



Treasury Inspector General for Tax Administration

INACCURATE AND INCOMPLETE DATA HAVE ADVERSELY AFFECTED IMPLEMENTATION OF THE TAXPAYER ASSISTANCE CENTER GEOGRAPHIC FOOTPRINT

Issued on May 16, 2008

Highlights

Highlights of Report Number: 2008-40-118 to the Internal Revenue Service Commissioner for Wage and Investment Division.

IMPACT ON TAXPAYERS

Key management information used to make decisions and support Internal Revenue Service (IRS) Taxpayer Assistance Center (also referred to as a Center) Program changes continues to be either absent or based on inaccurate/incomplete data. This hinders the IRS' ability to make appropriate decisions when determining Center locations and the services they provide taxpayers seeking face-to-face assistance and has delayed the IRS in making any decisions on the Taxpayer Assistance Center Geographic Footprint, which is an important initiative within the Taxpayer Assistance Blueprint (Blueprint).

WHY TIGTA DID THE AUDIT

The IRS provides taxpayers with the option of obtaining personal, face-to-face tax assistance at 401 Taxpayer Assistance Centers nationwide. Since Fiscal Year 2003, TIGTA has reported on the IRS' inability to compile and maintain accurate and complete management information to oversee and measure the effectiveness of its Program.

WHAT TIGTA FOUND

Inaccurate and incomplete management information continues to delay implementation of the Geographic Footprint. Nineteen (46 percent) of 41 criteria in an Evaluative Model used to oversee the Program contained inaccurate or incomplete data.

The IRS has implemented two new management information systems, but these systems still do not capture budget and/or operating costs by Center, including rent, personnel, and overhead. Without these data, the IRS cannot 1) accurately determine costs associated with the Centers, 2) determine the cost effectiveness or return on investment for the Program, or 3) make any decisions on which Centers to close.

In addition, the optimum locations for the Centers and which taxpayers they most effectively serve have not been determined. As the IRS recognizes, survey results from the Blueprint do not clearly identify Taxpayer Assistance Center users to enable it to effectively draw conclusions about the characteristics of individuals who use Center services. The IRS plans to continue to conduct surveys in Fiscal Year 2008.

Finally, the IRS is still unable to measure how closing Centers might affect taxpayers and compliance. The IRS is not planning to conduct specific projects that assess the impact on compliance when closing Centers. However, research projects are planned for Fiscal Years 2008 and 2009 to determine the impact taxpayer service has on compliance, including the services provided at a Center. Therefore, TIGTA is not making recommendations regarding this issue.

WHAT TIGTA RECOMMENDED

The Commissioner, Wage and Investment Division, should improve the management information system to capture the number of taxpayers served, the numbers and types of services provided, and the related resources (costs); develop and implement an internal control system to ensure management information data are accurate and reliable; and develop a process that includes routine assessments of Taxpayer Assistance Center operations to ensure that the Centers are optimally located and the services provided at them are the most effective and cost efficient.

The IRS plans to validate and certify the accuracy of real estate information. It plans to use the process developed by the Geographic Coverage Initiative to create a balanced footprint designed to maximize taxpayer needs and services provided.

Although the IRS did not agree to capture detailed information regarding each individual service taxpayers receive at the Centers because it is cost and resource prohibitive, it stated that information from other systems will be sufficient to capture taxpayer needs and services provided. TIGTA believes these systems together might provide sufficient information and will conduct followup testing during the planned Fiscal Year 2008 audit of the Field Assistance Management Information System.

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/200840118fr.pdf>

Email Address: inquiries@tigta.treas.gov
Web Site: <http://www.tigta.gov>

Phone Number: 202-622-6500