DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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MEMORANDUM FOR MANAGERS, EP EXAMINATIONS

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SUBJECT: Roll-Out of Customer Satisfaction Initiatives

The purpose of this memorandum is to announce the rollout of several Employee Plans (EP) Examination products developed as a result of our ongoing initiative to address the feedback received from our Customer Satisfaction surveys.

Several Employee Plans Examinations Customer Satisfaction teams, consisting of a committee of EP managers, agents and practitioners were commissioned to take the lead on developing products that would address the concerns expressed by our customers. The teams focused specifically on enhancing our examination process. (Note: Approximately 80% of our survey responses come from employers, with the remaining 20% coming from practitioners and others).

As a result, we have revised existing products and developed a few new products which will facilitate a better examination experience. These products include:

a) A revised Letter 1346 (the initial appointment letter)
b) Six attachments to the appointment letter
c) A new Publication 1-EP (Understanding the Employee Plans Examination Process) (Catalog Number 39708R)
d) A new EP bookmark (Publication 4325 – Catalog Number 38454S)
e) A new EP examination flowchart (Publication 4324 – Catalog Number 38453H)
f) A new status letter (Letter 1014-A)
g) A new web-based examination resource (Employee Plans Examination Process Guide)

This memorandum also includes guidance for the use of these products.

The Letter 1346, appointment letter, was updated and made friendlier in an attempt to address the #1 question raised by our customers – “Why was I selected for examination?” The revised letter explains why certain returns are selected for examination. The attachments to the Letter 1346 have also been enhanced. The itemized listing of information needed for the examination is organized by code section and explains why the information is needed. The customer will now be able to understand the underlying reason for our request. The letter now also makes reference to two new products that were developed to explain customer rights and the examination process: a bookmark and a flowchart. The letter is a PDF document with fill-able fields that allow the user to input variable information such as the name of taxpayer, address, etc. and is an official IRS form letter that should not otherwise be changed.

The attachments to the appointment letter were created as Microsoft Word documents so that each request for information can be customized by the agent to the specific circumstances of the plan under examination. There is one each for profit-sharing, money purchase, 401(k), defined benefit, cash balance, and ESOP plans.

The Publication 1-EP is a PDF document and must be issued *in lieu of* Publication 1 when initiating a Form 5500 examination only. If the agent, during the course of the examination, proposes any issues involving taxation (i.e., excise tax, discrepancy adjustments or revocation), the original Publication 1 must be issued along with the Revenue Agent's Report (RAR). The applicable sections of the IRM will be revised to incorporate this change in procedure.

The Mandatory Review Staff has updated the RGS work center folders of forms, letters and templates to include the revised 1346 letter, attachments and Pub 1-EP. These documents can be accessed through the TE/GE Home Page on the intranet. On the Home Page, select "Automation and Systems"; then select "Systems and Guides"; finally select "TE/GE Add Ons (Forms, Letters, Templates and data base files)". "TE/GE Add Ons (Forms, Letters, Templates and data base files)" is the very last selection on the page. On the File Download pop-up screen, select "Open"; select "EP"; select "Continue"; select "All Forms, Letters, & Templates"; select "Install". The Forms folder, the Letters folder and the Templates folder will be downloaded on your "D" drive in the Documents TEGE folder.

At a later date, hard copies of the Pub 1-EP will be available from the distribution centers.

The bookmark (Publication 4325) and flowchart (Publication 4324) are two new products designed to address EP customer satisfaction survey results that indicated our customers have questions about our examination process and are not always aware of their rights as taxpayers. The Qualified Retirement Plans Bookmark was developed to provide a concise explanation of taxpayer's rights at a glance. It also reminds customers of the advantages and responsibilities of having a retirement plan. The bookmark is concise, attention-getting and easy to understand. The Employee Plans Examination Process Flowchart is a graphical, eye-catching, and easy-to-understand illustration of the steps involved in an examination of a retirement plan. The flowchart begins with letting the taxpayer know that the IRS will be coming to them to conduct the audit and ends with a comment about how issues will be handled if identified during an examination.

The above two products should be sent out in conjunction with the initial appointment letter. Each group should have a supply of the bookmark and flowchart available at all times since sending out photocopies defeats the goal of grabbing the customer's attention. An initial supply of publications has been ordered for each group. Additional publications should be ordered from the appropriate distribution center.

Letter 1014-A is a new letter developed for use by agents to address EP customer concerns regarding long unexplained delays in the examination process. The letter contains a list of paragraphs that can be selected by the agent to notify the customer of the status of the examination. Use of the 1014-A letter is encouraged, but is not mandatory.

The EP Examination Process Guide was developed for our external customers to help them better understand the examination process for employee plans. The guide, which is web-based and is made up of 11 sections, is intended to be a comprehensive reference that should answer most of our customer's questions regarding our examination process. The external guide will be available at www.irs.gov under *Retirement Plans Community* and will include all of the other products referred to in this memo.

The use of the examination appointment letter package, including the flowchart and bookmark, is mandatory. You can find an electronic version of this memo, as well as a link to the aforementioned products by clicking on the "Appointment Letter" link on the "Examinations" page under the "Programs" section of the EP Intranet Home Page. This package must be used on all examinations initiated on and after February 21, 2005. These procedures do not apply to EPTA examinations.