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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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FOR TAX ADMINISTRATION

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

FROM: Charles O. Rossotti
Commissioner of Internal Revenue

SUBJECT: Response to Draft Audit Report – THE NATIONAL TAXPAYER ADVOCATE (NTA) CAN IMPROVE THE SERVICE PROVIDED TO TAXPAYERS

Thank you for the opportunity to review this report. I have serious concerns about the report findings and believe the following items should be included to reflect a more accurate picture. The Taxpayer Advocate Service (TAS) organization officially stood up **March 12, 2000**. Taxpayer Advocates in local offices and centers became independent of the local IRS offices and reported directly to the National Taxpayer Advocate (NTA). While stand up was underway, the Problem Resolution Program (PRP) caseworkers were assigned to functional divisions and reported to and were evaluated by functional managers. We detailed employees from the operating functions to work the inventories while the NTA completed the selection of his staff. The review focused on cases closed by employees who did not report to the Taxpayer Advocate Service (TAS).

In April of this year, representatives of the NTA staff communicated their concerns to members of the Treasury Inspector General for Tax Administration (TIGTA) Audit team that the cases reviewed reflected 65 Taxpayer Advocate cases closed in **October 1999**. This sample included 26 cases referred to the National Taxpayer Advocate by the Senate Finance Committee, 19 cases worked by Taxpayer Advocates in local offices, and 20 cases worked by Taxpayer Advocates at IRS Centers. Although, the organization had begun the initial stages of transition in October of 2000, the caseworkers in most instances did not report directly to the Taxpayer Advocate Service organization.

The NTA has also developed a new quality measurement system. We commented during the review process that the new measures are *"...designed to be an organizational measure to capture how effectively we deliver on the critical elements the taxpayers have described to us as the definition of quality customer service... Organizationally, all program managers share responsibility for influencing outcomes* [to affect the delivery of this goal/objective]... *Individually, managers are responsible for influencing the process that delivers the bottom*

line, not the number itself." The question that Area Taxpayer Advocates and Local Taxpayer Advocates must be held accountable for is: "What have you done to positively impact the systems/processes that deliver the organizational objective?"

The major change that this measure does for the TAS when compared to the Problem Resolution Program is that TAS now has accountability and responsibility for the resources that are needed to influence delivery of this objective. In the past, the functionally controlled resources had competing priorities that did not support PRP objectives. With the new organization, we do not expect this to be a problem since we have matched "accountability" with "responsibility."

Here are our additional comments regarding the specific findings and recommendations:

RECOMMENDATION/ FINDING 1:
Caseworkers Did Not Always Accurately and Timely Address Taxpayers' Problems or Effectively Communicate with Taxpayers. The NTA should require that quality review results be used to identify national training needs and emphasis areas. The NTA should also require Taxpayer Advocates in local offices and IRS Centers to report quarterly on the corrective actions taken to address quality standards that warrant improvement.

ASSESSMENT OF CAUSE (S):
During the design phases of the new organization, we used the results of the centralized quality review system to develop new procedures, new measures, new position descriptions, and new training materials. All TAS employees involved in case processing will receive training on casework, including accuracy, timeliness, and communications.

We used additional information from management information reports and trend reports to identify areas of emphasis and additional training needs. We have revised the case processing training material and will share the quality review measures and standards with all employees of the TAS.

We do not want to impose a reporting requirement on field and area offices as noted in the recommendation. However, we will include a requirement in IRM 13, under management responsibilities, for processes at the local, area, and national levels to review quality results. These reviews will result in the identification of training needs, and emphasis areas that will be directly tied to our ongoing effort to improve TAS quality.

CORRECTIVE ACTIONS:
Include a requirement in IRM 13, under management responsibilities, to have a process in place at the local, area, and national level to review quality results. These reviews will result in the identification of training needs, and emphasis areas that will be directly tied to our ongoing effort to improve TAS quality.

COMPLETION DATE:
January 21, 2001

RECOMMENDATION/FINDING 2:
Advocate Offices Need to Ensure They Disclose Information to Only Those Persons Authorized by the Taxpayers. To ensure that all communications with parties other than the taxpayer are authorized, the NTA should reinstate the quality standard concerning authorized disclosures of taxpayer information and require front-line managers to evaluate compliance with the standard during their review of cases.

ASSESSMENT OF CAUSE (S):
Our quality standards are a business measure of service to all taxpayers. The task force that developed the measures and standards found that the quality index should reflect the results for only the "vital few" items. The "business measure" of the quality review standards were determined with survey and focus group feedback from taxpayers. The eight standards reflect what our customers told us was the "vital few" items in delivering a TAS quality product. A disclosure quality standard was discussed at length, the team determined that the review of this particular part of casework should be the responsibility of Taxpayer Advocate group managers doing open and closed case reviews. The Advocate Policy Board, which consists of the National and Deputy National Taxpayer Advocates, National Office managers, and Area Taxpayer Advocates, approved the eight quality standards as one of the TAS' business measures.

We decided to "CONTINUE "to reflect the disclosure issue as an internal management issue. We have included the item as one of our "Internal Specifications." The recommendation will be highlighted and emphasized in IRM 13, Chapter 7 - Case Processing Guide. Management is still acutely aware of our disclosure responsibility and has provided guidance for group managers to follow up on this issue in case reviews.

CORRECTIVE ACTION:
TAS is working with NTEU on a case review checksheet for managers to review open and closed casework. This checksheet covers all the casework requirements in the TAS IRM, including disclosure, as well as the critical job

elements for the Associate Advocates/Senior Associate Advocates (AAs/SAAs) who work the cases in the field locations.

COMPLETION DATE:
January 31, 2001