



*New Employees Are Being Hired
More Quickly; However,
Improvements Are Needed to
Correct Some Hiring Monitoring Data*

November 27, 2012

Reference Number: 2013-10-007

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

NEW EMPLOYEES ARE BEING HIRED MORE QUICKLY; HOWEVER, IMPROVEMENTS ARE NEEDED TO CORRECT SOME HIRING MONITORING DATA

Highlights

Final Report issued on November 27, 2012

Highlights of Reference Number: 2013-10-007 to the Deputy Commissioner for Operations Support and the Deputy Commissioner for Services and Enforcement.

IMPACT ON TAXPAYERS

Hiring quality employees quickly is important to the IRS, as it hires a large number of employees each year. The IRS divisions and Human Capital Office have taken action to reduce hiring timelines. However, they will need to continue to focus on keeping hiring timelines low and making additional improvements. If not, as the economy improves and the IRS competes more with the private sector, the IRS may encounter difficulties attracting highly qualified candidates. This could impact the IRS's ability to meet its mission of providing America's taxpayers top quality service.

WHY TIGTA DID THE AUDIT

This audit was requested by the IRS and addresses the major management challenge of Human Capital. The overall objective was to assess actions taken by the IRS divisions to monitor and improve the efficiency of hiring new employees.

WHAT TIGTA FOUND

The IRS divisions and Human Capital Office have taken action to monitor and improve the efficiency of hiring new employees. Most improvements resulted from automating time-consuming manual steps in the hiring process and monitoring in-process hiring. For example, in a little more than two years, the Information Technology organization has cut the time it takes to hire new employees by more

than half. As a result, it is close to meeting the Office of Personnel Management (OPM) 80-calendar-day hiring goal. Similarly, the Wage and Investment Division has taken action to reduce hiring timelines and is also close to meeting the OPM hiring goal.

The Small Business/Self-Employed Division uses a hiring process that is based on bringing large groups of employees on board at the same time for training and orientation purposes. While this may result in efficient training and orientation programs for enforcement personnel, it can take up to 200 calendar days to hire employees, which results in not meeting the hiring goal.

In addition, TIGTA determined that data for monitoring the time taken to hire new employees was not always correct. TIGTA identified that IRS Human Capital Office report data was incorrect for nine (38 percent) of the 24 Information Technology organization hires in TIGTA's sample. The incorrect data occurred because the incorrect certificate (a list of applicants that is certified by the IRS Human Capital Office) was selected for manually rated and ranked applications. Finally, the IRS Human Capital Office did not correctly enter the date the rating and ranking package was returned from the hiring manager. As a result, IRS divisions cannot rely on the reports to monitor in-process hiring or to identify when hiring delays occur.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Director, IRS Human Capital Office Employment, Talent, and Security, deactivate certificates that are not used, provide guidance to employment offices for selecting the correct certificates, and correct computer report-writing programming to ensure the correct date is used in calculating hiring timelines.

IRS management agreed and implemented corrective actions to deactivate certificates and provide guidance. IRS management also provided alternative corrective actions to monitor and emphasize quality review so hiring timelines can be accurately calculated. In addition, the IRS provided technical comments, which were incorporated into the report as appropriate.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 27, 2012

MEMORANDUM FOR DEPUTY COMMISSIONER FOR OPERATIONS SUPPORT
DEPUTY COMMISSIONER FOR SERVICES AND
ENFORCEMENT

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

SUBJECT: Final Audit Report – New Employees Are Being Hired More Quickly;
However, Improvements Are Needed to Correct Some Hiring
Monitoring Data (Audit # 201110034)

This report presents the results of our review to assess the actions taken by the Internal Revenue Service (IRS) divisions to monitor and improve the efficiency of hiring new employees. This review was conducted as part of the Treasury Inspector General for Tax Administration's Fiscal Year¹ 2012 Annual Audit Plan and addresses the major management challenge of Human Capital.

Management's response to the draft report is included as Appendix V. The IRS also provided technical comments, which we incorporated into the report as appropriate.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).

¹ 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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Abbreviations

FY	Fiscal Year
HCO	Human Capital Office
IRS	Internal Revenue Service
IT	Information Technology
OPM	Office of Personnel Management
SB/SE	Small Business/Self-Employed
W&I	Wage and Investment



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Background

The Federal hiring process has been criticized because it is lengthy and burdened by numerous requirements. In response, the President and the Office of Personnel Management (OPM) have taken actions to reduce the amount of time it takes to hire new employees. For example:

- In September 2008, the OPM developed the End-to-End Hiring Roadmap to encourage agencies to reduce the time necessary to hire employees to 80 calendar days or less. The roadmap suggested time periods for individual steps in the hiring process when hiring single employees from outside the Federal Government to fill a single open position (known as ad hoc hiring).
- In May 2010, the President issued a memorandum requiring agencies to substantially reduce the time it takes to hire mission-critical¹ and commonly filled positions, measure the quality and speed of the hiring process, analyze the causes of agency hiring problems, and identify actions that will be taken to reduce them.
- In April 2011, the OPM required agencies to begin reporting the percentage of new hires that meet the 80-calendar-day standard, the average calendar days to hire new employees as a whole, and the average calendar days to hire the agency's mission-critical positions.

With approximately 100,000 employees, it is especially important to the Internal Revenue Service (IRS) to be able to quickly hire quality employees. However, hiring new employees can be complex because of the need for the IRS to hire a large number of employees at one time or to hire these employees in a short period of time. For example, the IRS hires a large number of employees each year for the tax filing season.² These new employees must be hired quickly to ensure they are trained and in place once the filing season begins. The IRS hired approximately 19,000 employees in Fiscal Year³ (FY) 2011 to meet workload demand. Figure 1 shows the three primary hiring categories used by the IRS.

¹ Mission-critical occupations are those few occupations that comprise the unique core competencies of the IRS or have the greatest direct impact on the agency's ability to meet its mission.

² The period from January through mid-April when most individual income tax returns are filed.

³ 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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Figure 1: IRS Hiring Categories

	Category	Description	Use
	Ad Hoc Hiring⁴	Hiring for a single open position.	Used by all divisions within the IRS, especially the Information Technology (IT) organization.
Non-Ad Hoc Hiring⁵	Wave Hiring	Hiring to fill a large number of positions prior to a scheduled training.	Used to hire revenue agents, ⁶ revenue officers, ⁷ and tax compliance officers; ⁸ primarily used by the Small Business/Self-Employed (SB/SE) Division.
	Filing Season Hiring	Hiring from a register ⁹ of candidates who can be called to work when needed.	Used by the Wage and Investment (W&I) Division.

Source: *The IRS Human Capital Office Employment, Talent, and Security Division's data dictionary and discussions with IRS Human Capital Office managers.*

The IRS's hiring process is a collaborative effort between the IRS Human Capital Office (HCO), the human capital offices within each of the IRS's divisions, and the IRS hiring managers.¹⁰ The IRS HCO and each division's human capital office have responsibility for parts of the hiring process, and, in order for the process to be efficient, these offices must coordinate with each other. For example:

- The IRS HCO is responsible for developing strategies to improve the timeliness of hiring new employees and reporting the IRS's progress to the OPM.

⁴ Method used to hire approximately 10 to 15 percent of total new hires.

⁵ Methods, when combined, are used to hire approximately 85 to 90 percent of total new hires.

⁶ Revenue agents perform examinations of individuals and businesses and are critical positions for achieving the IRS's mission.

⁷ Revenue officers collect taxes due and are critical positions for achieving the IRS's mission.

⁸ Tax compliance officers conduct investigations of individuals and businesses to determine tax liabilities and provide technical assistance to internal and external customers. These positions are considered mission-critical.

⁹ A register is a list of applicants that have been prequalified for a job.

¹⁰ The IRS is organized into four business operating divisions that serve groups of taxpayers, including the Large Business and International, SB/SE, Tax Exempt and Government Entities, and W&I Divisions. The IRS's functional operating divisions, including the Agency-Wide Shared Services organization, the IRS HCO, and the IT organization, provide support services to the entire IRS organization.



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- The IRS’s divisions have embedded human capital offices to coordinate hiring activities with the operating offices¹¹ and the IRS HCO. In addition, these human capital offices within the divisions have human resource specialists to coordinate with the hiring managers.

Figure 2 shows the basic steps in the IRS hiring process and which office controls the time spent on each step.

Figure 2: IRS Division Involvement in the Hiring Process

Start – Personnel Action Request	IRS HCO	IRS Divisions	IRS HCO	IRS Divisions		IRS HCO		End – Enter-On-Duty
	Open and Close Job Announcement	Rate and Rank Applications	Issue Certificate of Eligibles¹²	Conduct Interviews	Make Selection	Security Check	Official Offer	

Source: *The OPM End-to-End Hiring Roadmap and discussions with IRS HCO managers.*

The IRS is currently under a hiring freeze for most positions, making it more difficult to replace the large number of employees expected to retire or leave their jobs over the next several years. Filing season hiring continues, although at lower levels, and a limited number of other positions may be filled through ad hoc hiring. However, the IRS has not conducted significant wave hiring since FY 2009.

Our review included hiring timeline assessments in two IRS operating divisions and one functional operating division that are doing the most ad hoc, filing season, and wave hiring. For ad hoc hiring, we reviewed the IT organization, including hiring for the Affordable Care Act.¹³ For filing season and wave hiring, we reviewed the hiring timelines for the W&I and SB/SE Divisions, respectively.

This is the second audit of IRS hiring timelines. The first audit focused on the IRS HCO’s efforts to monitor and improve hiring timelines,¹⁴ while this audit focused on the IRS divisions’ efforts to monitor and improve hiring timelines. The hiring process crosses IRS division and

¹¹ For example, the Examination function is an operating office of the SB/SE business operating division.

¹² A list of applicants for consideration for hire that is certified by the IRS HCO as meeting the eligibility requirements for the position. For SB/SE Division’s mission-critical occupations, a pass/fail interview is part of the qualification process and is conducted prior to the issuance of the Certificate of Eligibles.

¹³ Patient Protection and Affordable Care Act (Affordable Care Act), Pub. L. No. 111-148, 124 Stat. 119 (2010) (codified as amended in scattered section of the U.S. Code), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029.

¹⁴ Treasury Inspector General for Tax Administration, Ref. No. 2011-10-089, *The Human Capital Office Improved the Hiring Process, but Additional Actions Can Be Taken to Better Monitor Hiring Timelines* (Aug. 2011).



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HCO boundaries and, when improvements to the hiring process are undertaken, strong collaboration is required between all offices involved.

This review was performed in the IRS HCO Employment, Talent, and Security Division and the IT organization offices at the IRS National Headquarters in Washington, D.C.; in the SB/SE Division in New Carrollton, Maryland; and in the W&I Division in Atlanta, Georgia, during the period September 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

In June 2009, the IRS reported it took more than five months (157 calendar days) for ad hoc hiring from outside the Government. Similar statistics were not tracked and reported for wave and filing season hiring in 2009. However, since then, the IRS divisions we reviewed have taken actions to monitor and improve the efficiency of hiring new employees. These improvements can be largely attributed to:

- Collaborating with the IRS HCO to automate time-consuming manual steps in the hiring process within the IRS's Career Connector computer system. Career Connector is a computer system that allows individuals applying for a job within the IRS to electronically submit resumes and applicant qualification documentation (*e.g.*, college transcripts), performs automatic reviews of applications to assess whether applicants meet job requirements, identifies which applicants are the best qualified, and sends communications to applicants.
- Establishing processes to monitor in-process hiring, including review of job announcement inventory and hiring status reports and development of detailed hiring timeline plans.

While the IRS has improved its hiring timelines, it should continue to focus on further reducing these timelines where possible. If the hiring process takes too long, the IRS can risk losing highly qualified applicants, which could impact the IRS's ability to meet its mission of providing America's taxpayers top quality service. Also, as the economy improves and the IRS competes more with the private sector, it may encounter difficulties attracting highly qualified individuals because candidates may accept positions with employers that can hire faster.

Progress Has Been Made in Reducing the Amount of Time It Takes to Hire New Employees

Our review identified that in a little more than two years, the IT organization has cut the time it takes to hire new employees by more than half. As a result, it is close to meeting the OPM 80-calendar-day hiring goal. Similarly, actions taken by the W&I Division have reduced hiring timelines, and, as a result, the division is also close to meeting the OPM hiring goal. However, the SB/SE Division continues to use wave hiring which is based on bringing large groups of employees on board at the same time for training and orientation purposes. While wave hiring may result in fewer training classes and increased camaraderie for new enforcement personnel, for employees who were hired first, it can take up to 200 calendar days before they report for work. As a result, the SB/SE Division will not meet the OPM 80-calendar-day hiring goal or the President's requirement to substantially reduce the time it takes to hire for



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mission-critical positions. It should be noted that the IRS reported for the third quarter of FY 2012 that it took an average of 54 calendar days to hire all new employees.¹⁵

The IT organization has significantly reduced the amount of time it takes to hire new employees

The IT organization, which hires the most new employees for individual positions, has made substantial progress in monitoring and improving the efficiency of ad hoc hiring. IT organization hiring timelines were reduced from 218 calendar days in November 2009¹⁶ to an average of 90 calendar days as of the end of March 2012.¹⁷ The IT organization took the following actions to accomplish its hiring timeline reduction:

- **Career Connector Automation** – The IT organization worked with the IRS HCO to create Career Connector templates for 98 percent of its positions.¹⁸ These templates are a series of online questions designed to determine if applicants possess the skills and knowledge related to a specific job and are used by the Career Connector computer system to automatically determine which applicants qualify and are the best candidates for a position. Use of the Career Connector templates has resulted in a decrease in the number of job announcements requiring time consuming manual rating and ranking. For example, applicants that previously had to be manually rated and ranked took an average of 32 calendar days in FY 2010,¹⁹ as opposed to less than one day when completed through Career Connector.
- **Monitoring of Inventory Reports** – IT management uses IRS HCO in-process inventory reports, in addition to other developed reports, to actively monitor job announcement inventory. For example, an IT organization employee monitors these hiring reports and follows up with hiring managers when the interview and selection process takes more than the standard amount of time (14 calendar days for internal and 24 calendar days for external announcements). The reason for any delays, such as unavailability of candidates for interviews or salary negotiations, is then recorded in these reports.
- **Addressing Causes for Recurring Delays** – IT management uses the above-mentioned annotated inventory reports to identify and address causes for recurring hiring delays.

¹⁵ Results for the period April through June 2012, per the third quarter report to the Department of the Treasury provided by the IRS HCO. The timeline begins when the hiring manager submits an approved request to hire; therefore, it does not include the time for announcements to prequalify applicants for filing season hiring, such as standing registers. During this period, the IRS did not conduct any wave hiring.

¹⁶ Based on the IRS HCO's mapping of a single IT organization position.

¹⁷ Time was measured from receipt of the personnel action request to hire a new employee until the new employee reported for work.

¹⁸ Percentage provided by the IT organization's human capital office management. The remaining positions are those that are obsolete or rarely filled.

¹⁹ Average computed using data provided by the IRS HCO for the IT organization's ad hoc hiring announcements.



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For example, we reviewed 24 ad hoc hiring announcements²⁰ with entry-on-duty dates for the period October 1, 2009, through November 21, 2011, where IRS HCO data indicated the selection of the new employee was delayed. For four of the delays, the hiring managers did not completely understand the hiring process. After recognizing this, the IT organization provided training to hiring managers in July 2011. After this training was provided, we did not identify any additional delays due to hiring managers' lack of understanding the hiring process.

The W&I Division is close to meeting the 80-calendar-day goal for hiring employees

W&I Division management does not track the amount of time it takes to hire filing season employees, but closely monitors whether enough new employees are hired to meet hiring projections.²¹ We determined that the W&I Division, which hires new employees through the use of filing season hiring,²² takes an average of 90 calendar days²³ to hire new employees. W&I Division management stated they are closer to meeting hiring projections because they are able to hire more quickly and because the current economic climate has increased the number of applicants applying for positions. In addition, the W&I Division took the following actions in an effort to continue to reduce hiring timelines:

- **Career Connector Automation** – Similar to the IT organization, the W&I Division worked with the IRS HCO to develop Career Connector templates for approximately 80 percent²⁴ of all filing season positions filled each year. These templates are used for external application processing and were used for internal applications for the first time for the 2011 Filing Season. Templates for the remaining commonly filled positions are on schedule to be completed by December 2012. These additional templates will assist in further reducing hiring timelines.

²⁰ See Appendix I for additional information about the sampling methodology.

²¹ Filing season hiring employs a combination of wave and ad hoc hiring, which makes it difficult to compare to other types of hiring.

²² Candidates are prequalified and called to work as needed during the tax filing season.

²³ We calculated this timeline using IRS HCO filing season announcement data from approval to hire to enter-on-duty date for the period October 2011 through March 2012. Timelines are presented in this manner because it reflects the point in time when the IRS identified that it needed to hire a new employee. The IRS HCO used the OPM's hiring timeline reporting guidance to calculate some of these announcement timelines from the date of the Certificate of Eligibles, which resulted in an average of 76.2 calendar days for this period. The OPM's hiring timeline reporting guidelines exclude time spent preparing registers and prequalifying candidates for filing season hiring.

²⁴ Percentage provided by the W&I Division's human capital office management staff. According to management, template development must be scheduled when subject matter experts can be pulled off line during noncritical periods.



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- **Monitoring Filing Season Hiring Reports** – Since FY 2003, filing season hiring has been monitored using a report prepared by the IRS HCO. This report tracks hiring targets, number of commitments, and number of employees reporting for work. For example, because many candidates do not report to work as agreed or fail to pass background investigations,²⁵ these reports are used to identify if hiring targets have been met. W&I Division management works closely with the IRS HCO employment offices co-located in the IRS campuses²⁶ to quickly replace new hires who do not report for work before workload is affected.²⁷
- **Campus Business Centers** – The IRS HCO established Campus Business Centers to provide computer access beginning in FY 2011 to more than 12,000 W&I Division employees so they could identify and apply for job openings using Career Connector. Educational materials were distributed, and on-site seminars were conducted on how to use Career Connector to apply for the positions. These employees do not have access to a computer in their work area and may not have access to one at home to identify and apply for jobs in Career Connector. Establishing the business centers reduced hiring timelines by providing a means for current employees to more easily apply for jobs. In addition, the centers provide the ability to electronically apply for positions, which eliminates manual internal applications and speeds up the hiring process, while also increasing the applicant pool with employees who already have the skills needed by the IRS. Adequate applicant pools mean fewer jobs have to be reannounced to find needed employees.

The IRS has taken action to reduce the average time it takes to hire employees for the filing season. However, because of business needs, it is not uncommon for some employees to wait 150 to more than 200 calendar days from when a job is announced until they start work at the IRS. For example, 6 percent of the announcements (37 out of 637) took more than 150 calendar days from the announcement opening to the date the new employee reported for work. These delays result from the need for the IRS HCO employment offices to announce hiring for some seasonal positions in advance in order to have enough qualified candidates to meet W&I Division needs. These applicants are advised that they are applying for positions that will be filled at a later date.

²⁵ Background investigations, including fingerprinting and completion of detailed personal and financial information questionnaires, are required for most IRS employees because they are entrusted with sensitive taxpayer information.

²⁶ The data processing arm of the IRS. The campuses process paper and electronic submissions, correct errors, and forward data to the Computing Centers for analysis and posting to taxpayer accounts.

²⁷ We reviewed 16 filing season hires from filing season hiring reports covering pay periods beginning May 23, 2010, through February 25, 2012, where W&I Division management either did not receive enough commitments from applicants to meet their hiring goals or large numbers of employees did not show up for work. In each case, W&I Division management either decided that fewer new employees were needed than initially estimated or acted quickly to hire replacements to meet workload needs. We used a judgmental sample (a nonstatistical sample, the results of which cannot be used to project to the population).



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The SB/SE Division has the challenge of balancing training and orientation efficiency with reducing hiring timelines

The SB/SE Division hires large groups of mission-critical employees through the use of wave hiring. Due to budget constraints, a significant number of employees have not been hired since FY 2009. Figure 3 shows that, in FY 2009, it took approximately 150 to 260 calendar days to hire employees using wave hiring.

Figure 3: Hiring Timelines for Three FY 2009 Wave Hires

Type of Employee Hired	Number of Calendar Days From Job Announcement to Start Date	Number of Employees Hired
Revenue Agent	260	254
Revenue Officer	150	534
Tax Compliance Officer	150	179

Source: Our analysis of SB/SE Division human resources specialists' timeline plans for three wave hires completed in FY 2009.

Since the last significant wave hire in FY 2009, the President issued a directive to agencies requiring a substantial reduction in the amount of time it takes to hire new mission-critical employees. This will be a challenge for the SB/SE Division because wave hiring is not focused on hiring in a short period of time. According to IRS officials, wave hiring is focused on hiring a large number of employees to start work at the same time so that training can be efficiently and consistently accomplished as a group. It also has the benefits of allowing for centralized delivery and support of equipment, fostering camaraderie among new hires, and laying the foundation for a positive onboarding experience so that employees will stay with the organization. While wave hiring is not focused on quickly hiring employees, the SB/SE Division has taken actions to reduce hiring timelines:

- **Creating Career Connector Templates** – SB/SE Division management worked with the IRS HCO to develop Career Connector templates for all positions commonly filled by wave hiring. This will help reduce hiring timelines by approximately 30 calendar days.
- **Developing Detailed Hiring Timeline Plans** – To monitor wave hiring, SB/SE Division human resource specialists have developed detailed hiring timeline plans for each wave hire. These plans are based on the specialist's estimate of the time it takes to complete each hiring step for the number of employees being hired. However, our review of these plans identified several factors that can significantly impact the developed timeline



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resulting in the hiring timeframe being extended. First, the IRS considers internal applicants before considering external applicants, which requires IRS managers to conduct the selection process twice.²⁸ Second, there is a 30-calendar-day cutoff prior to the date new employees start work to allow the IRS to complete administrative tasks such as obtaining travel cards and work space. Last, more time is required to hire around holidays because prospective employees and managers may not be available. In response to our discussions with IRS management regarding factors that affect their timeline plans, SB/SE Division management stated that they conduct hiring studies and review wave hiring to identify ways to improve. Management also noted that they plan to continue wave hiring for new technical employees.²⁹

Data for Monitoring the Time Taken to Hire New Employees Were Incorrect for Some Manually Rated and Ranked Applications

We identified that IRS HCO ad hoc hiring inventory report data were incorrect for nine (38 percent) of the 24 IT organization new hires we sampled.³⁰ These inventory reports were developed to enable divisions to track in-process job announcements and take corrective actions when delays in the selection process occurred. As a result, IRS divisions cannot rely on the reports to monitor in-process hiring or to identify when hiring delays occur.

IRS HCO management stated that the incorrect information related to those hiring announcements where the applications were manually rated and ranked. The IRS HCO employment office creates a certificate³¹ through Career Connector for manual rating and ranking of the applications and forwards the applications to the hiring office. Once the hiring office completes the rating and ranking process, the ranking package is returned to the IRS HCO employment office. The IRS HCO is responsible for entering the date the ranking package was returned and closing the ranking certificate in Career Connector. Incorrect hiring inventory reports resulted from:

- The IRS HCO employment office selecting the incorrect certificate in Career Connector to send the rating and ranking package to the hiring office. This occurred because Career Connector has up to six different types of certificates that may be generated, but not all six options are used by the IRS. At times, the certificates that should not have been used were incorrectly selected. When an incorrect certificate is selected, there is no ranking certificate to close when the hiring office returns the package to the IRS HCO

²⁸ IRS regulations and the IRS's agreement with the National Treasury Employees Union require that internal applicants be considered before external applicants.

²⁹ According to IRS HCO management, wave hiring also addresses issues raised by new hires during the SB/SE Divisions' focus groups.

³⁰ See Appendix I for additional information about the sampling methodology.

³¹ A list of applicants that is certified by the IRS HCO.



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employment office. As a result, the program that measures the hiring timelines incorrectly calculates the amount of time required for selecting the candidate.

- The IRS HCO employment office selecting the correct certificate for sending the rating and ranking package to the hiring office but not correctly entering the date the rating and ranking package was returned from the hiring manager. As a result, the program incorrectly calculated the timeline using the date of the initial certificate instead of the date that the certificate selected was sent for ranking.

It is critical that management has accurate hiring information for use in monitoring IRS compliance with Presidential and OPM mandates related to reducing the amount of time it takes to hire new employees. When we brought this to IRS HCO management's attention, they immediately began taking corrective action by discussing, in meetings with employment office staff, the correct procedures for closing ranking packages through Career Connector. IRS HCO management believes this issue will be addressed as more IRS positions have Career Connector templates to allow automatic rating and ranking; however, this issue may continue as long as some application packages are manually rated and ranked.

Recommendations

Recommendation 1: The Director, IRS HCO Employment, Talent, and Security, should deactivate any Career Connector certificate options that are not used by the employment offices and issue formal guidance to the employment offices for selecting the correct certificate type in Career Connector.

Management's Response: IRS HCO management agreed with this recommendation and has deactivated Career Connector certificate options that are not used by the employment offices and issued guidance for selecting the correct certificate type in Career Connector.

Recommendation 2: The Director, IRS HCO Employment, Talent, and Security, should correct Career Connector report-writing programming to use the issuance date of the selection certificate when calculating the time spent by the divisions on rating and ranking certificates.

Management's Response: IRS HCO management agreed with this recommendation and provided alternative corrective action. Career Connector reports properly calculate cycle time for all Career Connector announcements. With the deactivation of certificates that were being incorrectly used, and with completed education activities and continuing emphasis on quality review, IRS HCO management expects timelines will be accurately calculated in Career Connector. In addition, on December 31, 2012, the IRS will retire the Career Opportunity Listing, and all hiring timelines will be reported using only one system – Career Connector. Once all announcements are posted on USAJOBS/Career Connector, this recommendation will be fully implemented.



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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the actions taken by the IRS divisions to monitor and improve the efficiency of hiring new employees. To accomplish this objective, we:

- I. Through discussions and review of documentation,¹ determined whether Career Connector templates have scheduled completion dates for all IRS positions.
- II. Assessed the actions taken by IT organization management to monitor and improve the efficiency of ad hoc hiring to reduce the hiring timeline to 80 calendar days.
 - A. Through discussions and review of documentation, identified the process used by IT organization management to monitor and improve the efficiency of hiring.
 - B. Determined whether inefficiencies in the hiring process controlled by the IT organization were identified and addressed by IT organization management.
 1. Obtained and reviewed IRS HCO data for IT organization ad hoc hiring for October 2009 through March 2012. We did not validate the completeness or accuracy of the data provided.
 2. Selected a judgmental sample² of 24 completed IT organization ad hoc hiring announcements from a population of 481 announcements where selections took more than 20 calendar days, including 10 from FY 2010 (five internal and five external announcements), 10 from FY 2011 (five internal and five external announcements), and four from FY 2012 with enter-on-duty dates through November 21, 2011, (two internal and two external announcements). A judgmental sample was selected to identify management's actions to address inefficiencies that may have occurred. We did not project the results of the sample across the population.
- III. Determined whether inefficiencies in the hiring process for filing season³ employees resulted in delays in hiring employees when needed.
 - A. Through discussions and review of documentation, identified the process used by W&I Division management to monitor and hire filing season employees.

¹ There was no independent source to validate Career Connector documentation obtained. Therefore, we were unable to validate the completeness and reliability of the data provided.

² A judgmental sample is a nonstatistical sample, the results of which cannot be used to project to the population.

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



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- B. Obtained and reviewed filing season hiring reports reflecting hiring for the 2010 and 2011 Filing Seasons and the 2012 Filing Season through March 31, 2012, and compared the planned and actual hiring numbers. We did not validate the completeness or accuracy of the data provided.
 - 1. Selected a judgmental sample of 16 filing season hires from filing season reports covering the pay periods beginning May 23, 2010, through February 25, 2012.⁴ The sample included three pay periods where candidate commitments did not meet the hiring goal for the pay period, and 13 pay periods where less than 75 percent of the candidates that had committed did not enter-on-duty. We selected a judgmental sample to identify management's actions to address inefficiencies that may have occurred. We did not project the results of the sample across the population.
 - 2. Through a review of available documentation and discussions with IRS management, determined the reasons for not meeting filing season hiring goals.
- IV. Determined whether inefficiencies in hiring resulted in delays in hiring employees when needed.
 - A. Through discussions and review of documentation, identified the process used by SB/SE Division management to monitor and hire wave employees and determined whether SB/SE Division management had evaluated if wave hiring is the most efficient way to hire.
 - B. Obtained and reviewed wave hiring reports for FY 2009 and compared the planned and actual hiring numbers. We did not validate the completeness or accuracy of the reports provided.
 - 1. Selected a judgmental sample of three completed wave hires (revenue agent, revenue officer, and tax compliance officer hiring)⁵ from the population of 13 wave hires in FY 2009 where the target number was not met. We selected a judgmental sample because the intent was to identify management's actions to address inefficiencies that may have occurred. We did not project the results of the sample across the population.

⁴ New employees are hired to start work at the beginning of a pay period, and filing season reports reflect hiring goals and numbers by pay period.

⁵ Revenue agents perform examinations of individuals and businesses and are critical positions for achieving the IRS's mission. Revenue officers collect taxes due and are critical positions for achieving the IRS's mission. Tax compliance officers conduct investigations of individuals and businesses to determine tax liabilities and provide technical assistance to internal and external customers. These positions are considered mission-critical.



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2. Through review of available documentation and discussions with IRS management, determined the reasons for not meeting wave hiring goals.

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: IRS HCO, IT organization, SB/SE Division, and W&I Division policies, procedures, and practices for monitoring, measuring, identifying, and improving IRS hiring timelines. We evaluated these controls by interviewing IRS HCO, IT organization, SB/SE Division, and W&I Division management and reviewing applicable information.



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Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

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Appendix IV

Outcome Measure

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

Type and Value of Outcome Measure:

- Reliability of Information – Actual; nine job announcement records (see page 10).

Methodology Used to Measure the Reported Benefit:

We reviewed IRS HCO data for a judgmental sample of 24 of 481 completed IT ad hoc hiring announcements with entry-on-duty dates for the period October 1, 2009, through November 21, 2011, where selections took more than 20 calendar days.

The number of days spent in selecting the candidate per the IRS HCO's inventory report data was incorrect in nine (38 percent) of the 24 sampled announcements. IRS HCO management stated that incorrect information related to those hiring announcements where the applications were manually rated and ranked.¹ The IRS HCO employment office creates a certificate² through Career Connector for manual rating and ranking of the applications and forwards the applications to the hiring office. Once the hiring office completes the rating and ranking process, the ranking package is returned to the IRS HCO employment office. The IRS HCO is responsible for entering the date the ranking package was returned and closing the ranking certificate in Career Connector. Incorrect inventory reports resulted from:

- The IRS HCO employment office selecting the incorrect certificate in Career Connector to send the rating and ranking package to the hiring office. This occurred because Career Connector has up to six different types of certificates that may be generated, but not all six options are used by the IRS. At times, certificates that should not have been used were incorrectly selected. When an incorrect certificate is selected, there is no ranking certificate to close when the hiring office returns the package to the IRS HCO employment office. As a result, the program that measures the hiring timelines incorrectly calculates the amount of time required for selecting the candidate.

¹ Our sample included application packages that were completed prior to the use of Career Connector for automatic rating and ranking.

² A list of applicants that is certified by the IRS HCO.



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- The IRS HCO employment office selecting the correct certificate for sending the ranking package to the hiring office, but not correctly entering the date the ranking package was returned from the hiring manager. As a result, the program incorrectly calculated the timeline using the date of the initial certificate instead of the date that the certificate selected was sent for ranking.



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Appendix V

Management's Response to the Draft Report



HUMAN CAPITAL OFFICE

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

November 5, 2012

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION

FROM: David A. Krieg *David A. Krieg for*
IRS Human Capital Officer

SUBJECT: TIGTA Draft Report - New Employees Are Being Hired More
Quickly; However, Improvements Are Needed to Correct Some
Hiring Monitoring Data (Audit # 201110034)
e-trak # 2012-36434

The Human Capital Office (HCO) has received the Inspector General Office's draft report. We appreciate the opportunity to further clarify our processes and comment on this report.

The HCO is in agreement with the two recommendations. Recommendation 1 was implemented May 2012, and efforts are underway to fully implement Recommendation 2 by January 2013. Further, there are a few slight edits to the report outlined in the second attachment.

If you have any questions, please contact Becky Barber, Director, Employment, Talent and Security, HCO, at (202) 622-7011.

Attachments (2)



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Attachment 1

Recommendations

The Director, IRS HCO Employment, Talent, and Security, should:

Recommendation 1: Deactivate any Career Connector certificate options that are not used by the employment offices and issue formal guidance to the employment offices for selecting the correct certificate type in Career Connector.

Corrective Action: The HCO is in agreement with this recommendation and has already implemented it.

Implementation Date: 05/08/12

Responsible Official: IRS Human Capital Officer

Corrective Action(s) Monitoring Plan: This corrective action will be updated in JAMES.

Recommendation 2: Correct Career Connector report-writing programming to use the issuance date of the selection certificate when calculating the time spent by the divisions on rating and ranking certificates.

Corrective Action: The HCO is in agreement with this recommendation. IRS's CareerConnector reports are sound and properly calculate cycle time for all Career Connector announcements. With the deactivation of certificates that were being incorrectly used resulting in discrepancies between BOD reports and CC reports, our completed education activities, and continuing emphasis on quality review, we do not expect such problems to re-occur, and timelines will be accurately calculated in Career Connector. On December 31, 2012, the IRS will retire the Career Opportunity Listing, and all hiring timelines will be reported using only one system – Career Connector. Once all announcements are posted on USAJOBS/CareerConnector, this recommendation will be fully implemented.

Implementation Date: 01/30/13

Responsible Official: IRS Human Capital Officer

Corrective Action(s) Monitoring Plan: This corrective action will be monitored on e-trak.