



## Treasury Inspector General for Tax Administration Office of Audit

### CORRESPONDENCE SCAN ERRORS AND IMAGE SYSTEM LIMITATIONS CAN DELAY RESOLUTION OF TAXPAYER CASES

Issued on September 6, 2013

## Highlights

Highlights of Report Number: 2013-40-105 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

### IMPACT ON TAXPAYERS

The Correspondence Imaging System (CIS) was designed to automate taxpayer-generated correspondence by scanning paper documents into electronic images. Problems with the correspondence scanning processes can result in errors that can lead to delays and inequitable treatment of taxpayers. Enhancements to the CIS are needed to improve case processing.

### WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the CIS effectively and efficiently processes and manages correspondence that taxpayers submit to the IRS to comply with their tax responsibilities. The review is part of TIGTA's Fiscal Year 2013 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

### WHAT TIGTA FOUND

The IRS's Image Control Team (ICT) units scanned more than 8.1 million pieces of paper correspondence into the CIS during Fiscal Year 2012. While the IRS has taken steps to measure the timeliness of correspondence scanning, its processes to convert paper correspondence into electronic images result in errors. These errors can affect the timely resolution of cases and can delay the IRS's ability to provide efficient case resolution to taxpayers. In addition, identity theft correspondence is not always linked to existing cases in the CIS, which creates multiple cases and can result in different employees working with the same taxpayer and taking conflicting actions to resolve the taxpayer's case.

TIGTA also found that case process limitations with the CIS's ability to identify and reassign over-age inventory can result in inequitable treatment of taxpayers. Finally, the Accounts Management function's process for tracking CIS enhancement suggestions is inadequate.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS ensure that employees perform required cursory reviews of their scans and that managerial reviews of the scanning process include verification of the quality of the scanned documents. In addition, the Embedded Quality Review System should be used to monitor the quality of work performed by the ICT units, and the IRS should establish procedures to ensure that all scanner maintenance contract service appointments are routinely conducted.

Further, to address CIS case process limitations and over-age case inventories, the IRS should ensure that managers monitor team inventories and reassign inventory when time standards are exceeded, and ensure that Planning and Analysis staff and managers at submission processing sites review weekly case inventory reports and reassign cases to ensure that the oldest cases are worked first. Lastly, the IRS should refine the process to solicit and track CIS system enhancement suggestions.

The IRS agreed to take corrective actions to address our recommendations. It plans to forward reminders to all sites stressing the importance of following scan-review procedures and implement supplemental procedures at each campus location to ensure that managerial reviews are being performed on a regular and timely basis. As part of the IRS's reorganization of the ICT units in Fiscal Year 2014, it plans to evaluate the quality review and monitoring needs of the program and take necessary actions. In addition, the IRS plans to issue an alert to the sites advising them of scheduled maintenance visits; ensure that site review procedures reflect the expectation that inventory levels will be regularly reported to the campus director; develop a consistent process for monitoring the site Automated Age Listings; and issue reminders to CIS users to outline the processes for submitting CIS enhancement suggestions.

### 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/201340105fr.pdf>.

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