

**The Toll-Free Telephone Filing
Season Planning Process
Is Adequate**

May 2000

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This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public access has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

May 22, 2000

MEMORANDUM FOR COMMISSIONER ROSSOTTI

A handwritten signature in black ink that reads "Pamela J. Gardiner". The signature is written in a cursive, flowing style.

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – The Toll-Free Telephone Filing Season
Planning Process Is Adequate

This report presents the results of our review of the planning process for the Internal Revenue Service's (IRS) Toll-Free Telephone system for the FY 2000 Filing Season. The primary objective of the review was to determine whether the IRS was adequately preparing its Toll-Free Telephone Operation for the 2000 Filing Season.

In summary, we found that although the IRS has made progress, resource limitations will prevent implementation of new taxpayer services that provide Spanish-speaking callers the option of having their questions answered in Spanish, providing all callers the option of talking to a customer service representative, and measuring the quality of customer service for Spanish-speaking callers.

Our final report entitled *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000) contains numerous recommendations involving some of the same issues found in this review. Management has responded under a separate cover to that report. Therefore, we are not making any additional recommendations in this report.

Management believes they have complied with both the spirit and intent of the IRS Restructuring and Reform Act of 1998 (RRA 98)¹ as it relates to improving service to its customers. Management also stated that they remain committed to providing top quality service to the American public. Management's comments have been incorporated into the report where appropriate, and the full text of their comments is included as an appendix.

Copies of this report are also being sent to the IRS managers who are affected by the report. Please contact me at (202) 622-6510 if you have questions, or your staff may call Walter E. Arrison, Associate Inspector General for Audit (Wage and Investment Income Programs), at (770) 986-5720.

¹ Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), Pub. L. No. 105-206, 112 Stat. 685.

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Executive Summary

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98), Pub. L. No. 105-206, 112 Stat. 685, sent a clear message that the IRS must do a better job in meeting taxpayer needs. The IRS faces significant challenges as it prepares to respond to over 54 million telephone calls it expects to receive during the 2000 Filing Season. Some of the challenges include implementing new tax law changes. To assess the IRS' effectiveness in meeting these challenges, the Treasury Inspector General for Tax Administration has conducted a series of reviews to evaluate the effectiveness of the IRS' process for preparing for the 2000 Filing Season.

The objective of this review was to determine whether the IRS was adequately preparing its Toll-Free Telephone Operation for the 2000 Filing Season.

Results

The IRS has a fundamentally sound approach to planning telephone assistance for the 2000 Filing Season that covers: anticipating the number of taxpayers who will call on the toll-free line, staffing telephone operations with trained personnel, and purchasing equipment to improve overall service. Although the IRS has made progress towards implementing RRA 98 provisions for telephone assistance, resource limitations will prevent it from fully implementing some RRA 98 provisions that would provide new taxpayer services. However, to improve its telephone operations, the IRS needs to ensure it implements the recommendations in our final report *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000).

The Internal Revenue Service Has an Effective Process to Prepare Its Toll-Free Telephone Operation for the 2000 Filing Season

Planning for the filing season is an evolving process that includes input from many sources. The National Filing Season Readiness 2000 Executive Steering Committee is responsible for overseeing the entire IRS preparation for the 2000 Filing Season. The National Director for the Customer Service Telephone Operations Division co-chairs this committee. The committee developed an action plan to monitor the implementation of action items such as staffing, training, equipment needs, and implementing new taxpayer services required by the RRA 98. Also, the National Director chairs the Customer Service Filing Season Readiness Committee. This committee conducts weekly teleconferences with other Customer Service executives and

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their staffs at the various toll-free call sites throughout the country to ensure items in the action plan are being timely implemented and any concerns are resolved.

Customer Service management issued operating guidelines on October 8, 1999, to assist managers in their understanding of the numerous goals the IRS is challenged to achieve and to succeed in improving customer and employee satisfaction, as well as increasing compliance and productivity.

The Internal Revenue Service Has Made Progress but Will Not Fully Implement All Internal Revenue Service Restructuring and Reform Act of 1998 Provisions That Will Provide New Taxpayer Services

To improve service and accessibility, the RRA 98 required the IRS to: give the taxpayer the employee's name (effective September 22, 1998) and unique identifying number during a telephone call (effective January 22, 1999); answer taxpayers' calls in Spanish in appropriate circumstances (effective January 1, 2000); and provide an option for taxpayers to talk with an IRS employee during normal duty hours (effective January 1, 2000).

At the time of our review, the IRS took actions to require Customer Service Representatives (CSR) to provide their name and identifying number to taxpayers when answering telephone calls. This was included in employee training and quality reviewers are required to evaluate whether employees properly identify themselves to taxpayers.

The IRS has made progress but will not fully implement the RRA 98 requirements to provide Spanish-speaking callers the option to have their questions answered in Spanish and provide all callers the option of talking to a CSR.

Providing and Evaluating Service to Spanish-Speaking Taxpayers

The IRS has three major toll-free product lines to assist in servicing taxpayers – 1040, General Inquiries; 8815, Account Inquiries; and 4262, Refund/Earned Income Tax Credit Inquiries. The IRS estimates that 2.2 million Spanish-speaking taxpayers could call the IRS from January to June 2000.

Spanish-speaking callers will not have the option of having their questions answered in Spanish when they call the 8815 and 4262 product lines. The IRS initially requested this option be placed on all of the above product lines but limited the option to the 1040 product line because of insufficient resources and other priorities.

Although the IRS will provide a new service to Spanish-speaking taxpayers, it will not be able to evaluate the quality of the service. The IRS' national quality staff does not have bilingual quality reviewers, and there are not enough bilingual quality reviewers in the local quality review functions to monitor the Spanish calls. The IRS has attempted to

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hire bilingual quality reviewers in the past but has been unsuccessful in finding qualified candidates.

Providing Taxpayers Who Use Telephone Assistance With the Option of Talking to Employees

For Fiscal Year 2000, the IRS telephone helplines will not provide the option for all taxpayers to speak with a CSR. For example, taxpayers who use the Tele-Tax helpline (automated Response Unit system which taxpayers can access for pre-recorded tax and refund account information) will not have an option during the call to speak with a CSR. Also, when the volume of calls is high and there are not enough CSRs available, instead of receiving a busy signal, taxpayers are automatically routed to the Selected Expanded Access (SEA) service, another separate interactive automated service that will provide taxpayers with pre-recorded messages on various tax-related topics. However, the SEA also does not provide the taxpayer with an option to speak with a CSR during the same call. If the pre-recorded messages do not answer the taxpayer's question, he/she will have to call back at a later time to speak with an available CSR.

The IRS is delaying implementation of the option to speak to a CSR during a Tele-Tax helpline call until a replacement system is implemented. The Tele-Tax helpline is not scheduled to migrate to a new system until July 2000. There are no plans to provide taxpayers access to a CSR for calls routed to the SEA.

During the 1999 Filing Season, over 37 million taxpayers used the Tele-Tax helpline and nearly 12 million taxpayers were offered the SEA option. Documentation is not available to determine the number of taxpayers who needed to speak with a CSR during the call but were unable to because their questions were not answered by the pre-recorded messages.

Management's Response: Management has responded under a separate cover to our final report entitled *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000), which contains numerous recommendations involving some of the same issues found in this review. Management believes they have complied with both the spirit and intent of RRA 98 as it relates to improving service to its customers. Management also stated that they remain committed to providing top quality service to the American public. Management's complete response to the draft report is included as Appendix IV.

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Objective and Scope

The overall objective of the review was to determine whether the IRS adequately prepared its Toll-Free Telephone Operation for the 2000 Filing Season.

The overall objective of our review was to determine whether the Internal Revenue Service (IRS) adequately prepared its Toll-Free Telephone Operation for the 2000 Filing Season. To accomplish our objective, we evaluated the IRS' process in preparation for providing taxpayers with telephone assistance and the implementation of some IRS Restructuring and Reform Act of 1998 (RRA 98)¹ provisions that provide new telephone services to taxpayers. We initiated this review as part of the Treasury Inspector General for Tax Administration's Fiscal Year (FY) 1999 Audit Plan.

We conducted the audit in the National Office, the Customer Service Operations Center, and the Atlanta, Fresno, Jacksonville, and Seattle Customer Service call sites. Our audit was performed between August and November 1999 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.

Background

The Commissioner has made improving quality of customer service provided to taxpayers the keystone in plans for modernizing the IRS.

The RRA 98 sent a clear message that the IRS must do a better job in meeting taxpayer needs. The IRS Commissioner has made improving quality of customer service provided to taxpayers the keystone in plans for modernizing the IRS. For example, on October 1, 1999, the IRS reorganized the Customer Service function. This reorganization centralized management and realigned customer service sites.

¹ Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), Pub. L. No. 105-206, 112 Stat. 685.

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The overall mission of the IRS 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. As part of this overall mission, the IRS wants to provide world-class customer service to taxpayers who use telephone assistance during the 2000 Filing Season.

The IRS provides customer service to taxpayers by answering questions through its Toll-Free Telephone System. The Customer Service function provides this toll-free telephone service to taxpayers who ask questions in response to notices or letters received from the IRS or about tax return preparation issues, inquire about the status of their refunds, or order tax forms and publications.

The IRS faces significant challenges as it prepares to respond to the over 54 million telephone calls it expects to receive during the 2000 Filing Season. Some of the challenges include implementing new tax law changes.

Results

The IRS has a fundamentally sound approach to planning telephone assistance for the 2000 Filing Season that covers: anticipating the number of taxpayers who will call on the toll-free line, staffing telephone operations with trained personnel, and purchasing equipment to improve overall service.

For the 2000 Filing Season, a national sample of calls to evaluate the quality of service will not include telephone calls received from Mondays through Saturdays between 11:00 PM and 7:00 AM and all calls received on Sundays. Customer Service management informed us the sample was designed with industry standards for accuracy. It is valid nationally on a monthly basis and quarterly at the call sites. The sampling plan should allow the reviewers access to more than 95 percent of all calls received.

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Management in three of four call sites we contacted informed us they are planning on monitoring toll-free calls during some of the time periods not included in the national sample. However, at the time of our review, they had not yet developed their local quality review plans. Generally, less experienced employees provide toll-free assistance during these periods.

Customer Service management has provided effective oversight and implemented a number of actions to prepare the IRS' telephone operations for the 2000 Filing Season. Although the IRS has made progress, it will not fully implement some RRA 98 provisions that relate to the telephone operations because of resource limitations. However, to improve its telephone operations, the IRS needs to ensure it implements the recommendations in our final report *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000).

The Internal Revenue Service Has an Effective Process to Prepare Its Toll-Free Telephone Operation for the 2000 Filing Season

The IRS took such actions as creating focus groups, using historical data, and establishing a steering committee to prepare for the 2000 Filing Season.

Planning for the filing season is an evolving process that includes input from many sources. The following key elements provide the foundation of the readiness planning process:

National Filing Season Readiness 2000 Executive Steering Committee

The Executive Steering Committee (ESC) is responsible for overseeing the entire IRS preparation for the 2000 Filing Season. The National Director for the Customer Service Telephone Operations Division co-chairs this committee. Senior IRS executives meet biweekly to raise and resolve issues impacting the filing season. The results from internal focus groups,

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historical data, and an evaluation of the last filing season are some methods used to identify pertinent issues for the upcoming year. The ESC developed an action plan to monitor implementation of the readiness of items such as staffing, training, equipment needs, and RRA 98 statutory requirements. The following are some specific actions taken:

- Ordered various software and telephone support equipment such as headsets for the toll-free call sites. The software automates some time-consuming manual tasks and the equipment enables the Customer Service Representatives (CSR) within the call sites to receive incoming calls routed by the Automated Call Distributors.
- Redefined providing customer service 24 hours a day, 7 days a week (24/7) to those taxpayers who request tax law assistance or automated assistance for basic refund inquiries during the filing season. The IRS determined that adequate resources were not available to provide world-class service and decided to focus resources during the times that could affect the most customers.

The Commissioner approved this redefinition on August 10, 1999. The Department of the Treasury also verbally agreed to the revisions.

Meanwhile, the IRS is proceeding with implementing the following modified 24/7 toll-free telephone service:

- Provide 24/7 Tax Law/Procedural assistance from January 3 – April 17, 2000, using a combination of assistors and automated assistance.
- Provide 24/7 automated assistance for basic refund inquiries (e.g., “Where’s my refund?”) and assistor-based help for problematic refund inquiries (e.g., “My refund was lost/stolen, etc.”) from January 3 – May 31, 2000.

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Although the IRS will have modified 24/7 toll-free telephone service for the 2000 Filing Season, it is committed to expanding full service offerings to 24/7 in the following year(s) as soon as human resources, skills development, and technology are available.

Customer Service Filing Season Readiness Process

The National Director for the Customer Service Telephone Operations Division chairs this committee, which provides another readiness check for the Customer Service organization. Weekly conference calls are held with National Directors and Customer Service Field Operation executives. Multi-functional issues are followed up on with the appropriate functional executives.

Customer Service Fiscal Year 2000 Operating Guidelines

Customer Service management issued operating guidelines on October 8, 1999. This document provided guidelines to assist managers in their understanding of the numerous goals the IRS is challenged to achieve and to succeed in improving customer and employee satisfaction, as well as increasing compliance and productivity. The operating guidelines also highlight program objectives and measures.

Certification of Readiness Process

All call sites must perform readiness reviews and certify by December 15, 1999, that they are prepared for the 2000 Filing Season.

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The Internal Revenue Service Has Made Progress but Will Not Fully Implement All Internal Revenue Service Restructuring and Reform Act of 1998 Provisions That Will Provide New Taxpayer Services

The RRA 98 requires the IRS to ensure employees identify themselves to taxpayers when answering questions and answer questions in Spanish on the telephone in appropriate circumstances and to provide taxpayers the option of speaking to an IRS employee during normal duty hours.

At the time of our review, the IRS changed procedures to require CSRs to provide their name and identifying number to taxpayers during the calls. This was included in employee training, and quality reviewers are required to evaluate whether employees properly identify themselves to taxpayers.

To improve service and accessibility, the RRA 98 § 3705(c) required the IRS to answer taxpayers' telephone calls, in appropriate circumstances, in Spanish, and the RRA 98 § 3705(d) required the IRS to provide an option for taxpayers to talk with an IRS employee during normal duty hours. These new taxpayer services became effective January 1, 2000.

Providing and Evaluating Service to Spanish-Speaking Taxpayers

The IRS has three major toll-free product lines to assist in servicing taxpayers – 1040, General Inquiries; 8815, Account Inquiries; and, 4262, Refund/Earned Income Tax Credit Inquiries. The IRS estimates that 2.2 million Spanish-speaking taxpayers could call the IRS from January to June 2000.

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The IRS will not fully implement the RRA 98 requirements to provide Spanish-speaking callers the option to have their questions answered in Spanish and provide all callers the option of talking to CSRs.

The IRS developed an option at the beginning of a call that will direct a taxpayer to either an English or Spanish script to answer their questions. The IRS initially requested this option be placed on all of the above product lines. Subsequently, the IRS decided to limit the option to the 1040 product line. It cited insufficient resources and other priorities as reasons for limiting the option to the one line. As a result, the Spanish-speaking taxpayers who call the other two product lines will not have the opportunity to continue their calls in Spanish.

Although the IRS will provide a new service to Spanish-speaking taxpayers, it will not be able to evaluate the quality of the service. The IRS will not conduct corporate or local quality monitoring of Spanish toll-free calls during the 2000 Filing Season. Currently, the IRS' national quality staff does not have bilingual quality reviewers to conduct corporate monitoring of Spanish calls. Also, there are not enough bilingual quality reviewers in the local quality review functions to monitor Spanish calls. The IRS has attempted to hire bilingual quality reviewers in the past but has been unsuccessful in finding candidates who are both bilingual and have technical quality review skills.

The IRS informed us it is tentatively planning to hire Spanish-speaking quality reviewers at the Jacksonville call site sometime in FY 2000. Also, Customer Service management has been considering hiring bilingual quality reviewers for the Puerto Rico call site, which will be operational in FY 2001.

Without any quality monitoring of Spanish calls, the IRS will not be able to determine the accuracy of tax assistance provided to Spanish-speaking taxpayers who call the toll-free helplines. Any incorrect responses that may go undetected could cause problems for taxpayers and, later, the IRS in the return filing process.

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Providing Taxpayers Who Use Telephone Assistance With the Option of Talking to Employees

The RRA 98 provides that all callers to the IRS during normal business hours will have the option to talk to a person, in addition to hearing any applicable recorded message.

Because the Tele-Tax helpline (automated Response Unit system which taxpayers can access for pre-recorded tax and refund account information) is scheduled to migrate to a new system in July 2000, the IRS decided to forego the functionality of giving taxpayers the option to talk to an assistor during normal business hours until a replacement system is implemented. The modernization will integrate the Tele-Tax and the Telephone Routing Interactive System (receives a call and provides a response based on a taxpayer's selection), which will provide access to an employee.

Also, the Selected Expanded Access (SEA) is used to provide an interactive automated service to customers who would otherwise receive a busy signal. The SEA is used when call volumes are high and there are not enough assistors available. The SEA is activated when the threshold of employees to callers in the queue reaches a ratio of 100:175. However, the SEA does not provide the taxpayer with an option to speak with an employee during the same call. If the pre-recorded messages do not answer the taxpayer's question, he/she will have to call back at a later time to speak with an available employee. There are no plans to provide taxpayers access to a CSR for calls routed to the SEA.

During the 1999 Filing Season, over 37 million taxpayers used the Tele-Tax helpline and nearly 12 million taxpayers were offered the SEA option. Documentation is not available to determine the number of taxpayers who needed to speak with a CSR during the call but were unable to because their questions were not answered by the pre-recorded messages.

As a result of the functionality of the Tele-Tax helplines and SEA, taxpayers will not always have the option of

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speaking to an assistor as required by the RRA 98. This may result in repeat calls and correspondence to the IRS.

Conclusion

Overall, the IRS has an effective process for preparing its telephone operations for the filing season. The IRS also has made progress toward implementing the RRA 98 provisions that relate to the telephone assistance. The inability to fully implement all the RRA 98 provisions can primarily be attributed to resource limitations. However, to improve its telephone operations, the IRS needs to ensure it implements the recommendations in our final report *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000).

Management's Response: Management has responded under a separate cover to our report entitled *Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance* (Reference Number 2000-30-062, dated March 2000), which contains numerous recommendations involving some of the same issues found in this review.

Management believes they have complied with both the spirit and intent of RRA 98 as it relates to improving service to its customers. Management also stated that they remain committed to providing top quality service to the American public.

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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of the review was to determine whether the Internal Revenue Service (IRS) adequately prepared its Toll-Free Telephone Operation for the 2000 Filing Season.

Scope and Limitations

We conducted the review from August through November 1999 in the IRS' National Office, the Customer Service Operations Center (CSOC), and four Customer Service call sites - the Atlanta Customer Service (ATCS), Fresno Customer Service (FCS), Jacksonville Customer Service (JCS), and Seattle Customer Service (SCS) call sites. These sites were selected because they were 24 hours a day, 7 days a week (24/7) customer service operations and/or were call sites selected for the Spanish-speaking initiative. We obtained information by interviewing IRS employees and by reviewing IRS documents and guidelines.

At the time of our review, monitoring documents (filing season action plans) had not been completed by several of the call sites. Also, filing season readiness certifications from call site and service center directors were not due to the Filing Season 2000 Executive Steering Committee until December 15, 1999.

We conducted the following audit tests to accomplish the objective.

- I. Determine the IRS' process for preparing to provide customer service to taxpayers for toll-free telephone service for the 2000 Filing Season.
 - A. Interviewed staff members from the National Director for the Customer Service Telephone Operations and CSOC offices to identify the key controls used to develop, communicate, and monitor implementation of organizational goals.
 1. Reviewed the Fiscal Year (FY) 2000 Customer Service Operating Guidelines to ascertain deliverables/expectations of IRS executives.
 2. Conducted discussions with the above officials and reviewed the FY 2000 Filing Season Action Plan to determine if specific action plans or other management tools for identifying and monitoring the implementation of key actions, such as staffing, hiring, and training, were developed and communicated.

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3. Conducted discussions with staff members in the National Director for the Customer Service Telephone Operations and CSOC offices to determine the process for providing oversight to ensure the action items identified in the action plan were timely implemented.
 4. Conducted discussions with staff members in the National Director for the Customer Service Telephone Operations and CSOC offices to determine the process for addressing concerns raised by the field in meeting goals and completing the action plan.
 5. Conducted discussions with staff members in the National Director for the Customer Service Telephone Operations and CSOC offices and performed an analysis of the following documents to determine the process for identifying the issues to be addressed during filing season readiness for Customer Service.
 - a) Reviewed the National Office Customer Service Focus Group Report – Filing Season 1999, a draft Treasury Inspector General for Tax Administration audit report, and the Multilingual Customer Service Final Report – October 1997 to determine whether prior experiences and results of internal and external reviews were considered during the 2000 Filing Season planning.
 - b) Conducted discussions with staff members from the CSOC office to determine the process for identifying peak calling periods for weekday and weekend toll-free telephone assistance during the filing season.
 - c) Conducted discussions with National Office Customer Service analysts and staff members from the National Director for the Customer Service Telephone Operations and CSOC offices and reviewed Customer Service’s FY 2000 Operating Guidelines.
 - d) Conducted discussions with National Office Customer Service analysts and reviewed the Multilingual Customer Service Final Report – October 1997 to determine if the IRS considered the needs and concerns of Spanish-speaking taxpayers.
- B. Determined whether Customer Service toll-free call sites were staffed as planned and equipped and whether Customer Service Representatives (CSRs) received timely training.
1. Evaluated procedures for deciding how the toll-free call sites were staffed with English- and Spanish-speaking CSRs.

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- a) Conducted discussions with ATCS, FCS, JCS, and SCS call site management and employees regarding their process for hiring and staffing their call sites.
 - b) Conducted discussions to determine the process for staffing and hiring for the call sites with CSOC employees; National Telephone Field Operations staff; Customer Service Transition Manager for Telephone Field Operations; Chief, Telephone Services Branch (Customer Service) in the National Office; and the Senior Labor Relations Specialist for the Georgia Host Site.
 - c) Reviewed the position descriptions for the CSRs.
 - d) Reviewed the National Treasury Employees Union's various agreements regarding their support of the FY 2000 Customer Service Program.
 - e) Reviewed the FY 2000 Workplan Assumptions.
 - f) Reviewed the Customer Service Agreement and Letters of Understanding which outlined the support needed for the FY 2000 Customer Service Program.
 - g) Reviewed the Multilingual Customer Service Final Report – October 1997.
2. Evaluated IRS procedures for ensuring all toll-free telephone CSRs received timely and relevant training.
 - a) Conducted discussions with the division chiefs and their training staffs at the FCS, SCS, and JCS sites regarding the process used to ensure all CSRs receive timely and relevant training.
 - b) Conducted discussions with the training coordinator at the ATCS site regarding their process to ensure timely and relevant training.
 - c) Reviewed the training plans from all the above sites.
 3. Reviewed the FY 2000 Customer Service Operating Guidelines to identify any other initiatives relating to toll-free telephone staffing and training.
 4. Determined whether Customer Service had taken sufficient actions to ensure that adequate equipment was available to the toll-free telephone CSRs.
 - a) Conducted discussions with a National Office program analyst, a systems administrator at the FCSC and ATCS, and a division chief at the SCS site to determine the process used to address the Customer Service call sites' equipment needs.

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- b) Reviewed critical equipment requests from the FCS, SCS, and ATCS sites and determined the delivery and installation dates of the equipment at the call sites.
- II. Determined whether Customer Service has taken sufficient actions to implement an effective quality review system and has addressed statutory requirements of the IRS Restructuring and Reform Act of 1998 (RRA 98)¹ that relate to the toll-free telephone operation.
- A. Determined whether Customer Service has established quality goals for toll-free telephone service (e.g., accuracy of assistor responses and timeliness of system access).
 - 1. Conducted discussions and had e-mail correspondence with appropriate National Office personnel to determine if accuracy and timeliness goals had been established for the 2000 Filing Season.
 - 2. Conducted discussions with Quality Assurance Coordinators and Quality Assurance managers at the ATCS, JCS, and FCS sites to determine accuracy and timeliness goals.
 - 3. Reviewed FY 2000 Customer Service Operating Guidelines for accuracy and timeliness goals.
 - B. Determined whether Customer Service has designed a quality review program that captures and provides timely feedback on toll-free performance.
 - 1. Conducted discussions and had e-mail correspondence with appropriate National Office personnel to determine background information concerning the quality review program.
 - 2. Conducted discussions with Quality Assurance Coordinators and Quality Assurance managers at the ATCS, JCS, and FCS sites to determine procedures for the quality review program.
 - 3. Reviewed the Quality Review Database and Data Collection Instrument Manager's Training Student Guide.
 - 4. Reviewed FY 2000 Customer Service Operating Guidelines to determine objectives and assumptions for toll-free telephone calls.

¹ Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), Pub. L. No. 105-206, 112 Stat. 685.

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5. Reviewed Internal Revenue Manual (IRM) 21.10.1, Customer Service Quality Review Program, to determine policy and procedures for the current quality review program.
- C. Determined procedures for ensuring that requirements of the RRA 98 are implemented and monitored (e.g., Spanish-speaking assistors, option of speaking to an assistor, and employees identifying themselves to taxpayers).
1. Reviewed the RRA 98 § 3705 Action Plan to determine planned actions and status of the actions for the RRA 98 sections mentioned above.
 2. Reviewed Commerce Clearing House Law, Explanation, and Analysis for information concerning RRA 98 § 3705.
 3. Reviewed two Decision Papers for the Multilingual Strategy to determine plans and procedures for Spanish assistance for FY 2000.
 4. Reviewed Customer Service FY 2000 Operating Guidelines on Spanish Helplines to determine objectives, assumptions, and guidelines for Spanish assistance.
 5. Reviewed Bureau of Census data for the Hispanic population to determine ages and earning potential.
 6. Conducted discussions and had e-mail correspondence with appropriate National Office and CSOC personnel to determine live assistor option procedures.
 7. Reviewed a memorandum and attachments from the National Office, Chief, Telephone Operations Branch to the Customer Service RRA 98 Coordinator to determine status of live assistor option.
 8. Conducted discussions with the Customer Service RRA 98 Coordinator to determine duties and status of live assistor and employee contacts procedures.
 9. Conducted discussions with appropriate National Office personnel concerning procedures issued and status on employees identifying themselves to taxpayers.
 10. Reviewed memoranda and Voice Messaging System messages from National Office personnel to determine policy and procedures.
 11. Reviewed IRM 21.1, Customer Service Overview, and IRM 114.1, Compliance and Customer Service Manager's Handbook, to determine latest procedures to address employee contacts.
- D. Determined planned changes to the 24/7 hours of service.

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1. Conducted discussions with appropriate National Office personnel to determine any changes to 24/7 service for the 2000 Filing Season.
2. Reviewed the Proposed Hours of Operation for FY 2000 to determine hours of operation for call sites.
3. Reviewed action plans for improving telephone service to determine any changes for 24/7 service.
4. Reviewed a Presidential Announcement concerning increasing hours of telephone customer service to 24/7.
5. Reviewed Executive Order 12862 concerning setting customer service standards.
6. Reviewed a Decision Paper from Commissioner Rossotti defining 24/7 service for FY 2000.
7. Reviewed a memorandum and attachments from the Assistant Commissioner (Customer Service) concerning efforts to enhance the 24/7 operating environment.
8. Reviewed draft and final FY 2000 Customer Service Operating Guidelines to determine the final changes made to 24/7 hours of operation.

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Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

Deputy Commissioner Operations C:DO
Chief Operations Officer OP
Assistant Commissioner (Customer Service) OP:C
Chief, Customer Service Field Operations OP:CSF
Director, Office of Program Evaluation and Risk Analysis M:O
National Director for Legislative Affairs CL:LA
Office of Management Controls M:CFO:A:M
Office of the Chief Counsel CC
Office of the National Taxpayer Advocate C:TA
 Audit Liaison - Customer Service OP:C:W:E:T

**The Toll-Free Telephone Filing Season
Planning Process Is Adequate**

Appendix IV

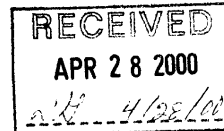
Management's Response to the Draft Report



COMMISSIONER

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

April 28, 2000



MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX
ADMINISTRATION

FROM:

for Charles O. Rossotti *Bob Rossotti*
Commissioner of Internal Revenue

SUBJECT:

The Toll-Free Telephone Filing Season Planning Process Is
Adequate (Audit #199940100)

Thank you for the opportunity to review and comment on your draft report on our toll-free telephone filing season planning process. Your report recognized the many efforts we have taken to ensure that critical filing season planning activities are identified and monitored on an ongoing basis. These efforts included: anticipating the number of taxpayers that will call our toll-free line, staffing telephone operations with trained personnel, and purchasing equipment to improve service. I believe the improved service our customers are receiving this filing season is due, in part, to the effectiveness of our up-front planning and monitoring process.

I believe we have complied with both the spirit and intent of the Restructuring and Reform Act of 1998 as it relates to improving service to our customers. We have also responded under separate cover to your report entitled "Toll-Free Telephone Service Levels Declined in 1999 Despite Costly Efforts to Achieve World Class Performance."

We remain committed to providing top quality service to the American public. I know we still have much work to do to improve and modernize the IRS. However, I believe we have turned a corner this filing season; the upward trends in telephone service are most encouraging and show that our investments in training, management, and technology are beginning to pay off.

If you have any questions, please contact Robert Wilkerson, Assistant Commissioner (Customer Service), at (202) 622-5044.