



Treasury Inspector General for Tax Administration Office of Audit

IMPROVEMENTS ARE NEEDED TO ENSURE THAT PERFORMANCE MEASURES ARE BALANCED AND ADEQUATELY ASSESS THE EFFECTIVENESS OF THE COLLECTION PROGRAM

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Highlights

Highlights of Report Number: 2013-30-028 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

Having measures that provide ongoing performance information to management and stakeholders is critical to sound decisionmaking in any organization. In the IRS, such information assists IRS management and Congress in making decisions about how to fund and allocate resources to collect the estimated \$360 billion of taxes from taxpayers who owe but have not paid. This, in turn, helps reduce the risk of creating unfair burden on the vast majority of taxpayers who pay their taxes in full and on time.

WHY TIGTA DID THE AUDIT

TIGTA initiated this audit at the request of the IRS Oversight Board. The objectives were to determine whether the IRS established adequate performance measures for its Collection program and implemented an adequate management information system to compile those measures reliably and timely.

WHAT TIGTA FOUND

TIGTA found that the Collection program's performance measures were captured accurately and noted several favorable trends among the measures reported in its operational performance reports. For example, the total dollars collected in Fiscal Year 2011 were 20 percent higher than the amount collected in Fiscal Year 2009 even though there were fewer revenue officers on staff. Revenue officers also completed investigations quicker and made trust fund penalty determinations faster in Fiscal Year 2011 compared to Fiscal Year 2009.

TIGTA also identified three ways that the Collection program could enhance how it monitors, measures, and reports its accomplishments. First, integrate the IRS's balanced measures to include customer and employee satisfaction and business results into all performance

reports. This would help hold managers and staff across Collection program areas accountable for and focused on balancing service to taxpayers with enforcing the tax laws as articulated in the IRS mission and its two strategic goals and one strategic foundation.

Second, link the Collection program's 68 performance measures used at the operational level to a specific operational objective and to one or more of the IRS's strategic goals. Such links can show Collection program managers how their day-to-day activities contribute to attaining the Collection program's operational objectives and the broader IRS strategic goals.

Third, develop and implement meaningful performance targets for each of the operational-level measures. If objectively established, the targets would help Collection program managers avoid any perception of bias or manipulation in the monitoring and reporting of progress in meeting their preestablished objectives.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS ensure that customer satisfaction and employee satisfaction measures are included in all performance reports. The IRS should also establish a performance measure and target for each operational objective.

In its response to the report, the IRS agreed with TIGTA's recommendations and plans to include customer satisfaction and employee satisfaction in all performance reports. In addition, the IRS plans to assess the need for new measures or changes to existing measures to ensure proper alignment with operational goals.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201330028fr.pdf>.