

**Toll-Free Account Assistance to Taxpayers Is  
Professional and Timely, but Improvement Is  
Needed in the Information Provided**

**February 2004**

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**This report has cleared the Treasury Inspector General For Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.**



DEPARTMENT OF THE TREASURY  
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INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

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MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION  
COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED  
DIVISION

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

SUBJECT: Final Audit Report - Toll-Free Account Assistance to Taxpayers  
Is Professional and Timely, but Improvement Is Needed in the  
Information Provided (Audit # 200340045)

This report presents the results of our review of the Internal Revenue Service's (IRS) toll-free telephone assistance program for account questions. The overall objective of this review was to provide an assessment of the quality of taxpayers' experiences with the program. This audit was part of the Treasury Inspector General for Tax Administration's Fiscal Year (FY) 2003 Annual Audit Plan.

Each year, millions of taxpayers call the IRS for assistance in understanding the tax law and meeting their tax obligations. During FY 2003, the IRS handled over 55 million telephone calls. These calls included over 26 million calls from taxpayers who had questions about their accounts and who chose to speak with a Customer Service Representative (CSR).

With the continued demands from taxpayers for assistance, the quality of service to taxpayers remained among the major management challenges the IRS faced in FY 2003. While it is the IRS' goal to provide taxpayers with quality tax assistance comparable to the best available in the private and public sectors, over the years, the IRS has faced challenges in providing quality service to meet the needs of taxpayers.

One of the IRS' major strategies for FY 2003 was to increase the quality and efficiency of communications and services provided to taxpayers by improving critical business processes. The aim was to provide prompt and courteous responses to all requests for assistance. The IRS' goal is to make its telephone operation a "world-class customer service organization" that provides taxpayers with accessible and accurate tax assistance.

In summary, from a judgmental sample of 191 calls monitored between April 21 and May 16, 2003, we determined that CSRs treated taxpayers professionally for 99 percent of the calls and provided timely service for 83 percent of the calls. In addition, 78 percent of taxpayers (149 of 191 monitored calls) received accurate answers to their account questions. Using a statistical sample during the same period we reviewed, the IRS reported rates of 100 and 97 percent, respectively, for professionalism and timeliness, and 88 percent for customer accuracy. The IRS defines customer accuracy as giving the correct answer with the correct resolution.

In our sample, CSRs did not always follow IRS procedures; this prevented 22 percent of the taxpayers (42 of 191) from receiving the correct answer or resolution. We identified (scored) the response as inaccurate if the response provided was either incorrect or incomplete.

We also identified an additional 12 of the 191 calls in which the CSR did not ask the caller all 5 required identification probe questions. IRS guidelines require the CSR to fully authenticate the caller as authorized to receive the information with five required identification probe questions before providing an answer to the taxpayer's question. In addition, IRS guidelines currently allow CSRs discretion in asking additional authentication probes if any of the probes but filing status do not agree with the information in the IRS computer systems (they *must* ask additional questions if the filing status does not match). The IRS believes that asking taxpayers additional questions might cause additional taxpayer burden. However, we believe taxpayers would understand the necessity of additional questions if it were clearly explained to the taxpayer that the IRS is doing its utmost to ensure the confidentiality of the taxpayer's information.

We recommended that the Commissioner, Wage and Investment Division, ensure IRS employees receive additional training on the effective and complete use of Internal Revenue Manual (IRM) procedures and guidelines to address questions when providing toll-free account assistance. We also recommended strengthening the internal procedures and requirements to ensure all required probes are asked and verified. If the caller does not provide accurate information for all five required authentication probes, the IRS should *require* the CSR to ask the additional questions (referred to as high-risk questions) to minimize the risk of unauthorized disclosure. In addition, the IRS should include the errors or omissions made during authentication probes in its overall customer accuracy or disclose to external stakeholders that the reported customer accuracy does not include these authentication errors.

Our recommendations will provide the following measurable benefits on tax administration: reduction of taxpayer burden, improvement to taxpayer privacy and security, and improvement to the reliability of information. Improving the accuracy of responses to taxpayer questions will reduce taxpayer burden. Ensuring all five required authentication questions are asked and verified, and requiring the CSR to go to high-risk questions if any of the five required authentication questions are answered incorrectly, would minimize the risk of unauthorized disclosure of taxpayer information. Including the disclosure error in its reported customer accuracy will improve the

reliability of the information the IRS reports to its stakeholders. Appendix IV of this report provides a detailed description of these benefits, which will be included in our Semiannual Report to the Congress.

Management's Response: IRS management partially agreed to our recommendations. IRS management agreed that most account errors negatively affecting Customer Accuracy are caused by the incomplete research or inaccurate interpretation of account reference materials. IRS management also agreed that the IRM and Account Resolution Guide can be improved to make it easier for the CSRs to understand and comply with authentication procedures. IRS management developed Continuing Professional Education training for FY 2004 that addresses effective and complete use of the IRM procedures and guidelines.

However, IRS management did not agree with our position regarding the reporting of defects related to the authentication process, indicating that the IRS' classification of this type of defect as a Regulatory Accuracy defect does not impact the importance that IRS management attaches to taking the proper steps during the authentication process. IRS management disagreed with our assumption that a defect in the authentication process has a direct impact on the taxpayer and should be classified as if an unauthorized disclosure occurred.

IRS management also disagreed with requiring the use of the high-risk questions. They believe the current procedures are appropriate and strike a proper balance between protecting confidentiality and providing service without unnecessary burden. They also pointed out that our interpretation on the use of high-risk questions is incorrect with regards to when those questions are required under current procedures.

Lastly, IRS management agreed with two of our three reported outcome measures. They did not agree with the outcome measure listed as Reliability of Information because they believe their reporting accurately reflects the results of their quality review process. Management's complete response to the draft report is included as Appendix VII.

Office of Audit Comment: On page 3 of the IRS' response, IRS management stated that we were not correct in saying that if taxpayers' responses to the first four probes do not match the IRS' information, the CSR may ask, but is not required to ask, additional questions. IRS management explained that if the first two questions on identification number and taxpayer's name do not match the IRS' information, the IRS advises the caller to check the information and call back. The IRM states that if the taxpayer cannot confirm the correct address or date of birth, the CSR *may* request additional information. If the taxpayer cannot confirm filing status, the CSR is *required* to do additional probes. However, the IRM is silent on what the CSR should do if the identification number and taxpayer's name do not match the IRS' information.

The IRS does not consider not adequately authenticating the taxpayer as an error that directly affects the taxpayer, since he or she was provided with the correct answer or resolution. However, we believe that providing information to an individual without fully authenticating him or her increases the risk that a taxpayer's confidential information

has been disclosed to an unauthorized individual. This could have a direct impact on the taxpayer. Therefore, we believe these errors should be reported in customer accuracy. We also believe not including this information in the reported accuracy rate may affect external stakeholders' assessment of the IRS' performance. As a result, we believe our outcome measure addressing Reliability of Information is appropriate.

In addition, we believe requiring the use of the high-risk questions is warranted to reduce the risk of disclosing confidential information. We believe that the necessity of the additional questions can be explained to the taxpayer and the additional questions would not be considered a burden considering the consequences of unauthorized disclosure. While we still believe our recommendations are worthwhile, we do not intend to elevate our disagreement to the Department of the Treasury for resolution.

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 Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

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### **Background**

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According to the April 2003 Internal Revenue Service (IRS) Oversight Board Annual Report, 90 percent of Americans surveyed viewed the IRS service of providing a toll-free telephone number to answer their questions as either very or somewhat important to them. The IRS' goal is to make its telephone operation a "world-class customer service organization" that provides taxpayers with quality tax assistance comparable to the best available in the private and public sectors. The IRS has faced challenges in providing this quality service. Though the IRS has been improving the quality of its toll-free service, the quality of this service continues to be reported by the National Taxpayer Advocate as one of the most serious problems facing taxpayers.<sup>1</sup>

One of the IRS' major strategies for Fiscal Year (FY) 2003 was to increase the quality and efficiency of communications and services provided to taxpayers by improving critical business processes. The aim was to provide prompt and courteous responses to all requests for assistance.

The IRS provides a Tax Help Line (1-800-829-1040) for individuals and joint filers who need procedural or tax law information or help to file their individual returns and for general account information for individuals who file a United States (U.S.) Individual Income Tax Return (Form 1040), including the Profit or Loss From Business (Sole Proprietorship) (Schedule C) and Supplemental Income and Loss (Schedule E). Automated help is also offered on this line.

During FY 2003, the IRS answered over 55 million telephone calls. These calls included over 26 million calls from taxpayers who had questions about their accounts and who chose to speak with a Customer Service Representative (CSR). This is referred to as the Account Calls Product Line.

CSRs answer account inquiries and are responsible for providing taxpayers with information on the status of their returns/refunds and for resolving the majority of issues and

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<sup>1</sup> National Taxpayer Advocate Fiscal Year 2002 Report to Congress.

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questions to settle their accounts. The IRS defines an account call as any call:

- Relating to a taxpayer's account, both individual and business accounts.
- Regarding entity information (i.e., taxpayer's or spouse's name, address, Social Security Number, filing status, and tax year), the processing of a tax return, corrections of errors found during processing, and corrections resulting from adjustments or examination assessments.
- Regarding procedural issues (e.g., where to file a return, when and where to make payments, etc.).
- Relating to any other questions on refunds or procedures.

To ensure quality service, the IRS groups or categorizes calls by topics called Applications and by Wage and Investment (W&I) Division taxpayers and Small Business/Self-Employed (SB/SE) Division taxpayers.<sup>2</sup> There are a total of 10 Applications for the Account Calls Product Line. (See Appendix V for a complete listing of these Applications.)

CSRs are trained and certified for each current filing season<sup>3</sup> on specific Applications. For example, if an individual taxpayer calls to find out where to mail a tax return, the call would be routed to a CSR that has been trained to handle IRS procedural issues for the W&I Division. If a business taxpayer calls to find out the taxes due on a business account, the call would be routed to a CSR that handles balance-due questions for the SB/SE Division.

To measure its customer service, the IRS uses a quality measurement system called Embedded Quality, which links employee performance to organizational results related to the quality of customer service. To accomplish this, IRS

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<sup>2</sup> The W&I Division serves taxpayers who earn wages and have investment income. The SB/SE Division serves self-employed taxpayers and small businesses, including corporations and partnerships with assets of \$10 million or less.

<sup>3</sup> The period from January through mid-April when most individual income tax returns are filed.



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management listens to a statistical sample of live taxpayer calls from among the Applications and scores the calls using 81 attributes<sup>4</sup> that are divided into 5 quality measures:

- Customer Accuracy.
- Regulatory Accuracy.
- Procedural Accuracy.
- Professionalism.
- Timeliness.

The customer accuracy, professionalism, and timeliness measures are reported to the IRS Commissioner as part of the IRS' balanced measures.<sup>5</sup> The regulatory accuracy and procedural accuracy measures are reported internally to IRS management to identify trends and training opportunities.

The customer accuracy measure is also reported externally to IRS stakeholders, e.g., the Congress and the General Accounting Office, and as part of the reporting requirement of the Government Performance and Results Act of 1993 (GPRA).<sup>6</sup> The GPRA requires that all Federal agencies have appropriate quantitative performance measures. (See Appendix VI for details of the Embedded Quality and a list of the account calls attributes.)

The National Taxpayer Advocate stated in the 2002 report that:

*[the] Embedded Quality initiative has the potential to significantly bolster public confidence in IRS responses through an improved portrayal of program performance and a heightened engagement of each assistor in the quality process. Measuring employees on timeliness, professionalism, and accuracy – qualities that internal and external users identified as critical to*

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<sup>4</sup> Attributes identify specific aspects of a call that need to be considered when measuring the quality of customer service.

<sup>5</sup> Three measures (employee satisfaction, customer satisfaction, and business results) the IRS uses to measure organizational and employee performance.

<sup>6</sup> Pub. L. No. 103-62, 107 Stat. 285 (codified as amended in scattered sections of 5 U.S.C., 31 U.S.C., and 39 U.S.C.).

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*customer satisfaction – will align IRS  
performance with taxpayer expectations.*

Embedded Quality was first used on the toll-free operations during the 2003 Filing Season. The IRS remotely monitored over 17,300 taxpayer account calls during the 2003 Filing Season. Although the IRS has previously measured the professionalism and timeliness of the assistance it provides, the new measures were baselined in FY 2003 for comparison to future years. For FY 2003, the IRS' goal for toll-free account customer accuracy was 91.2 percent. The IRS reported 88.5 percent account customer accuracy for FY 2003.

This review was performed at the W&I Division Headquarters in Atlanta, Georgia; W&I Division Customer Account Services, Account Management Office, at the New Carrollton Federal Building in Lanham, Maryland; the Centralized Quality Review System in Philadelphia, Pennsylvania; and the W&I Division Customer Account Services, Program Coordination and Support Office, in Dallas, Texas, and New York, New York.

Our review was limited to monitoring calls made to the 1-800-829-1040 toll-free line by taxpayers asking questions about their accounts. We selected a judgmental sample of calls to monitor between April 21 and May 16, 2003. Our results cannot be compared to statistical results reported by the IRS.

The audit was conducted between March and October 2003 in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

When taxpayers called the IRS toll-free number with questions about their accounts, they received professional and timely service. For our judgmental sample of 191 monitored calls, CSRs treated taxpayers professionally 99 percent of the time and provided timely service 83 percent of the time. During the same time period using statistical sampling, the IRS reported rates of 100 and 97 percent for professionalism and timeliness, respectively.

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**Customer Service  
Representatives Provided  
Professional and Timely Service**

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Using the same attributes the IRS uses in Embedded Quality, we considered the CSR to have acted professionally if the CSR greeted the taxpayer upon answering the telephone call, was courteous, used appropriate language, and ensured the taxpayer's level of understanding of the answer provided. The CSR was considered to be timely if the CSR controlled unrelated or unnecessary dialogue initiated by the taxpayer and restrained from initiating unnecessary dialogue with the taxpayer. Results are presented in Tables 1 and 2.

**Table 1: Comparison of the Treasury Inspector General for Tax Administration (TIGTA) and IRS Rates for Attributes Comprising Professionalism**

<b><u>PROFESSIONALISM</u></b>	<b><u>TIGTA</u></b>	<b><u>IRS</u></b>
Greeting	<b>100%</b>	<b>100%</b>
Purpose Statement <sup>7</sup>	<b>100%</b>	<b>100%</b>
Closing (Telephones)	<b>99%</b>	<b>100%</b>
Ensured Taxpayer Understanding	<b>100%</b>	<b>97%</b>
Used Appropriate Language	<b>100%</b>	<b>100%</b>
Courteous	<b>98%</b>	<b>100%</b>
Effective Listening	<b>98%</b>	<b>100%</b>
Apologized <sup>8</sup>	<b>33%</b>	<b>96%</b>

*Source: Results of the TIGTA and IRS independent reviews of toll-free account calls received between April 21 and May 16, 2003.*

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<sup>7</sup> Purpose Statement is used to identify if the CSR explained the process or actions to be taken when on the telephone and when appropriate.

<sup>8</sup> In our sample, there were only three calls in which the CSR needed to apologize.

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**Table 2: Comparison of the TIGTA and IRS Rates  
for Attributes Comprising Timeliness**

<u>TIMELINESS</u>	<u>TIGTA</u>	<u>IRS</u>
Avoid Extraneous Dialogue	99%	100%
Conversation Control <sup>9</sup>	33%	95%

*Source: Results of the TIGTA and IRS independent reviews of toll-free account calls received between April 21 and May 16, 2003.*

The IRS deals with more Americans than any other public institution. For many individuals that contact the IRS, the CSR is the ‘face’ of the IRS, as they may be the only personal contact the individual has with the IRS. Providing top-quality service to taxpayers is a key aspect of the IRS’ mission. Taxpayers expect and receive professional and timely service, as evidenced by the high rates reported by the IRS and the TIGTA in these categories. Each positive interaction a taxpayer has with the IRS will increase the taxpayer’s confidence that the IRS is achieving its mission.

For the 191 calls monitored, the CSRs provided taxpayers with accurate answers to their account questions on 78 percent (149 of 191) of the calls. The IRS reported 88 percent customer accuracy for account calls using a statistical sample during the same period we reviewed. The IRS defines customer accuracy as giving the correct answer with the correct resolution. Our results are presented in Table 3.

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**Customer Service  
Representatives Provided  
Accurate Account Information  
in 78 Percent of Test Calls**

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<sup>9</sup> In our sample, there were only three calls in which the CSR needed to control the conversation.

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**Table 3: TIGTA Results of Monitoring 191 Calls**

<u>APPLICATIONS</u>	<u>CALLS MONITORED</u>	<u>CORRECT ANSWERS</u>	<u>CUSTOMER ACCURACY RATE</u>
W&I Procedural	12	9	75%
W&I Individual Master File (IMF) <sup>10</sup> Balance Due	13	9	69%
W&I Non-Streamlined Installment Agreement <sup>11</sup>	3	3	100%
W&I Refund	26	19	73%
W&I IMF Account	89	73	82%
Employee Tax Account	12	10	83%
Business Master File <sup>12</sup> Other	11	10	91%
SB/SE Procedural	1	0	0%
SB/SE IMF Balance Due	10	6	60%
SB/SE IMF Account	14	10	71%
<b>Total</b>	<b>191</b>	<b>149</b>	<b>78%</b>

*Source: Results of the TIGTA review of toll-free account calls received between April 21 and May 16, 2003.*

We considered the CSR as answering a taxpayer's question correctly if the taxpayer received a correct response or the CSR took the appropriate action or disposition leading to a correct resolution.

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<sup>10</sup> The IRS database that maintains transactions or records of individual tax accounts.

<sup>11</sup> A non-streamlined installment agreement is an installment agreement in which the total assessed balance is greater than \$25,000 or cannot be fully paid within 60 months.

<sup>12</sup> The IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.

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In our sample, CSRs did not always follow IRS procedures; this prevented 42 of 191 taxpayers from receiving the correct answer or resolution. For example, when the taxpayer:

- Inquired about a tax refund, the taxpayer was not provided with the correct amount of the refund.
- Inquired if the IRS had received his or her tax return, the taxpayer was told the IRS had not received the return, when in fact it had.
- Asked various tax questions about specific tax laws, the taxpayer was not provided the correct answer(s) to tax law question(s) because the CSR did not correctly interpret the situation presented by the taxpayer or did not interpret the law correctly.
- Asked for a location and/or telephone number of a local IRS office where the taxpayer could receive face-to-face service, the taxpayer was not provided with the correct address or was provided with an IRS office location address that was temporarily closed.

CSRs are trained on how to communicate with taxpayers and on tax laws and IRS procedures. Every filing season, IRS management certifies that all CSRs have received the appropriate training.

The IRS Internal Revenue Manual (IRM) provides instructions on how to respond to taxpayer calls and account questions. The CSRs answering account calls are also encouraged to use the Account Resolution Guide.<sup>13</sup> The instructions in the Account Resolution Guide are the same as those in the IRM procedures but are condensed for user-friendly access.

The CSR is required to provide his or her name and identification number. The CSR is first required to authenticate the taxpayer; i.e., the CSR must be sure that he

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<sup>13</sup> The Account Resolution Guide is used to respond to telephone and face-to-face inquiries about tax account issues. It is limited to the most frequent notice and refund inquiries.

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or she is speaking to the correct taxpayer or third party representative<sup>14</sup> authorized to receive the tax information.

After the CSR authenticates the taxpayer, the CSR is required to use the IRM guidelines to determine the reason for the call and attempt to answer the taxpayer's question(s) or resolve the taxpayer's account issue.

When the IRS does not provide accurate information to taxpayers, they may not be getting their issues resolved, requiring additional contacts with the IRS and additional taxpayer burden. This could erode taxpayer confidence and compliance.

### **Recommendation**

The Commissioner, W&I Division, should:

1. Ensure IRS employees receive additional training on the effective and complete use of IRM procedures and guidelines to address questions when providing toll-free account assistance to taxpayers.

Management's Response: The IRS continually analyzes the data and the results of its Embedded Quality review process. Accounts quality defect information was used to develop Continuing Professional Education (CPE) training for FY 2004 that addresses effective and complete use of the IRM procedures and guidelines. This training is mandatory for FY 2004 CPE.

The IRS does not consider it a direct impact to the taxpayer when the CSR does not ask all the required identification probe questions or does not correctly complete the taxpayer authentication probe. Therefore, the IRS does not include this as an error in the calculation of customer accuracy and when reporting the customer accuracy externally to stakeholders.

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**Account Customer Accuracy  
Does Not Reflect Errors Made  
When Authenticating the  
Taxpayer**

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<sup>14</sup> Taxpayers may designate paid or unpaid return preparers, a family member, or a friend as a "third party designee." This authority is limited to the specific tax form for a specific tax period in question. Third party designees may receive tax information related to return processing issues such as refunds or payments and certain notices provided to the taxpayer. A third party designee is not entitled to information about compliance issues.

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The IRM provides guidelines to ensure the CSR fully authenticates the caller as authorized to receive the information.<sup>15</sup> The CSR must probe (question) the caller regarding each taxpayer's:

- (1) Identification number.
- (2) Name.
- (3) Address.
- (4) Date of birth.
- (5) Filing status.

If the taxpayer's responses to the first four probes do not match the IRS' information, the CSR *may* ask additional questions (referred to as high-risk questions) to help authenticate the caller, but is not required to ask additional questions. However, if the caller cannot provide the correct filing status used to file the return in question, the CSR *must* ask two or more additional questions to authenticate the caller as someone eligible to receive information about the account.

Not asking one of the five required probes for a caller is considered a disclosure attribute not met and is scored as a regulatory error. This regulatory error is reported internally, but it is not considered in the calculation for customer accuracy. The IRS does not consider this error as directly affecting the taxpayer since the taxpayer received a correct answer with the correct resolution.

For an additional 12 of the 191 calls monitored, the CSR did not follow guidelines and ask the caller the minimum required probes. For the 12 calls, the CSR did not ask the taxpayers' filing status in 8 calls, did not ask the taxpayer's name in 1 call, and did not authenticate the third party or corporate officer in 3 calls. In all instances, the CSR disclosed information to the caller about the account. Including these errors in our results would reduce the customer accuracy reported above from 78 percent (149 of 191) to 72 percent (137 of 191) of the calls monitored.

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<sup>15</sup> The CSR must follow certain procedures to authenticate a third party designee.



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During the same period we reviewed, the IRS monitored 2,482 calls and reported 88 percent (2,182 of 2,482) customer accuracy. Had the IRS considered disclosure to affect its customer accuracy, the IRS' customer accuracy would have been reduced from 88 percent to 84 percent (2,087 of 2,482) for the calls sampled between April 21 and May 16, 2003.<sup>16</sup> This would have provided a more accurate portrayal of the IRS' level of customer service.

CSRs are responsible for knowing with whom they are speaking and the purpose of the call/contact. They must authenticate each caller as someone entitled to receive information about a tax return or tax account. Only after authenticating the taxpayer or third party designee should the CSR disclose information about the account to the caller.

Providing information to an individual without fully authenticating him or her increases the risk that a taxpayer's confidential information has been disclosed to an unauthorized individual. This could have a direct impact on the taxpayer. It is the responsibility of all IRS employees to protect confidential taxpayer information and to understand what is and what is not an authorized disclosure under the provisions of the law.

We believe that not adequately authenticating the caller prior to providing tax information should be an error considered to affect the taxpayer and reported in customer accuracy. Not adequately authenticating the taxpayer may be viewed by a court as either carelessness or a failure to exercise due care. The burden is on the IRS employee to ensure that the disclosure is authorized. Therefore, under such circumstances, a court could find that the employee made an unauthorized disclosure of a tax return(s) or return information.

We understand that the IRS believes that customer accuracy should reflect only the accuracy rate of the answers to the account questions and that Embedded Quality was designed to accomplish this. We believe not including authentication error information in the reported accuracy rate may affect

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<sup>16</sup> This reduction is the result of reducing the number of correct calls from 2,182 – 2087 = 95.

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stakeholders' assessment of the IRS' performance. If the IRS chooses not to include this error in its customer accuracy when reporting results externally, it should qualify the results by stating that errors made when authenticating the taxpayer are not included in customer accuracy.

In addition, we believe that if any information provided by the taxpayer during the identification probes does not match the information the IRS has in its records (the first four probes), the IRS employee should be required to go to high-risk questions. The IRM and Account Resolution Guide currently allow the CSR discretion in asking additional authentication probes. The IRS believes that asking a taxpayer additional questions might cause additional taxpayer burden. However, we believe the taxpayer would understand the necessity of additional questions if it were clearly explained to the taxpayer that the IRS is doing its utmost to ensure the confidentiality of the taxpayer's information.

### **Recommendations**

The Commissioner, W&I Division, should:

2. Strengthen the IRM and Account Resolution Guide to ensure all required probes are asked and verified and that the CSRs are required to go to the high-risk questions when information in the IRS systems does not match a caller's information.

Management's Response: IRS management agreed that improvements to the IRM and Account Resolution Guide can be made to improve usability and make it easier for the CSRs to understand and comply with authentication procedures. However, they disagreed with requiring the use of the high-risk questions. IRS management believes the current procedures are appropriate and strike a proper balance between protecting confidentiality and providing service without unnecessary burden.

Office of Audit Comment: On page 3 of the IRS' response, IRS management stated that we were not correct in saying that if taxpayers' responses to the first four probes do not match the IRS' information, the CSR may ask, but is not required to ask, additional questions. IRS management

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explained that if the first two questions on identification number and taxpayer's name do not match the IRS' information, the IRS advises the caller to check the information and call back. The IRM states that if the taxpayer cannot confirm the correct address or date of birth, the CSR *may* request additional information. If the taxpayer cannot confirm filing status, the CSR is *required* to do additional probes. However, the IRM is silent on what the CSR should do if the identification number and taxpayer's name do not match the IRS' information.

The purpose of the recommendation is to reduce the risk that the IRS is disclosing confidential information. Considering the importance the IRS and the Congress place on protecting taxpayer privacy, we believe the additional questions are warranted to reduce this risk. We believe that this can be explained to the taxpayer and the additional questions would not be considered a burden considering the consequences of unauthorized disclosure. We also understand that the IRS is concerned with serving as many taxpayers as possible. However, we believe the additional minute(s) it would take the IRS to ask and the taxpayer to answer the additional questions is warranted considering the potential disclosure and affect on taxpayers.

3. Include disclosure errors as a part of the overall customer accuracy or disclose to external stakeholders that the reported customer accuracy does not include these authentication errors.

Management's Response: IRS management also disagreed with this recommendation. They stated that accuracy measures (Customer, Regulatory, and Procedural) were designed to be independent of each other, and there is not an "overall customer accuracy" measure. The current reporting is consistent with IRS guidelines for the Strategy and Program Plan and IRS measures and is consistent with the way Regulatory Accuracy and Procedural Accuracy non-disclosure related defects are classified and reported. Changing the current definition would be inappropriate and would constitute inaccurate reporting.

Office of Audit Comment: The IRS includes in its accuracy rate that which it considers to directly impact the taxpayer. It considers a disclosure error to affect the taxpayer *only if*

**Toll-Free Account Assistance to Taxpayers Is Professional and Timely,  
but Improvement Is Needed in the Information Provided**

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*the disclosure is detected during the telephone call.* As stated, we believe that not adequately authenticating the caller prior to providing tax information should be an error considered to directly impact the taxpayer and reported in the customer accuracy rate. Because a disclosure was not identified during the telephone call does not preclude the possibility that there is a direct impact to the taxpayer caused by an unauthorized disclosure.

The IRS did not agree with the outcome measure listed as Reliability of Information because it believes the reporting accurately reflects the results of their quality review process. However, we believe this disclosure error should be included in the customer accuracy rate so that external stakeholders have sufficient reliable information to assess the IRS' performance.

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**Appendix I**

**Detailed Objective, Scope, and Methodology**

The overall objective of this review was to provide an assessment of the quality of taxpayers' experiences with the Internal Revenue Service's (IRS) toll-free telephone assistance program for account questions from April 21 through May 16, 2003. To accomplish our objective, we:

- I. Identified concerns raised by IRS call sites in preparation for the 2003 Filing Season<sup>1</sup> by obtaining and reviewing 2003 Filing Season Call Site Certifications for indications of concerns or problems.
- II. Determined the accuracy and quality of responses by the IRS' toll-free telephone assistance.
  - A. Selected a judgmental sample of 229 calls from an estimated population of approximately 2.7 million toll-free account calls serviced by the IRS between April 21 and May 16, 2003. We selected a judgmental sample due to limited staff resources while using a monitoring schedule that was representative of the IRS' hours of operation at call sites for answering toll-free account questions.

NOTE: We monitored 229 live calls. Only 191 calls were used to report our results because 22 were transferred outside of the monitored application, 9 were disconnected either by the caller or Customer Service Representative (CSR), and for 7 we were unable to sufficiently research the accounts.
  - B. Captured the conversation between the CSR and the caller on a call transcription form and evaluated the technical and procedural accuracy of the CSR's response by researching the Internal Revenue Manual for procedures and regulations and IRS computer systems for the taxpayer account information.
  - C. Scored each of the 81 attributes for account quality/customer accuracy on the electronic input form for each call.
  - D. Computed the critical measures for the 191 calls monitored.
- III. Compared the results for each critical measure to the rates the IRS reported for the same measures, during the same reporting period.

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<sup>1</sup> The period from January through mid-April when most individual income tax returns are filed.

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**Appendix II**

**Major Contributors to This Report**

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)

Augusta R. Cook, Director

Gary Young, Acting Director

Paula Johnson, Audit Manager

Patricia Lee, Audit Manager

Jack Forbus, Senior Auditor

Jerome Antoine, Auditor

Mary Keyes, Auditor

Andrea McDuffie, Auditor

Geraldine Vaughn, Auditor

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**Appendix III**

**Report Distribution List**

Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
National Taxpayer Advocate TA  
Deputy Commissioner, Wage and Investment Division SE:W  
Acting Deputy Commissioner, Small Business/Self-Employed Division SE:S  
Director, Communications and Liaison, Small Business/Self-Employed Division SE:S:MS:CL  
Director, Compliance, Wage and Investment Division SE:W:CP  
Director, Customer Account Services, Wage and Investment Division SE:W:CAS  
Director, Strategy and Finance, Wage and Investment Division SE:W:S  
Director, Submission Processing, Wage and Investment Division SE:W:CAS:SP  
Chief Counsel CC  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis RAS:O  
Office of Management Controls OS:CFO:AR:M  
Audit Liaisons:  
    Chief, Customer Liaison, Small Business/Self-Employed Division SE:S:COM  
    GAO/TIGTA Liaison, Wage and Investment Division SE:W:S:PA

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**Appendix IV**

**Outcome Measures**

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Taxpayer Burden – Actual; 42 taxpayer accounts affected (see page 6).

Methodology Used to Measure the Reported Benefit:

We selected a judgmental sample of 229 calls from an estimated population of approximately 2.7 million toll-free account calls serviced by the Internal Revenue Service (IRS) between April 21 and May 16, 2003. We selected a judgmental sample due to limited staff resources while using a monitoring schedule that was representative of the IRS' hours of operation at call sites for answering toll-free account questions. Only 191 of 229 calls were used to report our results because 22 were transferred outside of the monitored application, 9 were disconnected either by the caller or Customer Service Representative (CSR), and for 7 we were unable to sufficiently research the accounts.

For 42 of the 191 calls sampled, the CSR did not always follow IRS procedures and this prevented the taxpayer from receiving the correct answer or resolution. We considered the CSR as answering a taxpayer's question correctly if the taxpayer received a correct response or the CSR took the appropriate action or disposition leading to a correct resolution.

Type and Value of Outcome Measure:

- Taxpayer Privacy and Security – Potential; 12 taxpayer accounts affected (see page 9).

Methodology Used to Measure the Reported Benefit:

For an additional 12 of the 191 calls sampled, the CSR did not ask the caller the minimum required probes or the information the taxpayer provided did not match the information on IRS data systems. In all instances, the CSR disclosed information to the caller about the account. For the 12 calls, the CSRs did not ask the taxpayers' filing status during 8 calls, did not ask the taxpayer's name in 1 call, and did not authenticate the third party or corporate officer in 3 calls. Including this error in our results would reduce customer accuracy from 78 percent (149 of 191) to 72 percent (137 of 191) of the calls monitored.



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Type and Value of Outcome Measure:

Reliability of Information – Actual; 12 taxpayer accounts affected (see page 9).

Methodology Used to Measure the Reported Benefit:

For an additional 12 of the 191 calls sampled, the CSR did not ask the caller the minimum required probes or the information the taxpayer provided did not match the information on IRS data systems. In all instances, the CSR disclosed information to the caller about the account. For the 12 calls, the CSRs did not ask the taxpayers' filing status during 8 calls, did not ask the taxpayer's name in 1 call, and did not authenticate the third party or corporate officer in 3 calls. Including this error in our results would reduce customer accuracy from 78 percent (149 of 191) to 72 percent (137 of 191) of the calls monitored.

These 12 potential disclosure errors were not included in the IRS' reported customer accuracy. The IRS believes that customer accuracy should reflect only the accuracy rate of the answers to the account questions. Including these disclosure errors would reduce customer accuracy. Not including these errors affects the reliability of the information the IRS reports externally to stakeholders and could affect their assessment of the IRS' program.

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**Appendix V**

**Comparisons of Account Calls Product Line Applications**

The Internal Revenue Service (IRS) groups or categorizes calls by topics called Applications and by Wage and Investment (W&I) Division taxpayers and Small Business/Self-Employed (SB/SE) Division taxpayers.<sup>1</sup> Based on the taxpayer's response to questions, the IRS routes the taxpayer's call to the correct Application. Customer Service Representatives answer account inquiries and are responsible for providing taxpayers with information on the status of their returns/refunds and for resolving the majority of issues and questions to settle their accounts. The following compares the Treasury Inspector General for Tax Administration's (TIGTA) customer accuracy results with the IRS Customer Accuracy results for the period April 21 to May 16, 2003.

<u>APPLICATION NUMBER</u>	<u>APPLICATION NAME</u>	<u>NUMBER OF CALLS THE TIGTA MONITORED</u>	<u>TIGTA CUSTOMER ACCURACY</u>	<u>IRS CUSTOMER ACCURACY<sup>2</sup></u>
5	W&I Procedural	12	75%	91%
10	W&I Individual Master File (IMF) <sup>3</sup> Balance Due	13	69%	78%
13	W&I Non-Streamlined Installment Agreement	3	100%	60%
15	W&I Refund	26	73%	88%
20	W&I IMF Account	89	82%	90%
25	Employment Tax Account	12	83%	85%
30	Business Master File <sup>4</sup> Other	11	91%	89%
40	SB/SE Procedural	1	0%	100%
45	SB/SE IMF Balance Due	10	60%	85%
55	SB/SE IMF Account	14	71%	86%
Total		191	78%	88%

*Source: Results of the TIGTA review of toll free account calls received between April 21 and May 16, 2003. Results from the IRS' review of toll-free accounts call during the same period obtained from the Quality Review database.*

<sup>1</sup> The W&I Division serves taxpayers who earn wages and have investment income. The SB/SE Division serves self-employed individuals and small businesses, including corporations and partnerships with assets of \$10 million or less.

<sup>2</sup> The IRS Customer Accuracy was based on a statistically valid sample of 2,479 calls.

<sup>3</sup> The IRS database that maintains transactions or records of individual tax accounts.

<sup>4</sup> The IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.

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### Appendix VI

#### Account Calls Product Line Attributes

To measure its customer service, the Internal Revenue Service (IRS) uses a quality measurement system called Embedded Quality, which links employee performance to organizational results related to the quality of customer service. As part of Embedded Quality, calls received on the IRS toll-free Accounts Product Line are measured against 81 qualities, called attributes.<sup>1</sup> Every call is evaluated using 6 mandatory attributes; the remaining 75 attributes are scored only if they are appropriate for that call. Attributes are divided into the following five quality measures or “buckets.”

**Customer Accuracy:** Giving the correct answer with the correct resolution. “Correct” is measured based on whether the taxpayer received a correct response or resolution to the case or issue and, if appropriate, whether the Customer Service Representative (CSR) took the necessary case actions or case disposition to provide this response or resolution. This is the only measure the IRS reports externally.

**Regulatory Accuracy:** Adhering to statutory/regulatory process requirements when making determinations on taxpayer accounts.

**Procedural Accuracy:** Adhering to internal process requirements.

**Professionalism:** Promoting a positive image of the IRS by using effective communication techniques.

**Timeliness:** Resolving an issue in the most efficient manner through the use of proper workload management and time utilization techniques.

The measures are calculated based on opportunities for defect. For example, if 10 attributes are applicable in the Regulatory Accuracy bucket for a particular call/case, and 8 of them are correctly handled, the Regulatory Accuracy score is 8 correct out of 10 opportunities, or 80 percent.

The scores for the five buckets are never combined with each other to create one overall quality score; they stand on their own. The buckets are also not weighted to give one bucket more weight than the others.

The scores for each bucket for an individual call are calculated at the time the call summary is submitted as “finished.” Reports can be generated to show cumulative scores for each of the five buckets for various levels of the organization, product lines, Applications, etc.

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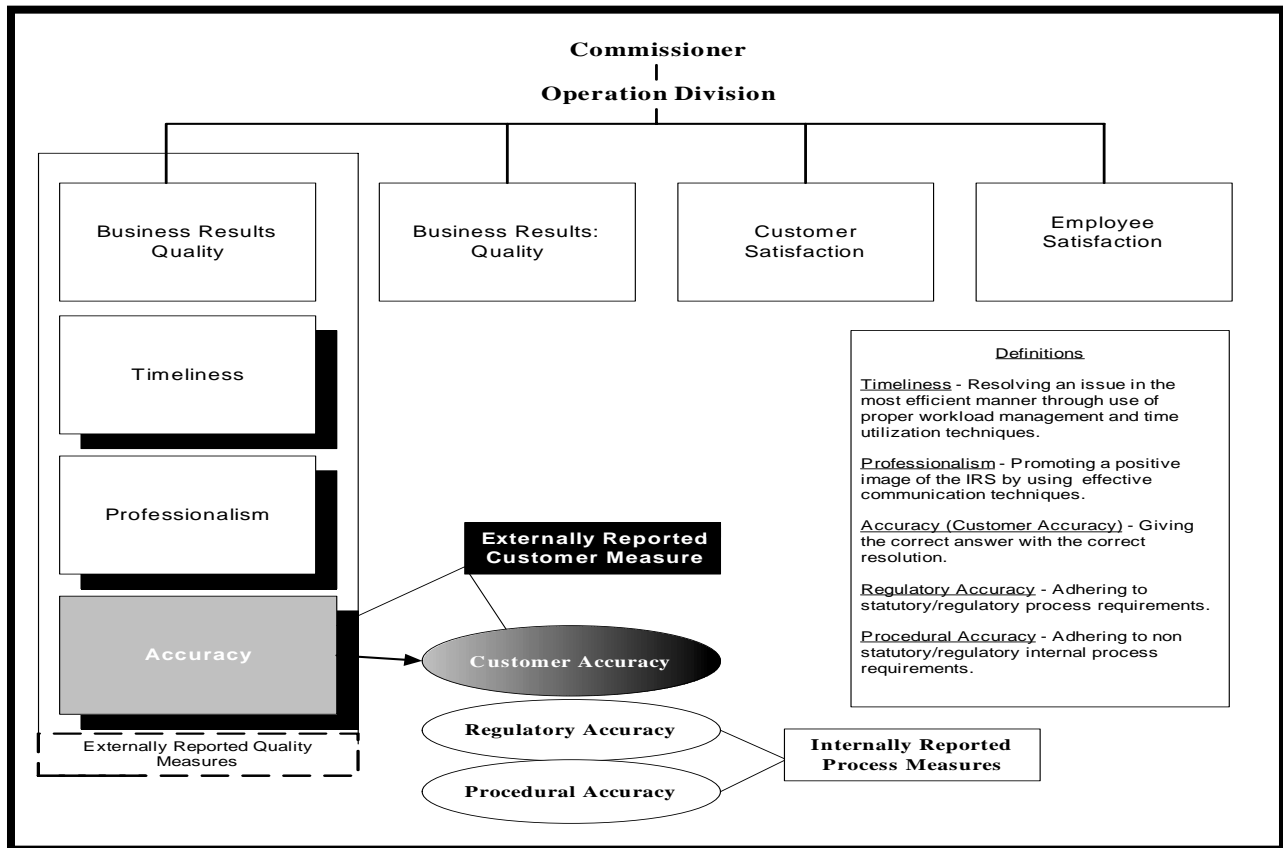
<sup>1</sup> Attributes identify specific aspects of a call that need to be considered when measuring the quality of customer service.

## Toll-Free Account Assistance to Taxpayers Is Professional and Timely, but Improvement Is Needed in the Information Provided

Each attribute is linked directly to the CSR's job elements, creating a means of linking business measures to employee performance. The process creates accountability by connecting employee evaluations to the quality measurement. Managers use Embedded Quality for planning purposes and to track employee performance and training needs.

The customer accuracy, professionalism, and timeliness measures are reported to the Commissioner as part of the IRS' balanced measures.<sup>2</sup> The customer accuracy measure is also reported externally to IRS stakeholders, e.g., the Congress and the General Accounting Office. The regulatory accuracy and procedural accuracy measures are internally reported process measures that are reported to IRS management and other levels of management along with the other three measures.

The following shows how the five Embedded Quality measures tie into the balanced measures used by the IRS to measure organizational and employee performance (employee satisfaction, customer satisfaction, and business results).



Source: Internal Revenue Service, *Embedded Quality Briefing*, dated September 2002.

<sup>2</sup> Three measures (employee satisfaction, customer satisfaction, and business results) the IRS uses to measure organizational and employee performance.

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Appendix VII

**Management's Response to the Draft Report**



COMMISSIONER  
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
ATLANTA, GA 30308

RECEIVED

FEB 17 2004

FEB 12 2004

MEMORANDUM FOR PAMELA J. GARDINER  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: *for* Henry O. Lamar, Jr. *H. O. Lamar, Jr.*  
Commissioner, Wage and Investment Division

SUBJECT: Draft Audit Report – Toll-Free Accounts Assistance to Taxpayers  
Is Professional and Timely, but Improvement Is Needed in the  
Information Provided (Audit No. 200340045)

I appreciate your efforts to assess the quality of our service when assisting taxpayers with their account inquiries. I am pleased that the results of your sample generally agreed with our assessment and your acknowledgement that our service is professional and timely.

When we designed the Embedded Quality process, professionalism and timeliness were rated by our customers as two of the most important attributes of good service. The most important customer service characteristic was accuracy. We agreed with our customers and chose Customer Accuracy, Professionalism and Timeliness to be Balanced Measures.

I agree with your conclusion that most account errors negatively impacting Customer Accuracy are caused by the incomplete research or inaccurate interpretation of our extensive account reference materials. A critical part of our Embedded Quality process is to analyze the data we gather on defects and develop solutions that will eliminate or minimize their occurrence. During our ongoing quality process, we identified incomplete use of Internal Revenue Manual (IRM) procedures and guidelines as an area needing improvement. We developed and administered training aimed at improving our Customer Service Representatives (CSR) use of procedures, guidelines, and IRM requirements.

I do not agree with your position concerning our reporting of defects related to our disclosure authentication process. I would like to clarify some important points:

- Unauthorized disclosures (the release of confidential information to an unauthorized party) detected during quality review of calls are indeed reported as

## Toll-Free Account Assistance to Taxpayers Is Professional and Timely, but Improvement Is Needed in the Information Provided

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Customer Accuracy defects. If the cause of the unauthorized disclosure is due to incomplete or inadequate use of the disclosure authentication process, a Regulatory Accuracy defect is also recorded. Customer Accuracy is one of our Balanced Measures; therefore, unauthorized disclosures are reflected in our reporting to stakeholders. This was not mentioned in your report.

- Incomplete or inadequate use of the disclosure authentication probes is reported as a Regulatory Accuracy defect. As discussed with your staff on several occasions, incomplete or inadequate use of the disclosure authentication probes increases the risk of unauthorized disclosure but does not constitute an unauthorized disclosure.
- All defects identified during the managerial review using the Embedded Quality Review System (EQRS), whether classified as Customer Accuracy, Regulatory Accuracy, or Procedural Accuracy, are reported and documented. Employees receive counseling from their manager when any defect is noted during managerial monitoring using the EQRS review process. Your report does not mention this corrective process.

The classification of the defect as a Regulatory Accuracy defect does not impact the importance that we attach to taking the proper steps during the authentication process. We recognize the importance of proper authentication to the IRS, our CSR's, and most importantly, our customers. We recognize the sensitivity and the importance of assuring the continued trust of our taxpaying public without causing undue burden.

Our Embedded Quality process was the product of detailed planning, extensive consultation with industry leaders, and focus group interviews with taxpayers and employees. We conducted a proof of concept pilot to validate our new approach to quality. We briefed the IRS Oversight Board and received their authorization to change to the new Embedded Quality process. Prior to implementation, we negotiated changes with the National Treasury Employee Union (NTEU), and conducted formal briefings with executives and key staff of both Treasury Inspector General for Tax Administration (TIGTA) and the General Accounting Office (GAO).

The Customer Accuracy guidelines contained in IRM 21.10.1.2.8 state that quality review staff and managers will consider a response as correct:

"If the employee provided the taxpayer with the correct response or resolution to their case or issue, and if appropriate, took the necessary case actions or case disposition to provide this response or resolution. For the purpose of coding this attribute, do not take into consideration any additional IRS issues or procedures that do not directly impact the taxpayer's issue or case."

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One of the cornerstones of the Embedded Quality review process is consistency. An unauthorized disclosure directly impacts the customer and is reported as a Customer Accuracy defect because it has an identified impact. Incomplete or inadequate use of the disclosure authentication probes is not an unauthorized disclosure, and we do not assume that the taxpayer is negatively impacted. We disagree with your assumption that a defect in the disclosure authentication process has a direct impact on the customer and should be classified as if an unauthorized disclosure occurred. Making this assumption would constitute inaccurate and incorrect reporting. Our disclosure staff reviewed the call transcription forms of the 12 calls cited and determined that, although our employees did not follow the authentication probes, there were no indications of unauthorized disclosure.

As your report notes, millions of customers have questions about their account. We designed our disclosure authentication process recognizing that we must balance our customers need for confidentiality with the need for service. We carefully designed our disclosure authentication process to accommodate both needs. Our authentication process requires CSRs to verify the taxpayer's identity by validating the following:

1. Identification Number
2. Name
3. Address
4. Date of Birth
5. Filing Status

Your report states:

*"If the taxpayer's responses to the first four probes do not match the IRS' information, the CSR may ask additional questions (referred to as high-risk questions) to help authenticate the caller, but is not required to ask additional questions. However, if the caller cannot provide the correct filing status used to file the return in question, the CSR must ask two or more additional questions to authenticate the caller as someone eligible to receive information about the account."*

This statement is not correct. The taxpayer's name and identification number must also match our system data to allow us to research and authenticate the caller's identity. If these two items do not match, we advise the caller to check their information and call back when they have determined the correct information. The caller must also provide us with their correct filing status, address, and date of birth. If the caller fails to provide the correct filing status, two additional authentication questions (high-risk) must be asked by the CSR and answered correctly by the caller. If the caller's answer to the address probe does not match our records, but all four other probes are correctly answered, the CSR may waive the two additional authentication questions. The same process may be used if the caller's answer to the date of birth probe does not agree with our records, but the information provided on the four other probes matches. If both

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the address and date of birth do not match, the CSR is then required to use the two additional authentication questions. The CSRs are instructed that they may waive the additional authentication questions only if, based on the total information given by the caller, they have no doubts about the identity of the taxpayer.

We built in this flexibility because we recognized that the data in our internal systems would not always match the information being provided by the taxpayer at the time of their call. During the course of the audit, we carefully explained to your staff the sound business reasons that justify the discretion we grant to our CSRs when using address and date of birth probes. Our specific reasons are as follows:

- **Address** – The American public moves frequently. Often our customers move several times in one year. Our address information may not reflect the taxpayer's current address because the data is updated only when a change of address is submitted or when a tax return listing a new address is received. Taxpayers may not remember the exact address that was used at the time the return was filed. If the taxpayer can answer the other four probes, we believe it is reasonable to authenticate and serve the taxpayer. If the CSR has any doubt, he/she may choose to use the high-risk procedure for authentication.
- **Date of Birth** – Our date of birth information may not be accurate. The data exchange process with the Social Security Administration (SSA) can result in inaccurate date of birth information. When this occurs, we must direct the taxpayer to SSA to correct this information. If the taxpayer can provide the correct information to the other four probes, we believe that it is reasonable to authenticate and serve the taxpayer. If the CSR has any doubt, he/she may choose to use the high-risk procedure for authentication.

In the two situations above, we believe that allowing CSRs to exercise this limited discretion reduces taxpayer burden. Requiring these customers to respond to more questions before we help them, because of known system limitations, is an unnecessary burden. In addition, the time spent in pursuing additional unwarranted questions, prevents us from serving other taxpayers. We disagree with your recommendation to require CSRs to use high-risk questions when IRS systems do not match a taxpayers' information.

Our authentication process provides appropriate and reasonable safeguards when properly used by our employees. Representatives of the Office of Disclosure were major contributors in the design of our authentication process. As a result of your review, we again asked that they review the adequacy of our authentication process. The Office of Disclosure has reaffirmed that our authentication process is reasonable



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and prudent. We recognize the opportunity to improve the guidance in the IRM to enable our employees to better understand and use the guidelines. We agree we can improve in this critical area.

I appreciate your review of our accounts quality and value your perspective and opinions even when we do not agree. Your observations provide us an opportunity to re-examine our position on specific issues and either change or reaffirm our decisions.

This response has been coordinated with representatives of the Commissioner, Small Business/Self-Employed Division, and it reflects their position and thoughts on your report.

We agree with two of the three outcome measures explained in Appendix IV of your report, Taxpayer Burden-Actual and Taxpayer Privacy and Security-Potential. We do not agree with the outcome measure listed as Reliability of Information-Actual. As explained in this response, our reporting accurately reflects the results of our quality review process. Our comments to your recommendations are attached.

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

Attachment

## **Toll-Free Account Assistance to Taxpayers Is Professional and Timely, but Improvement Is Needed in the Information Provided**

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Attachment

### **RECOMMENDATION 1**

Ensure IRS employees receive additional training on the effective and complete use of IRM procedures and guidelines to address questions when providing toll-free account assistance to taxpayers.

### **CORRECTIVE ACTION**

We continually analyze the data and the results of our Embedded Quality review process. Accounts quality defect information was used to develop a Continuing Professional Education (CPE) module for FY 04. Module A "Quality Deficiency Issues" was developed to address effective and complete use of the IRM procedures and guidelines. Module A is a mandatory instructional block for FY 04 CPE. Two additional modules, Module C "Account Related Issues" and Module D "Researching, Referring and Adjusting Accounts Researching" were also used.

### **IMPLEMENTATION DATE**

W&I and SB/SE completed 2004 CPE Training for toll-free account assistors prior to January 31, 2004.

### **RESPONSIBLE OFFICIAL**

N/A

### **CORRECTIVE ACTION MONITORING PLAN**

N/A

### **RECOMMENDATION 2**

- (a) Strengthen the IRM and Account Resolution Guide to ensure all required probes are asked and verified.
- (b) CSRs are required to go to the high-risk questions when information in the IRS systems does not match the caller's information.

### **CORRECTIVE ACTION**

- (a) We agree that improvements to the IRM and the Accounts Resolution Guide can be made to improve usability and make it easier for CSRs to understand and comply with the authentication procedures.
- (b) We disagree with this recommendation. The current requirements are reasonable and appropriate. When used appropriately, they strike the proper balance between protecting confidentiality and providing service without unnecessary burden.

### **IMPLEMENTATION DATE**

- (a) March 17, 2004
- (b) N/A

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**RESPONSIBLE OFFICIAL**

- (a) Director, Accounts Management Division, W&I
- (b) N/A

**CORRECTIVE ACTION MONITORING PLAN**

- (a) We will monitor this corrective action as part of our internal management control system. The Chief, Policy, Procedure and Guidance will report progress to the Director, Accounts Management.
- (b) N/A

**RECOMMENDATION 3**

Include disclosure errors as a part of the overall customer accuracy or disclose to external stakeholders that the reported customer accuracy does not include these authentication errors.

**CORRECTIVE ACTION**

We disagree with this recommendation. Unauthorized disclosures are reported as Customer Accuracy defects. Defects (errors) of incomplete or inadequate use of authentication probes, which do not result in an identifiable unauthorized disclosure, are reported as Regulatory Accuracy defects. When incomplete or inadequate use of the authentication probes results in an identifiable unauthorized disclosure two defects are recorded. A Regulatory Accuracy defect reflects the inadequate use of the authentication probes and a Customer Accuracy defect reflects the unauthorized disclosure. Our accuracy measures (i.e., Customer, Regulatory and Procedural) were designed to be independent of each other. There is not an "overall customer accuracy" measure. Our reporting is consistent with our guidelines for Strategy and Program Plan and IRS measures. It is consistent with the way Regulatory Accuracy and Procedural Accuracy non-disclosure related defects are classified and reported. Changing our definition would be inappropriate and would constitute inaccurate reporting. We see no need to change our reporting or to advise stakeholders that our Customer Accuracy reporting does not include defects that are, by definition, reported as either Regulatory or Procedural Accuracy.

**IMPLEMENTATION DATE**

N/A

**RESPONSIBLE OFFICIAL**

N/A

**CORRECTIVE ACTION MONITORING PLAN**

N/A