

**GPRA: The Collection Division Should
Ensure Proper Disclosure of the Sample
Limitations Relating to Its Customer
Satisfaction Measures**

June 2000

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

June 29, 2000

MEMORANDUM FOR COMMISSIONER ROSSOTTI

A handwritten signature in cursive script that reads "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report — GPRA: The Collection Division Should
Ensure Proper Disclosure of the Sample Limitations Relating to
Its Customer Satisfaction Measures

This report presents the results of our review of the customer satisfaction measure for the Collection Division. During our review we addressed issues such as the make-up of the cases included in the survey, the response rate to the survey, how cases were selected for inclusion in the survey, and whether the survey results are readily applicable to the IRS' planned business units.

In summary, we found that the IRS needed to qualify any of the data from the Collection Customer Satisfaction Surveys that were presented in the Fiscal Year 1999 Annual Performance Report. Also, this information is not reliable for use in establishing baselines for future year goals.

Management's response was due on June 14, 2000. As of June 27, 2000, management had not responded to the 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 Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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Executive Summary

This audit was performed as part of the Treasury Inspector General for Tax Administration's strategy to assess the relevance and reliability of the customer satisfaction performance measures as they relate to the Government Performance and Results Act of 1993 (GPR).¹ Our overall objective was to assess the validity of the information used to measure customer satisfaction in the Internal Revenue Service (IRS) Collection Field function (Collection). The scope of our audit consisted of reviewing how the information is obtained and used.

The GPR requires executive agencies to establish standards for measuring the effectiveness of their performance and to prepare multi-year strategic plans, annual performance plans, and performance reports on prior year accomplishments. The first annual performance reports were to have been provided to the Congress by March 31, 2000. The GPR allows the Congress to use the results of these reports to help determine the budget appropriations for the agencies. Therefore, it is essential that the IRS ensures all of its performance data are valid.

The current IRS strategic plan establishes three strategic goals: service to each taxpayer, service to all taxpayers, and productivity through a quality work environment. Service to each taxpayer is measured by customer satisfaction, which is determined through surveys conducted by an outside vendor.

The Collection survey uses a sample of only unpaid accounts (taxpayer delinquent accounts) taken for the Collection Quality Measurement System (CQMS). The IRS planned to begin submitting data from the Integrated Collection System (ICS) to the vendor for sample selection in February 2000.

Results

IRS management did not ensure that a case selection process was put in place that would provide an accurate measurement of customer satisfaction for Collection customers. As a result, the IRS needs to qualify any of the data from the Collection Customer Satisfaction Surveys that will be presented in the Fiscal Year (FY) 1999 Annual Performance Report. This information is not reliable for use in establishing baselines for future year goals. The data are not a valid measurement of customer satisfaction because major categories of Collection taxpayer contacts were not in the universe sampled for the survey,

¹ Government Performance and Results Act of 1993 (GPR), Pub. L. No. 103-62, 107 Stat. 285.

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non-respondents were not surveyed, and the district samples were not correctly taken. In addition, the data do not readily correlate to the IRS' future business units.

Collection Customer Satisfaction Survey Results Need to Be Qualified if Included in the Fiscal Year 1999 Annual Performance Report

Collection decided to use the sample selected for quality for the CQMS as the sample for the Customer Satisfaction Surveys. However, the CQMS sample methodology excludes up to 40 percent of the universe of taxpayers contacted by the Collection function from consideration for the Customer Satisfaction Survey. The CQMS review is designed to evaluate how effectively closed balance due cases are worked. The IRS FY 2000 Performance Plan reports that Collection is to collect unpaid tax accounts, secure delinquent returns, and assist taxpayers in resolving tax account problems. The current Customer Satisfaction Survey includes only taxpayers contacted for unpaid tax accounts and excludes those who had a delinquent return or resolved an account problem through other means, such as an Offer in Compromise. Collection plans to have the vendor begin selecting the sample from the ICS database beginning in Calendar Year 2000. The ICS is an automated system used to document and process all aspects of Collection cases.

Only 26 percent of the taxpayers receiving Customer Satisfaction Survey questionnaires responded. The Office of Management and Budget and the IRS require at least a 70 percent response rate to surveys to better ensure the accuracy of the results. With such a low response rate, the IRS must be careful when presenting the survey results, as the opinions of non-respondents often do not match those of the respondents.

The districts were not using a random sample to select cases for the CQMS review. In some districts, employees either selected the first nine cases from each branch or used their personal judgment to select the sample. We also found that some districts are not always submitting the required nine cases for the weekly sample. We obtained the number of cases each district was required to provide and the actual number of cases each submitted for the period March 1, 1999, to September 30, 1999, from the Centralized CQMS Site. None of the districts submitted the required sample size over this period and, nationally, the number submitted was approximately 42 percent less than required.

The Internal Revenue Service Cannot Migrate Collection Customer Satisfaction Data to the New Business Units

The IRS cannot take existing Customer Satisfaction Survey data for Collection and relate it to its future four business units. Although the vendor has been capturing information relating to market segmentation, the categories, as reported, do not all correspond to the IRS' definition of its future four business units.

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Summary of Recommendations

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

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

The Assistant Commissioner also should put procedures in place that will allow the measurement of customer satisfaction for each future business unit.

Management's Response: Management's response was due on June 14, 2000. As of June 27, 2000, management had not responded to the draft report.

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Objective and Scope

This audit was performed as part of a Treasury Inspector General for Tax Administration's strategy to assess the relevance and reliability of the Internal Revenue Service's (IRS) customer satisfaction performance measures. The IRS is implementing a performance measurement system to balance customer satisfaction, business results, and employee satisfaction. These quantitative measures are intended to support and reinforce the IRS' achievement with its overall strategic goals.

Our objective was to assess the validity of the information used to measure customer satisfaction in the Collection Field function.

The overall objective of this review was to assess the validity of the information used to measure customer satisfaction in the IRS Collection Field function (Collection). This information will be used to satisfy certain reporting requirements in the Government Performance and Results Act of 1993 (GPRA).¹ The scope of our audit consisted of reviewing the process by which information is obtained to measure customer satisfaction for Collection and how the information is used. We conducted our fieldwork from October 1999 through January 2000, in accordance with *Government Auditing Standards*.

We met in the National Office with officials from the IRS Collection Division, the Office of Program Evaluation and Risk Analysis (OPERA), and the Procurement function to understand and evaluate the process used to measure customer satisfaction for Collection. We also met with officials of the Centralized Collection Quality Measurement System (CQMS) in Oakland, California, to determine their process for furnishing information to the vendor. We also met with the vendor conducting the survey to

¹ Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, 107 Stat. 285.

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determine how the survey was conducted and how results were interpreted.

We conducted reviews of case selection procedures for the CQMS review in the Midstates Regional Office and the Central California, Illinois, and North Texas Districts.

Lastly, we contracted with a professional statistician to determine if the sampling methodology used to select cases for the Collection Customer Satisfaction Survey was statistically valid. We also asked if the results could be used to establish baselines and measures to meet GPRA requirements.

In our opinion, the key to obtaining accurate and usable data was the sampling process used to identify the taxpayers to be contacted during the survey. Accordingly, we focused our audit on this sampling process.

Details of our audit objective, scope, and methodology are presented in Appendix I. Major contributors to this report are included in Appendix II.

Background

The GPRA requires executive agencies to establish standards and measure the effectiveness of their performance.

The GPRA requires executive agencies to establish standards for measuring the effectiveness of their performance. The law also requires these agencies to prepare multi-year strategic plans, annual performance plans, and performance reports on prior year accomplishments. The annual performance plans define the level of performance to be achieved by each program activity in the agency budget. Annual performance reports present the results of the agency's efforts in relation to its annual performance plan goals. The first annual performance reports were to be provided to the Congress by March 31, 2000.

Customer satisfaction is measured through taxpayer responses to survey questions.

The IRS strategic plan establishes goals for a five-year period. The IRS established three strategic goals: service to each taxpayer, service to all taxpayers, and

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Collection uses the previously taken CQMS survey sample as the basis for the Collection Customer Satisfaction Survey, but the sample does not include all closed cases.

productivity through a quality work environment. Service to each taxpayer is measured by customer satisfaction, which is determined through surveys conducted by an outside vendor.

The survey process for Collection begins with the Centralized CQMS Site electronically furnishing the CQMS sample to the vendor. The closed cases submitted are those involving unpaid accounts (taxpayer delinquent accounts or TDAs) and do not include closed delinquent return cases (taxpayer delinquency investigations or TDIs) or closed Offers in Compromise (OIC). A closed OIC is an offer by the taxpayer and acceptance by the IRS of a lesser amount to settle an outstanding tax liability.

A subcontractor to the vendor mails surveys to the taxpayers in the CQMS sample, conducts a second mailing to the taxpayers who do not respond to the first questionnaire, and tabulates the results for the quarterly report to the IRS. The vendor also produces an annual report for each of the 33 districts.

Results

The IRS needs to qualify any of the data from the Collection Customer Satisfaction Surveys that will be presented in the Fiscal Year (FY) 1999 Annual Performance Report, as the data are not a valid measurement of customer satisfaction for Collection. The data also should not be used as a baseline to establish future year goals. The data were based on a sample that excluded approximately 40 percent of the taxpayers contacted by Collection. Also, the sample was not always selected in a consistent manner and the results could not be used to report across the new business units.

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Collection Customer Satisfaction Survey Results Need to Be Qualified if Included in the Fiscal Year 1999 Annual Performance Report

The CQMS sample universe did not include approximately 40 percent of the taxpayers contacted by Collection.

The function of Collection, as stated in the IRS FY 2000 Performance Plan, is to collect unpaid tax accounts, secure delinquent returns, and assist taxpayers in resolving tax account problems. The GPRA requires that the agencies establish performance goals to define the level of performance to be achieved by a program activity (such as the Collection function) and to express the goals in an objective, quantifiable, and measurable form.

The Office of Management and Budget (OMB) has provided guidance stating that general goals and objectives should be sufficiently precise to direct and guide agency staff toward actions that fulfill the mission of the agency. To fully address the GPRA and OMB requirements, the measure of taxpayer satisfaction with the service provided by the Collection staff should encompass all aspects of the Collection function.

The IRS decided to use the cases selected for the CQMS sample for the Collection Customer Satisfaction Survey. The CQMS review is designed to evaluate how effectively closed balance due cases are worked. However, the subsequent survey results are not a statistically valid measure of customer satisfaction for the following reasons:

- The sample universe excludes up to 40 percent of the taxpayers contacted by Collection.
- The response rate is only 26 percent, and the IRS did not measure the attitudes of the non-respondents.
- The districts did not consistently take random samples and did not meet the required sample size by 42 percent.

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Because of this omission, the survey data cannot be presented as representative of Collection customers as a whole.

The sample universe excludes up to 40 percent of the taxpayers contacted by Collection

The IRS began using the CQMS sample for the Collection Customer Satisfaction review in January 1998. However, beginning in October 1997, the CQMS samples were taken from only certain types of case closures where the taxpayer owed money to the IRS (TDAs).² Cases where required returns may not have been filed (TDIs) and cases where the IRS agrees to accept less than the full amount owed (OICs) were no longer considered in the sample selection process.

To measure the effect of the TDI and OIC cases not being included in the CQMS sample, we obtained the number of TDA, TDI, and OIC closures for FYs 1998 and 1999. We analyzed the data and found that up to 40 percent of the taxpayers contacted by Collection were not included in the survey process (see Appendix IV).

For the survey results to be truly representative of taxpayer satisfaction as a whole, all the closed collection cases with taxpayer contact must have an equal chance of being selected for the survey and the cases must be selected randomly. Both of these must occur to create a valid statistical sample that can be used to compare different periods.

The decision to use the CQMS as the basis of the survey was made before the Department of the Treasury issued final regulations governing the establishment of balanced measures in the IRS, which became effective September 7, 1999. These regulations require that a

² Categories of TDA closures used to select the CQMS sample include “full paid” TDAs, cases where the IRS decides to suspend collection actions (Currently Not Collectible), cases in which the IRS agrees to allow the taxpayer to make monthly payments (Installment Agreements), and cases where an adjustment is made to the taxpayer’s account.

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Seventy-four percent of the questionnaire recipients did not respond.

statistically valid sample be used to conduct customer satisfaction surveys.

The response rate is only 26 percent, and the IRS did not measure the attitudes of the non-respondents

The response rate to the mailed questionnaires has been approximately 26 percent. Both the IRS and OMB require a minimum response rate of 70 percent to any survey. When the response rate is less than 70 percent, there is an increased risk that the results do not accurately reflect the opinion of all those to whom a survey was sent.

Both the vendor conducting the surveys and the statistician agreed that non-respondents' attitudes are often different from those of respondents and the low response rate should be considered when reporting the survey results. They also agreed that a follow-up telephone survey to a random statistical sample of non-respondents might help to achieve a higher response rate and identify any differences of opinion between the taxpayers who completed the survey and those who did not.

The IRS could be reporting misleading results to the Congress if it does not follow up with the non-respondent segment of the sample population and take steps to improve the overall response rate.

The districts did not consistently take random samples and did not meet the required sample size by 42 percent

Sample cases are not randomly selected, and the required number of cases is not always submitted.

We reviewed the CQMS case sample selection process in three districts to determine if CQMS guidelines were being followed. We found that the districts are not taking a random statistical sample and are not always providing the required nine cases per branch per week.

We learned from our discussions and observations with the employees who make the sample selections that they do not randomly select closed TDA cases from each branch for the weekly sample. They either select the

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first nine cases from each branch or use their personal judgment to select the sample.

On March 1, 1999, the CQMS selection criteria were changed. Prior to March, the sample consisted of 10 cases per week for cases closed as “full paid” or requiring an adjustment, entering into an installment agreement, or currently not collectible. The criterion after March 1 was nine closed TDA cases per branch per week. A videoconference was conducted on February 16, 1999, to explain these changes. Only two of the three districts we reviewed had a representative at this videoconference.

The IRM requires that a random sample be taken but does not provide any guidance about how this should be done.

The Internal Revenue Manual (IRM) states that for the CQMS review to be valid at the branch level, the district must select a random sample of closed TDA cases from each branch for each week. The IRM does not, however, clearly outline how the districts should take the random sample. If Collection does not take a random sample, the results cannot be used to estimate overall customer satisfaction.

We reviewed sample selections for a four-week period in each of the three districts we visited and found two of the three districts did not always submit nine closed cases per branch per week. The reason given for this in one district was that it was understaffed in two of its five branches. Management in the other district told us that three of the four branches did not submit a sufficient number of cases to be sampled and no one notified the branch managers. If a shortage occurs more than once a quarter, the IRM states that the branch manager should be notified.

We obtained information from the Centralized CQMS Site that reflected the required sample size and the actual number of cases submitted for each district for the period March 1 to September 30, 1999. We found that none of the districts submitted the required sample size over this period. Nationally, sample submission was approximately 42 percent less than required. Reductions in the sample size will have an adverse effect on the accuracy and precision of the survey results.

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Management oversight was insufficient.

Appendix V shows the required and actual case volumes submitted by district.

A lack of management oversight at all levels contributed to the inadequate sample sizes and the lack of a consistent random sampling process. IRS management had reviewed the sample selection process in only one of the three districts we audited. We were informed that National Office Collection personnel responsible for the oversight of this program had not made any visitations to review the sampling process. We also were told the National Office deliberately withheld instructions on sampling procedures because it felt the lack of a consistent method would add to the randomness of the sampling.

Once transition to the Integrated Collection System (ICS) as the sample source occurs, shortcomings in the district sampling procedures should no longer be an issue.

The Collection staff plans to have the vendor use the ICS database for sample selection.

The Collection staff has recognized the need to improve the current method of selecting cases for its Customer Satisfaction Survey and has begun to address the issue. They plan to submit data from the ICS database to the vendor who will make the sample selection. The ICS is an automated system used to document and process all aspects of Collection cases.

During November and December 1999, the vendor and the IRS worked together to establish the types of closures to be included in the survey. Appendix VI shows the only types of closures that Collection recommends be excluded from the survey and its reasoning for the recommendations. The cases that will be included in the survey are those where Collection staff and taxpayers have interacted in bringing the case to final closure.

Potential advantages to the new methodology include:

- The universe of taxpayers to be surveyed is expanded to include TDI and OIC cases, giving a more complete picture of customer satisfaction.

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- The sample will be taken by the vendor rather than by each district, ensuring uniformity of sampling procedures.

The Internal Revenue Service Cannot Migrate Collection Customer Satisfaction Data to the New Business Units

The results of the Collection Customer Satisfaction Surveys cannot be analyzed for each of the four proposed business units.

We found that the IRS cannot take existing Customer Satisfaction Survey data for Collection and relate it to its future four business units. Although the vendor has been capturing information relating to market segmentation, the categories, as defined by the vendor, do not correspond to the IRS' definition of its four future business units. Unless this condition is corrected, the IRS will not be able to measure the results by business unit or be able to address any pockets of dissatisfaction with Collection actions.

Current Collection management information systems are not set up to identify taxpayers by business unit. However, the IRS is adding a code (Business Organization Designation or BOD) to individual and business taxpayer electronic records to identify the business unit. The IRS plans to add this code to ICS database records in July 2000. Once these codes are on the ICS records, Collection could report customer satisfaction results by business unit.

In March 1998, Collection attempted to quantify its workload by business unit using FY 1996 and FY 1997 data. This study was an analysis of workload distribution. The study concluded that a very significant change to the management information systems would be necessary to capture business unit information.

However, establishing a process to identify customer satisfaction by business unit may become necessary. *Modernizing America's Tax Agency* (IRS Publication 3449) states that, under the new organization, each of the three performance measures

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will be applicable for each of the four major business units. The Customer Satisfaction Survey vendor, in a document entitled, *Reinventing Market Measurement at the IRS*, suggests that one of the project goals should be to plan for the migration of market measurement to the emerging organizational structure by devising new sampling and reporting schemes to match the emerging structure.

The BOD code should be included in the data furnished to the vendor.

Since each of the four units will be individually responsible for meeting performance standards, it may become necessary to derive a customer satisfaction measure on collection efforts for each unit. By including the BOD code in the data furnished to the vendor, survey results could be more easily reported across business lines.

Recommendations

The Assistant Commissioner (Collection) and the Director, OPERA, should implement the following recommendations and, in conjunction with the Director, Strategic Planning and Budgeting, ensure disclosure of survey limitations for GPRA purposes. These actions should improve the accuracy of the Collection Customer Satisfaction Survey results.

1. Include in detail in the FY 1999 Annual Performance Report the limitations of the sampling procedures and the plans and timelines to correct the issues. The data from the current reports should not be used without a very clear explanation of their limitations, to include the following:
 - Report that the current data include TDA information only and exclude the approximately 40 percent of taxpayer contacts for TDI and OIC cases. Additionally, the case selection was not done using a random statistical sampling process. Therefore, the resulting data cannot be used to estimate overall Collection customer satisfaction.

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- Report that Collection plans to change the sampling process and have the vendor randomly select cases from the ICS database. This sample will be stratified by district and should include the TDI and OIC cases. Collection will ensure that the sample taken by the vendor meets the requirements for a random statistical sample so the results can be used to reflect customer satisfaction for Collection as a whole.
 - Report that Collection will need additional time to obtain a baseline year using the ICS database, but this baseline will be needed to ensure development of realistic goals.
2. Develop ways to increase the response rate to the IRS-mandated 70 percent. Disclose in the FY 1999 Annual Performance Report that the response rate is only 26 percent and the efforts being made to meet IRS requirements. One possible approach to accomplishing this would be to contract with the vendor to conduct a telephone survey of a random statistical sample of taxpayers not responding to the mail survey.
 3. Ensure inclusion of the BOD code in the data furnished to the vendor so that customer satisfaction can be reported for each of the future four business units. In conjunction with the vendor, develop reporting procedures that will reflect the required information for each business unit.

Management's Response: Management's response was due on June 14, 2000. As of June 27, 2000, management had not responded to the draft report.

Conclusion

The IRS currently is not able to effectively measure customer satisfaction for Collection. The IRS' plan to use the ICS database as a sample selection source for the Customer Satisfaction Survey should improve the process. Sample selection from the ICS database will

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allow for selection from a more complete universe of taxpayers and provide for uniformity in the selection process.

Also, until data can be compiled for four quarters, using the ICS database exclusively as the sample source, a valid baseline year to which to compare future customer satisfaction cannot be established.

The IRS needs to make full disclosure to the Congress of its efforts to date to establish a valid measurement of Collection customer satisfaction, the shortcomings of the current process, and the dates by which it will be able to accurately report on customer satisfaction.

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the validity of the information used to measure customer satisfaction in the Internal Revenue Service (IRS) Collection Field function (Collection). This information will be used to satisfy certain reporting requirements set forth in the Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, 107 Stat. 285. To accomplish this objective, we conducted the following audit tests:

- I. Assessed the automated systems used to generate the data for conducting the sample surveys. We determined the status of the migration to selecting the case samples from the Integrated Collection System (ICS) database.
 - A. Obtained the new sampling methodology to be applied to the ICS database from Office of Program Evaluation and Risk Analysis (OPERA) personnel.
 - B. Determined who would be responsible for taking the sample when the ICS will be used as the universe.
 - C. Determined how cases would be selected and if a contingency plan existed.
- II. Reviewed the process used to perform the Customer Satisfaction Surveys to determine if the data furnished to the vendor are accurate and reliable.
 - A. Interviewed OPERA and Collection Quality Measurement System (CQMS) staff to determine the following:
 1. The procedures and controls over the CQMS sampling process.
 2. How data are transmitted to the vendor.
 3. How data received from the vendor are used.
 - B. Identified the basis for the CQMS sampling methodology and determined if it is appropriate for the use made of the survey results.
 1. Obtained the documented basis for the sampling process used for the CQMS.
 2. Obtained an opinion as to the validity of the sampling plan from a statistician, considering the use to be made of the survey results.
 3. Evaluated the adequacy of the sample selection process in relation to the survey goals.
 - C. Evaluated the effect of a 26 percent response rate in satisfying the survey goals.

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- III. Evaluated the internal controls of the CQMS including IRS verification and validation of the CQMS information.
 - A. Determined the National Office, Centralized CQMS Site, regional, and district oversight of the CQMS sampling process.
 - 1. Determined if any direction has been provided beyond that contained in Internal Revenue Manual Handbook 5.13.
 - 2. Determined if any visitations have been made to ensure uniformity of case selection at the districts by National Office, CQMS, or regional personnel. Obtained copies of any documentation.
 - B. Judgmentally selected the Central California, Illinois, and North Texas Districts for further review. At these districts, we:
 - 1. Interviewed managers who had responsibility for the case selection process to determine their procedures and oversight of the selection process.
 - 2. Interviewed clerical personnel who actually make the case selections to determine how cases are pulled.
 - 3. Reviewed cases previously selected for inclusion in the CQMS review for the prior two weeks to identify:
 - a) Detectable (non-random) patterns in the selection process.
 - b) Case closure dates to determine if cases are pulled randomly through the week or all at once.
 - 4. Determined if nine cases per branch were pulled in each of the four weeks prior to our visitation.
- IV. Evaluated the IRS' plan to migrate the data to the appropriate business unit.
 - A. Determined if Collection data can readily produce survey information conforming to the business units in the IRS reorganization.
 - 1. Interviewed OPERA personnel to determine if the vendor could readily produce survey results along lines of the new business units and if there were any plans to capture the data for the new business units.
 - 2. Determined if the procedures for conducting the survey using the ICS as the source for case selection would allow identification by business unit. Determined if the ICS database is consistent at all sites.
 - a) Identified controls over input to the system and modifications to program software by obtaining record layouts and interviewing ICS coordinators at each district and in the National Office.

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- b) Determined how case selection will be made using the ICS as the source and reviewed the Request for Information Services that would create the download of the ICS files for the vendor.
- c) Determined who would compile the database prior to submitting data to the vendor.
- 3. Determined if the data previously furnished to the vendor could be analyzed to identify into which unit the taxpayer falls.
- 4. Interviewed Centralized CQMS Site personnel to determine if additional data could be drawn from the CQMS database that would allow the vendor to recreate the results by business unit.
- B. Determined what changes in methodology might be needed to effectively survey customers and report along business unit lines.
 - 1. Determined the volume of Collection modules by taxpayer delinquent accounts, taxpayer delinquency investigations, and Offers in Compromise for each district from data furnished by National Office Collection Division analysts. Reviewed a Collection study that concluded Collection could not capture information by business unit without major changes to the existing management information systems.
 - 2. Determined changes in sampling methodology that would be needed to satisfy the reporting requirement on customer satisfaction.
 - 3. Reviewed the Request for Proposal which requests a Business Organization Designation Code be appended to all electronic individual and business taxpayer records and if it would be present on the ICS.
 - 4. Determined if any plans existed to report customer satisfaction for Collection activities across business units.

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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
Assistant to the Deputy Commissioner Operations C:DO
Assistant Commissioner (Collection) OP:CO
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Organizational Performance Management Executive C:DO:OPME
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 Director, Office of Program Evaluation and Risk Analysis M:O
 Organizational Performance Management Executive C:DO:OPME
 Chief Operations Officer OP
 Chief Financial Officer CFO
 Deputy Chief Financial Officer for Strategic Planning and Budgeting CFO:SPB
 National Director for Legislative Affairs CL:LA
 Office of Chief Counsel CC
 Office of National Taxpayer Advocate C:TA

GPRA: The Collection Division Should Ensure Proper Disclosure of the Sample Limitations Relating to Its Customer Satisfaction Measures

Appendix IV

Collection Case Closures for Fiscal Years 1998 and 1999

Collection Closures for Fiscal Year 1998¹

TDA s	TDI s	OIC s	Total TDIs + OICs	Total Closures	% of TDIs + OICs to Total
216,609	121,813	22,934	144,747	361,356	40.1%

Collection Closures for Fiscal Year 1999

TDA s	TDI s	OIC s	Total TDIs + OICs	Total Closures	% of TDIs + OICs to Total
142,506	72,242	28,643	100,885	243,391	41.4%

Analysts from the Office of Program/Process Analysis, Collection Division, supplied the above information. The source for the OIC figures is the Collection 5000-108 Report. TDI figures come from the 5000-4 Report, and TDA closures come from the 5000-2 Report. The 5000-2 Report is by module, and the Collection analysts used a ratio of 3.74:1 to derive the number of taxpayers. The 3.74 figure is derived by dividing the number of TDA modules closed by the number of TDA entities closed. TDI and OIC closures are reported by taxpayer.

¹ Taxpayer delinquent account (TDA); taxpayer delinquency investigation (TDI); Offer in Compromise (OIC).

**GPRA: The Collection Division Should Ensure Proper Disclosure of the
Sample Limitations Relating to Its Customer Satisfaction Measures**

Appendix V

**Recommended Collection Quality Measurement System Sample Sizes
Compared to Actual Submissions March 1 to September 30, 1999**

	CASES RELEASED TO THE CQMS ¹	REQUIRED SAMPLE TO THE CQMS	DIFFERENCE	PERCENTAGE UNDERSAMPLED
District and Region				
NORTHEAST REGION	3,605	5,796	2,191	37.8%
NEW ENGLAND	343	504	161	31.9%
CONNECTICUT/RHODE ISLAND	345	504	159	31.5%
UPSTATE NEW YORK	361	504	143	28.4%
BROOKLYN	450	504	54	10.7%
MANHATTAN	472	756	284	37.6%
NEW JERSEY	467	1,008	541	53.7%
OHIO	329	756	427	56.5%
MICHIGAN	486	756	270	35.7%
PENNSYLVANIA	352	504	152	30.2%
SOUTHEAST REGION	3,386	6,048	2,662	44.0%
GEORGIA	365	756	391	51.7%
SOUTH FLORIDA	381	756	375	49.6%
NORTH FLORIDA	493	756	263	34.8%
INDIANA	130	252	122	48.4%
NORTH/SOUTH CAROLINA	316	504	188	37.3%
KENTUCKY/TENNESSEE	476	756	280	37.0%
GULF COAST	367	756	389	51.5%
DELAWARE/MARYLAND	422	756	334	44.2%
VIRGINIA/WEST VIRGINIA	436	756	320	42.3%
MIDSTATES REGION	2,540	4,536	1,996	44.0%
SOUTH TEXAS	312	504	192	38.1%
HOUSTON	315	504	189	37.5%
NORTH TEXAS	455	756	301	39.8%
ARKANSAS/OKLAHOMA	310	504	194	38.5%
ILLINOIS	307	756	449	59.4%
MIDWEST	244	504	260	51.6%
KANSAS/MISSOURI	292	504	212	42.1%
NORTH CENTRAL	305	504	199	39.5%
WESTERN REGION	3,668	6,300	2,632	41.8%
SOUTHERN CALIFORNIA	519	1,008	489	48.5%
LOS ANGELES	407	756	349	46.2%
CENTRAL CALIFORNIA	519	1,008	489	48.5%
NORTHERN CALIFORNIA	437	756	319	42.2%
ROCKY MOUNTAIN	606	1,008	402	39.9%
SOUTHWEST	527	756	229	30.3%
PACIFIC NORTHWEST	653	1,008	355	35.2%
NATIONAL GRAND TOTAL	13,199	22,680	9,481	41.8%

¹ Collection Quality Measurement System (CQMS). Information from a CQMS Electronic Data Processing Specialist. Spreadsheet shows closed taxpayer delinquent account cases sent by the districts to the CQMS versus the number required to be sent, based on current procedures effective March 1, 1999.

GPRA: The Collection Division Should Ensure Proper Disclosure of the Sample Limitations Relating to Its Customer Satisfaction Measures

Appendix VI

Recommended Exclusion of Certain Case Closures from the Integrated Collection System Database for Customer Satisfaction Sample Selection

The Office of Program/Process Analysis, Collection Division, recommended that the following types of case closures not be included in the Integrated Collection System database used to select a sample for the Customer Satisfaction Surveys. These would be the only exclusions; all other case closures would be a part of the universe. This was done to limit the selection to taxpayers who had had recent contact with the field collection process.¹

CASE TYPE	REASON FOR EXCLUSION
Decedent Cases	The taxpayer is deceased. Sending a questionnaire to a decedent is potentially embarrassing and appears insensitive.
Bankruptcy Cases	Sending a questionnaire may be a violation of the automatic stay provisions of the bankruptcy code. Cases closed in the field for reasons of bankruptcy are actually open in other areas.
Defunct Corporations	The majority of cases will not have a good current address and/or the person receiving the questionnaire may not be the individual who interacted with Collection.
Criminal Investigation Division Cases	May jeopardize potential or actual criminal investigation. Responses from suspects would be of marginal value.
Unable to Locate Unable to Contact	There would not be a valid address. For both, there would not have been any contact.
Potentially Dangerous Taxpayer Cases	No unnecessary contact with these taxpayers for obvious reasons.
Survey Cases	The few closed after assignment should generally have had no contact between Collection and the taxpayer.

¹ Source: Office of Program/Process Analysis, Collection Division.