



Treasury Inspector General for Tax Administration Office of Audit

A MORE STRATEGIC AND CONSISTENT APPROACH TO ESTIMATING RETIREMENTS AND OTHER SEPARATIONS IS NEEDED TO BETTER PLAN FOR FUTURE HUMAN RESOURCE NEEDS

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Highlights

Highlights of Report Number: 2008-10-169 to the Internal Revenue Service Deputy Commissioner for Operations Support and the Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) is facing a major challenge with a large number of retirements expected over the next several years, which threatens workforce and leadership continuity. While it has established some key parts of a workforce planning foundation, the IRS has not made substantial progress in developing and implementing an agency-wide process that will consistently and accurately project future human resource needs. If accurate projections are not made, the IRS might struggle to fill unforeseen vacancies, which could affect overall service to taxpayers.

WHY TIGTA DID THE AUDIT

This is one of several audits that TIGTA has planned to assess how the IRS is addressing the Human Capital management challenge. The overall objective of this audit was to determine whether the IRS is effectively projecting its future human resource needs.

WHAT TIGTA FOUND

The Human Capital Office (HCO) was established in 2004 to provide human capital strategies and tools for recruiting, hiring, developing, retaining, and transitioning a highly skilled and high-performing workforce to support the IRS mission. Since its formation, the HCO has gathered and interpreted workforce data and made projections of how many employees might leave the IRS due to retirement or other reasons (collectively, these are referred to as separations). However, while some key parts of a workforce planning foundation were established, the HCO and business units/functional offices have not developed and implemented an agency-wide approach for projecting future human resource needs.

IRS business units and functional offices have been developing their own separation projections because they determined that HCO estimates were based on old data and were of limited value. However, projections were usually made only for the following year and were primarily motivated by the need to obtain budget approval to hire additional resources. Because a significant number of employees with key skills and competencies in different locations, occupations, and grade levels could leave the IRS, longer term separation projections must be developed. These longer term projections could be used to develop strategies for replacing the loss of institutional memory with the skills and competencies needed for the future.

However, developing reliable, longer term projections will be difficult because written guidelines that delineate roles and responsibilities for projecting separations are out of date, and there is no agency-wide process in place to improve upon current projections or to communicate hiring changes that could affect future projections. In addition, measures necessary to assess the accuracy of separation projections do not exist. As a result, the IRS' ability to anticipate workforce changes that potentially involve the loss of key competencies is limited.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Deputy Commissioner for Operations Support and the Deputy Commissioner for Services and Enforcement establish a more collaborative, integrative process to implement agency-wide roles and responsibilities for effectively creating, refining, and using separation projections. In determining roles and responsibilities, the Deputy Commissioners should revise written guidance and develop agency-wide templates for more consistent separation projections, conduct analyses and develop measures to identify differences between projected and actual separations, and develop a consistent method to communicate hiring changes that could affect future projections.

In their response to the report, IRS officials agreed with the recommendation and plan to take the following actions. The IRS Human Capital Officer plans to partner with other IRS offices to revise guidance and roles and responsibilities to ensure more consistency regarding separation projections. The IRS Human Capital Officer also plans to work with representatives of each IRS business unit to develop a comprehensive, agency-wide workforce planning process.

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/200810169fr.pdf>.

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