**Expanding the Electronic Tax Law
Assistance Program**

August 2000

Reference Number: 2000-30-120

INSPECTOR GENERAL
for TAX
ADMINISTRATION

August 16, 2000

MEMORANDUM FOR COMMISSIONER ROSSOTTI

FROM: Pamela J. Gardiner
                 Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Expanding the Electronic Tax Law Assistance
                 Program

This report presents the results of our review of the Internal Revenue Service's (IRS) Electronic Tax Law Assistance (ETLA) program. We found that ETLA is a long-term research project rather than a fully supported independent function with a state-of-the-art system design. As such, its current system design will not significantly help the Internal Revenue Service (IRS) achieve its goals of: 1) making electronic communication so simple, inexpensive, and trusted that taxpayers will prefer it to calling and mailing; and 2) substantially increasing taxpayer access to electronic communication products and services. The IRS has not advertised, nor does it have any immediate plans to promote, the availability of the program because of the significant amount of labor resources needed to manually answer taxpayer questions.

Management's response was due on July 31, 2000. As of August 14, 2000, management had not responded to this draft report.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions, or your staff may call Gordon C. Milbourn III, Associate Inspector General for Audit (Small Business and Corporate Programs), at (202) 622-3837.

Table of Contents

Executive Summary

The Internal Revenue Service's (IRS) toll-free telephone system is the cornerstone of its customer service operations. For Fiscal Year (FY) 2000 (as of April 22), taxpayers attempted over 62 million calls to the IRS' 3 main toll-free telephone lines to get answers to their questions. In addition, the IRS uses the Electronic Tax Law Assistance (ETLA) program to answer tax law and procedural questions submitted by taxpayers on the IRS' Internet web site known as the Digital Daily.

The ETLA program offers an alternative to the telephone for taxpayers needing tax law assistance, while at the same time increasing accessibility and convenience. This program supports the IRS' initiative to increase electronic correspondence with taxpayers. Although the IRS does not advertise the program, the number of questions answered has doubled each year since the program's inception in 1994. In FY 1999, the IRS answered over 264,000 tax law questions, with nearly 350,000 expected for   FY 2000.

Providing top quality service to each taxpayer is one of the IRS' strategic goals. Customer satisfaction surveys show that over 90 percent of the taxpayers who used the ETLA program were satisfied with the timeliness of responses and would use the ETLA service in the future. This audit was conducted to determine the effectiveness and efficiency of the IRS' efforts to leverage technology to improve service to taxpayers through the ETLA program.

Results

For the past six years, the ETLA program has remained a research project and has not progressed beyond the original system design. Although the initial concept and design in 1994 were innovative, the rapid growth of the Internet and technology has directly affected the program. The current system design will not significantly help achieve the IRS' goals of: 1) making electronic communication so simple, inexpensive, and trusted that taxpayers will prefer it to calling and mailing; and 2) substantially increasing taxpayer access to electronic communication products and services.

The goal of the Electronic Tax Administration is to revolutionize how taxpayers transact and communicate with the IRS. However, the ETLA program design is reliant on a labor-intensive process for interacting with taxpayers. The ETLA design is basically a manual correspondence system with the Internet used only to transmit the questions and answers. The IRS has not advertised, nor do they have any immediate plans to promote, the availability of the program

because of the significant amount of labor resources needed to manually answer taxpayer questions.

Technology Can Be Used to Improve Electronic Customer Service

The IRS' ability to provide effective and efficient electronic tax law assistance is adversely affected by the current system design that requires a labor-intensive effort to respond to taxpayer questions. When a question is received, the Customer Service Representative (CSR) must research the subject matter and prepare a response that is electronically sent to the taxpayer.

In the private sector, Internet transactions are supported by electronic commerce software and self-service software, both of which offer reduced costs because the systems are completely automated. For every customer who successfully completes a transaction on the Internet, the organization saves the cost of more expensive methods of communication such as face-to-face and the telephone. Unfortunately, the current ETLA program introduces employees back into the transaction, thus negating the economic benefit of automation.

The IRS' Risk Management Group recognized the benefits of self-service software and planned to establish an Internet web-enabled probe and response guide[1] to eliminate CSRs from the process. However, this proposal has not progressed beyond the planning phase.

Organizational Commitment Is Necessary to Improve Electronic Communications with Taxpayers

The IRS has not fully committed to the ETLA program by converting it from a long-term research project to a fully supported independent function with a state-of-the-art system design. Without this commitment, the IRS is hindered in meeting its Electronic Tax Administration goals.

The ETLA program has not been expanded to additional telephone call sites due to concerns associated with the current infrastructure and technical support. However, the continuing growth of the ETLA program, without any marketing or advertising, has demonstrated that it has progressed beyond the feasibility stage envisioned at its inception. Each year the increased number of questions forces the IRS to commit more labor resources to support the program rather than using probe and response technology to provide a self-help alternative for taxpayers.

Without an organizational commitment and dedicated technological resources, the demand for growth cannot be effectively managed. The absence of this organizational commitment has left

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[1] See Appendix IV - Glossary of Terms - "Web-enabled Probe and Response Guide."

the program without an infrastructure that includes goals, objectives, critical success factors, and performance measures.

Marketing of the Electronic Tax Law Assistance Program Should Be Delayed, but the Program Should Be Expanded to Additional Call Sites

The ETLA program was not designed to be a high-volume production system and would need a major labor resource commitment in order to process the significant increase in the number of taxpayer inquiries that advertising would generate. The IRS Commissioner wanted the ETLA program expanded for the 2000 Filing Season. IRS management considered placing a message on the U.S. Individual Income Tax Return (Form 1040) telephone script suggesting that taxpayers consider submitting their questions via the Digital Daily; however, management decided not to do so due to their concerns about the potential volume of questions that would be received.

The IRS has no immediate plans to advertise the availability of the ETLA program. The principal motivation for making government services and information more available on-line should be to improve the efficiency and quality of these services. However, if the IRS markets the current ETLA program, but does not improve its ability to meet the expected demand, it will only create costly problems while undermining taxpayer confidence.

The ETLA program is currently operational at 10 of the IRS' 30 telephone call sites. Until there are technological changes and an organizational commitment to the ETLA program, the IRS should expand the program to additional call sites to better process the ever-increasing taxpayer demand. Expansion could reduce the need to use more expensive Compliance function personnel. During FY 1999, Compliance employees answered 75 percent of all ETLA questions. Based on the FY 2000 plan, the estimated salaries for Compliance personnel assigned to answer ETLA questions are almost $1.5 million. These resources could be used on Compliance activities resulting in the collection of an estimated $21.9 million in taxes.

Summary of Recommendations

The IRS needs to leverage technology that will provide enhanced access to tax information, maximize efficiency, and improve electronic customer service.

To meet its goals, the IRS needs to fully commit to the ETLA program by converting it from a long-term research project to a fully supported independent function. A state-of-the-art system design is needed to provide a valuable service to taxpayers at minimal cost.

Until there are technological changes and an organizational commitment, the IRS needs to delay the marketing of the ETLA program. In the interim, the IRS should expand the ETLA program to additional call sites to better process the ever-increasing taxpayer demand for this electronic service while reducing the need to use more expensive Compliance function personnel.

Management's Response: Management's response was due on July 31, 2000. As of August 14, 2000, management had not responded to this draft report.

Objective and Scope

This review is part of our Fiscal Year (FY) 2000 emphasis area to evaluate whether Customer Service operations are being effectively and economically improved to provide taxpayers with quality customer service, in accordance with Congressional and administrative direction.

The overall objective of the audit was to determine the effectiveness and efficiency of the ETLA program.

The overall objective of the audit was to determine the effectiveness and efficiency of the Internal Revenue Service's (IRS) efforts to leverage technology to improve service to taxpayers through the Electronic Tax Law Assistance (ETLA) program. To accomplish this objective, we determined if the IRS:

- Established an effective and efficient system to provide electronic responses to taxpayer questions received through the Internet.

- Developed strategic plans to expand the ETLA program to provide greater assistance to taxpayers within established time constraints.

- Evaluated available technology that will enhance both the quality and timeliness of responses.

We performed audit work at the National Office, the Centralized Quality Review Site in Philadelphia, and call sites located in Nashville and the Philadelphia Service Center. The audit was conducted between October 1999 and April 2000 in accordance with *Government Auditing Standards*.

Details of our audit objective, scope, and methodology are presented in Appendix I. Major contributors to this report are listed in Appendix II. In addition, we have included a Glossary of Terms as Appendix IV.

Background

The IRS' mission is to provide top quality service by helping taxpayers understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

The IRS' mission is to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. In 1993, the President issued Executive Order 12862, "Setting Customer Service Standards," which set a goal for the Federal government to deliver service equal to the best in business.

The IRS' toll-free telephone system is the cornerstone of its customer service operations. For FY 2000 (as of April 22), taxpayers attempted over 62 million calls to the IRS' 3 main toll-free telephone lines to get answers to their questions. In addition, the IRS uses the ETLA program to answer tax law and procedural questions submitted by taxpayers on the IRS' Internet web site known as the Digital Daily. This program supports the IRS initiatives to increase electronic correspondence with taxpayers.

The ETLA program offers an alternative to the telephone for taxpayers needing tax law assistance.

The ETLA program offers an alternative to the telephone for taxpayers needing tax law assistance, while at the same time increasing accessibility and convenience. This service is not intended for complex tax issues or questions regarding taxpayer accounts. Specific tax account or refund questions must still be handled by telephone or in person. Instead, in the ETLA program, Customer Service Representatives (CSR) provide answers to general tax law questions to assist taxpayers in preparing their returns.

To request tax law assistance, the taxpayer enters a question through the Internet by clicking the mailbox icon on the Digital Daily home page and then proceeding to the Tax Law Question section. Taxpayers select one of a number of categories, provide their e-mail addresses, and submit their questions. The ETLA computer system downloads taxpayer questions from the Internet and makes the questions available for CSRs to answer in the sequence in which the questions are received.

To answer questions accurately and quickly, a CSR will provide a customized response or use a prepared response, if available. When the questions are answered, the responses are routed back through the ETLA program's computer system and then sent to the taxpayers' Internet e-mail addresses.

Over 90 percent of taxpayers using the ETLA program were satisfied with the service.

Providing top quality service to each taxpayer is one of the IRS' strategic goals. Customer satisfaction surveys show that over 90 percent of the taxpayers who used the ETLA program were satisfied with the timeliness of responses and would use the ETLA service in the future.

The IRS' toll-free telephone program has approximately 8,700 employees located in 30 call sites. Only 10 of the sites are used to process the questions that taxpayers submit through the Internet. During the filing season, Compliance function personnel located throughout the country are used to answer the increased number of questions. Despite this, and although the IRS does not advertise the program, the number of questions answered has doubled each year since the program's inception in 1994. In FY 1999, the IRS answered over 264,000 tax law questions, with nearly 350,000 projected for FY 2000.

Results

The private sector has set high standards for what Americans expect and receive from Internet services.

While a number of actions have been taken, the IRS' ETLA program needs significant improvement to achieve services equal to the high standards set by many private sector Internet services.

Customer Service management needs to focus attention on the following problems that affect the ETLA program.

- Leveraging technology that will provide enhanced access to tax information, maximize efficiency, and improve electronic customer service.

- Fully committing to the ETLA program by converting it from a long-term research project to a fully supported

independent function. A state-of-the-art system design is needed to provide a valuable service to taxpayers at minimal cost.

- Delaying the marketing of the ETLA program until there are technological changes to the system and an organizational commitment to the program.

- Expanding the ETLA program to additional call sites to better process the ever-increasing taxpayer demand for this electronic service.

Technology Can Be Used to Improve Electronic Customer Service

The current system design will not significantly help achieve the IRS' Electronic Tax Administration goals.

For the past six years, the ETLA program has remained a research project and has not progressed beyond the original system design. Although the initial concept and design in 1994 were innovative, the rapid growth of the Internet and technology has directly affected the ETLA program. The current system design will not significantly help achieve the IRS' goals of: 1) making electronic communication so simple, inexpensive, and trusted that taxpayers will prefer it to calling and mailing; and 2) substantially increasing taxpayer access to electronic communication products and services.

The IRS' continuing reliance on labor-intensive processes for interacting with taxpayers is costly for both the taxpaying public and the IRS. The purpose of Electronic Tax Administration is to help solve this problem by revolutionizing how taxpayers conduct transactions and communicate with the IRS. Rapid growth of electronic products and services can shift critical resources from processing paper to providing customer service.

Incremental improvements are no longer acceptable solutions for solving problems. Instead, bold and innovative steps must be taken to revolutionize how taxpayers transact and communicate with the IRS, including how they file their

The ETLA system design is reliant on a labor-intensive process for interacting with

tax returns, pay what is owed, and receive the assistance and information that they need to comply with the tax laws.

However, the ETLA system design relies on a labor-intensive process for interacting with taxpayers. The ETLA design is basically a manual correspondence system with the Internet used only to transmit questions and answers.

When salaries and foregone revenue collections are considered, we estimate that questions serviced by Compliance function employees cost over $89[1] each. In fact, the IRS has not advertised, nor does it have any immediate plans to promote, the availability of the program because of the significant amount of labor resources needed to manually answer taxpayer questions.

The IRS' ability to provide effective and efficient electronic tax law assistance is adversely affected by the current system design. When a question is received, the CSR must:

1. Read and interpret the taxpayer's question to fully understand the tax issues that need to be researched.

2. Manually or electronically research the tax code to identify the tax law sections applicable to the taxpayer's question.

3. Create a customized response or use a prepared response, if available.

4. Review the response to assure that it is complete and professional in both tone and appearance.

Unlike the toll-free telephone system, the CSR cannot interact with the taxpayer to probe for additional information to assure that the taxpayer's question is fully understood.

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[1] Based on Total Salaries ($1,456,812) and Foregone Revenue ($21,901,266) for the Compliance employees answering 262,500 of the expected 350,000 questions. In FY 1999, these employees answered 75 percent of ETLA questions. NOTE: Projections are based on Customer Service FY 2000 planning assumptions. Actual data were not available at the time of the report issuance.

The CSR's interpretation of an ETLA question is critical in providing information that is both useful and responsive. The inability to probe for additional facts can result in responses that include insufficient or, conversely, excessive information that is not useful to the taxpayer.

Program growth has been addressed by allocating additional labor resources rather than changing the system design.

Program growth has been addressed by allocating additional labor resources rather than changing the system design. The ETLA program is operational in only 10 of the 30 call sites. During the filing season, more expensive Compliance function personnel located throughout the country are used to answer the increased number of questions.

In the private sector, Internet transactions are supported by electronic commerce software and self-service software. Both types of transaction software offer the benefits of reduced costs. For every customer that successfully completes a transaction on the Internet, the organization saves the cost that would have been incurred in more expensive methods of communication such as face-to-face and the telephone. Unfortunately, the current ETLA program introduces employees back into the transaction, thus negating the economic benefit of automation.

The IRS' Risk Management Group recognized the benefits of self-service software. They had planned to establish an Internet web-enabled probe and response guide.[2] It was expected that many taxpayers would use the self-service system to obtain answers to their questions without the intervention of a CSR. Only a small percentage of taxpayers would not be satisfied with self-service and would submit questions that required assistors to respond. However, this proposal has not progressed beyond the planning phase.

Recommendation

1. To meet its Electronic Tax Administration goals, the IRS needs to re-design the ETLA program to leverage

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[2] See Appendix IV - Glossary of Terms – "Web-enabled Probe and Response Guide."

technology that will provide enhanced access to tax information, maximize efficiency, and improve electronic customer service.

Management's Response: Management's response was due on July 31, 2000. As of August 14, 2000, management had not responded to this draft report.

Organizational Commitment Is Necessary to Improve Electronic Communications with Taxpayers

The IRS recognized the need to provide taxpayers with alternate sources of communication.

In 1994, the IRS recognized the need to provide taxpayers with alternate sources of communication. A research project was initiated to use the Internet as an alternative to the telephone to receive and answer taxpayer inquiries. The basic design of the ETLA computer system has not changed since 1994.

The ETLA program has not been expanded to additional call sites because the IRS has maintained it as a research project for the past six years. The IRS does not plan any expansion to additional sites until concerns associated with labor resources and technical support have been resolved.

The ETLA program has sufficient hardware capacity to provide increased service. However, other than a maintenance contract, the ETLA program does not receive technical support from the Information Systems function or an independent contractor. All technical support is provided by the Compliance Research function, which makes available two analysts part-time to support the ETLA program's computer system.

The rapid growth of Internet communication has significantly increased the number of ETLA questions.

The rapid growth of Internet communication has doubled the number of questions received by the IRS each year since the inception of the ETLA program. For FY 2000, nearly 350,000 questions are anticipated, which is almost 33 percent more than the number of questions received in FY 1999. The continued growth of the ETLA program, without

any marketing or advertising, has demonstrated that the program has progressed beyond the feasibility stage envisioned at its inception.

The program growth and technological changes directly affect the IRS' commitment to the existing program. Each year the increase in the number of questions forces the IRS to commit more labor resources to support the program rather than using probe and response technology to provide a self-help alternative for taxpayers.

On several occasions the IRS' Risk Management Group discussed proposals to convert the ETLA program from a long-term research project to a fully supported independent function. However, the program has not received an organizational placement or commitment to incorporate it into the overall Electronic Tax Administration strategy.

Without an organizational commitment and dedicated technological resources, the demand for growth cannot be effectively managed.

Without an organizational commitment and dedicated technological resources, the demand for growth cannot be effectively managed. The absence of this organizational commitment has resulted in a program without an infrastructure that has goals, objectives, critical success factors, and performance measures.

Recommendation

2. To effectively administer the rapid growth of taxpayer demand, economically use resources, and design future enhancements of the program, the IRS needs to fully commit to the ETLA program by converting it from a long-term research project to a fully supported independent function. A state-of-the-art system design is needed to provide a valuable service to taxpayers at minimal cost.

Marketing of the Electronic Tax Law Assistance Program Should Be Delayed, but the Program Should Be Expanded to Additional Call Sites

The ETLA program was not designed to be a high-volume production system and would need a major labor resource commitment to process the significant increase in the number of Internet questions that advertising would generate. The IRS Commissioner wanted the ETLA program expanded for the 2000 Filing Season, and management considered placing a message on the U.S. Individual Income Tax Return (Form 1040) telephone script suggesting that taxpayers consider submitting their questions via the Digital Daily.

The IRS decided not to advertise the availability of the ETLA program.

The Customer Service function was concerned that taxpayers would misunderstand the scope of the service available on the Internet. In order to slow the growth of the number of taxpayer questions to a manageable level, IRS management decided not to advertise the availability of the ETLA program. The IRS has no immediate plans to advertise the availability of the ETLA program because of the labor resource commitment needed to meet the dramatic increase in demand that advertising would generate.

However, key resources for expanding the ETLA program are already in place or readily obtainable.

- IRS systems analysts stated that the present design of the computer system hardware has sufficient capacity to manage the current incremental growth in the number of questions. If the number of questions were to dramatically increase, additional equipment could be obtained at a nominal cost.

- Currently, the ETLA program is operational at 10 Customer Service call sites and could be operational at additional sites. The Compliance function employees that are detailed to work on the ETLA program questions are already located throughout the country.

The ETLA program is directly affected by toll-free telephone system operations.

The ETLA program is directly affected by toll-free telephone system operations. During the filing season, the ETLA program competes for the limited Customer Service and Compliance resources that are assigned to answer telephone calls and ETLA questions. In a March 2000 report,[3] the Treasury Inspector General for Tax Administration (TIGTA) reported that one factor affecting service levels was expanding from a 96-hour week to a full 168-hour week. Staffing was shifted to cover the expanded hours, so fewer people were available during peak periods.

If the IRS used additional call sites to handle the ETLA program questions, CSRs would be in a position to better use their time by answering ETLA questions when telephone demand slows. Expansion to additional sites would allow for more effective use of labor resources between the competing priorities of the toll-free telephone system and the ETLA program.

Also, expanding the program to additional sites could reduce the need to use more expensive Compliance function personnel. For example, during FY 1999, Compliance employees were used to answer 75 percent of all ETLA questions. Based on the FY 2000 plan, the estimated staff costs for Compliance personnel are almost $1.5 million. These resources could be used on Compliance activities involving the collection of an estimated $21.9 million in taxes.

If the IRS markets the ETLA program without having the ability to meet expected demand, it will only create costly problems while undermining taxpayer confidence.

The principal motivation for making government services and information more available on-line should be to improve the efficiency and quality of government services. However, if the IRS markets the current ETLA program, but does not develop the ability to meet the expected demand, it will only create costly problems while undermining taxpayer confidence. Conversely, not developing the ability to meet greater demand hinders the ETLA program's success in

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[3] TIGTA report entitled, *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 200030062, dated March 2000).

helping achieve the IRS' Electronic Tax Administration goals.

Advertising the program would likely increase the number of questions dramatically. For example, when the Commonwealth of Pennsylvania - Department of Revenue advertised the availability of its tax law e-mail system, the number of questions increased over   500 percent. If that percentage held true for the labor-intensive ETLA program, the IRS would have to conservatively plan for enough labor resources to answer 1.75 million taxpayer Internet inquiries versus the nearly 350,000 planned for FY 2000.

Further, if this scenario held true with the current structure of the program, the increase in activity would cost the IRS an estimated $7.3 million in Compliance function salaries and over $109.5 million in foregone collected taxes.

Recommendation

3. Until there are technological changes and an organizational commitment, the IRS needs to delay the marketing of the ETLA program. In the interim, the IRS should expand the ETLA program to additional call sites to process the ever-increasing taxpayer demand for this electronic service while reducing the need to use more expensive Compliance function personnel.

Conclusion

The current system design of the ETLA program will not significantly help achieve the IRS' Electronic Tax Administration goals.

The current system design of the ETLA program will not significantly help achieve the IRS' goals of:
1) making electronic communication so simple, inexpensive, and trusted that taxpayers will prefer it to calling and mailing; and 2) substantially increasing taxpayer access to electronic communication products and services. The IRS needs to leverage technology that will provide enhanced access to tax

information, maximize efficiency, and improve electronic customer service.

The IRS has not yet fully committed to the ETLA program by elevating it from a long-term research project to a fully supported independent function. This prevents the ETLA program from significantly helping the IRS achieve its Electronic Tax Administration goals. A state-of-the-art system design would help provide a valuable service to taxpayers at minimal cost.

Until there are technological changes and an organizational commitment, the IRS needs to delay the marketing of the ETLA program. In the interim, expanding the ETLA program to additional call sites would help the IRS process the ever-increasing taxpayer demand for this electronic service while reducing the need to use more expensive Compliance function personnel.

Detailed Objective, Scope, and Methodology

The overall audit objective was to determine the effectiveness and efficiency of the Internal Revenue Service's (IRS) efforts to leverage technology to improve service to taxpayers through the Electronic Tax Law Assistance (ETLA) program. The audit evaluated the IRS' efforts to reduce telephone demand by using the current ETLA program and identifying the requirements for the next stage of system development. The following steps were completed to accomplish the audit objective:

I. To determine the effectiveness of the IRS' efforts to ensure the accuracy and timeliness of information provided via e-mail responses to taxpayer Internet questions, we:

    A. Reviewed the strategic plans to expand the ETLA program in order to provide greater assistance within established time constraints.

        1. Evaluated the adequacy of the overall planning assumptions and the plausibility of effectively implementing these changes.

        2. Reviewed program goals, critical success factors, performance measures, and the follow-up system for monitoring progress.

        3. Reviewed the existing tax law e-mail systems used by the state revenue departments in Pennsylvania and New Jersey to identify "best practices."

        4. Evaluated available technology that can enhance both the quality and timeliness of responses.

        5. Reviewed the minutes of the Customer Service - Risk Management Group meetings for Fiscal Year 2000.

II. To determine the efficiency of the ETLA program, we:

    A. Identified the cost of the ETLA program.

        1. Compared the cost of telephone responses to the cost of e-mail responses.

2. Determined the amount of resources expended on the program, the questions answered per Full Time Equivalent,[1] and the opportunity cost associated with the program.

B. Evaluated the method used by management in determining the optimal workload for Customer Service Representatives and the prioritization of telephone and e-mail inquiries.

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[1] The number of full-time employees that would be required during a period to perform the work done during that period. To calculate the Full Time Equivalent, divide the number of seconds of work performed by the number of seconds in the period.

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Glossary of Terms

Call Sites/Call Centers – Any location within a company where people, telephones, and computers handle quantities of incoming and/or outgoing calls. The Internal Revenue Service (IRS) sites/centers provide assistance to taxpayers by answering questions, providing assistance, and resolving account-related issues.

Centralized Quality Review Site (CQRS) – The IRS' corporate monitoring system for its main toll-free telephone lines. The role of the CQRS is to provide a single product review system that provides qualitative and quantitative data for use in determining whether the IRS is fulfilling its three goals of increasing voluntary compliance, reducing taxpayer burden, and improving quality-driven productivity and customer satisfaction.

Collection – The function of the IRS that is responsible for collecting the proper amount of Federal tax from all persons who have not filed returns and/or paid tax as required by law.

Compliance – A term used to describe the IRS' Collection and Examination functions whose mission is to ensure taxpayer compliance through collecting delinquent taxes and auditing tax returns to determine correct tax liabilities.

Customer Satisfaction Surveys – A voluntary survey to measure how satisfied taxpayers were with the service provided by the IRS.

Customer Service – When capitalized in this report, refers to the function in the IRS that is responsible for direct taxpayer contact in such areas as toll-free telephone assistance, electronic tax law assistance, and "walk-in" site assistance.

Customer Service Representative (CSR) – An IRS employee who may perform work on the telephones, as well as paper inventory resulting from telephone contacts.

Enforcement – Activities such as auditing tax returns, collecting delinquent taxes, and prosecuting criminal tax cases.

E-Mail – Electronic text mail used for the transmission of messages sent from a computer terminal or computer system.

Examination – The IRS function which administers a nationwide audit program involving the selection and examination of all types of Federal tax returns to determine correct tax liabilities.

Filing Season – The period from January 1 through April 15 of each calendar year during which most taxpayers typically file their individual income tax returns.

Fiscal Year (FY) – A 12-month period that ends on the last day of any month except December. The IRS' fiscal year runs from October 1 of a calendar year through September 30 of the following calendar year.

Forecast – An expected or desired set of standards for a service over a specified period of time. This includes the number of calls offered, the number of calls handled, average talk time, etc.

Full Time Equivalent (FTE) – The number of full-time employees that would be required during a period to perform the work done during that period. To calculate the FTE, divide the number of seconds of work performed by the number of seconds in the period. For example, if employees spent a total of 7,200 seconds handling calls during a half-hour (1,800 second) interval, the FTE for call handling during the interval is 7,200 person-seconds / 1,800 seconds = 4 persons.

Internet – A network of many large computers joined together over high-speed data links.

Scheduling – The process of forecasting the workforce that will be needed to meet the anticipated customer demand.

Script – Prerecorded statements that taxpayers move through before speaking with a CSR.

Service Center – The data processing arm of the IRS. The service centers process paper and electronic submissions, correct errors, and forward data to the national computing centers for analysis and posting to taxpayer accounts.

Toll-Free Telephone System – The IRS has a variety of toll-free telephone lines to assist taxpayers in meeting their Federal tax obligations.

Web-enabled Probe and Response Guide – Probe and response technology is used to guide an Internet customer through a series of questions and answers to the solution of a problem. These fully automated self-help systems are used to satisfy customer inquiries without the intervention of a customer service representative.