



*The End-User Equipment and Services  
Organization Successfully Planned Its  
Reorganization; However, Program Measures  
and Efficiencies Can Be Improved*

**August 14, 2012**

**Reference Number: 2012-20-086**

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.

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## HIGHLIGHTS

### **THE END-USER EQUIPMENT AND SERVICES ORGANIZATION SUCCESSFULLY PLANNED ITS REORGANIZATION; HOWEVER, PROGRAM MEASURES AND EFFICIENCIES CAN BE IMPROVED**

## Highlights

**Final Report issued on August 14, 2012**

Highlights of Reference Number: 2012-20-086 to the Internal Revenue Service Chief Technology Officer.

### **IMPACT ON TAXPAYERS**

The End-User Equipment and Services (EUES) organization reorganized to ensure it provides high-quality, responsive, and cost-effective information technology customer support comparable to industry standards. While the EUES organization successfully implemented the reorganization, its business processes continue to evolve and mature. As a result, it may take some time before the EUES organization's performance measures and tool utilization demonstrate maximum efficiencies gained. By improving the utilization of its tools and measures, the EUES organization will more efficiently use its budget dollars to provide user support.

### **WHY TIGTA DID THE AUDIT**

This audit was initiated at the Chief Technology Officer's request to evaluate the personnel placement and mitigations associated with the reorganization of the EUES organization. Since the reorganization also addressed business process improvements, TIGTA included them in its review.

### **WHAT TIGTA FOUND**

The EUES organization planned an effective approach to its reorganization. For example, it provided mitigation strategies to EUES organization employees affected by the reorganization and training to those employees placed into new positions within the EUES organization. EUES organization management

also developed a balanced scorecard measure summary that aligns strategic objectives with performance measures. However, EUES organization management can take additional steps to advance cost-effectiveness and program efficiencies within the Customer Service Support Centers.

### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Chief Technology Officer: 1) implement additional measures to help demonstrate cost-effectiveness (e.g., cost per interaction) and efficiencies and to identify opportunities for improvement, and 2) collaborate with IRS management and the National Treasury Employees Union to mandate the use of the self-help password management tool for those customers with access to the tool.

IRS management agreed with the recommendations in this report and plans to conduct research to determine if data are available that will enable additional measurement of cost-effectiveness and efficiencies and, if available, implement such measures. IRS management also plans to establish a policy to mandate the use of the self-help password management tool for customers with access to the tool.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

August 14, 2012

**MEMORANDUM FOR CHIEF TECHNOLOGY OFFICER**

**FROM:** Michael E. McKenney  
Acting Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – The End-User Equipment and Services Organization Successfully Planned Its Reorganization; However, Program Measures and Efficiencies Can Be Improved (Audit # 201120018)

This report presents the results of our review of the End-User Equipment and Services organization's reorganization efforts. The objective of this review was to evaluate the effectiveness and efficiency of the new business processes and the implementation of personnel placement and mitigations associated with the reorganization of the End-User Equipment and Services organization. The Chief Technology Officer suggested we review the personnel placement and mitigation strategies. This audit was included in our Fiscal Year 2011 Annual Audit Plan and addresses the major management challenge of Modernization.

Management's complete response to the draft report is included as Appendix VII.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Alan R. Duncan, Assistant Inspector General for Audit (Security and Information Technology Services), at (202) 622-5894.



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## *Abbreviations*

CSSC	Customer Service Support Center
EUES	End-User Equipment and Services
GS	General Schedule
IRS	Internal Revenue Service
IT	Information Technology
KISAM	Knowledge Incident/Problem Service Asset Manager
MITS	Modernization and Information Technology Services
MOU	Memorandum of Understanding
NTEU	National Treasury Employees Union
TIGTA	Treasury Inspector General for Tax Administration



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## *Background*

According to the End-User Equipment and Services (EUES)<sup>1</sup> organization's mission statement, the EUES organization provides reliable, secure, cost-effective personal computing technology and services to the Internal Revenue Service (IRS) workforce in support of its mission. The EUES organization began reorganizing in September 2009 and now consists of Customer Service Support, Operations Service Support, and Business Services and Management offices. Almost 70 percent of the staff reports to the Customer Service Support office.

The EUES organization describes the mission of the Customer Service Support office as follows: delivers effective and cost-efficient Information Technology (IT) services in accordance with negotiated Service-Level Agreements<sup>2</sup> to IRS end users. Eight subordinate offices (six of which provide geographic coverage) conduct the following functions:

- Resolve end-user incidents and problems – remotely and via on-site support.
- Ensure standard delivery of programmatic refresh of the end-user computing environment and work with the Service, Asset, and Configuration Management office to maintain the accuracy of assets throughout their life cycle.
- Develop, design, and manage solutions/knowledge that facilitate rapid resolution of end-user incidents and problems.
- Establish and communicate policies related to the Customer Service Support Centers (CSSC), Operational Planning and Control, and Solutions Design and Development activities in the areas of Knowledge Management, Vendor Support, and Problem Management.

Each CSSC consists of Service Desk and Deskside groups. Both groups will provide prompt and professional resolution of IRS end-user incidents and problems. The Service Desk serves as the single point of contact for all IT incidents and service requests. As such, the Service Desk performs triage of all incidents and uses remote tools to resolve incidents and fulfill service requests while customers are on the telephone. Sometimes, the Service Desk must involve a Deskside employee who must physically touch a workstation in order to resolve the incidents or fulfill service requests.

This review was performed at the EUES Headquarters office in Washington, D.C., and the CSSC sites in Chamblee, Georgia; Chicago, Illinois; New Carrollton, Maryland; and

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<sup>1</sup> On April 22, 2012, the EUES organization merged with the Enterprise Networks organization to form the User and Network Services organization.

<sup>2</sup> See Appendix VI for a glossary of terms.



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Memphis, Tennessee, during the period May 2011 through April 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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## *Results of Review*

### ***The End-User Equipment and Services Organization Planned an Effective Approach to Its Reorganization***

In February 2005, the IRS Office of Competitive Sourcing initiated an Office of Management and Budget Circular A-76, *Performance [Competition] of Commercial Activities* (hereafter referred to as A-76),<sup>3</sup> study of the seat management functions within the EUES organization. In November 2006, the IRS determined that it would not proceed with a public-private competition of its EUES organization under A-76. Although the A-76 competition was canceled, the EUES organization realized it still needed to improve its seat management services. Thus, the organization continued with a business process reengineering effort hoping to provide its seat management services at improved levels of service delivery and cost-effectiveness.

The EUES organization formed a special team to proceed with its reengineering efforts from September 2007 through August 2009. During this time, the team prepared and delivered several options describing how the end state could be achieved. The EUES organization's options considered performance goals, risks, and costs associated with the reengineering. EUES organization management decided to develop a "High-Performing Organization" built upon reengineered service delivery processes, updated technology tools, and industry best practices. This organization design focuses on centralized service desk support, consolidated on-site support in high-density customer locations, and contracted support for low-density customer locations. More specifically, the new organization blueprint:

- Redistributes employees between field support and service desk.<sup>4</sup>
- Combines service desk and field support into one command-and-control structure.
- Follows the industry best practice IT service management model – Information Technology Infrastructure Library.<sup>®</sup>
- Institutionalizes continual process improvement functions.

Two other key considerations included:

- Maximizing placement and retention of skills aligned with transition of work.

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<sup>3</sup> Office of Management and Budget, OMB Circular No. A-76 (Revised), *Performance of Commercial Activities* (May 2003) (including changes made by OMB Memorandum M-07-02 (Oct. 2006) and a technical correction made by OMB Memorandum M-03-20 (Aug. 2003).

<sup>4</sup> See Appendices IV and V.





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- Balancing the existing Customer Support workforce [General Schedule (GS)-11 and GS-12] with the introduction of a new Customer Support position (GS-9).

Because of the foreseeable impact a process reengineering and organizational change would have on the workforce, EUES organization management consulted with the IRS Human Capital Office. The IRS Human Capital Office provided guidance and counsel during the draft, planning, and implementation phases of the reorganization. In addition, members of the IRS Human Capital Office participated in weekly steering committee meetings during the planning phase. Further, the IRS Human Capital Office provided information on available mitigation strategies allowed by rule or regulation and assisted with negotiations between the EUES organization and the National Treasury Employees Union (NTEU) during the drafting of the Memorandum of Understanding (MOU).

EUES organization management also coordinated with representatives of the NTEU. The NTEU assists with protecting the rights of its bargaining unit members, and there is an agreement in place between the NTEU and the IRS outlining when the NTEU needs to become involved with events affecting employees. Thus, with the EUES organization taking on a reorganization, introducing modified positions, and realigning existing staff, it became important to engage the NTEU. The EUES organization and the NTEU participated in meetings throughout the reorganization process and as outlined in the MOU. The EUES organization also provided the NTEU with data on the placement of employees as the reorganization unfolded.

**Impacted employees were provided mitigation strategies during placement into the reorganized EUES organization**

The EUES organization established a baseline of 1,292 employees, of which approximately 1,100 were bargaining unit employees.<sup>5</sup> In April 2010, the Director, Operations Service Support, EUES, and the Assistant Counsel for Negotiations, NTEU, signed an MOU that detailed the processes for placement of employees into the new EUES organization. Some of the mitigations or placements offered included realignment, voluntary retirement/separation (for those deemed eligible), preference placement, voluntary or involuntary reassignment, and competitive placement. The MOU remains in effect until September 30, 2012, or until all actions required for implementation have been completed.

As of December 2011, the EUES organization placed 1,211 of its employees into the new structure. Figure 1 provides a summary of the placement steps for the 1,211 employees.

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<sup>5</sup> The baseline was established in October 2009.



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**Figure 1: Summary of Placement of EUES Organization Employees**

Placement Step	Description of Placement	Number of Employees
Realignment	The movement of employees in their position and work duties (no change to title, pay, grade, series, or position description) to the new organization.	43
Competition	Employees apply for vacant positions within the new organization, which includes hiring at the GS-9 level, a new position introduced as part of the reorganization.	621
Reassignment	The movement of employees to a different position at the same grade level in which their duties and/or position description changes.	369
Manager Placements	The placement of management into the new EUES organization.	82
Interim Organizational Adjustments	IT specialists at the GS-11 and GS-12 levels who remain unplaced will be placed into this interim organization. They will be considered placed; however, as vacancies in the organization become available, these employees can apply.	71
Other	Job Swap – matching impacted employees who want to remain with the IRS with nonimpacted employees who are interested in leaving the IRS through an early retirement.  Hardship – the placement of employees due to situations related to changes to work schedule.	25
Total		1,211

Source: The MOU and placement data as of December 2011 provided by EUES organization management.

Approximately 51 percent (621 of 1,211) of the employees competed for a position within the EUES organization, while another 30 percent (369 of 1,211) of EUES organization employees were reassigned to a different position within the organization. The EUES organization also offered early retirement and voluntary separation incentive payments to targeted positions, e.g., secretaries, budget analysts, and IT specialists in noncontinuing commuting areas. According to information provided by EUES organization management, about 100 employees elected these options.

**Placed employees received training to handle new roles and responsibilities**

A key factor for an organization to deliver a successful program is its people. Employees should receive training and development that address business and technical needs. The MOU



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contained a provision regarding training for new positions within the EUES organization. It referenced the guidance outlined in the NTEU Agreement, which states that the employer will provide training to “all employees whose positions are abolished or significantly reengineered as a direct result of organizational restructuring, work elimination, introduction of new duties, transfer of work, or implementation of new technology.” Whenever possible, the training should occur or be identified and scheduled within six months. In addition, Service Desk and Deskside support personnel should look to capitalize on opportunities to collaborate and thereby apply a more cross-functional approach to providing the most optimal on-site support.

The EUES organization underwent considerable change during its reorganization. The organization implemented Information Technology Infrastructure Library principles into its business processes, which resulted in all incidents and service requests being documented as Service Desk tickets and problem management being added to the new organization. In addition, the organization introduced a new position and reassigned employees to different positions (including 85 employees who migrated from other IRS business units). Further, a year after the last CSSC became operational, the EUES organization implemented the Knowledge Incident/Problem Service Asset Manager (KISAM) system, the replacement to the Information Technology Asset Management System. This is the tool that allows EUES organization employees to address customers’ requests for assistance resolving hardware, software, and other IT-related problems. Other tools, such as remote access tools, will be used by Service Desk employees to take control of user computers to troubleshoot issues.

EUES organization management developed a comprehensive training curriculum for each position within the various EUES functions. The curriculum details the training classes needed to successfully perform in a given job. For example, an entry-level IT specialist, *i.e.*, GS-5/7/9, assigned to work the Service Desk would be required to take a course on Help Desk Telephone Support. Whereas, a more experienced IT specialist, *i.e.*, GS-11/12, assigned to work the Service Desk would not need to take this course and instead would be assigned something more advanced, like Adaptive Technology.

An analysis of training records obtained from EUES organization management showed Service Desk and Deskside employees received training within the parameters defined by the MOU and NTEU agreements to prepare them for their jobs. Figure 2 provides a summary of courses completed by Service Desk and Deskside employees between January 2010 and January 2012.



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**Figure 2: Summary of Training for CSSC Employees**

<b>Course</b>	<b>Number of Employees Completing the Course</b>	<b>Training Completion Dates</b>
KISAM Service Manager Overview <sup>6</sup>	674	Between August 2011 and January 2012
Information Technology Infrastructure Library Foundations	516	Between January 2010 and November 2011 <sup>7</sup>
KISAM Asset Manager Overview	293	Between June 2011 and January 2012
KISAM Incident Management	289	Between August 2011 and January 2012
Service Desk Specialist Course	325	Between November 2010 and September 2011
Help Desk Telephone Support	272	Between November 2010 and September 2011
KISAM Service Desk Training	224	Between September 2011 and January 2012
KISAM Problem Management	57	Between August 2011 and January 2012

*Source: Treasury Inspector General for Tax Administration (TIGTA) analysis of training records provided by EUES organization management dated January 27, 2012.*

We also interviewed six Service Desk employees regarding special training they might have received to prepare them for providing the first line of customer service. We were informed that in addition to completing a two-week training course about the Service Desk, each was assigned an On-the-Job training instructor to provide further assistance.

<sup>6</sup> Modernization and Information Technology Services organization management mandated completion of the KISAM Service Manager Overview training to allow employees to gain access to and use the KISAM.

<sup>7</sup> One employee completed the course in February 2009.



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## **Management Can Take Additional Steps to Advance Cost-Effectiveness and Program Efficiencies Within the Customer Service Support Centers**

In a May 2003 report, the TIGTA reported that the Enterprise Service Desk (now known as the Service Desk) measured its performance using first contact resolution, percent on time resolution, tickets opened and closed, and average time a call was in the queue.<sup>8</sup> The TIGTA recommended that the IRS ensure that additional measures were established to measure the effectiveness and efficiency of the Service Desk. Management responded stating they would adopt new measures, *e.g.*, call abandonment, call handling time, and cost per call, and would manage those internally. Over time, the EUES organization created a monthly scorecard to provide executives with information on performance measures relating to key activities within the organization. The scorecard provided a high-level overview of the EUES organization's performance at an operational level, as well as measuring its accomplishment towards workforce excellence. Supporting reports were also created to provide information at the tactical level.

However, as the current reorganization progressed, EUES organization leadership desired to align the measures with its new strategic direction. During an April 2011 interactive video presentation, EUES organization leadership provided employees an overview of the strategic direction and advised of the importance of continually evaluating progress through performance measures. EUES organization leadership also discussed implementing a balanced scorecard to help provide a clear "line of sight" from strategy to service. This scorecard would be different from the monthly scorecard it had previously used to measure performance.

In January 2012, EUES organization management finalized its balanced scorecard measure summary. The scorecard provides 36 strategic measures, two for each strategic objective. Each measure provides a definition, along with an explanation of how the measure supports the objective. The balanced scorecard measure summary also reports a baseline measure and annual targets for the next five fiscal years.<sup>9</sup> The strategic measures from the balanced scorecard measure summary will be loaded into a web-based program that will allow anyone within the EUES organization to see a visual representation of the EUES organization's progress in meeting its strategic objectives. EUES organization management will regularly review the objectives and measures and make any necessary revisions.

While the balanced scorecard helps EUES organization management communicate to employees how the work they perform aligns with the organization's strategic goals, additional actions should be considered that will help EUES organization management determine if it is achieving

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<sup>8</sup> TIGTA, Ref. No. 2003-20-109, *End-User Equipment and Services Enterprise Service Desk Efficiency and Effectiveness Can Be Improved*, p. 10 (May 2003).

<sup>9</sup> A 12-consecutive-month period ending on the last day of any month, except December. The Federal Government's fiscal year begins on October 1 and ends on September 30.



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cost-effectiveness and program efficiencies, especially within the CSSCs. Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*,<sup>10</sup> states that managers are responsible for increasing productivity and controlling costs of agency operations. The Government Accountability Office's *Standards for Internal Control in the Federal Government*<sup>11</sup> stipulates that program managers need both operational and financial data to determine whether they are meeting their goals for effective and efficient use of resources.

**EUES organization management should introduce measures that will help assess the cost-effectiveness of the CSSCs**

The balanced scorecard measure summary includes a measure for first contact resolution. The EUES organization defines first contact resolution as follows, "first contact completion applies when the first person the customer reaches answers the question, resolves the problem, or dispatches service where appropriate." Interviews we conducted with Service Desk employees confirmed that it is common for tickets to be escalated to Deskside that could have been resolved by the Service Desk. The escalation of tickets occurred primarily due to a lack of experience or training among the staff working at the Service Desk. We conducted research and determined that when service is dispatched or escalated to another service, like the Deskside, the cost of resolution increases.

For the CSSCs within the EUES organization to progress towards meeting the Chief Technology Officer's goal of being classified as world class, the CSSCs need to continually demonstrate gains in efficiencies and cost-effectiveness. Therefore, the CSSCs should make every effort to resolve tickets within the purview of the Service Desk's defined responsibility. EUES organization management should define and implement a measure that would allow it to monitor the percentages of tickets resolved by the Service Desk.

To meet the mission of delivering cost-effective service, EUES organization management should track the cost per contact at the Service Desk and Deskside levels. EUES organization management previously calculated and reported the Service Desk cost per contact to the Department of the Treasury; however, this measure is no longer required. Although EUES organization management plans to capture a total cost per user (calculated by taking the annual EUES organization cost divided by the total number of IRS users) as part of its new strategic direction, this measure alone will not allow EUES organization management to identify where changes might need to take place within the organization. EUES organization management will have to continue to drive a lower cost per user that would demonstrate the organization delivers its services in the most cost-effective manner.

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<sup>10</sup> Office of Management and Budget, OMB Circular No. A-123 (Revised), *Management's Responsibility for Internal Control* (Dec. 2004).

<sup>11</sup> Government Accountability Office (formerly known as the General Accounting Office), GAO/AIMD-00-21.3.1, *Internal Control: Standards for Internal Control in the Federal Government* (Nov. 1999).



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**Management Action:** EUES organization management adopted a revised definition of first contact resolution on April 10, 2012. The revised measure will capture the percentage of total contacts resolved at the Service Desk level and no longer references “dispatching service where appropriate.” However, the revised measure includes self-service password resets. If EUES organization management mandates usage of the password management tool, it will no longer need to include this in its calculation and the goal for first contact resolution will need to be adjusted.

**EUES organization management should mandate use of the password management tool**

In Fiscal Year 2010, the Service Desk performed 122,431 password resets, and in Fiscal Year 2011, it performed 130,806 password resets, with 12,000 of these occurring during a one-month period. These high password reset rates occurred because management has not mandated the use of the password management tool.

In May 2003, the TIGTA reported that self-service tools, such as the password management tool, were not being maximized because EUES organization management wanted to provide users with several service options without requiring their use.<sup>12</sup> IRS management responded that it would ensure a self-service tool for password management would be deployed by October 2003; however, the tools would be optional because some of its customers could not use web-based tools. In October 2003, Modernization and Information Technology Services (MITS) organization<sup>13</sup> management issued a memorandum announcing the implementation of a password management system that would allow employees to reset their passwords without having to contact the helpdesk. MITS organization management emphasized the importance of the tool because, “37 percent of the total calls, or roughly 300,000 calls per year” were password resets. More importantly, data showed that helpdesk employees spent an average of eight minutes answering these calls, taking helpdesk resources away from handling more complex issues.

In July 2004, MITS organization management subsequently issued a memorandum citing progress using the password management tool and stated it was not enough. Thus, MITS organization management issued the directive that the helpdesk would no longer reset or unlock passwords for those employees who could utilize the password management tool. Instead, those employees would be required to go through their managers, who in turn would contact the helpdesk on their behalf to have their passwords unlocked or reset. Two years later, MITS organization management issued a memorandum citing the successes of the password management tool (90 percent of eligible unlocks and resets accomplished using the tool) and rescinded the requirement to have an employee’s manager contact the helpdesk requesting a reset. However, the memorandum still mandated the use of the tool.

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<sup>12</sup> TIGTA, Ref. No. 2003-20-109, *End-User Equipment and Services Enterprise Service Desk Efficiency and Effectiveness Can Be Improved*, p. 7 (May 2003).

<sup>13</sup> On July 1, 2012, the MITS organization was renamed the Information Technology organization.



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In July 2011, the MITS organization published a news article on its intranet about the password management tool. The article stated that the Service Desk received 12,000 calls in one month alone for password resets. MITS organization management indicated that if the calls continued to increase, they would need to enforce mandatory use of the tool as was previously done. At the conclusion of fieldwork, EUES organization management advised that they worked with the Solution Design and Development team to conduct a marketing campaign to address the low use of the password management tool. EUES organization management research found that 95 percent of IRS employees had configured the tool. Before the campaign, 59 percent of password resets were accomplished using the tool. After the campaign, the statistics showed an increase to 77 percent; however, we did not validate these results.

Mandating use of this tool will allow the IRS to achieve the full benefits from the tool while freeing up Service Desk employees to focus on resolving other complex issues and increase its first contact resolution rate. Further, as the EUES organization continues to mature in its reorganized state and looks towards the future, management should assess providing more self-service options to allow its customers to self-diagnose and self-solve problems. Doing so would allow the EUES organization to demonstrate its efficiencies and would help with achieving more cost-effective services.

**Management Action:** EUES organization management advised us of plans to market the use of the password management tool routinely throughout the year. While this is a step in the right direction to change users' behavior, we are concerned that in the months between the marketing campaigns, users will revert to contacting the Service Desk for assistance, similar to when MITS organization management experienced a 90 percent usage rate, lifted the mandated use of the tool, and subsequently experienced only a 61 percent usage rate.

## ***Recommendations***

The Chief Technology Officer should:

**Recommendation 1:** Implement additional measures to help demonstrate cost-effectiveness (e.g., cost per interaction) and efficiencies and to identify opportunities for improvement.

**Management's Response:** The IRS agreed with the recommendation and will conduct research to determine whether or not data are available that will enable additional measurement of cost-effectiveness and efficiencies and, if available, implement those measures.

**Recommendation 2:** Collaborate with IRS management and the NTEU to mandate the use of the self-help password management tool for those customers with access to the tool.

**Management's Response:** The IRS agreed with the recommendation and will establish a policy to mandate the use of the self-help password management tool for customers with access to the tool.





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## **Appendix I**

### *Detailed Objective, Scope, and Methodology*

Our overall objective was to evaluate the effectiveness and efficiency of the new business processes and the implementation of personnel placement and mitigations associated with the reorganization of the EUES organization. To accomplish our objective, we:

- I. Determined how effectively the EUES organization planned for the reorganization.
  - A. Interviewed EUES organization management and reviewed documentation to determine the methodology/process used to plan for the reorganization of the EUES organization.
  - B. Determined whether EUES organization management completed the documents or supplied the information items required in Internal Revenue Manual Section 1.1.4.5 (February 8, 2011).<sup>1</sup>
  - C. Reviewed the IRS Strategic Plan, the EUES organization's Strategic Direction document, and the IRS Desktop Business Process Reengineering Plan to determine the scope of the reorganization.
  - D. Determined if the EUES organization completed the actions outlined in the April 2010 MOU for implementation of personnel placement and mitigations associated with the reorganization.
- II. Assessed how effectively the EUES organization placed its employees during the reorganization and reviewed the training employees received.
- III. Assessed how effectively employees are performing and how effectively the new tools and processes are operating under the new EUES organization.
  - A. Conducted site visits to the Headquarters office and the Midwest and Southeast CSSCs.
  - B. Evaluated the efforts to improve the operational efficiency of the EUES organization through the new tools and processes that were implemented during the reorganization.
- IV. Determined how the EUES organization plans to measure the success of the reorganization.

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<sup>1</sup> Internal Revenue Manual Section 1.1.4.5 means, Part one, Chapter 1, Section 4, Subsection 5.



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**Internal controls methodology**

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the policies and procedures for implementing a reorganization, procedures for Service Desk and Deskside employees to perform their duties, and guidance for training employees in new positions. We evaluated these controls by interviewing management and Service Desk and Deskside employees and by reviewing policies and procedures (for example, the Internal Revenue Manual and Federal guidance such as the Office of Management and Budget circulars) and relevant supporting documentation.



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## **Appendix II**

### *Major Contributors to This Report*

Alan R. Duncan, Assistant Inspector General for Audit (Security and Information Technology Services)  
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Allen K. Henry, Program Analyst  
Hung Dam, Information Technology Specialist  
Daniel Oakley, Information Technology Specialist



*The End-User Equipment and Services Organization  
Successfully Planned Its Reorganization; However,  
Program Measures and Efficiencies Can Be Improved*

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## **Appendix III**

### *Report Distribution List*

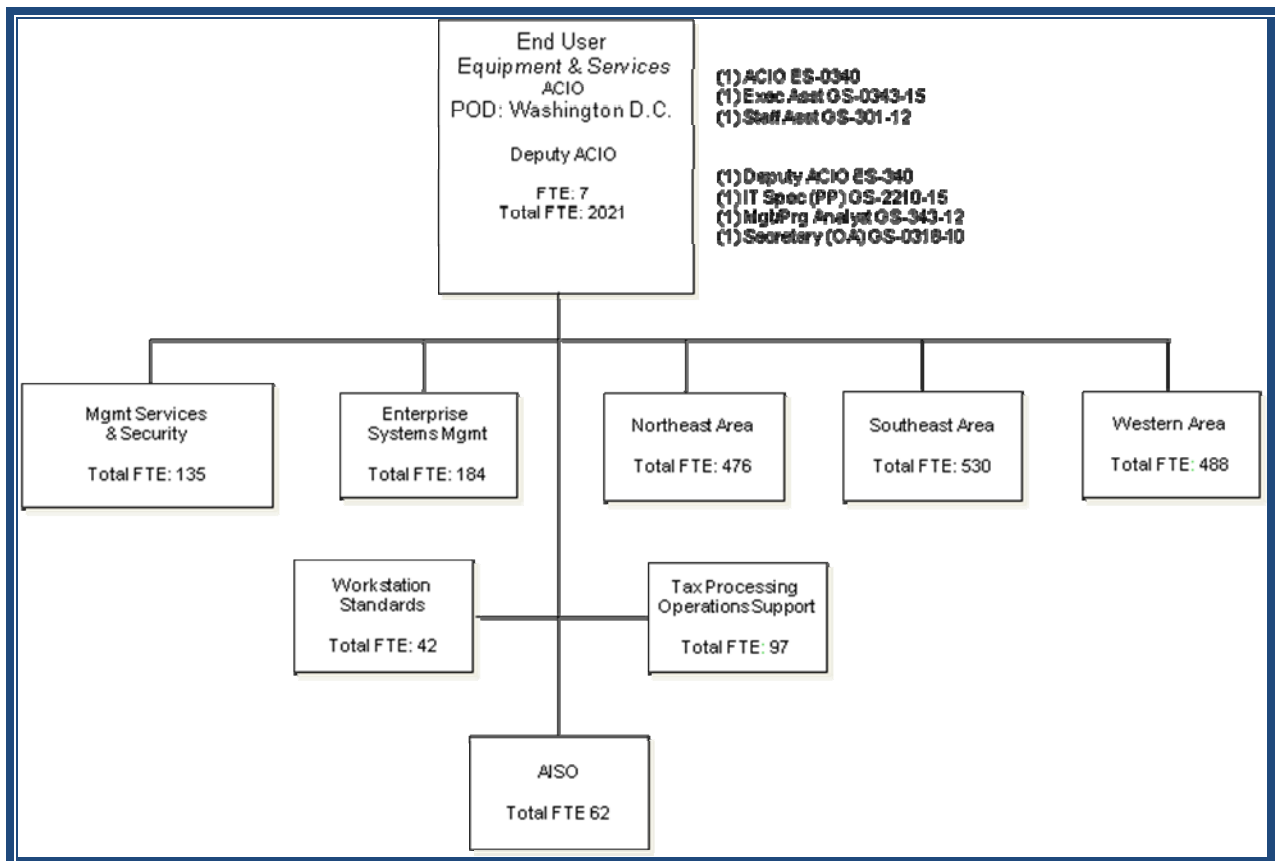
Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Operations Support OS  
Deputy Chief Information Officer for Operations OS:CTO  
Associate Chief Information Officer, End-User Equipment and Services OS:CTO:UNS  
Chief Counsel CC  
National Taxpayer Advocate TA  
Director, Office of Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis RAS:O  
Office of Internal Control OS:CFO:CPIC:IC  
Audit Liaison: Director, Risk Management Division OS:CTO:SP:RM



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**Appendix IV**

*Illustration of End-User Equipment  
and Services Organization  
(Pre-Reorganization)*



Source: EUES Organization Chart provided to the IRS Human Capital Office as part of business case for reorganization. ACIO = Associate Chief Information Officer; Asst = Assistant; ES = Executive Service; Exec = Executive; IT Spec = IT Specialist; Mgmt = Management; Mgt = Management; POD = Post of Duty; Prg = Program Analyst; FTE = Full-Time Equivalent;<sup>1</sup> AISO = Appeals Information Systems Office.

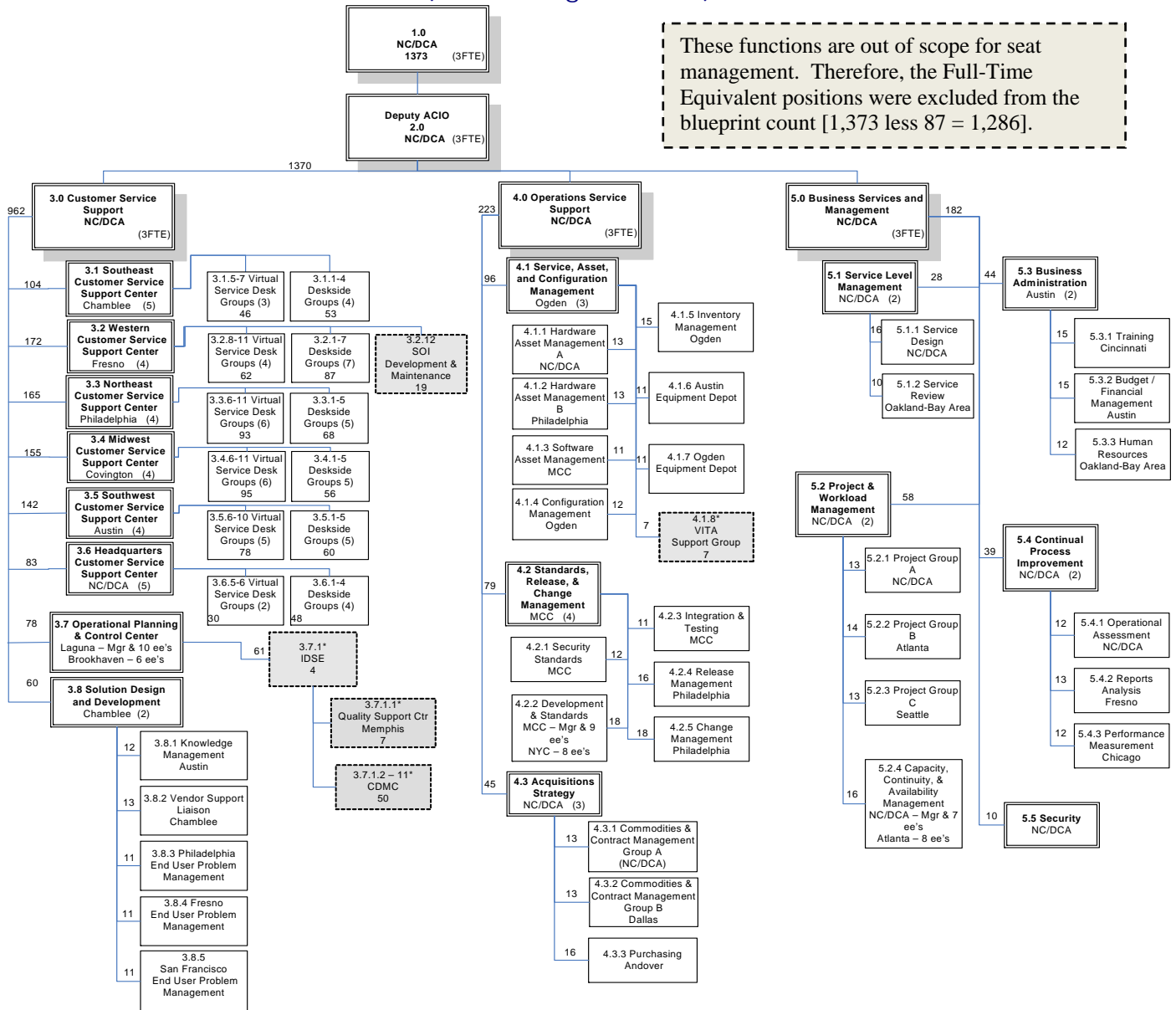
<sup>1</sup> A measure of labor hours in which one FTE is equal to eight hours multiplied by the number of compensable days in a particular fiscal year. For Fiscal Year 2011, one FTE was equal to 2,088 staff hours. For Fiscal Year 2012, one FTE is equal to 2,080 staff hours.



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Appendix V

Illustration of High Performing Organization  
 (Post-Reorganization)



Source: EUES organization chart provided to the IRS Human Capital Office as part of the business case for reorganization.



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**Appendix VI**

*Glossary of Terms*

<b>Term</b>	<b>Definition</b>
Balanced Scorecard	A strategic planning and management system used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals.
Best Practice	A technique or methodology that, through experience and research, has proven to reliably lead to the desired result.
General Schedule	The classification and pay system established under 5 United States Code Chapter 51 and subchapter III of Chapter 53. It is a rate of basic pay for professional, technical, administrative, and clerical professionals working for the Federal Government.
High-Performing Organization	An organization within a Federal agency that performs commercial activities and whose cost-efficiency and performance meet or exceed that of comparable providers, whether public or private.
Incident	An unplanned interruption to or a reduction in the quality of an IT service.
Information Technology Infrastructure Library	A set of concepts and techniques for managing IT infrastructure, development, and operations.
Information Technology Specialist (Service Desk)	An individual responsible for quickly providing a good analysis of an incident and/or a solution to it in order to restore the disrupted service in accordance with Service Level Agreements. This group is generally staffed with technical generalists who are expected to resolve a high percentage of common problems or routine service matters. IT specialists have the access and utilize knowledge to resolve the majority of all incidents. This position is interchangeable with the duties and responsibilities of IT specialists at the Deskside.



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Knowledge Incident/Problem Service Asset Manager	Maintains the complete inventory of IT and non-IT assets, and computer hardware and software. It is also the reporting tool for problem management with all IRS developed applications and shares information with the Service Desk. This system replaced the Information Technology Assets Management System.
Memorandum of Understanding	An agreement between the IRS and the NTEU regarding bargaining unit employees holding a permanent position of record within the EUES organization.
Mitigation Strategies	Strategies used to avoid or lessen the number or severity of involuntary personnel actions that result from an organization change, <i>e.g.</i> , Voluntary Early Retirement Authority, Voluntary Separation Incentive Payment, Job Swaps, Grade and Pay Retention.
Problem	A cause of one or more incidents.
Queue	A sequence of messages or jobs held in temporary storage waiting processing.
Remote Tools	Software tools that allow a user to remotely administer another computer using an interface.
Seat Management	The management of everything involved in providing computers and computer support to employees, including desktop and helpdesk services, such as helpdesk level one, desktop support, utility services support, and local area network support.
Service-Level Agreement	An agreement between the MITS organization and IRS business units which establishes the expectation of services for supporting the IT functionality of the business.
Service Request	A request from a user for information, advice, or access to an IT service, <i>e.g.</i> , reset a password or provide services for a new user. Service requests are usually handled by a Service Desk.
Triage	The initial steps performed by the Service Desk in determining the priority of the customer's request.
Voluntary Early Retirement Authority	An opportunity to retire in advance of meeting the age and/or service requirements normally needed for retirement.





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Voluntary Separation Incentive Payment	Commonly referred to as buyouts. Lump-sum payments of up to \$25,000 paid to specifically impacted employees to enhance resignation or retirement. Buyouts are targeted at employees in specific grades, series, and locations, and are used to help avoid Reductions in Force and minimize involuntary separations. Agencies, including the IRS, must obtain authority to offer buyouts to their employees from the Office of Personnel Management.
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**Appendix VII**

*Management's Response to the Draft Report*



CHIEF TECHNOLOGY OFFICER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

JUL 03 2012

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Terence V. Milholland *Terence V. Milholland*  
Chief Technology Officer

SUBJECT: Draft Audit Report –The End-User Equipment and  
Services Organization Successfully Planned Its  
Reorganization; However, Program Measures and  
Efficiencies Can Be Improved (Audit # 201120018)  
(e-trak# 2012-32948)

Thank you for the opportunity to review your draft audit report and to meet with the audit team to discuss your observations. As a result of these meetings, the audit team incorporated some of our suggestions into the draft report.

I was pleased to read your comments and observations acknowledging that the IRS planned an effective approach to its reorganization. We provided mitigation strategies to End User Equipment and Services (EUES) employees affected by the reorganization and training to those employees placed into new positions within the EUES organization. We also developed a balanced scorecard measure summary that aligns strategic objectives with performance measures.

I agree with the recommendations and will proceed as noted in our detailed attachment.

We are committed to continuously improving our business processes as they continue to evolve. We value your continued support and the assistance and guidance your team provides. If you have any questions, please contact me at (202) 622-6800 or Andrea Greene-Horace at (202) 283-3427.

Attachment



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*The End-User Equipment and Services Organization  
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Draft Audit Report – The End-User Equipment and Services Organization Successfully Planned Its Reorganization; However, Program Measures and Efficiencies Can Be Improved (Audit # 201120018) (e-trak # 2012-32948)

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**RECOMMENDATION #1:** The Chief Technology Officer should implement additional measures to help demonstrate cost effectiveness (e.g., cost per interaction) and efficiencies, and identify opportunities for improvement.

**CORRECTIVE ACTION #1:** The IRS agrees with this recommendation. We will research to determine whether or not data is available that will enable additional measurement of cost effectiveness and efficiencies. If available, such measures will be implemented.

**IMPLEMENTATION DATE:** April 1, 2013

**RESPONSIBLE OFFICIAL:** Associate Chief Information Officer, User and Network Services

**CORRECTIVE ACTION MONITORING PLAN:** We enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES). These Corrective Actions are monitored on a monthly basis until completion

**RECOMMENDATION #2:** The Chief Technology Officer should collaborate with IRS management and the NTEU to mandate the use of the self-help password management tool for those customers with access to the tool.

**CORRECTIVE ACTION #2:** The IRS agrees with this recommendation. We will establish a policy to mandate the use of the self-help password management tool for those customers with access to the tool. This action does not require NTEU collaboration.

**IMPLEMENTATION DATE:** February 1, 2013

**RESPONSIBLE OFFICIAL:** Associate Chief Information Officer, User and Network Services

**CORRECTIVE ACTION MONITORING PLAN:** We enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES). These Corrective Actions are monitored on a monthly basis until completion.