

**Taxpayers Experienced Improved Access
to Toll-Free Telephone Services
During the 2004 Filing Season**

August 2004

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INSPECTOR GENERAL
for TAX
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MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION
COMMISSIONER, WAGE AND INVESTMENT DIVISION

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FROM: Gordon C. Milbourn III
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report - Taxpayers Experienced Improved Access to
Toll-Free Telephone Services During the 2004 Filing Season
(Audit # 200430005)

This report presents the results of our review of the Internal Revenue Service's (IRS) ability to provide taxpayers with effective and efficient access to the toll-free telephone system during the 2004 Filing Season.¹ We performed this audit as part of the Treasury Inspector General for Tax Administration's (TIGTA) continuing annual reviews² of the performance of key customer service programs.

In summary, the IRS provided taxpayers with effective and improved access to its toll-free telephone system during the 2004 Filing Season. The IRS provided over 872,000 more toll-free telephone services³ to taxpayers during the 2004 Filing Season than in the prior year. An improved taxpayer experience in calling the IRS toll-free telephone system during the 2004 Filing Season was evident in many of the measures the IRS uses to monitor its call center operations. First, callers were able to connect with the IRS more easily. When compared to the prior year, the total number of

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed. All references to the 2004 Filing Season made in this report, unless otherwise specified, are for the period from January 1 to April 17, 2004.

² Separate TIGTA reviews are being performed to evaluate the quality of services provided to taxpayers who called the toll-free telephone system (Audit # 200440038; draft report issued July 12, 2004) and to evaluate a feasibility study on the outsourcing of tax law calls (Audit # 200330043).

³ The IRS defines a "service" as any call received by a Customer Service Representative regardless of whether it is an original call attempt or a transferred call.

“blocked”⁴ calls was reduced from nearly 1.3 million in 2003 to about 784,000 in 2004 – an improvement of more than 39 percent. Second, callers wanting to speak with a Customer Service Representative (CSR) received better service. The CSR Level of Service, which is the IRS’ primary measure of providing callers with access to a live assistor when requested, increased from 82.4 percent in 2003 to 84.7 percent in 2004. Finally, the measures associated with the speed of handling calls showed improvements. In particular, callers with tax law questions received faster service because the Average Speed of Answer⁵ was reduced from 196 seconds to 164 seconds and the Assistor Response Level (ARL)⁶ was increased from 56.9 percent to 64.0 percent. As a validation of these accomplishments, surveys completed by callers to the IRS toll-free telephone system during the 2004 Filing Season showed that the vast majority of customers were satisfied with the services they received.

The IRS also realized productivity and efficiency gains in providing toll-free telephone services during the 2004 Filing Season. For example, the CSRs answered 106.5 percent of the volume of the prior year calls while using only 101.5 percent of the amount of resources used in the prior year. This increased the number of calls answered per Full-Time Equivalent (FTE)⁷ by 4.9 percent.

Although the IRS has continued to improve taxpayer access to its toll-free telephone services, some opportunities remain to further enhance the taxpayer experience in calling the IRS for assistance. One of these is improving management’s ability to determine why more than 6.7 million taxpayers disconnected (i.e., hung up) during the 2004 Filing Season before their calls reached the CSR queue. This type of call, which the IRS refers to as a primary abandon, increased by more than 1.3 million during the 2004 Filing Season and represented 13.5 percent of total call attempts to the toll-free telephone system.

Second, the IRS needs a more effective and efficient methodology for forecasting call demand and scheduling the resources to meet the forecasted demand. Although most call centers in the private sector have had automated workforce management (WFM)⁸ tools for years, the IRS has continued to rely on an essentially manual process for its workload planning. The IRS is currently using a software product at the site level with some success to match staffing requirements with individual CSR tours of duty. However, the IRS has been unable to use this product to develop forecasts and staffing

⁴ A blocked call is one that cannot be connected immediately because either no circuit is available at the time the call arrives (i.e., the caller receives a busy signal) or the system is programmed to block calls from entering the queue when the queue backs up beyond a defined threshold (i.e., the caller receives a recorded announcement to call back at a later time). A queue holds callers until a CSR becomes available.

⁵ A measure of the average number of seconds that customers who did not abandon their calls waited in a queue before receiving service.

⁶ The IRS defines the ARL as the total number of “services” delivered within the threshold of 30 seconds divided by the total services handled.

⁷ A measure of labor hours in which 1 FTE is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2004, 1 FTE is equal to 2,096 staff hours.

⁸ Software systems that are used to forecast incoming call demand, calculate staffing requirements, organize schedules, and track real-time performance of individuals and groups.

requirements for the Enterprise. The forecasting of call demand must be accurate at each CSR skill level and at each half-hour call arrival interval. Given the massive volume of calls the IRS receives and the wide range of telephone assistance it is expected to provide, even small forecasting inaccuracies can cause significant problems with the IRS' ability to schedule resources to effectively and efficiently handle call demand.

Finally, updated circuitry planning standards could help to prevent or reduce infrequent capacity problems. When high call volume occurs in specific applications or at certain call sites, the telephone circuits⁹ can become full and additional calls may be blocked from entering the system. Although IRS management advised us that these capacity problems occurred only in parts of a few days at some call sites during the 2004 Filing Season, callers may have been inconvenienced when this occurred because they received a recorded message that all circuits were busy and that they should call back at another time to receive assistance.

The IRS recognizes these improvement opportunities and has plans to address each of them. These plans include replacing the network prompter with an Internet Service Node (ISN) that will allow the IRS to capture data on the points in the menu selection at which callers disconnect; purchasing a WFM system to generate the staffing requirements for the toll-free telephone system; and completing a circuitry analysis in time for the IRS to install or remove circuits, as necessary, by the 2005 Filing Season.

We support these plans and recommended the Directors, Customer Account Services (CAS), Small Business/Self-Employed (SB/SE) and Wage and Investment (W&I) Divisions, take the steps necessary to ensure the acquisition of the ISN is a priority item and, when installed, it is used to learn more about the causes of primary abandoned calls so necessary changes to the menu scripts can be made or other appropriate corrective actions can be taken. The Directors should also ensure an integrated WFM system is implemented that includes workforce planning functionality at the Enterprise and site levels. In addition, the Director, CAS, W&I Division, should ensure the current circuitry analysis will lead to the development of a current standard for circuitry planning that is updated whenever there are major changes to the toll-free telephone system that could affect circuitry needs.

Management's Response: Management agreed with each of our recommendations. The Commissioner, W&I Division, provided a detailed response that was coordinated with the office of the Commissioner, SB/SE Division. The IRS plans to fully deploy the ISN in January 2005 and, after sufficient data are collected and analyzed, use it to first identify the points at which customers abandon their calls and then initiate changes to the system to improve the customer experience. The Commissioner advised that the existing site-level WFM tool is being upgraded in November 2004 and that efforts are underway to test an Enterprise-level WFM tool. If test results are successful, the IRS plans to procure the product this fiscal year. The Commissioner stated the IRS is targeting the testing and possible procurement of the additional integration tools during

⁹ A circuit is a transmission path between two points in a network.

Fiscal Year (FY) 2005. The IRS intends to have a fully integrated WFM system with workforce planning functionality for the Enterprise by the conclusion of FY 2006. Finally, the Commissioner stated the IRS is currently in the initial stages of developing a circuitry standard. The IRS will finalize the standard after it has analyzed the extent to which ISN implementation affects circuitry needs. In preparation for the 2005 Filing Season, the IRS will increase circuitry on non-ISN product lines as needed to further alleviate the possibility of infrequent circuitry capacity problems. Management's complete response to the draft report is included as Appendix IV.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Philip Shropshire, Acting Assistant Inspector General for Audit (Small Business and Corporate Programs), at (215) 516-2341.

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Taxpayers Experienced Improved Access to Toll-Free Telephone Services During the 2004 Filing Season

Background

The Internal Revenue Service's (IRS) mission is to "provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all." All efforts to help taxpayers understand and meet their tax responsibilities are critical to this mission.

The IRS toll-free telephone system is a primary contact method that millions of taxpayers choose when seeking answers to tax law questions or trying to resolve account issues. Taxpayers who call the IRS can receive automated services (i.e., recorded information and interactive applications¹) or choose to speak with a live assistor. The IRS has 26 call centers located throughout the United States and Puerto Rico that are staffed with Customer Service Representatives (CSR) who are trained to answer taxpayer questions involving tax law² and other related tax account conditions such as refunds, balance due billing activity, and changes to the amount of tax owed. During the 2004 Filing Season,³ the IRS employed more than 14,000 CSRs to answer the telephones.

The Customer Account Services (CAS) functions within the Small Business/Self-Employed (SB/SE) and Wage and Investment (W&I) Divisions are responsible for managing the IRS toll-free telephone system. The Joint Operations Center (JOC) in Atlanta, Georgia, serves as the central control organization for all of the IRS' toll-free telephone call routing. The JOC uses intelligent call management software to control and route the calls to its call centers and CSRs based on availability and skills. In addition, the JOC

¹ For callers using a touch-tone telephone, the Telephone Routing Interactive System can provide automated refund status information, permit callers to obtain a payoff amount for an outstanding balance due, or enable callers to set up an installment agreement to settle a delinquent tax debt.

² Only eight of the call centers handle tax law questions.

³ The filing season is the period from January through mid-April when most individual income tax returns are filed. All references to the 2004 Filing Season made in this report, unless otherwise specified, are for the period from January 1 to April 17, 2004.

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monitors the call centers for abnormally high queue times⁴ and/or available CSRs, thus allowing it to take actions to modify routing scripts to balance the workload.

Taxpayers called the IRS toll-free telephone system almost 50 million⁵ times during the 2004 Filing Season. In addition, over 12.7 million calls were made to the IRS automated TeleTax system that provides recorded tax law and refund information.

This review was performed at the JOC during the period January through April 2004. The audit was performed in accordance with *Government Auditing Standards*. The scope of this audit did not include the quality of toll-free telephone services.⁶ The performance data we evaluated were provided by IRS management and/or came from IRS management information systems. We did not verify the accuracy of these data. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Many Aspects of the Taxpayer Experience in Accessing the Toll-Free Telephone System Were Significantly Improved During the 2004 Filing Season

During the 2004 Filing Season, the IRS provided taxpayers with effective and improved access to its toll-free telephone system. This successful performance was evident in many of the measures the IRS uses to monitor its call center operations and in the customer satisfaction surveys completed by callers to the toll-free telephone system. The IRS also realized productivity and efficiency gains in

⁴ A queue holds callers until a CSR becomes available. Queue time is the amount of time a caller spends waiting for a CSR to become available.

⁵ These calls were to the suite of telephone lines that the IRS refers to as "CAS Toll Free." Unless otherwise specified, all references made in this report to the toll-free telephone system performance data are for the CAS Toll Free lines through April 17, 2004, and comparable prior year dates. These lines include 1040, 8815, 4262, 0105, 0115, 0922, 0582, 1054, 2065, 8482, 4059, 8374, 4933, 5227, 0433, 1778, 4259, and 4778.

⁶ The Treasury Inspector General for Tax Administration is performing separate reviews to evaluate the quality of toll-free telephone services provided to taxpayers during the 2004 Filing Season (Audit # 200440038; draft report issued July 12, 2004) and to evaluate a feasibility study on the outsourcing of tax law calls (Audit # 200330043).

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providing toll-free telephone services during the 2004 Filing Season.

More taxpayers were served

Table 1 shows that the IRS provided over 872,000 more toll-free telephone services⁷ to taxpayers during the 2004 Filing Season than in the prior year.

**Table 1: Comparison of Toll-Free Telephone Services Provided
2002 – 2004 Filing Seasons**

<u>CAS Toll-Free</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Automated Services Provided	36,348,921	25,818,334	25,732,372
Assistor Services Provided	18,748,935	17,599,403	18,557,661
Totals	55,097,856	43,417,737	44,290,033

Source: IRS Enterprise Telephone Data Warehouse.

The “Automated Services Provided” from Table 1 excludes two services the IRS implemented on its Internet web site (www.irs.gov) in 2003 that likely relieved some demand for toll-free telephone assistance in 2004. The first is an Internet Refund Fact of Filing (IRFOF) application that allows taxpayers to check the status of their tax refunds. During the 2004 Filing Season, approximately 18.1 million taxpayers accessed the IRFOF application, and 11.6 million taxpayers successfully received refund status information.⁸ The second is an Internet site that provided information about the Advance Child Tax Credit (ACTC). The Jobs and Growth Tax Relief Reconciliation Act of 2003⁹ provided eligible taxpayers up to \$400 in ACTC payments. More than 25 million taxpayers received ACTC payments in

⁷ The IRS defines a “service” as any call received by a CSR regardless of whether it is an original call attempt or a transferred call.

⁸ Taxpayers who access the IRFOF before their returns have been processed or without having all of the necessary information (e.g., refund amount) at their disposal will be unsuccessful in obtaining refund status information. The IRFOF was not included in the scope of this audit and is mentioned only to show that taxpayers have alternatives to the toll-free telephone system for obtaining refund information.

⁹ Pub. L. No. 108-27, 117 Stat. 752.

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2003. Approximately 10.6 million taxpayers accessed this Internet site during the 2004 Filing Season.

Many taxpayers received faster and better access to the system

Despite the increased demand for services during the 2004 Filing Season, many aspects of the taxpayer experience were improved during calls to the IRS for assistance. For example, Table 2 shows the CSR Level of Service (LOS),¹⁰ the IRS' primary measure of providing callers with access to a live assistor, increased by 2.3 percentage points during the 2004 Filing Season.

**Table 2: Comparison of the CSR LOS
2002 – 2004 Filing Seasons**

<u>CAS Toll-Free</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
CSR LOS	66.6%	82.4%	84.7%

Source: IRS Enterprise Telephone Data Warehouse.

In addition, Table 3 shows other diagnostic measures the IRS uses to gauge the performance of its toll-free telephone system. In particular, these measures show that callers with tax law questions received faster service in 2004.

¹⁰ In an audit report on the 2002 Filing Season, *Significant Efforts Have Been Made to Provide Taxpayers Better Access to the Toll-Free Telephone System, but Additional Improvements Are Needed* (Reference Number 2003-30-001, dated October 2002), we expressed concern with the validity of the CSR LOS because it excluded primary abandons (i.e., calls that disconnect before reaching the CSR queue) and, therefore, may not accurately portray the ease with which taxpayers gain access to a CSR.

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**Table 3: Comparison of Various Performance Measures
2002 – 2004 Filing Seasons**

<u>CAS Toll-Free</u>	2002	2003	2004	2002	2003	2004
	<u>Tax Law Calls</u>			<u>Account Calls</u>		
Average Speed of Answer (ASA)¹¹ (seconds)	160	196	164	273	142	205
Assistor Response Level (ARL)¹²	70.2%	56.9%	64.0%	50.7%	56.0%	44.1%
Secondary Abandons¹³	11.2%	10.3%	7.0%	12.7%	6.7%	10.4%
Transfer Rate	38.9%	30.0%	25.5%	12.4%	11.1%	10.2%

Source: IRS Enterprise Telephone Data Warehouse.

In comparison with prior years, the data in Table 3 show that the IRS:

- Provided faster service to callers with tax law questions by improving the ASA by 32 seconds, or 16.3 percent. Although the ASA for account calls increased in 2004,¹⁴ it was still significantly better than it was in 2002.
- Reduced the waiting time in the queue for a greater percentage of callers with tax law questions by improving the ARL by over 7 percentage points. However, the ARL for callers with account questions was below the levels achieved in Filing Seasons 2002 and 2003.

¹¹ A measure of the average number of seconds that customers who did not abandon their calls waited in a queue before receiving service.

¹² The IRS defines the ARL as the total number of “services” delivered within the threshold of 30 seconds divided by the total services handled.

¹³ A call that reaches the CSR queue and then disconnects.

¹⁴ The volume of account calls increased greatly in 2004 when the IRS provided almost 1.2 million more account services, an increase of 10.5 percent, in comparison to 2003. In all likelihood, the high volume of account calls was largely responsible for the lower performance in some account measures. When account services are viewed in this perspective, the IRS did a commendable job in serving taxpayers with account-related questions.

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- Reduced the rate of tax law calls that were abandoned while waiting in the queue for assistance by 32 percent. This means that fewer taxpayers became tired of waiting and hung up in 2004. Although the secondary abandon rate for account calls in the queue increased in 2004, it was still significantly lower than it was in 2002.
- Reduced the transfer rate for tax law calls by 4.5 percentage points and reduced the transfer rate for account calls by almost 1 percentage point. Reducing call transfers lowers burden by having callers spend less time on the telephone. The IRS' cost to handle a call is also lowered when the call is completed by the first CSR it was sent to rather than transferred.

Table 4 shows that the improved access to the toll-free telephone system during the 2004 Filing Season is also reflected in significant reductions in the number of calls to the IRS that were “blocked.” A blocked call is one that cannot be connected immediately because either no circuit is available at the time the call arrives (i.e., the caller receives a busy signal) or the system is programmed to block calls from entering the queue when the queue backs up beyond a defined threshold (i.e., the caller receives a recorded announcement to call back at a later time). The IRS refers to the latter type of blocked call as a “courtesy disconnect.”

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**Table 4: Comparison of the Number of Blocked Calls
2002 – 2004 Filing Seasons**

<u>CAS Toll-Free</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Busy Signals	3,665,180	228,507	147,200
Courtesy Disconnects¹⁵		832,608	591,936
Selected Expanded Access (SEA)¹⁶	2,924,830	228,507	44,939
Total Blocked Calls¹⁷	6,590,010	1,289,622	784,075

Source: IRS Enterprise Telephone Data Warehouse.

The data in Table 4 show that, from the 2003 Filing Season to the 2004 Filing Season, the IRS achieved a:

- Decrease in busy signals of 35.6 percent.
- Decrease in courtesy disconnects of 28.9 percent.
- Decrease in SEA of 80.3 percent.
- Decrease in total blocked calls of 39.2 percent.

Customer satisfaction surveys continued to show highly positive results¹⁸

From January through March 2004, 94 percent of the callers to the IRS toll-free telephone system that completed customer satisfaction surveys¹⁹ regarding their experience gave the IRS a rating of 4 (“mostly satisfied”) or 5 (“completely satisfied”) on a 5-point scale.²⁰ The overall satisfaction rating was 4.65 for the SB/SE Division and 4.66 for the W&I Division. Only 2 percent of the callers in each Division were dissatisfied (i.e., gave a rating of 1 or 2).

¹⁵ Courtesy disconnects were introduced in Fiscal Year (FY) 2003.

¹⁶ The SEA is a system that allows callers to receive automated services, in lieu of a busy signal, during periods of peak demand.

¹⁷ Totals do not include 44,000 blocked calls to the TeleTax system.

¹⁸ The SB/SE Division data are based on a draft of the survey report.

¹⁹ The W&I and SB/SE Divisions are jointly responsible for managing the IRS toll-free telephone system. The W&I Division has 18 call sites and the SB/SE Division has 8 call sites. The W&I and SB/SE Divisions conduct separate customer satisfaction surveys on a quarterly basis.

²⁰ The only taxpayers surveyed are a sample of those that complete their interactions with the IRS.

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These customer satisfaction results represented a slight improvement over the positive results obtained during the 2003 Filing Season. For the same 3-month period in 2003, 94 percent of the callers surveyed for the W&I Division had given the IRS a rating of 4 or 5 and an overall satisfaction rating of 4.63. During the same period, 92 percent of the callers surveyed for the SB/SE Division gave the IRS a rating of 4 or 5 and the overall satisfaction rating was 4.55. Three percent of the callers surveyed for both Divisions in 2003 were dissatisfied (i.e., gave a rating of 1 or 2) with their experience.

Productivity and efficiency gains were realized

Table 5 shows the IRS realized substantial productivity and efficiency gains during the 2004 Filing Season.

**Table 5: Comparison of Calls Answered per Full-Time Equivalent (FTE)²¹ and Assistor Availability Rates
2002 – 2004 Filing Seasons**

<u>CAS Toll-Free</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
CSR Calls Answered	14,798,853	14,986,839	15,955,445
Total FTEs²²	2,861.8	2,880.2	2,923.5
CSR Calls Answered Per Total FTEs	5,171.2	5,203.4	5,457.7
Assistor Availability Rate²³	11.0%	11.2%	9.0%

Source: IRS Enterprise Telephone Data Warehouse.

The data in Table 5 show the IRS:

- Answered 106.5 percent of the volume of prior year calls while using only 101.5 percent of the amount

²¹ A measure of labor hours in which 1 FTE is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year. For FY 2004, 1 FTE is equal to 2,096 staff hours.

²² Total FTEs includes both direct hours and overhead.

²³ Assistor Availability is the percentage of time that CSRs are available to take calls but no calls are coming in for the specific skills of the CSRs.

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of resources used in the prior year and increased the number of calls answered per FTE by 4.9 percent.

- Lowered overall Assistor Availability rates by 19.6 percent. When Assistor Availability is too high, the CSRs' time is not being productively used and the cost of providing toll-free telephone services is increased.

The IRS implemented new initiatives to improve access

For 2004, the IRS implemented a number of initiatives to improve the performance of the toll-free telephone system. Some of the initiatives identified by the IRS as providing notable benefits include:

- **Application²⁴ Consolidation:** In an effort to reduce Assistor Availability, both English and Spanish applications were consolidated for more efficient call processing. Similar applications were combined to minimize the number of CSR groups, ultimately reducing Availability in those CSR groups for which the service was comparable. For example, Application 15 (W&I Refund) was consolidated with Application 20 (W&I IMF²⁵ Accounts).
- **Retirement of Older Voice Response Units (VRU²⁶):** The IRS retired its older VRU equipment in January 2004. The automated applications previously hosted by the old VRUs were moved to a new platform, resulting in enhanced automation capabilities. These changes included:
 - Eliminating redundant touch-tone telephone refund applications.

²⁴ Applications are specified account or tax law topic areas. There are approximately 22 English and Spanish tax law applications.

²⁵ IMF, or Individual Master File, refers to the IRS database that maintains transactions or records of individual tax accounts.

²⁶ A VRU responds to caller-entered digits or speech recognition in much the same way that a conventional computer responds to keystrokes or clicks of a mouse. When the VRU is integrated with database computers, callers can interact with the databases to check current information.

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- Providing a common voice for all VRU applications.
- Enhancing interactive applications to allow faster service for work that can be done in an automated environment.
- Increasing automated support for rotary telephone callers.
- Increasing automated support for Spanish-speaking callers.
- Reducing the occurrence of busy signals.
- **Refund Routing Changes:** The IRS provided a network announcement on the 800-829-1040 line advising taxpayers with questions regarding refund issues to either check the IRS Internet site (www.irs.gov) or call the Refund Hotline number (800-829-1954). Last year, the same type of call was automatically transferred to the 1954 number. This change was made to prevent refund calls from tying up the 1040 line so taxpayers with account or tax law questions have a better opportunity to promptly receive service.
- **Elimination of the Employer Identification Number (EIN) Product Line:**²⁷ The EIN dialed number (866-816-2065) was discontinued in October 2003. Customers calling the 2065 number were referred to the Business and Specialty Hotline (800-829-4933). This change resulted in two major benefits:
 - From a taxpayer perspective, the discontinuance of the 2065 line provided a single dialed number for the customer's business needs. The EIN prompt on the 4933 number is the initial choice for the

²⁷ A toll-free telephone line used to apply for a taxpayer identification number issued by the IRS to sole proprietorships, corporations, partnerships, and other business entities for tax filing and reporting purposes.

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customer, mirroring the ease of access previously provided on the 2065 number.

- Circuitry access was also improved as a result of the consolidation of services. An increase in circuitry ensured all customers received equal service whereas, previously, callers to the 2065 line were frequently given a Variable Call Redirection message during periods of high call volumes due to limited circuitry resources associated with the 2065 number.
- **Work Scheduling/Staffing Process Improvement:** The scheduling process was taken to a more finite level of detail through continued improvement in the forecasting process. By using application-level historical data to project demand, the IRS was able to use detailed historical data to enhance service level projections and better target its resource needs, apply application-specific assumptions, more accurately reproject service-level scenarios based on assumptions, and incorporate shared Business Operating Division (BOD) workload assumptions with more precision. Additionally, the IRS was able to enhance the matching of workload distribution to available resources through increased collaboration with BOD representatives.

The staffing process was improved by training the less experienced assistors on more complex topics, to increase their skill base for better resource deployment. For example, those assistors who were working Basic Tax Law applications were trained in Advanced Tax Law topics such as Pensions, Individual Retirement Accounts, or Small Business issues. Assitors working Basic Account applications were trained to assist callers with topics included in Advanced Account applications.

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Executive involvement, via biweekly telephone conferences, provided useful guidance in responding to problem situations

Throughout the filing season, the JOC conducted biweekly executive telephone conferences to discuss the status of the toll-free telephone operations. The attendees included executives and other representatives from both the SB/SE and W&I Divisions responsible for toll-free telephone operations, the Director of the JOC, and various JOC staff members. The conferences kept the executives regularly apprised of how well the toll-free telephone system was performing. They also provided a forum through which to raise any technical, operational, and workload management concerns to the executive level and for the executives to obtain information from the staff level.

More Detailed Information Is Needed About Why Millions of Taxpayers Hang Up During the Menu Selection Process

Each filing season, millions of taxpayers who call the IRS disconnect (i.e., hang up) early in their calls prior to receiving assistance. The IRS refers to calls that disconnect before reaching the CSR queue as primary abandons.²⁸ Primary abandons may occur when callers 1) realize they dialed the wrong number and immediately disconnect, 2) disconnect before completing an automated routing script, or 3) choose a menu option to use an automated service but disconnect before completing the service. In completing customer satisfaction surveys during the 2004 Filing Season, callers to the IRS toll-free telephone system identified “finding the appropriate menu choice” as the IRS’ top improvement opportunity.²⁹

Table 6 shows the IRS experienced 6.7 million primary abandoned calls on its CAS Toll-Free telephone lines during the 2004 Filing Season.

²⁸ A call that reaches the CSR queue and then disconnects is classified as a secondary abandon.

²⁹ IRS Customer Satisfaction Survey, Toll-Free W&I National Report, Covering January through March 2004.

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**Table 6: Comparison of Primary Abandons
2001 – 2004 Filing Seasons**

CAS Toll-Free	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Primary Abandons (PA)	4,298,616	10,593,981	5,402,495	6,720,870
Total Attempts (TA)	46,917,350	55,450,114	42,054,628	49,609,768
Percentage of PAs to TAs	9.2%	19.1%	12.8%	13.5%

Source: IRS Weekly Enterprise Snapshot and Table Snapshot Reports.

Primary abandons can lead to taxpayers having to call back or possibly not receiving assistance at all because they find the toll-free telephone system too difficult to use. When taxpayers have these types of difficulties in attempting to contact the IRS, the IRS' strategic goal of providing top-quality service to each taxpayer in each interaction is not being met. Consequently, the identification and correction of the cause for high levels of primary abandoned calls is necessary.

While Table 6 shows that primary abandons, when viewed as a percentage of total call attempts, decreased in the 2003 and 2004 Filing Seasons when compared to the 2002 Filing Season, the primary abandon rates were still significantly higher than that experienced during the 2001 Filing Season. In addition, the primary abandon rate of 13.5 percent experienced during the 2004 Filing Season was significantly higher than the 3 to 5 percent call abandon rate³⁰ that is considered optimum for the call center industry.³¹

The IRS has long recognized that it has a problem with a high number of primary abandons. The Customer

³⁰ In reviewing a draft of this report, IRS management stated that call center industry standards are often based on "for profit" operations and that comparisons to Federal Government call center operations are not appropriate. Management also stated that varying measure computations and component definitions used throughout the public sector place the validity of such a comparison in question.

³¹ Jon Anton, *Call Center Management by the Numbers* (West Lafayette: Purdue University Press, 1997), 30.

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Communications Project 2001 (CC2001),³² implemented in August 2001, included a primary design objective of reducing network prompter abandons.³³ As Table 6 showed, instead of reducing primary abandons, the CC2001 caused them to increase during the 2002 Filing Season. According to an internal IRS document:³⁴

The abandon rates were improved with intensive effort on the part of IRS and . . . [contractor] personnel, but the effort highlighted severe shortcomings with the MIS [Management Information System] provided by the . . . [contractor] Network Prompter platform.

Additional improvements were made through the CCCO [Customer Contact Center Optimization] and Workload Realignment business initiatives implemented for the 2003 Filing Season.

However, there are remaining shortcomings with the platform. . . .

Not only did the implementation of the CC2001 cause a dramatic increase in primary abandons, it also made the contractor unable to provide data on the points in the menu selection at which taxpayers hang up. These data were available prior to implementation of the CC2001. Without access to these data, it is more difficult for the IRS to identify and modify the trouble spots in its menus. In our report on the 2003 Filing Season,³⁵ we stated:

The effect of the menu scripting problems on increased taxpayer burden was evident from the

³² The CC2001 was a \$65 million technology enhancement designed to improve the efficiency and effectiveness of receiving, routing, and responding to taxpayer calls.

³³ The network prompter is the contractor public telephone network that contains scripted routing plans. These plans determine what prompts and announcements to play to the customer and how to route the customer to the IRS.

³⁴ *IRS Network Prompter Replacement Plan*, Joint Operations Center (January 27, 2004).

³⁵ *Access to the Toll-Free Telephone System Was Significantly Improved in 2003, but Additional Enhancements Are Needed* (Reference Number 2004-30-038, dated January 2004).

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usability study report³⁶ for the 1040 line. The study,³⁷ performed by a contractor in January 2003 using a group of participants, found that problems with the “menu options” were, by far, the main complaint about the system.

In an effort to address various limitations with the current platform, the IRS has issued a Request for Proposal for the replacement of the network prompter. The proposal that the IRS received is to introduce an Internet Service Node (ISN) that, if acquired, will allow the IRS to capture data on the points in the menu selection at which callers disconnect at the network prompt.

Recommendation

1. The Directors, CAS, SB/SE and W&I Divisions, in coordination with the IRS Modernization and Information Technology Services organization, should take the steps necessary to ensure the acquisition of the ISN is a priority item. In addition, when the ISN is installed, the Directors should ensure it is used to learn more about the causes of primary abandons so necessary changes to the menu scripts can be made or other appropriate corrective actions can be taken.

Management’s Response: The Commissioner, W&I Division, agreed with this recommendation, advising that the IRS plans to fully deploy the ISN in early January 2005 and expects to realize some initial benefits of this additional detailed information shortly after implementation. The Commissioner advised that, after sufficient data are collected and analyzed, IRS management will use it to first identify the points at which customers abandon their calls and then initiate changes to the system to improve the customer experience.

³⁶ SpeechWorks International, Inc., *Test Results Usability Study Version 1.0*, February 24, 2003.

³⁷ The contractor’s report on the results of the usability tests stated that it was not intended to render statistically significant results or to study trends.

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Modifying the Processes for Workload Planning and Scheduling Could Further Improve Taxpayer Access and Increase Efficiency

Forecasting involves using historical data, knowledge of current conditions, and information about future conditions to predict the customer demand for services. The forecasting of call demand must be accurate at each CSR skill level for each half-hour call arrival interval. Given the massive volume of calls the IRS receives and the wide range of telephone assistance it is expected to provide, even small forecasting inaccuracies can cause significant problems with the IRS' ability to schedule resources to effectively and efficiently handle call demand. An authoritative text³⁸ on call center operations management states:

Skills-based routing is supposed to be the perfect answer to the challenge of getting the right call to the right place at the right time. But, in many cases, skills-based routing also has created difficult new problems that have tempered or obviated the potential benefits: difficult forecasting challenges, complex staffing puzzles and volatile service levels.

One measure affected by inaccurate forecasting is Assistor Availability. When Assistor Availability is too low, taxpayers calling for assistance may have to wait longer to speak with a CSR or, frustrated with the waiting time, may abandon their calls and call back at another time. Low Assistor Availability over extended periods of time can also result in significant CSR stress since they are answering one call after another with little downtime. Conversely, when Assistor Availability is too high, the CSRs' time is not being productively used since the CSRs are waiting for calls to arrive. According to an authoritative guide on call center operations,³⁹ studies show that optimum availability is between 8 and 12 percent. Concerns with Assistor

³⁸ Brad Cleveland and Debbie Harne, *Call Center Operations Management Handbook and Study Guide* (Annapolis, Maryland: Call Center Press 2003), Section 5, 38.

³⁹ Brad Cleveland and Debbie Harne, *Call Center Operations Management Handbook and Study Guide* (Annapolis, Maryland: Call Center Press 2003), Section 4, 26-27.

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Availability were included in our audit reports covering both the 2002⁴⁰ and 2003⁴¹ Filing Seasons.

The IRS made significant changes to the forecasting process for Fiscal Year (FY) 2004⁴² that included using application-level historical data to project demand. In all likelihood, these changes contributed to the reduced Assistor Availability rate (see page 8) experienced by the IRS this filing season. In addition, the IRS has processes in place to make adjustments in reaction to actual customer demand that differs from the forecast demand. While these adjustments are generally effective in moving staff from some applications where demand is lower to other applications where it is higher, Assistor Availability continues to vary widely among different applications and at different time periods.

For example, Figure 1 shows the weekly variance (each application ranged from 1 to 21 percent) in Assistor Availability for 2 tax law applications. Application 102, Deductions, was a new application for 2004 and Application 110, Income, has not changed in several years. These applications do not represent the most extreme examples of high availability among the IRS' many applications but, rather, are intended to show that availability varies by time period and application type.

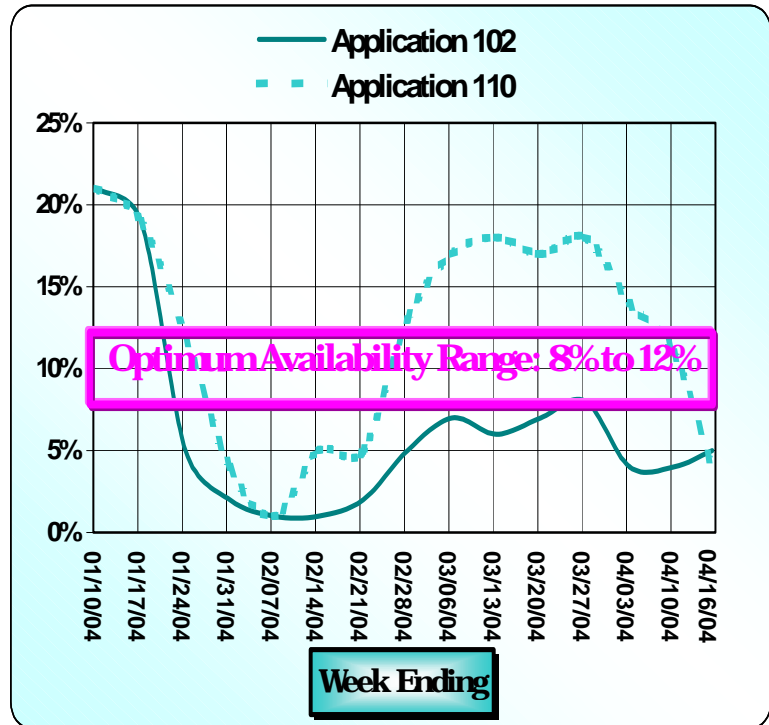
⁴⁰ *Significant Efforts Have Been Made to Provide Taxpayers Better Access to the Toll-Free Telephone System, But Additional Improvements Are Needed* (Reference Number 2003-30-001, dated October 2002).

⁴¹ *Access to the Toll-Free Telephone System Was Significantly Improved in 2003, but Additional Enhancements Are Needed* (Reference Number 2004-30-038, dated January 2004).

⁴² FY 2004 began on October 1, 2003, and ends on September 30, 2004.

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**Figure 1: Comparison of Assistor Availability
for Two Tax Law Applications
2004 Filing Season**



Source: IRS Executive Level Report on Tax Law Performance.

Figure 1 shows that Assistor Availability in Application 102 was below the optimum level for 9 consecutive weeks during the 2004 Filing Season. On the other hand, the Assistor Availability in Application 110 was above the optimum level in 8 of 15 weeks during the 2004 Filing Season. During the week of March 13, 2004, CSRs experienced 553 available hours in Application 110. This represents 184 more available hours than would have been experienced if the Assistor Availability had been at the higher end (12 percent) of the optimum range.

Despite the recent enhancements to its forecasting process, the IRS needs a more effective and efficient methodology. Although most call centers in the private sector have had automated workforce management (WFM)⁴³ tools for years,

⁴³ Software systems that are used to forecast incoming call demand, calculate staffing requirements, organize schedules, and track real-time performance of individuals and groups.

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the IRS has continued to rely on an essentially manual process for its workload planning. The IRS is currently using a software product at the site level, with some success, to match staffing requirements with individual CSR tours of duty. However, the IRS has been unable to use this product to develop forecasts and staffing requirements for the Enterprise. The IRS staff responsible for workload planning is involved in a number of preliminary processes to gather the necessary data for developing projections of resource requirements to meet the anticipated customer demand. The forecasting process used for FY 2004 involved the development of approximately 700 Microsoft Excel® spreadsheets. When a change was made to one spreadsheet, it required a manual verification process to verify that the change was included on all affected spreadsheets. This process is not only very time-consuming and labor-intensive, it also is dependent upon a few vital staff members with the requisite skills for this type of work. The loss of one or more of these staff members could significantly affect the forecasting process.⁴⁴

The IRS plans to eventually acquire a complete WFM system, at a cost of \$12.5 million, to generate its staffing requirements for the toll-free telephone system. This WFM system can be obtained in stages. The IRS' current budget allows for obtaining, at a cost of \$1.25 million, a WFM tool that will only generate half-hourly staffing requirements for workload planning at the Enterprise level. Other component parts of the larger WFM system would allow for integration of the forecasting and scheduling WFM functionality and site-level scheduling process.

We were advised by JOC staff members that two of the major advantages of the WFM system the IRS will be procuring this year are that it will be designed to link directly to the IRS Enterprise Telephone Data Warehouse

⁴⁴ In reviewing a draft of this report, IRS management advised that, while they do not disagree they need a more effective and efficient methodology, improvement in telephone performance over the past few years is evidence that their current forecasting and scheduling process is effective. Management also stated that, while they expect to gain increased effectiveness, the greater improvement opportunity lies in the WFM software's potential to improve the efficiency of the process.

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and will provide them with the ability to run “what if” scenarios (i.e., performance given staffing or staffing given performance). This should enable call site managers to better handle changes in demand because they will know how many CSRs will need certain types of training based upon the types of calls being answered. The IRS plans to run the WFM system parallel with the current manual planning system during its first year of use. If all goes well with the WFM system in FY 2005, the IRS plans to use it exclusively in FY 2006 and discontinue the use of its manual, labor-intensive process.

Recommendation

2. The Directors, CAS, SB/SE and W&I Divisions, should take the steps necessary to ensure implementation of an integrated WFM system that includes workforce planning functionality at the Enterprise and site levels.

Management’s Response: The Commissioner, W&I Division, agreed with this recommendation and advised that full implementation of an integrated WFM system needs to be an incremental process. The Commissioner stated the existing site-level WFM tool is being upgraded in November 2004 and efforts are currently underway to test an Enterprise-level WFM tool. If test results are successful, the IRS intends to procure the product this fiscal year; this will be the foundation for further integration efforts. The Commissioner also stated that the IRS is targeting the testing and possible procurement of the additional integration tools during FY 2005 and that the IRS intends to have a fully integrated WFM system with workforce planning functionality for the Enterprise by the conclusion of FY 2006.

Updated Circuitry Planning Standards Could Help to Alleviate Infrequent Capacity Problems

During the biweekly executive telephone conferences held throughout the 2004 Filing Season, IRS managers occasionally discussed situations in which some telephone circuits⁴⁵ were full. When high call volume occurs in specific applications or at certain call sites, the telephone circuits can become full and additional calls may be blocked

⁴⁵ A circuit is a transmission path between two points in a network.

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from entering the system. This condition can occur for short periods during high volume times of the day or during those few days of the filing season when call volume is the highest.

Insufficient circuits can adversely affect toll-free telephone service in two ways. The first effect is on those taxpayers who receive a recorded Courtesy Disconnect message that all circuits are busy and that they should try to call back at another time to receive assistance. The second effect is that call screeners⁴⁶ cannot receive calls when circuits are full and, thus, experience unproductive available time. Having more circuits available could reduce the number of blocked calls and, in turn, reduce screener availability on some occasions.

While we did not determine how often the IRS experienced circuit capacity problems during the 2004 Filing Season, IRS management advised us that they occurred only in parts of a few days at some call sites. The IRS generally performs its circuit usage analysis in real time, in an effort to balance the call load among the sites. One method the IRS uses is to put a site that is experiencing circuitry problems on “available only” status so no additional calls queue at that location.

The IRS recognizes that revised circuitry planning is needed and has initiated steps toward developing a new circuitry standard. Currently, the only standard the IRS has for circuitry planning is a ratio of 1.5 circuits to 1 CSR at peak staffing times. This standard was instituted several years ago when IRS call processing was very basic and prior to major changes to the call center environment such as intelligent call management.

We were advised that a circuitry analysis has been requested since the IRS no longer needs circuits at sites for automated calls. The IRS asked for a circuitry analysis that would identify a numeric formula tied to CSRs that the SB/SE and W&I Divisions could use to increase or decrease staff at a site. The IRS expects to complete this analysis in time to

⁴⁶ A call screener is a specially trained CSR who answers the taxpayer’s call, determines the specific question or issue, and then transfers the call to the appropriate application.

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install or remove circuits, as necessary, by the 2005 Filing Season.

The IRS call center managers also recognize that circuitry planning needs to be revisited after implementing major changes to the toll-free telephone system. For example, if the ISN is implemented as planned (see page 15), more circuits will become available because excess trunks⁴⁷ at each site currently used for queuing would no longer be needed.

More efficient and effective use of circuits will enable the IRS to better meet the requirements of Section 204 of the FY 2004 Appropriations Bill,⁴⁸ which states:

Funds made available by this or any other Act to the Internal Revenue Service shall be available for improved facilities and increased manpower to provide sufficient and effective 1-800 help line service for taxpayers. The Commissioner shall continue to make the improvement of the Internal Revenue Service 1-800 help line service a priority and allocate resources necessary to increase phone lines and staff to improve the Internal Revenue Service 1-800 help line service.

Recommendation

3. The Director, CAS, W&I Division, should ensure the current circuitry analysis leads to the development of a current standard for circuitry planning. This standard should be updated whenever there are major changes to the toll-free telephone system that could affect the circuitry needs.

Management's Response: The Commissioner, W&I Division, agreed with this recommendation and advised that the IRS is currently in the initial stages of developing a circuitry standard. This standard will be finalized after IRS

⁴⁷ A trunk is a telephone circuit linking two switching systems. Circuits and trunks are often used interchangeably. However, there are 24 circuits to a T-1 trunk line.

⁴⁸ Consolidated Appropriations Act, 2004, Pub. L. No. 108-199, 118 Stat. 318.

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management analyzes the extent to which the ISN implementation affects circuitry needs. The Commissioner advised that, to develop a comprehensive standard, the IRS will need to gather and analyze data for a complete year after ISN implementation. The IRS expects to complete the analysis and finalize the standard by January 15, 2006. The Commissioner also advised that, in preparation for the 2005 Filing Season, the IRS will increase circuitry on non-ISN product lines as needed to further alleviate the possibility of infrequent circuitry capacity problems.

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Appendix I

Detailed Objective, Scope, and Methodology

The overall audit objective was to evaluate the Internal Revenue Service's (IRS) ability to provide taxpayers with effective and efficient access to the toll-free telephone system during the 2004 Filing Season.¹ We performed this audit as part of the Treasury Inspector General for Tax Administration's (TIGTA) continuing annual reviews² of the performance of key customer service programs.

To accomplish our objective, we:

- I. Reviewed the IRS' plans for the toll-free telephone system for the 2004 Filing Season.
- II. Reviewed the IRS' processes for promptly responding to taxpayer access problems with the toll-free telephone system.
- III. Evaluated any new business processes implemented by the IRS to improve taxpayer access to the toll-free telephone system.
- IV. Reviewed any recent productivity-related analyses on the toll-free telephone system conducted or planned by the IRS or its contractors.
- V. Reviewed and monitored the IRS performance measures for the toll-free telephone system.
- VI. Attended biweekly executive status meetings held by the IRS for the toll-free telephone system.

¹ The filing season is the period from January through mid-April when most individual income tax returns are filed. All references to the 2004 Filing Season made in this report, unless otherwise specified, are for the period from January 1 to April 17, 2004.

² Separate TIGTA reviews are being performed to evaluate the quality of services provided to taxpayers who called the toll-free telephone system (Audit # 200440038; draft report issued July 12, 2004) and to evaluate a feasibility study on the potential outsourcing of tax law calls (Audit # 200330043).

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- VII. Determined whether the IRS has taken sufficient corrective actions as a result of the TIGTA audit report³ on the need to provide improved toll-free telephone access for hearing- and speech-impaired taxpayers.
- VIII. Coordinated, as needed, with another TIGTA audit team that was reviewing the quality of service⁴ provided on the toll-free telephone system and with the Government Accountability Office (GAO)⁵ staff responsible for the toll-free telephone portion of the GAO's annual filing season audit.

³ *The Internal Revenue Service Has Opportunities to Provide Hearing- and Speech-Impaired Taxpayers With Easier Access to Toll-Free Telephone Services* (Reference Number 2003-30-111, dated May 2003).

⁴ TIGTA Audit # 200440038 (draft report issued July 12, 2004).

⁵ Formerly the General Accounting Office.

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During the 2004 Filing Season**

Appendix II

Major Contributors to This Report

Philip Shropshire, Acting Assistant Inspector General for Audit (Small Business and Corporate Programs)

William E. Stewart, Audit Manager

Karen J. Stafford, Lead Auditor

Debra D. Mason, Auditor

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During the 2004 Filing Season**

Appendix III

Report Distribution List

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Deputy Commissioner, Wage and Investment Division SE:W
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Director, Accounts Management, Wage and Investment Division SE:W:CAS:AM
Director, Joint Operations Center, Wage and Investment Division SE:W:CAS:JOC
Deputy Director, Accounts Management, Small Business/Self-Employed Division
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Appendix IV

Management's Response to the Draft Report



COMMISSIONER
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

RECEIVED
JUL 30 2004

JUL 22 2004

MEMORANDUM FOR PAMELA J. GARDINER
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

Henry O. Lamar, Jr. *Henry O. Lamar, Jr.*
Commissioner, Wage and Investment Division

SUBJECT:

Draft Audit Report – Taxpayers Experienced Improved Access to
Toll-Free Telephone Services During the 2004 Filing Season
(Audit No. 200430005)

I appreciate your recognition of the Service improvements made for our Toll-Free customers. As your report notes, we made positive progress in virtually all customer focused telephone measures while improving productivity. Our progress is the result of our long-range efforts to improve our telephone system hardware, software, and operating infrastructure. It is also a reflection of the highly detailed planning efforts undertaken, our managers attention to implementing the plan, and most importantly, the hard work and dedication of our employees during the filing season.

While we are pleased with the progress we have made, we recognize there are still opportunities to continue to enhance our customers' experience. I appreciate your recommendations and view them as supporting our efforts already underway. Thank you for providing us with an accurate, objective, and well-balanced report. We have coordinated this response with representatives of the Commissioner, Small Business/Self-Employed Division, and it reflects their position and thoughts on your report. Our response to each of your recommendations is attached.

If you have any questions, please call me at (404) 338-7060 or Ronald S. Rhodes, Director, Customer Account Services, at (404) 338-8910.

Attachment

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Attachment

RECOMMENDATION 1

The Directors, CAS, SB/SE and W&I Divisions, in coordination with the IRS' Modernization and Information Technology Services, should take the necessary steps to ensure the acquisition of the Internet Service Node (ISN) is a priority item. In addition, when the ISN is installed, the Directors should ensure that it is used to learn more about the causes of primary abandons so necessary changes to the menu scripts can be made or other appropriate corrective actions can be taken.

CORRECTIVE ACTION

We agree with this recommendation and plan to fully deploy ISN in early January 2005. We expect to realize some initial benefits of this additional detailed information shortly after implementation. After sufficient data is collected and analyzed, we will use it to identify the points where customers abandon their call and initiate changes to our system to improve their experience.

IMPLEMENTATION DATE

February 15, 2005

RESPONSIBLE OFFICIAL

Directors, CAS, SB/SE and W&I Divisions

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system. The Director, Joint Operations Center and the SB/SE and W&I JOC Representatives will report any delays to their respective executives.

RECOMMENDATION 2

The Directors, CAS, SB/SE and W&I Divisions, should take the necessary steps to ensure an integrated workforce management system is implemented that includes workforce planning functionality at the Enterprise and site level.

CORRECTIVE ACTION

We agree with this recommendation. Full implementation of an integrated workforce management system needs to be an incremental process. The existing site-level workforce management tool is being upgraded in November 2004. In addition, efforts are currently underway to test an Enterprise-level workforce management tool. If test results are successful, we intend to procure the product this fiscal year. This will be the foundation for further integration efforts. We are targeting the testing and possible procurement of the additional integration tools during FY 2005. We intend to have a fully integrated workforce management system with workforce planning functionality for the Enterprise by the conclusion of FY 06.

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2

IMPLEMENTATION DATE

October 15, 2006

RESPONSIBLE OFFICIAL

Directors, CAS, SB/SE and W&I Divisions

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system. The Director, JOC and the SB/SE and W&I JOC Representatives will report any delays to their respective executives.

RECOMMENDATION 3

The Director, CAS, W&I Division, should ensure the current circuitry analysis leads to the development of a current standard for circuitry planning. This standard should be updated whenever there are major changes to the toll-free system that could affect the circuitry needs.

CORRECTIVE ACTION

We agree with this recommendation and are currently in the initial stages of developing a circuitry standard. We will finalize this standard after we have analyzed the extent to which ISN implementation impacts circuitry needs. To develop a comprehensive standard, we will need to gather and analyze data for a complete year after ISN implementation. We expect to complete the analysis and finalize the standard by January 15, 2006. In preparation for the 2005 Filing Season, we will increase circuitry on non-ISN product lines as needed to further alleviate the possibility of infrequent circuitry capacity problems.

IMPLEMENTATION DATE

January 15, 2006

RESPONSIBLE OFFICIAL

Director, CAS, W&I Division

CORRECTIVE ACTION MONITORING PLAN

We will monitor this corrective action as part of our internal management control system. The Director, JOC will report any delays to the Director, CAS, W&I.