

IRS Performance Measures  
2008  
Data  
Dictionary

## Definition of Measures Terms

- ❑ **Outcome Measures** describe the intended result from carrying out a program or activity. They define an event or condition that is external to the program or activity that is of direct importance to the intended beneficiaries and/or the public.
- ❑ **Output Measures** describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity.
- ❑ **Efficiency Measures** capture the operation's skillfulness in executing its program, implementing activities, and achieving results, while avoiding wasted resources, effort, time, and/money. Efficiency is the ratio of the outcome to the input of any program. Efficiency measures should be useful, relevant to program purpose, and help improve program performance.
- ❑ **Critical measures** are balanced measures that are deemed critical by the Commissioner's Office and reported to external stakeholders.
- ❑ **Balanced Measures** are used to assess organizational performance at both the strategic level and the operational level.
- ❑ **Workload Indicators** help identify the underlying factors that affect changes in performance measures.
- ❑ **Long-term Measures** are used to assess the Service's objectives in accordance with the IRS Strategic plan. These measures are one or two long-term goals for each of the eight budget programs that satisfy a requirement in the President's Management Agenda, creates a benchmark for evaluating progress towards Strategic Plan objectives, and strengthens annual budget process by targeting initiatives at long-term goals.

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## Taxpayer Service

	DESCRIPTION
Operating Division (s)	<b>WAGE &amp; INVESTMENT: CARE: MEDIA &amp; PUBLICATIONS</b>
Measure Name	<b>Timeliness of Critical Individual Filing Season (CIFS) Tax Products to the Public</b> (Timeliness of Critical Filing Season Tax Products to the Public) (Update 7-07)
Type of Measure	Business Results – Quality, Outcome Measure, Annual Measure
Program Category Related Strategic Goal	1. Taxpayer Assistance and Education, Pre-Filing and Filing 2. Improve Taxpayers Service
Responsible Official	Director, Media & Publications Contact Bernard Zycherman 202-874-0649 (Update 7-07)
Definition	This measure will assess the percentage of Critical Individual Filing Season (CIFS) tax products available to the public by the fifth workday in January. CIFS tax products are those tax forms, schedules, instructions, publications, tax packages, and certain notices required by a large number of filers to prepare a complete and accurate Individual Income Tax Return by April 15th.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Director, Publishing b. Publishing Services Data System (PSD) c. PSD Reports
Formula/Methodology	The computation to determine the timeliness rate is the number of tax products available to the public by January 8, either paper or electronic, divided by the total number of such tax products scheduled to be released to the public for the filing season. (Update 7-07)
Data Source/ Measurement Tools	Publishing Services Data (PSD) System and the Electronic Tax Forms Distribution Production Log (ETFDPL) Rev. 12-2006)
Reliability of Data	Reasonable Accuracy. Procedures are in place to support the input of valid data. Nightly processes provide analysts and management with reports regarding production status, missing data problems, and past due situations.



Frequency of Data Availability/Reporting	Annually in February (Rev-5-2006)
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**Purpose of Measure:** This measure will show the timeliness rate of Critical Individual Filing Season (CIFS) tax products availability to the public.

**Data Limitations:** None.

**Calculation Changes:** None.

**Complete Description of the Process:** The Tax Forms and Publications (TF&P) managers assign each tax product to a Tax Law Specialists (TLS) for revision or development (new product). The TLS researches the Internal Revenue Code, regulations, court decisions, and published positions of the IRS. The TLS determines what should be included in the tax form, instruction, notice or publication, considering the scope of the tax issue and the target audience. The TLS also considers changes to related tax products, employee suggestions, suggestions from tax practitioner organizations, and correspondence to determine what other changes are needed. The TLS also makes changes to reflect enacted legislation and to incorporate deferred changes from a prior revision. The TLS prepares a draft showing the changes to the tax form or worksheet or to the new tax form. Work Request Notifications (WRN), which assists Submission Processing, are prepared and are revised as legislative changes occur to share with offices for development of RISs and for circulation to the Tax Products Coordinating Committee. The TLS incorporates changes based on comments received from the circulations, as appropriate and corrects errors found during proofreading. The TLS prepares an early release of a form to be posted on IRS.gov to obtain comments from taxpayers and tax practitioners before the form is finalized. The TLS makes changes based on the comments received, including technical issues determined by Chief Counsel. The TLS prepares an ok-to-print package for the final approval process. Any final changes are made; the product is released to Publishing for printing and posting on IRS.gov (as required).

The tax product development process is iterative and must take into account business requirements as defined by the business operating divisions as well as impact on Treasury programs, taxpayers, compliance activities, submission processing, MITS, ETA, and other internal and external stakeholders. M&P works closely with stakeholders to achieve timely delivery of quality products. The importance of understanding and balancing stakeholders need, the large number of those stakeholders, the criticality of accurately incorporating changes, and the occasional difficulty in getting a timely commitment from partner organizations all add to the challenge of delivering timely products.

The Printing Specialists designs the tax products using a forms design package called OneForm Designer Plus. Work coming into Publishing is managed in a Proof Control System, which keeps track of the different versions and composition cycles, as well as the level of difficulty of the work requested. Once the work is logged into the Proof Control System, it is placed in a Composition Work rack for pickup by a Composition Specialist. The Composition Specialist inputs all of the authors' changes to the source graphic file and applies design and publishing standards. The Composition Specialist also reviews the functionality of tax forms and creates fillable fields for the fillable PDF. Once the Composition Specialist has finished, the work is sent to a proofreader for review. When the proofreader indicates that the work is complete, the work is logged out of the Proof Control System and placed in an outgoing rack for pick up by the TLS. PDFs of all composition work is created and posted to a web site so that the TLS have access to the latest PDF of the product. In addition, the Printing Specialists write contracts early in the calendar year for products that will print during the filing season. The specifications cover the schedule and specifications for manufacturing and printing, binding, imaging and mailing of a certain product. After the contract is written, it is forwarded to the Government Printing Office (GPO) for award. After the contract is awarded, the following tasks are conducted:

- A **preproduction conference** is held at the contractor's plant;
- **Quality Systems Audit:** In connection with the preproduction conference, should the Government elect, a quality systems audit would be conducted; **Preproduction Proofs** are required so that the IRS can review and accept conceptual designs prior to production.
- **Inspection Notification:** 72 hours prior to start of press, imaging, inserting, and mailing operations the contractor must e-mail the printing specialist and the quality assurance manager.
- **IRS Resident Coordinator:** One or more Quality Monitor's may be on-site at the contractor's facility to provide project coordination in the receipt, verification and organization; monitoring all stages of production, mailing and distribution of the product.

Distribution determines the requirements (amount of product) needed and the methods to be deployed to get products where they are needed. A Distribution Analyst is assigned to each product. The assigned Distribution Analyst along with various Distribution Program Analysts, the product originator, an assigned Printing Specialist, and other stakeholders develop a distribution approach for each tax product. This includes determining distribution methods, quantity requirements, and mail and transportation services for each product. A Form 2040 and other mailing and transportation materials (final mailing and shipping lists, IRBL's, etc) are developed for the actual product distribution when the "ok to print" is received. Materials are provided to the Printing Specialist who then provides them to contractors. Filing season reviews are performed each year to begin planning for the next filing season. (Update 7-07)

Critical Path:

1. Identify the parameters of the reporting period.
2. Extract the total number of all Critical Individual Filing Season (CIFS) tax products, paper and electronic, scheduled within the reporting period.
3. Extract the total number of CIFS tax products, either paper or electronic, available to the public by January 8.
4. Divide the total number of CIFS tax products, either paper or electronic, available to the public by January 8 by the total number of all CIFS tax products scheduled to be revised for the filing season. (Update 7-07)

**Management Controls for Items on Critical Path:** Nightly processes provide analysts and management with reports concerning production status, missing data problems, and past due situations.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT, CARE, MEDIA &amp; PUBLICATIONS (PUBLISHING)</b>
Measure Name	<b>Timeliness of Critical Tax Exempt/Government Entities and Business Filing Season (CTBF) Tax Products to the Public</b> (Timeliness of Critical Other Tax Products to the Public) (Update 7-07)
Type of Measure	Business Results Quality, Outcome Measure, Annual
Program Category Related Strategic Goal	1. Taxpayer Assistance and Education - Pre-Filing and Filing 2. Improve Taxpayers Service
Responsible Official	Director, Media & Publications Contact Bernard Zycherman 202-874-0649
Definition	This measure will assess the percentage of Critical Tax Exempt and Government Entities (TE/GE) and Business Filing Season (CTBF) tax products available to the public at least 30 days before the form is required to be filed. CTBF tax products are forms, schedules, instructions, publications, tax packages, and certain notices used by a large number of TE/GE and Business filers to prepare a complete and accurate return or form by the filing date throughout the relevant tax year (e.g., income tax, employment tax, exempt organization return, etc.). (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Director, Publishing b. Publishing Services Data System (PSD) c. PSD Reports
Formula/Methodology	The computation to determine CTBF timeliness is the number of tax products available to the public, either paper or electronic, by the filing date, which will be at least 30 days before the form is required to be filed, divided by the number of tax products scheduled to be released to the public for the filing season. (Update 7-07)
Data Source/ Measurement Tools	Publishing Services Data System (PSD) and the Electronic tax Forms Distribution Production Log (ETFDPL). Rev. 12-2006)
Reliability of Data	Reasonable Accuracy. Procedures are in place to support the input of valid data. Nightly processes provide analysts and management with reports regarding production status, missing data problems, and past due situations.
Frequency of Data	Quarterly (cumulative)

Availability/Reporting	
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**Purpose of Measure:** This measure will show the timeliness rate of Critical Tax Exempt/Government Entities and Business Filing Season (CTBF) tax products availability to the public. (Update 7-07)

**Data Limitations:** None.

**Calculation Changes:** None.

**Complete Description of the Process Complete Description of the Process:** The Tax Forms and Publications (TF&P) managers assign each tax product to a Tax Law Specialists (TLS) for revision or development (new product). The TLS researches the Internal Revenue Code, regulations, court decisions, and published positions of the IRS. The TLS determines what should be included in the tax form, instruction, notice or publication, considering the scope of the tax issue and the target audience. The TLS also considers changes to related tax products, employee suggestions, suggestions from tax practitioner organizations, and correspondence to determine what other changes are needed. The TLS also makes changes to reflect enacted legislation and to incorporate deferred changes from a prior revision. The TLS prepares a draft showing the changes to the tax form or worksheet or to the new tax form. Work Request Notifications (WRN), which assists Submission Processing, are prepared and are revised as legislative changes occur to share with offices for development of RISs and for circulation to the Tax Products Coordinating Committee. The TLS incorporates changes based on comments received from the circulations, as appropriate and corrects errors found during proofreading. The TLS prepares an early release of a form to be posted on IRS.gov to obtain comments from taxpayers and tax practitioners before the form is finalized. The TLS makes changes based on the comments received, including technical issues determined by Chief Counsel. The TLS prepares an ok-to-print package for the final approval process. Any final changes are made; the product is released to Publishing for printing and posting on IRS.gov (as required).

The tax product development process is iterative and must take into account business requirements as defined by the business operating divisions as well as impact on Treasury programs, taxpayers, compliance activities, submission processing, MITS, ETA, and other internal and external stakeholders. M&P works closely with stakeholders to achieve timely delivery of quality products. The importance of understanding and balancing stakeholder's need, the large number of those stakeholders, the criticality of accurately incorporating changes, and the occasional difficulty in getting a timely commitment from partner organizations all add to the challenge of delivering timely products.

The Printing Specialists designs the tax products using a forms design package called OneForm Designer Plus. Work coming into Publishing is managed in a Proof Control System, which keeps track of the different versions and composition cycles, as well as the level of difficulty of the work requested. Once the work is logged into the Proof Control System, it is placed in a Composition Work rack for pickup by a Composition Specialist. The Composition Specialist inputs all of the authors' changes to the source graphic file and applies design and publishing standards. The Composition Specialist also reviews the functionality of tax forms and creates fillable fields for the fillable PDF. Once the Composition Specialist has finished, the work is sent to a proofreader for review. When the proofreader indicates that the work is complete, the work is logged out of the Proof Control System and placed in an outgoing rack for pick up by the TLS. PDFs of all composition work is created and posted to a web site so that the TLS have access to the latest PDF of the product. In addition, the Printing Specialists write contracts early in the calendar year for products that will print during the filing season. The specifications cover the schedule and specifications for manufacturing and printing, binding, imaging and mailing of a certain product. After the contract is written, it is forwarded to the Government Printing Office (GPO) for award. After the contract is awarded, the following tasks are conducted:

- A **preproduction conference** is held at the contractor's plant;
- **Quality Systems Audit:** In connection with the preproduction conference, should the Government elect, a quality systems audit would be conducted; **Preproduction Proofs** are required so that the IRS can review and accept conceptual designs prior to production.
- **Inspection Notification:** 72 hours prior to start of press, imaging, inserting, and mailing operations the contractor must e-mail the printing specialist and the quality assurance manager.
- **IRS Resident Coordinator:** One or more Quality Monitor's may be on-site at the contractor's facility to provide project coordination in the receipt, verification and organization; monitoring all stages of production, mailing and distribution of the product.

Distribution determines the requirements (amount of product) needed and the methods to be deployed to get products where they are needed. A Distribution Analyst is assigned to each product. The assigned Distribution Analyst along with various Distribution Program Analysts, the product originator, an assigned Printing Specialist, and other stakeholders develop a distribution approach for each tax product. This includes determining distribution methods, quantity requirements, and mail and transportation services for each product. A Form 2040 and other mailing and transportation materials (final mailing and shipping lists, IRBL's, etc) are developed for the actual product distribution when the "ok to print" is received. Materials are provided to the Printing Specialist who then provides them to contractors. Filing season reviews are performed each year to begin planning for the next filing season. (Update 7-07)

**Critical Path:**

1. Identify the parameters of the reporting period.
2. Extract the total number of Critical TE/GE and Business Filing Season (CTBF) tax products scheduled within the reporting period.
3. Extract the total number of CTBF tax products available to the public, either paper or electronic, by the filing date, which will be at least 30 days before the product is required for filing.
4. Divide the total number of CTBF tax products, either paper or electronic, available to the public by the filing date, by the total number of all the CTBF tax products scheduled for the filing season. (Update 7-07)

**Management Controls for Items on Critical Path:** Nightly processes provide analysts and management with reports concerning production status, missing data problems, and past due situations.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT –ASSISTANCE BUDGET CATEGORY</b>
Measure Name	Taxpayer Self-Assistance Rate (Taxpayer Self-Assistance Participation Rate)
Type of Measure	Outcome Measure - Business Results Quantity
Program Category Related Strategic Goal	1. Pre-Filing, Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	The Percentage of taxpayer assistance requests resolved using self-assisted automated services. (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. Enterprise Telephone Data (ETD) Snapshot Report, Accounts Management Information Report (AMIR), Internet Refund/Fact of Filing Project Site, MIS Reporting Tool, Electronic Tax Administration (ETA) Website, Microsoft Excel Spreadsheet tracking (Kiosk Visits) c. BPRS (Business Performance Review Summary), Strategy and Program Plans, PAC 2C
Formula/Methodology	<p style="text-align: center;"><b>Automated Calls Answered + Web Services Completed</b></p> <hr/> <p style="text-align: center;"><b>Assistor Calls Answered + Automated Calls Answered + Web Services Completed + Electronic Interactions + Customer Accounts Resolved (Paper) + TAC Contacts</b></p> <p>This measure summarizes the following activities: telephone (automated calls and assistor calls answered), web services, walk-in, and paper information. This report provides data for prior and current year “actual” data as well as current year planned or scheduled data. Staff years include direct technical time, clerical support time, quality review, and total overhead (e.g. training, management, leave).(Rev. 5-2006)</p>
Data Source/ Measurement Tools	Aspect ACD, Telephone Routing Interactive System (TRIS), AMIR, Integrated Customer Communications Environment (ICCE) Web Applications web site (IRFOF and PYEIO), ETA



	website for e-Services. I-EIN systems reports. BPMS for TAC contacts.(Rev. 5-2006)
Reliability of Data	Reasonable Accuracy. See individual components.
Frequency of Data Availability/Reporting	Weekly, Monthly, Quarterly ,Planning Period, Annually http://joc.enterprise.irs.gov/new/josh/reports/ (Rev.-12-2006)

**Purpose of Measure:** This measure shows the success of the IRS in providing and marketing self-assistance channels to taxpayers. As more taxpayers use automated services for routine inquiries, the IRS frees valuable human resources to assist taxpayers who need the knowledge and skill of an IRS employee.

**Data Limitations:** No significant limitations see individual components.

**Calculation Changes:** New measure for FY 2006

**Complete Description of the Process:** The individual components are derived from several sources (see individual components). The formula is applied to the components to arrive at the measure.

**Critical Path:**

1. Contact is made by the customer
2. Raw data is transmitted to the collection platform i.e., Aspect ACD, Web Services, AMIR, ETA.
3. Data is extracted for computation

**Management Controls for items on critical path:**

1. Data is compiled from several sources (see individual components).
2. Each area is responsible for component accuracy. See individual component controls.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: CUSTOMER ACCOUNT SERVICES: SUBMISSION PROCESSING</b>
Measure Name	Percent of Individual Returns Processed Electronically (Percent of Individual Returns Filed Electronically) (E-File Rate Individual)
Type of Measure	Critical (Outcome) Measure - Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing
Definition	The percentage of total individual returns (paper and e-filed submissions combined) that were electronically filed at the W&I Submission Processing Centers.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing and W&I Operating Division b. The main data source is the IIRAP.xls report, which is a national roll-up of the Weekly Reports of Processing Individual Income Tax Returns ("II" Report) from each of the W&I Submission Processing Centers. The II Reports contain, by Program Number for both paper and e-filed returns, the cumulative processed figures for the calendar year to date. These production figures come primarily from the Balance Forward Listing (BFL), run number PCD-03-44 – supplemented with local information (e.g., when certain adjustments have not yet been made or have inadvertently been made in error to the BFL). c. Business Performance Review Summary, Strategy and Program Plans, CAS Business Plan, PAC 2-B report
Formula/Methodology	For each of the Submission Processing Centers - the volumes reported for paper returns reflect the number of cumulative, calendar year-to-date returns processed (i.e., processed receipts that have created a Good Tape transaction). Thus, using the Balance Forward Listing [for the last non-holiday, Monday-Friday day of the week], we pick up the figures from the cumulative Good Transactions column for each of the respective Program Numbers associated with Individual 1040 Series Returns (paper). Data from the BFL is supplemented,

	<p>when appropriate, with local information.</p> <p>For each of the Submission Processing Centers that process e-filed returns - the volumes reported for electronic returns reflect the number of cumulative, calendar-year-to-date returns processed (i.e., processed, acknowledged transmissions that have created a Good Tape transaction). Thus, using the Balance Forward Listing [for the last non-holiday, Monday – Thursday day of the week], we report the figures from the cumulative Good Transactions column for each of the respective Program Numbers associated with Individual 1040 Series Returns (electronic). Data from the BFL is supplemented, when appropriate, with local information.</p> <p>Note that the “II” Report reflects the long-standing tradition of reporting a week for paper returns as Saturday – Friday while reporting a week for electronic returns as Friday – Thursday. More specifically, for electronic returns, the report includes data from the Thursday night ELF runstream drain through the Thursday noon ELF runstream drain.</p> <p>At the national level - Since the data sources are weekly and accumulate by calendar year, for the first three months of the fiscal year, the cumulative figure, through the week that most closely corresponds to the end of September, is subtracted from the cumulative figure, calendar year-to-date. For the next nine months, the first fiscal quarter figure (the computation of which is described immediately above) is added to the cumulative calendar year figure through the week that most closely corresponds to the end of the most recent month.</p> <p>The number of e-filed returns processed is divided by the sum of the number of e-filed and paper returns processed.</p>
Data Source/ Measurement Tools	<p>For each Submission Processing Center, the Generalized Mainframe (GMF) processing evaluates which returns have been worked to completion and can be output as Good Tape Transactions and can be reported on the Balance Forward Listing. (Obviously, there are human interventions performed as necessary by the Accounting Operation at each site.)</p> <p>At the national level, the main data source is the IIRAP.xls report - which is a national roll-up of the Weekly Reports of Processing Individual Income Tax Returns (“II” Report) from each of the centers. The II Reports contain, by Program Number for both paper and e-filed returns, the cumulative production figures for the calendar year-to-date.</p>
Reliability of Data	<p>Since processed volumes are systemically generated, they are quite accurate. On any one day, however, there may be error registers generated which prevent the data from being</p>

	precisely accurate as presented on the Balance Forward Listing. Similarly, human intervention (e.g., making adjustments to correct volumes on an error register) may cause the data as presented on a single day on the Balance Forward Listing to be in error. However, there are balancing procedures established to identify and resolve any such error on a daily basis.
Frequency of Data Availability/Reporting	Data from the IIRAPHQ.xls is available weekly (compiled from the Balance Forward Listing which is available daily), and reported monthly.

**Purpose of Measure:** This measure is the progress made in complying with the legislative mandate of having 80 percent of all returns filed electronically by 2007.

**Data Limitations:** Since the ultimate data source contains an error register routine (and depends on human intervention for correction), it may contain errors. However, large errors are very likely noticed and corrected in the submission that goes forward from a campus to HQ. A very small error may not be noticed by the analysts preparing the report to transmit to HQ.

**Calculation Changes:** None

**Complete Description of the Process:** The Percent of Individual 1040 Series Returns Processed that were Filed electronically represents the number of tax returns that have completed campus processing and have been forwarded to MCC for masterfile processing during the fiscal year through e-file submission divided by the total number of Individual 1040 Series Returns Processed (paper and electronic submissions combined) that have completed campus processing and have been forwarded to MCC for masterfile processing during the fiscal year.

**Critical Path:**

1. Taxpayer submits electronic return to IRS (via tax practitioner, through a third party transmitter, or through TeleFile) or taxpayer submits paper return to IRS (via mail, directly to IRS employee, etc.)
2. Submission Processing Centers receive electronically transmitted returns or physically receives paper tax returns
3. Submission Processing Centers subject the transmitted returns to mainframe processing for validity checking
4. Submission Processing Centers acknowledge those returns that pass the validity checking process and reject back to the transmitter those returns that fail the validity checking process

5. Submission Processing Centers extract and sort paper tax returns
6. Submission Processing Centers batch paper tax returns
7. Submission Processing Centers complete intervening processes for paper tax returns
8. Submission Processing Centers transcribe paper tax returns and run them and the acknowledged electronically filed returns through Generalized Mainframe (GMF) processing for additional validity checking
9. At each Submission Processing Center, volumes of electronically transmitted and paper submitted tax returns successfully complete GMF processing and create Good Transaction records. Some returns go to other controlled inventories for additional perfection. Once corrected, these returns go through GMF processing again and either create Good Transaction records or are controlled to other inventories.
10. At each Submission Processing Center, the volumes of tax returns successfully completing GMF processing and creating Good Transaction records post to the Balance Forward Listing
11. At each Submission Processing Center, personnel produce the Weekly Reports of Processing Individual Income Tax Returns (“II” Report – which lists paper submissions separately from electronic transmissions) and submit it to Headquarters (HQ) Personnel on the first non-holiday Monday – Friday of each calendar week.
12. HQ Personnel “reads” II Report from each Submission Processing Center into the IIRAP.xls and performs data validity checks
13. HQ Personnel extract data from IIRAP.xls for measure.

**Management Controls for items on critical path:**

1. At each Submission Processing Center, managerial oversight is used to ensure that the balancing instructions for the Balance Forward Listing are followed and that necessary adjustments are made.
2. Management Officials review “II” Report prior to its release to Headquarters personnel.
3. Headquarters Personnel release preliminary data for peer and managerial review prior to releasing data for the measure.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT, CUSTOMER ACCOUNT SERVICES, SUBMISSION PROCESSING</b>
Measure Name	Percent of Business Returns Processed Electronically (Percent of BMF Returns Processed that were Filed Electronically) (E-file Rate Business) (Rev. 5-2006)
Type of Measure	Critical Measure – Business Results (Quantity)
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing
Definition	The percentage of total business returns processed (paper, mag media (in prior years), and e-filed submissions combined) that were electronically filed at the W&I Submission Processing Centers.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing and W&I Operating Division b. The main data source is the Program Analysis Report (PAR), run number PCC-62-40, from each of the W&I Submission Processing Centers. The PAR contains, by Program Number for paper, mag media (in prior years), and e-filed returns, the cumulative processed figures for each planning period. These production figures come from the Balance Forward Listing (BFL), run number PCD-03-44. c. Business Performance Review Summary, Strategy and Program Plans, CAS Business Plan, PAC 2-B report
Formula/Methodology	For each of the Submission Processing Centers - the volumes reported for paper returns (and mag media for prior years) reflect the number of cumulative, fiscal year-to-date returns processed (i.e., processed receipts that have created a Good Tape transaction). For each of the Submission Processing Centers that process e-filed returns – the volumes reported for electronic returns reflect the number of cumulative, fiscal year-to-date returns processed (i.e., processed, acknowledged transcriptions that have created a Good Tape transaction). Note that the Program Analysis Report reflects a week as Sunday – Saturday. However, because of how data feeds from the PCD run stream to the PCC run stream, the production data reflected each week is actually from Friday – Thursday.

At the national level – Since the data sources are weekly and accumulate by planning period, for the first three months of the fiscal year, the cumulative figure from the Program Analysis Report through the week that most closely corresponds to the end of the most recent month is used. For the next six months (January – June), the first fiscal quarter cumulative figure is added to the cumulative planning period figure through the week that most closely corresponds to the end of the most recent month. For the last three months (July – September), the cumulative figures for October – December and January – June are added to the cumulative planning period figure through the week that most closely corresponds to the end of the most recent month.

The number of e-filed returns processed is divided by the number of e-filed and paper returns processed.

<u>Paper Program Code</u>	<u>Form Type</u>	<u>Paper Program Code</u>	<u>Form Type</u>
1110X	940	1190X	1041
1111X	940EZ	1191X	1041 QFT
1114X	940 SCRIPS	1210X	1120S
1120X	941	1220X	1065
1121X	941 International	1230X	2290
1125X	945	1233X	2290EZ*
1129X	941 Revised	1240X	706
1130X	CT-1	1241X	709
1150X	1120	1250X	1042
1151X	1120A	1270X	11C/730
1154X	1120C	1311X	990
1160X	943	1312X	990EZ
1165X	944	1313X	990PF
1168X	944PR	1314X	990T
1180X	720	1316X	EO COMB
<u>Paper Program Code</u>	<u>Form Type</u>		
1317X	1120 POL		
1318X	990C		
1319X	5227		

	7286X	5330		
	<u>e-File Program Code</u>	<u>Form Type</u>	<u>e-File Program Code</u>	<u>Form Type</u>
	11120	940 ELF*	11810	720 MeF
	11130	940 OLF*	11950	1041 EFS/ELF
	11180	940 XML	12110	1120S MeF
	11240	941 ELF*	12210	1065 MeF
	11260	941 Telefile*	12220	1065-B MeF
	11270	941 OLF	12250	1065 EFS
	11280	941 XML	12340	2290 MeF
	11520	1120 MeF	13310	990 MeF
	11530	1120A MeF*	13320	990EZ MeF
	11550	1120F MeF	13330	990PF MeF
	11660	944 XML	13340	990T MeF
	11670	944 OLF	13350	990N
			13370	1120 POL MeF
	<p><b>* Obsolete electronic submission applications and paper forms are for prior year comparison only</b></p> <p>DOES NOT INCLUDE any of the following forms: IMF forms, extensions, FTDs, Schedules K-1, 1041ES, 1120X, 2553, 8038, 8328, 8453, 8752, 8871, or 8772. (Update 7-07)</p>			
Data Source/ Measurement Tools	<p>For each Submission Processing Center, the Generalized Mainframe (GMF) processing evaluates which returns have been worked to completion and can be output as Good Tape Transactions and can be reported on the Balance Forward Listing. (There are human interventions performed as necessary by the Accounting Operation at each site.)</p> <p>At the national level, the main data source is the sum of the individual Program Analysis Reports (PAR) for each site. The PAR contains, by Program Number for paper, mag media (in prior years), and e-filed returns, the cumulative production figures for each planning period.</p>			
Reliability of Data	<p>Since processed volumes are systemically generated, they are quite accurate. On any one day, however, there may be error registers generated which prevent the data from being precisely accurate as presented on the Balance Forward Listing. Similarly, human</p>			



	intervention (e.g., making adjustments to correct volumes on an error register) may cause the data as presented on a single day on the Balance Forward Listing to be in error. However, there are balancing procedures established to identify and resolve any such error on a daily basis.
Frequency of Data Availability/Reporting	Data from the Program Analysis Report is available weekly (compiled from the Balance Forward Listing which is available daily), and reported monthly.

**Purpose of Measure:** This measure result indicates the progress made in complying with the legislative mandate of having 80percent of all returns processed electronically by 2007.

**Data Limitations:** Since the ultimate data source contains an error register routine (and depends on human intervention for correction), it may contain errors. However, large errors are very likely noticed and corrected in the submission that goes forward from a campus to HQ. A very small error may not be noticed by the analysts preparing the report to transmit to HQ.

**Calculation Changes:** The calculation used to determine the percentage of Business Returns Processed Electronically is changed for FY 2006 to bring the percent of Business Returns Processed in line with the Percent of Individual Returns Processed measure, comparing the number of returns processed that were filed electronically to the overall total number of business returns processed that were filed (paper and electronic combined). Previously, the measure was defined as a measure of electronic penetration, comparing the number of business returns filed electronically to the total number of business returns filed (paper and electronic) that could have been filed electronically.

**Complete Description of the Process(s) measure originates from:** The Percent of Business Returns Processed that were Filed electronically represents the number of tax returns that have completed campus processing and have been forwarded to ECC-MTB for masterfile processing during the fiscal year through e-file submission divided by the total number of Business Returns Processed (paper, mag media (in prior years), and e-Filed submissions combined) that have completed campus processing and have been forwarded to ECC-MTB for masterfile processing during the fiscal year.

**Critical Path**

1. Taxpayer submits electronic return to IRS (via tax practitioner or through a third party transmitter) or taxpayer submits paper return to IRS (via mail, directly to IRS employee, etc.).

2. Submission Processing Centers receive electronically transmitted returns or physically receives paper tax returns.
3. Submission Processing Centers subject the transmitted returns to mainframe processing for validity checking.
4. Submission Processing Centers acknowledge those returns that pass the validity checking process and reject back to the transmitter those returns that fail the validity checking process.
5. Submission Processing Centers extract and sort paper tax returns.
6. Submission Processing Centers batch paper tax returns.
7. Submission Processing Centers complete intervening processes for paper tax returns.
8. Submission Processing Centers transcribe paper tax returns and run them and the acknowledged electronically filed returns through Generalized Mainframe (GMF) processing for additional validity checking.
9. At each Submission Processing Center, volumes of electronically transmitted and paper submitted tax returns successfully complete GMF processing and create Good Transaction records. Some returns go to other controlled inventories for additional perfection. Once corrected, these returns go through GMF processing again and either create Good Transaction records or are controlled to other inventories.
10. At each Submission Processing Center, the volumes of tax returns successfully completing GMF processing and creating Good Transaction records post to the Balance Forward Listing.
11. At each Submission Processing Center, personnel validate the PCD runstream data (and make adjustments as necessary) which goes into the Production Control and Performance (PCC) runstream the next day.
12. HQ Personnel extract data from the Program Analysis Report on a monthly basis and perform data validity checks.

**Management Controls for items on critical path:**

1. At each Submission Processing Center, managerial oversight ensures that the balancing instructions for the Balance Forward Listing are followed, that the data goes into the PCC run stream, and that necessary adjustments are made.
2. HQ Personnel extract data from the Program Analysis Report on a monthly basis and perform data validity checks.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT/SMALL BUSINESS SELF EMPLOYED (TAX LAW): CUSTOMER ACCOUNT SERVICES: ACCOUNTS MANAGEMENT</b>
Measure Name	Outcome: Customer Accuracy Tax Law Phones (Customer Accuracy– Toll Free Tax Law Phones) (Toll Free Tax Law Accuracy)(Tax Law Accuracy for Telephone Service)
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Site, Enterprise b. National Quality Review System (NQRS) c. Reports embedded in the NQRS database
Formula/Methodology	Calculated based on Defects Per Opportunity (DPO) which focuses on how many attributes were scored incorrectly vs. how many possible attributes applied to that particular transaction. Dividing the number of errors by the total number of opportunities for a transaction, then subtracting that figure from one (1) $XX\% = 1 - (N/Y+N)$ . (In this particular measure, there is only one attribute [opportunity] per transaction.) $1 - [N/(Y+N)] = XX\%$
Data Source/ Measurement Tools	Field 715 on the Data Collection Instrument (DCI) is coded by the Centralized Quality Review System (CQRS) monitor as calls are reviewed. Data is input to the NQRS for product review and service reporting.
Reliability of Data	Reasonable Accuracy – Field 715 on the DCI is coded by the CQRS monitor as calls are reviewed. Data is input to the NQRS. The NQRS contains several levels of validation that occur as part of the review process. The input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or

	based upon an entry in a quality attribute. The national reviews conducted by CQRS site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.
Frequency of Data Availability/Reporting	Unweighted data is available on-line after input. Weighted data is run monthly within two weeks after the end of the month and available on NQRS.

**Purpose of Measure:** The purpose of this measure is to capture the percent of taxpayers who receive the correct answer to their Tax Law or Account question.

**Data Limitations:** None

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** Accuracy measured via remote monitoring a statistically valid sample of tax law and account product line calls, the monthly call volume and monthly weighting of the accuracy projections based on volume of calls handled.

**Critical Path:**

1. CQRS monitors calls based on SOI designed plan.
2. Call is evaluated for customer accuracy, procedural accuracy, regulatory accuracy, professionalism and timeliness. Results are input to the National Quality Review System (NQRS.)
3. Monthly call volumes of calls handled for each product line are input to NQRS based on Electronic Telephone Database (ETD) reports.
4. Weighted reports are run within two weeks after the end of the month to update the fiscal year cumulative data.
5. HQ extracts report data for Business Performance Review Summary.

**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews NQRS employee input DCIs for consistency and coding.
3. CQRS tracks and reviews rebuttals quarterly and an annual sample of each product line's rebuttals is performed.

A rebuttal database is used to share technical and coding issues in CQRS.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT - CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Customer Accuracy- Accounts (Phones) (Toll Free Account Accuracy) (Customer Accuracy – Toll-Free Accounts (Phones) (Accounts Accuracy for Telephone Service)
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Site, Enterprise b. National Quality Review System (NQRS) c. Reports embedded in the NQRS database
Formula/Methodology	Calculated based on Defects Per Opportunity (DPO) which focuses on how many attributes were scored incorrectly vs. how many possible attributes applied to that particular transaction. Dividing the number of errors by the total number of opportunities for a transaction, then subtracting that figure from one (1) (In this particular measure, there is only one attribute [opportunity] per transaction.) $1 - [N/(Y+N)] = XX\%$
Data Source/ Measurement Tools	Field 715 on the Data Collection Instrument (DCI) is coded by the Centralized Quality Review System (CQRS)
Reliability of Data	Reasonable Accuracy – Field 715 on the DCI is coded by the CQRS monitor as calls are reviewed. Data is input to the NQRS. The NQRS contains several levels of validation that occur as part of the review process. The input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or

	based upon an entry in a quality attribute. The national reviews conducted by CQRS site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.
Frequency of Data Availability/Reporting	Unweighted data is available on-line after input. Weighted data is run monthly within two weeks after the end of the month and available on NQRS.

**Purpose of Measure:** The purpose of this measure is to capture the percent of taxpayers who receive the correct answer to their Tax Law or Account question.

**Data Limitations:** None

**Calculation Changes:** None (Rev. 12-2006)

**Complete Description of the Process(s) measure originates from:** Accuracy measured via remote monitoring a statistically valid sample of tax law and account product line calls, the monthly call volume and monthly weighting of the accuracy projections based on volume of calls handled.

**Critical Path:**

1. CQRS monitors calls based on SOI designed plan.
2. Call is evaluated for customer accuracy, procedural accuracy, regulatory accuracy, professionalism, and timeliness. Results are input to the National Quality Review System (NQRS)
3. Monthly call volumes of calls handled for each product line are input to QRDbv2 based on Electronic Telephone Database reports.
4. Weighted reports are run on the 10th day of the month to update the fiscal year cumulative data.
5. HQ extracts report data for Business Performance Review Summary.

**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews NQRS employee input DCIs for consistency and coding.
3. CQRS tracks and reviews rebuttals quarterly, and an annual sample of each product line's rebuttals are performed.
4. A rebuttal web site is used to share technical and coding issues in CQRS.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT – CUSTOMER ACCOUNTS SERVICES</b>
Measure Name	Customer Contacts Resolved per Staff Year (Customer Contacts Per Staff Year)
Type of Measure	Critical (Efficiency) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Accounts Services
Definition	The number of Customer Contacts Resolved in relation to time expended based on staff usage.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. Enterprise Telephone Data (ETD) Snapshot Report, Accounts Management Information Report (AMIR) Advance Child Tax Credit Project Site, MIS Reporting Tool, Electronic Tax Administration (ETA) Website—Work Planning & Control (WP&C Report, Resource Allocation Report (RAR) . c. BPRS (Business Performance Review Summary), Strategy and Program Plans, PAC 2C (Rev. 5-2006)
Formula/Methodology	<p>Assistor Calls Answered + Automated Calls Answered+  <u>Web Services Completed + Electronic Services + Paper Responses</u>  Staff Years</p> <p>This measure summarizes the following activities: telephone (automated calls and assistor calls answered), web services, and paper information. This report provides data for prior and current year “actual data as well as current year planned overhead to include direct technical time, clerical support time, quality review, and total overhead (e.g. training, management, leave.</p>
Data Source/ Measurement Tools	Aspect ACD, TRIS, AMIR, and Internet Refund/Fact of Filing & Advance EITC Project Site, MIS Reporting Tool, ETA website, & Staff Year data is extracted from the weekly WP&C report and consolidated and included in the RAR report. (Rev. 5-2006)
Reliability of Data	Reasonable Accuracy – See individual components

Frequency of Data Availability/Reporting	Weekly, Monthly, Quarterly, Planning Period, Annually <a href="http://joc.enterprise.irs.gov/new/josh/reports/">http://joc.enterprise.irs.gov/new/josh/reports/</a> (Rev. 12-2006)
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**Purpose of Measure:** The measure provides data based on a “multi-channel” efficiency measure for Accounts Management activities. This measure captures the ratio of output (Accounts Management contacts) to input (Accounts Management program staff years).

**Data Limitations:** No significant limitations. See individual components.

**Calculation Changes:** This measure was new in FY 2005. Changes to the components are described in separate measures. (Rev. 5-2006)

**Complete Description of the Process:** The individual components are derived from several sources (see individual components). The formula is applied to the components to arrive at the measure.

**Critical Path:**

1. Contact is made by the customer.
2. Raw data is transmitted to the collection platform i.e. Aspect ACD, Web Services, AMIR, ETA.
3. Staff usage is provided through WP&C.
4. Data is extracted for computation.

**Management Controls for items on critical path:**

1. Data is compiled from several sources (see individual components).
2. Each area is responsible for component accuracy. See individual component controls.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Customer Service Representative (CSR) Level of Service (Toll-Free CSR Level of Service)(Telephone Level of Service)(CSR Level of Service Enterprise and Practitioner Priority Services (PPS))
Type of Measure	Critical (Outcome) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Accounts Services
Definition	The relative success rate of taxpayers that call for toll-free services seeking assistance from a Customer Service Representative.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise, By Dialed Number, and PPS only b. Enterprise Telephone Database (ETD) c. Snapshot report on JOC web page <u>Snapshot Reports</u> <a href="http://joc.enterprise.irs.gov/etd/snapshots/fy07/snapshotfy07.asp">http://joc.enterprise.irs.gov/etd/snapshots/fy07/snapshotfy07.asp</a> Refer to the CAS calls category on the Enterprise snapshot (Update 7-07)
Formula/Methodology	<p>CSR LOS =</p> $\frac{\text{Assistor Calls Answered} + \text{VCR Answered} + \text{Informational Messages}}{\text{Assistor Calls Answered} + \text{VCR Answered} + \text{Informational Messages} + \text{VCR Busies} + \text{Courtesy Disconnects} + \text{Emergency Closed} + \text{Secondary Abandons} + \text{Calculated Busy Signals}^* \text{ (See notes 1 and 2 below)}}$ <p>1. *If the sum of VCR Answered + Informational Messages + TRIS Completed is greater than or equal to one, use Calculated Busy Signals to determine CSR LOS. Otherwise, use Total Busy Signals from AT&amp;T Network Incompletes (Rev 12-2006).</p> <p>2. *Calculated Busy Signals = (Assistor Calls Answered + VCR Answered + Informational Messages + VCR Busies + Courtesy Disconnects + Emergency Closed + Secondary Abandons) divided by (Total Attempts – Busies) times Busies. PPS CSR LOS is calculated the same as CSR LOS but only the PPS Product Line information is</p>

	included in the calculation. (Rev. 5-2006)
Data Source/ Measurement Tools	Aspect ACD, AT&T, TRIS, ICM
Reliability of Data	Reasonable Accuracy – Data originates from the Aspect ACD, TRIS, ICM, and AT&T. Data is automatically transmitted to and compiled in ETD. Data validation takes place to ensure accurate data is transmitted to ETD from the Aspect ACD, TRIS, and AT&T. In addition, JOC periodically verifies ETD data using Intelligent Contact Management (ICM) data. ICM data can be compromised by a loss of connectivity of one or more of the ACDs.
Frequency of Data Availability/Reporting	Data is available in a wide variety of time increments: daily, weekly, monthly, PP and FY.

**Purpose of Measure:** Determine the relative success rate of taxpayers that call for Toll-free services seeking assistance from a Customer Service Representative (CSR).

**Data Limitations:** Reasonable accuracy. Data validation takes place to ensure accurate and complete data is fed to ETD from the Aspect ACD, TRIS, and AT&T. In addition, JOC periodically verifies ETD data using ICM data. JOC validates all CSR LOS data elements on a weekly basis.

**Calculation Changes:** Beginning in FY 2007, the CAS product lines will include data for the Tax Exempt/Government Entities (TE/GE) Toll-free operation.

**Complete Description of the Process(s) measure originates from:** To calculate the CSR LOS, all call data is accumulated by the Aspect ACD in each site, AT&T reports, and TRIS transmitted nightly to the ETD System. Report data is extracted weekly from the database and used to create the official Snapshot Report, which is published on the ETD website. To measure the PPS CSR LOS, the calculation includes only the calls handled by the PPS Product Line and associated components. (Rev. 5-2006)

**Critical Path:**

1. Aspect ACD, TRIS, AT&T and ICM data is collected on each system.
2. Raw data is fed nightly from each system.

3. Raw data is then compiled and organized in the ETD database.
4. Using this data, ETD calculates weekly, planning period and fiscal year CSR LOS that is reflected on the official Snapshot.

**Management Controls for items on critical path:**

1. Validation of monthly report data by W&I P&A staff.
2. The JOC and ETD staff validate CSR LOS data prior to publication of the weekly official Snapshot report. Independent weekly CSR LOS source data is also gathered and validated by comparing data with the data used to produce the official Snapshot report.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: PROGRAM OFFICE – EARNED INCOME AND HEALTH COVERAGE TAX CREDITS</b>
Measure Name	Percent of Eligible Taxpayers Who File for EITC (Participation Rate)
Type of Measure	Critical (Outcome) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Pre-filing Taxpayer Assistance and Education 2. Improve Taxpayer Service
Responsible Official	Director, Earned Income and Health Coverage Tax Credits
Definition	Compares the number of taxpayers who claimed an EITC to the number of taxpayers who appear to be eligible.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Nationwide b. Individual Returns Transactions File (IRTF) – TY1 Census Population Survey (CPS) Annual Social and Economic Supplement; ETIC Compliance Studies – TY 1997, TY 1999, and TY 2001 (NRP) c. Business Performance Review Summary (BPRS) and Strategy and Program Plan (SPP)
Formula/Methodology	EITC estimates the participation range between 75 percent (lower bound) to 80 percent (upper bound) for FY 2008. However, the methodology for estimating the participation rate is being refined in an effort to improve the accuracy of estimates, and will await the evaluation of this new methodology before setting targets for future years. (Rev. 12-2006)
Data Source/ Measurement Tools	IRTF - Data captured from IRS processing; TY1 CPS – Census Bureau Survey; 1999 EITC Compliance Study – EITC Audits.
Reliability of Data	Somewhat Accurate (Rev. 12-2006)
Frequency of Data Availability/Reporting	Annually

**Purpose of Measure:** This measure estimates the number of individuals who appear to qualify for the credit against the number actually claiming the credit. (Rev. 12-2006)

**Data Limitations:** Qualified households are determined by the CPS survey data, but the survey does not capture all of the components of EITC qualification such as Residency and Relationship. In addition, the Census Bureau can only determine taxpayers that file a return, not if they actually claim EITC.

**Calculation Changes:** New

**Complete Description of the Process:** The Census Bureau (CB) determines the number of qualified households from the CPS survey data. The CB then uses the IRS match file to determine if households appear to qualify for EITC filed a return. The results are passed to W&I Research, which compare the results with the latest EITC Compliance Study (currently TY1999) for adjustment and final tabulation. These results are then presented in a research report.

**Critical Path:**

1. Agreement with CB to match and provide data.
2. IRS obtains authority to release specific data items to CB (Rev. 12-2006)
3. IRS provides data to CB (Rev 12-2006)
4. CB returns results to W&I Research
5. WI calculates data and issues report.
6. Earned Income and Health Coverage tax Credits management review report.

**Management Controls for items on critical path:**

1. MITS conducts standard data validation on all IRS data (Rev. 12-2006)
2. Research management organizational structure will conduct oversight as necessary.
3. Earned Income and Health Coverage Tax Credits management will make decisions about the next steps.

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	<b>DESCRIPTION</b>
Operating Division	<b>WAGE &amp; INVESTMENT: HEALTH COVERAGE TAX CREDIT</b>
Measure Name	Cost per Taxpayer Served (Monthly) (Cost Per Taxpayer Served (S) (HCTC))
Type of Measure	Business results quality, Efficiency, Long term
Program Category Related Strategic Goal	1. Program Management Office 2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	The costs associated with serving the taxpayers including program kit correspondence, registration and program participation.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Program Level – Director, HCTC b. HCTC Siebel system, via reporting database. IFS disbursement report, Contractor Work Request report c. Program Management Review
Formula/Methodology	<p style="text-align: center;">[IFS Monthly Disbursement – (83% IT Cost + 60% Program Management Costs + <u>Special Projects and Costs + (IRS Non-Labor Costs – Printing))]</u> Taxpayers Served * 1.6</p> <p>Where <i>Taxpayers Served</i> is the unique count of SSNs for primary candidates that are enrolled, and/or interact with the customer contact center including correspondence and program kits, 1.6 is a factor attributed to the average number of taxpayers served per primary enrollee, to reflect affected Qualified Family Members.</p>
Data Source/Masurement Tools	<p>IRS costs and exclusions: IFS disbursement report</p> <p>Accenture costs and exclusions: Monthly Work Request report.</p> <p>Taxpayers served: HCTC Siebel system provides data extracts to the HCTC reporting database, and further queries and reports are created from there.</p>
Reliability of Data	Reasonable estimate.
Frequency of Data Availability/Reporting	<p>Frequency: Measure will be reported on monthly and annual basis.</p> <p>Availability: Two months after the period of activity, and 1 month after the typical reporting cycle – because of the time lag between actual activities and the IFS disbursement report.</p>

**Purpose of Measure:** This is a program level efficiency measure that estimates the average cost to serve taxpayers involved with the advance HCTC program.

**Data Limitations:** Minor limitations without a material effect on reliability:

1. Full precise breakdown of costs related to taxpayer service tasks and special project costs is not available. However, reasonable simplifying assumptions have been used. For example, some cost exclusions are based on actual FY06 data.
2. The subset of interaction from enrollees is estimated from snapshot monthly enrollment numbers.
3. Monthly data is dependent on seasonality.
4. Meaningful comparisons across fiscal years should consider a normalization factor to account for scope changes, cost of labor increases, and consistent classification of activities as 'special projects' vs. 'operations'

**Calculation Changes:** N/A. Changes may be considered if there is major change in the operational scope or cost structure.

**Complete Description of the Process:** For the numerator, the IFS disbursement will be received on monthly basis, and exclusions will be made based on the contents of that report, and the Contractor Work Request Report from the previous month. For the denominator, the HCTC PMO Program Evaluation and Reporting team will extract reports from the reporting environment at the end of the month, track them on a spreadsheet, and include them in the program reporting.

**Critical Path:**

1. IFS disbursement report provided to HCTC Program Office
2. Contractor costs received from Work Request Report (previous month)
3. Exclusions are calculated, and costs finalized for the measure
4. Taxpayers Served measure provided by Program Evaluation and Reporting Team, and multiplied by 1.6
5. Measure is calculated and included in CPTS report
6. PMO provides data in monthly Program Management Review

**Management Controls for items on critical path:**

1. HCTC Program office reviews IFS disbursement
2. HCTC PMO team reviews and checks Contractor costs and exclusions
3. PMO reporting team verifies the source data against previous months of IFS data and Work Request data

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	<b>DESCRIPTION</b>
Operating Division	<b>WAGE &amp; INVESTMENT: HEALTH COVERAGE TAX CREDIT</b>
Measure Name	Sign-up Time (Sign-up Time (days) – Customer Engagement (HCTC))
Type of Measure	Business results quality, Efficiency (timeliness), Annual
Program Category	1. HCTC Stakeholder Engagement Operations
Related Strategic Goal	2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	The length of time between first Program Kit mailing and first payment received. (Update 7-07)
a. Reporting Level (s)	a. Program Level – Director, HCTC
b. Report Data Source	b. Siebel via Microsoft Systems Reporting (MSRS)
c. Reports	c. Customer Engagement Timeline report, and related diagnostics
Formula/Methodology	Measure median length of time it takes between mailing of first Program Kit and first payment from the participant.
Data Source/Masurement Tools	Siebel/MSRS
Reliability of Data	Reasonable accuracy
Frequency of Data Availability/Reporting	Monthly/Monthly

**Purpose of Measure:** This measure will show the median time it takes an individual to successfully engage in the program and successfully register for advance HCTC payment. It will also provide some information about timing of each step of the registration process including some pre-registration interactions. This measure quantifies the effectiveness of HCTC collateral and the registration process to efficiently register participants in the Program and receive a response to an invoice for a participant's portion of a health plan payment. Improvements to HCTC collateral or the registration process should consider the implications for the time factor and demonstrate the effectiveness of the change to the Program.

**Data Limitations:** Measure will exclude the time between payment received from individual and payment made by HCTC to the health plan. That information is not available, and varies depending on the timing of the billing cycle and the customer's choice to pay.

**Calculation Changes:** None

**Complete Description of the Process:** The calculation of this measure is the median number of calendar days that elapse per registration from the date the Program Kit is mailed to the date the first payment is received from the participant. This is calculated based on queries and reports from system data.

**Critical Path:**

1. Dates captured in system during operations
2. Data queried by HCTC Program Evaluation and Reporting team
3. Measure calculated by HCTC Program Evaluation and Reporting team.

**Management Controls for items on critical path:**

1. Data is reviewed by HCTC Program Evaluation and Reporting function and compared with previous months
2. Diagnostic reports are reviewed each month (Update 7-07)

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## Enforcement

	DESCRIPTION
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED, WAGE &amp; INVESTMENT, AND LARGE &amp; MID-SIZE BUSINESS COMPLIANCE SERVICES, CORRESPONDENCE EXAM FIELD EXAMINATION</b>
Measure Name	Examination Coverage-Correspondence Examination and Field Examination—(Individuals Only) (Rev. 4-2006)
Type of Measure	Balanced Measure—Business Results-Quantity--Budget Level—Outcome (Rev. 5-2006)
Program Category Related Strategic Goal	1. Correspondence Examination and Field/Office Examination 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SBSE and LMSB Directors, Field Examination; Directors, Compliance Services, SBSE and W&I
Definition	The sum of all individual returns closed by SB/SE, W&I (excluding EITC Proof of Concept Closures), and LMSB (Field Exam and Correspondence Exam) divided by the total individual return filings for the prior calendar year. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AIMS Database
Formula/Methodology	<p><b><u>Formula is as follows:</u></b></p> <p><b><u>NUMERATOR:</u></b></p> <p>The sum total of the following equation:</p> <p><b>SB/SE Correspondence Examination and W&amp;I Campus Reporting Compliance-Correspondence Examination:</b> Individual returns (both Non-EITC and EITC), closed by all five W&amp;I Campuses during the reporting period. Examination closures are derived from the Audit Information Management System (AIMS) Closed Case Database (CCDB).</p> <ul style="list-style-type: none"> <li>From the AIMS CCDB include AIMS field taxable-rtn-cnt for all activity codes, excluding project codes 576 – 581.</li> </ul> <p><b>PLUS</b></p> <p><b>SB/SE Field and Office Examination:</b> Individual returns closed by SB/SE Areas during the period. The sum total of the number of closures on the AIMS Closed Case Database (CCDB)</p>

	<p>for SB/SE [AIMS-BOD-COD = "2"] for the period with Activity Codes 530 through 543 for Revenue Agent [EMPLOYEE-TYPE-CD = 1], TA/TCO [EMPLOYEE-TYPE-CD = 2], TE [EMPLOYEE-TYPE-CD = 9] and ROE [EMPLOYEE-TYPE-CD = 6].</p> <p><b>PLUS</b></p> <p><b>LMSB for Individuals Only.</b> The sum total of the number of closures on the AIMS CCDB for LMSB [AIMS-BOD-COD = "3"] for the period with Activity Codes 530 through and including 539.</p> <p><b><u>DENOMINATOR:</u></b> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Data Source/ Measurement Tools	<p>The sum of all individual returns closed will be extracted as follows:</p> <p><b><u>NUMERATOR:</u></b></p> <p><b>SB/SE Campus Reporting Compliance-Correspondence Examination and W&amp;I Campus Reporting Compliance-Correspondence Examination:</b> Examination closures (AIMS closures): AIMS CCDB for all activity codes, excluding project codes 576-581.</p> <p><b>PLUS</b></p> <p><b>LMSB for Individuals Only:</b> AIMS LMSB Closed Case Database (CCDB) (Activity Code 530-539)</p> <p><b>PLUS</b></p> <p><b>SB/SE Field and Office Examination:</b> AIMS SB/SE Closed Case Database (CCDB) (Activity Code 530-543)</p> <p><b><u>DENOMINATOR:</u></b> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure is an indication of the number of individual income tax returns examined by SB/SE, W&I, and LMSB Field and Campus operations. Maintaining a presence through audit coverage is a cornerstone of our voluntary compliance system.

**Data Limitations:** No significant limitations.

**Calculation Changes:** None.

**Complete Description of the Process:** SB/SE Field/Office Exam and LMSB : When individual return examinations (Activity Codes 530-543) are completed, a case-closing document (Form 5344, Examination Closing Record) is completed for each return examined (by the examiner or systemically by the Report Generation Software (RGS)). The closing document contains such data as, type of return, tax year examined, disposal code, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS files reporting cumulative data for the fiscal year. This data is validated and converted into a database. The database reports are used to monitor and report the number of examination return closures.

SB/SE Campus Correspondence Exam and W&I: When return examinations are completed, a case-closing document (Form 5344) is completed for each return examined by the examiner or systemically by the Report Generation System. The closing document contains such data as, type of return, tax year examined, type of disposal, technique codes, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document data is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS tables/reports showing cumulative data for the fiscal year. The reports are used to monitor and report the number of examination return closures.

**Critical Path:**

SB/SE Field/Office Exam and LMSB:

1. The Revenue Agent/Tax Compliance Examiner/Tax Examiner completes the examination and inputs the results to the Report Generation Software (RGS), which produces a Form 5344, Examination Closing Record.
2. The Revenue Agent/Tax Compliance Examiner/Tax Examiner then turns the case file in to the Group Manager.
3. The Group Manager reviews the case file for completeness and accuracy and closes the case on RGS.
4. The Group Manager passes the case to the Group Secretary for closing.



5. The Group Secretary inputs the Form 5344 data onto the Examination Returns Control System (ERCS), closes the case on RGS, and sends the case to Centralized Case Processing (CCP) for processing.
6. Tax Examiners in CCP use the Form 5344 and RGS to input the case closing information onto AIMS.
7. AIMS data is validated by the Detroit Computing Center (DCC), as well as by Examination Management Information System (MIS) (Examination Planning and Delivery).
8. AIMS data is converted into a user-friendly database (A-CIS “AIMS-Centralized Information System”).
9. Approved employees query the A-CIS database to obtain electronic reports of AIMS closures.

#### SB/SE Correspondence Exam and W&I Campus Correspondence Exam

1. Closing document is prepared and entered into the AIMS database.
2. DCC generates monthly AIMS report files and makes this data available for electronic access by approved employees.
3. AIMS data is converted into user-friendly database (A-CIS).
4. Approved employees query A-CIS database (AIMS data) to obtain electronic report of AIMS closures.

#### **Management Controls for items on Critical Path:**

##### **SB/SE Field/Office and LMSB:**

##### Closures –

1. Case closing documents are reviewed for accuracy by managers before closing from the group and during sample reviews by quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

##### SB/SE and W&I Campus Correspondence Exam:

##### AIMS Closures –

1. Case closing documents are reviewed for accuracy during sample reviews by managers and quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

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	<b>DESCRIPTION—FY06-Updated 4-12-06</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF-EMPLOYED, COMPLIANCE--FIELD EXAM (FUNCTIONAL AREA 7G)</b>
Measure Name	Field Exam Embedded Quality
Type of Measure	Balanced Measure—Critical
Program Category Related Strategic Goal	1. Field Examination Tax Reporting Compliance Program 2. Enhance Enforcement of the tax law.
Responsible Official	Owners: Director, Examination
Definition	The score awarded to a reviewed field examination case by a quality reviewer using the National Quality Review System (NQRS) quality attributes.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Measurements are reported at the National, Area and Territory levels on a monthly basis. Data is statistically valid at the Area level. b. NQRS
Formula/Methodology	Cases reviewed are measured against 22 quality attributes. These attributes can be grouped into four measurement categories. They are Timeliness, Professionalism, Regulatory Accuracy and Procedural Accuracy. A fifth measurement category for Customer Accuracy contains one quality attribute, but is not included in the organizational quality score. The scores are based on the number of attributes rated Yes, over all attributes rated either Yes or No.
Data Source/ Measurement Tools	Monthly reports supplied from the National Quality Review System (NQRS) database.
Reliability of Data	Reasonable Accuracy – Factors that influence the reliability of the data include the accuracy of individual case reviews, sample size, age of sample being reviewed, and accuracy of case selection. To monitor consistency, each site conducts meetings, where all reviewers evaluate the same case. Ratings are discussed to arrive at a consensus. Areas of disagreement are elevated to a national consistency team for resolution. A national issue log is maintained and shared with reviewers and managers. The sample is currently statistically valid at the Area level. Cases reviewed are entered into a web-based database on a daily basis. Accuracy checks are performed by the reviewer, the site, and at the national level.
Frequency of Data	Measurement reports are produced monthly at the National, Area and Territory levels. These

Availability/Reporting	reports reflect performance for a cumulative period.
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**Purpose of Measure:** The Field Exam Embedded Quality Score is the Business Results-Quality Balanced Measure for SB/SE income tax examinations.

**Data Limitations:** Loss of resources prevents timely reviews of cases at the current sample rate. The data is statistically valid at the Area level but not at the Territory level.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** The measure is based on a sample of cases selected from daily closures. Reviewers conduct a technical, procedural and computational review of each sample case and rate case actions against attributes. The entire case file is reviewed to measure the examiners' success in meeting their job responsibilities as outlined in the IRM. The sampling plan allows for statistically valid data at the National and Area level on an annual basis. The cases reviewed are measured against twenty-two quality attributes, with each one having equal weight.

**Critical Path:**

1. Closed examination case sampled and received by review site
2. Reviewer evaluates case
3. Results of review are input to database
4. Data validated by each EQMS Site and National personnel.
5. Data/reports furnished to customers monthly

**Management Controls for items on critical path:**

1. Site consistency case reviews held /Minutes of meeting are documented.
2. Areas of disagreement submitted to national analyst and posted to issue log. Issue log is maintained and shared with reviewers and managers.
3. Site managers and national analysts utilize NQRS report features designed to monitor consistency.
4. Site managers perform documented case reviews, workload reviews and narrative reviews for employees.

5. Site review of narratives.
6. National review of narratives.
7. Accuracy checks performed at site level.
8. Accuracy checks performed at national level.

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	<b>DESCRIPTION—FY06</b>
Operating Division (s)	<b>SMALL BUSINESS &amp; SELF-EMPLOYED, COMPLIANCE--FIELD EXAM (FUNCTIONAL AREA 7G)</b>
Measure Name	Office Exam Embedded Quality
Type of Measure	Balanced Measure—Critical
Program Category Related Strategic Goal	1. Office Examination Tax Reporting Compliance Program 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: Director, Examination
Definition	The score awarded to a reviewed office examination case by a quality reviewer using the National Quality Review System (NQRS) quality attributes.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Measurements are reported at the National, Area and Territory levels on a monthly basis. Data is statistically valid at the Area level. b. NQRS
Formula/Methodology	Cases reviewed are measured against 22 quality attributes. These attributes can be grouped into four measurement categories. They are Timeliness, Professionalism, Regulatory Accuracy and Procedural Accuracy. A fifth measurement category for Customer Accuracy contains one quality attribute, but is not included in the organizational quality score. The scores are based on the number of attributes rated Yes, over all attributes rated either Yes or No.
Data Source/ Measurement Tools	Monthly reports supplied from the National Quality Review System (NQRS) database.
Reliability of Data	Reasonable Accuracy – Factors that influence the reliability of the data include the accuracy of individual case reviews, sample size, age of sample being reviewed, and accuracy of case selection. To monitor consistency, each site conducts meetings, where all reviewers evaluate the same case. Ratings are discussed to arrive at a consensus. Areas of disagreement are elevated to a national consistency team for resolution. A national issue log is maintained and shared with reviewers and managers. The sample is currently statistically valid at the Area level. Cases reviewed are entered into a web-based database on a daily basis. Accuracy checks are performed by the reviewer, the site, and at the national level.
Frequency of Data Availability/Reporting	Measurement reports are produced monthly at the National, Area and Territory levels. These reports reflect performance for a cumulative period.

**Purpose of Measure:**

The Office Exam Embedded Quality Score is the Business Results-Quality Balanced Measure for SB/SE income tax examinations.

**Data Limitations:**

Loss of resources prevents timely reviews of cases at the current sample rate. The data is statistically valid at the Area level but not at the Territory level.

**Calculation Changes:**

None

**Complete Description of the Process(s) measure originates from:** The measure is based on a sample of cases selected from daily closures. Reviewers conduct a technical, procedural and computational review of each sample case and rate case actions against attributes. The entire case file is reviewed to measure the examiners' success in meeting their job responsibilities as outlined in the IRM. The sampling plan allows for statistically valid data at the National and Area level on an annual basis. The cases reviewed are measured against twenty-two quality attributes, with each one having equal weight.

**Critical Path:**

1. Closed examination case sampled and received by review site
2. Reviewer evaluates case
3. Results of review are input to database
4. Data validated by each EQMS Site and National personnel.
5. Data/reports furnished to customers monthly

**Management Controls for items on critical path:**

1. Site consistency case reviews held /Minutes of meeting are documented.
2. Areas of disagreement submitted to national analyst and posted to issue log. Issue log is maintained and shared with reviewers and managers.

3. Site managers and national analysts utilize NQRS report features designed to monitor consistency.
4. Site managers perform documented case reviews, workload reviews and narrative reviews for employees.
5. Site review of narratives.
6. National review of narratives.
7. Accuracy checks performed at site level.
8. Accuracy checks performed at national level.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE AND MID-SIZE BUSINESS</b>
Measure Name	Exam Quality -Industry Cases (Exam Quality LMSB Industry)
Type of Measure	Business Results-Quality-Outcome
Program Category Related Strategic Goal	1. Post Filing Compliance Services 2. Enhance Enforcement of Tax Law
Responsible Official	Director, Planning, Analysis and Support (Update 7-07)
Definition	Average of the scores of Industry cases (IC) reviewed. Case scores are based on the percentage of elements passed within each auditing standard. (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Reports, broken out by industries, are distributed down to Headquarters and Industry Directors b. LQMS database c. Results are summarized in quarterly reports.(Update 7-07)
Formula/Methodology	A statistically valid random sample of Industry Cases is reviewed. A determination is made about whether each Critical Element has been passed or failed on each case.
Data Source/ Measurement Tools	The LMSB Quality Measurement System (LQMS) database is used. This is Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.
Reliability of Data	Reasonable Accuracy – a statistically valid random sample is used to select taxpayers to review. The Examination Records Control System (ERCS) database is used to identify the universe of taxpayers that will be reviewed. ERCS is a reasonably accurate source of data on closed cases.
Frequency of Data Availability/Reporting	Results are consolidated on a quarterly basis. The Exam IC Quality score is computed using a 12-month moving average. (Update 7-07)

**Purpose of Measure:** Case Quality is a major component of Business Results. The LQMS reviews both determine overall success in the area of quality, but also identify specific areas of casework that are either very good (where we should then look for best practices) or weak (where we need to improve).

**Data Limitations:** The data accurately reflects the professional opinion of the LQMS Reviewer as to how successfully the case has met the Critical Elements. The Reviewers are all experienced examiners and have been trained as LQMS Reviewers. They have specific guidelines to assist them in making their determinations. The review teams conduct



consistency meetings on a regular basis. This assists with the goal of having consistent determinations made on all cases reviewed.

**Calculation Changes:** Some changes have been made to the definitions of certain elements within the auditing standards in accordance with new directives or policy changes, as needed. These changes were made to improve the efficiency of the review process in those affected areas. (Update 7-07)

**Complete Description of the Process(s) measure originates from:** Examination group closes the return to Case Processing and closing information is reported in ERCS. A random sample of closed returns is selected for review and the case files are sent to centralized review groups in Manhattan and Chicago. Quarterly, the review results are extracted and reports (both quarterly and 12-month rolling average) are prepared. Trends are identified and actions to improve results are recommended.

**Critical Path:**

- The examination is completed by the group and the case is closed to the CCP unit. (Update 7-07)
- The closing information flows into the ERCS Database.
- An LQMS Analyst in Manhattan runs an ERCS custom report from the ERCS Local Reports Menu on a daily basis. This report identifies all Industry returns closed by the Examination Teams to CCP on that date. The Analyst uses the report in a process that identifies a random sample of the closed returns.
- The LQMS Analyst contacts the CCP Groups that have control of the returns and directs them to send the case file to one of the LQMS Industry Review Groups. The groups are located in Manhattan and Chicago.
- The LQMS Industry Reviewers conduct the review of the case and enter their determinations into an input document. That information is input into the LQMS database.
- The Review Teams have regularly scheduled meetings to ensure that consistent determinations on made on similar cases.
- On a quarterly basis, the LQMS Programmer (LMSB employee in Chicago) merges the results from the reviews conducted in the quarter by the two IC review groups. Auditing standards reports are generated using quarterly and 12-month moving average results for LMSB Division-wide and also for Industry and DFO levels.
- A team of LQMS Managers and Analysts review the auditing standards report and prepare a memorandum to relay the quarter's results. This memorandum identifies trends and provides recommended actions to improve results.
- An LMSB Performance Management Analyst receives the LQMS results from this team and enters the results into the various performance reports, such as the LMSB Balanced Measures Scorecard.

**Management Controls for items on critical path:** There are controls and validity checks built into the ERCS database that ensure that it captures all closed cases. The LQMS Industry Review Team Managers regularly review the work being performed by the Reviewers. Each Review Group has two senior Review Team Leaders (GS-14 employees) and they are actively involved in overseeing the reviews being conducted by their team members.

The groups have regularly scheduled meetings at which consistent determinations on issues is reviewed by the entire group of Reviewers. The team of Managers and Analysts that prepare the quarterly reports are involved in reviewing the conclusions for mistakes and inconsistencies. Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE AND MID-SIZE BUSINESS</b>
Measure Name	Examination Quality – Coordinated Industry (CIC) LMSB (Case Quality Score-Coordinated Industry Cases)
Type of Measure	Business Results-Quality-Outcome
Program Category Related Strategic Goal	1. Post Filing Compliance Services 2. Enhance Enforcement of Tax Law
Responsible Official	Director, Planning, Analysis and Support (Update 7-07)
Definition	Average of the scores of Coordinated Industry cases (CIC) reviewed. Case scores are based on the percentage of elements passed within each auditing standard. (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Reports, broken out by industries, are distributed down to Headquarters and Industry Directors b. LQMS database c. Results are summarized in quarterly reports. (Update 7-07)
Formula/Methodology	Coordinated Industry Cases are reviewed at the 25% point or beyond of the audit. A determination is made about whether each element within the auditing standards has been passed or failed on each case.
Data Source/ Measurement Tools	The LMSB Quality Measurement System (LQMS) database is used. This is Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.
Reliability of Data	Reasonable Accuracy – the CIC LQM Reviewers use their professional judgment when examining case documents and when discussing the case with the Exam Team.
Frequency of Data Availability/Reporting	Results are consolidated on a quarterly basis. The reported results are for the Fiscal Year to Date. The results are reported on a quarterly basis.

**Purpose of Measure:** Case Quality is a major component of Business Results. The LQMS reviews both determine overall success in the area of quality, but also identify specific areas of casework that are either very good (where we should then look for best practices) or weak (where we need to improve).

**Data Limitations:** The data accurately reflects the professional opinion of the LQMS Reviewer as to how successfully the case has met the Critical Elements. The Reviewers are all experienced examiners and have been trained as LQMS Reviewers. They have specific guidelines to assist them in making their determinations. The review teams conduct

consistency meetings on a regular basis. This assists with the goal of having consistent determinations made on all cases reviewed. (Update 7-07)

**Calculation Changes:** Some changes have been made to the definitions of certain elements within the auditing standards in accordance with new directives or policy changes, as needed. These changes were made to improve the efficiency of the review process in those affected areas. (Update 7-07)

**Complete Description of the Process(s) measure originates from:** Cases currently under examination are identified from the A-CIS Open Case Database using the Status 12 Date for the key return. Any case in process 25% or beyond is included in the sample. The 25% determination is based upon the average length of time it takes to conduct a CIC examination and for this purpose, any case in process (status 12) for 136 days or more is considered to have met the 25% milestone. Once the cases are selected, they are assigned to one of the three CIC review groups located in Manhattan, Chicago and Dallas. At the completion of the review, a closing conference is held with the CIC Examination Team. The LQMS CIC Reviewers enter their determinations into an input document, which is entered into the LQMS database. Quarterly, the review results are extracted and reports (both quarterly and 12-month moving average) are prepared. Trends are identified and actions to improve results are recommended.

**Critical Path:**

- Cases to be reviewed are selected using the ACIS open case database. All cases in process 25% or beyond are included in the sample. The selection of CIC cases to be reviewed is done at the beginning of the fiscal year.
- Cases are assigned among the three CIC review groups located in Manhattan, Chicago and Dallas.
- A team consisting of a Review Team Leader (a senior GS-14 Reviewer), one or more LQMS Reviewers and any Specialists needed, review the case at the audit site.
- The CIC LQMS Group Manager and the LQMS Program Manager become involved in the reviews as needed.
- At the conclusion of the review, a close out meeting is held with the CIC Examination Team.
- The LQMS Coordinated Industry Reviewers enter their determinations into an input document. Each group's management assistant enters the data into the LQMS database.
- The Review Teams have regularly scheduled meetings to ensure that consistent determinations are made on similar cases.
- On a quarterly basis, the LQMS Programmer (LMSB employee in Chicago) merges the results from the reviews conducted in the quarter by the three CIC review teams. Auditing standards reports are generated using quarterly and 12-month moving average results for LMSB division-wide and also Industry and DFO levels.

- A team of LQMS Managers and Analysts review the auditing standards report and prepare a memorandum to relay the quarter's results. This memorandum identifies trends and provides recommended actions to improve results.
- An LMSB Performance Management Analyst receives the LQMS results from the team and enters the results into the various performance reports, such as the LQMS Balanced Measures Scorecard.

**Management Controls for items on critical path:**

There are controls and validity checks built into the AIMS database to ensure that it captures all open returns. The LQMS CIC Review Team Managers regularly review the work performed by the Reviewers. Each Review Group has four senior Review Team Leaders (GS-14 employees) and they are actively involved in overseeing the reviews conducted by their team members.

The groups have regularly scheduled meetings at which consistent determinations on issues is reviewed by the entire group of Reviewers. The team of Managers and Analysts that prepare the quarterly reports are involved in reviewing the conclusions for mistakes and inconsistencies. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE &amp; MIDSIZE BUSINESS</b>
Measure Name	Examination Coverage Business (Corps>10 Million)
Type of Measure	Business Result – Quantity-Outcome
Program Category Related Strategic Goal	1. Tax Reporting Compliance 2. Enhance Enforcement of Tax Law
Responsible Official	Director, Planning, Analysis and Support (Update 7-07)
Definition	LMSB "customer base" returns, examined and closed by LMSB during the current Fiscal Year, divided by Filings for the preceding calendar year.
a. Reporting Level (s) b. Report Data Source c. Reports	a. The calculation is made at the LMSB level. b. AIMS CCDB and Document 6186 c. c) Results are reported in the Business Performance Summary.
Formula/Methodology	See computation description below.
Data Source/ Measurement Tools	The number of returns examined and closed during the Fiscal Year is from the Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application). Filings are from Document 6186, which is issued by the Office of Research, Analysis and Statistics. Partnership filings are computed in a special run by Research, when they create the Document 6186.
Reliability of Data	Reasonable Accuracy – the AIMS reporting system contains programming to eliminate potential multiple counting of multiple closures of the same return (e.g. – a return closes from Exam to Appeals, is returned to Exam for further work and then is closed from Exam a second time). The processing of closed cases is integrated with the AIMS reporting system. In addition, periodic manual inventory validations are conducted to ensure, among other things; returns that have physically closed from the examination process have been closed on the AIMS system.
Frequency of Data Availability/Reporting	The calculation is made at the end of the current Fiscal Year, after the year end AIMS closed case database is received.

**Purpose of Measure:** We have found that increasing the number of examinations has a positive effect on voluntary compliance. We set goals in a wide variety of return classes and track how many examinations have been completed. We compute Audit Coverage to determine how we are impacting on the entire filing population of LMSB type taxpayers.

**Data Limitations:** The data accurately reflects the inventory of LMSB returns examined and closed. The examiner cannot charge time to a return if it is not on AIMS. All LMSB closed records are reflected in the A-CIS AIMS Closed Case Database that is used to compute the results for this measure. Document 6186 is an accurate count of the return filings for the calendar year in each return class.

**Calculation Changes:** None.

**Complete Description of the Process:** Customer Base Returns:

We compute LMSB coverage only on returns in the LMSB Customer Base. The Customer Base consists of returns with assets of \$10M or more. They include only returns examined by LMSB; returns may be either examined in the IC or CIC Programs.

Corporations: We compute coverage only on those with assets of \$10M and over; so we must identify by asset class.

Partnerships: We assume all partnerships audited in LMSB are \$10M and over. Partnership return classes are not synonymous with asset size and cannot easily be identified by asset size. An assumption is, therefore, made that all partnerships examined in LMSB are LMSB returns.

Sub S Corps: We compute coverage only on those with assets of \$10M and over; so we must identify by asset class.

Individual returns and other return categories (employment tax, fiduciary, etc.), Corporations with assets < \$10M: These entities are not considered in the LMSB coverage computation because they are not in the LMSB Customer Base—but they do count toward LMSB accomplishments and they are reflected in the Workplan. These returns are examined solely as related to an LMSB Customer Base return. (Update 7-07)

Certain returns such as corporations with no asset balance sheets or 1120Fs may be part of the LMSB customer base. However, they are not included because the number examined is not significant and/or it is simply not possible to distinguish which ones are a part of the Customer Base and which ones are simply related examinations.

Filings Number: This number is updated annually by the Office of Research, Analysis, and Statistics in Document 6186. The document provides return filings by type and asset class. Each year the document provides actual filings for the previous calendar year and estimated filings for eight out years. Only those filings in the LMSB coverage classes are used. It is important to keep in mind that since these are estimates they may vary from year to year.

When the LMSB coverage numbers are matched to the high level planning charts, they won't match because the high level planning charts compute program results rather than closures by asset class. Therefore, subsidiary charts to the high level charts must be used to determine return closures by asset class.

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Basic formula: Closures for the current fiscal year divided by Filings for the preceding calendar year = Coverage Rate

Example: Coverage in LMSB Classes for FY05

LMSB Classes	FY 05 Coverage	Projected Closures/2004 Filings
All corp. coverage (IC/CIC)> \$10M	16.3%	8,950 closures/55,000 filings= 16.3%
Corp. \$10M & < \$250M	12.2%	5,388 closures/44,300 filings= 12.2%
All coverage \$10M & > includes Partnerships & S Corp \$10M and over	7.1%	11,897 closures/167,300 filings= 7.1%

When looking at what impacts coverage, consider the following:

If filings go up and FTE stays the same, coverage would be expected to decrease assuming no change in productivity or return mix.

If filings go up and FTE goes up, coverage would be expected to stay the same assuming no change in productivity or return mix.

If filings go up and FTE goes down, coverage would be expected to decrease assuming no change in productivity or return mix.



If filings go down and FTE stays the same, coverage would be expected to increase assuming no change in return mix.

If filings go down and FTE goes up, coverage goes up, down or stays the same.

**Critical Path:**

- The Revenue Agent completes the examination and turns the case file in to the Team Manager.
- The Team Manager reviews the case file and passes it on to the Team Secretary for closing.
- The Team Secretary determines that the closing documents are complete and accurate and sends the case on the Centralized Case Processing (CCP) for processing.
- Tax Examiners in ESP enter data (disposal code) into ERCS (Memphis) using Form 5344.
- LMSB picks closing codes and downloads data dump to (A-CIS) Access database (Atlanta server).
- The A-CIS Coordinator (an SBSE employee in Plantation, FL) uploads to A-CIS, and sends email to BODs to inform that data is available.
- LMSB Analyst downloads LMSB version of data.
- LMSB Analyst populates spreadsheet, and provides data to CFO.

The AIMS Closed Case Database is used. The raw AIMS data moves from the Detroit Data Center to the A-CIS program and is converted to an Access database format. Document 6186 is procured from the Office of Research, Analysis and Statistics and used with the AIMS data on closings. (Update 7-07)

**Management Controls for items on critical path:** The data is not released to (ACIS Coordinator - Plantation, FL) to create the A-CIS database files for the month, until the validity checks are completed. (Update 7-07)

- SBSE AIMS unit validates data on AIMS (Detroit server) and makes necessary correction.
- AIMS data is downloaded to Atlanta server. SBSE analyst validates data, uploads to A-CIS.
- LMSB analyst downloads LMSB version of data and performs data validation before providing data to CPP.
- The information is Document 6186 is validated by the Office of Research, Analysis and Statistics before it is released.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED AND WAGE &amp; INVESTMENT COMPLIANCE SERVICES, AUTOMATED UNDERREPORTER (AUR) (FUNCTIONAL AREA 7E)</b>
Measure Name	AUR Efficiency (AUR Cases Closed per Staff Year) – (a.k.a. AUR Program Efficiency)
Type of Measure	Balanced Measure—Business Results—Efficiency--Budget Level—Outcome (Rev. 5-2006)
Program Category Related Strategic Goal	1. Automated Underreporter 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SB/SE and W&I Directors, Compliance Services.
Definition	The sum of all individual returns closed by AUR in SB/SE and W&I divided by the Total staff years expended in relation to those individual returns. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AUR MISTLE
Formula/Methodology	<p><b>NUMERATOR:</b></p> <p><b>SB/SE AUR:</b> <u>The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three SB/SE Campuses.</u> To compute the total number of current year closures:</p> <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the ‘TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)’ line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the ‘TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)’ line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><b>W&amp;I AUR:</b> <u>The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three W&amp;I Campuses.</u> To compute the total number of current year closures:</p> <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the ‘TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)’ line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the</li> </ul>

	<p>'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</p> <p><b>Divided by</b>  <u>DENOMINATOR:</u>  <b>SB/SE AUR:</b> Staff Years: Staff years will be provided by Finance from the Work Planning and Control (WP&amp;C) database.  <b>W&amp;I AUR:</b> Staff Years: Staff years will be provided by Finance from the WP&amp;C database.</p>
Data Source/ Measurement Tools	<p><u>NUMERATOR:</u>  The sum of all individual returns closed will be extracted as follows:  <b>SB/SE AUR:</b> AUR MISTLE Report  <b>W&amp;I AUR:</b> AUR MISTLE Report</p> <p><u>DENOMINATOR:</u>  The sum of all Staff Years for the individual return programs will be extracted as follows:  <b>SB/SE AUR:</b> Staff years will be provided by Finance from the Work Planning and Control (WP&amp;C) database.  <b>W&amp;I AUR:</b> Staff years will be provided by Finance from WP&amp;C database.</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure demonstrates how efficiently resources are expended within SB/SE and W&I in closing individual returns.

**Data Limitations:** No Significant limitations

**Calculation Changes:** None.

**Complete Description of the Process:**

**SB/SE AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Efficiency Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral. Time: Examiners complete Form 3081 to record time charged to each program code. The Form 3081 is input onto the WP&C system, which is extracted into a Resource Allocation Report.

**W&I AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Efficiency Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral. Time: Examiners complete Form 3081 to record time charged to each program code. The Form 3081 is input onto the WP&C system, which is extracted into a Resource Allocation Report.

**Critical Path:**

**SB/SE AUR:**

Closures –

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy (is) is issued to the taxpayer(s).
5. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
6. If so, the examiner closes the case by inputting the appropriate process code on AUR.
7. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
8. Process codes are input onto AUR Control System to document specific actions taken during the exam.
9. Data on the AUR Control System is used to populate MISTLE reports.

Time –

1. Examiner completes Form 3081 with time charges to the Program Code being worked.
2. Examiner submits Form 3081 to Manager.
3. Manager inputs Form 3081 onto the WP&C.
4. WP&C data is extracted into Resource Allocation Report.

**W&I AUR:**

Closures –

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy (ies) is issued to the taxpayer(s).
5. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
6. If so, the examiner closes the case by inputting the appropriate process code on AUR.
7. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
8. Process codes are input onto AUR Control System to document specific actions taken during the exam.
9. Data on the AUR Control System is used to populate MISTLE reports.

Time –

1. Examiner completes Form 3081 with time charges to the Program Code being worked.
2. Examiner submits Form 3081 to Manager.
3. Manager inputs Form 3081 onto the WP&C.
4. WP&C data is extracted into Resource Allocation Report.

**Management Controls for items on Critical Path:**

**SB/SE AUR:**

Closures –

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE Reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

Time -

1. Managers review 3081 prior to input to verify that time is appropriately charged.
2. WP&C monitored to ensure appropriate time usage.

**W&I AUR:**

Closures –

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE Reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

Time -

1. Managers review 3081 prior to input to verify that time is appropriately charged.
2. WP&C monitored to ensure appropriate time usage.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED AND WAGE &amp; INVESTMENT COMPLIANCE SERVICES, AUTOMATED UNDERREPORTER (AUR) (FUNCTIONAL AREA 7E)</b>
Measure Name	Automated Underreporter (AUR) Program Coverage (AUR Coverage)
Type of Measure	Balanced Measure—Business Results-Quantity-Budget Level (Rev. 5-2006)
Category Program Related Strategic Goal	1. Automated Underreporter 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SB/SE and W&I Directors, Compliance Services.
Definition	The sum of all individual returns closed, by SB/SE and W&I AUR divided by the total individual return filings for the prior calendar year. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AUR MISTLE
Formula/Methodology	<p><b><u>Formula is as follows:</u></b></p> <p><b><u>NUMERATOR:</u></b></p> <p><b>SB/SE AUR contacts counted as:</b> The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three SB/SE Campuses. To compute the total number of current year closures:</p> <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><b>W&amp;I AUR contacts counted as:</b> The total number of current year closures of Automated Underreporter cases, from AUR MISTLE, for all three W&amp;I Campuses. To compute the total number of current year closures:</p>

	<ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><u>DENOMINATOR:</u> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Data Source/ Measurement Tools	<p><u>NUMERATOR:</u> The sum of all individual returns closed will be extracted as follows: <b>SB/SE AUR:</b> AUR MISTLE Report <b>W&amp;I AUR:</b> AUR MISTLE Report</p> <p><u>DENOMINATOR:</u> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure is an indication of the number of individual income tax returns examined by SB/SE Field and Campus operations along with W&I Campus Operations. Maintaining a presence through AUR coverage is a cornerstone of our voluntary compliance system.

**Data Limitations:** No significant limitations.

**Calculation Changes:** None.

**Complete Description of the Process:**

**SB/SE AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the



reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Coverage Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral.

**W&I AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Coverage Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral.

**Critical Path:**

**SB/SE AUR:**

Closures -

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If a discrepancy (ies) is accounted for, case is closed without further action. Appropriate closing process code is input to AUR. These closures are not included in the Coverage measure numerator.
5. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy (ies) is issued to the taxpayer(s).
6. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
7. If so, the examiner closes the case by inputting the appropriate process code on AUR.
8. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
9. Process codes are input onto AUR Control System to document specific actions taken during the exam.
10. Data on the AUR Control System is used to populate MISTLE reports.

**W&I AUR:**

Closures -

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If a discrepancy (ies) is accounted for, the case is closed without further action. Appropriate closing process code is input to AUR.
5. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy (ies) is issued to the taxpayer(s).
6. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
7. If so, the examiner closes the case by inputting the appropriate process code on AUR Control System.
8. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
9. Process codes are input onto AUR Control System to document specific actions taken during the inspection.
10. Data on the AUR Control System is used to populate MISTLE reports.

#### **Management Controls for items on Critical Path:**

##### **SB/SE AUR:**

###### Closures:

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

##### **W&I AUR:**

###### Closures:

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

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	DESCRIPTION
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED, WAGE &amp; INVESTMENT, AND LARGE &amp; MID-SIZE BUSINESS COMPLIANCE SERVICES, CORRESPONDENCE EXAM FIELD EXAMINATION</b>
Measure Name	Examination Efficiency Individual –(Exam Efficiency - Enterprise (Correspondence Exam and Field Exam) (Individual Only)(4-18-2006)
Type of Measure	Balanced Measure—Business Results-Efficiency--Budget Level—Outcome (Rev.. 5-2006)
Category Program Related Strategic Goal	1. Business Results - Efficiency 2. Correspondence Exam & Field Exam 3. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SBSE and LMSB Directors, Field Examination; Directors, Compliance Services, SBSE and W&I
Definition	The sum of all individual returns closed by SB/SE, W&I (Excluding EITC Proof of Concept cases), and LMSB (Field Exam and Correspondence Exam) and audit reconsideration cases divided by the total staff years expended in relation to those individual returns and audit reconsideration cases. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AIMS Database
Formula/Methodology	<b><u>The formula is as follows:</u></b> <b><u>NUMERATOR:</u></b> The sum total of the following equation: <b>SB/SE and W&amp;I Campus Reporting Compliance-Correspondence Examination:</b> <b><u>NUMERATOR:</u></b> Individual returns, both Non-EITC and EITC, closed by all five W&I Campuses during the reporting period. Examination closures are derived from the Audit Information Management System (AIMS) Closed Case Database (CCDB). <ul style="list-style-type: none"> <li>From the AIMS CCDB include AIMS field, taxable-rtn-cnt, for all activity codes, excluding project codes 576 – 581.</li> </ul>

Also, include the audit reconsideration closures from the Work Planning and Control (WP&C) database.

- Include closures from the [C\_ActPrd] field of the WP&C for EITC and Discretionary audit reconsideration cases. Include the sum of the five campuses' volumes for Org 82000 Function 710 and 720 – Programs 9362X, 9372X, and 9375X.

**LMSB for Individuals Returns: The sum total of the number of closures on the AIMS CCDB for LMSB (AIMS-BOD-COD="3") for the period with Activity Codes 530 through and including 543.**

**SB/SE Field and Office Examination:** Individual returns closed by SB/SE Areas during the period. The sum total of the number of closures on the AIMS Closed Case Database (CCDB) for SB/SE [AIMS-BOD-COD = "2"] for the period with Activity Codes 530 through 543 for Revenue Agent [EMPLOYEE-TYPE-CD = 1], TA/TCO [EMPLOYEE-TYPE-CD = 2], TE [EMPLOYEE-TYPE-CD = 9] and ROE [EMPLOYEE-TYPE-CD = 6].

**DENOMINATOR:**

The sum total of the following equation:

**SB/SE Field/Office Exam: Individual FTE's (requires allocation of Individual FTE from Total FTE based on Direct Exam Staff Years (DESYs) realized – requires use of both Exam's time reporting system, Summary Exam Time Transmittal System, (SETTS) and the Integrated Financial System (IFS):**

- Step 1: *Determine DESYs applied to individual returns:* Utilize the AIMS SETTS Database to generate the DESY Report for the period as follows: Category - All Returns; Set query to include only those returns in Activity Codes 530-543 = Total Individual Return DESY's applied during the period;
- Step 2: *Determine DESYs applied to all return types:* Generate the same report as in Step 1, except do not limit returns to Activity Codes 530-543 and do not exclude position code 213 = DESYs from all return types generated during the period;
- Step 3: *Determine the ratio needed to allocate the FTE realized on individual returns:* Divide the "Total Ret Exam Act " result in Step 1 (Individual DESY) by the "Total Ret Exam Act" line item (DESY from all return types) on the DESY Report generated in Step 2;
- Step 4: *Secure Total PAC 7G FTE Information from Strategy and Finance, Office of Budget Execution and Financial Planning Development (Budget): Budget extracts the Total PAC 7G FTE from IFS; IFS obtains this information from the National Finance*

	<p>Center (NFC) through the Automated Interface with the National Finance Center (AINFC) system. The Total PAC 7G FTE includes all FTE's realized by each of the employment categories for several different operating divisions (i.e. SB/SE, LMSB);</p> <ul style="list-style-type: none"> <li>• <u>Step 5:</u> Multiply the ratio calculated in Step 3 by the Total PAC 7G FTE secured from Budget in Step 4 to determine the Field Exam Individual FTE.</li> <li>• <b>PLUS</b> <b>W &amp; I and SB/SE Compliance Services – Correspondence Examination FTEs:</b> Staff Years: Finance provides the staff years from IFS database (excluding Innocent Spouse and EITC Proof of Concept.) <b>PLUS</b> <b>LMSB for Individuals Return FTEs: LMSB only has Revenue Agent and Ogden Campus overhead time.</b></li> </ul>
Data Source/ Measurement Tools	<p><b><u>NUMERATOR:</u></b> The sum of all individual returns closed will be extracted as follows: <b>SB/SE Field and Office Examination:</b> AIMS SB/SE Closed Case Database (CCDB) (Activity Code 530 – 543). <b>W &amp; I and SB/SE Campus Reporting Compliance-Correspondence Examination:</b> Examination Closures (AIMS closures): AIMS CCDB for all activity codes, excluding project codes 576-581. Audit Reconsideration closures (non-AIMS closures): WP&amp;C for audit reconsideration closures. <b>LMSB for Individuals Only: The sum total of the number of closures on the AIMS CCDB for LMSB (AIMS-BOD-COD="3") for the period with Activity Codes 530 through and including 543.</b></p> <p><b><u>DENOMINATOR:</u></b> The sum of all FTE's for the individual return programs will be extracted as follows: <b>SB/SE Field and Office Examination:</b> AIMS Summary Exam Time Transmittal System (SETTS) Database; Integrated Financial System (IFS).. <b>W&amp;I and SB/SE Campus Reporting Compliance-Correspondence Examination:</b> Staff Years: Finance provides the staff years from the IFS database (excluding Innocent Spouse and EITC Proof of Concept). <b>LMSB FTE in relation to Individual returns only: Integrated Financial System (IFS);</b></p>

	<b>AIMS SETTS Database. Calculations made the same as SBSE.</b>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure demonstrates how efficiently resources are expended within SB/SE, W&I, and LMSB in closing individual returns.

**Data Limitations:** MIS will not provide an allocation of Field Exam Individual (IMF) FTE or the split between Exam and Collection for the Compliance Services campus Directors. This allocation will be prepared manually. MIS does not provide an allocation of Correspondence Exam IMF FTEs. Due to the insignificant number of BMF closures by that function, no allocation is being prepared between the IMF and BMF FTE.

**Calculation Changes:** None.

**Complete Description of the Process: SB/SE Field/Office Exam:** Closures: When individual return examinations (Activity Codes 530-543) are completed, a case-closing document (Form 5344, Examination Closing Record) is completed for each return examined (by the examiner or systemically by the Report Generation Software (RGS)). The closing document contains such data as, type of return, tax year examined, disposal code, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS files reporting cumulative data for the fiscal year. This data is validated and converted into a database. The database reports are used to monitor and report the number of examination return closures. Time (SETTS): Examiners complete a Form 4502, Examination Technical Time Report, to record the time charged on each exam. The time on the 4502 is input onto the Examination Returns Control System (ERCS). At the end of the cycle, ERCS uploads the data onto the Summary Exam Time Transmittal System (SETTS) database, which provides data on a monthly basis on direct and overhead time applied. Time (IFS): On a bi-weekly basis, examiners complete a Form 3081, Employee Time Report, to account for all time for time and attendance purposes (i.e. Payroll). All information and time reporting per the Form 3081 is input to the Single Entry Time Reporting (SETR) system. After validation, the information is transmitted to the National Finance Center (NFC); this is done on a bi-weekly basis. Through an interface system, Automated Interface with the National Finance Center (AINFC), payroll information for IRS employees is transmitted from the NFC to the Integrated Financial System (IFS). The AINFC process is run every two weeks; this produces the FTE Extract File.

**W&I and SB/SE Campus Correspondence Exam:** Closures: AIMS closures: When return examinations are completed, a case-closing document (Form 5344) is completed for each return examined by the examiner or systemically by the Report Generation System. The closing document contains such data as, type of return, tax year examined, type of disposal, technique codes, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document data is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS tables/reports showing cumulative data for the fiscal year. The reports are used to monitor and report the number of examination return closures. Non-AIMS closures: The weekly volumes of audit reconsideration closures are input into the Block Building Track System (BBTS), which feeds into the WP&C database. Time: Examiners complete Form 3081 to record time charged to each program code. Hours from Form 3081 are input onto the WP&C system, which tracks the hours expended on AIMS and non-AIMS closures.

LMSB FTE in relation to Individual returns only: All LMSB exams are conducted by Revenue Agents and are closed by the Ogden Campus.

**Critical Path:**

SB/SE Field/Office Exam:

Closures –

1. The Revenue Agent/Tax Compliance Examiner/Tax Examiner completes the examination and inputs the results to the Report Generation Software (RGS), which produces a Form 5344, Examination Closing Record.
2. The Revenue Agent/Tax Compliance Examiner/Tax Examiner then turns the case file in to the Group Manager.
3. The Group Manager reviews the case file for completeness and accuracy and closes the case on RGS.
4. The Group Manager passes the case to the Group Secretary for closing.
5. The Group Secretary inputs the Form 5344 data onto the Examination Returns Control System (ERCS) closes the case on RGS, and sends the case to Centralized Case Processing (CCP) for processing.
6. Tax Examiners in CCP use the Form 5344 and RGS to input the case closing information onto AIMS.
7. AIMS files are created by the Detroit Computing Center (“DCC”) and validated by the Exam MIS section.
8. AIMS data is converted into a user-friendly database (A-CIS – AIMS-Centralized Information System).
9. Approved employees query the A-CIS database to obtain electronic reports of AIMS closures

Time (SETTS) –

1. The Examiner completes Form 4502, Examination Technical Time Report, on a monthly basis.
2. The Examiner submits Form 4502 to group secretary.
3. The Group Secretary inputs Form 4502 information onto ERCS.

4. At the end of the cycle, ERCS data is uploaded to the National SETTS database.
5. SETTS data is validated by the DCC.
6. SETTS data is converted into a user-friendly database (A-CIS – AIMS-Centralized Information System).
7. Approved employees query A-CIS database to obtain electronic reports of AIMS closures.

Time (IFS) –

1. The Examiner completes Form 3081, Employee Time Report, on a biweekly basis.
2. The Examiner submits Form 3081 to the group manager for review and approval.
3. The Group Manager submits the Form 3081 to the group secretary.
4. The Group Secretary inputs Form 3081 information onto the Single-Entry Time Reporting System (SETR); on completion of input, the secretary validates the accuracy of the information input via a systemic validation process.
5. Through a series of processing programs that subsequently validate and tally this information, a transmission file is created that is compatible with the National Finance Center (NFC) requirements for time and attendance records. All employee records are transmitted to the NFC in a single batch transmission.
6. The Automated Interface with the National Finance Center (AINFC), a payroll interface system, takes payroll information for IRS employees from the NFC and formats the information for IFS. This process is run bi-weekly. AINFC produces the FTE Extract File.
7. Approved employees query IFS to obtain information from the FTE Extract File.

W&I and SB/SE Correspondence Exam:

**Critical Path:**

AIMS Closures:

1. Closing document is prepared and entered into the AIMS database.
2. DCC generates monthly AIMS report files and makes this data available for electronic access by approved employees.
3. AIMS data is converted into user-friendly database (A-CIS).
4. Approved employees query A-CIS database (AIMS data) to obtain electronic report of AIMS closures.

Non-AIMS Closures:

1. The manager and/or lead in the Centralized Reconsideration Unit (CRU) capture the volume of receipts and closures. From daily activities records and physical counts.
2. The weekly volume of audit reconsideration closures are then input into the BBTS, which feeds into the WP&C.



Time:

1. Examiner completes Form 3081 with time charges to the Program Code being worked.
2. Examiner submits Form 3081 to Manager.
3. Manager inputs Form 3081 onto the WP&C.

**LMSB in relation to Individual returns only: All LMSB exams are conducted by Revenue Agents and are closed by the Ogden Campus.**

**Management Controls for items on Critical Path:**

SB/SE Field/Office:

Closures -

1. Case closing documents are reviewed for accuracy by managers before closing from the group and during sample reviews by quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

Time (SETTS) –

1. The Group Manager reviews Form 4502, Examination Technical Time Report, for accuracy and appropriate time charges.
2. The Area ERCS Coordinator uploads Area data to the National SETTS database, which runs a validation on the data.
3. The Area ERCS Coordinator then uploads data onto the DCC database.
4. DCC runs a validity check on the data, which is processed for Table 37.
5. Headquarters ERCS staff runs a final validity check on the data before forwarding it to A-CIS.

Time (IFS) –

1. The Group Manager reviews Form 3081, Employee Time Report, prior to input to verify that time is appropriately charged.
2. The Group Secretary inputs Form 3081 to SETR and runs a systemic validation on data input.
3. SETR generates a series of processing programs to validate this information and creates a transmission file that is compatible with the National Finance Center (NFC) requirements.

4. The Automated Interface with the National Finance Center (AINFC) system takes payroll information from the NFC and formats the information for the Integrated Financial System (IFS).

**W&I and SB/SE Campus Correspondence Exam:**

**Management Controls for items on Critical Path:**

AIMS Closures:

1. Case Closing documents are reviewed for accuracy during sample reviews by managers and quality reviewers.
2. AIMS data is validated.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

Non-AIMS Closures:

1. Cases are reviewed by managers for accuracy, timeliness and completeness at any point in the process.
2. Managers periodically verify reconsideration inventory by conducting a physical count.

Time:

1. Managers review 3081 prior to input to verify that time is appropriately charged.
2. WP&C monitored to ensure appropriate time usage.

**LMSB in relation to Individual returns only:** LMSB has the same management controls as SBSE does.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS &amp; SELF-EMPLOYED FIELD COLLECTION CFF AND CAMPUS COLLECTION COMPLIANCE BOTH SB/SE &amp; WAGE &amp; INVESTMENT</b>
Measure Name	Collection Coverage – Enterprise (Collection Coverage – Units)
Type of Measure	Balanced Measure – Business Results Quality--Budget Level - Outcome
Program Category Related Strategic Goal	1. Field Collection and ACS 2. Enhance Enforcement of Tax Law
Responsible Official	Owners: Director, Collection & Director, Campus Collection Compliance. Data Contacts: Karen Thornton 202-283-7035 and Gary Kenyon 202-283-2254. Functional Contact: Ralph Wagner 202-283-0603.
Definition	The volume of collection work disposed compared to the volume of collection work available.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise
Formula/Methodology	<p>Total Work Disposed divided by Total Work Available</p> <p>Total Work Disposed = TDA Dispositions: NO-5000-1 or 2, Part 1, Column (A). National: Grand Total, line 2.1 <b>Minus:</b> Due to 530 -39, line 2.7.8.4 <b>Plus:</b> TDI Dispositions: NO-5000-3 or 4, Part 1, Column (A). National: All TDIs, line 2.1 <b>Minus:</b> No. TPs Disp TC 598, line 2.11.4 <b>Plus:</b> ASFR Dispositions: ASFR 200, Part 3, National Dispositions <b>Plus:</b> OIC Dispositions: NO-5000-108 National Total page (monthly or Y-T-D) Total Dispositions;</p> <p>TDA Work Available = 5000-1 or 2 end of prior period, Part 1, Column (A) National: Grand Total, line 4.0 <b>Plus:</b> NO- 5000-149 for the prior period, Column (A) 39 Surveyed, line 5.15 <b>Plus:</b> Issuances, 5000-1 or 2 current period, line 1.1 <b>Plus:</b> TDI Work Available: NO-5000-3 or 4 end of the prior period, Part 1, Column (A) National: Grand Total, line 4.0 <b>Plus:</b> Issuances, 5003 or 4 current period, line 1.1 <b>Plus:</b> ASFR Work Available: ASFR 200 for the prior period, Part 3, Ending Inventory <b>Plus:</b> ASFR 200 for the current period, Part 1, New Receipts <b>Plus:</b> OIC Work Available: NO-5000-108 National Total page (monthly or Y-T-D) Beginning Inventory plus New Receipts</p>

Data Source/ Measurement Tools	CAR 5000-1, 5000-2, 5000-3, 5000-4, 5000-108, 5000-149; ASFR 200
Reliability of Data	Reliable
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** Our traditional measure for business results focuses on achieving an increased amount of closures (outputs) each year. However, it does not tell us if we are keeping up with the demand for collection work. The new coverage measure (outcome) is designed to do that. It compares the number of collection cases disposed to the work available. Work available is calculated as the beginning inventory plus new issuances.

**Data Limitations:** There are no data limitations for measuring historical performance. Estimates of future performance are complicated by the significant assumption that the number of new delinquencies will remain constant. Significant research (e.g., economic forecasting, behavioral trends) is required before we could make a better projection. Projections of closures are dependent upon appropriation of funds at the planning levels.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** Collection cases are disposed in three separate operations with their own unique processes; field collection, Automated Collection System (ACS), and Compliance Services Collection Operations (CSCO). Offer in Compromise cases are disposed in two operations; the field offer program and Centralized Offer in Compromise (COIC).

When looking at what impacts coverage, consider the following:

If dispositions do not keep up with new issuances, the backlog of work available increases and the coverage declines.

If dispositions exceed new issuances, the backlog of work available decrease and coverage improves.

At the point where there is no backlog of collection work and dispositions keep up with new issuances, coverage is 100 percent.

**Critical Path:**

- All TDA and TDI data comes from the Collection Activity Reports generated monthly from an extract of Integrated Data Retrieval System (IDRS) account data.
- Offer in Compromise data comes from the Offer in Compromise reports generated from the Automated Offer in Compromise system each month.
- Automated Substitute for Return data comes from the Automated Substitute for Return reports.

**Management Controls for items on critical path:**

Changes to programming of Collection Activity Reports are generally made once a year. Those changes are tested and verified by program analysts at headquarters before the first new report is released. Monthly spot checks are also done to verify they match the data sent to the DataMart.

Accuracy of Automated Offer in Compromise database is validated by management checks in the operating units.

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	DESCRIPTION
Operating Division (s)	<b>SMALL BUSINESS/SELF-EMPLOYED, FIELD COLLECTION (CFF) (FUNCTIONAL AREA 7D &amp; 7P) AND WAGE &amp; INVESTMENT (W&amp;I), FIELD ASSISTANCE (FUNCTIONAL AREA 2D)</b> <b>SMALL BUSINESS/SELF-EMPLOYED (SBSE) AND WAGE &amp; INVESTMENT (W&amp;I), COMPLIANCE SERVICES CAMPUS OPERATIONS (FUNCTIONAL AREA 7B)</b> <b>SMALL BUSINESS/SELF-EMPLOYED AND WAGE &amp; INVESTMENT, AUTOMATED COLLECTION &amp; SUPPORT (ACS) (FUNCTIONAL AREA 7C)</b>
Measure Name	Collection Efficiency – (Enterprise)(Collection Efficiency Units)(4-2006)
Type of Measure	Balanced Measure – Business Results-Efficiency--Budget Level – Outcome(Rev. 5-2006)
Program Category Related Strategic Goal	1. Field Collection, ACS, Correspondence Collection, and Field Assistance 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: Director, Collection & Director, Campus Collection Compliance
Definition	Volume of field collection work disposed compared to the payroll cost of working it.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise
Formula/Methodology	Total Work Disposed (number of balance due notices, TDA modules, delinquent return notices, and TDI modules) divided by the Total FTE Realized in Field Collection (FUNCTIONAL AREA 7D & 7P), Compliance Services Campus Operations (FUNCTIONAL AREA 7B) and Automated Collection & Support (FUNCTIONAL AREA 7C). Suppressed notices and modules that are shelved TC 530 cc 39 and TC 598 are not counted as work disposed.  Total Work Disposed = IMF Balance Due Notices: NO-5000-2/242 TDA Cumulative Report Part 2 - Accounts Receivable Notices IMF Total National, Line 2.1 Total Dispositions, Column G Total IMF Notices minus Line 2.1.3 No. Deferred, Column G Total IMF Notices <b>PLUS</b> BMF Balance Due Notices: NO-5000-2/242 TDA Cumulative Report Part 2 - Accounts Receivable Notices BMF Total National, Line 2.1 Total Dispositions, Column G Total BMF Notices minus Line 2.1.3 No. Deferred, Column G Total BMF Notices <b>PLUS</b> CSCO TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA AT SC BR

8 National, Line 17.7 TDA Module Disp., Column A Grand Total minus Line 17.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** ACS TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA ACS/CS TDA's National, Line 12.7 TDA Module Disp., Column A Grand Total minus Line 12.7.8.4 Due to 530-39, Column A Grand Total National

**PLUS** Field Assistance TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 W&I: Total W&I AO, Field Function TDA's, Line 2.7 TDA Module Disp., Column A Grand Total minus Line 2.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** Queue TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA Queue TDA's National, Line 7.7 TDA Module Disp., Column A Grand Total minus Line 7.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** CFF TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - SB: Total SB AO, Field Function TDA's, Line 2.7 TDA Module Disp., Column A Grand Total minus Line 2.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** IMF Deferrals Closed: NO-5000-10 Report of IMF Deferred Accounts Activity, Activity on Deferrals Removed, United States, Column A Grand Total, Line 3.1 No. Deferrals Removed Preceded by Notice minus Line 3.3 No. Deferrals Removed (by Not./TDA) from Notice

**PLUS** BMF Deferrals Closed: NO-5000-11 Report of BMF Deferred Accounts Activity, Activity on Deferrals Removed, United States, Column A Grand Total Line 3.1 No. Deferrals Removed Preceded by Notice minus Line 3.3 No. Deferrals Removed (by Not./TDA) from Notice

**PLUS** IMF Delinquent Return Notice Dispositions: NO-5000-4-NOT Return Delinquency Cumulative Report Part 1 - TDI Notices Total IMF National, Line 2.0 Total Dispositions, sum of Columns E thru H First Notice thru Fourth Notice respectively minus Line 2.2.8 598-Shelved, sum of Columns E thru H

**PLUS** BMF Delinquent Return Notice Dispositions: NO-5000-4-NOT Return Delinquency Cumulative Report Part 1 - TDI Notices Total BMF National, Line 2.0 Total Dispositions, sum of Columns A thru D First Notice thru Fourth Notice respectively minus Line 2.2.8 598-Shelved, sum of Columns A thru D

**PLUS** CSCO TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's AT SC BR 8 National, Line 17.7 Dispositions, Column J All Mods minus Line 17.7.2.8 598 Shelved, Column J All Mods

	<p><b>PLUS</b> ACS TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's ACS/CS TDI's National, Line 12.7 Dispositions, Column J All Mods minus Line 12.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> Field Assistance TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - W&amp;I: Total W&amp;I AO, Field Function TDA's, Line 2.7 Dispositions, Column J All Mods minus Line 2.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> Queue TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's Queue TDI's National, Line 7.7 Dispositions, Column J All Mods minus Line 7.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> CFF TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - SB: Total SB AO, Field Function TDA's, Line 2.7 Dispositions, Column J All Mods minus Line 2.7.2.8 598 Shelved, Column J All Mods</p> <p><b>Divided By</b></p> <p>Total FTE Realized: Integrated Financial System (IFS) structured queries.</p>
Data Source/ Measurement Tools	CAR 5000-1, 5000-2, 5000-1/241, 5000-2/242,5000-3, 5000-4, 5000-10, 5000-11, 5000-149 and Integrated Financial System (IFS)
Reliability of Data	Reliable
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This efficiency measure is similar to the ones we have traditionally used for each collection operation. This measure combines all collection work into one efficiency rate so that it is comparable to the new Collection Coverage outcome measure. It compares the total number of collection cases disposed to the total cost in FTE.

**Data Limitations:** There are no data limitations on measuring historical performance. Accuracy of the FTE costs is dependant upon correct classification of all employees in the Integrated Financial System (IFS). Projections of closures and cost are dependent upon appropriation of funds at the planning levels.



**Calculation Changes:**

- The FY06 definition incorporates the notice stream, whereas the FY05 definition did not.
- The FY06 definition focuses on TDA and TDI modules and excludes ASFR and OIC which were in the FY05 definition.
- The FY06 definition uses TDA and TDI modules, whereas the FY05 definition used TDA and Combo TDA/TDI taxpayers and TDI stand alone taxpayers.

**Complete Description of the Process(s) measure originates from:** Notices (balance due and delinquent returns) and delinquencies (TDA and TDI modules) are worked by different offices depending on a range of factors. These offices are divided into three separate operations with their own unique processes; field collection, Automated Collection System (ACS), and Compliance Services Collection Operations (CSCO). CSCO generally resolves cases through written correspondence, while ACS uses telephone contact and Field Collection uses personal contact.

When looking at what impacts efficiency, consider the following:

If dispositions go up, or stay the same with fewer resources, efficiency improves.

If dispositions go down or stay the same with more resources, efficiency declines.

If a greater portion of the overall work can be accomplished in the less costly campus operations, overall efficiency improves.

**Critical Path:**

All notice and TDA and TDI data comes from the Collection Activity Reports generated monthly from an extract of Integrated Data Retrieval System (IDRS) account data.

When a taxpayer fails to file a return or pay tax due, there are generally one to four notices issued before the module is considered a TDA or TDI. The fourth notice triggers a TDA or TDI. CSCO generally works cases earlier in the notice status (1<sup>st</sup> thru 3<sup>rd</sup>) and field collection and ACS generally work cases in TDA or 4<sup>th</sup> notice status.

**Management Controls for items on critical path:**

Changes to programming of Collection Activity Reports are generally made once a year. Those changes are tested and verified by program analysts at headquarters before the first new report is released. Monthly spot checks are also done to verify they match the data sent to the DataMart.

**Revisions in January 2006:**

Revisions took place to include, as part of the dispositions, deferred modules that were closed. This change provides for a more accurate representation of coverage and efficiency, as deferred modules are counted as part of the inventory.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF-EMPLOYED, COMPLIANCE—CFF (FUNCTIONAL AREA 7D)</b>
Measure Name	Field Collection Embedded Quality (Field Collection quality of cases handled in person (EQ Composite Score))
Type of Measure	Balanced Measure – Critical –Budget Level - Outcome
Program Category Related Strategic Goal	1. Business Results---Quality 2. Field Collection 3. Improve Taxpayer Service
Responsible Official	Owner: Director, Collection
Definition	The score awarded to a reviewed Collection cases by a Quality Reviewer using the National Quality Review System (NQRS) quality attributes. (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. SBSE Field Collection National, Area, and Territory b. NQRS
Formula/Methodology	CQMS (EQ) website is <a href="http://sbse.web.irs.gov/EQ/">http://sbse.web.irs.gov/EQ/</a> select buttons for NQRS to obtain the reports for FY 2006. Access to the EQ website requires login and password approval via electronic 5081. The overall score is comprised of a rollup of all of the attribute(s) with the exclusion of the customer accuracy attributes (800). The score is computed by taking the total number of “Yes” responses divided by the total number of “Yes” plus “No” responses.
Data Source/ Measurement Tools	NQRS database
Reliability of Data	Reasonable Accuracy. Factors that influence the reliability of the data include the accuracy of individual case reviews, the sample size, and the way in which the results are compiled.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** The Embedded Quality measure is the Business Results-Quality Balanced Measure for SBSE Field Collection Cases.

**Data Limitations:** The recent change from the Collection Quality Management System (CQMS) to the current Embedded Quality (EQ) system (effective November 1, 2005) has impacted current quality measurements. The National Quality Review System (NQRS) has just recently started inputting case results into the system. The target validity level is the Territory.

**Calculation Changes:** Effective November 1, 2005, NQRS quality results are a percentage of attributes rated “yes” to a total of “yes” and “no” ratings. “N/A” ratings are excluded. Under the CQMS system, “N/A” ratings were included in the computation and artificially inflated the ratings. Also, under CQMS, attributes (entitled “standards”) were not weighted equally. Under the EQ system, all attributes are rated equally.

**Complete Description of the Process(s) measure originates from:** During every week of the month, a statistically generated random selection of closed Balance Due or combination Balance Due cases will be conducted. The case selection is based on the current Area configuration. The closed cases may be selected from any or all of the following case type dispositions:

- a. Full Pay
- b. Adjustment
- c. Installment Agreement
- d. Currently Not Collectible

There are some cases that do not meet the EQ review criteria. For example: Cases without an Integrated Collection System (ICS) history. These cases are identified by ICS and excluded from the weekly sample selection.

Cases are sent to the review sites to be reviewed. The cases are then reviewed and results are recorded into the EQ database. A validity check is conducted by EQ review site management. Once the data has been validated the information is transmitted to the EQ website.

**Critical Path:**

1. Closed collection cases sampled on ICS and received by review site
2. Reviewers evaluate cases
3. Review results are input into database
4. CQMS managers review the raw case review data for accuracy on a weekly basis
5. Data results are displayed on the CQMS website. The results are updated weekly.

**Management Controls for items on critical path:**

1. Site consistency case reviews held regularly/Meeting Minutes are documented.
2. Site Managers perform documented case reviews and workload reviews for employees
3. Database validity checks are performed at the site level.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT/ SMALL BUSINESS SELF EMPLOYED (FUNCTIONAL AREA 7C)</b>
Measure Name	Automated Collection System (ACS) Accuracy (Customer Accuracy – ACS Phones)
Type of Measure	National: Budget Level Outcome
Program Category Related Strategic Goal	1. Campus Collection Compliance 2. Service to our customers
Responsible Official	W & I: Director, Filing and Payment Compliance; SB/SE: Director, Campus Compliance Services
Definition	A measure of accuracy in providing the correct response or the correct resolution. This does not take into consideration any additional IRS issues or procedures that do not have a direct impact on the taxpayer.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Site, BOD, Enterprise b. Telephone monitoring by CQRS c. Reports are embedded in the NQRS database. (Weighted Customer Accuracy)
Formula/Methodology	A random sample of calls is selected for quality review by CQRS. Only one attribute (715) is used to score this measure on the DCI. Results are rolled up, and are calculated on Defects per Opportunity (dividing the number of errors by the number of opportunities, then subtracting that figure from one (1). These results are weighted by SOI in consideration of sample size and call volumes to opportunities.
Data Source/ Measurement Tools	Telephone monitoring by CQRS. A sample of phone contacts are monitored each month. Attribute 715 is coded for Customer Accuracy on the DCI (Data Collection Instrument). Results are stored and rolled up in the NQRS database which provides both weighted and unweighted reports.
Reliability of Data	Reasonable Accuracy. The SOI staff has developed a sampling plan for ACS phones where the results are valid at the site level on a quarterly basis, and valid on a monthly basis for the BOD or Enterprise. Plan is based upon a 90 percent confidence level with a 5 percent precision margin.

	<p>Call quality is reviewed and scored by CQRS. There may be natural variances in their observations. Their performance is sampled &amp; reviewed by the management team at the CQRS site to ensure reliability of the results. In addition, coding of customer accuracy is not an independent observation. The basis for coding must be tied into procedural or regulatory accuracy.</p> <p>Finally, all reviews are available on-line to the site for verification purposes and they have the opportunity to contest and rebut any review.</p>
<p>Frequency of Data Availability/Reporting</p>	<p>Unweighted data is available after input.</p> <p>Weighted reports are available by month, by planning period, and year-to-date. Weighted reports are available at the beginning of the second week after the close of the calendar month.</p>

**Purpose of Measure:** The in-call program is a significant focus of the ACS operation. This measure captures the percent of taxpayers who receive the correct answer to their question when they call ACS.. It reflects the customer experience and allows for meaningful analysis towards continual improvement of the business result.

**Data Limitations:**

Data reflects only in-calls from taxpayers. Although an ACS measure, results include both ACS (80%) and non-ACS (20%) calls. Does not include predictive dialer calls.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** Accuracy measured via remote monitoring of a randomly selected ACS in-call.

ACS Phones calls are defined as any call received on an IMF or BMF account in 22 or TDI status assigned to ACS, and any other calls received on the ACS ASPECT application. A random sample (41 calls per site per month) of calls are selected by CQRS for telephone monitoring. The entire contact is monitored remotely by a CQRS quality reviewer. Unless the call is transferred and no action was necessary to resolve the taxpayer's issue, Customer Accuracy must be

coded. Reviewers document performance on an ACS Phones DCI according to standards of performance outlined in the IRM. Results are input and rolled up to generate reports. All data is input and maintained on the NQRS (National Quality review System).

**Critical Path:**

1. The CQRS reviewer accesses the ACS application and selects a random call to monitor according to the SOI designed sampling plan and schedule...
2. Call is monitored in its entirety and evaluated for customer accuracy, procedural accuracy, regulatory accuracy, professionalism, and timeliness. Results are input to the National Quality Review System (NQRS) database via an ACS Data Collection Instrument (DCI)
3. Monthly call volumes of calls are input to NQRS based on Electronic Telephone Database reports.
4. Weighted reports are updated over the first weekend after the close of the calendar month. Unweighted data is available immediately.

**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews completed DCIs for coding consistency and accuracy.
3. CQRS management completes workload and side-by-side reviews.
4. Regular consistency meetings and discussions are held with reviewers, managers, and the Quality Product Line Analyst.
5. CQRS tracks and reviews rebuttals quarterly, and an annual sample of each product line's rebuttals are performed.
6. A rebuttal web site is used to share technical and coding issues in CQRS.

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## Enforcement

	DESCRIPTION
Operating Division (s)	<b>CRIMINAL INVESTIGATION</b>
Measure Name	Criminal Investigations Completed
Type of Measure	Balanced Measure-Output/workload
Program Category Related Strategic Goal	1. Criminal Investigations (Update 7-07) 2. Enhance Enforcement of the Tax Law
Responsible Official	Chief, Criminal Investigation
Definition	Total subject criminal investigations completed during the fiscal year, including those that resulted in a prosecution recommendation to the Department of Justice and those discontinued due to lack of evidence, a finding that the allegation was false, or other reason.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. CI Management Information System (CIMIS) (Update 7-07) c. Monthly Business Performance Summary
Formula/Methodology	Total subject criminal investigations either recommended for prosecution or discontinued
Data Source/ Measurement Tools	CI Management Information System (CIMIS)
Reliability of Data	Reasonable Accuracy – All cases have unique numbers assigned through an automated system, which contains validity and business rule checks. The system tracks the status of the investigation from initiation through final disposition.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** To assess the business unit's performance against its stated mission of serving the public by conducting criminal investigations into potential violations of the Internal Revenue Code and related financial crimes to foster confidence in the tax system and compliance with the law.

**Data Limitations:** The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent input errors or delays in entering information, however, could cause a case completion to be assigned to the incorrect reporting period. See the section below on management controls for information concerning Criminal Investigation's efforts to ensure reporting accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None

**Complete Description of the Processes from which Measure Originates:**

The agent submits a report recommending prosecution or discontinuance to the first line supervisor and makes the appropriate status updates in CIMIS. Once the first line supervisor reviews and approves the recommendation, he/she signs it and forwards it to the Assistant Special Agent in Charge (ASAC) or Special Agent in Charge (SAC) and annotates in CIMIS that the prosecution/discontinuance recommendation report has been reviewed. Upon approval, the SAC/ASAC goes into CIMIS and approves the recommendation, which updates the status of the investigation. (Update 7-07)

**Critical Path:**

1. Once the SAC/ASAC approves a prosecution recommendation or discontinued investigation report, he/she enters the approval status into the live CIMIS database.
2. On the third workday of each month, a monthly snapshot is compiled that reflects CIMIS updates made as of the end of the prior month.
3. Beginning on the fourth or fifth workday of each month, standard monthly reports can be generated reflecting, among other data, the number of investigations completed. (Update 7-07)

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>Criminal Investigation</b>
Measure Name	Number of Convictions, Criminal Investigation Convictions
Type of Measure	Balanced measure-outcome/workload
Program Category Related Strategic Goal	1. Criminal Investigations (Update 7-07) 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The number of criminal convictions
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. Criminal Investigation Management Information System c. OMB submission
Formula/Methodology	The total number of cases with the CIMIS statuses of guilty plea, nolo contendere, judge guilty, or jury guilty. (Update 7-07)
Data Source/ Measurement Tools	CI Management Information System (CIMIS)
Reliability of Data	Reasonable Accuracy – All cases have unique numbers assigned through an automated system, which contains validity and business rule checks. The system tracks the status of the investigations from initiation through final disposition.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** The purpose is to assess CI's performance against its mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent input errors or delays in entering information, however, could cause a conviction to be assigned to the incorrect reporting period. See the section below on management controls for information concerning Criminal Investigation's efforts to ensure reporting accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:**

Once a SAC/ASAC approves a prosecution recommendation, the Special Agent's Report is forwarded to the Department of Justice for review. The Department of Justice Tax Division reviews tax cases and either forwards them to the U.S. Attorney or declines them. In certain cases, Criminal Investigation forwards financial investigations directly to the applicable U.S. Attorney.

When a case reaches the U.S. Attorney's office, the government either proceeds with the prosecution and obtains an indictment or files an information charging the defendant with a crime(s), or the government declines to prosecute the case. Once charged, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. (Update 7-07)

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere or is found guilty by a judge or jury, a Form 4930 is created to reflect the investigation status. A CIMIS input operator enters the status update into CIMIS.
- On the third workday of each month, a snapshot is downloaded, which reflects status updates made as of the end of the prior month.
- On the fourth or fifth workday of each month, standard reports are produced reflecting, among other data, the number of convictions obtained.

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. (Update 7-07)

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	DESCRIPTION
Operating Division (s)	<b>Criminal Investigation</b>
Measure Name	Conviction rate
Type of Measure	Balanced measure-output/workload
Program Category Related Strategic Goal	1. Criminal Investigations (Update 7-07) 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The percent of adjudicated criminal cases that result in convictions
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. Criminal Investigation Management Information System c. OMB submission
Formula/Methodology	Total criminal convictions (cases with status of guilty plea, nolo contendere, judge guilty, or jury guilty) divided by the number of cases with above statuses plus number of cases with status of nolle prosequi, judge dismissed, jury acquitted, and/or judge acquitted. (Update 7-07)
Data Source/ Measurement Tools	CI Management Information System (CIMIS)
Reliability of Data	Reasonable Accuracy – All cases have unique numbers assigned through an automated system, which contains validity and business rule checks. The system tracks the status of the investigation from initiation through final disposition.
Frequency of Data Availability/Reporting	Will be Reported Monthly

**Purpose of Measure:** The purpose is to assess CI's performance against its stated mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent input errors or a delay in entering the information, however, could cause a conviction to be assigned to the incorrect

reporting period. See the section below on management controls for information concerning CI's efforts to ensure reporting accuracy and timeliness.

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:** Once charged through either an indictment or the filing of an information, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. Individuals whose cases are dismissed by a judge or not prosecuted after indictment (nolle prosequi) are counted as dismissals in CIMIS. Defendants acquitted by either a judge or jury are counted as acquittals. (Update 7-07)

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere, or is found guilty by a judge or jury, the investigation status information is input directly into CIMIS by the lead agent assigned to the investigation. The case agent will also make investigation status entries to reflect the following case outcomes: nolle prosequi, dismissal by a judge, and judge/jury acquittals. (Rev 1-07)
- On the third workday of each month, a monthly snapshot is compiled that reflects CIMIS updates made as of the end of the prior month. (Rev. 1-07)
- Beginning on the fourth or fifth workday of each month, standard monthly reports can be generated reflecting, among other data, the conviction rate based on the formula in the above table. (Update 7-07)

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>Criminal Investigation</b>
Measure Name	Conviction Efficiency Rate (Cost per conviction)
Type of Measure	Balanced measure-outcome/efficiency
Program Category Related Strategic Goal	1. Criminal investigations 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The cost of CI's program divided by the number of convictions. The number of convictions is the total number of cases with the following CIMIS statuses: guilty plea, nolo contendere, judge guilty or jury guilty. The Criminal Investigation financial plan includes all appropriations and reimbursements for the entire year. It is the fully loaded cost, including employees' salaries, benefits, and vacation time, as well as facility costs (office space, heating, cleaning, computers, security, etc.), and other overhead costs.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. CI Management Information System and Integrated Financial System (IFS) (Update 7-07) c. OMB submission
Formula/Methodology	The final fiscal year-end expenses as documented in IFS plus corporate costs as determined by the Chief Financial Officer divided by the number of convictions reported for the year
Data Source/ Measurement Tools	CI Management Information System (CIMIS) Integrated Financial System (IFS)
Reliability of Data	Reasonable accuracy
Frequency of Data Availability/Reporting	Will be Reported Annually

**Purpose of Measure:** The purpose is to assess the business unit's cost effectiveness and efficiency from year to year and gauge CI's performance against its mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** There are no limitations regarding the data from the Integrated Financial System. The total financial plan, which is verified at several levels within the organization, does not materially change throughout the fiscal year.

The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent errors or delays in entering the information, however, could cause a conviction to be assigned to the incorrect reporting period. See the section on management controls for information concerning CI's efforts to ensure data accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:**

Once charged through either an indictment or the filing of an information, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. (Update 7-07)

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere or is found guilty by a judge or jury, the lead agent assigned to an investigation enters the case status updates into the CIMIS database.
- On the third workday of each month, a monthly snapshot is compiled that reflects CIMIS updates made as of the end of the prior month. This process measure would use the monthly September snapshot containing data as of the fiscal year-end. (Update 7-07)
- Beginning on the fourth or fifth workday of each month, standard monthly reports can be generated reflecting, among other data, the number of convictions obtained. (Update 7-07)
- The year-end realized financial plan amount from IFS is verified with the Budget Execution Branch. That amount is divided by total convictions obtained during the fiscal year, as captured and reported through the CIMIS database.

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. The CFO, Associate CFO for Internal Financial



Management, and Associate CFO Corporate Performance Budgeting ensure the functionality and accuracy of the Integrated Financial System-the Service's core accounting system of records. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAX EXEMPT AND GOVERNMENT ENTITIES</b>
Measure Name	Number of TEGE Determination Cases Closed (TEGE Determination Case Closures)
Type of Measure	Business Result – Quantity-Outcome
Program Category Related Strategic Goal	1. Regulatory Compliance 2. Enhance Enforcement of the Tax Law
Responsible Official	Director, Planning
Definition	Cases established on the TE/GE Determination System (EDS) and closed on that system regardless of type of case or type of closing.
a. Reporting Level (s) b. Report Data Source c. Reports	National level in FY 2000, national and area office levels in FY 2001
Formula/Methodology	Fiscal-year cumulative count of the total return examinations closed on EDS (EP/EO Determination System)
Data Source/ Measurement Tools	TE/GE Determination System (EDS) Table 2A
Reliability of Data	Reasonable accuracy. EDS is programmed to generate error registers that identify possible data discrepancies. The registers are provided to the Director, EP Rulings and Agreements, the Director, EO Rulings and Agreements and to the Director, Business Systems Planning for resolution.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** Determination requests are the formal mechanism by which applicants receive their tax exemption (in the case of the exempt organization) or reliance that their plan is qualified (in the case of employee plans.) This is a critical IRS contact with these entities, since it provides an opportunity to ensure up-front that the organization or plan is designed in compliance with the relevant regulations governing that type of entity, enabling IRS to detect and correct potential problems early. In many instances, the determination process may be our only contact with a customer since some organizations (churches and small exempt organizations are not subject to annual filing requirements.

**Data Limitations:** No significant limitations.

**Calculation Changes:** None

**Complete Description of the Process:** The closing document data for each determination is entered to the EDS database by data entry employees. The Detroit Computing Center generates EDS tables/reports showing cumulative data for the fiscal year. The reports are used by Program Management staff to monitor and report the number of case closures.

**Critical Path:**

Determination specialist prepares case closing document for each case.  
Data entry employees enter closing document data to the National EDS database.  
Authorized personnel write queries and produce monthly reports.

**Management Controls:**

Group managers review data entered on closing documents by determination specialists prior to approving the case for closing.  
Error registers/reports are generated for data not meeting system consistency checks.

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**Modernization**

	<b>DESCRIPTION</b>
Operating Division (s)	<b>MODERNIZATION AND INFORMATION TECHNOLOGY SERVICES (MITS)</b>
Measure Name	BSM Project Cost Variance by Release/Subrelease (Replaces Cost Portion of Contracted Program Cost and Schedule Variance FY 2005)
Type of Measure	6B Efficiency - Critical
Program Category Related Strategic Goal	1. Productivity Through a Quality Work Environment. 2. Modernize the Internal Revenue Service through Its People, Processes and Technology
Responsible Official	Irene Soter, (202) 283-7705, Business Integration, Resource Management Office
Definition	Percent variance by release/sub-release of an BSM funded project's initial, approved cost estimate versus current, approved cost estimate.
a. Reporting Level (s) b. Report Data Source c. Reports	a. MITS and BSM Senior Executives, Program Directors, Acquisition Project Managers b. Business Integration, Resource Management Office c. BSM Expenditure Plan (EP) and associated Governance Decision Documents
Formula/Methodology	<p>Variations are calculated at the line item level for each release, sub-release, and milestone that is currently in process that will be in process during the time span of the EP, or that has been completed since the last EP submission. Variations will be calculated at estimated milestone exit dates; dates for reaching Initial Operational Capability (IOC) and Full Operational Capability (FOC) will not be used to calculate variations.</p> <p>Cost variance calculations related to filing season changes will be made for those changes that are foreseen and called out in project estimates as well as for significant, unexpected filing season changes and legislative mandates that fall outside of BSM's prior history.</p> <p>Three rules sets will be applied to calculate variations: rule sets for single-year funded line items, level of effort (LOE) line items, and multi-year funded line items. These are explained below.</p>

The single-year funded line item rule set is applied to those line items covering project work that is funded and completed with funding from a single fiscal year. The following table shows the rule set to be followed when calculating single-year funded line item variances.

Milestone (MS) #	Procedure for Calculating Cost Variances
1. Project launch (vision and strategy)	1. Identify the cost for completing the milestone using data from the earliest enacted Expenditure Plan in which the milestone is addressed.  2. Identify the cost for completing the milestone using data from the most current expenditure plan.  3. Calculate the variance as a percentage of total by subtracting the result of item 1 (above) from the result of item 2 (above) and then dividing by the result from item 1 (above).
2. Conceptual design of Business Architecture	Same as above
3. System logical design/system architecture	Same as above
4. Development, test and integration	1. Identify the cost for completing the milestone using data from the earliest enacted post-MS 3 Expenditure Plan in which the milestone is addressed.  2. Identify the cost for completing the milestone using data from the most current expenditure plan.  3. Calculate the variance as a percentage of total by subtracting the result of item 1 (above) from the result of item 2 (above) and then dividing by the result from item 1 (above).

4a. Completion of system physical design	Same as above
4b. Development, test and integration	Same as above
5. Deployment, transition to support and operations	Same as above

Rule Set for Calculating Variances for Single-year Funded Line Items

The LOE line item rule set is applied to those line items that cover operational and repetitive work as well as unforeseen specific assignments

Milestone (MS) #	Procedure for Calculating Cost Variances
The operational and rolling nature of the work precludes conducting variance analysis on a milestone-by-milestone basis. Instead, variances are calculated separately for each fiscal year.	<p>For each fiscal year:</p> <ol style="list-style-type: none"> <li>1. Identify the cost for completing the LOE work using data from the enacted Expenditure Plan in which the work is first addressed.</li> <li>2. Identify the cost for completing the same LOE work using data from the most current expenditure plan.</li> <li>3. Calculate the variance as a percentage of total by subtracting the result of item 1 (above) from the result of item 2 (above) and then dividing by the result from item 1 (above).</li> </ol>

Rule Set for Calculating Variances for LOE Line Items

The multi-year funded line item rule set is applied to those line items that span multiple years due to budget constraints and contract award timelines; it should be noted that the funding presented in the expenditure plan often covers only limited scope and requires follow-on funding in subsequent years to complete the planned scope in its totality. As a result, there is a need to establish a multi-year base against which variance calculations are made. The following table shows the rule set to be followed when calculating variances for multi-year line items.

Milestone (MS) #	Procedure for Calculating Cost Variances
1. Project launch (vision and strategy)	<ol style="list-style-type: none"> <li>1. Using each enacted Expenditure Plan over the life of the line item; identify the initial cost data for the milestone by fiscal year.</li> <li>2. Identify the cost for completing the work for each year in which the milestone is addressed using data from the most current enacted expenditure plan.</li> <li>3. Calculate the variance for each fiscal year by subtracting the result of item 1 (above) from the result of item 2 (above).</li> <li>4. Calculate the variance as a percentage of total by dividing the sum of cost variances (recorded in item 3 above) by the sum of the initial costs (recorded in item 1 above).</li> </ol>
2. Conceptual design of Business Architecture	Same as above
3. System logical design/system architecture	Same as above
4. Development, test and integration	1. Using each enacted Expenditure Plan over the life of the line item; identify the initial cost data for the milestone

		<p>by fiscal year. Note that when an MS 3 exit occurs, data contained in the enacted expenditure plan immediately following the MS 3 exit establishes the baseline cost for the fiscal year following the MS 3 exit.</p> <p>2. Identify the cost for completing the work for each year in which the milestone is addressed using data from the most current enacted expenditure plan.</p> <p>3. Calculate the variance for each fiscal year by subtracting the result of item 1 (above) from the result of item 2 (above).</p> <p>4. Calculate the variance as a percentage of total by dividing the sum of cost variances (recorded in item 3 above) by the sum of the initial costs (recorded in item 1 above).</p>	
	4a. Completion of system physical design	Same as above	
	4b. Development, test and integration	Same as above	
	5. Deployment, transition to support and operations	Same as above	
<p>Rule Set for Calculating Variances for Multi-Year Funded Line Items</p> <p>Reporting and Categorization of Variances</p> <p>The IRS will follow three steps to report and categorize variances for both pre-MS 3 (Rough Order of Magnitude) estimates and post-MS 3 (Specific) estimates. First, the IRS will categorize variances calculated in accordance with the rules described in three rule sets described above as being either within or outside of acceptable tolerance thresholds. Second, the IRS will categorize variances as being either within or outside of the Agency's</p>			



control. Third, the IRS will categorize variances as being either attributable to the IRS or attributable to others.

Within or Outside of Acceptable Tolerance Thresholds

Cost variances less than or equal to +/- 10% will be categorized as being within acceptable tolerance thresholds. If cost variances are greater than +/- 10%, the variance will be categorized as being outside of acceptable thresholds. This categorization will be reported in tables like those shown below.

Cost Variance Based on Rough Order of Magnitude (ROM) Estimates – (pre-Milestone 3)

Post-Milestone 3 Cost Variance (based on SPECIFIC estimates)								
Project	Release	MS	Fund Year	Post MS 3 Cost	Current Cost	Variance (\$)	Variance (%)	Within Acceptable Tolerance
MeF	R3.1	4	FY04-FY05	<b>10,139</b>	<b>10,139</b>	-	0%	YES
MeF	R3.2	4	FY04-FY05	<b>23,773</b>	<b>31,323</b>	7,550	32%	NO
MeF	R4	4	FY04 & FY06	<b>26,900</b>	<b>26,900</b>	-	0%	YES

\* Bold cost figures represent Multi-year costs for the project segment.

Cost Variance Based on Specific Estimates - (post-Milestone 3)

Within or Outside of the Agency's Control

Procedures for categorizing variances as being within or outside of the Agency's control are as follows:

(a) Break out the total variance into its component parts. For example, a 121 day variance may break out as follows: 63 days related to deliverable defects, 39 days related to late-shipping COTS software, and 19 days related to a delayed governance meeting.

(b) For each component part:

If the source of the variance was unforeseen (such as an unexpected filing season changes or legislative mandates falling outside of BSM's prior experience), categorize the variance as unavoidable. A detailed discussion substantiating this categorization will be included in the

project profile section of the EP.

If the source of the variance was foreseen, categorize the variance as avoidable.

(c) Characterize the total variance in accordance with the following:

If all variance components are avoidable, the overall variance is within the Agency's control.

If all variance components are unavoidable, the overall variance is not within the Agency's control.

If variance components are a mix of avoidable and unavoidable variances, the overall variance is partially within the Agency's control.

This categorization will be reported in tables like those shown below.

**Attribution for Pre-Milestone 3 Cost Variance  
Based on Rough Order of Magnitude Estimates**

Release	MS	Variance Within Agency Control (Yes/No/Partial)	Change in Cost Attributable to IRS	Percent Attributable to IRS	Change in Cost Attributable to Others	Percent Attributable to Others
3.1	4	Yes	(9,873)	100%	0	0%
3.2	4	Yes	7,550	100%	0	0%
4	3	Yes	(4,200)	100%	0	0%

**Cost Variance Attribution Based on Rough Order of Magnitude (ROM) Estimates**

**Attribution for Post-Milestone 3 Cost Variance  
Based on Specific Estimates**

Release	MS	Variance Within Agency Control (Yes/No/Partial)	Change in Cost Attributable to IRS	Percent Attributable to IRS	Change in Cost Attributable to Others	Percent Attributable to Others
3.2	4	Yes	7,550	100%	0	0%

Cost Variance Attribution Based on Specific Estimates – (post-Milestone 3)

Attributable to the IRS or Attributable to Others

The IRS will make the categorization of whether or not a variance is attributable to the IRS or attributable to others at the line item level. The IRS will provide a statement for all variances at the line item level. These variance statements will immediately follow the tabular portrayal of project variances within the Project Profile and will be demarcated by sub-captions for those line items that have variances (such as “Release 2, Milestone 4a” and “Release 1 Milestone 5.”

The variance statements will describe the cause(s) of the variance, show the avoidable and unavoidable components of the variance, and make the case regarding why components of the variance were attributable to others rather than the IRS.

**Project Risk Adjustment**

Variances associated with the use of risk adjustment funds will be calculated and reported in accordance with the procedures described above.

A Short Guide to Program Initiative Categories and Terminology:

Projects: These projects represent solutions to a specific business issue, such as to improve customer service. These projects strictly follow the Enterprise Life Cycle (ELC) methodology and are characterized by:

- ELC Milestones and Phases
- Measurable benefits; clear business case
- Releases, each of which adds new functionality
- Business and technical design specifications
- Direct “user” visibility and impact

ELC Milestones are defined as follows:

Milestone 1 - Project launch (vision and strategy)

Milestone 2 - Conceptual design or business architecture

Milestone 3 - System logical design/system architecture

Milestone 4 - Development, test, and integration

When applicable, Milestone 4 may be split into Milestones 4a and 4b

Milestone 4a - Completion of system physical design

Milestone 4b - Development, test, and integration

Milestone 5 - Deployment, transition to support, and operations

Level of Effort (LOE): These activities generally support the overall management of the program, such as contracting or risk management. While they usually have clear work products, such as a risk management plan or Item Tracking, Reporting, and Controlling (ITRAC) system monthly reports, they do not follow the ELC methodology, do not directly create end user benefits, and require the contractor to provide a specified level of effort, over a stated period of time, on work which is stated in general terms. Hence, we fund these activities annually based on best estimates of the number of people needed to accomplish each business function.

Infrastructure projects (INF): These projects follow many aspects of the ELC, such as the ELC phases (concept, requirements definition, design, development, testing, and deployment). However, infrastructure projects differ in the following ways:

- Infrastructure projects do not have a separate business case, though they have definable costs and general broad benefits.
- Infrastructure projects are driven by the support needs of the project, rather than end-user requirements.
- Infrastructure project teams have no direct control over external changes (e.g., a new requirement for an application project) which will drive cost fluctuations.
- Infrastructure projects cannot make changes independently from the projects they

	support; that is, the Infrastructure projects must synchronize changes with the application projects and assess the impact.
Data Source/ Measurement Tools	<p>For MS 1-3, the initial cost per release/sub-release will be extracted from the Enacted Expenditure Plan in which the project segment is first called out. For MS 4 &amp; 5 measures, the initial cost will be captured in the earliest post-MS 3 enacted Expenditure Plan in which the milestone is addressed. The current cost per release/sub-release will be extracted from the most current update in an Expenditure Plan reporting on the same Release/Sub-release.</p> <p>Note: This methodology for calculating performance against this measure resulted from a dialogue with GAO regarding reporting and measuring of variance of projects in the ITIA funded BSM Expenditure Plan during the summer 2005</p>
Reliability of Data	Reasonable Accuracy
Frequency of Data Availability/Reporting	The data is collected from the approved and enacted Expenditure Plan and subsequent modifications resulting from changes to project cost plans as approved via the BSM Governance Procedures and documented by the Resource Management Office. Results are to be recorded in the BSM Financial Database; results are reported in accordance with delivery schedules required by the Expenditure Plan for the BSM Appropriation. This is consistent with the BSM Budget Change Notification Policy.

**Purpose of Measure:** The purpose of the measure is to assess the program’s ability to improve its cost estimation capabilities at the Release/Sub-release level. The measure is designed to provide insight into current organizational process behavior and the effectiveness of current improvement initiatives.

**Data Limitations:** The data is limited to project segments within the Expenditure Plans for all open appropriations whose data is available at the time of measurement. Milestone 4 & 5 measures will only be documented when there is a MS-3 exit for the project segment. Further, it is limited to data directly related to the Modernization program.

**Calculation Changes:** Changes in the calculation may occur as the measure is exercised based on an increased understanding of the data and application of the procedures for categorizing variances as being within or outside of the Agency’s control.

**Complete Description of the Process:** Modernization projects plan project segments at the Release/Sub-release and Milestone level. Costs are estimated and recognized in the plan which first presents the project segment and associated costs which is enacted by congressional approval of the expenditure plan. The work is comprised of activities related to the development and delivery of the project's business requirements captured in the named project segment. After the recognition of planned costs as called out in the enacted expenditure plan, the projects may adjust costs in the course of the project lifecycle. These costs changes must be approved through the appropriate governance body and recorded in a database which will track all changes to expenditure plans over the lifecycle of the project. The cost data changes are gathered through governance decisions as they occur (reference BSM Budget Change Notification Policy of April 8, 2006). The database is set up to compute performance cost variances by comparing current plan cost data to the original enacted plan cost data and the Release/Sub-release level. The data may be exported to Excel spreadsheets for the purposes of reporting, graphing and charting various views of project segment cost data. This data is reported to BSM management and reports are stored internal to the BSM Financial Database or on the Resource Management shared drive.

**Critical Path:**

1. Establish the baseline cost data at the project release/sub-release level from the congressionally approved expenditure plan.
2. Obtain the changes to project cost data from the BSM Governance Decisions.
3. Compute the updated cost variance measures
4. Track and Report on the individual and overall cost variance measures for each active project segment in all active appropriations.
5. Report the Variance Measure annually or possibly bi-annually depending on the congressional requirements for updates to the expenditure plan.

**Management Controls:**

1. The baseline cost data will be reviewed/ validated by the Resource Management (RM) Team and Manager prior to submission of the expenditure plan.

2. The Resource Management (RM) Team will monitor and record all changes applied to the expenditure via through the BSM Governance processes. Once recorded in the BSM Financial Database, update expenditure plan exhibits will be incorporated into the financial execution and BSM monthly reporting processes.
3. Before the measure is reported, the RM Team and Manager will review/ validate the report. The RM Manager will provide the report annually to the Deputy Associate CIO for Business Integration for approval. Concurrence will be obtained from the Associate CIO for Application Development and Associate CIO for Enterprise Services.  
hared library and report on Improvement Measure externally. (Applies to Critical Path item: 5)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>MODERNIZATION AND INFORMATION TECHNOLOGY SERVICES (MITS)</b>
Measure Name	BSM Project Schedule Variance by Release/Subrelease (Replaces the Schedule Portion of Contracted Program Cost and Schedule Variance)
Type of Measure	6B Efficiency - Critical
Program Category Related Strategic Goal	1. Productivity Through a Quality Work Environment. 2. Modernize the Internal Revenue Service through Its People, Processes and Technology
Responsible Official	Irene Soter, (202) 283-7705, Business Integration, Resource Management Office
Definition	Percent variance by release/sub-release of an BSM funded project's initial, approved schedule estimate versus current, approved schedule estimate.
a. Reporting Level (s) b. Report Data Source c. Reports	a. MITS and BSM Senior Executives, Program Directors, Acquisition Project Managers b. Business Integration, Resource Management Office c. BSM Expenditure Plan (EP) and associated Governance Decision Documents
Formula/Methodology	<p>Variations will be calculated at the line item level for each release, sub-release, and milestone that is currently in process that will be in process during the time span of the EP, or that has been completed since the last EP submission. Variations will be calculated using estimated milestone exit dates; dates for reaching Initial Operational Capability (IOC) and Full Operational Capability (FOC) <b>will not</b> be used to calculate variations.</p> <p>Schedule variance calculations related to filing season changes will be made for those changes that are foreseen and called out in project estimates as well as for significant, unexpected filing season changes and legislative mandates that fall outside of BSM's prior history.</p> <p>Three rules sets will be applied to calculate variations: rule sets for single-year funded line items, level of effort (LOE) line items, and multi-year funded line items. These are explained below.</p>



The single-year funded line item rule set is applied to those line items covering project work that is funded and completed with funding from a single fiscal year. The following table shows the rule set to be followed when calculating single-year funded line item variances.

Milestone (MS) #	Procedure for Calculating Schedule Variances
1. Project launch (vision and strategy)	1. Calculate the schedule duration (in work days) for completing the milestone using data from the earliest enacted Expenditure Plan in which the milestone is addressed.  2. Calculate the number of work days that the current proposed milestone completion date varies from the initial proposed milestone completion date.  3. Calculate the variance as a percentage of total by dividing the result from item 2 (above) by the result from item 1 (above).
2. Conceptual design of Business Architecture	Same as above
3. System logical design/system architecture	Same as above
4. Development, test and integration	1. Calculate the schedule duration (in work days) for completing the milestone using data from the earliest enacted post-MS 3 Expenditure Plan in which the milestone is addressed.  2. Calculate the number of work days that the current proposed milestone completion date varies from the milestone completion date proposed in the earliest post-MS 3 Expenditure Plan in which the milestone is addressed.

	3. Calculate the variance as a percentage of total by dividing the result from item 2 (above) by the result from item 1 (above).
4a. Completion of system physical design	Same as above
4b. Development, test and integration	Same as above
5. Deployment, transition to support and operations	Same as above

**Rule Set for Calculating Variances for Single-year Funded Line Items**

The LOE line item rule set is applied to those line items that cover operational and repetitive work as well as unforeseen specific assignments. Schedule variances are not calculated for LOE line items since the rolling nature of the work precludes meaningful schedule analysis. The following table shows the rule set to be followed when calculating variances for LOE line items.

Milestone (MS) #	Procedure for Calculating Schedule Variances
The operational and rolling nature of the work precludes conducting variance analysis on a milestone-by-milestone basis. Instead, variances are calculated separately for each fiscal year.	The operational and rolling nature of the work precludes meaningful schedule analysis.

**Rule Set for Calculating Variances for LOE Line Items**

The multi-year funded line item rule set is applied to those line items that span multiple years due to budget constraints and contract award timelines; it should be noted that the funding presented in the expenditure plan often covers only limited scope and requires follow-on

funding in subsequent years to complete the planned scope in its totality. As a result, there is a need to establish a multi-year base against which variance calculations are made. The following table shows the rule set to be followed when calculating variances for multi-year line items.

Milestone (MS) #	Procedure for Calculating Schedule Variances
1. Project launch (vision and strategy)	1. Calculate the schedule duration (in work days) for completing the milestone using data from the earliest enacted Expenditure Plan in which the milestone is addressed.  2. Calculate the number of work days that the current proposed milestone completion date varies from the initial proposed milestone completion date.  3. Calculate the variance as a percentage of total by dividing the result from item 2 (above) by the result from item 1 (above).
2. Conceptual design of Business Architecture	Same as above
3. System logical design/system architecture	Same as above
4. Development, test and integration	1. Calculate the schedule duration (in work days) for completing the milestone using data from the earliest enacted post-MS 3 Expenditure Plan in which the milestone is addressed.  2. Calculate the number of work days that the current proposed milestone completion date varies from the milestone completion date proposed in the earliest post-MS 3 Expenditure Plan in which the milestone is addressed.

	3. Calculate the variance as a percentage of total by dividing the result from item 2 (above) by the result from item 1 (above).
4a. Completion of system physical design	Same as above
4b. Development, test and integration	Same as above
5. Deployment, transition to support and operations	Same as above

**Rule Set for Calculating Variances for Multi-Year Funded Line Items**

Reporting and Categorization of Variances

The IRS will follow three steps to report and categorize variances for both pre-MS 3 (Rough Order of Magnitude) estimates and post-MS 3 (Specific) estimates. First, the IRS will categorize variances calculated in accordance with the rules described in the three rule sets described above as being either within or outside of acceptable tolerance thresholds. Second, the IRS will categorize variances as being either within or outside of the Agency’s control. Third, the IRS will categorize variances as being either attributable to the IRS or attributable to others.

**Within or Outside of Acceptable Tolerance Thresholds**

Schedule variances less than or equal to +/- 10% will be categorized as being within acceptable tolerance thresholds. If schedule variances are greater than +/- 10%, the variance will be categorized as being outside of acceptable thresholds. This categorization will be reported in tables like those shown below.

Pre-Milestone 3 Schedule Variance (based on ROM estimates)							
Project	Release	MS	Original Finish Date	Current Finish Date	Variance (days)	Variance (%)	Within Acceptable Tolerance
MeF	R3.1	4	03/31/05	03/24/05	-5	-3%	YES
MeF	R3.2	3	10/15/04	02/04/05	75	48%	NO
MeF	R3.2	4	03/31/06	03/22/06	-7	-2%	YES
MeF	R4	3	06/30/05	12/09/05	111	59%	NO
MeF	R4	4	03/31/07	03/31/07	0	0%	YES

Schedule Variance Based on Rough Order of Magnitude (ROM) Estimates – (pre-Milestone 3)

Post-Milestone 3 Schedule Variance (based on SPECIFIC estimates)							
Project	Release	MS	Post MS 3 Finish Date	Current Finish Date	Variance (days)	Variance (%)	Within Acceptable Tolerance
MeF	R3.1	4	03/31/05	03/24/05	-5	-3%	YES
MeF	R3.2	4	03/31/06	03/22/06	-7	-2%	YES
MeF	R4	4	03/31/07	03/31/07	0	0%	YES

**Within or Outside of the Agency’s Control**

Procedures for categorizing variances as being within or outside of the Agency’s control are as follows:

- (a) Break out the total variance into its component parts. For example, a 121 day variance may break out as follows: 63 days related to deliverable defects, 39 days related to late-shipping COTS software, and 19 days related to a delayed governance meeting.
- (b) For each component part:
  - If the source of the variance was unforeseen (such as an unexpected filing season changes or legislative mandates falling outside of BSM’s prior experience), categorize the variance as unavoidable. A detailed discussion substantiating this categorization will be included in the project profile section of

the EP.

- If the source of the variance was foreseen, categorize the variance as avoidable.
- (c) Characterize the total variance in accordance with the following:
- If all variance components are avoidable, the overall variance is within the Agency's control.
  - If all variance components are unavoidable, the overall variance is **not** within the Agency's control.
  - If variance components are a mix of avoidable and unavoidable variances, the overall variance is partially within the Agency's control.

This categorization will be reported in tables like those shown below.

**Attribution for Pre-Milestone 3 Schedule Variance  
Based on Rough Order of Magnitude Estimates**

Release	MS	Variance Within Agency Control (Yes/No/Partial)	Schedule Variance Attributable to IRS (days)	Percent Attributable to IRS	Schedule Variance Attributable to Others (days)	Percent Attributable to Others
3.1	4	Yes	-5	100%	0	0%
3.2	3	Yes	75	100%	0	0%
3.2	4	Yes	-7	100%	0	0%
4	3	No	0	0%	111	100%

**Schedule Variance Attribution Based on Rough Order of Magnitude (ROM) Estimates**

**Attribution for Post-Milestone 3 Schedule Variance  
Based on Specific Estimates**

Release	MS	Variance Within Agency Control	Schedule Variance	Percent Attributable	Schedule Variance	Percent Attributable
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		(Yes/No/Partial)	Attributable to IRS (days)	to IRS	Attributable to Others (days)	to Others
3.1	4	Yes	-5	100%	0	0%
3.2	4	Yes	-7	100%	0	0%

Schedule Variance Attribution Based on Specific Estimates – (post-Milestone 3)

**Attributable to the IRS or Attributable to Others**

The IRS will make the categorization of whether or not a variance is attributable to the IRS or attributable to others at the line item level. The IRS will provide a statement for **all variances** at the line item level. These variance statements will immediately follow the tabular portrayal of project variances within the Project Profile and will be demarcated by sub-captions for those line items that have variances (such as “Release 2, Milestone 4a” and “Release 1 Milestone 5.”

The variance statements will describe the cause(s) of the variance, show the avoidable and unavoidable components of the variance, and make the case regarding why components of the variance were attributable to others rather than the IRS.

**Project Risk Adjustment**

Variances associated with the use of risk adjustment funds will be calculated and reported in accordance with the procedures described above.

**A Short Guide to Program Initiative Categories and Terminology:**

- Projects: These projects represent solutions to a specific business issue, such as to improve customer service. These projects strictly follow the Enterprise Life Cycle (ELC) methodology and are characterized by:

- ELC Milestones and Phases
- Measurable benefits; clear business case
- Releases, each of which adds new functionality
- Business and technical design specifications
- Direct “user” visibility and impact

ELC Milestones are defined as follows:

- Milestone 1 - Project launch (vision and strategy)
- Milestone 2 - Conceptual design or business architecture
- Milestone 3 - System logical design/system architecture
- Milestone 4 - Development, test, and integration

When applicable, Milestone 4 may be split into Milestones 4a and 4b

- Milestone 4a - Completion of system physical design
- Milestone 4b - Development, test, and integration

Milestone 5 - Deployment, transition to support, and operations

- Level of Effort (LOE): These activities generally support the overall management of the program, such as contracting or risk management. While they usually have clear work products, such as a risk management plan or Item Tracking, Reporting, and Controlling (ITRAC) system monthly reports, they do not follow the ELC methodology, do not directly create end user benefits, and require the contractor to provide a specified level of effort, over a stated period of time, on work which is stated in general terms. Hence, we fund these activities annually based on best estimates of the number of people needed to accomplish each business function.
- Infrastructure projects (INF): These projects follow many aspects of the ELC, such as the ELC phases (concept, requirements definition, design, development, testing, and deployment). However, infrastructure projects differ in the following ways:
  - Infrastructure projects do not have a separate business case, though they have



	<p>definable costs and general broad benefits.</p> <ul style="list-style-type: none"> <li>- Infrastructure projects are driven by the support needs of the project, rather than end-user requirements.</li> <li>- Infrastructure project teams have no direct control over external changes (e.g., a new requirement for an application project) which will drive cost fluctuations.</li> <li>- Infrastructure projects cannot make changes independently from the projects they support; that is, the Infrastructure projects must synchronize changes with the application projects and assess the impact.</li> </ul>
Data Source/ Measurement Tools	<p>For MS 1-3, the initial schedule per release/sub-release will be extracted from the Enacted Expenditure Plan in which the project segment is first called out. For MS 4 &amp; 5 measures, the initial schedule will be captured in the earliest post-MS 3 enacted Expenditure Plan in which the milestone is addressed. The current schedule per release/sub-release will be extracted from the most current update in an Expenditure Plan reporting on the same Release/Sub-release.</p> <p>Note: This methodology for calculating performance against this measure resulted from a dialogue with GAO regarding reporting and measuring of variance of projects in the ITIA funded BSM Expenditure Plan during the summer 2005</p>
Reliability of Data	Reasonable Accuracy
Frequency of Data Availability/Reporting	<p>The data is collected at the time of Expenditure Plan creation and subsequent modifications resulting from changes to project schedule plans as approved via the BSM Governance Procedures and documented by the Resource Management Office. Results are to be recorded in the BSM Financial Database; results are reported in accordance with delivery schedules required by the Expenditure Plan for the BSM Appropriation. This is consistent with the BSM Budget Change Notification Policy.</p>

**Purpose of Measure:** The purpose of the measure is to assess the program’s ability to improve its schedule estimation capabilities at the Release/Sub-release level. The measure is designed to provide insight into current organizational process behavior and the effectiveness of current improvement initiatives.

**Data Limitations:** The data is limited to project segments within the Expenditure Plans for all open appropriations whose data is available at the time of measurement. Milestone 4 & 5 measures will only be documented when there is a MS-3 exit for the project segment. Further, it is limited to data directly related to the Modernization program.

**Calculation Changes:** Changes in the calculation may occur as the measure is exercised based on an increased understanding of the data and application of the procedures for categorizing variances as being within or outside of the Agency's control.

**Complete Description of the Process:** Modernization projects plan project segments at the Release/Sub-release and Milestone level. Schedule Duration is estimated and recognized in the plan which first presents the project segment and associated schedule which is enacted by congressional approval of the expenditure plan. The work is comprised of activities related to the development and delivery of the project's business requirements captured in the named project segment. After the recognition of planned schedule duration as called out in the enacted expenditure plan, the projects may adjust schedules in the course of the project lifecycle. These schedule changes must be approved through the appropriate governance body and recorded in a database which will track all changes to expenditure plans over the lifecycle of the project. The schedule data changes are gathered through governance decisions as they occur (reference BSM Budget Change Notification Policy of April 8, 2006). The database is set up to compute performance cost variances by comparing current plan cost data to the original enacted plan cost data and the Release/Sub-release level. The data may be exported to Excel spreadsheets for the purposes of reporting, graphing and charting various views of project segment schedule data. This data is reported to BSM management and reports are stored internal to the BSM Financial Database or on the Resource Management shared drive.

**Critical Path:**

1. Establish the baseline schedule data at the project release/sub-release level from the congressionally approved expenditure plan.
2. Obtain the changes to project schedule data from the BSM Governance Decisions.
3. Compute the updated schedule variance measures
4. Track and Report on the individual and overall schedule variance measures for each active project segment in all active appropriations.
5. Report the Variance Measure annually or possibly bi-annually depending on the congressional requirements for updates to the expenditure plan.

**Management Controls:**

1. The baseline schedule data will be reviewed/ validated by the Resource Management (RM) Team and Manager prior to submission of the expenditure plan.
2. The Resource Management (RM) Team will monitor and record all changes applied to the expenditure plan via through the BSM Governance processes. Once recorded in the BSM Financial Database, update expenditure plan exhibits will be incorporated into the financial execution and BSM monthly reporting processes.
3. Before the measure is reported, the RM Team and Manager will review/ validate the report. The RM Manager will provide the report annually to the Deputy Associate CIO for Business Integration for approval. Concurrence will be obtained from the Associate CIO for Application Development and Associate CIO for Enterprise Services.

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**Addendum PART Measures**  
**Service**  
**EITC**

	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: PROGRAM OFFICE – EARNED INCOME AND HEALTH COVERAGE TAX CREDITS</b>
Measure Name	Percent of Eligible Taxpayers Who File for EITC (Participation Rate)
Type of Measure	Critical (Outcome) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Pre-filing 2. Improve Taxpayer Service
Responsible Official	Director, Earned Income and Health Coverage Tax Credits
Definition	Compares the number of taxpayers who claimed an EITC to the number of taxpayers who appear to be eligible.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Nationwide b. Individual Returns Transactions File (IRTF) – TY1 Census Population Survey (CPS) Annual Social and Economic Supplement; ETIC Compliance Studies – TY 1997, TY 1999, and TY 2001 (NRP) c. Business Performance Review Summary (BPRS) and Strategy and Program Plan (SPP)
Formula/Methodology	EITC has established a participation rate target of 80 percent for FY 2006. However, the methodology for estimating the participation rate is being refined in an effort to improve the accuracy of estimates, and will await the evaluation of this new methodology before setting targets for future years.  Through CY 2003, EITC relied on a GAO-developed formulation that used Current Population Survey (CPS) data obtained from U.S. Census. In March 2004, EITC began exploring the use of a mathematical participation rate model (Regress Alternative) using TY 2003 data for state and national participation estimates. While the model appeared effective at estimating a national participation rate, it was not robust enough to generate estimates for smaller

	<p>geographic areas (e.g. states, zip codes).</p> <p>Because of these limitations, the IRS began working with Census in 2005 to develop a better estimating model. To do this, EITC plans to compare Census data with internal estimates on EITC fact-of-filing as well as other internal information. This analysis will enable EITC to assess the accuracy of the new model for estimating EITC participation rates at the state and national levels. Participation rate targets through FY 2012 will be developed based on outcomes from this analysis. (Rev. 5-2006)</p>
Data Source/ Measurement Tools	IRTF - Data captured from IRS processing; TY1 CPS – Census Bureau Survey; 1999 EITC Compliance Study – EITC Audits.
Reliability of Data	Reasonably Accurate
Frequency of Data Availability/Reporting	Annually

**Purpose of Measure:** To estimate the percentage of taxpayers who qualify for EITC that actually claim the credit.

**Data Limitations:** Qualified households are determined by the CPS survey data, but the survey does not capture all of the components of EITC qualification such as Residency and Relationship. Also the Census Bureau can only determine taxpayers that file a return, not if they actually claim EITC.

**Calculation Changes:** New

**Complete Description of the Process:** The Census Bureau (CB) determines the number of qualified households from the CPS survey data. The CB then uses the IRS match file to determine if households appear to qualify for EITC filed a return. The results are passed to W&I Research, which compare the results with the latest EITC Compliance Study (currently TY1999) for adjustment and final tabulation. These results are then presented in a research report.

**Critical Path:**

1. Agreement with CB to match and provide data.
2. CB provides data to W&I Research
3. WI calculates data and issues report.
4. Earned Income and Health Coverage tax Credits management review report.

**Management Controls for items on critical path:**

1. None
2. None
3. Research management organizational structure will conduct oversight as necessary.
4. Earned Income and Health Coverage Tax Credits management will make decisions about the next steps.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: PROGRAM OFFICE – EARNED INCOME AND HEALTH COVERAGE TAX CREDITS</b>
Measure Name	<b>Percent of EITC Claims Paid in Error (Upper &amp; Lower Bound Estimates)</b> (Replaces Percent of EITC dollars paid that should not have been paid)
Type of Measure	Critical (Outcome) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Pre-filing Taxpayer Assistance & Education 2. Enhance Enforcement of the Tax Law
Responsible Official	Director, Earned Income and Health Coverage Tax Credits
Definition	The percentage of EITC claims made by taxpayers paid in error
a. Reporting Level (s) b. Report Data Source c. Reports	a. Nationwide b. National Research Program (NRP) reporting compliance study of individual income tax returns for Tax Year (TY) 2001; IRS Enforcement Revenue Information System (ERIS); Treasury Department estimates of the effect of the EITC provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) on EITC erroneous claims; Treasury Department FY 2006 EITC budget estimates c. Business Performance Review Summary (BPRS) and Strategy and Program Plan (SPP)
Formula/Methodology	Current error rate estimates are based primarily on information from the NRP. The NRP estimated that the level of improper over claims ranged between 23% (lower bound) to 28% (upper bound) for 2006 and 2007.  EITC is a component of the multi-year National Research Program (NRP) study, which will use TY 2006 in its initial year. This study will enable us to update the EITC error rate on an annual basis beginning in 2009.
Data Source/ Measurement Tools	TBD
Reliability of Data	TBD

Frequency of Data Availability/Reporting	TBD
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Purpose of Measure: This measure estimates the percent of EITC claims made by taxpayers paid in error. The overall goal is to reduce the number of claims paid in error.

Data Limitations: TBD

Calculation Changes: TBD

Complete Description of the Process: TBD

Critical Path: TBD

Management Controls for items on critical path: TBD

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT – CUSTOMER ACCOUNTS SERVICES</b>
Measure Name	Customer Contacts Resolved per Staff Year (Customer Contacts Per Staff Year)
Type of Measure	Critical (Efficiency) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Accounts Services
Definition	The number of Customer Contacts Resolved in relation to time expended based on staff usage. <a href="http://joc.enterprise.irs.gov/joc_l/web/ppa/FY2006%20AM%20Cust%20Contacts.xls">http://joc.enterprise.irs.gov/joc_l/web/ppa/FY2006%20AM%20Cust%20Contacts.xls</a>
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. Enterprise Telephone Data (ETD) Snapshot Report, Accounts Management Information Report (AMIR) Advance Child Tax Credit Project Site, MIS Reporting Tool, Electronic Tax Administration (ETA) Website—Work Planning & Control (WP&C Report, Resource Allocation Report (RAR). c. BPRS (Business Performance Review Summary), Strategy and Program Plans, PAC 2C (Rev. 5-2006)
Formula/Methodology	<p>Assistor Calls Answered + Automated Calls Answered+  <u>Web Services Completed + Electronic Services + Paper Responses</u>  Staff Years</p> <p>This measure summarizes the following activities: telephone (automated calls and assistor calls answered), web services, and paper information. This report provides data for prior and current year “actual data as well as current year” planned overhead to include direct technical time, clerical support time, quality review, and total overhead (e.g., training, management, and leave.)</p>
Data Source/ Measurement Tools	Aspect ACD, TRIS, AMIR, and Internet Refund/Fact of Filing & Advance EITC Project Site, MIS Reporting Tool, ETA website, & Staff Year data is extracted from the weekly WP&C

	report and consolidated and included in the RAR report. (Rev. 5-2006)
Reliability of Data	Reasonable Accuracy – See individual components
Frequency of Data Availability/Reporting	Weekly, Monthly, Quarterly, Planning Period, Annually

**Purpose of Measure:** The measure provides data based on a “multi-channel” efficiency measure for Accounts Management activities. This measure captures the ratio of output (Accounts Management contacts) to input (Accounts Management program staff years).

**Data Limitations:** No significant limitations. See individual components.

**Calculation Changes:** This measure was new in FY 2005. Changes to the components are described in separate measures. (Rev. 5-2006)

**Complete Description of the Process:** The individual components are derived from several sources (see individual components). The formula is applied to the components to arrive at the measure.

**Critical Path:**

1. Contact is made by the customer.
2. Raw data is transmitted to the collection platform i.e. Aspect ACD, Web Services, AMIR, ETA.
3. Staff usage is provided through WP&C.
4. Data is extracted for computation.

[Management Controls for items on critical path:](#)

1. Data is compiled from several sources (see individual components).
2. Each area is responsible for component accuracy. See individual component controls.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: CUSTOMER ACCOUNT SERVICES: SUBMISSION PROCESSING</b>
Measure Name	Percent of Individual Returns Processed Electronically (Percent of Individual Returns Filed Electronically)(E-File Rate Individual)
Type of Measure	Critical (Outcome) Measure - Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing
Definition	The percentage of total individual returns (paper and e-filed submissions combined) that were electronically filed at the W&I Submission Processing Centers.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing and W&I Operating Division b. The main data source is the IIRAP.xls report which is a national roll-up of the Weekly Reports of Processing Individual Income Tax Returns (“II” Report) from each of the W&I Submission Processing Centers. The II Reports contain, by Program Number for both paper and e-filed returns, the cumulative processed figures for the calendar year to date. These production figures come primarily from the Balance Forward Listing (BFL), run number PCD-03-44 – supplemented with local information (e.g., when certain adjustments have not yet been made or have inadvertently been made in error to the BFL). c. Business Performance Review Summary, Strategy and Program Plans, CAS Business Plan, PAC 2-B report
Formula/Methodology	For each of the Submission Processing Centers - the volumes reported for paper returns reflect the number of cumulative, calendar year-to-date returns processed (i.e., processed receipts that have created a Good Tape transaction). Thus, using the Balance Forward Listing [for the last non-holiday, Monday-Friday day of the week], we pick up the figures from the cumulative Good Transactions column for each of the respective Program Numbers associated with Individual 1040 Series Returns (paper). Data from the BFL is supplemented,

	<p>when appropriate, with local information.</p> <p>For each of the Submission Processing Centers that process e-filed returns - the volumes reported for electronic returns reflect the number of cumulative, calendar-year-to-date returns processed (i.e., processed, acknowledged transmissions that have created a Good Tape transaction). Thus, using the Balance Forward Listing [for the last non-holiday, Monday – Thursday day of the week], we report the figures from the cumulative Good Transactions column for each of the respective Program Numbers associated with Individual 1040 Series Returns (electronic). Data from the BFL is supplemented, when appropriate, with local information.</p> <p>Note that the “II” Report reflects the long standing tradition of reporting a week for paper returns as Saturday – Friday while reporting a week for electronic returns as Friday – Thursday. More specifically, for electronic returns, the report includes data from the Thursday night ELF runstream drain through the Thursday noon ELF runstream drain.</p> <p>At the national level - Since the data sources are weekly and accumulate by calendar year, for the first three months of the fiscal year, the cumulative figure, through the week that most closely corresponds to the end of September, is subtracted from the cumulative figure, calendar year-to-date. For the next nine months, the first fiscal quarter figure (the computation of which is described immediately above) is added to the cumulative calendar year figure through the week that most closely corresponds to the end of the most recent month.</p> <p>The number of e-filed returns processed is divided by the sum of the number of e-filed and paper returns processed.</p>
Data Source/ Measurement Tools	<p>For each Submission Processing Center, the Generalized Mainframe (GMF) processing evaluates which returns have been worked to completion and can be output as Good Tape Transactions and can be reported on the Balance Forward Listing. (Obviously there are human interventions performed as necessary by the Accounting Operation at each site.)</p> <p>At the national level, the main data source is the IIRAP.xls report - which is a national roll-up of the Weekly Reports of Processing Individual Income Tax Returns (“II” Report) from each of the centers. The II Reports contain, by Program Number for both paper and e-filed returns, the cumulative production figures for the calendar year-to-date.</p>
Reliability of Data	<p>Since processed volumes are systemically generated, they are quite accurate. On any one day, however, there may be error registers generated which prevent the data from being</p>

	precisely accurate as presented on the Balance Forward Listing. Similarly, human intervention (e.g., making adjustments to correct volumes on an error register) may cause the data as presented on a single day on the Balance Forward Listing to be in error. However, there are balancing procedures established to identify and resolve any such error on a daily basis.
Frequency of Data Availability/Reporting	Data from the IIRAPHQ.xls is available weekly (compiled from the Balance Forward Listing which is available daily), and reported monthly.

**Purpose of Measure:** This measure is the progress made in complying with the legislative mandate of having 80 percent of all returns filed electronically by 2007.

**Data Limitations:** Since the ultimate data source contains an error register routine (and depends on human intervention for correction), it may contain errors. However, large errors are very likely noticed and corrected in the submission that goes forward from a campus to HQ. A very small error may not be noticed by the analysts preparing the report to transmit to HQ.

**Calculation Changes:** None

**Complete Description of the Process:** The Percent of Individual 1040 Series Returns Processed that were Filed electronically represents the number of tax returns that have completed campus processing and have been forwarded to MCC for masterfile processing during the fiscal year through e-file submission divided by the total number of Individual 1040 Series Returns Processed (paper and electronic submissions combined) that have completed campus processing and have been forwarded to MCC for masterfile processing during the fiscal year.

**Critical Path:**

1. Taxpayer submits electronic return to IRS (via tax practitioner, through a third party transmitter, or through TeleFile) or taxpayer submits paper return to IRS (via mail, directly to IRS employee, etc.)
2. Submission Processing Centers receive electronically transmitted returns or physically receives paper tax returns
3. Submission Processing Centers subject the transmitted returns to mainframe processing for validity checking
4. Submission Processing Centers acknowledge those returns that pass the validity checking process and reject back to the transmitter those returns that fail the validity checking process

5. Submission Processing Centers extract and sort paper tax returns
6. Submission Processing Centers batch paper tax returns
7. Submission Processing Centers complete intervening processes for paper tax returns
8. Submission Processing Centers transcribe paper tax returns and run them and the acknowledged electronically filed returns through Generalized Mainframe (GMF) processing for additional validity checking
9. At each Submission Processing Center, volumes of electronically transmitted and paper submitted tax returns successfully complete GMF processing and create Good Transaction records. Some returns go to other controlled inventories for additional perfection. Once corrected, these returns go through GMF processing again and either create Good Transaction records or are controlled to other inventories.
10. At each Submission Processing Center, the volumes of tax returns successfully completing GMF processing and creating Good Transaction records post to the Balance Forward Listing
11. At each Submission Processing Center, personnel produce the Weekly Reports of Processing Individual Income Tax Returns ("II" Report – which lists paper submissions separately from electronic transmissions) and submit it to Headquarters (HQ) Personnel on the first non-holiday Monday – Friday of each calendar week.
12. HQ Personnel "reads" II Report from each Submission Processing Center into the IIRAP.xls and performs data validity checks
13. HQ Personnel extract data from IIRAP.xls for measure.

**Management Controls for items on critical path:**

1. At each Submission Processing Center, managerial oversight is used to ensure that the balancing instructions for the Balance Forward Listing are followed and that necessary adjustments are made.
2. Management Officials review "II" Report prior to its release to Headquarters personnel.
3. Headquarters Personnel release preliminary data for peer and managerial review prior to releasing data for the measure.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT, CUSTOMER ACCOUNT SERVICES, SUBMISSION PROCESSING</b>
Measure Name	Percent of Business Returns Processed Electronically (Percent of BMF Returns Processed that were Filed Electronically) (E-file Rate Business) (Percent of Business Returns Filed Processed Electronically) (Rev. 5-2006)
Type of Measure	Critical Measure – Business Results (Quantity)
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing
Definition	The percentage of total business returns processed (paper, mag media (in prior years), and e-filed submissions combined) that were electronically filed at the W&I Submission Processing Centers.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing and W&I Operating Division b. The main data source is the Program Analysis Report (PAR), run number PCC-62-40, from each of the W&I Submission Processing Centers. The PAR contains, by Program Number for paper, mag media (in prior years), and e-filed returns, the cumulative processed figures for each planning period. These production figures come from the Balance Forward Listing (BFL), run number PCD-03-44. c. Business Performance Review Summary, Strategy and Program Plans, CAS Business Plan, PAC 2-B report
Formula/Methodology	For each of the Submission Processing Centers - the volumes reported for paper returns (and mag media for prior years) reflect the number of cumulative, fiscal year-to-date returns processed (i.e., processed receipts that have created a Good Tape transaction). For each of the Submission Processing Centers that process e-filed returns – the volumes reported for electronic returns reflect the number of cumulative, fiscal year-to-date returns processed (i.e., processed, acknowledged transcriptions that have created a Good Tape transaction). Note that the Program Analysis Report reflects a week as Sunday – Saturday. However, because of how data feeds from the PCD run stream to the PCC run stream, the production

data reflected each week is actually from Friday – Thursday.  
 At the national level – Since the data sources are weekly and accumulate by planning period, for the first three months of the fiscal year, the cumulative figure from the Program Analysis Report through the week that most closely corresponds to the end of the most recent month is used. For the next six months (January – June), the first fiscal quarter cumulative figure is added to the cumulative planning period figure through the week that most closely corresponds to the end of the most recent month. For the last three months (July – September), the cumulative figures for October – December and January – June are added to the cumulative planning period figure through the week that most closely corresponds to the end of the most recent month. The number of e-filed returns processed is divided by the number of e-filed and paper returns processed. **The number of e-filed returns processed is divided by the number of e-filed and paper returns processed.**

<u>Paper Program Code</u>	<u>Form Type</u>	<u>Paper Program Code</u>	<u>Form Type</u>
1110X	940	1190X	1041
1111X	940EZ	1191X	1041 QFT
1114X	940 SCRIPS	1210X	1120S
1120X	941	1220X	1065
1121X	941 International	1230X	2290
1125X	945	1233X	2290EZ*
1129X	941 Revised	1240X	706
1130X	CT-1	1241X	709
1150X	1120	1250X	1042
1151X	1120A	1270X	11C/730
1154X	1120C	1311X	990
1160X	943	1312X	990EZ
1165X	944	1313X	990PF
1168X	944PR	1314X	990T
1180X	720	1316X	EO COMB
<u>Paper Program Code</u>	<u>Form Type</u>		
1317X	1120 POL		



	1318X	990C		
	1319X	5227		
	7286X	5330		
	<u>e-File Program Code</u>	<u>Form Type</u>	<u>e-File Program Code</u>	<u>Form Type</u>
	11120	940 ELF*	11810	720 MeF
	11130	940 OLF*	11950	1041 EFS/ELF
	11180	940 XML	12110	1120S MeF
	11240	941 ELF*	12210	1065 MeF
	11260	941 Telefile*	12220	1065-B MeF
	11270	941 OLF	12250	1065 EFS
	11280	941 XML	12340	2290 MeF
	11520	1120 MeF	13310	990 MeF
	11530	1120A MeF*	13320	990EZ MeF
	11550	1120F MeF	13330	990PF MeF
	11660	944 XML	13340	990T MeF
	11670	944 OLF	13350	990N
			13370	1120 POL MeF
	<b>* Obsolete electronic submission applications and paper forms are for prior year comparison only</b>			
	DOES NOT INCLUDE any of the following forms: IMF forms, extensions, FTDs, Schedules K-1, 1041ES, 1120X, 2553, 8038, 8328, 8453, 8752, 8871, or 8772. (Update 7-07)			
Data Source/ Measurement Tools	<p>For each Submission Processing Center, the Generalized Mainframe (GMF) processing evaluates which returns have been worked to completion and can be output as Good Tape Transactions and can be reported on the Balance Forward Listing. (There are human interventions performed as necessary by the Accounting Operation at each site.)</p> <p>At the national level, the main data source is the sum of the individual Program Analysis Reports (PAR) for each site. The PAR contains, by Program Number for paper, mag media (in prior years), and e-filed returns, the cumulative production figures for each planning period.</p>			

Reliability of Data	Since processed volumes are systemically generated, they are quite accurate. On any one day, however, there may be error registers generated which prevent the data from being precisely accurate as presented on the Balance Forward Listing. Similarly, human intervention (e.g., making adjustments to correct volumes on an error register) may cause the data as presented on a single day on the Balance Forward Listing to be in error. However, there are balancing procedures established to identify and resolve any such error on a daily basis.
Frequency of Data Availability/Reporting	Data from the Program Analysis Report is available weekly (compiled from the Balance Forward Listing which is available daily), and reported monthly.

**Purpose of Measure:** This measure result indicates the progress made in complying with the legislative mandate of having 80 percent of all returns processed electronically by 2007.

**Data Limitations:** Since the ultimate data source contains an error register routine (and depends on human intervention for correction), it may contain errors. However, large errors are very likely noticed and corrected in the submission that goes forward from a campus to HQ. A very small error may not be noticed by the analysts preparing the report to transmit to HQ.

**Calculation Changes:** The calculation used to determine the percentage of Business Returns Processed Electronically is changed for FY 2006 to bring the percent of Business Returns Processed in line with the Percent of Individual Returns Processed measure, comparing the number of returns processed that were filed electronically to the overall total number of business returns processed that were filed (paper and electronic combined). Previously, the measure was defined as a measure of electronic penetration, comparing the number of business returns filed electronically to the total number of business returns filed (paper and electronic) that could have been filed electronically.

**Complete Description of the Process(s) measure originates from:** The Percent of Business Returns Processed that were Filed electronically represents the number of tax returns that have completed campus processing and have been forwarded to ECC-MTB for masterfile processing during the fiscal year through e-file submission divided by the total number of Business Returns Processed (paper, mag media (in prior years), and e-Filed submissions combined) that have completed campus processing and have been forwarded to ECC-MTB for masterfile processing during the fiscal year.

### **Critical Path**

1. Taxpayer submits electronic return to IRS (via tax practitioner or through a third party transmitter) or taxpayer submits paper return to IRS (via mail, directly to IRS employee, etc.).
2. Submission Processing Centers receive electronically transmitted returns or physically receives paper tax returns.
3. Submission Processing Centers subject the transmitted returns to mainframe processing for validity checking.
4. Submission Processing Centers acknowledge those returns that pass the validity checking process and reject back to the transmitter those returns that fail the validity checking process.
5. Submission Processing Centers extract and sort paper tax returns.
6. Submission Processing Centers batch paper tax returns.
7. Submission Processing Centers complete intervening processes for paper tax returns.
8. Submission Processing Centers transcribe paper tax returns and run them and the acknowledged electronically filed returns through Generalized Mainframe (GMF) processing for additional validity checking.
9. At each Submission Processing Center, volumes of electronically transmitted and paper submitted tax returns successfully complete GMF processing and create Good Transaction records. Some returns go to other controlled inventories for additional perfection. Once corrected, these returns go through GMF processing again and either create Good Transaction records or are controlled to other inventories.
10. At each Submission Processing Center, the volumes of tax returns successfully completing GMF processing and creating Good Transaction records post to the Balance Forward Listing.
11. At each Submission Processing Center, personnel validate the PCD runstream data (and make adjustments as necessary) which goes into the Production Control and Performance (PCC) runstream the next day.
12. HQ Personnel extract data from the Program Analysis Report on a monthly basis and perform data validity checks.

### **Management Controls for items on critical path:**

1. At each Submission Processing Center, managerial oversight ensures that the balancing instructions for the Balance Forward Listing are followed, that the data goes into the PCC run stream, and that necessary adjustments are made.
2. HQ Personnel extract data from the Program Analysis Report on a monthly basis and perform data validity checks.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT SMALL BUSINESS SELF EMPLOYED: CUSTOMER ACCOUNT SERVICES: SUBMISSION PROCESSING</b>
Measure Name	Outcome: Deposit Timeliness
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Filing and Account Services 2. Service to Each Taxpayer
Responsible Official	Director, Submission Processing
Definition	Lost opportunity cost (interest value) of money received by the IRS but not deposited by the next day, per \$1 million of deposits, using a constant 8 percent interest rate.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise, BOD, CAS, SP, Center, Operations b. Submission Processing Measures Analysis and Reporting Tool (SMART) c. Business Performance Review Summary (BPRS), Strategy and Program Plans, CAS Business Plan, PAC 2B report
Formula/Methodology	The lost opportunity cost is calculated when the number days between the transaction date and the received date minus one for a deposit greater than zero. When greater than zero, the dollar amount deposited is multiplied by the number of day(s) times the constant daily interest rate of 8 percent. This figure is then divided by the total dollars deposited and is multiplied by \$1 million. Measure encompasses all deposits processed through the Integrated Submission and Remittance Processing (ISRP) system.
Data Source/ Measurement Tools	Measure is based on work performed at Submission Processing Centers, through the ISRP. ISRP report ISR0544 captures the transaction date and the deposit date systemically. Information from this report is passed to the RTR system, which generates a report showing the daily, monthly, and yearly lost opportunity cost. The yearly cumulative figure is calculated on a fiscal year basis. Each Service Center generates their own monthly reports, and enters their site's result into the Submission Processing Measures Analysis and Reporting Tool (SMART) database. This is a 100 percent review of all deposits processed through ISRP

Reliability of Data	All data is captured systemically. Data is 100 percent reliable.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** Deposit Timeliness measures the Lost Opportunity Cost (LOC) for payments not deposited within 24 hrs.

**Data Limitations:** Deposits not processed through ISRP (e.g., manual deposits) are not included.

**Calculation Changes:** In FY 2004, weekends, and holidays will not be included in computing the number of days between the transaction date and the received date.

**Complete Description of the Process:** The LOC is only calculated when the number days between the transaction date and the received date minus one is greater than zero. When greater than zero, the dollar amount deposited is multiplied by the number of day(s) time's constant daily interest rate of 8 percent. This figure is then divided by the total dollars deposited and is multiplied by \$1 million.

**Critical Path:**

1. Deposit Timeliness data is systemically captured by the RTR system.
2. The PAS analyst enters the monthly RTR results into the SMART database.
3. Results are compiled for all sites after the 22<sup>nd</sup> day of the month that follows the reporting period.
4. Results are entered into a template and posted on the Submission Processing Web page.

**Management Controls for items on critical path:**

The SMART database generates a report to show the period (monthly) and cumulative lost opportunity cost. There are validity checks within the programming code to ensure accuracy and completeness of data.

Managerial reviews and program reviews performed by HQ analysts are used to ensure the quality of data and the accuracy of reviews.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: CUSTOMER ACCOUNT SERVICES: SUBMISSION PROCESSING</b>
Measure Name	Outcome: Refund Timeliness – Individual (paper)
Type of Measure	Balanced Measure - Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing (Rev. 5-2006)
Definition	Rate of performance that measures the percentage of refunds issued within 40 days or less. Refunds issued over 40 days may negatively impact the taxpayer.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I Submission Processing Center & W&I Submission Processing (Corporate Level) (Rev. 5-2006) b. Submission Processing Measures Analysis and Reporting Tool (SMART). Data is extracted from a Generalized Mainframe Framework (GMF) computer run that processes data input by the centers and is processed at MCC and TCC. c. BPRS (Business Performance Review Summary), Strategy and Program Plans, CAS Business Plan, PAC 2B report
Formula/Methodology	The calculation for Refund Timeliness is a ratio of untimely IMF paper refunds in a sample compared against the total number of refunds reviewed in a sample. The result of the ratio is weighted against the entire volume of refund returns a center has processed on a monthly basis. The monthly results are tabulated to determine the performance rating for either the corporate level or site level.
Data Source/ Measurement Tools	Submission Processing Measures Analysis and Reporting Tool (SMART)
Reliability of Data	Reasonably Accuracy - Analysts' reviews and determinations are subject to managerial reviews and HQ program reviews. Additionally, all data is stored on the SMART database, which is available through the intranet. This allows the data to be reviewed by HQ analysts without having to travel to a specific site.

Frequency of Data Availability/Reporting	Monthly (Rev. 5-2006)
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**Purpose of Measure:** The measure determines the centers' ability to process refunds in a timely manner. Errors indicate refunds were issued over the 40-day acceptable timeframe. BMF returns are not included in this measure. (Rev. 5-2006)

**Data Limitations:** Returns requiring correspondence or additional data from taxpayers are excluded from the sample. Electronically filed returns are not included in this measure.

**Calculation Changes:** None.

**Complete Description of the Process:** Refund Timeliness measures the percentage of refunds issued to taxpayers within a 40-day timeframe. The number of days is calculated by subtracting the received date from the date the refund was issued. The received date is computed by adding two days to the actual IRS received of the return. This is to simulate the date the taxpayer may have submitted the return into the mail system. The refund issue date is determined by subtracting 2 days from the Transaction Code (TC) 846 date. This calculation is used to simulate the date the refund check is received by the taxpayer. The measure is designed to count the number of days required to process a return and issue a refund check from a taxpayer's perspective.

**Critical Path:**

1. A Generalized Mainframe Framework (GMF) computer run is processed at MCC and TCC. This run uses a skip interval to select processed returns for review.
2. This computer run also generates a listing of Forms 4251 and transcripts. The Forms 4251 are used to request the documents from the Files operation and the transcripts are used to identify taxpayer account data.
3. The TC 846 is used to identify the date of the refund and the money amount that was issued to the taxpayer. Additionally, the posting date of the TC846 is used to determine the review month for the measure. For example, all cases with a TC date in March are considered March cases and are used for the monthly reporting period of March.
4. The PAS analyst receives the original documents (returns) and transcripts and analyzes the data to determine if errors were made. The data is entered into the SMART database on a weekly basis.
5. Results are computed after the 22<sup>nd</sup> day of the month that follows the reporting period. For example, records pulled for the March reporting period will be calculated after the April 22<sup>nd</sup>.



6. Results are entered into a template and posted on the Submission Processing Web page. Data is also available via reports on the SMART database Web site.

**Management Controls for items on critical path:**

1. The SMART database generates a report to show the number of records that are incomplete. These reports are reviewed to determine if reviews are completed and all data is recorded.
2. There are validity checks within the programming code to ensure accuracy and completeness.
3. Managerial reviews and program reviews performed by HQ analysts are used to ensure the quality of data and the accuracy of review.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT: CUSTOMER ACCOUNT SERVICES: SUBMISSION PROCESSING</b>
Measure Name	Percent of Tax Payments Processed Electronically (Percent of Payments Received Electronically)
Type of Measure	Balanced Measure - Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, W&I Customer Account Services, Submission Processing (Rev. 5-2006)
Definition	The percentage of all individual and all business tax type payments that were made directly through EFTPS.
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing and W&I Operating Division b. Monthly Financial Facts Spreadsheet from CAS c. Business Performance Review Summary (BPRS), Strategy and Program Plans, CAS Business Plan, PAC 2B report
Formula/Methodology	The percentage is the number of individual and business type payments received electronically divided by the total number of payments received through all sources (electronic and non-electronic). Using the Monthly Financial Facts (FinFacts), divide the volume of ELECTRONIC by the sum of; FTD, ELECTRONIC, SERVICE CENTER, and LOCKBOX to arrive at the percent of payments received electronically. Electronic tax payments include electronic deposits for employment, income, estimated, and excise taxes that are specifically collected through EFTPS through a Financial Institution, EFTPS Direct, FR-ETA, Railroad Retirement Board (RRB), Fedtax, Federal payment Levy Program, Electronic Funds Withdrawal (EFW) and credit card.
Data Source/ Measurement Tools	The source is a report of independently captured data points.

Reliability of Data	Reasonably Accuracy – The data is captured systemically and combined manually.
Frequency of Data Availability/Reporting	Data is available daily. Combination report is generated monthly.

**Purpose of Measure:** The measure reports the percentage of payments received electronically, which serves to gauge the status of increasing the percentage of payments received electronically.

**Data Limitations:** None

**Calculation Changes:** SB/SE TEC previously had this as a measure. W&I took ownership of this measure at the beginning of FY 2006.

**Complete Description of the Process:** Percentage of Payments Received Electronically represents the percentage of payments that have completed campus and ECC-MTB processing during the fiscal year through electronic submission.

**Critical Path:**

1. Taxpayer submits electronic payment.
2. Taxpayer submits non-electronic payment.
3. Electronic payments are processed through ECC-MTB processing.
4. Non-electronic payments are initially processed through FTD, Submission Processing Center, or Lockbox.
5. All non-electronic payments are subsequently processed through Submission Processing Center.
6. Submission Processing Centers transmit processed payment information to ECC-MTB.
7. Non-electronic payments are processed through ECC-MTB processing.
8. Monthly Financial Facts Spreadsheet is produced.

**Management Controls for items on critical path:**

1. Data input record counts are compared to record count outputs through balancing routines to ensure all data are captured.
2. All non-electronic payments are controlled through Service Center Control File (SCCF) until all campus processing issues are resolved.

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	<b>DESCRIPTION</b>																
Operating Division (s)	WAGE & INVESTMENT CUSTOMER ACCOUNT SERVICES, SUBMISSION PROCESSING																
Measure Name	<b>Submission Processing Center Returns Processed Per Staff Year (Replaces Individual and Business Returns Processed Per FTE) (Update 7-07)</b>																
Type of Measure	Balanced Measure: Business Results Quantity (Efficiency): Critical Measure: Annual																
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service																
Responsible Official	Director, W&I Customer Account Services, Submission Processing																
Definition	Measure of returns processed by the Submission Processing Centers per staff year expended																
a. Reporting Level (s) b. Report Data Source c. Reports	a. W&I, CAS, Submission Processing (5 IMF and 2 BMF Sites) and W&I Operating Division b. The main data source for the volume is the PCC6240 report, which is a national roll-up of WP&C data (both hours and volumes), accessed via the MIS Data Warehouse. A W&I CAS SP analyst will query the MIS Data Warehouse for the appropriate hours and volumes, and apply the formula [Efficiency = Volume / (Hours / (Staff Hours in the Current Staff Year))] to get the final number that will be reported. c. Business Performance Review Summary, Strategy and Program Plans, CAS Business Plan, PAC 2-B Report.																
Formula/Methodology	<p>A W&amp;I CAS SP Analyst will query the MISDW for the volume and staff hours by the period ending date (last Saturday of the month or quarter ending as appropriate). Data will be extracted monthly starting with October 1 and ending September 30 each fiscal year (FY). Cumulative totals from prior WP&amp;C periods (Oct-Dec and Jan-June) will be combined with the current period ending data to calculate the total cumulative FY summary and hours (a running 12 month statistic).</p> <p>Efficiency = Volume/Hours/ (Staff hours in the current staff year).</p> <p>Paper and Electronic Program codes included in the data:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Program Code</u></th> <th style="text-align: center;"><u>Form Type</u></th> <th style="text-align: center;"><u>Program Code</u></th> <th style="text-align: center;"><u>Form Type</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1110X</td> <td style="text-align: center;">940</td> <td style="text-align: center;">1314X</td> <td style="text-align: center;">990T</td> </tr> <tr> <td style="text-align: center;">1111X</td> <td style="text-align: center;">940EZ</td> <td style="text-align: center;">1316X</td> <td style="text-align: center;">4720/1041A</td> </tr> <tr> <td style="text-align: center;">1114X</td> <td style="text-align: center;">940 SCRIPS</td> <td style="text-align: center;">1317X</td> <td style="text-align: center;">1120POL</td> </tr> </tbody> </table>	<u>Program Code</u>	<u>Form Type</u>	<u>Program Code</u>	<u>Form Type</u>	1110X	940	1314X	990T	1111X	940EZ	1316X	4720/1041A	1114X	940 SCRIPS	1317X	1120POL
<u>Program Code</u>	<u>Form Type</u>	<u>Program Code</u>	<u>Form Type</u>														
1110X	940	1314X	990T														
1111X	940EZ	1316X	4720/1041A														
1114X	940 SCRIPS	1317X	1120POL														

	1115X	940PR SCRIPS	1318X	990C
	1116X	940 SCRIPS other foreign	1320X	8038/8328
	1118X	940 XML	1331X	990 MeF
	1120X	941	1332X	990 MeF
	1122X	941PR SCRIPS	1333X	990 PF MeF
	1123X	941 SCRIP other foreign	1334X	990T MeF
	1125X	945	1335X	990N
	1128X	941 XML	1337X	1120POL MeF
	1130X	CT-1	4311X	1040 OTFP
	1150X	1120	4313X	Transship
	1151X	1120A	4314X	1040ELF
	<u>Program Code</u>	<u>Form Type</u>	<u>Program Code</u>	<u>Form Type</u>
	1152X	1120 e-file	4315X	1040A ELF
	1153X	1120A	4316X	1040EZ ELF
	1154X	1120C	4317X	1040 OTFP ITIN
	1155X	1120F	4318X	1040EZT e-file
	1160X	943	4321X	1040 FP
	1165X	944	4327X	1040 FP ITIN
	1166X	944 XML	4411X	1040 OTFP
	1167X	944 e-file	4412X	1040A FP
	1168X	944PR	4417X	1040A OTFP ITIN
	1180X	720	4419X	1040A FP ITIN
	1181X	720 MeF	4430X	IRP Returns
	1182X	8849 MeF	4431X	Form 8355
	1190X	1041	4434X	SCRIPS IRP

1191X	1041QFT	4436X	Sch K-1 1065 e-file
1195X	1041 e-file	4437X	Sch K-1 1120S e-file
1210X	1120S	4438X	IRP Schedules K-1
1211X	1120S e-file	4439X	K-1 Form 1041 Mag
Media			
1220X	1065 MeF	4611X	1040 International
1222X	1065-B MeF	4612X	1040 Intl OTFP
<u>Program Code</u>	<u>Form Type</u>	<u>Program Code</u>	<u>Form Type</u>
1225X	1066 e-file	4613X	1040A Intl OTFP
1230X	2290	4614X	1040NR
1231X	3520/3520A Int'l	4617X	1040 Intl OTFP ITIN
1232X	3520A annual	4622X	1040 & NR,
PR/SS,NMI FP			
1233X	2290 EZ	4623X	1040A Intl FP
1234X	2290 MeF	4627X	1040 Intl FP ITIN
1240X	706/706GT	4644X	1040 Intl ELF
1241X	709	4645X	1040A Intl ELF
1250X	1042 (F8512 & sub)	4646X	1040EZ Intl ELF
1270X	11C/730	4713X	1040EZ OTFP
1293X	8453F	4714X	1040EZ FP
1294X	8453P	4715X	1040EZT
1311X	990	4716X	1040EZ OTFP ITIN
1312X	990EZ	4719X	1040EZ FP ITIN
1313X	5227/990PF		
Volume data is from the PCC 6240 Report (weekly) for the program codes listed. Staff hour data is also from the PCC 6240 Report for Orgs 12 and 20-38 (598XX unpaid leave is			

	excluded).
Data Source/ Measurement Tools	The main data source for the volume is the PCC6240 report, which is a national roll-up of WP&C data (both hours and volumes), accessed via the MIS Data Warehouse. A W&I CAS SP analyst will query the MIS Data Warehouse for the appropriate hours and volumes, and apply the formula [Efficiency = Volume / (Hours / (Staff Hours in the Current Staff Year))] to get the final number that will be reported.
Reliability of Data	Reasonable accuracy
Frequency of Data Availability/Reporting	Weekly (only exception is for planning period ending dates; 12/30, 6/30 and 9/30 when a separate run is executed)

Purpose of Measure: The purpose of the measure is to gauge the efficiency of return processing by the Submission Processing Centers.

Data Limitations: PCC 6240 data in error can only be adjusted during the planning period in which the error occurred (Oct-Dec, Jan-Jun or Jul-Sep) and only the cumulative figure can be adjusted. Period data cannot be adjusted.

Calculation Changes: None

Complete Description of the Process: SPC Returns Processed per Staff Year is a calculation of Individual, Business, and Information returns processed by the Submission Processing Centers, per staff year expended, using WP&C data.

Critical Path:

1. Submission processing personnel report hours used, by OFP, using Form 3081.
2. Forms 3081 are transcribed and input to the Production Control computer runs.
3. Program volumes are input to the Production Control computer runs through a variety of systemic and manual means (depending on the function involved).
4. Resultant hours and volumes are available on the PCC 6240 report, accessed through the MIS Data Warehouse.



5. The Headquarters analyst in charge of the Efficiency measure will access the data from the PCC 6240 on the MIS Data Warehouse and execute a query using Microsoft Query from within Excel to pull the data into a pivot table in Excel.
6. The Headquarters analyst in charge of the Efficiency measure will apply the formula to the Excel data to come up with an official number for each month.
7. The Headquarters analyst in charge of the Efficiency measure will transmit the official figure to the Data Mart analyst via email.
8. The Data Mart analyst will post the official figure on the Data Mart.

Management Controls for items on critical path:

1. Managers physically review Forms 3081 submitted for accuracy weekly.
2. Form 3081 data is subjected to automated math checks to prevent errors.
3. PCC 6240 data is reviewed by a variety of Headquarters and field personnel. Unexpected results are subjected to further analysis to determine if errors exist.
4. Final results of the measure are also reviewed by a variety of Headquarters and field personnel. Unexpected results are subjected to further analysis to determine if errors exist.

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	DESCRIPTION
Operating Division (s)	<p><b>SMALL BUSINESS/SELF-EMPLOYED, FIELD COLLECTION (CFF) (FUNCTIONAL AREA 7D &amp; 7P) AND WAGE &amp; INVESTMENT (W&amp;I), FIELD ASSISTANCE (FUNCTIONAL AREA 2D)</b></p> <p><b>SMALL BUSINESS/SELF-EMPLOYED (SBSE) AND WAGE &amp; INVESTMENT (W&amp;I), COMPLIANCE SERVICES CAMPUS OPERATIONS (FUNCTIONAL AREA 7B)</b></p> <p><b>SMALL BUSINESS/SELF-EMPLOYED AND WAGE &amp; INVESTMENT, AUTOMATED COLLECTION &amp; SUPPORT (ACS) (FUNCTIONAL AREA 7C)</b></p>
Measure Name	Collection Efficiency – (Enterprise)(Collection Efficiency Units)(4-2006)
Type of Measure	Balanced Measure – Business Results-Efficiency--Budget Level – Outcome(Rev. 5-2006)
Program Category Related Strategic Goal	<p>1. Field Collection, ACS, Correspondence Collection, and Field Assistance</p> <p>2. Enhance Enforcement of the Tax Law</p>
Responsible Official	Owners: Director, Collection & Director, Campus Collection Compliance
Definition	Volume of field collection work disposed compared to the payroll cost of working it.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise
Formula/Methodology	<p>Total Work Disposed (number of balance due notices, TDA modules, delinquent return notices, and TDI modules) divided by the Total FTE Realized in Field Collection (FUNCTIONAL AREA 7D &amp;7P), Compliance Services Campus Operations (FUNCTIONAL AREA 7B) and Automated Collection &amp; Support (FUNCTIONAL AREA 7C). Suppressed notices and modules that are shelved TC 530 cc 39 and TC 598 are not counted as work disposed.</p> <p>Total Work Disposed = IMF Balance Due Notices: NO-5000-2/242 TDA Cumulative Report Part 2 - Accounts Receivable Notices IMF Total National, Line 2.1 Total Dispositions, Column G Total IMF Notices minus Line 2.1.3 No. Deferred, Column G Total IMF Notices  <b>PLUS</b> BMF Balance Due Notices: NO-5000-2/242 TDA Cumulative Report Part 2 - Accounts Receivable Notices BMF Total National, Line 2.1 Total Dispositions, Column G Total BMF Notices minus Line 2.1.3 No. Deferred, Column G Total BMF Notices  <b>PLUS</b> CSCO TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA AT SC BR</p>

8 National, Line 17.7 TDA Module Disp., Column A Grand Total minus Line 17.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** ACS TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA ACS/CS TDA's National, Line 12.7 TDA Module Disp., Column A Grand Total minus Line 12.7.8.4 Due to 530-39, Column A Grand Total National

**PLUS** Field Assistance TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 W&I: Total W&I AO, Field Function TDA's, Line 2.7 TDA Module Disp., Column A Grand Total minus Line 2.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** Queue TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - TDA Queue TDA's National, Line 7.7 TDA Module Disp., Column A Grand Total minus Line 7.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** CFF TDA Dispositions: NO-5000-2 TDA Cumulative Report Part 1 - SB: Total SB AO, Field Function TDA's, Line 2.7 TDA Module Disp., Column A Grand Total minus Line 2.7.8.4 Due to 530-39, Column A Grand Total

**PLUS** IMF Deferrals Closed: NO-5000-10 Report of IMF Deferred Accounts Activity, Activity on Deferrals Removed, United States, Column A Grand Total, Line 3.1 No. Deferrals Removed Preceded by Notice minus Line 3.3 No. Deferrals Removed (by Not./TDA) from Notice

**PLUS** BMF Deferrals Closed: NO-5000-11 Report of BMF Deferred Accounts Activity, Activity on Deferrals Removed, United States, Column A Grand Total Line 3.1 No. Deferrals Removed Preceded by Notice minus Line 3.3 No. Deferrals Removed (by Not./TDA) from Notice

**PLUS** IMF Delinquent Return Notice Dispositions: NO-5000-4-NOT Return Delinquency Cumulative Report Part 1 - TDI Notices Total IMF National, Line 2.0 Total Dispositions, sum of Columns E thru H First Notice thru Fourth Notice respectively minus Line 2.2.8 598-Shelved, sum of Columns E thru H

**PLUS** BMF Delinquent Return Notice Dispositions: NO-5000-4-NOT Return Delinquency Cumulative Report Part 1 - TDI Notices Total BMF National, Line 2.0 Total Dispositions, sum of Columns A thru D First Notice thru Fourth Notice respectively minus Line 2.2.8 598-Shelved, sum of Columns A thru D

**PLUS** CSCO TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's AT SC BR 8 National, Line 17.7 Dispositions, Column J All Mods minus Line 17.7.2.8 598 Shelved, Column J All Mods

	<p><b>PLUS</b> ACS TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's ACS/CS TDI's National, Line 12.7 Dispositions, Column J All Mods minus Line 12.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> Field Assistance TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - W&amp;I: Total W&amp;I AO, Field Function TDA's, Line 2.7 Dispositions, Column J All Mods minus Line 2.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> Queue TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - TDI's Queue TDI's National, Line 7.7 Dispositions, Column J All Mods minus Line 7.7.2.8 598 Shelved, Column J All Mods</p> <p><b>PLUS</b> CFF TDI Module Dispositions: NO-5000-4 Taxpayer Delinquency Investigation Report Part 1 - SB: Total SB AO, Field Function TDA's, Line 2.7 Dispositions, Column J All Mods minus Line 2.7.2.8 598 Shelved, Column J All Mods</p> <p><b>Divided By</b></p> <p>Total FTE Realized: Integrated Financial System (IFS) structured queries.</p>
Data Source/ Measurement Tools	CAR 5000-1, 5000-2, 5000-1/241, 5000-2/242,5000-3, 5000-4, 5000-10, 5000-11, 5000-149 and Integrated Financial System (IFS)
Reliability of Data	Reliable
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This efficiency measure is similar to the ones we have traditionally used for each collection operation. This measure combines all collection work into one efficiency rate so that it is comparable to the new Collection Coverage outcome measure. It compares the total number of collection cases disposed to the total cost in FTE.

**Data Limitations:** There are no data limitations on measuring historical performance. Accuracy of the FTE costs is dependant upon correct classification of all employees in the Integrated Financial System (IFS). Projections of closures and cost are dependent upon appropriation of funds at the planning levels.

**Calculation Changes:**

- The FY06 definition incorporates the notice stream, whereas the FY05 definition did not.
- The FY06 definition focuses on TDA and TDI modules and excludes ASFR and OIC which were in the FY05 definition.
- The FY06 definition uses TDA and TDI modules, whereas the FY05 definition used TDA and Combo TDA/TDI taxpayers and TDI stand alone taxpayers.

**Complete Description of the Process(s) measure originates from:** Notices (balance due and delinquent returns) and delinquencies (TDA and TDI modules) are worked by different offices depending on a range of factors. These offices are divided into three separate operations with their own unique processes; field collection, Automated Collection System (ACS), and Compliance Services Collection Operations (CSCO). CSCO generally resolves cases through written correspondence, while ACS uses telephone contact and Field Collection uses personal contact.

When looking at what impacts efficiency, consider the following:

If dispositions go up, or stay the same with fewer resources, efficiency improves.

If dispositions go down or stay the same with more resources, efficiency declines.

If a greater portion of the overall work can be accomplished in the less costly campus operations, overall efficiency improves.

**Critical Path:** All notice and TDA and TDI data comes from the Collection Activity Reports generated monthly from an extract of Integrated Data Retrieval System (IDRS) account data.

- When a taxpayer fails to file a return or pay tax due, there are generally one to four notices issued before the module is considered a TDA or TDI. The fourth notice triggers a TDA or TDI. CSCO generally works cases earlier in the notice status (1<sup>st</sup> thru 3<sup>rd</sup>) and field collection and ACS generally work cases in TDA or 4<sup>th</sup> notice status.

**Management Controls for items on critical path:**

Changes to programming of Collection Activity Reports are generally made once a year. Those changes are tested and verified by program analysts at headquarters before the first new report is released. Monthly spot checks are also done to verify they match the data sent to the DataMart.

**Revisions in January 2006:**

Revisions took place to include, as part of the dispositions, deferred modules that were closed. This change provides for a more accurate representation of coverage and efficiency, as deferred modules are counted as part of the inventory.

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	DESCRIPTION
Operating Division (s)	<b>SMALL BUSINESS &amp; SELF-EMPLOYED FIELD COLLECTION CFF AND CAMPUS COLLECTION COMPLIANCE BOTH SB/SE &amp; WAGE &amp; INVESTMENT</b>
Measure Name	Collection Coverage – Enterprise (Collection Coverage – Units)
Type of Measure	Balanced Measure – Business Results Quality--Budget Level - Outcome
Program Category Related Strategic Goal	1. Field Collection and ACS 2. Enhance Enforcement of Tax Law
Responsible Official	Owners: Director, Collection & Director, Campus Collection Compliance. Data Contacts: Karen Thornton 202-283-7035 and Gary Kenyon 202-283-2254. Functional Contact: Ralph Wagner 202-283-0603.
Definition	The volume of collection work disposed compared to the volume of collection work available.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise
Formula/Methodology	Total Work Disposed divided by Total Work Available  Total Work Disposed = TDA Dispositions: NO-5000-1 or 2, Part 1, Column (A). National: Grand Total, line 2.1 <b>Minus:</b> Due to 530 -39, line 2.7.8.4 <b>Plus:</b> TDI Dispositions: NO-5000-3 or 4, Part 1, Column (A). National: All TDIs, line 2.1 <b>Minus:</b> No. TPs Disp TC 598, line 2.11.4 <b>Plus:</b> ASFR Dispositions: ASFR 200, Part 3, National Dispositions <b>Plus:</b> OIC Dispositions: NO-5000-108 National Total page (monthly or Y-T-D) Total Dispositions;  TDA Work Available = 5000-1 or 2 end of prior period, Part 1, Column (A) National: Grand Total, line 4.0 <b>Plus:</b> NO- 5000-149 for the prior period, Column (A) 39 Surveyed, line 5.15 <b>Plus:</b> Issuances, 5000-1 or 2 current period, line 1.1 <b>Plus:</b> TDI Work Available: NO-5000-3 or 4 end of the prior period, Part 1, Column (A) National: Grand Total, line 4.0 <b>Plus:</b> Issuances, 5003 or 4 current period, line 1.1 <b>Plus:</b> ASFR Work Available: ASFR 200 for the prior period, Part 3, Ending Inventory <b>Plus:</b> ASFR 200 for the current period, Part 1, New Receipts <b>Plus:</b> OIC Work Available: NO-5000-108 National Total page (monthly or Y-T-D) Beginning Inventory plus New Receipts
Data Source/ Measurement	CAR 5000-1, 5000-2, 5000-3, 5000-4, 5000-108, 5000-149; ASFR 200

Tools	
Reliability of Data	Reliable
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** Our traditional measure for business results focuses on achieving an increased amount of closures (outputs) each year. However, it does not tell us if we are keeping up with the demand for collection work. The new coverage measure (outcome) is designed to do that. It compares the number of collection cases disposed to the work available. Work available is calculated as the beginning inventory plus new issuances.

**Data Limitations:** There are no data limitations for measuring historical performance. Estimates of future performance are complicated by the significant assumption that the number of new delinquencies will remain constant. Significant research (e.g., economic forecasting, behavioral trends) is required before we could make a better projection. Projections of closures are dependent upon appropriation of funds at the planning levels.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** Collection cases are disposed in three separate operations with their own unique processes; field collection, Automated Collection System (ACS), and Compliance Services Collection Operations (CSCO). Offer in Compromise cases are disposed in two operations; the field offer program and Centralized Offer in Compromise (COIC).

When looking at what impacts coverage, consider the following:

If dispositions do not keep up with new issuances, the backlog of work available increases and the coverage declines.

If dispositions exceed new issuances, the backlog of work available decrease and coverage improves.

At the point where there is no backlog of collection work and dispositions keep up with new issuances, coverage is 100 percent.



**Critical Path:**

- All TDA and TDI data comes from the Collection Activity Reports generated monthly from an extract of Integrated Data Retrieval System (IDRS) account data.
- Offer in Compromise data comes from the Offer in Compromise reports generated from the Automated Offer in Compromise system each month.
- Automated Substitute for Return data comes from the Automated Substitute for Return reports.

**Management Controls for items on critical path:**

Changes to programming of Collection Activity Reports are generally made once a year. Those changes are tested and verified by program analysts at headquarters before the first new report is released. Monthly spot checks are also done to verify they match the data sent to the DataMart.

Accuracy of Automated Offer in Compromise database is validated by management checks in the operating units.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT – CUSTOMER ACCOUNTS SERVICES</b>
Measure Name	Customer Contacts Resolved per Staff Year (Customer Contacts Per Staff Year)
Type of Measure	Critical (Efficiency) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Accounts Services
Definition	The number of Customer Contacts Resolved in relation to time expended based on staff usage.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. Enterprise Telephone Data (ETD) Snapshot Report, Accounts Management Information Report (AMIR) Advance Child Tax Credit Project Site, MIS Reporting Tool, Electronic Tax Administration (ETA) Website—Work Planning & Control (WP&C Report, Resource Allocation Report (RAR) . c. BPRS (Business Performance Review Summary), Strategy and Program Plans, PAC 2C (Rev. 5-2006)
Formula/Methodology	<p style="text-align: center;">Assistor Calls Answered + Automated Calls Answered+  <u>Web Services Completed + Electronic Services + Paper Responses</u>  Staff Years</p> <p>This measure summarizes the following activities: telephone (automated calls and assistor calls answered), web services, and paper information. This report provides data for prior and current year “actual data as well as current year planned overhead to include direct technical time, clerical support time, quality review, and total overhead (e.g. training, management, leave.</p>
Data Source/ Measurement Tools	Aspect ACD, TRIS, AMIR, and Internet Refund/Fact of Filing & Advance EITC Project Site, MIS Reporting Tool, ETA website, & Staff Year data is extracted from the weekly WP&C report and consolidated and included in the RAR report. (Rev. 5-2006)
Reliability of Data	Reasonable Accuracy – See individual components

Frequency of Data Availability/Reporting	Weekly, Monthly, Planning Period, Annually <a href="http://joc.enterprise.irs.gov/new/josh/reports/">http://joc.enterprise.irs.gov/new/josh/reports/</a> (Rev. 12-2006)
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**Purpose of Measure:** The measure provides data based on a “multi-channel” efficiency measure for Accounts Management activities. This measure captures the ratio of output (Accounts Management contacts) to input (Accounts Management program staff years).

**Data Limitations:** No significant limitations. See individual components.

**Calculation Changes:** This measure was new in FY 2005. Changes to the components are described in separate measures. (Rev. 5-2006)

**Complete Description of the Process:** The individual components are derived from several sources (see individual components). The formula is applied to the components to arrive at the measure.

**Critical Path:**

1. Contact is made by the customer.
2. Raw data is transmitted to the collection platform i.e. Aspect ACD, Web Services, AMIR, ETA.
3. Staff usage is provided through WP&C.
4. Data is extracted for computation.

**Management Controls for items on critical path:**

1. Data is compiled from several sources (see individual components).
2. Each area is responsible for component accuracy. See individual component controls.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Customer Service Representative (CSR) Level of Service (Toll-Free CSR Level of Service)(Telephone Level of Service)(CSR Level of Service Enterprise and Practitioner Priority Services (PPS))
Type of Measure	Critical (Outcome) Measure – Business Results Quantity
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Accounts Services
Definition	The relative success rate of taxpayers that call for toll-free services seeking assistance from a Customer Service Representative.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise, By Dialed Number, and PPS only b. Enterprise Telephone Database (ETD) c. Snapshot report on JOC web page <u>Snapshot Reports</u> <a href="http://joc.enterprise.irs.gov/etd/snapshots/fy07/snapshotfy07.asp">http://joc.enterprise.irs.gov/etd/snapshots/fy07/snapshotfy07.asp</a> Refer to the CAS calls category on the Enterprise snapshot (Update 7-07)
Formula/Methodology	<p>CSR LOS =</p> $\frac{\text{Assistor Calls Answered} + \text{VCR Answered} + \text{Informational Messages}}{\text{Assistor Calls Answered} + \text{VCR Answered} + \text{Informational Messages} + \text{VCR Busies} + \text{Courtesy Disconnects} + \text{Emergency Closed} + \text{Secondary Abandons} + \text{Calculated Busy Signals}^* \text{ (See notes 1 and 2 below)}}$ <p>1. *If the sum of VCR Answered + Informational Messages + TRIS Completed is greater than or equal to one, use Calculated Busy Signals to determine CSR LOS. Otherwise, use Total Busy Signals from AT&amp;T Network Incompletes (Rev 12-2006).</p> <p>2. *Calculated Busy Signals = (Assistor Calls Answered + VCR Answered + Informational Messages + VCR Busies + Courtesy Disconnects + Emergency Closed + Secondary Abandons) divided by (Total Attempts – Busies) times Busies. PPS CSR LOS is calculated the same as CSR LOS but only the PPS Product Line information is</p>

	included in the calculation. (Rev. 5-2006)
Data Source/ Measurement Tools	Aspect ACD, AT&T, TRIS, ICM
Reliability of Data	Reasonable Accuracy – Data originates from the Aspect ACD, TRIS, ICM, and AT&T. Data is automatically transmitted to and compiled in ETD. Data validation takes place to ensure accurate data is transmitted to ETD from the Aspect ACD, TRIS, and AT&T. In addition, JOC periodically verifies ETD data using Intelligent Contact Management (ICM) data. ICM data can be compromised by a loss of connectivity of one or more of the ACDs.
Frequency of Data Availability/Reporting	Data is available in a wide variety of time increments: daily, weekly, monthly, PP and FY.

**Purpose of Measure:** Determine the relative success rate of taxpayers that call for Toll-free services seeking assistance from a Customer Service Representative (CSR).

**Data Limitations:** Reasonable accuracy. Data validation takes place to ensure accurate and complete data is fed to ETD from the Aspect ACD, TRIS, and AT&T. In addition, JOC periodically verifies ETD data using ICM data. JOC validates all CSR LOS data elements on a weekly basis.

**Calculation Changes:** Beginning in FY 2007, the CAS product lines will include data for the Tax Exempt/Government Entities (TE/GE) Toll-free operation.

**Complete Description of the Process(s) measure originates from:** To calculate the CSR LOS, all call data is accumulated by the Aspect ACD in each site, AT&T reports, and TRIS transmitted nightly to the ETD System. Report data is extracted weekly from the database and used to create the official Snapshot Report, which is published on the ETD website. To measure the PPS CSR LOS, the calculation includes only the calls handled by the PPS Product Line and associated components. (Rev. 5-2006)

**Critical Path:**

1. Aspect ACD, TRIS, AT&T and ICM data is collected on each system.
2. Raw data is fed nightly from each system.

3. Raw data is then compiled and organized in the ETD database.
4. Using this data, ETD calculates weekly, planning period and fiscal year CSR LOS that is reflected on the official Snapshot.

**Management Controls for items on critical path:**

1. Validation of monthly report data by W&I P&A staff.
2. The JOC and ETD staff validate CSR LOS data prior to publication of the weekly official Snapshot report. Independent weekly CSR LOS source data is also gathered and validated by comparing data with the data used to produce the official Snapshot report.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT/SMALL BUSINESS SELF EMPLOYED (TAX LAW): CUSTOMER ACCOUNT SERVICES: ACCOUNTS MANAGEMENT</b>
Measure Name	Tax Law Accuracy Telephone Service (Customer Accuracy Tax Law Phones) (Customer Accuracy– Toll Free Tax Law Phones) (Toll Free Tax Law Accuracy
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Site, Enterprise b. National Quality Review System (NQRS) c. Reports embedded in the NQRS database
Formula/Methodology	Calculated based on Defects Per Opportunity (DPO) which focuses on how many attributes were scored incorrectly vs. how many possible attributes applied to that particular transaction. Dividing the number of errors by the total number of opportunities for a transaction, then subtracting that figure from one (1) $XX\% = 1 - (N/Y+N)$ . (In this particular measure, there is only one attribute [opportunity] per transaction.) $1 - [N/(Y+N)] = XX\%$
Data Source/ Measurement Tools	Field 715 on the Data Collection Instrument (DCI) is coded by the Centralized Quality Review System (CQRS) monitor as calls are reviewed. Data is input to the NQRS for product review and service reporting.
Reliability of Data	Reasonable Accuracy – Field 715 on the DCI is coded by the CQRS monitor as calls are reviewed. Data is input to the NQRS. The NQRS contains several levels of validation that occur as part of the review process. The input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or

	based upon an entry in a quality attribute. The national reviews conducted by CQRS site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.
Frequency of Data Availability/Reporting	Unweighted data is available on-line after input. Weighted data is run monthly within two weeks after the end of the month and available on NQRS.

**Purpose of Measure:** The purpose of this measure is to capture the percent of taxpayers who receive the correct answer to their Tax Law or Account question.

**Data Limitations:** None

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** Accuracy measured via remote monitoring a statistically valid sample of tax law and account product line calls, the monthly call volume and monthly weighting of the accuracy projections based on volume of calls handled.

**Critical Path:**

1. CQRS monitors calls based on SOI designed plan.
2. Call is evaluated for customer accuracy, procedural accuracy, regulatory accuracy, professionalism and timeliness. Results are input to the National Quality Review System (NQRS.)
3. Monthly call volumes of calls handled for each product line are input to NQRS based on Electronic Telephone Database (ETD) reports.
4. Weighted reports are run within two weeks after the end of the month to update the fiscal year cumulative data.
5. HQ extracts report data for Business Performance Review Summary.



**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews NQRS employee input DCIs for consistency and coding.
3. CQRS tracks and reviews rebuttals quarterly and an annual sample of each product line's rebuttals is performed.
4. A rebuttal database is used to share technical and coding issues in CQRS.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT/SMALL BUSINESS SELF EMPLOYED (TAX LAW): CUSTOMER ACCOUNT SERVICES: ACCOUNTS MANAGEMENT</b>
Measure Name	Tax Law Accuracy for Walk-In Service (Field Assistance Accuracy of Tax Law Contacts)
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Pre-Filing Taxpayer Assistance and Education 2. Improve Taxpayer Service
Responsible Official	Director, Field Assistance
Definition	Tax Law Accuracy is the quality of service provided to Taxpayer Assistance Center (TAC) customers. This is a measure of the accuracy of responses concerning issues involving tax law.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating Division, Area b. National Quality Review System (NQRS) c. Monthly
Formula/Methodology	Independent reviews through Centralized Quality Review System (CQRS) and Contact Recording determine the percentage of accurate Tax Law Contacts. This is based on the quality review of a statistically reliable sample of tax law contacts valid at the Area level. The sample size for each Area will be conducted at a 90 percent confidence rate and a 5 percent precision margin.
Data Source/ Measurement Tools	NQRS, attributes and definitions.
Reliability of Data	Reasonable Accuracy
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** The purpose of this measure is to capture the percentage of taxpayers who receive the correct answer to their Tax Law question by personnel at a Taxpayer Assistance Center (TAC).

**Data Limitations:** Minimal limitations as contact recording will allow for improved recordation.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:**

1. The Tax Law Contact with taxpayer is documented using Contact Recording, an automated quality monitoring system that provides an "instant replay" of employee and taxpayer interaction. The automated system captures both voice and on-screen computer activity for later retrieval and review.
2. The sample size determine and agreed upon per Area will be forwarded to CQRS from the Contact Recording database.
3. Quality Reviewers will perform an independent review for accuracy of contact based on Field Assistance IRM and PMG.
4. Result of the reviews will be posted on the NQRS.
5. CQRS will provide an analysis and recommendations of suggestions for corrective actions necessary to improve quality.

**Critical Path:**

1. CQRS will use a review method to a standardized the review process that uses a common set of evaluative standards captured in an enterprise database.
2. Group managers will use a uniform data collection instrument to conduct objective, consistent reviews of their employees' performance to assess quality and accuracy of customer contacts.
3. The data is used to compute the tax law accuracy for Field Assistance beginning at the group level and will provide information to determine trends and corrective actions. Managers will use NQRS results as an important part of their "tool kit" to aid in leadership, planning, providing top quality service and making the "right" decisions.

**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews NQRS employee input DCIs for consistency and coding.
3. CQRS tracks and reviews rebuttals quarterly and an annual sample of each product line's rebuttals is performed.
4. A rebuttal database is used to share technical and coding issues in CQRS.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT - CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Accounts Accuracy for Telephone Service (Customer Accuracy- Accounts (Phones)) (Toll Free Account Accuracy) (Customer Accuracy – Toll-Free Accounts (Phones))
Type of Measure	Critical (Outcome) Measure – Business Results Quality
Program Category Related Strategic Goal	1. Filing and Account Services 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	Customer Accuracy is defined as a live assistor giving the correct answer with the correct resolution. It measures how often the customer received the correct answer to their inquiry and/or had their case resolved correctly based upon all available information and IRM required actions. This measure applies to all Tax Law and Account transactions.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Site, Enterprise b. National Quality Review System (NQRS) c. Reports embedded in the NQRS database
Formula/Methodology	Calculated based on Defects Per Opportunity (DPO) which focuses on how many attributes were scored incorrectly vs. how many possible attributes applied to that particular transaction. Dividing the number of errors by the total number of opportunities for a transaction, then subtracting that figure from one (1) (In this particular measure, there is only one attribute [opportunity] per transaction.) $1 - [N/(Y+N)] = XX\%$
Data Source/ Measurement Tools	Field 715 on the Data Collection Instrument (DCI) is coded by the Centralized Quality Review System (CQRS)
Reliability of Data	Reasonable Accuracy – Field 715 on the DCI is coded by the CQRS monitor as calls are reviewed. Data is input to the NQRS. The NQRS contains several levels of validation that occur as part of the review process. The input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or

	based upon an entry in a quality attribute. The national reviews conducted by CQRS site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.
Frequency of Data Availability/Reporting	Unweighted data is available on-line after input. Weighted data is run monthly within two weeks after the end of the month and available on NQRS.

**Purpose of Measure:** The purpose of this measure is to capture the percent of taxpayers who receive the correct answer to their Tax Law or Account question.

**Data Limitations:** None

**Calculation Changes:** None (Rev. 12-2006)

**Complete Description of the Process(s) measure originates from:** Accuracy measured via remote monitoring a statistically valid sample of tax law and account product line calls, the monthly call volume and monthly weighting of the accuracy projections based on volume of calls handled.

**Critical Path:**

1. CQRS monitors calls based on SOI designed plan.
2. Call is evaluated for customer accuracy, procedural accuracy, regulatory accuracy, professionalism, and timeliness. Results are input to the National Quality Review System (NQRS)
3. Monthly call volumes of calls handled for each product line are input to QRDbv2 based on Electronic Telephone Database reports.
4. Weighted reports are run on the 10th day of the month to update the fiscal year cumulative data.
5. HQ extracts report data for Business Performance Review Summary.

**Management Controls for items on critical path:**

1. CQRS management samples NQRS records and validates that sample plans have been followed.
2. CQRS management reviews NQRS employee input DCIs for consistency and coding.
3. CQRS tracks and reviews rebuttals quarterly, and an annual sample of each product line's rebuttals are performed.
4. A rebuttal web site is used to share technical and coding issues in CQRS.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT - CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Customer Satisfaction with Telephone Service (Customer Satisfaction Toll-Free and Practitioner Priority Services (PPS))
Type of Measure	Balanced Measure
Program Category Related Strategic Goal	1. Filing and Account Services – Pre-Filing 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	The Customer Satisfaction Measure is derived from the Customer Satisfaction Survey. It is a telephone survey of customers calling an IRS Toll-Free number to assess their satisfaction with the service they received during their calls. This automated survey is voluntary. The survey uses a five-point scale. The Customer Satisfaction measures are reflected as a percentage of the two “top box” scores (4-5 responses) on the Customer Satisfaction survey. Two vendors, Pacific Consulting Group (PCG) and Pinpoint, participate in the process.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise, Site b. Customer Satisfaction Surveys c. BPRS (Business Performance Review Summary), Strategy and Program Plans
Formula/Methodology	A survey developed by (PCG) is used to measure customer satisfaction with the Toll-Free function, through an automated phone questionnaire. Sample size is selected to provide a maximum of +/-5% margin of error and at a 95 percent confidence level for the lowest reporting level of the organization. The measure is derived from the overall satisfaction rate.  The measure’s data is reported out as Toll-Free Customer Satisfaction and PPS Customer Satisfaction. The Toll-Free measure is based on the following product lines: Individual Income (1040), Business & Specialty (4933), Refund Hot Line (1954), Refund Callback (0582), BMF Customer Response (0115), IMF Customer Response (8374 & 0922), Specialty Services (5227), National Taxpayer Advocate (4778), and Criminal Investigation (0433). The PPS measure is only for PPS (4259) product line.
Data Source/ Measurement	Customer satisfaction survey developed by an outside vendor, Pacific Consulting Group



Tools	(PCG). (Update 7-07)
Reliability of Data	Reasonable Accuracy. PCG compiles, verifies, and reports on the survey data. Statistically valid and reliable samples are drawn from each call site on a daily basis.
Frequency of Data Availability/Reporting	Quarterly

**Purpose of Measure:** This measure indicates the overall taxpayer satisfaction with the service provided by the Toll-Free and PPS functions. Responses to the questions are used to identify areas that have the greatest potential for improvement.

**Data Limitations:** None

**Calculation Changes:** The measure was changed in FY 2003 to reflect a percentage of taxpayers that are completely satisfied with the service that was provided to them on a common five-point scale. The Customer Satisfaction measures are reflected as a percentage of the two “top box” scores (4-5 responses) on the Customer Satisfaction survey. The Customer Dissatisfaction measures are reflected as a percentage of the two “low box” scores (1-2 responses) on the Customer Satisfaction survey. Previously the score was calculated on a sliding scale of 1 to 4.

**Complete Description of the Process(s) measure originates from:** Taxpayers that have called one of the Toll-Free or PPS numbers are solicited to participate in the survey through a telephone survey. The results of the surveys are compiled by PCG and provided to the Service for review before the quarterly report is published.

1. Taxpayer makes contact with the Service.
2. The taxpayer is given the opportunity to provide feedback on the contact through a phone survey.
3. Pinpoint captures the data.
4. PCG compiles, verifies and prepares a quarterly report based on the survey data.
5. The report is provided to management and is used as a tool to identify opportunities for improvement.

**Management Controls for items on critical path**

1. No internal management controls.
2. The vendor has responsibility to conduct surveys, compile data and validate findings.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT - CUSTOMER ACCOUNT SERVICES</b>
Measure Name	Customer Satisfaction with Correspondence Service (Customer Satisfaction Customer Accounts Resolved (Adjustments))
Type of Measure	Balanced Measure: Customer Satisfaction: Annual (Update 7-07)
Program Category Related Strategic Goal	1. Filing and Account Services – Pre-Filing 2. Improve Taxpayer Service
Responsible Official	Director, Customer Account Services
Definition	The percent of contacts in the Assistance Category that are resolved by Taxpayer Self-Assistance (Rev. 12-2006)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. Enterprise Telephone Data (ETD) Snapshot Report, Accounts Management Information Report (AMIR), Internet Refund/Fact of Filing & Advance Child Tax Credit Project Site, MIS Reporting Tool, Electronic Tax Administration (ETA) Website – (Rev. 12-2006) c. Business Performance Review Summary (BPRS), Strategy and Program Plans, PAC 2C
Formula/Methodology	Both overall satisfaction and satisfaction with 10 specific attributes related to the customer’s interaction with the Service are measured. A 5-point rating scale, “1” meaning “very dissatisfied” and “5” meaning “very satisfied” is used. Mean average ratings are used for reporting and tracking the satisfaction scores. Leverage Analysis indicates where to concentrate efforts in order to have the greatest chance of improving customer satisfaction.
Data Source/ Measurement Tools	Reports are the W&I National and Site Reports as referenced above. Data is collected from responses to surveys mailed to customers, who are selected on the basis of statistical sampling criteria. Reports are posted on the IRS Chief Financial Officer intranet website: <a href="http://cfo.fin.irs.gov/CPD/CustomerSatisfaction/cshome.htm">http://cfo.fin.irs.gov/CPD/CustomerSatisfaction/cshome.htm</a>
Reliability of Data	Reasonable Accuracy. Vendor internal controls are in place to ensure the validity of the data. The survey process is designed to provide a maximum sampling error of +/-5 percent at the 90 percent confidence level.
Frequency of Data Availability/Reporting	Quarterly

**Purpose of Measure:** This measure determines the dissatisfaction level of customers who respond to us in written form or submit amended returns.

**Data Limitations:** None

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** Customers mail account correspondence, claims, and amended returns to AM Campuses. Customer Service Representatives (CSRs) and Tax Examiners (TEs) perform appropriate research (and may request additional information from the customer, if necessary) and resolve/close the cases. In most instances, customers are notified about the final outcome via a notice, letter, telephone contact, or refund.

**Critical Path:**

1. W&I Accounts Management provides the Research function with estimated Adjustments closures for each quarter, by function and program and by site.
2. Research, based on the estimates, provides quarterly random starts and skip intervals to be used for selecting sample cases for the survey. These are provided for each individual site.
3. Adjustments closed cases are made available to a clerk each day, who selects the sample cases.
4. A CSR or an analyst examines each case selected and determines, based on specific criteria, if the case should or should not be included in the survey.
5. A limited amount of data is extracted for cases to be rejected. More extensive data about the customer and the nature of the inquiry/submission is extracted for cases that will be included in the survey; some information must be gathered through Integrated Data Retrieval System (IDRS) research.
6. Data is hand written on to a Data Collection Instrument (DCI) and then entered on to an Access database specifically developed for this survey.
7. Each site forwards their Access Database monthly to the W&I Accounts Management HQ office.
8. Accounts Management Program Management/Process Assurance (PM/PA) analysts consolidate the data for the Enterprise and forward to PCG.
9. PCG formats the data and forwards it to NPC.
10. NPC mails the surveys, codes the open-ended questions, and scans the responses into a database.

11. PCG analyzes the results and develops Enterprise and site reports.

Note: As the Correspondence Imaging System (CIS) is rolled out to the campus locations, steps 1 through 8 will change, as the CIS system will systemically identify taxpayers for participation in the survey. For sites with Correspondence Imaging System (CIS), the survey sample will be automatically calculated and the data will be forwarded to PCG—steps 5 through 7 will be done systemically. All other sites will have to manually perform steps 5 through 7.

**Management Controls for items on critical path**

1. Specific guidelines are provided to the sites for selecting the sample, determining which cases should be included in the survey, which data elements need to be extracted and entered on the database, how data should be entered, and how and when to submit their completed database.
2. Each site has a designated Adjustments Survey Coordinator to oversee the process and to ensure a timely and quality product.
3. Accounts Management PM/PA analysts perform “spot” reviews of data each month and perform formal reviews of the survey process during site visits.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT – CARE, FIELD ASSISTANCE</b>
Measure Name	Customer Satisfaction with Walk-In Service
Type of Measure	Balanced Measure
Program Category Related Strategic Goal	1. Filing and Account Services – Pre-Filing 2. Improve Taxpayer Service
Responsible Official	Director, Field Assistance
Definition	This measure is the taxpayer’s overall satisfaction with the services provided by Field Assistance personnel as determined by the customer satisfaction survey. Pacific Consulting Group (PCG), an outside vendor conduct surveys. Taxpayers’ rate services provided in Taxpayer Assistance Centers (TACs) on a scale from 1 – 5.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating Division b. Pacific Consulting Group c. Field Assistance National Report
Formula/Methodology	Field Assistance employees distribute survey forms to all taxpayers. The Pacific Consulting Group collects and consolidates the responses and provides a monthly report to each TAC office.
Data Source/ Measurement Tools	Taxpayer questionnaire comment cards.
Reliability of Data	Reasonable Accuracy.
Frequency of Data Availability/Reporting	Quarterly

**Purpose of Measure:** This measure indicates how effective Field Assistance is in assisting taxpayers at the Taxpayer Assistance Centers (TACs).

**Data Limitations:** Field Assistance personnel cannot control the response rate to the surveys.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** PCG will mail to each Territory TAC office, coded survey cards that can identify each group level TAC. The Territory TAC office then distributes the coded survey cards to the respective group offices. TAC personnel will offer survey cards to every customer serviced. Customers are permitted to complete the survey onsite or to complete and mail the postage paid survey card directly to PCG. Customers who choose to complete the survey card onsite may deposit their survey cards in the survey box located at the TAC. A site representative bundles the cards on a weekly basis and forwards them to PCG. PCG scans all cards received and captures all data into a database. PCG also randomly samples 25 cards for each TAC per quarter and captures the specific comments made by the customer and is included in the database with all other results. PCG completes a monthly report analysis for all of Field Assistance and prepares a National Field Assistance Report. TACs also receive a monthly report from PCG on their specific results compared to the national results.

**Critical Path:**

1. Coded Survey cards are mailed by PCG to the Territory Offices for distribution to the group TACs.
2. TAC personnel offer survey cards to every customer serviced
3. Customers complete the survey onsite and deposit the survey in a locked survey box, or the taxpayer can mail the survey card from an offsite location using a postage paid card addressed to PCG.
4. If the customer deposits the survey box located at the TAC, the site survey representative bundles the cards on a weekly basis and forwards them to PCG.
5. PCG scans all cards received and captures all data into a database. PCG also randomly samples 25 cards for each TAC per quarter and captures the specific comments made by the customer and is included in the database with all other results.
6. PCG completes a monthly report analysis for all of Field Assistance and prepares a National Field Assistance Report. TACs also receive a monthly report from PCG on their specific results compared to the national results.

**Management Controls for items on critical path**

Field Assistance management controls are not applicable for this measure. The customer satisfaction survey is conducted by an outside vendor, which eliminates the need for further controls.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAXPAYER ADVOCATE SERVICE</b>
Measure Name	Outcome: TAS Cumulative Quality Index
Type of Measure	Business Result – Quality
Program Category Related Strategic Goal	1. Compliance Services 2. Service to Each Taxpayer
Responsible Official	Director, Business Systems Planning and Director, Business Assessment
Definition	A tool to measure effectiveness in meeting customer expectations based on a random sample of cases reviewed and scored against customer service standards of timeliness, accuracy, and communication.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Office/Area/National b. TAS Quality Review Database (TAS QRDB)
Formula/Methodology	A valid random local (i.e., TAS office level) sample of criteria closed cases reviewed and scored against customer service standards of timeliness, accuracy and communication monthly. The quality index score is the number of points achieved divided by the total applicable points (on a 100-point scale). Cumulative and area/national reports are weighted.
Data Source/ Measurement Tools	Taxpayer Advocate Management Information System (TAMIS); TAS QRDB (Microsoft Access database)
Reliability of Data	Reasonable Accuracy – A Taxpayer Advocate (TAS) case is considered closed when all actions have been taken to resolve the taxpayer’s problem(s) and the taxpayer or representative has been notified. TAMIS is updated as cases are closed. A sample of closed criteria 1-9 TAS cases is selected at the office level using the TAMIS quality selection report and sent to the review site. The results of the case reviews are input to the TAS QRDB. TAS uses appropriate statistical techniques to ensure random sampling of taxpayers to measure the effectiveness in meeting customer expectations.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** Based on a valid random sample, the casework quality index ensures TAS staff is delivering a high standard of service to all taxpayers served by TAS.



**Data Limitations:** Data for customer quality is inherently subjective. Criteria not known widely outside of TAS, but it is available in IRM 13.1.5, TAS Balanced Measures.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** Quality measurement is based on a random sample of cases regular and reopened closed criteria 1-9 reviewed and scored against customer service standards of timeliness, accuracy, and communication. Local offices process TAS cases. A random sample of regular criteria 1-7 and re-opened cases are selected monthly by the TAMIS sample selection report. Case files for review are sent to Oakland where they are reviewed for TAS quality standards. Results are entered into the TAS QRDB. Files are then sent to National Office for input in national TAS QRDB. Reports are run on QRDB to determine quality scores, monthly and YTD.

Monthly and cumulative scores are then sent to the Business Performance Management System (BPMS).

**Critical Path:** Criteria 1-9 regular and reopened cases are closed daily.

At the end of the month, a random sample of these cases is selected for quality review. Statistics of Income provided the statistical sampling procedures and size. The TAMIS sample selection report is used by TAS local/campus offices to select the samples.

Each local/campus TAS offices sends the selected cases to the Oakland Centralized Review Site.

Quality reviewers at the site review each case for the eight TAS quality standards.

Results are entered into the review site QRDB

Monthly results for all offices are extracted and sent to the National Office.

National Office TAS appends the information to the national QRDB and run the monthly and year-to-date cumulative reports.

Report data is extracted and sent to the Business Performance Management System.

**Management Controls for items on critical path:** There are within the TAMIS database internal system validity checks and cross-checks to ensure data and accuracy (e.g., non-modifiable system dates used for report period start and end dates, special case coding used with TAS criteria cases, etc.). The local/campus quality analyst reviews the sample selection report and ensures the appropriate case files are pulled and sent to the review site. The review site checks to make sure the correct number of cases were sent for each office. The QRDB has built-in validity checks to ensure

accurate data is input. When files are extracted for the national QRDB, there is a manual check to ensure the correct number of cases were extracted. At the national level, there is another manual check to ensure the correct number of cases were added to the national QRDB. There is a check when the data is entered into BPMS to ensure all data is present and accurate

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>CRIMINAL INVESTIGATION</b>
Measure Name	Number of Criminal Investigation Convictions (Convictions)
Type of Measure	Balanced measure-outcome/workload
Program Category Related Strategic Goal	1 Criminal Investigations (Update 7-07) 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The number of criminal convictions
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. Criminal Investigation Management Information System c. OMB submission
Formula/Methodology	The total number of cases with the CIMIS statuses of guilty plea, nolo contendere, judge guilty, or jury guilty. (Update 7-07)
Data Source/ Measurement Tools	CI Management Information System (CIMIS)
Reliability of Data	Reasonable Accuracy – All cases have unique numbers assigned through an automated system, which contains validity and business rule checks. The system tracks the status of the investigations from initiation through final disposition.
Frequency of Data Availability/Reporting	Will be reported Monthly

**Purpose of Measure:** The purpose is to assess CI's performance against its mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent input errors or delays in entering information, however, could cause a conviction to be assigned to the incorrect reporting period. See the section below on management controls for information concerning Criminal Investigation's efforts to ensure reporting accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:**

Once a SAC/ASAC approves a prosecution recommendation, the Special Agent's Report is forwarded to the Department of Justice for review. The Department of Justice Tax Division reviews tax cases and either forwards them to the U.S. Attorney or declines them. In certain cases, Criminal Investigation forwards financial investigations directly to the applicable U.S. Attorney.

When a case reaches the U.S. Attorney's office, the government either proceeds with the prosecution and obtains an indictment or files an information charging the defendant with a crime(s), or the government declines to prosecute the case. Once charged, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. (Update 7-07)

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere or is found guilty by a judge or jury, a Form 4930 is created to reflect the investigation status. A CIMIS input operator enters the status update into CIMIS.
- On the third workday of each month, a snapshot is downloaded, which reflects status updates made as of the end of the prior month.
- On the fourth or fifth workday of each month, standard reports are produced reflecting, among other data, the number of convictions obtained.

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>Criminal Investigation</b>
Measure Name	Conviction rate \$ (Conviction Efficiency Rate) (Cost Per Conviction)
Type of Measure	Balanced measure-output/workload
Program Category Related Strategic Goal	1. Criminal Investigations 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The percent of adjudicated criminal cases that result in convictions
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. CI Management Information System (CIMIS) (Update 7-07) c. OMB submission
Formula/Methodology	Total criminal convictions (cases with status of guilty plea, nolo contendere, judge guilty, or jury guilty status codes) divided by the number of cases with above status codes plus number of cases with status of nolle prosequi, judge dismissed, jury acquitted, and/or judge acquitted. (Rev. 1-07)
Data Source/ Measurement Tools	CI Management Information System (CIMIS)
Reliability of Data	Reasonable Accuracy – All cases have unique numbers assigned through an automated system, which contains validity and business rule checks. The system tracks the status of the investigation from initiation through final disposition.
Frequency of Data Availability/Reporting	Will be Reported Monthly

**Purpose of Measure:** The purpose is to assess CI's performance against its stated mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent input errors or a delay in entering the information, however, could cause a conviction to be assigned to the incorrect

reporting period. See the section below on management controls for information concerning CI's efforts to ensure reporting accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:** Once charged through either an indictment or the filing of an information, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. (Update 7-07)

Once a case reaches a U.S. Attorney's Office, the government either obtains an indictment or files information charging the defendant with a crime(s) or declines it. Once charged, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will later be found guilty or not guilty by a judge or jury. Guilty and nolo contendere pleas, as well as defendants found guilty at trial are counted as convictions. Individuals whose cases are dismissed by a judge or not prosecuted after indictment (nolle prosequi) are counted as dismissals in CIMIS. Defendants acquitted by either a judge or jury are counted as acquittals.

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere or is found guilty by a judge or jury, the lead agent assigned to an investigation enters the case status updates into the CIMIS database.
- On the third workday of each month, a monthly snapshot is compiled that reflects CIMIS updates made as of the end of the prior month. This process measure would use the monthly September snapshot containing data as of the fiscal year-end. (Update 7-07)
- Beginning on the fourth or fifth workday of each month, standard monthly reports can be generated reflecting, among other data, the number of convictions obtained. (Update 7-07)
- The year-end realized financial plan amount from IFS is verified with the Budget Execution Branch. That amount is divided by total convictions obtained during the fiscal year, as captured and reported through the CIMIS database.

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into

CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. The CFO, Associate CFO for Internal Financial Management, and Associate CFO Corporate Performance Budgeting ensure the functionality and accuracy of the Integrated Financial System-the Service's core accounting system of records. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>Criminal Investigation</b>
Measure Name	Conviction Efficiency Rate (Cost per conviction)
Type of Measure	Balanced measure-outcome/efficiency
Program Category Related Strategic Goal	1. Criminal investigations 2. Enhance enforcement of the tax law
Responsible Official	Chief, Criminal Investigation
Definition	The cost of CI's program divided by the number of convictions. The number of convictions is the total number of cases with the following CIMIS statuses: guilty plea, nolo contendere, judge guilty or jury guilty. The Criminal Investigation financial plan includes all appropriations and reimbursements for the entire year. It is the fully loaded cost, including employees' salaries, benefits, and vacation time, as well as facility costs (office space, heating, cleaning, computers, security, etc.), and other overhead costs.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating division b. CI Management Information System and Integrated Financial System (IFS) (Update 7-07) c. OMB submission
Formula/Methodology	The final fiscal year-end expenses as documented in IFS plus corporate costs as determined by the Chief Financial Officer divided by the number of convictions reported for the year
Data Source/ Measurement Tools	CI Management Information System (CIMIS) Integrated Financial System (IFS)
Reliability of Data	Reasonable accuracy
Frequency of Data Availability/Reporting	Will be Reported Annually

**Purpose of Measure:** The purpose is to assess the business unit's cost effectiveness and efficiency from year to year and gauge CI's performance against its mission of serving the public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes, to foster confidence in the tax system and compliance with the law.

**Data Limitations:** There are no limitations regarding the data from the Integrated Financial System. The total financial plan, which is verified at several levels within the organization, does not materially change throughout the fiscal year.



The only limitations relate to the accuracy and timeliness of the data input into the CIMIS database. The system has sufficient internal checks and balances to assure status updates are input in the proper order. Agent errors or delays in entering the information, however, could cause a conviction to be assigned to the incorrect reporting period. See the section on management controls for information concerning CI's efforts to ensure data accuracy and timeliness. (Update 7-07)

**Calculation Changes:** None-new measure

**Complete Description of the Processes from which Measure Originates:**

Once charged through either an indictment or the filing of an information, a defendant pleads guilty, not guilty, or nolo contendere. Those who plead not guilty will go to trial and later be found either guilty or not guilty by a judge or jury. Those who enter guilty and nolo contendere pleas, as well as defendants found guilty at trial, are counted as convictions. (Update 7-07)

**Critical Path:**

- Once a defendant pleads guilty or nolo contendere or is found guilty by a judge or jury, the lead agent assigned to an investigation enters the case status updates into the CIMIS database.
- On the third workday of each month, a monthly snapshot is compiled that reflects CIMIS updates made as of the end of the prior month. This process measure would use the monthly September snapshot containing data as of the fiscal year-end. (Update 7-07)
- Beginning on the fourth or fifth workday of each month, standard monthly reports can be generated reflecting, among other data, the number of convictions obtained. (Update 7-07)
- The year-end realized financial plan amount from IFS is verified with the Budget Execution Branch. That amount is divided by total convictions obtained during the fiscal year, as captured and reported through the CIMIS database.

**Management Controls for items on critical path:** Criminal Investigation management dictates that the lead agent assigned to the investigation and/or the agent's manager(s) input investigation data directly into CIMIS. Agents and managers are only allowed to access those investigations assigned directly to them (in the case of special agents) or assigned within the office/group (in the case of the managers). Agents and managers are to enter status updates into CIMIS within five calendar days of the triggering event. Further, upper management directs first line managers to review individual work group CIMIS reports for accuracy each month to ensure any system input errors or omissions are corrected within 30 days of the initial issuance of the monthly data tables. The CFO, Associate CFO for Internal Financial

Management, and Associate CFO Corporate Performance Budgeting ensure the functionality and accuracy of the Integrated Financial System-the Service's core accounting system of records. (Update 7-07)

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>RESEARCH, ANALYSIS AND STATISTICS OF INCOME (RAS)</b>
Measure Name	Improve Voluntary Compliance
Type of Measure	Balanced Measure-Enterprise Long Term Goal
Program Category	1. Research
Related Strategic Goal	2. Enhance Enforcement of the Tax Law
Responsible Official	Research, Analysis and Statistics of Income (RAS)
Definition	An estimate of the percentage of true tax liability (across all types of tax) for a given tax year that taxpayers pay voluntarily and timely.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Corporate b. NRP, operational audits, and other compliance studies c. Research reports
Formula/Methodology	<p>The <b>Voluntary Compliance Rate (VCR)</b>, which is the estimated amount of tax for a given tax year that is paid voluntarily and timely, expressed as a percentage of the corresponding estimate of true tax liability for that tax year. This compliance rate reflects the impact of nonfiling, underreporting, and underpayment combined.</p> $\text{VCR} = \frac{\text{Tax Paid Voluntarily and Timely}}{\text{Estimated True Tax Liability}} \times 100\%$ <p><b>Baseline:</b> Current estimate of the Tax Year 2001 VCR for all types of tax combined is <b>83.7%</b>.</p>

<p>Data Source/ Measurement Tools</p>	<p><u>Numerator</u>: Generally observed on the IRS Master Files, though there is currently no system that separates timely payments from all late payments, so the timely portion must be estimated.</p> <p><u>Denominator</u>: This is the numerator plus an estimate of the gross tax gap. The gross tax gap consists of the nonfiling gap, the underreporting gap, and the underpayment gap for each type of tax separately.</p> <p><i>Nonfiling Gap</i>: This is currently estimated only for individual income tax (using Census data), and for estate and gift tax (using external mortality data).</p> <p><i>Underreporting Gap</i>: This has been estimated for each type of tax except excise taxes, and is generally based on either random audits or on operational audits.</p> <p><i>Underpayment Gap</i>: This is generally observed and tabulated from the IRS Master Files on a regular basis.</p>
<p>Reliability of Data</p>	<p>Varies widely across the tax gap components, but even the thorough NRP audits do not detect all noncompliance, so the tax gap estimates include estimates of unreported income that is not detected by the audits. Also, some components (e.g., nonfiling gap for several types of tax) have never been estimated yet. Furthermore, nonfiling and underreporting gap estimates for a given tax year inherently take several years from the year in question before they can be developed, and we don't have the resources to conduct the necessary studies every year.</p> <p>To the extent possible, we will reflect the uncertainty in the estimates as ranges. It is likely that these ranges of uncertainty will be much larger than the several percentage points of improvement we seek in the VCR. That means that <i>in any given year, we probably won't be certain whether we have reached the goal</i>. However, if a long-term (e.g., five-year) trend is generally consistent; we may be able to conclude that the change during that period was significant.</p>

<p>Frequency of Data Availability/Reporting</p>	<p>Annual estimates.</p> <p>The VCR will be estimated based on the latest data. However:</p> <ul style="list-style-type: none"> <li>▪ When new compliance data become available for a particular component (type of noncompliance, type of tax, and perhaps type of taxpayer), RAS will update the estimates of the corresponding tax gap.</li> <li>▪ The most recent estimates of all tax gap components will be projected to the current year assuming no change in VCR within a component since the year of the estimate. This means that <i>the estimate of the overall VCR in the current year will change from the prior year only to the extent that new compliance data have become available, or tax liabilities in the various components of the population grow at different rates.</i></li> </ul>
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**Purpose of Measure:** The purpose of this measure is to estimate the overall extent of tax compliance.

**Data Limitations:** Except for the bulk of the underpayment gap, this measure cannot be observed; it must be estimated. Where data exist, they are incomplete and infrequent, making estimation very difficult and the estimates subject to much uncertainty.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:**

The VCR is calculated as a byproduct of estimating the tax gap. Each component of the tax gap (nonfiling, underreporting, and underpayment) is estimated separately for each type of tax when it can be estimated. The underpayment gap is mostly observable, and the observable portion is tabulated from the Master File quarterly. The underreporting gap is based largely on audit data. Where possible, it is based on the results of random audits, which are representative of the population; where that is not possible, the estimates have been based on operational audits, making adjustments for their non-representative nature. The primary non-filing gap estimate is for individual income tax, and is based largely on Census data. All of these components have their own data sources and methodologies, and they are not updated at the same time or on a regular basis.

**Critical Path:** The tax gap (and therefore the VCR) is updated whenever new compliance data become available. Otherwise, the gap is projected from one year to the next proportional to the change in actual receipts for each major component separately, which implicitly assumes that the VCR is constant within each component. In that case, any change in the overall VCR is merely a reflection of a changing mix of receipts among the components.

**Management Controls for items on critical path:** When new compliance data become available, deadlines are set for the release of preliminary tax gap estimates, followed by subsequent deadlines for updated estimates.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>RESEARCH, ANALYSIS AND STATISTICS OF INCOME (RAS)</b>
Measure Name	Percent of Taxpayers Who Stating it is OK to Cheat on Their Taxes (Reduce the percentage of Taxpayers Who Think it is Okay to Cheat on Their Taxes)
Type of Measure	Balanced Measure - Enterprise Long Term Goal - Outcome
Program Category Related Strategic Goal	1. Research 2. Enhance Enforcement of the Tax Law
Responsible Official	Research, Analysis and Statistics of Income (RAS)
Definition	The IRS Oversight Board prepares an Annual Taxpayer Attitude Survey. One of their questions relating to the attitude about compliance is the following:  <i>“How much, if any, do you think is an acceptable amount to cheat on your income taxes”?</i>
a. Reporting Level (s) b. Report Data Source c. Reports	a. Corporate b. Telephone Survey c. IRS Oversight Board Annual Taxpayer Attitude Survey Report
Formula/Methodology	<b>Methodology</b> Since 2002, the IRS Oversight Board has conducted an annual survey to gain deeper understanding of taxpayers’ attitudes. The Roper Organization telephone interviews are conducted via OmniTel, a weekly national telephone omnibus service of NOP World. The available responses to the survey question, <i>“How much, if any, do you think is an acceptable amount to cheat on your income taxes”?</i> are:  A little here and there As much as possible Or, not at all Not Known/Not Applicable  The first two categories are summed to determine the percent of taxpayers who think it is ok to cheat on their taxes.

	<p><b>Sample Size</b> - The sample for each week's OmniTel wave consists of 1,000 completed interviews, made up of male and female adults (in approximately equal number), all 18 years of age and over.</p> <p><b>Sampling Method</b>  All interviews are conducted by telephone from three NOP World sites: New York, NY; Alamogordo, NM; and Rexburg, ID. Together, the three sites have a full-time capacity of 400 lines, and utilize an interviewing procedure known as CATI - Computer Assisted Telephone Interviewing. Interviewers have been professionally trained and are continuously monitored and supervised.</p> <p>Each OmniTel study is based on a random digit dialing (RDD) probability sample of all telephone households in the continental United States. The RDD sampling system is totally computer based and provides an equal probability of selection for each and every telephone household. Thus, the sample represents telephone households with both listed and unlisted phones in their proper proportions. All sample numbers selected by this procedure are subject to an original and at least four follow-up attempts to complete an interview.</p> <p>All data are entered and cleaned through the CATI system during the interviewing process. Thus, this process eliminates the editing and keypunch operations.</p>
Data Source/ Measurement Tools	<p>The sample consists of 1,000 completed telephone interviews, made up of male and female adults (in approximately equal number), all 18 years of age and over.</p>
Reliability of Data	<p><b>Weighting and Sample Reliability</b>  All completed interviews are weighted to ensure accurate and reliable representation of the total population, 18 years and older. The raw data are weighted by a custom designed computer program which automatically develops a weighting factor for each respondent. This procedure employs five variables: age, sex, education, race and geographic region. Each interview is assigned a single weight derived from the relationship between the actual proportion of the population with its specific combination of age, sex, education, race and geographic characteristics and the proportion in our sample that week. Tabular results show both weighted and unweighted bases for these demographic variables. Because of the use of</p>



	rigid and replicable sampling, field, and weighting procedures, all OmniTel studies are parallel to one another. This affords the opportunity to draw trend comparisons, as well as point-in-time analysis.
Frequency of Data Availability/Reporting	Annual random digit dialing probability sample (telephone survey) of telephone households. An annual report of the survey results are prepared by the contractor and presented to the IRS Oversight Board.

**Purpose of Measure:** The purpose of this measure is to assess the public's attitude towards completing their taxes. Specifically, to gauge whether or not taxpayers feel it's ok to cheat on their taxes.

**Data Limitations:** The information is gathered from a sample of telephone households and is subject to sampling error as discussed under the Reliability of the Data Section.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** N/A

**Critical Path:** N/A

**Management Controls for items on critical path:** N/A

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED, WAGE &amp; INVESTMENT, AND LARGE &amp; MID-SIZE BUSINESS COMPLIANCE SERVICES, CORRESPONDENCE EXAM FIELD EXAMINATION</b>
Measure Name	Examination Coverage Individual (Exam Coverage - Correspondence Examination and Field Examination—(Individuals Only) (Rev. 4-2006)
Type of Measure	Balanced Measure—Business Results-Quantity--Budget Level—Outcome (Rev. 5-2006)
Program Category Related Strategic Goal	1. Correspondence Examination and Field/Office Examination 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SBSE and LMSB Directors, Field Examination; Directors, Compliance Services, SBSE and W&I
Definition	The sum of all individual returns closed by SB/SE, W&I (excluding EITC Proof of Concept Closures), and LMSB (Field Exam and Correspondence Exam) divided by the total individual return filings for the prior calendar year. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise
Formula/Methodology	<p><b><u>Formula is as follows:</u></b></p> <p><b><u>NUMERATOR:</u></b></p> <p>The sum total of the following equation:</p> <p><b>SB/SE Correspondence Examination and W&amp;I Campus Reporting Compliance- Correspondence Examination:</b> Individual returns (both Non-EITC and EITC), closed by all five W&amp;I Campuses during the reporting period. Examination closures are derived from the Audit Information Management System (AIMS) Closed Case Database (CCDB).</p> <ul style="list-style-type: none"> <li>From the AIMS CCDB include AIMS field taxable-rtn-cnt for all activity codes, excluding project codes 576 – 581.</li> </ul> <p><b>PLUS</b></p> <p><b>SB/SE Field and Office Examination:</b> Individual returns closed by SB/SE Areas during the period. The sum total of the number of closures on the AIMS Closed Case Database (CCDB)</p>

	<p>for SB/SE [AIMS-BOD-COD = "2"] for the period with Activity Codes 530 through 543 for Revenue Agent [EMPLOYEE-TYPE-CD = 1], TA/TCO [EMPLOYEE-TYPE-CD = 2], TE [EMPLOYEE-TYPE-CD = 9] and ROE [EMPLOYEE-TYPE-CD = 6].</p> <p><b>PLUS</b></p> <p><b>LMSB for Individuals Only.</b> The sum total of the number of closures on the AIMS CCDB for LMSB [AIMS-BOD-COD = "3"] for the period with Activity Codes 530 through and including 539.</p> <p><b><u>DENOMINATOR:</u></b> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Data Source/ Measurement Tools	<p>The sum of all individual returns closed will be extracted as follows:</p> <p><b><u>NUMERATOR:</u></b></p> <p><b>SB/SE Campus Reporting Compliance-Correspondence Examination and W&amp;I Campus Reporting Compliance-Correspondence Examination:</b> Examination closures (AIMS closures): AIMS CCDB for all activity codes, excluding project codes 576-581.</p> <p><b>PLUS</b></p> <p><b>LMSB for Individuals Only:</b> AIMS LMSB Closed Case Database (CCDB) (Activity Code 530-539)</p> <p><b>PLUS</b></p> <p><b>SB/SE Field and Office Examination:</b> AIMS SB/SE Closed Case Database (CCDB) (Activity Code 530-543)</p> <p><b><u>DENOMINATOR:</u></b> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure is an indication of the number of individual income tax returns examined by SB/SE, W&I, and LMSB Field and Campus operations. Maintaining a presence through audit coverage is a cornerstone of our voluntary compliance system.

**Data Limitations:** No significant limitations.

**Calculation Changes:** None.

**Complete Description of the Process:** SB/SE Field/Office Exam and LMSB : When individual return examinations (Activity Codes 530-543) are completed, a case-closing document (Form 5344, Examination Closing Record) is completed for each return examined (by the examiner or systemically by the Report Generation Software (RGS)). The closing document contains such data as, type of return, tax year examined, disposal code, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS files reporting cumulative data for the fiscal year. This data is validated and converted into a database. The database reports are used to monitor and report the number of examination return closures.

SB/SE Campus Correspondence Exam and W&I: When return examinations are completed, a case-closing document (Form 5344) is completed for each return examined by the examiner or systemically by the Report Generation System. The closing document contains such data as, type of return, tax year examined, type of disposal, technique codes, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document data is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS tables/reports showing cumulative data for the fiscal year. The reports are used to monitor and report the number of examination return closures.

**Critical Path:**

SB/SE Field/Office Exam and LMSB :

1. The Revenue Agent/Tax Compliance Examiner/Tax Examiner completes the examination and inputs the results to the Report Generation Software (RGS) which produces a Form 5344, Examination Closing Record.
2. The Revenue Agent/Tax Compliance Examiner/Tax Examiner then turns the case file in to the Group Manager.
3. The Group Manager reviews the case file for completeness and accuracy and closes the case on RGS.
4. The Group Manager passes the case to the Group Secretary for closing.

5. The Group Secretary inputs the Form 5344 data onto the Examination Returns Control System (ERCS), closes the case on RGS, and sends the case to Centralized Case Processing (CCP) for processing.
6. Tax Examiners in CCP use the Form 5344 and RGS to input the case closing information onto AIMS.
7. AIMS data is validated by the Detroit Computing Center (DCC), as well as by Examination Management Information System (MIS) (Examination Planning and Delivery).
8. AIMS data is converted into a user-friendly database (A-CIS “AIMS-Centralized Information System”).
9. Approved employees query the A-CIS database to obtain electronic reports of AIMS closures.
10. SB/SE Correspondence Exam and W&I Campus Correspondence Exam
11. Closing document is prepared and entered into the AIMS database.
12. DCC generates monthly AIMS report files and makes this data available for electronic access by approved employees.
13. AIMS data is converted into user-friendly database (A-CIS).
14. Approved employees query A-CIS database (AIMS data) to obtain electronic report of AIMS closures.

**Management Controls for items on Critical Path:**

SB/SE Field/Office and LMSB: :

Closures –

1. Case closing documents are reviewed for accuracy by managers before closing from the group and during sample reviews by quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

SB/SE and W&I Campus Correspondence Exam:

AIMS Closures –

1. Case closing documents are reviewed for accuracy during sample reviews by managers and quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE &amp; MIDSIZE BUSINESS</b>
Measure Name	Examination Coverage Business (Corps>10 Million)
Type of Measure	Business Result – Quantity-Outcome
Program Category Related Strategic Goal	1. Tax Reporting Compliance 2. Enhance Enforcement of Tax Law
Responsible Official	Director, Performance, Quality and Assistance
Definition	LMSB "customer base" returns, examined and closed by LMSB during the current Fiscal Year, divided by Filings for the preceding calendar year.
a. Reporting Level (s) b. Report Data Source c. Reports	a. The calculation is made at the LMSB level. b. AIMS CCDB and Document 6186 c. c) Results are reported in the Business Performance Summary.
Formula/Methodology	See computation description below.
Data Source/ Measurement Tools	The number of returns examined and closed during the Fiscal Year is from the Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application). Filings are from Document 6186, which is issued by the Office of Research, Analysis and Statistics. Partnership filings are computed in a special run by Research, when they create the Document 6186.
Reliability of Data	Reasonable Accuracy – the AIMS reporting system contains programming to eliminate potential multiple counting of multiple closures of the same return (e.g. – a return closes from Exam to Appeals, is returned to Exam for further work and then is closed from Exam a second time). The processing of closed cases is integrated with the AIMS reporting system. In addition, periodic manual inventory validations are conducted to ensure, among other things; returns that have physically closed from the examination process have been closed on the AIMS system.
Frequency of Data Availability/Reporting	The calculation is made at the end of the current Fiscal Year, after the year end AIMS closed case database is received.

**Purpose of Measure:** We have found that increasing the number of examinations has a positive effect on voluntary compliance. We set goals in a wide variety of return classes and track how many examinations have been completed. We compute Audit Coverage to determine how we are impacting on the entire filing population of LMSB type taxpayers.

**Data Limitations:** The data accurately reflects the inventory of LMSB returns examined and closed. The examiner cannot charge time to a return if it is not on AIMS. All LMSB closed records are reflected in the A-CIS AIMS Closed Case Database that is used to compute the results for this measure. Document 6186 is an accurate count of the return filings for the calendar year in each return class.

**Calculation Changes:** None.

**Complete Description of the Process:** Customer Base Returns:

LMSB coverage is computed only on returns in the LMSB Customer Base. The Customer Base consists of returns with assets of \$10M or more. They include only returns examined by LMSB; returns may be either examined in the IC or CIC Programs.

Corporations: Coverage is computed only on those with assets of \$10M and over; so we must identify by asset class.

Partnerships: The assumption is that all partnerships audited in LMSB are \$10M and over. Partnership return classes are not synonymous with asset size and cannot easily be identified by asset size. An assumption is, therefore, made that all partnerships examined in LMSB are LMSB returns.

Sub S Corps: Coverage is computed only on those with assets of \$10M and over; so we must identify by asset class.

Individual returns and other return categories (employment tax, fiduciary, etc.), Corporations with assets < \$10M: These entities are not considered in the LMSB coverage computation because they are not in the LMSB Customer Base—but they do count toward LMSB accomplishments and they are reflected in the Workplan. These returns are examined solely as related to an LMSB Customer Base return. (In FY05 that is approx. 25 percent of the projected closures). For example, an SBSE return closed in LMSB gets counted for LMSB accomplishments; but does not get counted for purposes of computing LMSB coverage.

Certain returns such as corporations with no asset balance sheets or 1120Fs may be part of the LMSB customer base. However, they are not included because the number examined is not significant and/or it is simply not possible to distinguish which ones are a part of the Customer Base and which ones are simply related examinations.

Filings Number: This number is updated annually by the Office of Research, Analysis, and Statistics in Document 6186. The document provides return filings by type and asset class. Each year the document provides actual filings for the previous calendar year and estimated filings for 8 out years. Only those filings in the LMSB coverage classes are used. It is important to keep in mind that since these are estimates they may vary from year to year.

When the LMSB coverage numbers are matched to the high level planning charts, they won't match because the high level planning charts compute program results rather than closures by asset class. Therefore, subsidiary charts to the high level charts must be used to determine return closures by asset class.

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Basic formula: Closures for the current fiscal year divided by Filings for the preceding calendar year = Coverage Rate

Example: Coverage in LMSB Classes for FY05

LMSB Classes	FY 05 Coverage	Projected Closures/2004 Filings
All corp. coverage (IC/CIC)> \$10M	16.3%	8,950 closures/55,000 filings= 16.3%
Corp. \$10M & < \$250M	12.2%	5,388 closures/44,300 filings= 12.2%
All coverage \$10M & > includes Partnerships & S Corp \$10M and over	7.1%	11,897 closures/167,300 filings= 7.1%

When looking at what impacts coverage, consider the following:

If filings go up and FTE stays the same, coverage would be expected to decrease assuming no change in productivity or return mix.

If filings go up and FTE goes up, coverage would be expected to stay the same assuming no change in productivity or return mix.

If filings go up and FTE goes down, coverage would be expected to decrease assuming no change in productivity or return mix.



If filings go down and FTE stays the same, coverage would be expected to increase assuming no change in return mix.  
If filings go down and FTE goes up, coverage goes up, down or stays the same.

**Critical Path:**

- The Revenue Agent completes the examination and turns the case file in to the Team Manager.
- The Team Manager reviews the case file and passes it on to the Team Secretary for closing.
- The Team Secretary determines that the closing documents are complete and accurate and sends the case on the Examination Support Unit (ESP) for processing.
- Tax Examiners in ESP enter data (disposal code) into ERCS (Memphis) using Form 5344.
- LMSB picks closing codes and downloads data dump to (A-CIS) Access database (Atlanta server).
- The A-CIS Coordinator (an SBSE employee in Plantation, FL) uploads to A-CIS, and sends email to BODs to inform that data is available.
- (LMSB Analyst - Chicago) downloads LMSB version of data.
- (LMSB Analyst - Chicago) populates his spreadsheet, and provides data to OPD.

The AIMS Closed Case Database is used. The raw AIMS data moves from the Detroit Data Center to the A-CIS program and is converted to an Access database format. Document 6186 is procured from the Office of Research, Analysis and Statistics and used with the AIMS data on closings.

**Management Controls for items on critical path** The data is not released to (ACIS Coordinator - Plantation, FL) to create the A-CIS database files for the month, until the validity checks are completed.

- Examination Support & Processing (ESP) group (SBSE) validates data on AIMS (Detroit server) and makes necessary correction.
- LMSB picks closing codes and downloads data down to (A-CIS) Access database (Atlanta server). Charles Johnson (Plantation, FL) validates data, uploads to A-CIS.
- (LMSB - Chicago) downloads LMSB version of data and performs data validation before providing data to CPP.
- The information is Document 6186 is validated by the Office of Research, Analysis and Statistics before it is released.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE &amp; MIDSIZE BUSINESS (LMSB)</b>
Measure Name	Cycle Time for Large Corporation (Overall Cycle Time – LMSB) (Exam Timeliness (CIC and Industry combined) (months) – (Update 7-07)
Type of Measure	Balanced Measure-Output/workload
Program Category Related Strategic Goal	1. Tax Reporting Compliance 2. Service to All Taxpayers
Responsible Official	Chief, Performance, Quality & Assistance
Definition	Average number of months between return filing date (TC150 Date) and the date the examination is closed (goes to Status Code 80 and above on AIMS). It is computed on a rolling 12 months period for all LMSB return closures.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Operating Division b. AIMS Closed Case Database c. Monthly Business Performance Summary
Formula/Methodology	For each return closed in LMSB, the number of days between the date the return was filed (the TC150 Date) and the date that the return closed from the examination process during the past 12 months (went to Status Code of 80 or higher on AIMS) is computed. The days are converted to months and then averaged.
Data Source/ Measurement Tools	AIMS Closed Case Database (CCDB) -accessed via A-CIS (an MS Access application).
Reliability of Data	Reasonable Accuracy – the AIMS reporting system contains programming to eliminate potential multiple counting of multiple closures of the same return(e.g. -a return closes from Exam to Appeals, is returned for further work and then is closed from Exam a second time). The processing of closed cases is integrated with the AIMS reporting system. In addition, periodic manual inventory validations are conducted to ensure, among other things, returns that have physically closed from the examination process have been closed on the AIMS system.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** The purpose of this measure is to assess the business unit's performance against its stated mission of completing examinations in a timely fashion. We have found that there is a direct relationship between such timely completions and taxpayer satisfaction with the examination process.

**Data Limitations:** The only limitations on the data relate to the accuracy and timeliness of the data that is input into the AIMS system. The AIMS system has sufficient internal checks and balances to assure that examination closure updates are made accurately. What the internal checks and balances cannot control is operator error during the input process or a delay in entering the information. Such an error could cause the closure date to be inaccurate. We have found such errors to be very rare. The guidance and direction given by upper management to first line managers is that the first line managers should review their individual work group data tables at the beginning of each month. The managerial review should firstly insure that the data table information is accurate and secondly correct any errors as soon as possible. The use of this procedure will assure that system input errors are corrected in a timely manner.

**Calculation Changes: None**

**Complete Description of the Process(s) measure originates from:**

1. The Revenue Agent completes the examination and turns the case file in to the Team Manager.
2. The Team Manager reviews the case file and passes it on to the Team Secretary for closing.
3. The Team Secretary determines that the closing documents are complete and accurate and sends the case on to the Centralized Case Processing Unit (CCP) for processing.
4. Tax Examiners in CCP enter data (including the disposal code and date) into ERCS (Memphis) using Form 5344.
5. LMSB picks closing codes and downloads data dump to (A-CIS) Access database (Atlanta server).
6. The A-CIS Coordinator (an SBSE employee in Plantation, FL) uploads to A-CIS, and sends email to BODs to inform that data is available.
7. (LMSB Analyst - Chicago) downloads LMSB version of data.
8. (LMSB Analyst - Chicago) makes the Cycle Time calculations, populates his spreadsheet, and provides data to OPD.

The AIMS Closed Case Database is used. The raw data moves from the Detroit Data Center to the A-CIS program and is converted to an Access database format.

**Management Controls for items on critical path:**

1. The data is not released to (LMSB Analyst - Plantation, FL) to create the A-CIS database files for the month, until the validity checks are completed.
2. Centralized Case Processing (CCP) group (SBSE) validates data on AIMS (Detroit server) and makes necessary correction.
3. LMSB picks closing codes and downloads data down to (A-CIS) Access database (Atlanta server). Charles Johnson (Plantation, FL) validates data, uploads to A-CIS.
4. (LMSB - Chicago) downloads LMSB version of data and performs data validation before providing data to OPD. The Cycle Time calculations are made on all Closed returns that meet the Large Corporations definition. The Analyst's first and second level managers review the calculations for accuracy, before the report is sent forward.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED AND LARGE &amp; MID-SIZE BUSINESS FIELD EXAMINATION</b>
Measure Name	Field and Office Examinations Closed per FTE--(Individual Only)—Replaced by Examination Efficiency Individual
Type of Measure	Balanced Measure— Business Results—Efficiency--PART—Outcome
Program Category Related Strategic Goal	1. Field Exam 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SBSE and LMSB Directors, Field Examination
Definition	The sum of all individual returns closed by SB/SE and LMSB (Field and Office Exam) divided by the total staff years expended in relation to those individual. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AIMS Database
Formula/Methodology	<p><b><u>The formula is as follows:</u></b></p> <p><b><u>NUMERATOR:</u></b> The sum total of the following equation: <b>LMSB for Individuals Returns:</b> The sum total of the number of closures on the AIMS CCDB for LMSB (AIMS-BOD-COD="3") for the period with Activity Codes 530 through and including 543. <b>SB/SE Field and Office Examination:</b> Individual returns closed by SB/SE Areas during the period. The sum total of the number of closures on the AIMS Closed Case Database (CCDB) for SB/SE [AIMS-BOD-COD = "2"] for the period with Activity Codes 530 through 543 for Revenue Agent [EMPLOYEE-TYPE-CD = 1], TA/TCO [EMPLOYEE-TYPE-CD = 2], TE [EMPLOYEE-TYPE-CD = 9] and ROE [EMPLOYEE-TYPE-CD = 6].</p> <p><b><u>DENOMINATOR:</u></b> The sum total of the following equation: <b>SB/SE Field/Office Exam: Individual FTE's (requires allocation of Individual FTE from Total FTE based on Direct Exam Staff Years (DESYs) realized – requires use of both</b></p>

	<p><b>Exam’s time reporting system, Summary Exam Time Transmittal System, (SETTS) and the Integrated Financial System (IFS):</b></p> <ul style="list-style-type: none"> <li>• <b>Step 1:</b> <i>Determine DESYs applied to individual returns:</i> Utilize the AIMS SETTS Database to generate the DESY Report for the period as follows: Category - All Returns; Set query to include only those returns in Activity Codes 530-543 = Total Individual Return DESY’s applied during the period;</li> <li>• <b>Step 2:</b> <i>Determine DESYs applied to all return types:</i> Generate the same report as in Step 1, except <u>do not</u> limit returns to Activity Codes 530-543 and do not exclude position code 213 = DESYs from all return types generated during the period;</li> <li>• <b>Step 3:</b> <i>Determine the ratio needed to allocate the FTE realized on individual returns:</i> Divide the “Total Ret Exam Act “ result in Step 1 (Individual DESY) by the “Total Ret Exam Act” line item (DESY from all return types) on the DESY Report generated in Step 2;</li> <li>• <b>Step 4:</b> <i>Secure Total PAC 7G FTE Information from Strategy and Finance, Office of Budget Execution and Financial Planning Development (Budget):</i> Budget extracts the Total PAC 7G FTE from IFS; IFS obtains this information from the National Finance Center (NFC) through the Automated Interface with the National Finance Center (AINFC) system. The Total PAC 7G FTE includes all FTE’s realized by each of the employment categories for several different operating divisions (i.e. SB/SE, LMSB);</li> <li>• <b>Step 5:</b> <i>Multiply the ratio calculated in Step 3 by the Total PAC 7G FTE secured from Budget in Step 4 to determine the Field Exam Individual FTE.</i></li> </ul> <p>• <b>PLUS</b>  <b>PLUS</b>  <b>LMSB for Individuals Return FTEs:</b> LMSB only has Revenue Agent and Ogden Campus overhead time.</p>
Data Source/ Measurement Tools	<p><b>NUMERATOR:</b>  The sum of all individual returns closed will be extracted as follows:  <b>SB/SE Field and Office Examination:</b> AIMS SB/SE Closed Case Database (CCDB) (Activity Code 530 – 543).  <b>LMSB for Individuals Only:</b> The sum total of the number of closures on the AIMS CCDB for LMSB (AIMS-BOD-COD="3") for the period with Activity Codes 530 through and including 543.</p>

	<p><b><u>DENOMINATOR:</u></b>  The sum of all FTE's for the individual return programs will be extracted as follows:  <b>SB/SE Field and Office Examination:</b> AIMS Summary Exam Time Transmittal System (SETTS) Database; Integrated Financial System (IFS)..  <b>LMSB FTE in relation to Individual returns only: Integrated Financial System (IFS); AIMS SETTS Database. Calculations made the same as SBSE.</b></p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure demonstrates how efficiently resources are expended within SB/SE and LMSB in closing individual returns.

**Data Limitations:** MIS will not provide an allocation of Field Exam Individual (IMF) FTE. This allocation will be prepared manually. Due to the insignificant number of BMF closures by that function, no allocation is being prepared between the IMF and BMF FTE.

**Calculation Changes:** None.

**Complete Description of the Process: SB/SE Field/Office Exam:** Closures: When individual return examinations (Activity Codes 530-543) are completed, a case-closing document (Form 5344, Examination Closing Record) is completed for each return examined (by the examiner or systemically by the Report Generation Software (RGS)). The closing document contains such data as, type of return, tax year examined, disposal code, amount of additional tax assessment recommended, number of hours spent on the examination, etc. The closing document is either manually or systemically entered into the AIMS database. The Detroit Computing Center (DCC) generates AIMS files reporting cumulative data for the fiscal year. This data is validated and converted into a database. The database reports are used to monitor and report the number of examination return closures. Time (SETTS): Examiners complete a Form 4502, Examination Technical Time Report, to record the time charged on each exam. The time on the 4502 is input onto the Examination Returns Control System (ERCS). At the end of the cycle, ERCS uploads the data onto the Summary Exam Time Transmittal System (SETTS) database, which provides data on a monthly basis on direct and overhead time applied. Time (IFS): On a bi-weekly basis, examiners complete a Form 3081, Employee Time Report, to account for all time for time and attendance purposes (i.e. Payroll). All information and time reporting per the Form 3081 is input to the Single Entry Time Reporting (SETR) system. After validation, the information is transmitted to the National Finance



Center (NFC); this is done on a bi-weekly basis. Through an interface system, Automated Interface with the National Finance Center (AINFC), payroll information for IRS employees is transmitted from the NFC to the Integrated Financial System (IFS). The AINFC process is run every two weeks; this produces the FTE Extract File.

**LMSB FTE in relation to Individual returns only: All LMSB exams are conducted by Revenue Agents and are closed by the Ogden Campus.**

**Critical Path:**

SB/SE Field/Office Exam:

Closures –

1. The Revenue Agent/Tax Compliance Examiner/Tax Examiner completes the examination and inputs the results to the Report Generation Software (RGS) which produces a Form 5344, Examination Closing Record.
2. The Revenue Agent/Tax Compliance Examiner/Tax Examiner then turns the case file in to the Group Manager.
3. The Group Manager reviews the case file for completeness and accuracy and closes the case on RGS.
4. The Group Manager passes the case to the Group Secretary for closing.
5. The Group Secretary inputs the Form 5344 data onto the Examination Returns Control System (ERCS) closes the case on RGS, and sends the case to Centralized Case Processing (CCP) for processing.
6. Tax Examiners in CCP use the Form 5344 and RGS to input the case closing information onto AIMS.
7. AIMS files are created by the Detroit Computing Center (“DCC”) and validated by the Exam MIS section.
8. AIMS data is converted into a user-friendly database (A-CIS – AIMS-Centralized Information System).
9. Approved employees query the A-CIS database to obtain electronic reports of AIMS closures

Time (SETTS) –

1. The Examiner completes Form 4502, Examination Technical Time Report, on a monthly basis.
2. The Examiner submits Form 4502 to group secretary.
3. The Group Secretary inputs Form 4502 information onto ERCS.
4. At the end of the cycle, ERCS data is uploaded to the National SETTS database.
5. SETTS data is validated by the DCC.
6. SETTS data is converted into a user-friendly database (A-CIS – AIMS-Centralized Information System).
7. Approved employees query A-CIS database to obtain electronic reports of AIMS closures.

Time (IFS) –

1. The Examiner completes Form 3081, Employee Time Report, on a biweekly basis.
2. The Examiner submits Form 3081 to the group manager for review and approval.
3. The Group Manager submits the Form 3081 to the group secretary.
4. The Group Secretary inputs Form 3081 information onto the Single-Entry Time Reporting System (SETR); on completion of input, the secretary validates the accuracy of the information input via a systemic validation process.
5. Through a series of processing programs that subsequently validate and tally this information, a transmission file is created that is compatible with the National Finance Center (NFC) requirements for time and attendance records. All employee records are transmitted to the NFC in a single batch transmission.
6. The Automated Interface with the National Finance Center (AINFC), a payroll interface system, takes payroll information for IRS employees from the NFC and formats the information for IFS. This process is run bi-weekly. AINFC produces the FTE Extract File.
7. Approved employees query IFS to obtain information from the FTE Extract File.

**LMSB in relation to Individual returns only: All LMSB exams are conducted by Revenue Agents and are closed by the Ogden Campus.**

**Management Controls for items on Critical Path:**

SB/SE Field/Office:

Closures -

1. Case closing documents are reviewed for accuracy by managers before closing from the group and during sample reviews by quality reviewers.
2. AIMS data is validated prior to distribution.
3. Queries used to retrieve data are reviewed for thoroughness and accuracy.
4. Time (SETTS) –
5. The Group Manager reviews Form 4502, Examination Technical Time Report, for accuracy and appropriate time charges.
6. The Area ERCS Coordinator uploads Area data to the National SETTS database which runs a validation on the data.
7. The Area ERCS Coordinator then uploads data onto the DCC database.
8. DCC runs a validity check on the data, which is processed for Table 37.
9. Headquarters ERCS staff runs a final validity check on the data before forwarding it to A-CIS.

Time (IFS) –

1. The Group Manager reviews Form 3081, Employee Time Report, prior to input to verify that time is appropriately charged.
2. The Group Secretary inputs Form 3081 to SETR and runs a systemic validation on data input.
3. SETR generates a series of processing programs to validate this information and creates a transmission file that is compatible with the National Finance Center (NFC) requirements.
4. The Automated Interface with the National Finance Center (AINFC) system takes payroll information from the NFC and formats the information for the Integrated Financial System (IFS).

**LMSB in relation to Individual returns only:** LMSB has the same management controls as SBSE does.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED AND WAGE &amp; INVESTMENT COMPLIANCE SERVICES, AUTOMATED UNDERREPORTER (AUR) (FUNCTIONAL AREA 7E)</b>
Measure Name	Automated Underreporter (AUR) Efficiency (AUR Cases Closed per Staff Year) – (a.k.a. AUR Program Efficiency)(a.k.a. Document Matching Per FTE)
Type of Measure	Balanced Measure—Business Results—Efficiency--Budget Level—Outcome (Rev. 5-2006)
Program Category Related Strategic Goal	1. Automated Underreporter 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SB/SE and W&I Directors, Compliance Services.
Definition	The sum of all individual returns closed by AUR in SB/SE and W&I divided by the Total staff years expended in relation to those individual returns. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AUR MISTLE
Formula/Methodology	<u>NUMERATOR:</u> <b>SB/SE AUR:</b> <u>The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three SB/SE Campuses.</u> To compute the total number of current year closures: <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the ‘TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)’ line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the ‘TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)’ line to get the current total number of closures for the Fiscal Year;</li> </ul> <b>W&amp;I AUR:</b> <u>The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three W&amp;I Campuses.</u> To compute the total number of current year closures: <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the ‘TOTAL ALL CLOSURES (11-15, 18,</li> </ul>

	<p>20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line for each of the tax years the sites are working during the Fiscal Year;</p> <ul style="list-style-type: none"> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><b>Divided by</b>  <u>DENOMINATOR:</u>  <b>SB/SE AUR:</b> Staff Years: Staff years will be provided by Finance from the Work Planning and Control (WP&amp;C) database.  <b>W&amp;I AUR:</b> Staff Years: Staff years will be provided by Finance from the WP&amp;C database.</p>
Data Source/ Measurement Tools	<p><u>NUMERATOR:</u>  The sum of all individual returns closed will be extracted as follows:  <b>SB/SE AUR:</b> AUR MISTLE Report  <b>W&amp;I AUR:</b> AUR MISTLE Report</p> <p><u>DENOMINATOR:</u>  The sum of all Staff Years for the individual return programs will be extracted as follows:  <b>SB/SE AUR:</b> Staff years will be provided by Finance from the Work Planning and Control (WP&amp;C) database.  <b>W&amp;I AUR:</b> Staff years will be provided by Finance from WP&amp;C database.</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure demonstrates how efficiently resources are expended within SB/SE and W&I in closing individual returns.

**Data Limitations:** No Significant limitations

**Calculation Changes:** None.

**Complete Description of the Process:**

**SB/SE AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Efficiency Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral. Time: Examiners complete Form 3081 to record time charged to each program code. The Form 3081 is input onto the WP&C system, which is extracted into a Resource Allocation Report.

**W&I AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Efficiency Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral. Time: Examiners complete Form 3081 to record time charged to each program code. The Form 3081 is input onto the WP&C system, which is extracted into a Resource Allocation Report.

**Critical Path:****SB/SE AUR:**

Closures –

Case opened in AUR.

1. Corresponding return secured.
2. Manual review performed in an attempt to uncover system identified discrepancies on the return.
3. If after review the discrepancy(ies) remains unaccounted for, a notice that details the discrepancy (is) is issued to the taxpayer(s).
4. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
5. If so, the examiner closes the case by inputting the appropriate process code on AUR.
6. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.

7. Process codes are input onto AUR Control System to document specific actions taken during the exam.
8. Data on the AUR Control System is used to populate MISTLE reports.

Time –

1. Examiner completes Form 3081 with time charges to the Program Code being worked.
2. Examiner submits Form 3081 to Manager.
3. Manager inputs Form 3081 onto the WP&C.
4. WP&C data is extracted into Resource Allocation Report.

### **W&I AUR:**

Closures –

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If after review the discrepancy(ies) remains unaccounted for, a notice that details the discrepancy(ies) is issued to the taxpayer(s).
5. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
6. If so, the examiner closes the case by inputting the appropriate process code on AUR.
7. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
8. Process codes are input onto AUR Control System to document specific actions taken during the exam.
9. Data on the AUR Control System is used to populate MISTLE reports.

Time –

1. Examiner completes Form 3081 with time charges to the Program Code being worked.
2. Examiner submits Form 3081 to Manager.
3. Manager inputs Form 3081 onto the WP&C.
4. WP&C data is extracted into Resource Allocation Report.

## **Management Controls for items on Critical Path:**

### **SB/SE AUR:**

Closures –

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE Reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

Time -

1. Managers review Form 3081 prior to input to verify that time is appropriately charged.
2. WP&C monitored to ensure appropriate time usage.

### **W&I AUR:**

Closures –

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE Reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

Time -

1. Managers review Form 3081 prior to input to verify that time is appropriately charged.
2. WP&C monitored to ensure appropriate time usage.

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	<b>DESCRIPTION—FY06</b>
Operating Division (s)	<b>SMALL BUSINESS/SELF EMPLOYED AND WAGE &amp; INVESTMENT COMPLIANCE SERVICES, AUTOMATED UNDERREPORTER (AUR) (FUNCTIONAL AREA 7E)</b>
Measure Name	Automated Underreporter (AUR) Program Coverage
Type of Measure	Balanced Measure—Business Results-Quantity-Budget Level (Rev. 5-2006)
Category Program Related Strategic Goal	1. Automated Underreporter 2. Enhance Enforcement of the Tax Law
Responsible Official	Owners: SB/SE and W&I Directors, Compliance Services.
Definition	The sum of all individual returns closed, by SB/SE and W&I AUR divided by the total individual return filings for the prior calendar year. Effective: 10/2006
a. Reporting Level (s) b. Report Data Source c. Reports	a. Enterprise b. AUR MISTLE
Formula/Methodology	<p><b><u>Formula is as follows:</u></b></p> <p><b><u>NUMERATOR:</u></b></p> <p><b>SB/SE AUR contacts counted as:</b> The total number of current year closures of Automated Underreporter cases, from AUR MISTLE for all three SB/SE Campuses. To compute the total number of current year closures:</p> <ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><b>W&amp;I AUR contacts counted as:</b> The total number of current year closures of Automated Underreporter cases, from AUR MISTLE, for all three W&amp;I Campuses. To compute the total number of current year closures:</p>

	<ul style="list-style-type: none"> <li>• use the last MISTLE of the month figure from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line for each of the tax years the sites are working during the Fiscal Year;</li> <li>• subtract this amount from the last MISTLE date of the previous Fiscal Year from the 'TOTAL ALL CLOSURES (11-15, 18, 20-29, 35-53, 62-69, 70-74, 80, 82-89, 90-94, 96)' line to get the current total number of closures for the Fiscal Year;</li> </ul> <p><u>DENOMINATOR:</u> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Data Source/ Measurement Tools	<p><u>NUMERATOR:</u> The sum of all individual returns closed will be extracted as follows: <b>SB/SE AUR:</b> AUR MISTLE Report <b>W&amp;I AUR:</b> AUR MISTLE Report</p> <p><u>DENOMINATOR:</u> The source for the total individual return filings for the prior calendar year is the Office of Research Projections of return filings as shown in IRS Document 6187 (Table 1A ).</p>
Reliability of Data	Reasonably accurate
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** This measure is an indication of the number of individual income tax returns examined by SB/SE Field and Campus operations along with W&I Campus Operations. Maintaining a presence through AUR coverage is a cornerstone of our voluntary compliance system.

**Data Limitations:** No significant limitations.

**Calculation Changes:** None.

**Complete Description of the Process:**

**SB/SE AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the

reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Coverage Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral.

**W&I AUR:** Each case initiated in Automated Underreporter (AUR) results in a closure either in the pre-notice or notice phases. All closing actions are posted on the AUR system through the use of unique process codes that describe the reason and type of closure. Pre-notice closures (no taxpayer contact) include but are not limited to screenouts (discrepancy accounted for on the return), transfers and referrals. Pre-notice closures are included in the Coverage Measure numerator. Notice phase closures can be posted at the CP2501, CP2000 or Statutory phases. Tax examiners evaluate taxpayer/practitioner responses to the notice and close cases using process codes that denote the respondent's full or partial agreement or disagreement, no change to the original tax liability, transfer or referral.

**Critical Path:**

**SB/SE AUR:**

Closures -

1. Case opened in AUR.
2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If a discrepancy (ies) is accounted for, case is closed without further action. Appropriate closing process code is input to AUR. These closures are not included in the Coverage measure numerator.
5. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy(ies) is issued to the taxpayer(s).
6. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
7. If so, the examiner closes the case by inputting the appropriate process code on AUR.
8. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
9. Process codes are input onto AUR Control System to document specific actions taken during the exam.
10. Data on the AUR Control System is used to populate MISTLE reports.

**W&I AUR:**

Closures -

1. Case opened in AUR.

2. Corresponding return secured.
3. Manual review performed in an attempt to uncover system identified discrepancies on the return.
4. If a discrepancy (ies) is accounted for, the case is closed without further action. Appropriate closing process code is input to AUR.
5. If after review the discrepancy (ies) remains unaccounted for, a notice that details the discrepancy (ies) is issued to the taxpayer(s).
6. Tax examiners evaluate the responses to determine if the case can be closed based on the information provided.
7. If so, the examiner closes the case by inputting the appropriate process code on AUR Control System.
8. If not, a subsequent or recomputed notice is issued to the taxpayer/practitioner until the case can be closed.
9. Process codes are input onto AUR Control System to document specific actions taken during the inspection.
10. Data on the AUR Control System is used to populate MISTLE reports.

**Management Controls for items on Critical Path:**

**SB/SE AUR:**

Closures-

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

**W&I AUR:**

Closures-

1. AUR run controls are reviewed to see if the weekend processing has been completed and are accurate.
2. MISTLE reports are reviewed with other AUR reports to see if processing has been completed and are accurate.
3. MISTLE reports are reviewed to see if information is complete and accurate.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>RESEARCH, ANALYSIS AND STATISTICS OF INCOME (RAS)</b>
Measure Name	Improve Voluntary Compliance
Type of Measure	Balanced Measure-Enterprise Long Term Goal
Program Category	1. Research
Related Strategic Goal	2. Enhance Enforcement of the Tax Law
Responsible Official	Research, Analysis and Statistics of Income (RAS)
Definition	An estimate of the percentage of true tax liability (across all types of tax) for a given tax year that taxpayers pay voluntarily and timely.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Corporate b. NRP, operational audits, and other compliance studies c. Research reports
Formula/Methodology	<p>The <b>Voluntary Compliance Rate (VCR)</b>, which is the estimated amount of tax for a given tax year that is paid voluntarily and timely, expressed as a percentage of the corresponding estimate of true tax liability for that tax year. This compliance rate reflects the impact of nonfiling, underreporting, and underpayment combined.</p> $\text{VCR} = \frac{\text{Tax Paid Voluntarily and Timely}}{\text{Estimated True Tax Liability}} \times 100\%$ <p><b>Baseline:</b> Current estimate of the Tax Year 2001 VCR for all types of tax combined is <b>83.7%</b>.</p>

<p>Data Source/ Measurement Tools</p>	<p><u>Numerator</u>: Generally observed on the IRS Master Files, though there is currently no system that separates timely payments from all late payments, so the timely portion must be estimated.</p> <p><u>Denominator</u>: This is the numerator plus an estimate of the gross tax gap. The gross tax gap consists of the nonfiling gap, the underreporting gap, and the underpayment gap for each type of tax separately.</p> <p><i>Nonfiling Gap</i>: This is currently estimated only for individual income tax (using Census data), and for estate and gift tax (using external mortality data).</p> <p><i>Underreporting Gap</i>: This has been estimated for each type of tax except excise taxes, and is generally based on either random audits or on operational audits.</p> <p><i>Underpayment Gap</i>: This is generally observed and tabulated from the IRS Master Files on a regular basis.</p>
<p>Reliability of Data</p>	<p>Varies widely across the tax gap components, but even the thorough NRP audits do not detect all noncompliance, so the tax gap estimates include estimates of unreported income that is not detected by the audits. Also, some components (e.g., nonfiling gap for several types of tax) have never been estimated yet. Furthermore, nonfiling and underreporting gap estimates for a given tax year inherently take several years from the year in question before they can be developed, and we don't have the resources to conduct the necessary studies every year.</p> <p>To the extent possible, we will reflect the uncertainty in the estimates as ranges. It is likely that these ranges of uncertainty will be much larger than the several percentage points of improvement we seek in the VCR. That means that <i>in any given year, we probably won't be certain whether we have reached the goal</i>. However, if a long-term (e.g., five-year) trend is generally consistent; we may be able to conclude that the change during that period was significant.</p>

<p>Frequency of Data Availability/Reporting</p>	<p>Annual estimates.</p> <p>The VCR will be estimated based on the latest data. However:</p> <ul style="list-style-type: none"> <li>▪ When new compliance data become available for a particular component (type of noncompliance, type of tax, and perhaps type of taxpayer), RAS will update the estimates of the corresponding tax gap.</li> <li>▪ The most recent estimates of all tax gap components will be projected to the current year assuming no change in VCR within a component since the year of the estimate. This means that <i>the estimate of the overall VCR in the current year will change from the prior year only to the extent that new compliance data have become available, or tax liabilities in the various components of the population grow at different rates.</i></li> </ul>
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**Purpose of Measure:** The purpose of this measure is to estimate the overall extent of tax compliance.

**Data Limitations:** Except for the bulk of the underpayment gap, this measure cannot be observed; it must be estimated. Where data exist, they are incomplete and infrequent, making estimation very difficult and the estimates subject to much uncertainty.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:**

The VCR is calculated as a byproduct of estimating the tax gap. Each component of the tax gap (nonfiling, underreporting, and underpayment) is estimated separately for each type of tax when it can be estimated. The underpayment gap is mostly observable, and the observable portion is tabulated from the Master File quarterly. The underreporting gap is based largely on audit data. Where possible, it is based on the results of random audits, which are representative of the population; where that is not possible, the estimates have been based on operational audits, making adjustments for their non-representative nature. The primary non-filing gap estimate is for individual income tax, and is based largely on Census data. All of these components have their own data sources and methodologies, and they are not updated at the same time or on a regular basis.

**Critical Path:** The tax gap (and therefore the VCR) is updated whenever new compliance data become available. Otherwise, the gap is projected from one year to the next proportional to the change in actual receipts for each major component separately, which implicitly assumes that the VCR is constant within each component. In that case, any change in the overall VCR is merely a reflection of a changing mix of receipts among the components.

**Management Controls for items on critical path:** When new compliance data become available, deadlines are set for the release of preliminary tax gap estimates, followed by subsequent deadlines for updated estimates.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>RESEARCH, ANALYSIS AND STATISTICS OF INCOME (RAS)</b>
Measure Name	Percent of Taxpayers Who State it is OK to Cheat on Their Taxes (Reduce the Percent of Taxpayers Who Think it is OK to Cheat on Their Taxes)
Type of Measure	Balanced Measure - Enterprise Long Term Goal - Outcome
Program Category Related Strategic Goal	1. Research 2. Enhance Enforcement of the Tax Law
Responsible Official	Research, Analysis and Statistics of Income (RAS)
Definition	The IRS Oversight Board prepares an Annual Taxpayer Attitude Survey. One of their questions relating to the attitude about compliance is the following:  <i>“How much, if any, do you think is an acceptable amount to cheat on your income taxes”?</i>
a. Reporting Level (s) b. Report Data Source c. Reports	a. Corporate b. Telephone Survey c. IRS Oversight Board Annual Taxpayer Attitude Survey Report
Formula/Methodology	<b>Methodology</b> Since 2002, the IRS Oversight Board has conducted an annual survey to gain deeper understanding of taxpayers’ attitudes. The Roper Organization telephone interviews are conducted via OmniTel, a weekly national telephone omnibus service of NOP World. The available responses to the survey question, <i>“How much, if any, do you think is an acceptable amount to cheat on your income taxes”?</i> are:  A little here and there As much as possible Or, not at all Not Known/Not Applicable  The first two categories are summed to determine the percent of taxpayers who think it is ok to cheat on their taxes.

	<p><b>Sample Size</b> - The sample for each week's OmniTel wave consists of 1,000 completed interviews, made up of male and female adults (in approximately equal number), all 18 years of age and over.</p> <p><b>Sampling Method</b> All interviews are conducted by telephone from three NOP World sites: New York, NY; Alamogordo, NM; and Rexburg, ID. Together, the three sites have a full-time capacity of 400 lines, and utilize an interviewing procedure known as CATI - Computer Assisted Telephone Interviewing. Interviewers have been professionally trained and are continuously monitored and supervised.</p> <p>Each OmniTel study is based on a random digit dialing (RDD) probability sample of all telephone households in the continental United States. The RDD sampling system is totally computer based and provides an equal probability of selection for each and every telephone household. Thus, the sample represents telephone households with both listed and unlisted phones in their proper proportions. All sample numbers selected by this procedure are subject to an original and at least four follow-up attempts to complete an interview.</p> <p>All data are entered and cleaned through the CATI system during the interviewing process. Thus, this process eliminates the editing and keypunch operations.</p>
Data Source/ Measurement Tools	The sample consists of 1,000 completed telephone interviews, made up of male and female adults (in approximately equal number), all 18 years of age and over.
Reliability of Data	<p><b>Weighting and Sample Reliability</b> All completed interviews are weighted to ensure accurate and reliable representation of the total population, 18 years and older. The raw data are weighted by a custom designed computer program which automatically develops a weighting factor for each respondent. This procedure employs five variables: age, sex, education, race and geographic region. Each interview is assigned a single weight derived from the relationship between the actual proportion of the population with its specific combination of age, sex, education, race and geographic characteristics and the proportion in our sample that week. Tabular results show both weighted and unweighted bases for these demographic variables. Because of the use of</p>

	rigid and replicable sampling, field, and weighting procedures, all OmniTel studies are parallel to one another. This affords the opportunity to draw trend comparisons, as well as point-in-time analysis.
Frequency of Data Availability/Reporting	Annual random digit dialing probability sample (telephone survey) of telephone households. An annual report of the survey results are prepared by the contractor and presented to the IRS Oversight Board.

**Purpose of Measure:** The purpose of this measure is to assess the public's attitude towards completing their taxes. Specifically, to gauge whether or not taxpayers feel it's ok to cheat on their taxes.

**Data Limitations:** The information is gathered from a sample of telephone households and is subject to sampling error as discussed under the Reliability of the Data Section.

**Calculation Changes:** None

**Complete Description of the Process(s) measure originates from:** N/A

**Critical Path:** N/A

**Management Controls for items on critical path:** N/A

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>LARGE AND MID-SIZE BUSINESS</b>
Measure Name	Examination Quality -Industry Cases (Exam Quality LMSB Industry)
Type of Measure	Business Results-Quality-Outcome
Program Category Related Strategic Goal	1. Post Filing Compliance Services 2. Enhance Enforcement of Tax Law
Responsible Official	Director, Performance, Quality and Innovation
Definition	Average of the percentage of Critical Elements that were passed on Industry cases reviewed.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Reports, broken out by industries, will be distributed down to Headquarters and Industry Directors b. LQMS
Formula/Methodology	A statistically valid random sample of Industry Cases is reviewed. A determination is made about whether each Critical Element has been passed or failed on each case.
Data Source/ Measurement Tools	The LMSB Quality Measurement System (LQMS) database is used. This is Microsoft Access database. The database is maintained by the LQMS Programmer in Chicago.
Reliability of Data	Reasonable Accuracy – a statistically valid random sample is used to select taxpayers to review. The Examination Records Control System (ERCS) database is used to identify the universe of taxpayers that will be reviewed. ERCS is a reasonably accurate source of data on closed cases.
Frequency of Data Availability/Reporting	Results are consolidated on a quarterly basis. The reported results are for the Fiscal Year to Date. The results are reported on a quarterly basis.

**Purpose of Measure:** Case Quality is a major component of Business Results. The LQMS reviews both determine overall success in the area of quality, but also identify specific areas of casework that are either very good (where we should then look for best practices) or weak (where we need to improve).

**Data Limitations:** The data accurately reflects the professional opinion of the LQMS Reviewer as to how successfully the case has met the Critical Elements. The Reviewers are all experienced examiners and have been trained as LQMS Reviewers. They have specific guidelines to assist them in making their determinations. The review teams conduct consistency meetings on a regular basis. This assists with the goal of having consistent determinations made on all cases reviewed.

**Calculation Changes:** Some changes have been made to the definitions of Critical Elements, and the number Elements reviewed, for the FY2003 Fiscal Year. LQMS was a new concept when LMSB stood up in FY2000. These changes were made to improve the efficiency of the review process.

**Complete Description of the Process(s) measure originates from:** Examination group closes the return to Case Processing and closing information is reported in ERCS. A random sample of closed returns is selected for review and the case files are sent to centralized review groups in Manhattan and Chicago. Quarterly, the review results are extracted and reports (both quarterly and 12-month rolling average) are prepared. Trends are identified and actions to improve results are recommended.

**Critical Path:**

- The examination is completed by the group and the case is closed by the ESP unit.
- The closing information flows into the ERCS Database.
- An LMSB Analyst in Manhattan runs an ERCS custom report from the ERCS Local Reports Menu on a daily basis. This report identifies all Industry returns closed by the Examination Teams to ESP on that date. The Analyst uses the report in a process that identifies a random sample of the closed returns.
- The Analyst contacts the ESP Groups that have control of the returns and directs them to send the case file to one of the LQMS Industry Review Groups. The groups are located in Manhattan and Chicago.
- The LQMS Industry Reviewers conduct the review of the case and enter their determinations into an input document. That information is rolled up the LQMS database.
- The Review Teams have regularly scheduled meetings to ensure that consistent determinations are made on similar cases.
- On a quarterly basis, the LQMS Programmer (a LMSB employee in Chicago) extracts the results for the reviews conducted in the quarter. He converts this into Fiscal Year to Date overall results for each Industry and DFO.
- A team of LQMS Managers and Analysts review the results and prepare a report covering the quarter's results. This report covers both all specific elements reviewed and the overall scores. Trends are identified and actions to improve results are recommended.
- The LMSB Analyst who prepares the tracking reports (in Chicago) receives the overall results from this team and enters the results into the various tracking reports.

**Management Controls for items on critical path:** There are controls and validity checks built into the ERCS database that ensure that it captures all closed cases. The LQMS Industry Review Team Managers regularly review the work being performed by the Reviewers. Each Review Group has two senior Review Team Leaders (GS-14 employees) and they are actively involved in overseeing the reviews being conducted by their team members.

The groups have regularly scheduled meetings at which consistent determinations on issues is reviewed by the entire group of Reviewers. The team of Managers and Analysts that prepare the quarterly reports are involved in reviewing the conclusions for mistakes and inconsistencies. The Industry LQMS Program Managers also performs reviews of the work processes in the Industry LQMS Groups.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAX EXEMPT/GOVERNMENT ENTITIES</b>
Measure Name	Employee Plans (EP) Compliance Rate
Type of Measure	Strategic Measure Business Results Quality Outcome Long-term
Program Category Related Strategic Goal	1. Examination 2. Enhance enforcement of the tax law.
Responsible Official	Employee Plans, Director, Examination
Definition	This measure provides an estimate of the voluntary compliance rate in the employee plans population, based on an ongoing, stratified risk assessment of the sector.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Employee Plans business unit b. Returns Inventory Classification System (RICS) compliance rate queries are run to determine the compliance rate for each Market Segment, which is then weighted based on that segment's share of the overall EP population. c. PART
Formula/Methodology	Risk assessment studies determine a change rate for each major segment in the EP population. A compliance rate is determined for each segment by computing the inverse of the change rate (100% - change rate). The overall compliance rate is the weighted-average compliance rate for all completed market segments, based on the relative number of EP filers in each segment.
Data Source/ Measurement Tools	RICS Queries are run for each Market Segment.
Reliability of Data	Reasonable Accuracy. RICS accesses the BIMF, which is fed by AIMS. AIMS is populated from the examination closing documents.
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** The research studies and resulting measure provide an estimate of the level of voluntary compliance among employee pension plans. The analysis further indicates pockets of non-compliance for future enforcement efforts.

**Data Limitations:** Because the estimate is based on a relatively small number of cases, it has a wide margin of error. Therefore, it is impossible to determine whether small variations in the estimated compliance rate reflect changes in underlying compliance behavior or are just a result of natural errors in the estimate.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** The Employee Plan population was subdivided based on industry and type of plan. Within each sub segment, a sample of returns was randomly drawn for examination. Selected returns are examined as described above. Based on the results of these examinations, a compliance rate (equivalent to the no-change rate) was determined for each sub segment. The rates for each sub segment are weighted by the number of plans of each type in order to estimate the overall compliance rate of the EP population.

**Critical Path:**

1. Market Segments were selected based on the business code of the sponsor.
2. Preliminary risk and reliability scores were assigned to each segment, based on prior examination experience.
3. Cases were randomly selected from each segment to be examined.
4. Cases were assigned to field agents, who audited the plans
5. When the examinations were done, the agent completed a closing document, which showed whether or not the plan was compliant.
6. The manager approves the closing document.
7. The tax examiner checks the closing document
8. The terminal operator inputs the information from the closing document onto IDRS, using command code AMCLOS
9. AIMS sends the statistics to both End of Day and Campus Reports
10. Campus Reports sends them to the Detroit Computer Center, where the fields go through a validation.
11. After all fields (selected by Management Program Analysts) in BSP are validated, then the data goes to BIMF.
12. The RICS Analyst queries the BIMF to determine the no-change (i.e., compliance) rate for each segment
13. A weighted average of all compliant examined plans is divided by the number of plans to calculate the overall compliance rate.



**Management Controls for items on critical path:**

1. Managers review the closing document
2. All cases are subject to random selection by Quality Review Staff
3. Tax Examiners check data on the closing document
4. Their work is subject to review by management.
5. DCC validates selected fields
6. A program analyst reviews the monthly AIMS and EPIC reports, comparing monthly time per case averages to prior periods to identify trends or processing errors.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAX EXEMPT/GOVERNMENT ENTITIES</b>
Measure Name	Employee Plans (EP) Enforcement Presence
Type of Measure	Strategic measure, Business Results Quantity, Output, Annual.
Program Category Related Strategic Goal	1. Examination 2. Enhance enforcement of the tax law.
Responsible Official	Employee Plans, Director, Examination
Definition	Enforcement Presence captures the percentage of all employee pension plans that had an enforcement contact with IRS during the year. It is equivalent in concept to audit coverage for individual or business taxpayers.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Employee Plans business unit b. AIMS, EPCU, BIMF, RICS c. PART
Formula/Methodology	Presence is equal to: (Number of unique EINs examined (per AIMS) + Number of EPCU contacts closed) divided by the number of Form 5500 series returns filed in the prior calendar year.
Data Source/ Measurement Tools	Returns Inventory Classification System (RICS) compliance rate queries are run from the BIMF to obtain the number of unique plans based on the nine-digit EIN plus the two-digit plan number. This count is the denominator of the enforcement presence percentage.  A second RICS query is run to obtain the number of unique plans examined. The number of EPCU compliance contacts closed is added to the number of examined plans, and that total becomes numerator.
Reliability of Data	Reasonable Accuracy. The RICS database for examined returns is fed by the AIMS system, which is populated from the examination closing documents. The BIMF database used for the universe of returns is based on the record of returns filed with the Department of Labor.

	Unknown Accuracy: The EPCU closings are tracked manually. They are currently designing a quality control system.
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** The research studies and resulting measure provide an estimate of the level of voluntary compliance among employee pension plans. The analysis further indicates pockets of non-compliance for future enforcement efforts.

**Data Limitations:** Because the estimate is based on a relatively small number of cases, it has a wide margin of error. Therefore, it is impossible to determine whether small variations in the estimated compliance rate reflect changes in underlying compliance behavior or are just a result of natural errors in the estimate.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** This measure describes two Employee Plan enforcement processes. The examination process is described above. In addition to these face-to-face audits, the EP Compliance Unit also conducts correspondence compliance checks with pension plan sponsors. These checks generally focus on specific issues identified through the Form 5500 filing, such as plan under funding, excess 401(k) deferrals, and prohibited transaction. Checks are resolved based on taxpayer responses and may result in subsequent enforcement activity if the identified issues cannot be resolved through correspondence.

**Critical Path:**

1. Market Segments were selected based on the business code of the sponsor.
2. Preliminary risk and reliability scores were assigned to each segment, based on prior examination experience.
3. Cases were randomly selected from each segment to be examined.
4. Cases were assigned to field agents, who audited the plans
5. When the examinations were done, the agent completed a closing document, which showed whether or not the plan was compliant.
6. The manager approves the closing document.
7. The tax examiner checks the closing document
8. The terminal operator inputs the information from the closing document onto IDRS, using command code AMCLOS

9. AIMS sends the statistics to both End of Day and Campus Reports
10. Campus Reports sends them to the Detroit Computer Center, where the fields go through a validation.
11. After all fields (selected by Management Program Analysts) in BSP are validated, then the data goes to BIMF.
12. The RICS Analyst queries the BIMF to determine the no-change (i.e., compliance) rate for each segment
13. A weighted average of all compliant examined plans is divided by the number of plans to calculate the overall compliance rate.

**Management Controls for items on critical path:**

1. Managers review the closing document
2. All cases are subject to random selection by Quality Review Staff
3. Tax Examiners check data on the closing document
4. Their work is subject to review by management.
5. DCC validates selected fields
6. A program analyst reviews the monthly AIMS and EPIC reports, comparing monthly time per case averages to prior periods to identify trends or processing errors.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAX EXEMPT/GOVERNMENT ENTITIES</b>
Measure Name	Percent Employee Plans (EP) Customer Compliance Requests Processed < 120 days
Type of Measure	Strategic measure, Business Results Quantity, Outcome, Long Term.
Program Category Related Strategic Goal	1. Regulatory Compliance 2. Improve Taxpayer Service
Responsible Official	Employee Plans, Director, Rulings and Agreements
Definition	Employee Plan customers may voluntary initiate two types of compliance reviews by the Service: determination applications and voluntary compliance applications. This measure tracks the timely processing (within 120 days) of those requests.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Employee Plans business unit b. Determinations – Employee Plans/Exempt Organizations Determination System (EDS) Voluntary Compliance – EPCRS (Employee Plans Compliance Resolution System) Research and Inventory Management (aka ERIM) c. PART
Formula/Methodology	Both functions utilize a “cycle time” measure to track the period for processing a case. This period is measured from the date an application for determination or a voluntary compliance request arrives at the Internal Revenue Service to the date of closure. This measure is the percentage of closed determination or voluntary compliance closures with cycle time of less than 120 days.  Certain cases are excluded from cycle time computations. These include determination cases put into a “suspense” status pending technical guidance, requests for opinion letters for pre-approved/lead plans, and Voluntary Compliance cases closed with a correction disposal code (i.e. cases put on the system by mistake).

Data Source/ Measurement Tools	<p>Determinations – EDS management information Table 8e.1 provides a detailed numerical breakdown of the cycle time calculation. All cases closed (except “suspense” cases) during a specified time period are included in the computation.</p> <p>Voluntary Compliance – an ERIM management information report (ERIM menu item 32) tracks all cases closed during a specified period. This report provides a detailed numerical breakdown of the computation.</p>
Reliability of Data	<p>Reasonable Accuracy – EDS and ERIM have programming to check for possible data errors. The Manager, EP Determinations and Manager, EP Voluntary Compliance take action to resolve these possible errors.</p>
Frequency of Data Availability/Reporting	Annual

**Purpose of Measure:** The measure provides a means to track the timeliness of EP’s response to customer-initiated compliance requests. Because these requests contribute to greater voluntary compliance, reducing the need for costly downstream enforcement, it is critical that EP responds to these requests in a timely fashion.

**Data Limitations:** None.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** Pension plan sponsors file a determination request to obtain a letter from IRS confirming the qualified status of their plans or a voluntary compliance request to inform IRSW of an inadvertent error and their plan for correcting it. Requests are reviewed to determine whether they meet the applicable criteria for the given case type. IRS may interact directly with the applicant to obtain additional information or correct any defects. Upon completion of the review process, the agent issues a letter to the sponsor indicating whether the plan is qualified for exemption (for determinations) or whether the proposed remedy is adequate to correct the identified deficiency (for VC requests).

**Critical Path:**

1. Determination case closed from EDS or Voluntary Compliance case closed from ERIM
2. EDS and ERIM programming calculates cycle time averages for all cases closed within a specified period
3. Respective management information tables generated at end of reporting period

**Management Controls for items on critical path:**

1. Management reviews of employee casework. Determinations and Voluntary Compliance managers check individual records of case activity to verify time span for case processing was appropriate for type of case and complexity of work performed. Managers indicate review by initializing case closing document and providing periodic feedback through a formal case review procedure.
2. Program analyst review of periodic EDS and ERIM inventory reports. Analyst compares monthly averages to prior figures and looks for trends or unusual results. Analyst reports findings to Director, EP Rulings & Agreements, Manager, EP Determinations & Manager, EP Voluntary Compliance via inventory monitoring narratives and performance measure graphs.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>TAX EXEMPT/GOVERNMENT ENTITIES</b>
Measure Name	Employee Plans Examination and Determination hours per case
Type of Measure	Diagnostic Tool, Business Results Quantity, Efficiency, Annual.
Program Category Related Strategic Goal	1. Regulatory Compliance 2. Enhance Enforcement of Tax Law
Responsible Official	Employee Plans, Director, Rulings and Agreements
Definition	Measures the number of hours spent to review an EP examination and determination application to determine if a plan is qualified.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Employee Plans business unit b. Employee Plans/Exempt Organizations Determinations System (EDS) c. BPRS (Business Performance Review Summary), PART
Formula/Methodology	Total determination hours on cases closed for a month are divided by total number of determination applications closed.
Data Source/ Measurement Tools	EDS management information Table 2A provides a detailed numerical breakdown of the hours per case calculation. All determination cases closed within the designated time period are included in the calculation.
Reliability of Data	Reasonable Accuracy. EDS is programmed to generate error registers that identify possible data discrepancies. The registers are provided to the manager, EP Determinations, for resolution.
Frequency of Data Availability/Reporting	Monthly

**Purpose of Measure:** The measure is a gauge of the productivity of the EP Determination program.



**Data Limitations:** The data includes time applied to sample cases selected at random for Quality Assurance review. The time applied by these reviewers is added to time applied by Determinations specialists for purposes of the calculation. Table 2A does not separately account for this time.

**Calculation Changes:** None.

**Complete Description of the Process(s) measure originates from:** Pension plan sponsors file a determination request to obtain a letter from IRS confirming the tax exempt status of their plans. Applications may relate to either new plans, plan amendments to update existing plans to bring them current with legislative changes, or plan termination. Although the determination process is optional, many plan sponsors request determination letters as a matter of standard practice. Plan applications are screened to determine whether they meet certain criteria allowing them to be approved quickly (merit closure) or require further development and review. If a plan cannot be approved on merit, the agent corresponds with the applicant to obtain missing information or correct defects. Upon completion of the review process, the agent issues a letter to the sponsor indicating that the plan is qualified or outlining the reasons the plan failed to establish its qualification status.

**Critical Path:**

1. Determination case closed from EDS via case closing document
2. EDS programming calculates average via Table 2A.
3. Table 2A is generated at end of monthly time reporting cycle

**Management Controls for items on critical path:**

1. Management reviews of employee casework. Managers check individual records of case activity to verify accuracy and appropriateness of time charges. Managers indicate review by initialing case closing document and periodically issuing performance feedback to employees through a formalized process.
2. Program analyst review of monthly EDS reports. Analyst compares monthly time per case averages to prior periods to look for trends or signs of potential processing bottlenecks. Upon completion of review, analyst issues inventory monitoring narrative outlining findings to Director, EP Rulings & Agreements and Manager, EP Determinations.

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	<b>DESCRIPTION</b>
Operating Division	<b>WAGE &amp; INVESTMENT: HEALTH COVERAGE TAX CREDIT</b>
Measure Name	Cost per Taxpayer Served (Monthly) (Cost per Taxpayer Served (\$) (HCTC)
Type of Measure	Business results quality, Efficiency, Long term
Program Category Related Strategic Goal	1. Program Management Office 2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	The costs associated with serving the taxpayers including program kit correspondence, registration and program participation.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Program Level – Director, HCTC b. HCTC Siebel system, via reporting database. IFS disbursement report, Contractor Work Request report c. Program Management Review
Formula/Methodology	$\frac{[\text{IFS Monthly Disbursement} - (83\% \text{ IT Cost} + 60\% \text{ Program Management Costs} + \text{Special Projects and Costs} + (\text{IRS Non-Labor Costs} - \text{Printing}))]}{\text{Taxpayers Served} * 1.6}$ <p>Where <i>Taxpayers Served</i> is the unique count of SSNs for primary candidates that are enrolled, and/or interact with the customer contact center including correspondence and program kits, 1.6 is a factor attributed to the average number of taxpayers served per primary enrollee, to reflect affected Qualified Family Members.</p>
Data Source/Masurement Tools	IRS costs and exclusions: IFS disbursement report Accenture costs and exclusions: Monthly Work Request report. Taxpayers served: HCTC Siebel system provides data extracts to the HCTC reporting database, and further queries and reports are created from there.
Reliability of Data	Reasonable estimate.
Frequency of Data Availability/Reporting	Frequency: Measure will be reported on monthly and annual basis. Availability: Two months after the period of activity, and 1 month after the typical reporting cycle – because of the time lag between actual activities and the IFS disbursement report.

**Purpose of Measure:** This is a program level efficiency measure that estimates the average cost to serve taxpayers involved with the advance HCTC program.

**Data Limitations:** Minor limitations without a material effect on reliability:

1. Full precise breakdown of costs related to taxpayer service tasks and special project costs is not available. However, reasonable simplifying assumptions have been used. For example some cost exclusions are based on actual FY06 data.
2. The subset of interaction from enrollees is estimated from snapshot monthly enrollment numbers.
3. Monthly data is dependent on seasonality.
4. Meaningful comparisons across fiscal years should consider a normalization factor to account for scope changes, cost of labor increases, and consistent classification of activities as 'special projects' vs. 'operations'

**Calculation Changes:** N/A. Changes may be considered if there is major change in the operational scope or cost structure.

**Complete Description of the Process:** For the numerator, the IFS disbursement will be received on monthly basis, and exclusions will be made based on the contents of that report, and the Contractor Work Request Report from the previous month. For the denominator, the HCTC PMO Program Evaluation and Reporting team will extract reports from the reporting environment at the end of the month, track them on a spreadsheet, and include them in the program reporting.

**Critical Path:**

1. IFS disbursement report provided to HCTC Program Office
2. Contractor costs received from Work Request Report (previous month)
3. Exclusions are calculated, and costs finalized for the measure
4. Taxpayers Served measure provided by Program Evaluation and Reporting Team, and multiplied by 1.6
5. Measure is calculated and included in CPTS report
6. PMO provides data in monthly Program Management Review

**Management Controls for items on critical path:**

1. HCTC Program office reviews IFS disbursement
2. HCTC PMO team reviews and checks Contractor costs and exclusions
3. PMO reporting team verifies the source data against previous months of IFS data and Work Request data

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE AND INVESTMENT – HEALTH COVERAGE TAX CREDIT</b>
Measure Name	HCTC Customer Satisfaction
Type of Measure	Customer Satisfaction, Outcome, Long term
Program Category Related Strategic Goal	1. Customer Service Operations and HCTC Program Office 2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	Customer Satisfaction with the program is derived from the Customer Satisfaction Survey. A telephone survey of customers calling the IRS Toll-Free number includes a question specific to the caller's overall satisfaction with the program. The automated survey is voluntary. The survey uses a seven point scale. This measure is reflected as a percentage of the three - "top box" scores (response 5, 6 or 7) to question seven of the automated survey.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Program Level – Director, HCTC b. IVR Customer Satisfaction Surveys c. PMR (Program Management Review), Quarterly customer satisfaction report
Formula/Methodology	A survey developed by the Customer Service Operations (CSO) team is used to measure customer satisfaction through the Toll-Free function, and is implemented through an automated phone questionnaire. Sample size is selected to provide a minimum of four hundred survey responses each fiscal quarter. The measure is derived from the overall satisfaction rate in response to question seven in the survey which states: "How satisfied are you with the Health Coverage Tax Credit Program in general?"  The measure's data is reported out as HCTC Customer Satisfaction
Data Source/M Measurement Tools	The subcontractor developed and maintains the automated IVR survey. The data for each survey respondent is recorded within the IVR system and extracted for reporting.
Reliability of Data	Reasonable Accuracy.
Frequency of Data Availability/Reporting	Monthly and Quarterly. Data is reported during the Program Management Review. Data was collected beginning June 2005.

**Purpose of Measure:** The measure is an indication of overall taxpayer satisfaction with the HCTC Program. Responses to the question stating “How satisfied are you with the Health Coverage Tax Credit Program in general?” are used to identify any satisfaction trends over time that may need to be addressed or which could be the result of operational changes to the program.

**Data Limitations:** N/A

**Calculation changes:** N/A

**Critical Path:**

1. Taxpayer makes contact with the Customer Contact Center.
2. The taxpayer is given the opportunity to provide feedback on the contact and their satisfaction via a phone survey.
3. The Interactive Voice Response (IVR) system captures the data.
4. Statistically valid and reliable samples are drawn from call site on a daily basis.
5. CSO compiles, verifies and prepares a quarterly report based on the survey data. (sample  $\geq$  400)
6. CSO incorporates monthly results into the Program Management Review (PMR)
7. The report is provided to management and is used as a tool to identify opportunities for improvement.

**Management Controls for items on critical path**

1. No internal management controls.
2. The vendor has responsibility to conduct surveys, compile data and validate findings.

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	<b>DESCRIPTION</b>
Operating Division (s)	<b>WAGE &amp; INVESTMENT – HEALTH COVERAGE TAX CREDIT</b>
Measure Name	Customer Service Representative (CSR) Level of Service (LOS)
Type of Measure	Business results quantity, Outcome, Annual
Program Category Related Strategic Goal	1. Filing and Account Services / Customer Service Operations 2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	Success rate of taxpayers attempting to reach a customer service representative.
a. Reporting Level (s) b. Report Data Source c. Reports	a. Program Level – Director, HCTC b. Rockwell ACD data c. CCC Weekly Report, Program Management Review (PMR)
Formula/Methodology	CSR LOS (%)=  $\frac{\text{Assistor Calls Answered}}{\text{Calls Offered in ACD}}$
Data Source/Masurement Tools	Rockwell ACD
Reliability of Data	Reasonable Accuracy
Frequency of Data Availability/Reporting	Data is available in a wide variety of time increments: daily, weekly, monthly, and Fiscal Year.

**Purpose of Measure:** To determine the relative success rate of customers that call for HCTC services seeking assistance from a Customer Service Representative.

**Data Limitations:**

The measure does not account for any busies or Emergency Closed, however these circumstances are rare. It also excludes calls received by HCTC outside of the call center (e.g. to Program Office or to Payment Processing Center from Health Plans). However, these are a very small volume.

**Calculation changes:** N/A

**Critical Path:**

1. Rockwell ACD (calls answered and calls offered) data is collected on each system.
2. Raw data is transmitted nightly from each system.
3. Raw data is then compiled, organized and reviewed in the call stats tracking worksheet.
4. Using this data, CSO calculates the CSR LOS for any given period.
5. Data is provided for the monthly program management review report and weekly CCC reports.

**Management Controls for items on critical path:**

1. Validation of monthly report data by CSO staff.
2. CSO staff validate CSR LOS data prior to publication of the monthly report.

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	<b>DESCRIPTION</b>
Operating Division	<b>WAGE &amp; INVESTMENT: HEALTH COVERAGE TAX CREDIT</b>
Measure Name	Sign-up Time (Sign-up Time (days) – Customer Engagement HCTC)
Type of Measure	Business results quality, Efficiency (timeliness), Annual
Program Category	1. HCTC Stakeholder Engagement Operations
Related Strategic Goal	2. Improve Taxpayer Service
Responsible Official	HCTC Program Director
Definition	The length of time between the first Program Kit mailing and first payment received. (Update 7-07)
a. Reporting Level (s) b. Report Data Source c. Reports	a. Program Level – Director, HCTC b. Siebel via Microsoft Systems Reporting (MSRS) c. Customer Engagement Timeline report, and related diagnostics
Formula/Methodology	Measure median length of time it takes between mailing of first Program Kit and first payment from the participant.
Data Source/Measurement Tools	Siebel/MSRS
Reliability of Data	Reasonable accuracy
Frequency of Data Availability/Reporting	Monthly/Monthly

**Purpose of Measure:** This measure will show the median time it takes an individual to successfully engage in the program and successfully register for advance HCTC payment. It will also provide some information about timing of each step of the registration process including some pre-registration interactions. This measure quantifies the effectiveness of HCTC collateral and the registration process to efficiently register participants in the Program and receive a response to an invoice for a participant's portion of a health plan payment. Improvements to HCTC collateral or the registration process should consider the implications for the time factor and demonstrate the effectiveness of the change to the Program.

**Data Limitations:** Measure will exclude the time between payment received from individual and payment made by HCTC to the health plan. That information is not available, and varies depending on the timing of the billing cycle and the customer's choice to pay.

**Calculation Changes:** None

**Complete Description of the Process:** The calculation of this measure is the median number of calendar days that elapse per registration from the date the Program Kit is mailed to the date the first payment is received from the participant. This is calculated based on queries and reports from system data.

**Critical Path:**

1. Dates captured in system during operations
2. Data queried by HCTC Program Evaluation and Reporting team
3. Measure calculated by HCTC Program Evaluation and Reporting team.

**Management Controls for items on critical path:**

1. Data is reviewed by HCTC Program Evaluation and Reporting function and compared with previous months
2. Diagnostic reports are reviewed each month (Update 7-07)

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