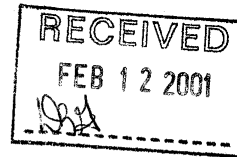




DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224



FEB - 8 2001

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Joseph G. Kehoe
Commissioner, Small Business/Self-Employed Division

SUBJECT: Treasury Inspector General for Tax Administration
(TIGTA) Draft Report – GPRA: The Collection Division Should
Ensure Proper Disclosure of the Sample Limitations
Relating to Its Customer Satisfaction Measures

Thank you for the opportunity to respond to your draft report “GPRA: The Collection Division Should Ensure Proper Disclosure of the Sample Limitations Relating to Its Customer Satisfaction Measures.” I welcome the opportunity to tell you how we plan to apply the pertinent findings and recommendations and use the survey as a tool for better understanding the attitudes and expectations of our customers.

We have reviewed the report and are satisfied it does not identify any problems of which we were not aware. I am pleased the report recognizes the recently completed change to the Integrated Collection System (ICS), as the sample selection mechanism will correct most of the problems you identified. Further, we will soon add offer in compromise (OIC) work to the survey.

ICS will expand survey coverage to all categories of Collection Field function (Cff) customers and will ensure the random selection. We will explore ways to achieve higher response rates. ICS should also facilitate the continued accumulation, tracking, and comparison of results for many market segments for which we have already established baselines.

We agree with the need to improve disclosure of data limitations. We also agree we need a new survey process to support the added disposition categories and the operating divisions in the new IRS.

We also agree higher response rates are desirable, however, we ask that you evaluate our results against those of our counterparts performing similar work with like populations. As you know, Cff accounts typically reach this stage only after the taxpayer has failed to respond appropriately to numerous letters, notices, and phone calls. Moreover, because of our obligation to be sensitive to intrusiveness and taxpayer burden, we have avoided more aggressive approaches to increase the response rate.

Our results represent tens of thousands of completed responses attesting to the statistical validity of the data at the functional level. Ultimately, the 70 percent response goal may be unrealistic even if we quadrupled our efforts and could justify the costs.

We submitted the Fiscal Year (FY) 1999 Annual Program Performance Report (APPR) with the FY 2001 Congressional Budget Justification on February 7, 2000, before we received your draft report on March 2. Therefore, it is too late to revise the FY 1999 APPR. We will, however, disclose all pertinent limitations, if any, in the FY 2000 APPR.

Although we share many of the report's concerns, we do remain confident the sample results and analysis describe the majority of CFF customers and are an accurate barometer of the general level of customer satisfaction on a national basis. We are pleased you revised the final report to reflect an adjustment to the percentage of survey coverage following the discussion at the draft report meeting (March 30, 2000). This change is significant and lends added weight to the argument that the sample did represent a majority of the potential universe during the periods examined.

The audit states we did not survey Taxpayer Delinquency Investigations (TDI). This statement is only partially correct. In fact, we omitted only stand-alone TDIs under the Collection Quality Measurement System (CQMS). The survey included TDIs which had an associated Taxpayer Delinquent Account (TDA) eligible for survey. Only 46 percent of total TDIs closed in FY 1998 and 1999 were stand-alones and only 36 percent of those were classified as immediate resolution. The current program, using ICS data, selects stand-alone TDIs.

Collection has had little practical experience with this type of polling activity and when we began the survey we did not have the experience or resources to develop and test other selection methods. We chose CQMS because it focused primarily on TDAs. The CQMS sample is transactional in nature and TDAs represent the majority of our face-to-face taxpayer interactions. Moreover, we could not switch later because data would no longer be comparable. In constructing the current sample apparatus, we designed institutional interests to fit the conditions, structure, and needs of the contemporary organization. We did not initially construct our survey to meet the requirements of the Government Performance and Results Act (GPRA).

Our comments on the recommendations in this report are as follows:

IDENTITY OF RECOMMENDATION 1

The Director, Compliance Policy, and the Director, Office of Program Evaluation and Risk Analysis (OPERA), working in conjunction with the Director, Strategic Planning and Budgeting, should ensure disclosure of survey limitations for purposes of the GPRA. The APPR should clearly state the limitations in the sampling procedures and the resultant effect on Collection's ability to report customer satisfaction. The APPR also should inform Congress about the change from the CQMS database to the ICS database as the source for sample selection and the time needed for this action to result in valid measurement of overall customer satisfaction.

ASSESSMENT OF CAUSE

The sample data presented in the FY 1999 APPR did not include a disclosure of the prevailing sampling practices and the scope and depth of the outcome measures.

CORRECTIVE ACTIONS

As recommended, we will develop a statement or footnote defining the premises, assumptions, scope, and limitations of the sampling process and any other factors impacting data integrity, comparability, or use. We will also develop a plan to ensure these specifications accompany all future releases of survey data and analysis to external recipients. We should mention we already present most of this information in our survey reports and other documents containing facts and analysis from the sample.

IMPLEMENTATION DATE

April 1, 2001

RESPONSIBLE OFFICIALS

Director, Organizational Performance Management Division
Director, Centralized Workload and Selection Development

CORRECTIVE ACTION MONITORING PLAN

We will review all future releases of survey data to ensure we include a summary of the qualifications.

IDENTITY OF RECOMMENDATION 2

The Director, Compliance Policy, and the Director, OPERA, should explore other avenues to increase the response rate to the mailed-out questionnaires from the current 26 percent to the required 70 percent. One possible approach would be to contract with a vendor to conduct a telephone survey of a random statistical sample of taxpayers not responding to the mail survey.

ASSESSMENT OF CAUSE

The report found the survey response rate averaged 26 percent during the subject periods. Working with the vendor, we found participation rates were suppressed by several forces over which we have little control. The most important forces are the characteristics of the target population and the nature of field Collection work. Another key factor is the amount of time between case closure and the distribution of the questionnaire. Fortunately, we expect ICS to reduce this time lag which should produce a higher proportion of completed questionnaires. ICS will also increase the gross number of potential survey recipients as we extend coverage to other customer groups.

CORRECTIVE ACTION

N/A

IMPLEMENTATION DATE

N/A

RESPONSIBLE OFFICIALS

N/A

CORRECTIVE ACTION MONITORING PLAN

N/A

IDENTITY OF RECOMMENDATION 3

Ensure inclusion of Business Organization Designation (BOD) codes in the data furnished to the vendor so that customer satisfaction can be reported for each of the four future units.

ASSESSMENT OF CAUSE

N/A

CORRECTIVE ACTION

We include the BOD code on the ICS database. We must amend the original Request for Information Services (RIS), to provide a record to the vendor, to include the BOD in the record. The Director, Compliance Policy, will amend the RIS to include the BOD codes, however, Information Services (IS) told us that they may not be able to program the change until January 1, 2002.

IMPLEMENTATION DATE

January 1, 2002

RESPONSIBLE OFFICIALS

Director, Compliance Policy

Director, Centralized Workload and Selection Development

CORRECTIVE ACTION MONITORING PLAN

The Director, Compliance Policy, will ensure the appropriate staff amends the original RIS by September 1, 2001. The Director will monitor IS' progress and review the record provided to the vendor after IS completes the programming and informs the director's functional staff.

If you have any questions, please contact Frank Nixon, Director, Compliance Policy, at (202) 622-5563.