

**More Information Is Needed to Determine the  
Effect of the Discretionary Examination  
Program on Improving Service to All  
Taxpayers**

**August 2003**

**Reference Number: 2003-40-185**

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



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

August 27, 2003

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

*David R. Doulos*

FROM: for Gordon C. Milbourn III  
Assistant Inspector General for Audit (Small Business and  
Corporate Programs)

SUBJECT: Final Audit Report - More Information Is Needed to Determine  
the Effect of the Discretionary Examination Program on  
Improving Service to All Taxpayers (Audit # 200340009)

This report presents the results of our review of the Wage and Investment (W&I) Division's Discretionary Examination Program. The overall objective of this review was to determine if the purpose, strategies and plans, and management policies of the W&I Division's Discretionary Examination Program are effective in meeting the Internal Revenue Service's (IRS) goal of service to all taxpayers through the fair and uniform application of the law. We also determined whether the Program is effectively designed to ensure it is meeting the requirements of the Government Performance and Results Act of 1993 (GPRA).<sup>1</sup>

In summary, we found the W&I Division's Compliance function has a comprehensive strategic planning process to help ensure it manages resources and meets its annual goals and performance levels for the Discretionary Examination Program. However, the IRS will not be able to measure the success of its efforts to improve the goal of service to all taxpayers through the fair and uniform application of the tax law because the Discretionary Examination Program currently does not have long-term outcome goals to assess the Program's effect.

We recommended that the Commissioner, W&I Division, finalize the long-term goals and the related measures currently being developed in the draft Concept of Operations

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<sup>1</sup> Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

(CONOPs) for the Discretionary Examination Program to reflect the Program's anticipated outcomes over time. We also recommended that the Commissioner establish a consistent method to measure progress toward the long-term goals. The method should include a periodic assessment of the Program's progress towards achieving its goals.

Management's Response:

Management agreed with the recommendations and will finalize the long-term goals and related measures in the draft CONOPs. The W&I Division will use the information obtained from its Fiscal Year 2003 statistical application as a baseline for future years. The W&I Division is also participating in the Filing Analysis Module Research Project that will provide pertinent taxpayer compliance data necessary to implement long-term goals. Management also agreed to establish a consistent method to measure progress toward long-term goals of the Discretionary Examination Program. The W&I Division will test baseline data to determine yield and coverage rates and establish a monthly report to monitor its progress. The W&I Division will also continue to partner with the Research Organization to keep abreast of potential compliance issues and ensure that it targets taxpayer populations that appear to be the most non-compliant.

Management's complete response to the draft report is included as Appendix V.

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 Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

**More Information Is Needed to Determine the Effect of the  
Discretionary Examination Program on Improving Service to All Taxpayers**

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## More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers

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### Background

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Taxpayers are responsible for filing returns that report the full amount of taxes owed, as well as paying any taxes that are due. The Internal Revenue Service's (IRS) mission is to provide America's taxpayers with top-quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all. One of the IRS' strategic goals is to provide top-quality service to all taxpayers through the fair and uniform application of the law. The IRS has established compliance programs designed to assure that taxpayers fully and accurately report and pay the amount of taxes they owe.

The IRS' Wage and Investment (W&I) Division serves about 122 million taxpayers who file a United States (U.S.) Individual Income Tax Return (Form 1040) with no accompanying Schedules C, E, or F; no Employee Business Expenses (Form 2106); and no international activity. Through its Compliance function, the W&I Division conducts examinations of individual tax returns. These examinations are done by correspondence, i.e., through the mail. Correspondence examinations can be completed in a few hours, are limited in scope to a few issues, and do not include a review of detailed accounting records.

The W&I Division's Compliance Examination Program is made up of two separate activities: examination of tax returns with Earned Income Tax Credit (EITC)<sup>1</sup> claims, and examination of tax returns without EITC claims (referred to as the Discretionary Examination Program). This review focused on the Discretionary Examination Program.

The IRS and General Accounting Office (GAO) have identified EITC claims as being vulnerable to high rates of noncompliance.<sup>2</sup> The IRS has received additional funding to address this area of noncompliance. As a result, the W&I Division's Compliance Examination Program has focused its resources primarily on examining EITC returns.

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<sup>1</sup> The EITC is a refundable credit established to offset the impact of Social Security taxes on low-income families and encourage them to seek employment rather than welfare.

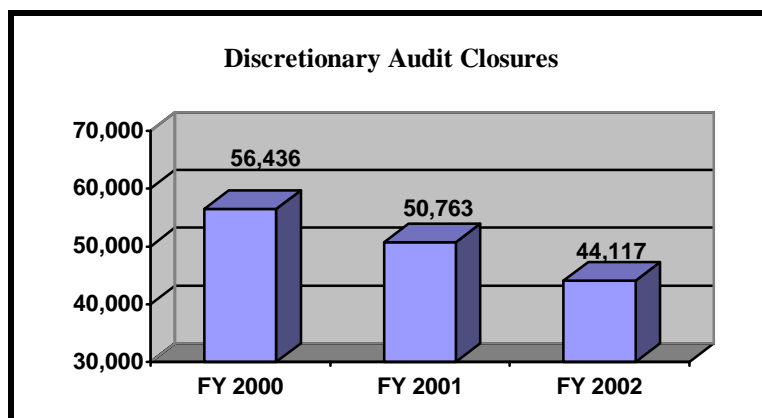
<sup>2</sup> *COMPLIANCE AND COLLECTION: Challenges for IRS in Reversing Trends and Implementing New Initiatives* (GAO-03-732T, dated May 2003).

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In Fiscal Year (FY) 2002, about 83 percent of the W&I Division's Compliance Examination resources were focused on its EITC Program and about 17 percent on its Discretionary Examination Program. However, only 15 percent of all W&I Division taxpayers claimed the EITC in FY 2002.

Overall, since FY 2000, Discretionary Examination Program work closures have decreased from 56,436 to 44,117 (see figure below). Also, from FY 2001 to FY 2002, dollars recommended for assessment decreased from \$131 million to \$109 million, and revenue protected decreased from \$6.7 million to \$2.5 million.



Source: March 2003 Commissioner's Monthly Performance Business Summary.

Discretionary closures are expected to increase to 52,750 for FYs 2003 and 2004.

The GAO has expressed concern over the declining compliance activity, and the Congress has raised questions that the declining Examination activity might affect voluntary compliance. In addition, the W&I Division, in its strategic assessment, identified the risk of declining compliance as a key issue and recognized the continuing need to improve its enforcement programs to reduce the risk of noncompliance. Strategic assessments are part of the IRS' strategic planning, budgeting, and performance measurement process.

## More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers

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The Government Performance and Results Act of 1993 (GPRA)<sup>3</sup> requires executive agencies to prepare multiyear strategic plans, annual performance plans, and performance reports on prior year accomplishments. Strategic plans have six basic requirements and are the starting point for setting goals and measuring progress toward achieving them. This review concentrated on the following two requirements as they relate to the W&I Division's Discretionary Examination Program. The strategic plan must contain:

- A comprehensive mission statement covering the major functions and operations of the agency.
- General goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency.

The GPRA also has six basic requirements for annual performance plans. For this review, we concentrated on the following two requirements as they relate to the W&I Division's Discretionary Examination Program. The performance plan must:

- Establish performance goals to define the level of performance to be achieved by a program activity.
- Express such goals in an objective, quantifiable, and measurable form.

We conducted this review as a part of the Treasury Inspector General for Tax Administration's FY 2003 discretionary audit coverage. We performed audit testing and interviewed staff in the W&I Division Headquarters in Atlanta, Georgia, between March and May 2003. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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<sup>3</sup> Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

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### **The Discretionary Examination Program's Annual Strategic Planning Process Has Established Annual Goals and Performance Levels**

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W&I Division Compliance function management has a comprehensive strategic planning process to help ensure it manages resources and meets its annual goals and performance levels for the Discretionary Examination Program. The mission of the W&I Division's Compliance Examination Program is to maintain an enforcement presence, encourage the correct reporting of income by W&I Division taxpayers, and ensure the fairness of compliance actions.

The purpose of the Discretionary Examination Program is to address noncompliance by covering different segments of taxpayers and to attempt to touch as many categories or segments of noncompliant taxpayers as resources allow, while maintaining a low no-change rate<sup>4</sup> and a high yield per return. This supports the IRS' and the W&I Division's mission and is incorporated throughout the IRS' strategic planning process. The Compliance function's strategy and planning includes the Discretionary Examination Program and is rolled into the W&I Division's strategic program and plan. This strategy has focused on ways to implement a balanced compliance program to increase voluntary compliance.

As part of the strategic planning process, W&I Division Compliance function management establishes Discretionary Examination Program priorities and goals. Recent priorities have appropriately included risk-based strategies to gain knowledge regarding taxpayer behavior and to consider new ways to approach inventory selection and identify educational opportunities. Operational priorities and studies have included:

- Resolve compliance issues through Taxpayer Assistance Centers.
- Assess Examination coverage across W&I non-EITC filers and develop a strategy for addressing compliance issues in this area.

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<sup>4</sup> The no-change rate is the number of examinations closed with no adjustment made to the return divided by the total number of examinations closed.



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- Partner with the National Research Program (NRP) to collect tax return data to measure overall compliance. The NRP will produce a fresh baseline compliance measure that identifies pockets of noncompliance and reduces examinations.
- Define business requirements, reengineer business processes, and implement a web-based application to view all Correspondence Examination cases in the Compliance function.

To help ensure their strategic planning efforts are successful, Compliance function management has included the Discretionary Examination staffs at the various IRS campuses<sup>5</sup> in their planning efforts. For example, Compliance function management met with appropriate senior Examination employees on each campus to share the Program's mission and goals and to obtain their input into the strategic planning process. Management discussed information unique to each site and factors that might influence the successful performance of each site. Compliance function management provided their overall performance expectations based on planned resource allocation and also provided training on the goals and objectives so the site managers could communicate this to their employees.

These efforts should help ensure that the Discretionary Examination Program's strategy and planning process addresses customer and employee needs. In addition, W&I Division Compliance function management's focus on improving the overall operations of the Program will help them to prioritize their limited resources.

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### Long-Term Performance Goals Are Needed

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The Discretionary Examination Program has not established long-term outcome goals that reflect the Program's ability to fairly apply the tax law and improve voluntary compliance. Consequently, the IRS cannot determine if the Program's strategies and initiatives or any future actions will have an

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<sup>5</sup> The campuses are the data processing arms of the IRS. The campuses process paper and electronic submissions, correct errors, and forward data to the computing centers for analysis and posting to taxpayer accounts.

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effect on its efforts to ensure fair application of the tax law while improving voluntary compliance.

Compliance function management has established short-term performance measures that gauge the Program's activities and productivity. To monitor the activity and production, Discretionary Examination Program management analyzes the following information:

- The total dollar amount of additional tax assessed and revenue protected.
- The number of Examination closures, reconsiderations,<sup>6</sup> new cases started, and cycle time.<sup>7</sup>
- Employee and customer satisfaction using survey results.

These are valid indicators or measures to help management determine whether resources are used properly or to gauge the activity or productivity (the output) of the Program. They are also appropriate measures to aid in the selection of cases and to set short-term goals for the Program. However, these goals do not measure the outcome of the Program, i.e., the results of the IRS' efforts to ensure fair application of the tax law or improve voluntary compliance.

Federal government agencies are expected to identify high-quality outcome measures and accurately monitor performance of programs. The GPRA and related Office of Management and Budget circulars require Federal Government agencies, as part of the strategic planning process, to develop general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency. Agencies must develop goals and objectives that define the level of performance to be achieved by a program activity. Those

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<sup>6</sup> A reconsideration is the process that the IRS uses to reevaluate the results of a prior examination when a taxpayer disagrees with the original determination by providing information that was not previously considered during the original examination.

<sup>7</sup> Cycle time is the average calendar days from the initiation of an examination to closure.

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goals should be quantifiable and measurable unless authorized to be in an alternative form.

The W&I Division's Discretionary Examination Program's allocation for FY 2003 was \$38 million. Yet the IRS has not established long-term goals for the Program nor set a baseline against which to measure the success of the Program. Not having long-term goals impairs management's and the Congress' ability to make informed decisions related to the W&I Division's Discretionary Examination Program.

In addition, the IRS will not be able to meet the *President's Management Agenda, Fiscal Year 2002* goals for improving financial performance and integrating budgeting and performance. The *President's Management Agenda* is a strategy for improving the management and performance of the Federal Government. The Agenda contains five Government-wide and nine agency-specific goals to improve Federal management and deliver results that matter to the American people. It stresses the need to provide a greater focus on performance management. In addition, "...agencies will be expected to identify high quality outcome measures, accurately monitor the performance of programs, and begin integrating this presentation with associated cost."

Compliance function management recognizes the need to develop better performance measures for the Discretionary Examination Program. In the past, they have focused on annual goals and measures but are currently working toward developing long-term measures and goals through a Concept of Operations (CONOPs). This draft CONOPs includes efficiency goals, such as handling compliance issues systemically without human interaction. The draft plan also includes outcome-focused, long-term goals, such as improving the identification of noncompliant taxpayers and increasing the percentage of taxpayers in full compliance.

## **More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers**

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### **Recommendations**

The Commissioner, W&I Division, should:

1. Finalize the long-term goals and the related measures currently being developed in the draft CONOPs for the Discretionary Examination Program to reflect the Program's anticipated outcomes over time.

Management's Response: The W&I Division plans to finalize the long-term goals and related measures in the draft CONOPs. The Division plans to use the information obtained from the Fiscal Year 2003 statistical application as a baseline for future years. It is also participating in the Filing Analysis Module Research Project that will provide pertinent taxpayer compliance data necessary to implement long-term goals.

2. Establish a consistent method to measure progress toward the long-term goals. The method should include an assessment of the frequency with which the measures are completed. The method should include a periodic assessment of the Program's progress towards achieving its goals.

Management's Response: The W&I Division will establish a consistent method to measure progress toward long-term goals of the Discretionary Examination Program. The Division will test baseline data to determine yield and coverage rates and establish a monthly report to monitor its progress. It will also continue to partner with the Research Organization to keep abreast of potential compliance issues and ensure that it targets taxpayer populations that appear to be the most non-compliant.

**More Information Is Needed to Determine the Effect of the  
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**Appendix I**

**Detailed Objective, Scope, and Methodology**

The overall objective of this review was to determine if the purpose, strategies and plans, and management policies of the Wage and Investment (W&I) Division Discretionary Examination Program are effective in meeting the Internal Revenue Service's (IRS) goal of service to all taxpayers through the fair and uniform application of the law. We also determined whether the Program is effectively designed to ensure it is meeting the requirements of the Government Performance and Results Act of 1993 (GPR A).<sup>1</sup> We performed the following tests:

- I. Determined whether the design and purpose of the Program is clear and properly aligned with the mission of the IRS and the W&I Division's Compliance function.
  - A. Determined if the Program purpose is clear and addresses a specific interest, problem, or need.
  - B. Determined the amount of money that the Congress appropriated for the IRS to manage the Program for Fiscal Year (FY) 2003.
- II. Determined whether the W&I Division has set valid annual and long-term goals for the Program that focus on outcomes and reflect the purpose of the Program.
  - A. Reviewed the IRS' long-term strategic plan (5-year plan) and the W&I Division plan (annual plan for FY 2003) to identify annual and long-term goals of the Program.
  - B. Evaluated long-term goals to determine if they have the following elements: outcomes focused on the mission, established baselines, clear time periods, clear targets, and one efficiency goal.
  - C. Evaluated short-term goals to determine if they demonstrate progress toward achieving the long-term goals using the following elements: being discrete (specific), quantifiable, and measurable, and having at least one efficiency goal.
  - D. Determined whether the Program collaborates and coordinates effectively with related programs (partners) that share similar goals and objectives by interviewing the appropriate officials.
  - E. Determined whether the Discretionary Examination Program has taken meaningful steps to address its strategic planning deficiencies.

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<sup>1</sup> Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

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**Appendix II**

**Major Contributors to This Report**

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)

Augusta R. Cook, Director

Deann L. Baiza, Audit Manager

Sharla J. Robinson, Senior Auditor

Karen C. Fulte, Auditor

Sylvia Sloan-Copeland, Auditor

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**Appendix III**

**Report Distribution List**

Commissioner N:C  
Deputy Commissioner for Services and Enforcement N:SE  
Deputy Commissioner, Wage and Investment Division W  
Director, Compliance W:CP  
Director, Reporting Compliance W:CP:RP  
Director, Strategy and Finance W:S  
Chief Counsel CC  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis N:ADC:R:O  
Office of Management Controls N:CFO:AR:M  
Audit Liaison: GAO/TIGTA Liaison W:S:PA

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**Appendix IV**

**Outcome Measures**

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; \$38 million for Fiscal Year (FY) 2003 (see page 5).

Methodology Used to Measure the Reported Benefit:

This outcome is the actual amount allocated by the Internal Revenue Service (IRS) for the administration of the Wage and Investment (W&I) Division's Discretionary Examination Program and includes funding the classification of returns selected for examination, providing technical advice, coordinating the fraud program and performing other work related to this Program. The W&I Division's Program was allocated \$38 million for FY 2003. However, the IRS cannot determine how effective the Program has been in improving the goal of service to all taxpayers through the fair and uniform application of the law because it has not established long-term goals to reflect the outcome of the Program.

Reliability of Information is defined as ensuring the accuracy, validity, relevance, and integrity of data, including the sources of data and the applications and processing thereof, used by the organization to plan, monitor, and report on its financial and operational activities. Without long-term goals, management information is insufficient to make judgments on the planning, monitoring, and reporting of the Discretionary Examination Program.

Reliability of Information is used here to demonstrate the value of our audit recommendations on tax administration and business operations. This issue is of interest to the IRS and Treasury executives, the Congress, and the taxpaying public, and is expressed in quantifiable terms to provide further insights to the value of the entity affected and potential impact of the issue.



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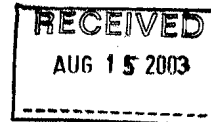
Appendix V

**Management's Response to the Draft Report**



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

August 14, 2003



MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Henry O. Lamar, Jr. *Henry O. Lamar, Jr.*  
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – More Information is Needed to Determine  
the Effect of the Discretionary Examination Program on  
Improving Service to All Taxpayers (Audit # 200340009)

I am very pleased that you determined we have a comprehensive strategic planning process, which helps ensure we manage our resources and meet our annual goals and performance levels for the Discretionary Examination Program. The purpose of the Discretionary Examination Program is to address non-compliance by covering different segments of the taxpayer population and to attempt to touch as many categories or segments of non-compliant taxpayers as resources allow, while maintaining a low non-change rate and a high yield per return (examining only tax returns that produce a change and result in high returns on investment). This supports the IRS and Wage & Investment (W&I) Division missions, and the balanced approach to compliance that is incorporated throughout the W&I Strategy and Program Plan.

The issue of declining examination activity and its potential impact on voluntary compliance is of utmost importance. Thus, we have identified declining compliance coverage as a risk in our Strategic Assessment. Recent priorities have included the use of risk-based strategies (statistical analysis of taxpayer data to identify taxpayers who present the highest risk to compliance) to gain knowledge of taxpayer behavior, the implementation of enhanced systemic selection of audit inventory, and the identification of educational opportunities. Other actions we are taking to improve compliance coverage are:

- Working with our Taxpayer Assistance Centers to determine their ability to help resolve compliance issues.
- Developing a strategy for addressing non-compliance.
- Partnering with the National Research Program (NRP) to collect tax return data to measure compliance, to help develop program baselines, and reengineer business processes for examinations.

In February 2002, we partnered with Research and the Small Business/Self Employed Division (SB/SE), to develop a research plan titled, "Filing Analysis Model: A Risk-

## **More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers**

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Based Workload Selection Strategy for Remote Exam.” This study addresses compliance activities through 2005. To ensure that our strategic planning is successful, we are involving W&I campuses in strategic planning, defining performance expectations based on site-specific needs, and providing appropriate training on W&I goals and objectives.

Attached is a detailed response outlining corrective actions we will take to address your recommendations. As previously discussed in our closing conference, the \$38 million value placed on outcome measures discussed in your recommendations was not only allocated to the Discretionary Examination Program for the examination of cases, but was also used to fund classification of tax returns selected for examinations, to provide technical advice, to coordinate the fraud program, and to perform other work related to this program.

If you have any questions or need additional information regarding this response, please contact Jim Grimes, Director, Reporting Compliance, at (404) 338-7643.

Attachment

## **More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers**

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Attachment

### **RECOMMENDATION #1**

The Commissioner, W&I, should finalize the long-term goals and the related measures currently being developed in the draft Concept of Operations for Discretionary Examination Program to reflect the Program's anticipated outcomes over time.

### **CORRECTIVE ACTIONS**

We will finalize the long-term goals and related measures contained in the draft Concept of Operations (CONOPS) for the Discretionary Examination Program. We applied statistical measures to identify examination inventory for FY 2003, using principles found in the CONOPS. We will use information obtained from the FY 2003 statistical application as a baseline for future program years.

In addition, we are participating in the Filing Analysis Module (FAM) Research Project that will provide pertinent taxpayer compliance data necessary to implement long-term goals. The FAM Phase I timeline extends into 2005, with a final report anticipated early in that year. We will also participate in FAM Phase II that will develop and validate Artificial Intelligence (AI) rules for issues that may be feasible for correspondence examination by W&I and SB/SE. By using these AI rules to assist in case selection, we will have an additional tool to help reduce the no change rate, enhance our ability to predetermine the probable yield, and pinpoint the activity level that has the greatest probability of non-compliance in future discretionary work selection. Some validated rules may be elevated for math error authority. This will reduce the cost of making changes to selected returns and help us reach a larger segment of taxpayers.

We believe that the development of rule-based case selection for the Discretionary Examination Program will enhance our ability to achieve desired outcome measures. Workload business rules will be updated to address new tax legislation and tested to identify non-compliant returns.

### **IMPLEMENTATION DATE**

June 30, 2004

### **RESPONSIBLE OFFICIAL**

Director, Reporting Compliance, Wage and Investment Division

### **CORRECTIVE ACTION MONITORING PLAN**

Implementation of these corrective actions will be monitored through our internal control system and managerial oversight.

## **More Information Is Needed to Determine the Effect of the Discretionary Examination Program on Improving Service to All Taxpayers**

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### **RECOMMENDATION #2**

The Commissioner, W&I Division should establish a consistent method to measure progress toward the long-term goals. The method should include an assessment of the frequency with which the measures are completed. The method should include a periodic assessment of the Program's progress toward achieving its goals.

### **CORRECTIVE ACTIONS**

We concur with the recommendation and will establish a consistent method to measure progress toward long-term goals of the Discretionary Examination Program. These goals are to select the most non-compliant returns for examination as measured by total dollars assessed, and to provide adequate audit coverage to the non-compliant taxpayer population. We will test baseline data to determine yield and coverage rates, and establish a monthly report to monitor our progress. We will continue to partner with the Research Organization to keep abreast of potential compliance issues and ensure that we target taxpayer populations that appear to be the most non-compliant.

### **IMPLEMENTATION DATE**

June 30, 2004

### **RESPONSIBLE OFFICIAL**

Director, Reporting Compliance, Wage and Investment

### **CORRECTIVE ACTION MONITORING PLAN**

Implementation of these corrective actions will be monitored through our internal control system and managerial oversight.