



## Treasury Inspector General for Tax Administration Office of Audit

### WORKFORCE PLANNING EFFORTS ARE HINDERED BY A LACK OF COMPREHENSIVE INFORMATION ON EMPLOYEE SKILLS LEVELS

Issued on February 24, 2009

## Highlights

Highlights of Report Number: 2009-10-041 to the Internal Revenue Service Deputy Commissioner for Operations Support and Deputy Commissioner for Services and Enforcement.

### IMPACT ON TAXPAYERS

The potential loss of a large number of its most experienced technical employees within the next several years, coupled with the continually increasing complexity of the work performed by these employees, necessitate that the Internal Revenue Service (IRS) conduct effective workforce planning. However, the IRS lacks the comprehensive, agency-wide information on mission critical employee skills and competencies (hereafter collectively referred to as skills) it needs to effectively perform this planning. Because the IRS does not have a methodology in place to fully measure its workforce against current and future skills, it is missing the opportunity to reshape its workforce to meet future challenges, which could adversely affect the quality of service provided to taxpayers.

### WHY TIGTA DID THE AUDIT

This review was part of the TIGTA Fiscal Year 2008 Annual Audit Plan coverage under the major management challenge of Human Capital and is one of a series of audits planned to assess how the IRS is addressing the Human Capital management challenge. The overall objective of this review was to evaluate the IRS' progress in developing a methodology to evaluate whether its workforce possesses the skills and competencies necessary to meet current and future challenges.

### WHAT TIGTA FOUND

TIGTA found that the work performed by IRS employees continually requires enhanced and more diverse skills, as manual systems used to support tax administration become computer based, the Tax Code becomes more complex, and American taxpayers and tax practitioners expect higher levels of service. However, the IRS lacks the comprehensive, agency-wide information on mission

critical employee skills it needs to effectively assess its workforce needs.

The lack of employee skills information TIGTA identified is primarily attributable to the absence of a corporate process for the uniform collection, compilation, and analyses of skills data across the agency. In addition, the IRS Human Capital Office (HCO) has not provided sufficient guidance to support the uniform collection of these data at the business unit and operating division levels. Until the IRS implements a consistent methodology for assessing the skills needed and possessed by all employees in mission critical occupations, it will be unable to fully plan for future training and recruitment needs.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer continue with efforts to partner with one or more business units/operating divisions to develop a workable corporate process for skills gaps assessments. TIGTA also recommended that the Deputy Commissioner for Operations Support and Deputy Commissioner for Services and Enforcement develop a detailed plan to guide the IRS' overall skills gaps assessment effort and coordinate the multifunctional participation necessary to ensure the success of this effort.

In their response to the report, IRS officials agreed with the recommendations. The IRS HCO in partnership with the Office of Appeals, has initiated a pilot for assessing the competencies of tax compliance specialists, a mission critical occupation. The IRS plans to evaluate the pilot for expansion to other business units/operating divisions. In addition, under the auspices of the IRS Workforce of Tomorrow's "Planning a Dynamic People Strategy," the task group plans to work with subject matter experts from the IRS HCO and the business units to develop a competency management system.

The Workforce of Tomorrow task force was established by the Commissioner to ensure that 5 years from now the IRS has the leadership and workforce ready for the next 15 years. This group plans to identify the skills and competencies to be tracked across the IRS as well as the process for tracking skills and compiling the data. Once the process is established, the system will be populated with skills and competencies information for each employee. Finally, when the system is fully populated with skills and competencies data, it will be fed back into the IRS-wide attrition and workload models to enable strategic analysis of skills gaps and needs.

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2009reports/200910041fr.pdf>.

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