to use it in the evaluative process, the IRS would have to first negotiate with the National Treasury Employees Union.

Inadvertent disclosures are not always being appropriately reported

When sensitive information is lost, stolen, or inadvertently disclosed in any way, whether it be

**Personally Identifiable Information
includes an individual's:**

- Name.
- Address.
- E-mail Address.
- Social Security Number.
- Telephone Number.
- Bank Account Number.
- Date and Place of Birth.
- Mother's Maiden Name.
- Biometric Data (i.e., height, weight, eye color, fingerprints, etc.).

electronically, verbally, or in hardcopy form, IRS employees are required to report the incident within 1 hour. When disclosure incidents involving Personally Identifiable Information occur, the incident is reported to the Computer Security Incident Response Center.¹⁴ IRS employees report the incident using the Computer Security Incident Response Center online reporting form or by calling (866) 216-4809. Subsequently, the IRS decides if the incident involved Personally Identifiable Information and if there is likely harm to the taxpayer.

For the period May 1, 2010,¹⁵ through January 31, 2011, managers identified 17 disclosures during their reviews of assistor calls. In addition, for Fiscal Year 2010, CQRS reviewers

¹³ *Performance Plan For Tax Examiner (Measured) GS-0592 Including the Retention Standard for the Fair and Equitable Treatment of Taxpayers and Critical Job Elements*, Document 11496 (Rev. 5-2005), Catalog Number 32153W.

¹⁴ The Computer Security Incident Response Center is a centralized reporting facility for all computer security privacy incidents.

¹⁵ May 2010 was the first month that managers were performing reviews under the Embedded Quality Review System, which aligns with attributes of the CQRS.



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identified 87 disclosures. Of these 104 instances where the assistor was determined to have disclosed tax information to an unauthorized third party, only 2 (less than 2 percent) incidents were appropriately reported to the Privacy, Information Protection, and Data Security office.

In March 2010, managers were reminded of the need to ensure incident reporting and of the form used to report unauthorized disclosures identified by managers or reviewers. After discussing the issue with IRS management, they immediately initiated corrective actions, including taking steps to create a job aid to share with all managers. A tracking log was also developed. Management assistants will document the information to the log and the log will be reviewed by the operation manager to ensure all required information has been documented.

Recommendations

The Commissioner, Wage and Investment Division, should:

Recommendation 2: Improve oversight and accountability to ensure managers consistently and effectively complete the required evaluative reviews and hold employees accountable when they do not follow required procedures.

Management's Response: IRS management agreed with this recommendation. The EPSS organization has issued procedures to ensure managers evaluate all employees consistently and effectively. Although the Centralized Quality Review System staff has been reviewing assistors using Embedded Quality since February 2008, managers only began using Embedded Quality in May of 2010. The implementation of managerial review through Embedded Quality, and subsequent and ongoing training of managers and leads, has resulted in improved employee performance in both customer accuracy and disclosure.

Regarding oversight and accountability, in Fiscal Year 2011, the e-help Desk Program required all managers to commit to the accurate completion of the required number of evaluative reviews each month for all employees. Additionally, a Disclosure Improvement Plan was created and implemented. The plan includes additional disclosure training for managers and employees and initiatives to increase focus on the importance of adhering to disclosure procedures. Finally, numerous reports are in place to notify management of the number of evaluative reviews performed each month, quality trends, and recommendations for improvement.

Recommendation 3: Require that assistors use the electronic version of the Authentication and Authorization Job Aid to authenticate callers.

Management's Response: IRS management agreed with this recommendation. On April 26, 2011, the EPSS organization notified the National Treasury Employees Union of the IRS's intention to make the electronic version of the e-help Authentication and Authorization Job Aid mandatory for all e-help Desk phone calls.



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The E-Help Desk Program’s Customer Satisfaction Survey Results May Not Be Reliable

The e-help Desk Program uses the same sampling methodology used by the main IRS toll-free telephone lines. However, the e-help Desk Program does not consistently follow the required sampling methodology and does not include all customers. As a result, the IRS cannot validate or verify the sample selection methodology or Survey results to ensure they are reliable. In addition, assistors are also aware their calls have been selected for the Survey. Therefore, the Survey should not be regarded as a valid sample of all customers interacting with the e-help Desk. Without reliable information, the IRS cannot provide a basis for comparing Program results with the established performance goals.

The Survey sample selection techniques are not consistently followed and risk introducing bias

Procedures state that to ensure the random distribution of the callers surveyed, it is necessary for the attempts to be made as scheduled and not to exceed the one-half hour window. Analysts do not always adhere to the schedule for various reasons, including performing other duties and assignments.

Tests showed survey results may not be representative of e-help Desk customers, for example:

- 81 percent of those surveyed in Fiscal Year 2010 were callers with questions related to e-Services. However, the calls to the e-help Desk Program in Fiscal Year 2010 show that only 47 percent of the calls were related to e-Services issues.¹⁶ IRS officials stated this might happen because e-Services is first on the Survey menu of choices and that callers usually select the first option, rather than listen to all menu choices.
- 6 percent of the Survey respondents indicated that they called the e-help Desk Program about U.S. Individual Income Tax Return (Form 1040) *e-file*. Twenty-one percent of the calls to the e-help Desk Program during Fiscal Year 2010 were about Form 1040 *e-file*.

There are a number of other “products” or types of service provided by the e-help Desk Program that are underrepresented in the Survey results. For example, Survey respondents with respect to the Central Contractor Registration and the Electronic Federal Tax Payment System comprise respectively 1 percent each, or a total of 2 percent, of the Fiscal Year 2010 total Survey respondents. However, these type calls respectively account for 6 and 7 percent, or combined for 13 percent, of the Fiscal Year 2010 calls to the e-help Desk. Five percent of those surveyed are counted as “Other,” with no explanation provided of this category.

¹⁶ See Appendix VII for the top 10 services provided by the e-help Desk for Fiscal Years 2008, 2009, and 2010.



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Although there is no way to quantify the level to which the analysts are unable to adhere to the sample plan, for Fiscal Years 2008 through 2010 the planned number of attempts to solicit participation in the Survey has fallen 14 percent on average below the planned level. In addition, the sample selections are not always being selected at the scheduled times to ensure randomness of selection.

***Attempts to solicit participation
in the e-help Desk
Customer Satisfaction Survey
have fallen 14 percent on average
below the planned level.***

An analyst is required to monitor anywhere from 1 to 12 calls in a one-half hour period. The IRS estimates calls average approximately 11.5 minutes. At times, one analyst has to cover for another, and time slots can overlap due to time zone issues.

Further, there are no controls to ensure the assistor actually transfers the caller to the automated Survey system. It is the e-help Desk assistor who solicits customer participation in the Survey and transfers customers agreeing to participate to the Survey system. Due to time constraints, once the analyst notifies the assistor that the call has been selected for the Survey, the analyst will not always stay and listen to ensure the call is actually transferred to the automated Survey. Discussions with assistors indicated that they sometimes forget to ask the caller to participate and were aware of instances where the assistor purposefully did not offer the Survey to a caller.

The process of monitoring calls selected for the Survey is inefficient and costly, excluding a population of callers from the Survey

Current procedures and technology require that an analyst monitor calls to alert assistors they need to solicit the caller's participation in the Customer Satisfaction Survey. In Fiscal Year 2010, 1,525 hours were devoted to monitoring calls for the Survey. An automated process would eliminate the need for the analysts to perform this function and result in more efficient use of resources. The IRS estimates that the hourly rate for an analyst in Fiscal Year 2010 was \$29.76. Without corrective action, this inefficient use of resources equals \$45,384 annually and \$226,920 over 5 years.

There are two technological options available that would eliminate the need for an analyst to monitor calls and, therefore, free up the analyst to perform other tasks. The options would involve modification of the current telephone system and either could be available for use by the e-help Desk by October 2011 at no cost to the EPSS organization.

Option 1: Callers are presented the option to complete the Survey either before the call enters the queue or while it is in the queue. The system would control the percentage of callers offered the option based on business requirements. Percentages could be set by product line or application based on business requirements. Information would be sent to the assistor teleset letting the assistor know the caller has opted to participate in the Survey. Assistors would need to look at the teleset to successfully execute the



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Survey process. In addition, assistors would know when the call arrived and that the caller is opting to participate in the Survey.

Option 2: The system would flag a percentage of calls for the Survey based on business requirements. The assistor would offer the Survey to the customer at the end of their calls and transfer the callers to the automated Survey system if they opt to participate. Information would be sent to the assistor teleset letting the assistor know they need to offer the Survey to the caller at the completion of the call. Assistors would need to look at the teleset to successfully execute the Survey process.

The Customer Satisfaction Survey selection methodology does not include all e-help Desk customers

Because analysts do not work weekends and extended weekly hours, the Survey is not offered to those who call during those times. It is also not offered to customers who do not speak English. Figure 6 shows that in Fiscal Years 2008 to 2010, about 10 percent of the calls were excluded from the Survey.

**Figure 6: Fiscal Years 2008–2010 Call Volumes
Excluded From the Customer Satisfaction Survey**

| Fiscal Year | Extended Weekly Hours | Saturday | Total Calls Excluded From Survey | Excluded Calls as a Percentage of the Total Calls |
|---------------------------------|-----------------------|----------|----------------------------------|---|
| 2008 | 21,314 | 8,368 | 29,682 | 7.71% |
| 2009 | 19,136 | 7,368 | 26,504 | 7.38% |
| 2010 | 21,814 | 7,618 | 29,432 | 6.85% |
| Spanish Speaking Callers | | | | |
| 2008 | | | 13,887 | 3.61% |
| 2009 | | | 13,768 | 3.83% |
| 2010 | | | 14,943 | 3.48% |

Source: Enterprise Telephone Data Reporting System.

The universe of callers should include the approximately 10 percent of calls that are made during the weekend or by Spanish-speaking taxpayers. Without the representation of the weekend and Spanish-speaking callers, the results are not representative and should be qualified. However, if either of the technological options discussed above is adopted, the weekend and extended hours callers could be included as no analysts would be needed to facilitate the process. Modification of the Survey to include Spanish-speaking callers would require an investment of approximately \$2,000.



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Recommendations

The Commissioner, Wage and Investment Division, should:

Recommendation 4: As funding becomes available, ensure that technology is used to improve the efficiency of the Customer Satisfaction Survey and to automate the process of transferring calls to the automated Survey.

Management's Response: IRS management agreed with this recommendation. Although they believe the current manual process for delivering the Customer Satisfaction Survey is sound, the IRS acknowledged that automation of the Survey would reduce the potential for bias.

Although funding is currently not available for full survey automation, there are efforts in place to make improvements to Survey delivery. The e-help Customer Satisfaction Survey is included, along with other IRS telephone surveys, in the Change Request being prioritized for this effort at this time. The IRS will continue to seek improvements to e-help Desk Survey delivery.

Recommendation 5: Once the Survey has been automated to exclude the need of the analyst, ensure all calls, including calls coming in during extended weekday hours and on Saturdays, are included in the population to be sampled for the Customer Satisfaction Survey.

Management's Response: IRS management agreed with this recommendation. The partial automation of the selection of calls for the Customer Satisfaction Survey will allow the EPSS organization to systemically include all calls in the Survey. In the unlikely event that the Survey cannot be partially automated, the EPSS organization will hire an additional telephone system analyst with a tour of duty that will allow coverage for full weekday hours of operation. Efforts will be made to ensure weekend coverage during peak season.

A Toll-Free Telephone Line Is Not Available for International Calls to the E-Help Desk

The IRS has developed a number of customer service initiatives as a part of its strategy for international tax administration, but international callers to the e-help Desk, unlike callers living in the United States, incur an average cost of \$1.49 per minute to call the e-help Desk. Even though international calls are routed to the next available assistor to shorten the time these callers are on the telephone with the e-help Desk, calls last on average approximately 11.5 minutes.

Although the volume of international calls is less than 1 percent of all calls to the e-help Desk, the volume of international calls has increased by 51 percent since Fiscal Year 2007. Figure 7 shows the call volume of international calls received in Fiscal Years 2007 through 2010.



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**Figure 7: Fiscal Years 2007–2010
International Call Volumes to the E-Help Desk**

| Fiscal Year | Calls Made to the E-Help Desk | Calls Serviced by the E-Help Desk ¹⁷ |
|-------------|-------------------------------|---|
| 2007 | 2,077 | 2,032 |
| 2008 | 3,237 | 3,174 |
| 2009 | 2,779 | 2,735 |
| 2010 | 3,130 | 2,787 |

Source: Enterprise Telephone Data Reporting System.

Based on the Fiscal Years 2007 through 2010 call data, an average of 2,806 international callers per year were burdened due to the lack of a toll-free option for calling the e-help Desk. Without corrective action, this figure is projected to reach 14,030 over 5 years. This volume is also expected to increase because of the *e-file* mandate.

The IRS initiated an International Toll-Free Project to address international taxpayers' access to IRS services. In April 2009, the Project team met and drafted the Business Capabilities Definition template to obtain preliminary costing information. A preliminary estimate of startup costs ranged from \$1.5 million to \$3.5 million, with estimated annual recurring telephone usage costs of \$7.8 million. However, these activities were limited to offering international toll-free telephone services for Accounts Management function¹⁸ and National Taxpayer Advocate activities to American taxpayers residing in 10 specific foreign countries. Due to budgetary constraints, the initiative is currently in suspense mode pending funding.

Recommendation

Recommendation 6: The Commissioner, Wage and Investment Division, should ensure that the e-help Desk is considered in any plans the IRS has to fund toll-free service to international callers.

Management's Response: IRS management agreed with this recommendation. At this time, however, due to the exceptionally high cost of providing toll-free service to international callers, the International Toll-Free Project will not be implemented due to budget limitations. If funds are made available in the future for this project, consideration will be given to including the e-help Desk customer base in the project.

¹⁷ Difference between calls made to the e-help Desk and calls serviced is the number of callers that abandon the call prior to an assistor answering the call.

¹⁸ The Accounts Management function provides customer service by responding to taxpayer questions and helping them understand and meet their tax responsibilities.

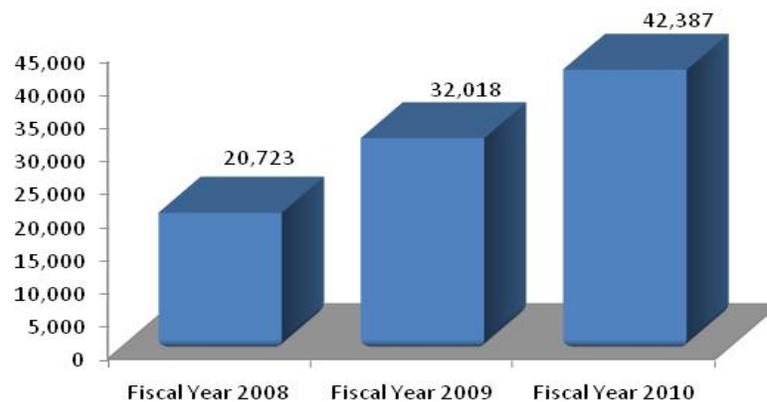


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Calls to the E-Help Desk Unrelated to E-Services Are Increasing, Burdening Taxpayers, and Wasting E-Help Desk Resources

During Fiscal Year 2010, 10 percent (42,387 of 429,727) of assistor calls were from individuals with issues unrelated to those services provided by e-help Desk assistors. This volume has increased 105 percent from Fiscal Years 2008 to 2010. Figure 8 shows the volume of unrelated calls from Fiscal Years 2008 through 2010.

Figure 8: Volume of Unrelated Calls to the E-Help Desk for Fiscal Year 2008 – Fiscal Year 2010



Source: The EHSS.

The EPSS organization does not know why the e-help Desk is receiving these unrelated calls, but officials stated that callers often indicate that they were referred by the IRS Customer Service function responsible for handling individual taxpayers. The e-help Desk does not handle calls from individual taxpayers who, for example, call about their individual tax returns.

The e-help Desk Program has taken steps to stop other IRS functions from inappropriately referring customers to the e-help Desk, including distributing a brochure to e-help Desk customers that specifically states that the e-help Desk does not address account issues. It has also issued email alerts to e-help Desk customers. Although the IRS does not maintain information on what IRS function these callers should have called for assistance, this information would be useful for designing recorded announcements to alert affected callers, at the beginning of the calls, of the appropriate number to call for specific issues not covered by the e-help Desk.

Unrelated calls tie up assistors' time and result in an inefficient use of resources. The IRS estimates that on average each call answered by an assistor costs the Federal Government \$37.14. Therefore, the 42,387 unsupported calls in Fiscal Year 2010 resulted in the expenditure of \$1,574,253, a figure that over 5 years is projected to reach \$7,871,265. Additionally, unsupported calls increase the risk that callers could receive incorrect assistance because e-help



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Desk assistors could attempt to assist these callers with matters outside of their training. These callers can also be incorrectly transferred.

Recommendation

Recommendation 7: The Commissioner, Wage and Investment Division, should conduct a study to determine why the e-help Desk receives unrelated calls so that the EPSS organization can decide the best correction action to take to reduce the number of calls.

Management's Response: IRS management agreed with this recommendation. The IRS will conduct a study to determine the reasons for the high volume of misdirected calls. Because the highest volume of misdirected calls occurs during the filing season, the study will take place between January 15 and April 15, 2012. By December 31, 2011, the EPSS organization will develop a research plan and collaborate with Contact Analytics¹⁹ Center of Excellence to identify calls where customers are referred to the e-help Desk inappropriately. Prior to the completion of the study, the EPSS organization will continue to address "Quick Fix" opportunities and make recommendations to other business units to reduce the number of misdirected referrals when appropriate.

¹⁹ Contact Analytics is a computer software program that examines audio from thousands of recorded telephone contacts and provides analysis of the content.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the IRS e-help Desk Program is providing quality customer service. To accomplish our objective, we:

- I. Determined the effectiveness of the process the IRS uses to ensure the e-help Desk is providing quality customer service. We accomplished this by meeting with responsible officials, performing walkthroughs of operations, and reviewing available guidance.
 - A. Compared processes followed among IRS campuses¹ and documented any differences. This included identifying opportunities to implement best practices.
 - B. Assessed the *e-file* mandate's effect on e-help Desk Program operations and readiness.
 - C. Determined the types and statistical data used to monitor the e-help Desk process.
- II. Determined whether the IRS established a Customer Satisfaction Survey that effectively measures customer satisfaction.
 - A. Obtained and reviewed the methodology followed for monitoring e-help Desk customer satisfaction.
 - B. Attempted to determine the effect of customer satisfaction process deficiencies on the IRS's ability to meet its customer satisfaction goals.
- III. Determined whether the IRS's quality measurement process helps achieve the goals of the e-help Desk Program.
- IV. Determined the accuracy of the solutions and the accuracy and reliability of the management information system used in the e-help Desk Program.
- V. Determined whether the IRS has an effective process to prevent disclosure of customer information.
 - A. Interviewed IRS management to determine what guidelines are in place to detect and prevent disclosures and to protect taxpayers whose information may have been inadvertently disclosed.

¹ 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.



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- B. Reviewed available reports to determine the volume of disclosures and efforts taken in response to any inadvertent disclosures.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the IRS's policies, procedures, and practices relative to quality assurance and ensuring that callers to the e-help Desk receive accurate answers and quality service in a manner that is effective, efficient, and protects their rights. We evaluated related controls by assessing the internal control environment, interviewing management, and reviewing management reports.



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Appendix II

Major Contributors to This Report

Michael E. McKenney, Assistant Inspector General for Audit (Returns Processing and Account Services)

Augusta R. Cook, Director

Lena M. Dietles, Audit Manager

Roberta A. Fuller, Lead Auditor

Robert J. Howes, Lead Auditor

Patricia Jackson, Senior Auditor



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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner (Operations), Large Business and International Division SE:LB
Deputy Commissioner of Operations, Wage and Investment Division SE:W
Chief Financial Officer OS:CFO
Chief Technology Officer OS:CTO
Director, Customer Account Services, Wage and Investment Division SE:W:CAS
Director, Customer Account Services, Joint Operation Center, Wage and Investment Division
SE:W:CAS:JOC
Director, Electronic Tax Administration and Refundable Credits, Wage and Investment Division
SE:W:ETARC
Director, Real Estate and Facilities Management OS:A:RE
Director, Strategy and Finance, Wage and Investment Division SE:W:S
Chief, Program Evaluation and Improvement, Wage and Investment Division SE:W:S:PRA:PEI
Senior Operations Advisor, Wage and Investment Division SE:W:S
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison: Chief, Program Evaluation and Improvement, Wage and Investment Division
SE:W:S:PRA:PEI



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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:

- Taxpayer Privacy and Security – Potential; 82,235 taxpayers, projected to 411,175 taxpayers over 5 years (see page 8).

Methodology Used to Measure the Reported Benefit:

Based on the CQRS Fiscal Year 2010 statistical sample review, projectable error rates were obtained for two disclosure attributes: 1) the assistor determined the caller was not the taxpayer or another individual authorized to receive the information (through research or other means) but still disclosed tax information and 2) the assistor did not follow authentication procedures before discussing tax account information. These error rates were projected on the volume of all calls handled by the e-help Desk in Fiscal Year 2010 that were determined to present the opportunity for a disclosure error. Without implementation of the recommended corrective actions, the disclosure errors would persist. Therefore, 82,235 calls per year involving a disclosure error were multiplied by 5 years.

Type and Value of Outcome Measure:

Inefficient Use of Resources – Potential \$1,619,637; projected to \$8,098,185 over 5 years (see pages 13 and 18).

Methodology Used to Measure the Reported Benefit:

- Each year 2 analysts expend a total of 1,525 hours signaling to e-help Desk assistors that they need to request caller participation in the e-help Desk Customer Satisfaction Survey. Our recommendation would eliminate the need for the analysts to perform this function, as the process would be automated. The IRS estimates that the hourly rate in Fiscal Year 2010 for an analyst was \$29.76. Without corrective action, this inefficient use of resources would be expected to extend for at least 5 years. Therefore, without corrective action, this inefficient use of resources equals \$45,384 annually and \$226,920 over 5 years.



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- During Fiscal Year 2010, the e-help Desk received 42,387 calls that should not have been directed to the e-help Desk, as these callers should have contacted another IRS area or external agency. This volume represents a 32.4 percent increase over Fiscal Year 2009 and a 105 percent over Fiscal Year 2008. The IRS estimates that on average each call answered by an assistor costs the Federal Government \$37.14. We multiplied the per call cost of \$37.14 by the 42,387 unsupported calls in Fiscal Year 2010 for a total of \$1,574,253 annually. Without further action, the number of these calls would be expected to extend for at least 5 years, for a total of \$7,871,265.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; 2,806 international callers, projected to 14, 030 international callers over 5 years (see page 16).

Methodology Used to Measure the Reported Benefit:

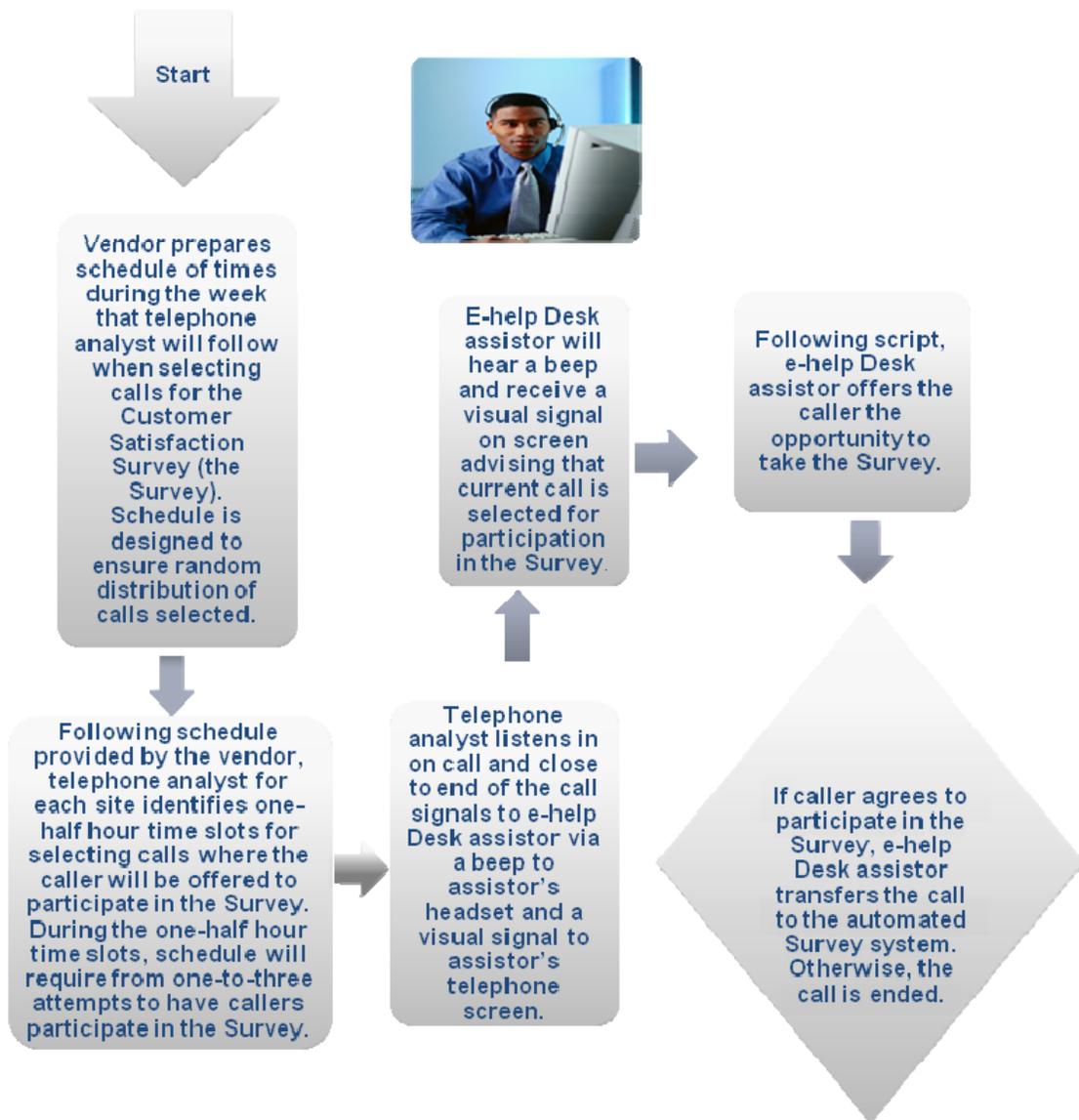
The outcome was determined from the Fiscal Years 2007 through 2010 annual average of international callers who lacked a toll-free option for calling the e-help Desk. These callers would benefit if a toll-free option is implemented. We calculated the annual average of international callers to the e-help Desk to be 2,806 individuals. The annual average was extended for 5 years, for a total of 14,030 international callers expected to be burdened without the recommended corrective action.



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Appendix V

Overview of the E-Help Desk Customer Satisfaction Survey Process



Source: Interviews with telephone analysts and auditor observations.



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Appendix VI

E-Help Desk Program Quality Measures

Customer Accuracy – Giving the correct answer with the correct resolution. "Correct" is measured based upon the taxpayer receiving a correct response or resolution to the case or issue, with the necessary case actions or case disposition taken to provide this response or resolution. This measures accuracy from the *customer's point of view*.

Procedural Accuracy – Adhering to nonstatutory/nonregulatory internal processing requirements when making a determination on taxpayer accounts/cases.

Professionalism – Promoting a positive image of the IRS by using effective communication techniques.

Regulatory Accuracy – Adhering to statutory/regulatory process requirements when making a determination on taxpayer accounts/cases.

Timeliness – Resolving an issue in the most efficient manner through the use of proper workload management and time utilization techniques.

Source: E-Help Desk Internal Revenue Manual guidelines.



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Appendix VII

Fiscal Years 2008-2010 Top 10 Services Provided by the E-Help Desk

| Fiscal Year 2008 | | Fiscal Year 2009 | | Fiscal Year 2010 | |
|---|-------------|---|-------------|---|-------------|
| Product ¹ | Call Volume | Product | Call Volume | Product | Call Volume |
| U.S. Individual Income Tax Return (Form 1040) <i>e-file</i> | 110,724 | Form 1040 <i>e-file</i> | 86,352 | Form 1040 <i>e-file</i> | 89,976 |
| Registration | 53,054 | Registration | 50,590 | Registration | 71,201 |
| Application | 52,948 | Application | 48,609 | Application | 54,651 |
| e-Services Products | 29,866 | e-Services Products | 29,464 | e-Services Products | 37,848 |
| Central Contractor Registration | 28,582 | Central Contractor Registration | 28,655 | U.S. Corporation Income Tax Return (Form 1120) and Return of Organization Exempt From Income Tax (Form 990) <i>e-file</i> | 35,258 |
| Forms 1120 and 990 <i>e-file</i> | 24,615 | Forms 1120 and 990 <i>e-file</i> | 19,858 | Electronic Federal Tax Payment System | 28,610 |
| Preparer Tax Identification Number | 18,286 | Electronic Federal Tax Payment System | 18,297 | Central Contractor Registration | 25,890 |
| Electronic Federal Tax Payment System | 16,934 | Preparer Tax Identification Number | 15,766 | Preparer Tax Identification Number | 21,180 |
| Application Suitability | 11,684 | U.S. Income Tax Return for Estates and Trusts (Form 1041) and U.S. Return of Partnership Income (Form 1065) <i>e-file</i> | 15,501 | Forms 1041 and 1065 <i>e-file</i> | 15,595 |
| Forms 1041 and 1065 <i>e-file</i> | 10,726 | 94x <i>e-file</i> | 13,542 | 94x <i>e-file</i> | 15,252 |

Source: Enterprise Telephone Data Reporting System.

¹ Definitions of the products are provided on the following page.



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| Product Definitions | |
|---|--|
| Application | Application to become an authorized <i>e-file</i> Provider (new or revised). |
| Central Contractor Registration | Central Contractor Registration is owned by the Department of Defense in partnership with the Wage and Investment Division Compliance function. The Taxpayer Identification Number matching process is a joint effort between the General Services Administration, the Department of Defense, and the IRS to improve the quality of data in Government acquisition systems. The Taxpayer Identification Number is mandatory in Central Contractor Registration unless the vendor is located outside the United States and does not pay employees within the United States. New registrants will go through the IRS Taxpayer Identification Number validation process at the time of initial registration. Current vendors will go through the IRS Taxpayer Identification Number validation process at the time of annual renewal. |
| Disclosure Authorization | Electronic product that allows users to electronically submit Power of Attorney and Declaration of Representative (Form 2848) or Taxpayer Information Authorization (Form 8821). |
| Electronic Federal Tax Payment System | The Electronic Federal Tax Payment System enables business and individual taxpayers to pay Federal tax payments electronically using Electronic Funds Transfer. |
| Form 1040 <i>e-file</i> | Electronic submission of customer return data for individual taxpayers. |
| Form 1041 <i>e-file</i> | Electronic submission of customer return data for estate and trust taxpayers. |
| Form 1065 <i>e-file</i> | Electronic submission of customer return data for partnership taxpayers. |
| Form 1120 <i>e-file</i> | Electronic submission of customer return data for corporate taxpayers. |
| Preparer Tax Identification Number | Preparer Taxpayer Identification Number issues. Prior to September 2010, the e-help Desk was responsible for issuance of the Preparer Tax Identification Number. |
| Registration | Electronic product that allows eligible users to create an online account, which is the first step in gaining access to IRS electronic products. A username, password, signature Personal Identification Number, and secure mailbox are established as a result of a successful registration. |
| Taxpayer Identification Number Matching | Electronic product that enables users to electronically match a Taxpayer Identification Number with a taxpayer name. |
| 94x <i>e-file</i> | Series of employment/unemployment Tax Returns (Forms 940 and 941). |

Source: *E-Help Desk Internal Revenue Manual guidelines.*



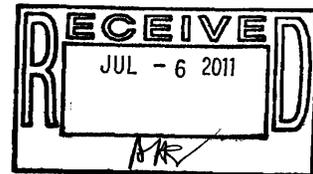
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Appendix VIII

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308



June 30, 2011

MEMORANDUM FOR MICHAEL R. PHILLIPS
DEPUTY INSPECTOR GENERAL FOR AUDIT

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

SUBJECT: Draft Audit Report – Progress Has Been Made, but Additional
Improvements to the E-Help Desk Are Needed to Support
Expanding Electronic Products and Services
(Audit # 201140007)

We have reviewed the subject draft report regarding the follow up audit of the e-help Desk. As you acknowledged in your report, the e-help Desk has made significant improvements and we continue to improve upon the operation's policies and procedures.

The most significant improvement to the e-help Desk Program was the creation of the Electronic Products and Services Support (EPSS) organization, which allowed the IRS to better serve the preparer community with regard to electronic filing and electronic products. Each year, EPSS assists increasingly more customers with existing and new products without large increases to staffing. As your report acknowledges, in the three fiscal years since the stand up of the organization, EPSS has created a Customer Satisfaction Survey (CSS), a formal quality assurance process, a formal process to update assistor tools, and a method to ensure all employees have received required training.

While your report focuses on the need for improvement in several areas, the IRS believes it is important to acknowledge the extensive accomplishments and successes of EPSS. Although EPSS does not employ the same automated resource planning and workforce management application used by other IRS Toll-free operations (E-Workforce Management (EWM)), an effective manual process for staffing and scheduling employees for the phones is in place. Because of this process, EPSS has been able to deliver and exceed its business measures. In Fiscal Years 2010 and 2011 (October through April), the current scheduling process yielded a consistent customer experience



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with Levels of Service of 82.9 percent and 82.3 percent, respectively. The use of EWFM requires daily updates to employees' profiles, schedules, and training history. The implementation of EWFM may lead to a more streamlined method of forecasting, but it will not necessarily reduce the resources involved in ongoing scheduling and staffing.

Your report states that the e-help Desk program's CSS results may not be reliable because not all e-help customers are included in the sample, and because of the manual administration of the survey. It should be noted that EPSS engaged a well-respected vendor to implement the CSS, and an automated option was not available to EPSS when the CSS was implemented. To test the effect of the number of customers who are not included in the survey, the Wage and Investment Division Research and Analysis function performed a simulation for the "missed attempts" and assigned 10 times the normal customers to the "dissatisfied" categories. The simulation revealed that even with 10 times the normal rate of dissatisfaction, the overall satisfaction rate would only be reduced by 3.7 percent from the 95 percent customer satisfaction rate for the e-help Desk in Fiscal Year 2010, a statistically insignificant amount. While we agree automation of the CSS reduces the potential for bias, we believe the current manual process for delivering the Survey is sound.

Your report concludes that EPSS should have a Toll-free option for international callers. International Toll-free calls are not currently available due to funding limitations. Other areas of the IRS have pursued a Toll-free option and, due to the high cost of this service, it remains unavailable to their international customers as well. The EPSS function receives fewer than 3,000 international calls each year, which represents less than 1 percent of the total call volume in EPSS. Ultimately, it may not be cost effective to expand the international Toll-free service to such a small segment of the customer base.

We acknowledge your observations regarding the increasing volume of misdirected calls coming to the e-help Desk and agree with your recommendation regarding a study to determine the reason for the misdirected calls. We plan to conduct a study on the reason callers are misdirected to the e-help Toll-free line and will continue to work with other areas of the IRS to reduce the number of misdirected calls.

We also recognize your observations about the effectiveness of the e-help Authentication/Authorization Job Aid as an important tool to reduce the potential disclosure of taxpayer's information. However, your report does not acknowledge the continuous focus and accomplishments in improving quality, and in particular the disclosure rate, in the e-help Program. In the past three years, EPSS has initiated a formal external quality review process, with the Centralized Quality Review System (CQRS) staff reviewing a statistically valid sample of calls to identify accuracy rates.



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To improve quality, EPSS overhauled the e-help Desk training to have each course include a lesson focused on Disclosure. The EPSS function established regular quality reporting and requirements for managers. In May of 2010, EPSS implemented a formal quality process for managerial review that mirrors the CQRS review process. All of these activities have led to improvement in quality and disclosure. Your report states that in Fiscal Year 2010, the error rate for "caller not authorized" was 37.2 percent and the error rate for "adherence to disclosure procedure" was 26.7 percent. In Fiscal Year 2011 (October through April), due to improvements put in place, disclosure rates for "caller not authorized" and "adherence to disclosure procedure" improved by 4.6 percentage points and 6.0 percentage points, respectively, with a Customer Accuracy rate of 92.9 percent. As part of our ongoing efforts to improve disclosure and overall customer accuracy, we will require e-help assistors to use the electronic version of the Authentication Disclosure Guide as you recommend.

We have reviewed the Outcome Measures in Appendix IV and agree with your findings and methodologies. Attached are our comments to your recommendations. If you have any questions, please contact me, or a member of your staff may contact Peter J. Stipek, Director, Customer Account Services, Wage and Investment Division, at (404) 338-8910.

Attachment



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Attachment

Recommendation 1:

The Commissioner, Wage and Investment Division, should ensure funding for the implementation of the EWFM System is considered in the annual budget process.

Corrective Action:

We agree with this recommendation. Currently, the Electronic Products and Services Support (EPSS) function has an effective forecasting and scheduling process in place which allows us to deliver and exceed our measures. The E-Workforce Management (EWFM) System is scheduled to be upgraded in July 2011, pending approved funding. The proposed upgrade includes hardware to address capacity issues and software to provide additional functionality. After the EWFM System has been upgraded and we have observed its performance, we will re-evaluate the feasibility of adding the EPSS program to the EWFM.

Implementation Date:

July 15, 2012

Responsible Official:

Director, Electronic Products and Services Support, Wage and Investment Division

Corrective Action Monitoring Plan:

The IRS will monitor this corrective action as part of our internal management control system.

The Commissioner, Wage and Investment Division should:

Recommendation 2:

Improve oversight and accountability to ensure managers consistently and effectively complete the required evaluative reviews and hold employees accountable when they do not follow required procedures.

Corrective Action:

We agree with this recommendation. The EPSS function has issued procedures to ensure managers evaluate all employees consistently and effectively. Although the Centralized Quality Review System staff has been reviewing assistors using Embedded Quality (EQ) since February 2008, managers only began using EQ in May of 2010. The implementation of managerial review through EQ, and subsequent and on-going training of managers and leads, has resulted in improved employee performance in both customer accuracy and disclosure.

Regarding oversight and accountability, in Fiscal Year 2011, the e-help function required all managers to commit to the accurate completion of the required number of evaluative reviews each month, for all employees. Additionally, a Disclosure



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Improvement Plan was created and implemented. The plan includes additional disclosure training for managers and employees, and initiatives to increase focus on the importance of adhering to disclosure procedures. Finally, numerous reports are in place to notify management of the number of evaluative reviews performed each month, quality trends, and recommendations for improvement.

Implementation Date:

Implemented and Ongoing

Responsible Official:

Director, Electronic Products and Services Support, Wage and Investment Division

Corrective Action Monitoring Plan:

The IRS will monitor this corrective action as part of our internal management control system.

Recommendation 3:

Require that assistors use the electronic version of the Authentication Disclosure Guide to authenticate callers.

Corrective Action:

We agree with this recommendation. On April 26, 2011, the EPSS function notified National Treasury Employees Union of our intention to make the electronic version of the e-help Authentication/Authorization Job Aid mandatory for all e-help Desk phone calls.

Implementation Date:

January 15, 2012

Responsible Official:

Director, Electronic Products and Services Support, Wage and Investment Division

Corrective Action Monitoring Plan:

The IRS will monitor this corrective action as part of our internal management control system.

Recommendation 4:

As funding becomes available, ensure that technology is used to improve the efficiency of the Customer Satisfaction Survey and to automate the process of transferring calls to the automated Survey.



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Corrective Action:

We agree with this recommendation. Although we believe the current manual process for delivering the Customer Satisfaction Survey (CSS) is sound, we acknowledge that automation of the survey would reduce the potential for bias.

Although funding is currently not available for full survey automation, there are efforts in place to make improvements to survey delivery. The e-help CSS is included along with other IRS telephone surveys in the Change Request being prioritized for this effort at this time. We will continue to seek improvements to e-help survey delivery.

Implementation Date:

Implemented and Ongoing

Responsible Official:

N/A

Corrective Action Monitoring Plan:

N/A

Recommendation 5:

Once the Survey has been automated to exclude the need of the analyst, ensure all calls, including calls coming in during extended weekday hours and on Saturdays, are included in the population to be sampled for the Customer Satisfaction Survey.

Corrective Action:

We agree with this recommendation. The partial automation of the selection of calls for the CSS will allow EPSS to systemically include all calls in the survey. In the unlikely event that the survey cannot be partially automated, EPSS will hire an additional telephone system analyst with a tour of duty that will allow coverage for all weekday hours of operation. Efforts will be made to ensure weekend coverage during peak season.

Implementation Date:

January 15, 2012

Responsible Official:

Director, Electronic Products and Services Support, Wage and Investment Division

Corrective Action Monitoring Plan:

The IRS will monitor this corrective action as part of our internal management control system.



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Recommendation 6:

The Commissioner, Wage and Investment Division should ensure that the e-help Desk is considered in any plans the IRS has to fund toll-free service to international callers.

Corrective Action:

We agree with this recommendation. At this time, however, due to the exceptionally high cost of providing Toll-free service to international callers, the Toll-free international project will not be implemented due to budget limitations. If funds are made available in the future for the Toll-free international project, consideration will be given to including the e-help Desk customer base in the project.

Implementation Date:

N/A

Responsible Official:

N/A

Corrective Action Monitoring Plan:

N/A

Recommendation 7:

The Commissioner, Wage and Investment Division, should conduct a study to determine why the e-help Desk receives unrelated calls so that the EPSS organization can decide the best correction action to take to reduce the number of calls.

Corrective Action:

We agree with this recommendation. We will conduct a study to determine the reasons for the high volume of misdirected calls. Because the highest volume of misdirected calls occurs during Filing Season, the study will take place between January 15 and April 15, 2012. By December 31, 2011, the EPSS function will develop a research plan and collaborate with Contact Analytics Center of Excellence to identify calls where customers are referred to the e-help Desk inappropriately. Prior to the completion of the study, the EPSS function will continue to address "Quick Fix" opportunities and make recommendations to other business units to reduce the number of misdirected referrals when appropriate.

Implementation Date:

July 15, 2012



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Responsible Official:

Director, Electronic Products and Services Support, Wage and Investment Division

Corrective Action Monitoring Plan:

The IRS will monitor this corrective action as part of our internal management control system.