



Treasury Inspector General for Tax Administration

PROGRESS HAS BEEN MADE, BUT IMPORTANT WORK MUST BE COMPLETED TO ENSURE TIMELY IDENTIFICATION OF FUTURE LEADERS

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Highlights

Highlights of Report Number: 2008-10-132 to the Internal Revenue Service Human Capital Officer.

IMPACT ON TAXPAYERS

The potential loss of a large number of its leaders within the next several years increases the importance of the Internal Revenue Service (IRS) having a process in place to fill anticipated vacancies quickly and effectively. To that end, the IRS has begun development of a leadership succession program. However, it needs to complete significant work to ensure that future leaders are identified and developed. An effective leadership succession program would enable IRS management to make informed decisions to ensure that upcoming leadership vacancies are filled in a timely manner with highly qualified leaders who can address the challenges of the future, which will help to preserve public confidence in its ability to fulfill its mission.

WHY TIGTA DID THE AUDIT

This audit was initiated as part of the TIGTA Fiscal Year 2008 Annual Audit Plan coverage under the major management challenge of Human Capital. The overall objective of this audit was to assess the progress of the Human Capital Office in developing and overseeing a succession planning program that ensures the timely identification of qualified IRS candidates for leadership positions and the continuity of the IRS leadership workforce.

WHAT TIGTA FOUND

The IRS has made progress in the development of a leadership succession program that will assist in identifying qualified individuals to fill future leadership positions. Specifically, under the direction of the Human Capital Office, the IRS piloted a new process to provide a standardized, ongoing method to identify leadership potential in 2006 and took actions to implement this succession planning process throughout the agency in 2007. In addition, the Human Capital Office redesigned leadership training in 2007 to prepare highly qualified managers for future executive positions and plans to

revise additional leadership training in 2008. Also, Human Capital Office management recently created and is staffing a Leadership Succession Planning program office to provide increased, dedicated oversight of leadership succession.

However, significant work needs to be completed to ensure that future leaders are identified and developed. For example, the IRS does not have a well-documented leadership succession plan that specifies the key actions that will be taken in this area and how these actions will, when implemented, work together as a clearly defined strategy. In addition, some levels of management have not completed the leadership succession program. Also, the IRS has not determined the overall leadership strength of each operating division for future front-line manager through executive leadership positions. Further, the IRS has not fully developed performance measures to assist senior management in assessing whether leadership succession planning efforts are effective. Until these actions are taken, the IRS will have difficulty assessing the timeliness of its progress in identifying highly qualified managers to fill upcoming leadership vacancies and ensure the continuity of its operations.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer develop a written strategic leadership succession plan that documents the high-level succession strategy and how the strategy, when implemented, will work with other human capital efforts. In addition, TIGTA recommended that the IRS Human Capital Officer prepare a plan that specifies the key activities that should be completed in the short term to ensure that the leadership succession program continues to move forward, including actions planned, individuals assigned, responsible management officials, and methods to monitor and report performance.

In their response to the report, IRS officials agreed with these recommendations. The IRS Human Capital Officer plans to develop a strategic leadership succession plan that documents a high-level succession strategy, develop leadership succession planning performance measures, and prepare a short-term plan to ensure that the leadership succession program continues to move forward.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2008reports/200810132fr.pdf>

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