

**Trends in Customer Service in the Taxpayer
Assistance Centers Show Procedural and
Training Causes for Inaccurate Answers to
Tax Law Questions**

November 2002

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DEPARTMENT OF THE TREASURY
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INSPECTOR GENERAL
for TAX
ADMINISTRATION

November 22, 2002

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

Gordon C. Milbourn III

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

SUBJECT: Final Report –Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions (Audit # 200240048)

This report presents the results of our review to determine if the Internal Revenue Service (IRS) provided accurate and timely responses to taxpayers' tax law questions. In addition, we assessed whether IRS employees were professional and courteous to our auditors who made anonymous visits to the Taxpayer Assistance Centers (TAC). We also evaluated the adequacy of accommodations for issues such as space, privacy, and cleanliness, and determined if the correct office hours were posted in the TACs. We have issued three bi-monthly reports on the results of our visits to the TACs during Calendar Year 2002.¹ This is the first semi-annual trend analysis report we will issue on the results of auditors' visits to the TACs, addressing the period January through June 2002.

In summary, additional managerial oversight is needed to ensure the TACs are providing top-quality customer service to taxpayers. Taxpayers may have a difficult time finding their local TAC site office hours on the IRS' Internet (*Digital Daily*). We found that 29 (25 percent) of the 116 TACs we visited did not have office hours listed on the IRS' Internet. In addition, office hours were not correct for 39 (45 percent) of the 87 TACs that had office hours listed on the *Digital Daily*.

¹ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-086, dated April 2002); *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002); and *Management Advisory Report: Progress Was Made to Provide Taxpayers With Correct Answers to Tax Law Questions* (Reference Number 2002-40-161, dated August 2002).

Taxpayers may receive incorrect answers to their tax law questions. Our auditors received incorrect answers to 126 (27 percent) of the 470 questions that were asked. Also, for 95 (20 percent) of the questions, the IRS employee referred the auditors to IRS publications and generally advised the auditors to do their own research to find the answer to their questions (in 3 instances, referrals were to the wrong publication).

Overall, taxpayers have a higher chance of receiving accurate answers to their questions if they choose one of the other IRS options for assistance than if they choose to visit a TAC. Telephone assistance lines and Internet-submitted questions had 78 and 83 percent accuracy rates, respectively, compared to 53 percent in the TACs. Specific trends, which may explain why employees answered questions incorrectly or referred taxpayers to publications, include the following:

- Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees use tax instructions and publications to answer the questions. In 76 percent of responses where auditors documented that the IRS employee used these materials, the questions were answered correctly.
- Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees ask probing questions to obtain relevant facts from the taxpayers. Accuracy rates were 91 percent when all probing questions were asked and only 14 percent when no probing questions were asked.
- Taxpayers who visit the TACs in certain geographical locations and at specific times of the day may receive inconsistent levels of customer service. For example, 60 percent of questions asked during afternoon hours were correctly answered; only 46 percent of the questions asked during morning hours were correctly answered.

Auditors had some positive experiences when they visited the TACs. We found the IRS employees were professional and courteous in 219 (94 percent) of 233 visits to the TACs. Wait time for service was 30 minutes or less for 90 percent of the visits. In addition, over 90 percent of the TACs were clean and organized.

However, taxpayers' privacy may not be adequately protected when they visit the TACs. Privacy was not adequate in 76 (67 percent) of the 114 TACs where auditors were able to assess privacy. Generally, the floor plan for the TACs contributed to the problem. If several taxpayers were in line waiting for service, the next person in line could easily overhear the conversation between the IRS employee and the taxpayer being served (in six instances, our auditors overheard taxpayer information being disclosed).

The IRS recognizes that it needs to implement an effective quality review process for its TACs. To address this need, the IRS hired an outside contractor to assess the quality of service being provided in the TACs. However, we identified several concerns with the contractor's methodology for reporting the accuracy rate for questions asked by its mystery shoppers. As a result of these concerns, the IRS terminated the contract after paying approximately \$73,000 to the contractor. Taking this action left the IRS with unreliable data to measure the quality of service being provided in its TACs.

We commend the IRS for taking immediate actions on issues identified in our three bi-monthly audit reports. However, additional actions in some areas are still needed.

Management's Response: The IRS continues to disagree with our method of reporting referrals to publications when computing the accuracy rate. However, the IRS does agree that the accuracy rate, even using adjusted figures for the referrals to publications, is inadequate. As a result, management is continuing to take aggressive steps to improve the quality and accuracy in the TACs. Specific actions include: allowing more time for employees to prepare by opening the TACs later each day, assessing employees' skills and training needs through the use of new assessment batteries for employees and managers, providing additional job aids that stress the use of publications and flow charts, and providing immediate feedback to managers and employees through the Quality Review Staff and manager visits.

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

Copies of this report are also being sent to the IRS managers who are affected by the report results. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

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Background

Legal Requirements

One of the Congress' principal objectives in enacting the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98)¹ was to mandate that the IRS do a better job of meeting the needs of its customers. In the RRA 98, the Congress directed the IRS to achieve a better balance between its post-filing enforcement efforts and pre-filing taxpayer assistance through education and service. To comply with this Congressional mandate, the IRS revised its mission statement to refocus its emphasis on helping taxpayers understand and meet their tax responsibilities.

Despite this increased emphasis on customer service, the Senate Committee on Appropriations was deeply concerned about the findings in a May 2001 Treasury Inspector General for Tax Administration (TIGTA) audit report on the IRS' Taxpayer Assistance Centers (TAC).² This report showed that our auditors did not receive accurate or sufficient answers to 73 percent of their tax law questions posed during anonymous visits to the TACs during January and February 2001.

Based on the results of this review, Senator Byron Dorgan (Democrat-North Dakota), Chairman of the Subcommittee on Treasury and General Government, proposed an amendment to the Treasury spending bill³ for Fiscal Year (FY) 2002. The amendment required the TIGTA to conduct visits to all TACs and report to the Congress on whether taxpayers are provided correct and prompt answers to their tax law questions. Consequently, the TIGTA is conducting anonymous visits to all TACs over a 2-year period.

¹Pub. L. No. 105-206, 112 Stat. 685.

² *Letter Report: The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers* (Reference Number 2001-40-077, dated May 2001).

³ Treasury and General Government Appropriations Act of 2002, Pub. L. No. 107-67.

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Taxpayer Assistance Centers

One of the IRS' FY 2002 major management challenges as defined by the TIGTA is to provide quality customer service to each and every taxpayer. Taxpayers have several options to choose from when they need assistance from the IRS. These options include walk-in service at TACs, toll-free telephone assistance, and the IRS' Internet (*Digital Daily*).

The IRS is committed to providing top quality service to taxpayers as shown by the IRS' Field Assistance (FA)⁴ mission to minimize the burden to customers in satisfying their tax obligations by providing the right services at the right location at the right time. The IRS' FA office has overall responsibility for the TACs, and its services are provided in 414 TACs organized into 7 geographical areas located throughout the United States.

To accomplish its mission, FA provides professional assistance, education, and compliance services to customers that desire face-to-face interaction. The IRS employees⁵ who work in the TACs assist customers by interpreting tax laws and regulations, preparing some tax returns, resolving inquiries on taxpayer accounts, and providing various other services designed to minimize the burden on taxpayers in satisfying their tax obligations. Operating guidelines require IRS employees to identify themselves, provide their identification number either verbally or visually to all taxpayers, and assist taxpayers in a professional and courteous manner.

Ensuring Quality Assistance

There are currently no statistics on the percentage of time spent by employees in the TACs on the various services detailed above. The FA office is using FY 2002 as a baseline to establish standards and other management information in this area. During January through June 2002,

⁴ FA is a business unit within the Wage and Investment Division's Customer Assistance, Relationships, and Education operating unit.

⁵ IRS employees who work in the TACs are called Tax Resolution Representatives.

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approximately 1.3 million taxpayers visited the TACs and asked tax law questions.⁶

IRS TAC managers use checklists to help ensure the TACs are ready for the filing season.⁷ The TAC managers use the checklists to certify that:

- Employees can provide the full scope of services, including answering questions about tax forms and schedules that individual taxpayers may use.
- Employees have attended Continuing Professional Education classes.
- Employees have received Internal Revenue Manuals, probe and response guides, and other reference material needed to do their jobs.

Outside Reviews of the Taxpayer Assistance Centers

During January through June 2002, the TIGTA auditors performed 233 anonymous visits to 116 TACs located in 25 states and Washington, D.C. (see Appendix V for the specific states visited).

In addition to the anonymous visits being performed by our auditors, the IRS hired an outside contractor to anonymously visit its TACs and ask two tax law questions per visit. The contractor visits began in October 2001. The IRS provided the contractor with four questions to choose from the following topics:

- Earned Income Credit
- Dependents
- Education Credit
- Social Security Benefits

The TIGTA auditors asked two questions during anonymous visits to the TACs, one of which was a question provided by the IRS to its contractor. The remaining question asked was selected from those the TIGTA developed, which relate to 22 tax law topics that are within the scope of topics that TAC employees should have been

⁶ The IRS provided the number of taxpayers that visited the TACs for assistance with tax law. We did not verify the accuracy of the number.

⁷ In general, the IRS defines the filing season as the first half of each calendar year, when individuals file their tax returns.

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trained to answer. The TIGTA questions were designed to cover a wide range of tax law topics in order to provide an overall assessment on whether taxpayers are receiving correct answers to questions that an individual taxpayer⁸ might ask when he or she visits a TAC.

The TIGTA auditors played the role of taxpayers and completed the steps a taxpayer might take if they decided to visit a TAC to obtain answers to their tax law questions.

We have issued three bi-monthly reports on the results of our visits to the TACs during Calendar Year (CY) 2002.⁹ This is the first semi-annual report on the results of the TIGTA's visits to the TACs. The review was conducted in the IRS' Customer Assistance, Relationships, and Education office in the Wage and Investment (W&I) Division and combines the results of our visits to the TACs during January through June 2002. This review was conducted in accordance with *Government Auditing Standards*.

Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Taxpayers can access the IRS' Internet and follow the appropriate links to obtain the addresses and office hours of the TACs located in their state. Taxpayers that do not have access to the Internet may call a toll-free number to obtain this information. Auditors used a list of TACs provided by the IRS and conducted research on the Internet to obtain the site addresses and office hours. During auditor visits, they determined if the TAC addresses and office hours obtained from the Internet matched the information at the TAC sites. The results of the auditors' research were as follows:

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⁸ Individual taxpayers are non-business taxpayers who file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

⁹ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-086, dated April 2002); *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002); and *Management Advisory Report: Progress Was Made to Provide Taxpayers With Correct Answers to Tax Law Questions* (Reference Number 2002-40-161, dated August 2002).

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- Twenty-nine (25 percent) of 116 TACs did not have office hours listed on the IRS' Internet. Auditors used internal IRS information that is not available to the public to obtain the addresses and office hours for these TACs.
- Thirty-nine (45 percent) of 87 TACs that had office hours listed on the Internet did not have correct office hours. This included seven TACs that had incorrect Saturday office hours during the 2002 Filing Season. The IRS opened TACs on Saturday to handle the anticipated increase in the number of taxpayers requiring assistance with tax law questions and return preparation.

According to the IRS, the Internet should list the addresses and office hours for all TACs located in each state. IRS management stated the Internet content owner did not always timely update the Internet with new information provided by the functions.

When information posted on the Internet is not accurate and timely updated, taxpayers may be denied the opportunity to seek face-to-face contact with the IRS because they were not aware of a TAC site location in their city. Taxpayers will also be burdened with the risk of visiting TACs that are not open even though the Internet showed they should have been open.

In response to our second bi-monthly report,¹⁰ the IRS stated it would coordinate with the Internet content owner to streamline and perfect the process for timely updating the Internet. They also planned to redesign the Internet to bring together TAC locations, office hours, and local telephone numbers into one consolidated web site.

We believe the IRS' corrective actions are adequate, so we are not making any recommendations at this time. We will continue to monitor this area during the next 6-month reporting period.

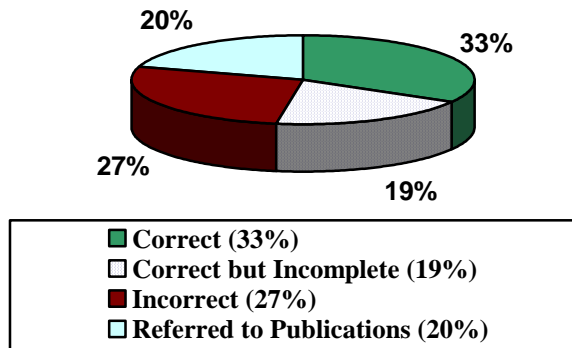
¹⁰ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002).

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Taxpayers May Receive Incorrect Answers to Their Tax Law Questions

During January through June 2002, the TIGTA auditors visited 116 TACs and asked 470 tax law questions. We determined that IRS employees are not providing correct answers to some tax law questions. The chart below shows the accuracy rate for this period.

**Accuracy Rate¹¹
January Through June 2002¹²**



Source: Anonymous visits performed by TIGTA auditors.

The tables below provide a breakdown of the accuracy rates for the 470 IRS and TIGTA contractor questions answered during January through June 2002.

Responses to IRS Contractor Questions (234)

	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.	Service Denied
Responses	102	37	51	44	0
Percentages¹³	44%	16%	22%	19%	---

Source: Anonymous visits performed by TIGTA auditors.

¹¹ **Correct but Incomplete:** The correct answer was given but the IRS employee did not ask all required probing questions.

Referred to Publications: The IRS employee did not answer the question, but instead referred the auditor to a publication and advised the auditor to do his or her own research to find the answer to the question.

¹² Percentages do not add up to 100 due to rounding.

¹³ Percentages do not add up to 100 due to rounding.

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Responses to TIGTA Questions (236)

	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.	Service Denied
Responses	55	53	75	51	2
Percentages	23%	22%	32%	22%	1%

Source: Anonymous visits performed by TIGTA auditors.

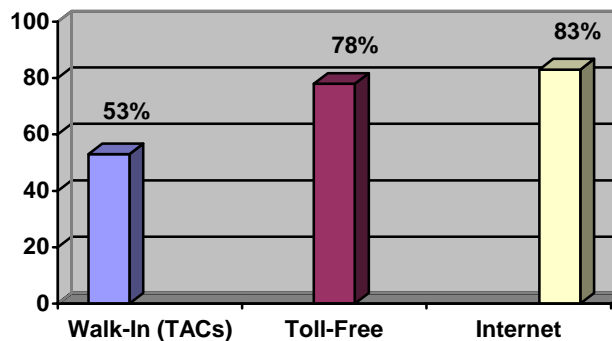
As can be seen in the charts, our auditors received incorrect answers to 126 (27 percent) of the 470 questions that were asked. Also, for 95 (20 percent) of the questions, the IRS employees referred the auditors to IRS publications and generally advised the auditors to do their own research. In three instances, the auditors were referred to the wrong publication.

Taxpayers have a higher chance of receiving accurate answers to their questions if they choose one of the other IRS options for assistance than if they choose to visit a TAC, because the accuracy rate for the TACs is lower than for the other options. TIGTA reviews¹⁴ conducted during the 2002 Filing Season on the accuracy of answers to tax law questions given over the telephone and on the Internet show a higher accuracy rate than the TACs. The TIGTA accuracy rates for questions asked using the Internet and calls monitored during the 2002 Filing Season are as follows:

¹⁴ *The Quality of Toll-Free Tax Law Assistance During the 2002 Filing Season Improved; However, More Can Be Done to Improve Quality and Enhance Service* (Reference Number 2002-40-137, dated August 2002), and *Response Accuracy Is Higher for the Internet Program Than for Other Options Available to Taxpayers Needing Assistance With Tax Law Questions* (Reference Number 2003-40-014, dated October 2002).

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Accuracy to TIGTA Taxpayer Questions: 2002 Filing Season¹⁵



Source: TIGTA reviews conducted during the 2002 Filing Season¹⁴ and anonymous visits performed by TIGTA auditors.

The 53 percent accuracy rate for January through June 2002 indicates the IRS needs to greatly improve its service at the TACs in order to provide top-quality customer service to all taxpayers. The burden on taxpayers is increased when they are not provided correct responses to tax law questions. Also, the low accuracy rate puts taxpayers at substantial risk if they rely on the IRS for assistance in complying with the tax law.

If the accuracy results for the 470 questions asked between January and June 2002 are indicative of the actual responses taxpayers receive when they visit a TAC, we estimate that 126 taxpayers could have received incorrect responses to tax law questions.

We commend the IRS for taking immediate actions to correct some of the issues we identified in our bi-monthly audit reports. For example, the IRS:

- Established a zero tolerance for employees referring taxpayers to publications to find an answer to their tax law questions. However, the TIGTA auditors continued to be referred to publications each month during subsequent visits to the TACs.

¹⁵ The 53 percent accuracy rates include Correct and Correct but Incomplete responses.

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- Required employees to complete 1 hour of weekly training on tax law topics frequently asked by taxpayers.¹⁶ The overall accuracy rate increased by approximately 10 percent during subsequent visits to the TACs.

However, additional actions are needed to improve the quality of service in the TACs.

Auditors analyzed some of the responses received to our tax law questions and identified the following trends that may explain why IRS TAC employees answered questions incorrectly or incompletely and referred taxpayers to publications.

- Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees use tax instructions and publications to answer the questions.
- Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees ask probing questions to obtain relevant facts from the taxpayers.
- Taxpayers who visit the TACs in certain geographical locations and at specific times of the day may receive inconsistent levels of customer service.

Details of these trends can be found below. In addition, two areas of detail are provided after the trend information.

These areas, regarding TAC management, are as follows:

- Accuracy rates were not impacted when TAC sites had an onsite manager.
- Employees received training and FA managers certified that TACs were ready to provide quality service during the filing season.

¹⁶ Self-directed tax law training topics are Earned Income Tax Credit (EITC), dependents, education credit, social security income, pension income, capital gains, filing status, individual retirement accounts, child care and child tax credit, rate reduction credit, student loan interest, and itemized deductions.

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Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees use tax instructions and publications to answer the questions

Accuracy rates decrease when IRS employees do not use available tax instructions or publications to assist them in answering taxpayers' questions. The TIGTA auditors' documentation of their visits showed that IRS employees used available tax instructions or publications when answering 221 questions.¹⁷ The analysis of the responses received to these questions showed the accuracy rate was 76 percent. In contrast, the accuracy rate was only 30 percent when tax instructions or publications were not used.¹⁸

The table below shows the accuracy rates for tax law questions when IRS employees did and did not use instructions or a publication when providing assistance to the TIGTA auditors.

Responses to Questions Where Employee Use of Forms and Publications Was Documented (221)

	Questions Answered	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.
Form/Pub Used	152	58%	18%	24%	--
Form/Pub Not Used	69	7%	23%	70%	--

Source: Anonymous visits performed by TIGTA auditors.

The IRS does not require, but does encourage, employees in TACs to use existing reference material to walk taxpayers through tax law questions to ensure they understand the answer to the question. Using forms and publications does not guarantee tax law questions will be answered correctly. However, it does provide IRS employees with reference material and probing questions that taxpayers should be

¹⁷ The TIGTA auditors did not always document if the IRS employee used tax instructions or publications to answer their tax law question.

¹⁸ The 76 percent and 30 percent accuracy rates include Correct and Correct but Incomplete responses.

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asked related to tax law issues and significantly increases the chance that the question will be correctly answered.

Taxpayers have a higher chance of receiving accurate answers to their questions when IRS employees ask probing questions to obtain relevant facts from the taxpayers

The risk that taxpayers will receive an incorrect answer is increased when IRS employees do not ask all questions to obtain relevant facts. IRS employees did not always ask all the probing questions outlined in tax instructions or publications.

Our analysis showed the accuracy rate is significantly impacted when IRS employees ask questions to obtain relevant facts from taxpayers. For example:

- Fifty (91 percent) of 55 questions where IRS employees asked all probing questions outlined in the tax law instructions and publications were correctly answered.
- Six (14 percent) of 44 questions where IRS employees did not ask any probing questions were correctly answered.

For each scenario, the TIGTA auditors identified and remembered facts to all the potential probes that could be asked by an IRS employee. While all the probes may not have been necessary to provide a correct answer, certain probes may provide key information needed to ensure that all relevant facts were obtained from the taxpayer. For example:

- For 73 (74 percent) of 98 EITC questions, the IRS employee did not ask the TIGTA auditors if they had a valid Social Security Number (SSN). In order to claim the EITC, taxpayers must have a valid SSN.
- For 44 (81 percent) of 54 education credit questions, the IRS employee did not ask the TIGTA auditors the amount of their Adjusted Gross Income (AGI). In order to claim the education credit, there are limitations on the amount of income a taxpayer can earn.

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The IRS employees who assist taxpayers using the TAC or telephone options are required to use the probe and response guide and other reference materials. However, in response to a recommendation in a prior TIGTA report,¹⁹ IRS FA personnel stated that the probe and response guide used by IRS employees who answer taxpayers' questions on the telephone was too cumbersome and diminished credibility for employees in the TACs.

By not using available resources to ask all required questions, IRS employees are making assumptions and providing answers without considering relevant facts to ensure the answer given is correct.

Taxpayers who visit the TACs in certain geographical locations and at specific times of the day may receive inconsistent levels of customer service

TAC location and time of day impact overall accuracy rates. During January through June 2002, we visited TACs in 7 areas that included 25 states and the District of Columbia. Our analysis of results by area showed the following:

- Forty-eight (71 percent) of 68 questions asked in Areas 4 and 5²⁰ were correctly answered.
- Sixty-three (66 percent) of 95 questions asked in Areas 1²¹, 2,²² and 3²³ resulted in TIGTA auditors being referred to a publication.
- Thirty (45 percent) of 67 questions asked in Area 2 were incorrectly answered.

¹⁹ *Letter Report: The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers* (Reference Number 2001-40-077, dated May 2001).

²⁰ States visited in Areas 4 and 5 include: Illinois, Iowa, Minnesota, North Dakota, South Dakota, and Nebraska.

²¹ States visited in Area 1 include: Massachusetts, New Hampshire, New York, and Rhode Island.

²² States visited in Area 2 include: Maryland, New Jersey, North Carolina, and South Carolina. We also visited Washington DC, which is also located in Area 2.

²³ States visited in Area 3 include: Alabama, Arkansas, Georgia, and Florida.

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- Fifty-nine (60 percent) of the 98 questions asked during the afternoon hours were correctly answered. In contrast, only 35 (46 percent) of the 76 questions asked during the morning hours were correctly answered.

See Appendices VI and VII for accuracy rates by state and geographical area.

Accuracy rates were not impacted when TAC sites had an onsite manager

The accuracy rate for TACs with onsite managers was 4 percent higher than sites without a manager. The IRS advised that it was exploring the use of a quality review system that will allow managers to electronically monitor employees providing assistance to taxpayers from a remote location.

The table below shows the difference in accuracy rates for TACs visited with an onsite manager compared to sites without a manager was not significant.

**Comparison of Responses
(by TACs With and Without Onsite Managers)²⁴**

	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.	Service Denied
Onsite Manager	36%	19%	26%	19%	1%
No Onsite Manager	32%	19%	28%	21%	--
Overall	33%	19%	27%	20%	---

Source: Anonymous visits performed by TIGTA auditors.

Employees received training and FA managers certified that TACs were ready to provide quality service during the filing season

IRS management advised the TIGTA auditors that all employees who work in the TACs had been trained in basic

²⁴ Percentages do not add up to 100 due to rounding.

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tax law topics.²⁵ They also advised us that the biggest issue on training is a lack of money and time to provide the full range of training for its employees.

Our review of a random judgmental sample of 50 of the 116 checklists used by TAC managers to certify the TACs were ready for the 2002 Filing Season showed:

- Forty-one (82 percent) of the 50 had observed and documented the quality of employees' face-to-face contacts for accuracy.
- Forty-two (84 percent) of the 50 had confirmed that employees can provide the full scope of services, including answering questions and issues about tax forms and schedules that individual taxpayers may use.
- Forty-four (88 percent) of the 50 had certified that employees had attended Continuing Professional Education classes.
- Forty-five (90 percent) of the 50 had received guidance on FA operating procedures.
- Forty-eight (96 percent) of the 50 had received Internal Revenue Manuals, probe and response guides, and other reference material needed to do their jobs.

Although IRS management certified that all employees had been trained and the TACs were ready for the filing season, the accuracy results indicate that additional oversight is needed to improve the accuracy of responses to taxpayers' questions.

Recommendations

We recommend that the Commissioner, W&I Division:

1. Require employees to use existing tax law instructions and publications when assisting taxpayers.

Management's Response: The Publication Method is a technique where a TAC employee "walks" a taxpayer through a publication to cover all appropriate probing

²⁵ Basic Tax Law includes taxpayer income, deductions, and credits.

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questions and illustrate the answer to his or her question. The IRS will present tax law topics using the Publication Method during its FY 2003 Continuing Professional Education (CPE) and new hire training. In addition, employees will receive job aids to use with applicable tax law publications to guide them through the proper application of the Publication Method.

2. Provide IRS employees training on appropriate probing techniques to be used when answering taxpayers' questions.

Management's Response: IRS management stated, "We incorporated probing techniques in the Publication Method, and we will cover them during the FY 2003 CPE and new hire training."

3. Reinforce existing procedures that require IRS employees to give taxpayers an answer to their tax law questions or refer them to the appropriate person or source to get assistance.

Management's Response: The IRS reemphasized referral procedures during group meetings and will also reinforce them during the FY 2003 CPE. Employees will use established referral procedures to direct taxpayers to an appropriate source for assistance when the employee cannot answer a taxpayer's question.

Auditors Had Some Positive Experiences When They Visited Taxpayer Assistance Centers

During our visits to the TACs, we assessed whether IRS employees were professional and courteous and whether the TACs were clean and organized. We also assessed the wait time for service. We had some positive experiences. For example:

- IRS employees were professional and courteous in 219 (94 percent) of the 233 visits to the TACs.
- The TACs were clean in 115 (99 percent) of the 116 sites we visited.
- The TACs were organized in 105 (91 percent) of the 116 sites we visited.
- Wait time for service was 30 minutes or less for 210 (90 percent) of the 233 visits.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

Taxpayers' Privacy May Not Be Adequately Protected When They Visit Taxpayer Assistance Centers

Taxpayer privacy was not adequate in 76 (67 percent) of the 114 TACs where we were able to assess privacy. The floor plan for the TACs contributed to the problem. If several taxpayers were in line waiting for service, the next person in line could easily overhear the conversation between the IRS employee and the taxpayer being served. In six instances, the TIGTA auditors overheard taxpayer information, such as SSNs, being disclosed during the visits.

IRS operating procedures provide for implementing a new standard TAC design, along with installing necessary equipment to enhance delivery to address employee safety and taxpayer privacy. As of June 30, 2002, 13 (3 percent) of the 414 TAC sites had been redesigned with the new standard TAC layout.

In response to the TIGTA's first bi-monthly report,²⁶ IRS management stated they recognize the need to improve privacy, but there are insufficient funds available. The estimated funding requirement for the new TAC model is nearly \$100 million. Also, in response to the TIGTA's second bi-monthly report,²⁷ IRS management agreed with a suggestion made and told the employees to ask taxpayers to write down their SSN rather than say it.

IRS management believed this change in procedure would help reduce inadvertent disclosures in offices where individuals can overhear conversations. However, there were two occurrences where IRS employees disclosed taxpayer information during subsequent visits to the TACs.

Protecting taxpayer privacy is a very significant issue. Identity theft can be perpetuated through the use of stolen SSNs.

²⁶ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-086, dated April 2002).

²⁷ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002).

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

Recommendation

Until sufficient funds are available to redesign all the TACs, we recommend that the Commissioner, W&I Division:

4. Use other alternatives such as all-employee memoranda, e-mail, and other communication methods to reinforce existing procedures that require IRS employees to take the necessary steps to protect taxpayer privacy while assisting taxpayers.

Management's Response: Insufficient funds and the lack of physical space remain the primary obstacles to ensuring taxpayer privacy in some TACs, and the TAC model build out, which would ensure taxpayer privacy, will be completed based on funding.

FA published an alert that required all FA employees to ask customers to write down their SSN or employer identification number rather than stating their number out loud. The IRS will incorporate this requirement in the FY 2003 Field Assistance Operating Procedures.

An Effective Quality Review Process Is Needed for the Taxpayer Assistance Centers

The IRS recognizes that it needs to implement an effective quality review system for its TACs. During its review of the 2001 Filing Season, the General Accounting Office noted that the IRS deferred making quality improvements in its TACs during 2001.²⁸

To help measure performance, the IRS' FA organization retained the services of a contractor who used mystery shoppers to visit the TACs and ask test questions. The contract plan was based on \$350,000 for anonymous visits to be performed monthly during the period October 2001 through September 2002.

The TIGTA auditors identified several concerns with the contractor's method of reporting the results of its mystery shoppers. For example:

²⁸ *Tax Administration: Assessment of IRS' 2001 Tax Filing Season* (GAO-02-144, dated December 2001).

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

- The contractor's shoppers may have recorded answers as accurate when IRS employees were helpful, even though a correct answer was not provided.
- The IRS informed the TIGTA auditors that some of the contractor's results were false and in at least one case, the shopper admitted making false entries.
- The contractor's database used to capture the results of each visit provided limited documentation of the visit. The lack of documentation made it difficult for the contractor and the IRS to confirm that shoppers actually visited the TAC sites.

As a result of these concerns, in May 2002, the IRS decided to terminate the contract after paying approximately \$73,000 to the contractor. This action left the IRS without reliable data to measure the quality of assistance provided in its TACs.

The quality review process was designed to provide the IRS with the opportunity to improve the accuracy and quality of work processes by monitoring, measuring, and identifying areas that need improvement. Monitoring employees will allow the IRS the opportunity to provide employees immediate feedback on their performance and improve accuracy rates.

IRS management advised the TIGTA auditors that there was not enough involvement with the contractor on how the results were being captured and interpreted. They were not aware of any concerns with the contractor's results until we compared the contractor's results to our results and noted differences.

The IRS' decision to terminate the contract resulted in cost savings of \$277,000.²⁹ After the IRS decided to terminate the quality review contract, it advised the TIGTA that for FY 2003, it would be using a combination of FA resources (Quality Review Staff, Area Analysts, and managers) to conduct sample reviews. The methodology currently under

²⁹ The IRS paid the contractor \$73,000 before deciding to terminate the \$350,000 contract.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

development may include more topics than were used by the contractor, and the frequency of the visits will be dependent on the size of the TAC. Availability of resources will drive the number of visits, and anonymity of the reviewers is not an absolute. The IRS also decided to use the TIGTA's CY 2002 results as a baseline for measuring the quality of assistance being provided in its TACs.

The IRS also informed the TIGTA that it was considering using a remote monitoring technique to assess the accuracy of answers being provided to taxpayers who visit the TACs. The technology would be similar to that used by the IRS' telephone assistance operation. We believe this type of monitoring will provide TAC managers the opportunity to provide immediate feedback to IRS employees.

Without an effective quality review system, the IRS cannot be assured that its employees are providing correct answers to taxpayers who visit the TACs. The IRS' response to our third bi-monthly report indicated that IRS managers anonymously visited TACs to ask questions and conduct exit interviews with taxpayers as they left the TACs to determine the level of service received.

Recommendations

The Commissioner, W&I Division, should:

5. Ensure the quality review methodology for conducting the sample reviews mentioned above is finalized, tested, and in place before the 2003 Filing Season begins.

Management's Response: During FY 2003, the Quality Review Staff will visit every group within FA and anonymously ask tax law questions. The reviewers will provide the employee's manager specific feedback.

6. Explore other options, such as the planned remote monitoring by TAC managers, for conducting quality reviews of TAC employees on a regular basis.

Management's Response: Call recording for Customer Account Services and Compliance is scheduled to take place prior to FA Contact Recording. Final implementation will

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

depend on obtaining funding and developing the methodology.

In addition, the IRS experimented with TAC managers conducting shopping visits at TACs other than their own. The results were successful in illustrating the scope of the accuracy problem to the managers and the managerial shopping will be continued for FY 2003. The IRS plans to make the results of these visits part of the evaluation process.

7. Conduct periodic trend analysis of the above quality review results to identify potential training needs and other data that can be used to improve the accuracy of responses given by IRS employees who work in the TACs.

Management's Response: The Quality Review staff has a database to record tax law and accounts reviews. The IRS is developing an error trend report that will capture the top errors from reviews by the Quality Review staff. Management plans to use the error trend data for directed learning activities and future FA training.

In addition, FA Area Directors will use managerial shopping, where managers conduct shopping visits at TACs other than their own, to identify error trends and training needs to improve quality within their areas.

Detailed Objective, Scope, and Methodology

The overall objective of the review was to determine if the Internal Revenue Service (IRS) provided accurate and timely responses to taxpayers' tax law questions. In addition, we assessed whether IRS employees in the Taxpayer Assistance Centers (TAC) were professional and courteous to our auditors who made anonymous visits to the TACs. We also evaluated the adequacy of the accommodations for items such as space, privacy, and cleanliness and determined if the correct office hours were posted in the TACs.

To achieve this objective, we performed the following tests:

- I. Determined if the IRS provided quality service and accurate responses to tax law inquiries at the 116 TACs visited during January through June 2002. We asked 470 tax law questions that an individual taxpayer¹ might ask. The 470 questions included 234 questions that were being used by the IRS' contractor. We developed the remaining questions based on the training provided to Tax Resolution Representatives (TRR) during the fall of 2001 and the scope of services for tax law assistance prescribed in the Fiscal Year 2002 Field Assistance Operating Procedures.
- II. Determined the quality of service provided by the TRR.
- III. Determined if accommodations in the TACs visited were suitable to provide quality customer service.
- IV. Determined if there were adequate controls over workload management to ensure that TRRs provided accurate answers to taxpayers' questions and were professional and courteous. We also determined if TAC site accommodations were adequate.

¹ Individual taxpayers are non-business taxpayers who file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

**Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural
and Training Causes for Inaccurate Answers to Tax Law Questions**

Appendix II

Major Contributors to This Report

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)
Kerry Kilpatrick, Director
Deborah Glover, Audit Manager
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Lena Dietles, Auditor
Jerry Douglas, Auditor
Roberta Fuller, Auditor
Andrea Hayes, Auditor
Kathy Henderson, Auditor
Mary Keyes, Auditor
Grace Terranova, Auditor

**Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural
and Training Causes for Inaccurate Answers to Tax Law Questions**

Appendix III

Report Distribution List

Acting Commissioner N:C
Director, Customer Assistance, Relationships, and Education, Wage and Investment Division
W:CAR
Director, Field Assistance, Wage and Investment Division W:CAR:FA
Director, Strategy and Finance, Wage and Investment Division W:S
Chief Counsel CC
National Taxpayer Advocate TA
Director, Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis N:ADC:R:O
Office of Management Controls N:CFO:F:M
Audit Liaison:
 Program/Process Assistant Coordinator, Wage and Investment Division W:HR

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

Appendix IV

Outcome Measures

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

Type and Value of Outcome Measure:

- Taxpayer burden - Potential; 126 taxpayers (see page 6).

Methodology Used to Measure the Reported Benefit:

If the accuracy results for the 470 questions asked between January and June 2002 are indicative of the actual responses taxpayers receive when they visit a Taxpayer Assistance Center, we estimate that 126 taxpayers could have received incorrect responses to tax law questions.

Type and Value of Outcome Measure:

- Cost Savings - Funds Put to Better Use - Actual; \$277,000 (see page 17).

Methodology Used to Measure the Reported Benefit:

We subtracted the amount paid to the Internal Revenue Service's (IRS) contractor (\$73,000) from the original amount of the contract (\$350,000) to determine the cost savings. The IRS terminated the contract after we identified concerns with the methodology used to capture the results. Therefore, the IRS saved the remaining amount that was not paid to the contractor.

**Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural
and Training Causes for Inaccurate Answers to Tax Law Questions**

Appendix VI

**Accuracy Rates by State
January Through June 2002**

States Visited	Accuracy Rates ¹
ALABAMA	50%
ARIZONA	45%
ARKANSAS	38%
CALIFORNIA	61%
DISTRICT OF COLUMBIA	33%
FLORIDA	44%
GEORGIA	46%
HAWAII	38%
ILLINOIS	72%
IOWA	100%
MARYLAND	13%
MASSACHUSETTS	28%
MINNESOTA	50%
MONTANA	44%
NEBRASKA	100%
NEVADA	75%
NEW HAMPSHIRE	83%
NEW JERSEY	44%
NEW YORK	60%
NORTH CAROLINA	46%
NORTH DAKOTA	100%
OREGON	58%
RHODE ISLAND	75%
SOUTH CAROLINA	19%
SOUTH DAKOTA	50%
WASHINGTON	64%
OVERALL²	53%

¹ Accuracy rates include Correct and Correct but Incomplete answers to tax law questions. For Correct but incomplete answers, the correct answer was given, but the IRS employee did not ask all required probing questions.

² Overall accuracy rate is the result of the 470 questions asked at 116 Taxpayer Assistance Centers between January and June 2002.

**Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural
and Training Causes for Inaccurate Answers to Tax Law Questions**

Appendix VII

**Accuracy Rates by Geographical Area
January Through June 2002¹**

Area	Correct	%	Correct But Incomplete	%	Incorrect	%	Referred to Publication	%	Service Denied	%	Questions Asked
1²	29	30	22	23	17	18	28	29	0	-	96
2³	12	18	11	16	30	45	14	21	0	-	67
3⁴	30	34	9	10	26	30	21	24	1	1	87
4⁵	15	42	11	31	7	19	3	8	0	-	36
5⁶	16	50	6	19	8	25	2	6	0	-	32
6⁷	29	33	18	20	24	27	16	18	1	1	88
7⁸	26	41	13	20	14	22	11	17	0	-	64
Totals	157	33	90	19	126	27	95	20	2	-	470

¹ Percentages do not add up to 100 due to rounding.

² Area 1 states visited were: Massachusetts, New Hampshire, New York, and Rhode Island.

³ Area 2 states visited were: Maryland, New Jersey, North Carolina, and South Carolina. We also visited Washington, DC, which is also located in Area 2.

⁴ Area 3 states visited were: Alabama, Arkansas, Florida, and Georgia.

⁵ Area 4 state visited was: Illinois.

⁶ Area 5 states visited were: Iowa, Minnesota, North Dakota, South Dakota, and Nebraska.

⁷ Area 6 states visited were: Arizona, Hawaii, Montana, Nevada, Oregon, and Washington.

⁸ Area 7 state visited was: California.

**Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural
and Training Causes for Inaccurate Answers to Tax Law Questions**

Appendix VIII

**Results by Tax Law Topic¹
January Through June 2002**

Tax Law Topics	Questions Asked	Correct	Correct but Incomplete	Incorrect	Referred to Pub.	Service² Denied
Earned Income Credit	98	41(42%)	22 (22%)	17(17%)	18(18%)	---
Rate Reduction Credit	10	2 (20%)	7 (70%)	1 (10%)	---	---
Child Tax Credit	11	1 (9%)	8 (73%)	1 (9%)	1 (9%)	---
Filing Status (Head of Household)	10	1 (10%)	2 (20%)	5 (50%)	2 (20%)	---
Sale of Home	9	---	4 (44%)	1 (11%)	4 (44%)	---
Capital Gain/Loss (Short Term)	1	---	---	---	1 (100%)	---
Capital Gain/Loss (Long Term)	4	---	3 (75%)	---	1 (25%)	---
Retirement Pension/Annuity	17	---	3 (18%)	5(29%)	8 (47%)	1 (6%)
Retirement/IRA Withdrawal	12	2 (17%)	4 (33%)	5 (42%)	1 (8%)	---
Social Security Income	46	16(35%)	8 (17%)	9 (20%)	13 (28%)	---
Child Care Credit	12	3 (25%)	---	5 (42%)	4 (33%)	---
Interest and Dividends	7	2 (29%)	1 (14%)	4 (57%)	---	---
Charitable Contributions	9	3 (33%)	4 (44%)	2 (22%)	---	---

¹ Percentages do not add up to 100 due to rounding.

² Internal Revenue Service (IRS) employee did not answer the question or refer the shopper to a publication or another IRS employee for assistance.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

Tax Law Topics	Questions Asked	Correct	Correct but Incomplete	Incorrect	Referred to Pub.	Service³ Denied
Interest Expense (Refinance)	14	2 (14%)	2 (14%)	8 (57%)	2 (14%)	---
Miscellaneous Expenses	2	---	1 (50%)	1 (50%)	---	---
Adoption Credit	4	2 (50%)	---	---	2 (50%)	---
Student Loan Interest	6	---	---	4 (67%)	2 (33%)	---
Medical Expenses	8	---	4 (50%)	---	3 (38%)	1 (13%)
Other Income	10	1 (10%)	---	2 (20%)	7 (70%)	---
Education Credit	54	7 (13%)	---	31(57%)	16 (30%)	---
Elderly Care Credit	6	3 (50%)	---	1 (17%)	2 (33%)	---
Dependents	95	60(63%)	8 (8%)	20(21%)	7 (7%)	---
Child Support	9	8 (89%)	1 (11%)	---	---	---
Filing Status (Separated Taxpayer)	3	1 (33%)	2 (67%)	---	---	---
Amended Return	8	2 (25%)	6 (75%)	---	---	---
Alimony	5	---	---	4 (80%)	1 (20%)	---

³ IRS employee did not answer the question or refer the shopper to a publication or another IRS employee for assistance.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

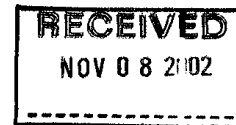
Appendix IX

Management's Response to the Draft Report



COMMISSIONER
WAGE AND INVESTMENT DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308



November 8, 2002

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX
ADMINISTRATION

FROM:

John M. Dalrymple
John M. Dalrymple
Commissioner, Wage and Investment Division

SUBJECT:

Draft Audit Report – Trends in Customer Service in the
Taxpayer Assistance Centers Show Procedural and
Training Causes for Inaccurate Answers to Tax Law Questions
(Audit # 200240048)

I am responding to your report that covers January through June 2002. I do not feel the 53 percent accuracy rate is a true measure of our quality. As stated in my previous responses to your bimonthly reports, I disagree that referrals to publications and service denied should be included in calculating our accuracy rate. I also disagree that making a referral to a publication is the same as providing an incorrect answer. Excluding the references to publications and service denied our accuracy rate is 66 percent for the 6-month period.

We recognize that an accuracy rate of 66 percent for tax law service is inadequate. As a result, we are continuing to take specific and aggressive steps to improve quality and accuracy in our TACs. These include:

- Providing more time for employees to prepare by opening 30 minutes later every day.
- Assessing employee skill and training needs through the use of new assessment batteries for employees and managers.
- Providing additional job aids that stress the use of publications and flow charts
- Providing immediate feedback to managers and employees through Quality Review Staff and manager visits.

Our comments and a summary of the work already underway to address your recommendations are attached.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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If you have any questions, please contact me at (202) 622-6860, or Jerry Heschel, Director, Field Assistance, at (404) 388-7141.

Attachment

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

Attachment

RECOMMENDATION 1

Require employees to use existing tax law instructions and publications when assisting taxpayers.

ASSESSMENT OF CAUSE

Accuracy rates decrease when IRS employees do not use available tax instructions or publications to assist them in answering taxpayers' questions. The TIGTA auditors' documentation of their visits showed that IRS employees used available tax instructions or publications when answering 221 questions. The analysis of the responses received to these questions showed the accuracy rate was 76 percent when employees use tax instructions or publications to answer questions. In contrast, the accuracy rate was only 30 percent when employees did not use tax instructions or publications.

CORRECTIVE ACTION

Field Assistance will deliver a lesson on the Publication Method and a job aid during FY 2003 Continuing Professional Education (CPE) classes. The Publication Method is a technique to "walk" a taxpayer through a publication to cover all appropriate probing questions and illustrates the correct answer to his/her question. We will present CPE tax law topics using the Publication Method. Previously, during FY 2001 and 2002, we introduced the Publication Method to Instructors during Classroom Instructor Training and On-the-job Instructor Training. We emphasized delivering training using the Publication Method, and we continue to support this method.

In addition, employees will receive job aids to place in the applicable tax law publication to guide them through the proper application of the publication method. Tax Law training for new assistors will also follow the Publication Method. Field Assistance is currently working with NTEU to mandate the Publication Method.

IMPLEMENTATION DATE

January 15, 2003

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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CORRECTIVE ACTION MONITORING PLAN

The Field Assistance Quality Review staff will use the Data Collection Instrument to measure Taxpayer Assistance Center (TAC) employees' use of the Publication Method.

RECOMMENDATION 2

Provide IRS employees training on appropriate probing techniques to be used when answering taxpayers' questions.

ASSESSMENT OF CAUSE

IRS employees did not always ask all the probing questions outlined in tax instructions or publications. When IRS employees asked all probing questions outlined in the tax law instructions and publications, they correctly answered 50 of 55 (91 percent) of questions. When IRS employees did not ask any probing questions, they correctly answered only 6 of 44 (14 percent) of questions.

CORRECTIVE ACTION

We incorporated probing techniques in the Publication Method, and we will cover them during FY 2003 CPE and new hire training.

IMPLEMENTATION DATE

January 15, 2003

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

The Field Assistance Quality Review staff will use the Data Collection Instrument to measure TAC employees' use of the Publication Method.

RECOMMENDATION 3

Reinforce existing procedures that require IRS employees to give taxpayers an answer to their tax law questions or refer them to the appropriate person or source to get assistance.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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ASSESSMENT OF CAUSE

In 95 of the 470 (20 percent) questions, IRS employees referred the TIGTA auditors to IRS publications and generally advised the auditors to do their own research. In three instances, employees referred the auditors to the wrong publication.

CORRECTIVE ACTION

Field Assistance established a zero tolerance for employees referring taxpayers to publications to find answers to their tax law questions. The Publication Method procedures are designed to have the TAC employee walk the taxpayer through a specific sequence of questions to give taxpayers accurate answers to their tax law questions. We will emphasize these procedures during the Field Assistance CPE and tax law training. We reemphasized referral procedures during group meetings and will reinforce them during the FY 2003 CPE. Employees will use established referral procedures to direct taxpayers to an appropriate source for assistance when the employee cannot answer a taxpayer's tax law question.

IMPLEMENTATION DATE

January 15, 2003

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

The Field Assistance Quality Review staff will use the Data Collection Instrument to measure that TACs are following the referral procedures.

RECOMMENDATION 4

Use other alternatives such as all-employee memorandums, e-mail, and other communication methods to reinforce existing procedures that require IRS employees to take the necessary steps to protect taxpayer privacy while assisting taxpayers.

ASSESSMENT OF CAUSE

Taxpayer privacy was not adequate in 76 of the 114 TACs (67 percent) where we were able to assess privacy. Generally, the floor plan for the TACs contributed to

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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the problem. If several taxpayers were in line waiting for service, the next person in line could easily overhear the conversation between the IRS employee and the taxpayer being served. In six instances, the TIGTA auditors overheard taxpayer information, such as SSNs, being disclosed during the visits.

CORRECTIVE ACTION

Field Assistance recognizes the need to improve privacy, but insufficient funds and the lack of physical space remain the primary obstacles to ensuring taxpayer privacy in some TACs. The build out of the TAC model would ensure taxpayer privacy. The TAC model build out will be completed based on funding.

To overcome existing barriers to taxpayer privacy issues, on May 28, 2002, Field Assistance published an alert that required all Field Assistance employees to ask customers to write down their social security or employer identification number rather than stating their number aloud. We will incorporate this requirement in the FY 2003 Field Assistance Operating Procedures.

IMPLEMENTATION DATE

Completed

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

TAC Managers will ensure that taxpayer privacy is addressed in their TAC reviews.

RECOMMENDATION 5

Ensure the quality review methodology for conducting the sample reviews mentioned above is finalized, tested, and in place before the 2003 Filing Season begins.

ASSESSMENT OF CAUSE

We recognize we need to implement an effective quality review system for our TACs.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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CORRECTIVE ACTION

Field Assistance has a Quality Review Manager and staff. During FY 2003 the Quality Review Staff will visit every group within Field Assistance and anonymously ask, within scope, tax law issues. Field Assistance will conduct six tax law reviews for each group. The reviewers will provide the employee's manager specific feedback. The FY 2003 reviews began October 15, 2002, and will continue through July 31, 2003.

The baseline figures for FY 2003 improvement are based on the TIGTA's calendar year 2002 tax law results. We communicated all measures, including accuracy measures to the Area Directors at the recent Customer Assistance, Relationships and Education Executive Conference, and we will share with them with the front-line managers at the November Leadership Conference.

IMPLEMENTATION DATE

Completed

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

The Field Assistance Quality Review staff will use the Data Collection Instrument while conducting reviews of TACs.

RECOMMENDATION 6

Explore other options, such as the planned remote monitoring by TAC managers, for conducting quality reviews of TAC employees on a regular basis.

ASSESSMENT OF CAUSE

We told TIGTA auditors we were considering using a remote monitoring technique to assess the accuracy of answers employees provided to taxpayers who visit the TACs. The technology is similar to that used by our IRS' telephone assistance operation. This type of monitoring will allow TAC managers to provide immediate feedback to employees.

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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CORRECTIVE ACTION

Contact Recording (formerly known as TRR Remote Monitoring) is the method of choice for quality review. This has been combined with the Customer Account Services Contact Monitoring Project during the FY 2003 project prioritization process. Call recording for CAS and Compliance is scheduled to take place prior to Field Assistance Contact Recording. Final implementation will depend on obtaining funding and developing the methodology.

We experimented with TAC managers conducting shopping visits at TACs other than their own, and the results illustrated the scope of the accuracy problem to the managers. We plan to make the results of these visits part of the evaluation process subject to discussions with NTEU. Due to the success of managerial shopping during FY 2002, it will be continued during FY 2003.

IMPLEMENTATION DATE

Implementation of Contact Recording is dependent on design and funding.

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

None

RECOMMENDATION 7

Conduct periodic trend analysis of the above quality review results to identify potential training needs and other data that can be used to improve the accuracy of responses given by IRS employees who work in the TACs.

ASSESSMENT OF CAUSE

TIGTA has determined that trends in customer service in TACs show that improvement is needed in training and procedures to increase the accuracy of answers to tax law questions.

CORRECTIVE ACTION

The Quality Review staff has a database to record tax law and accounts reviews. We are developing the reports feature of the database and designing an error

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions

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trend report that will capture the top errors. We will use the error trend data for directed learning activities and future Field Assistance training.

In addition, Field Assistance Area Directors will use managerial shopping, where managers conduct shopping visits at TACs other than their own, to identify error trends and training needs to improved quality within their areas.

IMPLEMENTATION DATE

January 15, 2003

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

We will address the use of trend analysis to identify training topics in Operational Reviews.