



*The Online Payment Agreement
Program Benefits Taxpayers and the
Internal Revenue Service, but More
Could Be Done to Expand Its Use*

September 27, 2013

Reference Number: 2013-30-121

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

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HIGHLIGHTS

THE ONLINE PAYMENT AGREEMENT PROGRAM BENEFITS TAXPAYERS AND THE INTERNAL REVENUE SERVICE, BUT MORE COULD BE DONE TO EXPAND ITS USE

Highlights

Final Report issued on
September 27, 2013

Highlights of Reference Number: 2013-30-121 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

IMPACT ON TAXPAYERS

The Online Payment Agreement (OPA) program is an Internet application that allows individual taxpayers or their authorized tax representatives a simple and convenient way to establish payment agreements while eliminating the need for paper forms, toll-free calls, and personal interaction with the IRS. However, the OPA program has not achieved its goals for increasing revenue or reducing taxpayer burden and costs. Increased revenue and reduced costs are especially important given the current economic environment and focus on efficient Federal Government operations.

WHY TIGTA DID THE AUDIT

In July 2006, the IRS implemented the OPA web application, which is accessible through the IRS's public Internet site, IRS.gov. This audit was initiated to determine the effectiveness of the OPA program in achieving its goals of reducing taxpayer burden and IRS costs and increasing revenue. TIGTA analyzed the IRS's efforts to achieve its goals, as projected in the Baseline Business Case used to obtain approval of the program, but did not validate the IRS's projections.

WHAT TIGTA FOUND

The OPA program is providing benefits to taxpayers and the IRS. Taxpayer use of the OPA program has increased from 18,291 taxpayers in Fiscal Year 2007 to 95,979 in Fiscal Year 2012 (a 425 percent increase). In

addition, the default rate of streamlined installment agreements processed with the OPA program is 44 percent lower than the overall default rate, leading to increased revenue with the OPA program.

The IRS projected that the OPA program would process 3.2 million streamlined installment agreements for Fiscal Years 2007 through 2012. However, only 308,246 taxpayers (10 percent of the goal) used the OPA program to establish their installment agreements during this period.

The IRS did not establish a process to measure program results against the OPA program goals. IRS managers and employees associated with the OPA program were unaware of the OPA program goals. Management could do more to promote the program and identify and remove potential barriers, which could further expand the use of the program.

Because the OPA program did not meet the IRS's goals for Fiscal Years 2007 through 2012, the IRS did not reduce taxpayer burden for approximately three million taxpayers that the IRS expected would use the program. In addition, the IRS did not receive potential revenue of \$393 million from the estimated 470,575 taxpayers who may not have defaulted on their installment agreements, and projected cost savings of \$16.4 million were not realized.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS begin measuring OPA performance results against program goals, improve promotion efforts, and perform an evaluation of the OPA and installment agreement programs to identify barriers and the reasons taxpayers used the methods they did to establish their payment agreements.

In their response to the report, IRS officials agreed with the recommendations and stated that they began taking steps to implement the recommendations.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 27, 2013

MEMORANDUM FOR COMMISSIONER, SMALL BUSINESS/SELF-EMPLOYED
DIVISION

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

SUBJECT: Final Audit Report – The Online Payment Agreement Program Benefits
Taxpayers and the Internal Revenue Service, but More Could Be Done
to Expand Its Use (Audit # 201230014)

This report presents the results of our review to determine the effectiveness of the Online Payment Agreement (OPA) program to achieve its goals to reduce taxpayer burden and Internal Revenue Service (IRS) costs. This audit is included in our Fiscal Year 2013 Annual Audit Plan and addresses the major management challenge of Tax Compliance Initiatives.

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

IRS officials did not agree with the full amount of the outcome measures because part of the functionality of the OPA was eliminated, primarily IRS employee use of the system to process installment agreements. However, when the IRS revised its Baseline Business Case to eliminate the internal employee use of the system, it left projected revenue increases and cost savings from increased taxpayer use of the OPA program unchanged. The outcome measures in this report are based on the revised Baseline Business Case and only reflect the IRS's projected revenue increases and cost savings from increased taxpayer use of the OPA program, not IRS employee use. As such, we believe the basis for the outcome measures are valid.

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 Nancy Nakamura, Assistant Inspector General for Audit (Compliance and Enforcement Operations).



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Abbreviations

DDIA	Direct Debit Installment Agreement
IRS	Internal Revenue Service
OPA	Online Payment Agreement
PIN	Personal Identification Number
SB/SE	Small Business/Self-Employed
TIGTA	Treasury Inspector General for Tax Administration
W&I	Wage and Investment



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Background

Although the majority of Americans get a tax refund from the Internal Revenue Service (IRS) each year, there are many taxpayers who owe and some who cannot pay the tax all at once. The law¹ allows taxpayers to make installment payments to the IRS on any Federal tax if such an arrangement will facilitate collection of the liabilities. Taxpayers are encouraged to pay their liabilities in full to avoid the costs of an installment agreement,² which include a user fee, the accrual of penalties and interest, and the possible filing of a Notice of Federal Tax Lien. Generally, no levies may be served to the taxpayer as long as the taxpayer remains in compliance with the terms of the installment agreement. The number of taxpayers who established installment agreements has increased from three million in Fiscal Year 2007 to 3.3 million (a 10 percent increase) in Fiscal Year 2012.

The Online Payment Agreement program allows the individual taxpayer to enter into a payment agreement while eliminating the need for personal interaction with the IRS.

In July 2006, the IRS's Small Business/Self-Employed (SB/SE) Division, in partnership with the Wage and Investment (W&I) Division, implemented an Online Payment Agreement (OPA) web application (or program) accessible through IRS.gov, the IRS's public Internet site. The OPA program,³ developed at a cost of \$2.9 million, allows individual taxpayers or their authorized tax representatives to apply for a payment agreement over the Internet. When introduced, the IRS Commissioner stated that the OPA program would reduce taxpayer burden by providing the convenience of online service during extended hours and weekends to set up a payment agreement. The OPA program would also virtually eliminate the need for interaction with a customer service representative and eliminate most paper processing.

The goals of the OPA program are to:

- Reduce taxpayer burden by providing taxpayers with a simple and convenient way to establish a streamlined installment agreement.
- Lower the streamlined installment agreement default rate.
- Ensure more accurate payment postings, decrease lock box volumes, and reduce paper handling and mail costs for both payments and notices.

¹ Internal Revenue Code Section 6159.

² See Appendix V for a glossary of terms.

³ The application was known as the Electronic Installment Agreement program until March 2008.



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The IRS projected that over 90 percent of taxpayers who qualify for an installment agreement will be able to initiate an installment agreement and secure approval via the Internet.

The criteria to use the OPA program follow the streamlined installment agreement⁴ requirements. When the OPA was first implemented, the streamlined installment agreement requirement was an aggregate unpaid assessment balance of \$25,000 or less. In January 2012, the SB/SE Division issued interim guidance that increased the threshold to an aggregate unpaid assessment balance of \$50,000 or less. Taxpayers can use the OPA program to do any of the following:

- Arrange to fully pay their liabilities within 10 days to avoid interest and penalties.
- Apply for a short-term payment agreement for up to 120 days to avoid an installment agreement user fee.
- Apply for a streamlined installment agreement for up to 72 months.

The OPA program determines taxpayer eligibility and filing compliance and checks for excluding account conditions.⁵ The system verifies that the proposed payment meets the streamlined installment agreement criteria and provides a financial analysis tool to help determine a realistic payment amount. Taxpayers are authenticated through the use of their Social Security Numbers, Individual Taxpayer Identification Numbers, or Personal Identification Numbers (PIN) using the same shared secrets⁶ as in the automated telephone system.

The OPA program allows taxpayers to self-qualify and apply for a streamlined installment agreement, receive notification of the streamlined installment agreement approval, and arrange a payment schedule during an online “interview” session. Taxpayers are provided a Direct Debit Installment Agreement (DDIA) option that allows them to electronically pay their streamlined installment agreements, thereby reducing taxpayer burden, increasing taxpayer satisfaction, and increasing compliance. The OPA program allows any taxpayer with a bank account and Internet access to use this feature.

This review was performed at the SB/SE Division Headquarters in New Carrollton, Maryland, during the period August 2012 through February 2013. The overall objective of this review was to determine the effectiveness of the OPA program in achieving its goals to reduce taxpayer burden and IRS costs. We analyzed the IRS’s efforts to achieve its goals as projected in the

⁴ A streamlined installment agreement is an installment agreement for taxpayers with an aggregate unpaid balance of assessments of \$50,000 or less that will be fully paid in 72 months. No managerial approval is required for streamlined installment agreements.

⁵ Taxpayers will be excluded from using the OPA program if they have too many outstanding tax modules, have delinquent returns, have delinquent accounts assigned to the Collection field function, are in bankruptcy or tax litigation, currently have an offer in compromise, or are involved in a criminal investigation.

⁶ Shared secrets include the Social Security Number or Individual Taxpayer Identification Number that appears first on a taxpayer’s tax return; if filing jointly, the spouse’s Social Security Number or Individual Taxpayer Identification Number; date of birth; and adjusted gross income from the prior year income tax return.



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OPA Baseline Business Case used to obtain approval of the program. However, we did not validate the IRS's projections. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

The Online Payment Agreement Program Is Benefitting Taxpayers and the Internal Revenue Service

Since inception of the OPA program, the number of taxpayers using it to request installment agreements has increased significantly. OPA program streamlined installment agreements have increased 425 percent—from 18,291 in Fiscal Year 2007 to 95,979 in Fiscal Year 2012. The IRS needs to continue its efforts to expand use of the OPA program because it provides numerous benefits and advantages to both taxpayers and the IRS.

Lower default rate

The OPA Baseline Business Case projected that the number of DDIA's would increase under the OPA program and that OPA program agreements would have a lower default rate. For Fiscal Years 2007 through 2012, the installment agreement default rate under the OPA program has averaged 10 percent, compared to 18 percent for all other individual streamlined installment agreements.

Higher percentage of DDIA's

In Fiscal Year 2012, 46 percent of the installment agreements obtained through the OPA program were DDIA's, compared with just 9 percent for all other individual taxpayer streamlined installment agreements. The number of DDIA's processed by the OPA program is a significant factor for the lower default rate on installment agreements under that program. The OPA Baseline Business Case projected that the number of DDIA's would increase under the OPA program.

The OPA program encourages the DDIA with a lower user fee while the taxpayer is in the process of requesting the installment agreement. DDIA's help taxpayers stay in compliance with their installment agreements, reduce late payment penalties and additional interest, and lower payment processing costs and error rates.

Higher percentage of full payments

The OPA Baseline Business Case projected that the increase in the number of DDIA's established under the OPA program would result in a lower installment agreement default rate and thereby increase the number of taxpayers who fully pay their liabilities. The effect of a lower default rate and a higher percentage of DDIA's established under the OPA program for Fiscal Years 2007 through 2010 has been a higher number of full payments. Approximately 9 percent more OPA



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taxpayers fully paid their liabilities compared with all other individual taxpayer streamlined installment agreements.

High rate of customer satisfaction

According to an online IRS survey, 93 percent of taxpayers who used the OPA program to establish a payment agreement in Fiscal Year 2012 were satisfied or somewhat satisfied with the program.

Program Goals Were Not Monitored or Met

Despite the growth in popularity of the OPA program since it was introduced in July 2006, the majority of taxpayers continue to establish their installment agreements by submitting Form 9465, *Installment Agreement Request*, or by calling the IRS toll-free telephone number. Only 3 percent of the 2.9 million streamlined installment agreements established during Fiscal Year 2012 were processed by the OPA program.

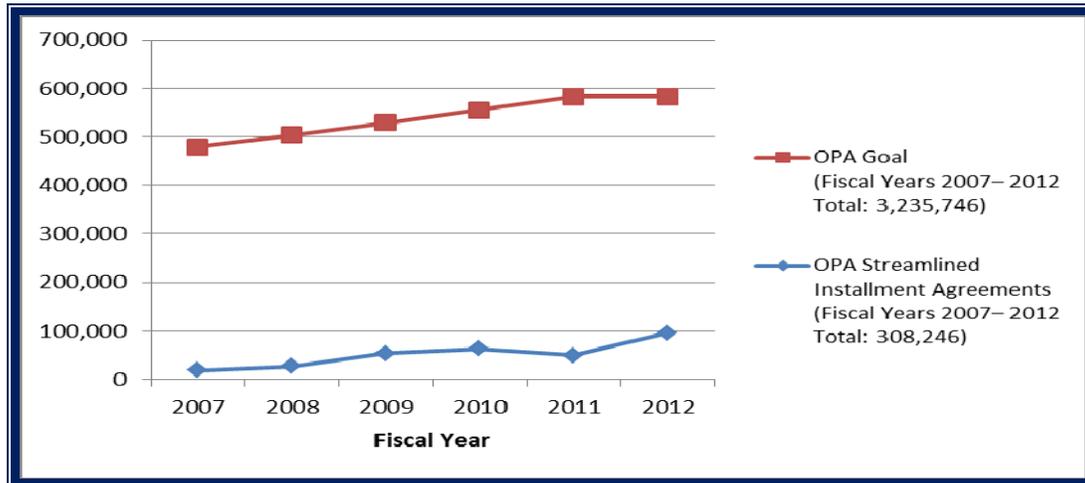
The OPA program has not achieved its goals or the cost savings outlined in the OPA Baseline Business Case used to support the program's implementation. The OPA Baseline Business Case projected that 480,000 installment agreements (20 percent of the eligible individual taxpayers requesting streamlined installment agreements) would be processed by the OPA program in Fiscal Year 2007. The number of taxpayers using the OPA program was projected to increase by 5 percent per fiscal year. The Baseline Business Case stated, "This growth projection seems modest when compared to the actual growth of Internet usage in the United States." However, growth was expected only through Fiscal Year 2011. The Baseline Business Case projected the number of installment agreements processed by the OPA program would remain constant (at 583,443) in Fiscal Years 2011 and beyond.

Despite the modest annual growth, the OPA program has significantly underperformed and is not meeting usage goals. The OPA Baseline Business Case projected that the OPA program would process 583,443 streamlined installment agreements in Fiscal Year 2012. However, it processed only 95,979 streamlined installment agreements in Fiscal Year 2012, which is only 16 percent of the Fiscal Year 2012 goal. The OPA program would have had to process more than six times as many installment agreements as it did in Fiscal Year 2012 to meet its goal. Figure 1 shows that between Fiscal Years 2007 and 2012, the OPA program has come significantly short of its annual goals.



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Figure 1: OPA Individual Master File Streamlined Installment Agreement Goals Compared to Actual OPA Program Results



Source: TIGTA analysis of the OPA Baseline Business Case and Collection Activity Reports (N-5000-6) for Fiscal Years 2007 through 2012.

IRS managers and employees associated with the OPA program informed us that they were unaware of the OPA Baseline Business Case goals and, therefore, were not aware that the OPA program was not achieving the established goals.

Internal Revenue Manual and Government Accountability Office guidance require the establishment of performance measures to assist in determining how well a process is working compared to past performance. Goals should be used to tie the performance measures to the improvement of a particular product or process. Performance measures should be used as a feedback loop for continuously improving new processes.

The OPA program Baseline Business Case included projected goals for the number of taxpayers expected to use the OPA program and the cost savings it would achieve beginning with Fiscal Year 2007. However, SB/SE Division managers did not establish a process to measure the OPA program results against these goals and projected cost savings to effectively determine how well the program is performing.

Additionally, since November 2008, the IRS has not performed any studies or evaluations of the OPA program or the installment agreement program to determine the reasons why taxpayers and tax practitioners chose to use the OPA program, submit a Form 9465, or use the IRS toll-free number system to establish an installment agreement. Without a process in place to measure the OPA program's performance against the anticipated results, managers do not have complete information to make decisions about changes needed to improve the OPA program to increase performance.



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The IRS has not significantly reduced taxpayer burden or realized monetary goals

In addition to increasing the number of installment agreements established through the OPA program, the OPA program Baseline Business Case included additional goals to:

- Reduce taxpayer burden.
- Increase revenue.
- Reduce IRS costs.

Taxpayers who took advantage of the OPA program to establish installment agreements realized some benefits. The Federal Government also benefited when taxpayers used the OPA program. However, these goals, which were dependent on the number of streamlined installment agreements established using the OPA program, were not fully met.

Taxpayer burden reduction goals have not been achieved

One of the OPA program goals was to reduce taxpayer burden by providing taxpayers with an online tool to establish an installment agreement that would:

- Determine a realistic payment amount.
- Save taxpayers time.
- Reduce taxpayer frustration.
- Avoid personal interaction with the IRS.
- Allow taxpayers to self-qualify.
- Provide notification of the installment agreement approval.

Taxpayers using the OPA program might also experience a reduction in late payment penalties and interest charges caused by mail delays.

The Baseline Business Case projected that the OPA program would process approximately 3.2 million⁷ streamlined installment agreements in Fiscal Years 2007 through 2012. However, only 308,246 individual taxpayers used the OPA program to establish their installment agreements during this period. As such, the OPA program goal to reduce taxpayer burden was not achieved for the estimated three million taxpayers that the IRS expected would use the program. These taxpayers did not establish their installment agreements using the OPA program but instead either mailed a Form 9465 or called the IRS toll-free telephone number to establish the installment agreements.

⁷ Rounded from the 3,235,746 OPA goal total in Figure 1.



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Increased revenue goals from fewer installment agreement defaults have not been realized

The Baseline Business Case projected that the OPA program would result in more taxpayers using the DDIA option and would therefore reduce the number of installment agreement defaults. A larger percentage of taxpayers establishing their installment agreements through the OPA program use the direct debit or payroll deduction options to make their payments compared with installment agreements established using Form 9465 or the IRS toll-free number system. As a result, fewer taxpayers defaulted. Specifically, from Fiscal Years 2007 through 2012, the installment agreement default rate under the OPA program averaged 10 percent compared to 18 percent for all other individual streamlined installment agreements. This means more revenue is collected. Figure 2 shows the potential revenue impact of fewer defaulted installment agreements in Fiscal Years 2007 through 2012 if goals had been met.

Figure 2: OPA Program Potential Revenue Increases From Fewer Defaulted Streamlined Installment Agreements

	Fiscal Year						Total
	2007	2008	2009	2010	2011	2012	
Individual Default Percentage	19%	22%	17%	18%	17%	17%	18% average
OPA Default Percentage	4%	13%	9%	13%	12%	9%	10% average
Potential Fewer Defaults	86,355	62,327	94,687	59,783	45,187	122,236	470,575
Potential Increased Revenue (millions)	\$40	\$59	\$75	\$74	\$76	\$69	\$393

Source: TIGTA analysis of the OPA Baseline Business Case and Collection Activity Reports (N-5000-6) for Fiscal Years 2007 through 2012.

Based on OPA program default rates and IRS projections in the Baseline Business Case, if the OPA program had met its intended goals for Fiscal Years 2007 through 2012, 470,575 fewer taxpayers would have potentially defaulted on their installment agreements. Achieving this goal would have resulted in an estimated potential \$393 million in increased revenue.

Cost savings goals have not been achieved

The OPA Baseline Business Case projected that the OPA program would achieve savings of \$18.2 million from mail, reminder notice, and lock box costs for Fiscal Years 2007 through 2012. However, as Figure 3 illustrates, the IRS realized an estimated total cost savings benefit of only \$1,822,596 (10 percent of projected savings) as of Fiscal Year 2012.



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Figure 3: OPA Program Projected Cost Savings Compared to Estimated OPA Program Cost Savings⁸ (in thousands)

	Fiscal Year						Total
	2007	2008	2009	2010	2011	2012	
Projected Savings	\$1,737	\$2,604	\$3,473	\$3,473	\$3,473	\$3,473	\$18,233
Realized Savings	\$66	\$140	\$352	\$398	\$295	\$571	\$1,823
Estimated Savings Lost	\$1,671	\$2,464	\$3,121	\$3,075	\$3,178	\$2,902	\$16,410
Maintenance & Operation Costs	\$828	\$828	\$828	\$828	\$828	\$828	\$4,968

Source: TIGTA analysis of the OPA Baseline Business Case and Collection Activity Reports (N-5000-6) for Fiscal Years 2007 through 2012.

Because the OPA program has not realized the usage goals projected for Fiscal Years 2007 through 2012, the IRS did not achieve potential savings of approximately \$16.4 million in mail, reminder notice, and lock box costs. In addition to the initial OPA program development cost of \$2.9 million, the IRS paid almost \$5 million in Fiscal Years 2007 through 2012 to maintain and operate the OPA program.⁹ Consequently, it has cost the IRS far more to operate the program than it has realized in cost savings.

IRS management informed us that they were unaware that the OPA program was not meeting expectations and, therefore, they had not taken sufficient steps towards achieving program goals. Considering the significant differences between the expected benefits of the OPA program and the actual results, the importance of monitoring progress towards achieving goals is clear.

Management Action: During our review, the IRS initiated plans to release a new version of the OPA program in Fiscal Year 2014. The new release will improve the usability of the application by reducing the amount of data collected and the time the taxpayer needs to complete an installment agreement.

⁸ Excludes Fiscal Year 2006 projected savings of \$359,000 because no data were available to identify the actual streamlined installment agreements processed by the OPA program when implemented in July 2006.

⁹ The IRS could not provide actual OPA program maintenance and operation costs, so we used the amounts projected in the OPA program Information Technology Transition to Support plan.



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Recommendation

Recommendation 1: The Office of the Deputy Commissioner for Services and Enforcement should begin measuring OPA program performance results against OPA program goals and manage the program to achieve those goals.

Management's Response: IRS management agreed with this recommendation. They have initiated a comprehensive review of the installment agreement program, including the OPA program. The review will include an analysis of the projections and assumptions used in the Baseline Business Case, the OPA system, and taxpayer behavior. Based on the results of the review, OPA program goals will be reassessed for use in measuring and managing the program.

Actions Can Be Taken to Expand the Use of the Online Payment Agreement Program

Management can employ additional strategies to help increase taxpayer and tax practitioner awareness and simplify the application process.

OPA program promotion and outreach efforts can be refined to increase awareness of the program

The IRS has promoted the OPA program through various means:

- IRS.gov postings of updated tax topics, tax news, and tips relating to payment of taxes.
- Videos accessible on IRS.gov and on YouTube.
- Postings on Twitter with direct links to the OPA application.
- Presentations at the 2012 IRS Nationwide Tax Forum.

Additionally, in September 2012 the IRS hosted a webinar on payment alternatives that included information on the OPA program. The webinar's target audience was tax practitioners, and 5,400 participated. Finally, the IRS successfully worked to have a web link to the OPA program added to a commercial tax preparation software application.

Despite these efforts, the IRS has not been able to significantly increase OPA program use or achieve its goals. The results from a Fiscal Year 2012 W&I Division Taxpayer Experience Survey showed that only 18 percent of the respondents were aware of the OPA program. The results also indicated that 61 percent of the respondents would be somewhat or very unlikely to set up a payment plan through the IRS.gov website.



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Promotion efforts mostly target tax practitioners and not individual taxpayers

Only 1 percent of the installment agreements established through the OPA program were from tax practitioners, but the IRS has historically focused its promotion efforts on the tax practitioner. The IRS needs to promote the program to both tax practitioners and individual taxpayers. The current OPA program marketing efforts include initiatives to increase OPA promotions with the individual taxpayers.

We met with a group of tax practitioners¹⁰ to determine if they were aware of the OPA program and if any of the IRS's promotional efforts had reached them. The tax practitioners advised us that they had not seen promotions of the OPA program. Although they were aware of the program, what they knew about it came from coworkers and not from IRS promotions. The practitioners suggested that the IRS promote the program through tax practitioner professional trade publications.

IRS balance due notices, tax forms, and instructions do not sufficiently promote the OPA program

Balance due notices advise taxpayers who owe taxes about what they can do if they cannot pay the amount owed. Figure 4 provides an excerpt from the CP 501, *IMF 1st Notice - Balance Due*.

Figure 4: Excerpt of CP 501

Notice CP501	
Tax year 2006	
Notice date February 16, 2009	
Social Security number [REDACTED]	
Page 2 of 4	

What you need to do immediately—continued	Pay immediately—continued
	<ul style="list-style-type: none">• If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov and search for keyword: "tax payment options" for more information about:<ul style="list-style-type: none">– Installment and payment agreements—download required forms or save time and money by applying online if you qualify– Automatic deductions from your bank account– Payroll deductions– Credit card payments
	Or, call us at [REDACTED] to discuss your options.
	If you've already paid your balance in full within the past 14 days or made payment arrangements, please disregard this notice.

Source: *IRS Notice Gatekeeper*.

¹⁰ The practitioners may not be representative of the tax practitioner community overall. Additionally, we did not address the corporate policies that may dictate how IRS promotion material is disseminated to the practitioners.



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The notice does not specifically mention the OPA program or the OPA website, nor does it emphasize the benefits or the OPA program qualifications. Also, the notice informs taxpayers that they can save money by applying online, but it does not disclose the installment agreement user fees, which are the same regardless of how the installment agreement is established. During our review, the IRS informed us that it is planning to review the balance due notices and add references to the OPA program.

TIGTA previously reported¹¹ that during Fiscal Year 2010 the IRS sent approximately 21.9 million balance due notices to individuals to try to collect approximately \$67.9 billion. The notices resulted in obtaining installment agreements with 3.2 million taxpayers. The volume of notices that are issued and the message they deliver can have a significant impact on how the taxpayer responds.

Furthermore, the December 2011 version of Form 9465 did not include any information that encouraged the taxpayer to go to the OPA website instead of submitting Form 9465¹² to establish an installment agreement. During our review, Form 9465 was revised and now includes a tip for the taxpayer to go online to complete the installment agreement.

The direct link to the OPA program is no longer available on the IRS.gov home page

IRS.gov was updated in August 2012, and the home page no longer has a link directly to the OPA web page. However, as of November 12, 2012, an older YouTube video still advised the taxpayer to look for the OPA link on the IRS.gov home page. As of May 22, 2013, there was still not a specific link to the OPA program from the IRS.gov home page. The OPA program option can only be accessed after clicking on the “more...” link under the Tools banner on the IRS.gov home page. During our review, the IRS removed the older YouTube video and developed a new OPA video for YouTube that was posted April 3, 2013. The new video advises the taxpayer on how to reach the OPA program from the IRS.gov home page.

The use of YouTube and Twitter was not effective

The volume of YouTube views of the IRS videos and followers of the IRS Twitter feeds are too low to generate any significant changes in OPA program usage volumes. Figure 5 shows that as of November 20, 2012, an OPA program video that posted in November 2010 had only 3,835 views.

¹¹ TIGTA, Ref. No. 2011-30-112, *Reducing the Processing Time Between Balance Due Notices Could Increase Collections* (Sept. 2011).

¹² While the form did not mention OPA, the December 2011 Form 9465 instructions did include a statement that “instead of filing Form 9465, you can apply online for a payment agreement.”



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Figure 5: OPA YouTube video



Source: IRS videos on YouTube as of November 20, 2012.

In addition, as of June 2012, IRS Twitter postings or “tweets” on the OPA program had just nine “re-tweets” and were tagged as a favorite by only three individuals.

During our review, the IRS posted a new OPA video to YouTube. As of July 11, 2013, the OPA program video had over 4,500 views.

The IRS tax topics and tips do not emphasize or promote the OPA program

IRS tax topics and tips researchable through the IRS.gov website provide taxpayers with a wide range of tax information including assistance with the filing of their tax returns, responding to IRS notices, and tax payment options. As of August 2012, the IRS tax topics and tips only mention the OPA program information within the narrative and do not promote the benefits of the OPA program. In Fiscal Year 2013, additional tax tips were issued that again refer to the OPA program as an option to pay taxes, but do not emphasize or promote the benefits of the program. However, the current tax tips now include links to the new OPA video on YouTube.

User fees were not reduced for OPA program taxpayers

Taxpayers were not offered cost incentives to establish their streamline installment agreements using the OPA program. The fees for setting up a streamlined installment agreement via the OPA program are the same as manually processed installment agreements (between \$52 and \$105, depending on the payment method).



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Since the IRS uses fewer resources to process online installment agreements, a lower user fee could be offered to taxpayers as an incentive to use the OPA program. The IRS has previously considered reducing the fees for OPA users. However, the Office of Management and Budget must approve any changes to this fee.

Management Action: During our review, IRS management informed us that they plan to submit a proposal to the Office of Management and Budget for a lower user fee for the OPA program as an incentive for taxpayers to use the program.

A strategic communication plan had not been developed

In November 2008, the IRS conducted a post-implementation review of the OPA program. The post-implementation review report concluded that the OPA program had not achieved the projected numbers outlined in the Baseline Business Case. Specifically, the post-implementation review found that:

- The inability to attract the number of taxpayer users as outlined in the business case had kept the program from achieving the savings anticipated.
- Under-performance was likely caused by marketing the application to the practitioner community more strongly than to the general public.
- Increasing the use of the online application versus other installment agreement options was dependent upon the IRS's ability to market the application both internally and externally.
- The development of a viable and dynamic marketing plan is crucial to the program fulfilling its original design of completing 90 percent of all individual taxpayer streamlined installment agreements through the OPA program.

Following the issuance of the post-implementation review report, the IRS developed a Fiscal Year 2010 Communication Plan to increase taxpayer awareness and OPA visibility. The plan included actions that the IRS should perform and document both internal and external to the organization. However, the plan does not indicate whether or not most of those actions have been completed.

During our review, the SB/SE Division prepared an informal marketing plan that outlined current and future marketing initiatives. The marketing plan identified the specific initiatives, the status, the stakeholders, and the official responsible for completing the initiative. The marketing initiatives included:

- Revising the balance due notices.
- Adding OPA program links to tax practitioner publications and websites.



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- Reviewing the Volunteer Program training material regarding how the OPA program is being emphasized.
- Updating the IRS.gov keyword search application to ensure that results include a link to the OPA program payment when “tax payment options” is entered.

However, the SB/SE Division marketing plan for the OPA program was not a strategic communication plan. It was an informal spreadsheet without important details that are required in strategic communication plans, such as:

- SB/SE Division and/or IRS-wide strategy that the communication strategy supports.
- Identified business and communication objectives.
- Target audience(s).
- Key messages for each audience.
- Environmental scan to determine conditions that might help or hinder communications.
- Communication strategy that will be employed.
- Tactical section that identifies communication products, vehicles, and responsible persons.

Considering the magnitude of the program, the potential for significant benefits to taxpayers and the IRS, and the fact that the IRS did not track its prior promotional efforts, it is important that the SB/SE Division develop and employ a strategic communication plan to make the OPA program the preferred method of initiating installment agreements.

Management Action: After we presented our findings to the IRS, the SB/SE Division Communications function developed an OPA program strategic communication plan for Fiscal Year 2013 entitled *Marketing the IRS.gov Online Payment Agreement Application* (dated March 5, 2013). The objective of the OPA program strategic communication plan is to increase awareness and use of the OPA program. The plan includes external and internal marketing efforts to increase the overall awareness of the OPA program, how to access the program, and the benefits of the program.

Program barriers can be reduced or eliminated

Even when taxpayers and tax practitioners become aware of the OPA program, they may encounter barriers to the successful completion of streamlined installment agreements. Our review identified several barriers that may affect taxpayer and tax practitioner decisions to use the OPA program.

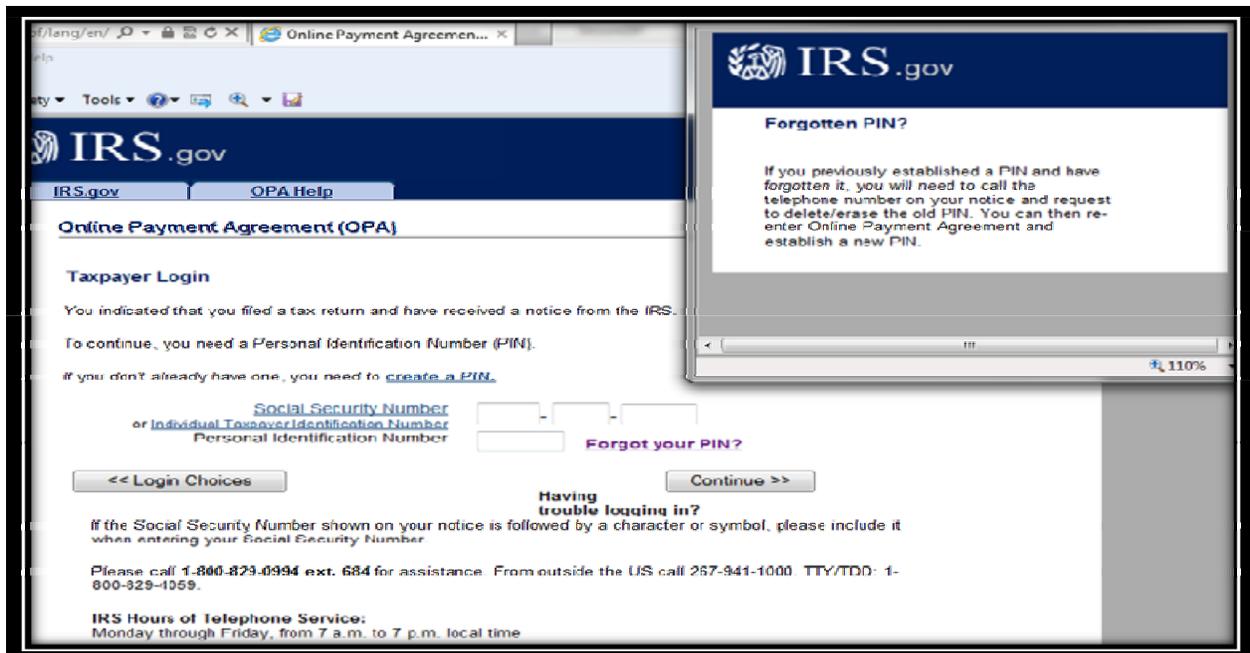


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PINs are not recoverable online

When accessing the OPA program, taxpayers are asked to enter a PIN before proceeding. If taxpayers have not previously created a PIN, they can do so immediately and continue through the OPA program. However, if a taxpayer has forgotten his or her PIN, the OPA program does not allow the taxpayer to recover it online. Figure 6 shows that if a taxpayer has forgotten his or her PIN, he or she must call the IRS toll-free number listed on the notice to delete the old PIN before creating a new one to use for the OPA program. When the taxpayer calls the toll-free number, the first option given is for establishing an installment agreement. Of the seven options available to the taxpayer, changing the PIN is the sixth option. Taxpayers calling to change their PIN may choose to establish the streamlined installment agreement on the phone rather than returning to the OPA program before they even hear the choice for changing their PIN.

Figure 6: OPA Program Forgotten PIN Page on the IRS OPA Website



Source: IRS OPA website.

Since the OPA program was established, the number of taxpayers establishing streamlined installment agreements using the toll-free number system has increased by 8.7 percent (from Fiscal Year 2007 to Fiscal Year 2012). While our review did not include an in-depth analysis of streamlined installment agreements established using the toll-free number system, it is possible that taxpayers calling to recover their PIN for the OPA program may be choosing to establish streamlined installment agreements instead. If taxpayers were not forced to leave the OPA program to recover their PIN, they would be more likely to complete their streamlined installment agreement online.



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Business taxpayers are prohibited from using the OPA program

Business taxpayers cannot use the OPA program to establish payment agreements. Allowing business taxpayers to use the OPA program could significantly increase the volume of payment agreements processed by the OPA program.

Management Action: Prior to our review, the IRS initiated plans to allow business taxpayers to use the OPA program beginning in Fiscal Year 2014.

Because the promotion efforts to date have been ineffective and barriers have not been addressed, many taxpayers and tax practitioners are still unaware of the OPA program as an effective tool to establish their payment agreements.

Based on the IRS's projections for taxpayer use of the OPA program during Fiscal Year 2013:

- Taxpayer burden could potentially have been reduced for 471,926 additional taxpayers.
- Revenue could have been increased by \$67.3 million from fewer defaulted agreements.
- Cost savings of \$2.8 million could have been realized by reducing mail, reminder notice, and lock box expenses.

The IRS should take actions to increase taxpayer awareness and reduce OPA program barriers so that it can make progress towards achieving the goals it established when the OPA program was implemented.

Recommendations

The Office of the Deputy Commissioner for Services and Enforcement should:

Recommendation 2: Continue to improve promotional efforts to increase awareness of the OPA program, including consideration in the following areas:

- Ensure that promotional efforts are balanced and target both tax practitioners and individual taxpayers and that the message being delivered is consistent.
- Promote the OPA program within tax practitioner professional publications.
- Update balance due notices to prominently promote the OPA program and its benefits and qualifications to taxpayers.
- Request that the Office of Management and Budget approve a reduction to the installment agreement user fees for taxpayers who use the OPA program to establish a payment agreement.



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Management's Response: IRS management agreed with this recommendation and will consider these and other promotional efforts in the development of the Fiscal Year 2014 Strategic Communication Plan for the OPA program.

Recommendation 3: Perform an evaluation of installment agreement programs, including the OPA program, to identify barriers to using the OPA program and determine the reasons taxpayers used the methods they did to establish their payment agreements.

Management's Response: IRS management agreed with this recommendation. They have initiated a comprehensive review of the installment agreement program, including the OPA program, to identify barriers to using the OPA process and the reasons taxpayers choose to use one method over another. Based on the results of the review, appropriate changes to the programs will be initiated.

IRS management did not agree with the full amount of the outcome measures. They believe TIGTA's use of the IRS's Baseline Business Case projections inflates potential increased revenue and savings because the functionality for IRS employees to use the OPA program was eliminated prior to the system being implemented in October 2007.

Office of Audit Comment: We based our outcomes on the reduced functionality of the OPA program as presented in the IRS's revised 2008 Baseline Business Case, not the original one from 2005 that was based on the anticipated full functionality of the system. As such, we believe the basis for our outcomes are valid and in line with the IRS's projected revenue and savings increases from increased taxpayer use of the OPA program. The original Baseline Business Case projections included benefits associated with both IRS employee access to the OPA (cost savings from the reduction of employees' time to process installment agreements) as well as increased taxpayer use of the system (cost savings and increased revenue from lower default rates). When management made the decision to eliminate employee access to the system, it revised the Baseline Business Case to eliminate the internal use of the OPA. No changes were made to the benefits associated with increased revenue from lower default rates because the elimination of IRS employee access to the OPA would not affect taxpayers who establish their installment agreements without IRS employee involvement.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine the effectiveness of the OPA program in achieving its goals to reduce taxpayer burden and IRS costs. To accomplish this objective we:

- I. Determined whether the OPA program is operating as planned and is achieving the intended goals.
 - A. Reviewed related Internal Revenue Manual sections and the OPA program documentation to identify the OPA program eligibility requirements.
 - B. Reviewed the November 2008 post-implementation review results.
 - C. Reviewed the revised OPA program Baseline Business Case¹ used to justify the reason for developing and implementing the project and identified the OPA program goals, the projected cost savings benefits, and the OPA program development and operation costs.
 - D. Reviewed the Collection Activity Reports (N-5000-6) for Fiscal Years 2007 through 2012 and identified:
 1. The number of Individual Master File streamlined installment agreements received.
 2. The number of installment agreements processed by the OPA program.
 3. The number of individual streamlined installment agreements defaulted and the number of installment agreements that defaulted under the OPA program.
 - E. Reviewed streamlined installment agreement data for Fiscal Years 2007 through 2012 and identified:
 1. The number of streamlined installment agreements processed through the OPA program.
 2. The number of OPA streamlined installment agreements that resulted in full payment or account delinquencies compared to the total Individual Master File streamlined installment agreements.
 - F. Compared the OPA program installment agreement results for Fiscal Years 2007 through 2102 to the latest OPA program Baseline Business Case goals, including the

¹ See Appendix V for a glossary of terms.



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- volume of installment agreements, the default rates, and the cost and saving benefits achieved.
- II. Determined whether the IRS has effectively promoted the OPA program.
- A. Reviewed the promotional material developed to promote the OPA program.
 - 1. Obtained and reviewed the OPA publicity presented in tax topics, tax news, and other Government publications.
 - 2. Obtained and reviewed documentation used to present the OPA program at the 2012 IRS Nationwide Tax Forums.
 - 3. Reviewed the YouTube and the IRS.gov videos promoting the OPA program.
 - 4. Reviewed the IRS Twitter feeds promoting the OPA program.
 - B. Reviewed the IRS.gov website to determine how accessible the OPA program is to taxpayers.
 - C. Listened to the verbal messages from the IRS toll-free number and determined whether OPA program information was provided.
 - D. Reviewed IRS Collection notices, Form 9465, *Installment Agreement Request*, and the associated instructions and determined whether they provided taxpayers with information regarding the OPA program.
 - E. Reviewed OPA program taxpayer surveys and determined whether taxpayers were satisfied with using the OPA program.
 - F. Discussed with the IRS any studies or evaluations performed to assess the success or effectiveness of the OPA program.
 - G. Reviewed various tax preparation software and determined whether the software included referrals to the OPA program.

Validity and reliability of data from computer-based systems

We requested and obtained streamlined installment agreement data processed by the IRS from the TIGTA Strategic Data Services staff. We compared a sample of the data received to information processed and stored in the Individual Master File. We used the tax return identification number as the control to validate the accuracy of the data matching the tax return information stored on the Master File and on the Integrated Data Retrieval System. The data were sufficiently reliable to perform our audit analyses.

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



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planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the SB/SE and W&I Divisions' policies, procedures, and practices for documenting the actions taken for the OPA program. We evaluated these controls by interviewing IRS management and Collection function employees, reviewing documentation and the IRS website, and evaluating the OPA program web application.



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Appendix II

Major Contributors to This Report

Augusta R. Cook, Acting Assistant Inspector General for Audit (Compliance and Enforcement Operations)
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Janis Zuika, Senior Auditor
Brian Hattery, Information Technology Specialist



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Appendix III

Report Distribution List

Acting Commissioner
Office of the Commissioner – Attn: Chief of Staff C
Office of the Deputy Commissioner for Services and Enforcement SE
Commissioner, Wage and Investment Division SE:W
Deputy Commissioner, Small Business/Self-Employed Division SE:S
Deputy Commissioner, Wage and Investment Division SE:W
Director, Campus Compliance Services, Small Business/Self-Employed Division SE:S:CCS
Director, Compliance, Wage and Investment Division SE:W:CP
Director, Enterprise Collection Strategy, Small Business/Self-Employed Division SE:S:CS
Director, Field Collection, Small Business/Self-Employed Division SE:S:FC
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaisons:
 Commissioner, Small Business/Self-Employed Division SE:S
 Commissioner, Wage and Investment Division SE:W



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Appendix IV

Outcome Measures

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

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; 471,926 additional taxpayers affected; 2.2 million taxpayers over the next five years (see page 10).

Methodology Used to Measure the Reported Benefit:

The OPA Baseline Business Case projected that in Fiscal Year 2013, 583,443 taxpayers would use the OPA program to establish a streamlined installment agreement (2,917,215 taxpayers in Fiscal Years 2013 through 2017) based on the OPA projections for Fiscal Year 2011 and beyond. However, only 95,979 individual streamlined installment agreements were processed by the OPA program in Fiscal Year 2012 (16 percent of the Baseline Business Case goal). Actual OPA program results for Fiscal Years 2007 through 2012 show that the OPA program volume increased an average of 15,538 taxpayers per year. Applying this average growth volume, we estimate that 111,517 taxpayers would have actually used the OPA program in Fiscal Year 2013 (712,959 taxpayers for Fiscal Years 2013 through 2017). If the IRS manages the OPA program sufficiently to meet its Fiscal Year 2013 goal, 471,926 (583,443 – 111,517) additional taxpayers will potentially have their tax burden reduced when they use the OPA program to establish their payment agreement, or 2,204,256 (2,917,215 – 712,959) additional taxpayers over the next five years.

Type and Value of Outcome Measure:

- Increased Revenue – Potential; \$67.3 million in increased revenue; \$314.2 million over the next five years (see page 10).

Methodology Used to Measure the Reported Benefit:

In conjunction with the projected increase of taxpayers expected to use the OPA program to establish their installment agreements as described in the methodology above, the IRS anticipated fewer defaulted installment agreements, resulting in increases to revenue. The OPA Baseline Business Case projected that in Fiscal Year 2013, revenue would increase by \$83,160,000 from fewer OPA installment agreement defaults by processing 583,443 OPA



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individual streamlined installment agreements. As described above, based on these average growth estimates, the IRS would have processed only an estimated 111,517 OPA individual streamlined installment agreements in Fiscal Year 2013. Therefore, we estimate that if the OPA program meets its projected Fiscal Year 2013 goal, revenue would potentially increase by approximately \$67.3 million [$\$83,160,000 - (111,517 / 583,443 \times \$83,160,000)$]; \$314.2 million over the next five years. Yearly revenue increases could potentially be: \$67.3 million in Fiscal Year 2013, \$65.1 million in Fiscal Year 2014, \$62.8 million in Fiscal Year 2015, \$60.6 million in Fiscal Year 2016, and \$58.4 million in Fiscal Year 2017.

Type and Value of Outcome Measure:

- Cost Savings – Funds Put to Better Use – Potential; \$2,809,187 in cost savings; \$13.1 million over the next five years (see page 10).

Methodology Used to Measure the Reported Benefit:

As described in the methodology above, based on these average growth estimates and if the OPA program meets its Fiscal Year 2013 projections, the IRS will realize a total cost savings benefit of \$663,813 (\$4,243,956 for Fiscal Years 2013 through 2017). If the IRS manages the OPA program sufficiently to meet its Fiscal Year 2013 goal, the IRS could potentially realize additional savings of \$2,809,187 from mail, reminder notice, and lock box costs, or \$13,121,044 over the next five years. Yearly savings could potentially be: \$2.8 million in Fiscal Year 2013, \$2.7 million in Fiscal Year 2014, \$2.6 million in Fiscal Year 2015, \$2.5 million in Fiscal Year 2016, and \$2.4 million in Fiscal Year 2017.



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Appendix V

Glossary of Terms

Term	Definition
Baseline Business Case	A Baseline Business Case documents the business case for proceeding with a project beyond design and development and is intended to justify the need for and the benefits of a project to the investment decision makers.
Business Master File	The IRS database that consists of Federal tax-related transactions and accounts for businesses. These include employment taxes, income taxes on businesses, and excise taxes.
Collection Activity Report 5000-6	<i>Collection Activity Report, NO-5000 – Installment Agreement Cumulative Report.</i> This report provides Collection activity information from the beginning of the fiscal year through the end of the current reporting month.
Direct Debit Installment Agreement	A system that provides a means by which funds are automatically debited from a taxpayer’s checking account for the agreed-upon installment amount.
Fiscal Year	A 12-consecutive-month period ending on the last day of any month. The Federal Government’s fiscal year begins on October 1 and ends on September 30.
Individual Master File	The IRS database that maintains transactions or records of individual tax accounts.
Installment Agreements	Arrangements by which the IRS allows taxpayers to fully pay liabilities over time in smaller, more manageable payments.
Integrated Data Retrieval System	An IRS computer system capable of retrieving or updating stored information; it works in conjunction with a taxpayer’s account records.
Lock Box Depository System (Lock Box)	Is comprised of the branch offices of commercial banks that are under contract with the Federal Management Service to process individual income tax payments and the various employer-related tax payments for the IRS.



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Term	Definition
Office of Management and Budget	Assists the President in overseeing the preparation of the Federal budget and supervising its administration in Executive Branch agencies. In helping to formulate the President's spending plans, it evaluates the effectiveness of agency programs, policies, and procedures; assesses competing funding demands among agencies; and sets funding priorities. It also ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's budget and with Administration policies.
Online Payment Agreement	An Internet application available through the World Wide Web, accessible from the IRS.gov home page, that allows taxpayers or their authorized representatives to self-qualify, apply for an installment agreement, and receive immediate notification of approval.
Streamlined Installment Agreement	An installment agreement for taxpayers with an aggregate unpaid balance of assessments of \$50,000 or less that will be fully paid in 72 months. No managerial approval is required for streamlined installment agreements.
Tax Talk Today	An online series of programs provided by the IRS and designed to educate all tax practitioners. Programs cover ethics, Federal tax law, and Federal tax law updates.
Tax Module (or Period)	Refers to each tax return filed by the taxpayer for a specific period (year or quarter).
Taxpayer Burden	The time or money expended by taxpayers to fulfill their pre-filing, filing, and post-filing U.S. Federal tax payment, reporting, and filing responsibilities.
Twitter	A social networking website that allows a user to share short messages or "tweets" that are visible to other users and can only be 140 characters or less in length.
Volunteer Program	A program that generally offers free tax help to people who make \$51,000 or less and need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals in local communities.
Webinar	A live online educational presentation during which participating viewers can submit questions and comments.
YouTube	A popular video sharing website that allows users to upload videos for private or public viewing.



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Appendix VI

Management's Response to the Draft Report



COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

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

September 11, 2013

MEMORANDUM FOR MICHAEL E. MCKENNEY
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Faris R. Fink *Faris R. Fink*
Commissioner, Small Business/Self-Employed Division

SUBJECT: TIGTA Draft Report #201230014 – The Online Payment Agreement Program Benefits Taxpayers and the Internal Revenue Service, but More Could Be Done to Expand Its Use

Thank you for the opportunity to review your draft report titled, "The Online Payment Agreement Program Benefits Taxpayers and the Internal Revenue Service, but More Could Be Done to Expand Its Use." We agree with the recommendations and appreciate your acknowledgement of the benefits of Online Payment Agreements (OPA) and the high rate of customer satisfaction.

Much of TIGTA's assessment of the effectiveness of the OPA program relied on the OPA Baseline Business Case projections developed in 2005. However, as we discussed during the audit, the usage projections contained in the Baseline Business Case projected goals were not updated to reflect significant changes made during the system development phases and eventually put into production in October 2007. System requirement changes, including the elimination of functionality to allow internal use of OPA to process requests for installment agreements and the ability to process non-streamlined installment agreements and communicate electronically with taxpayers, affected the overall usage of OPA. We will be working with the Small Business/Self-Employed Division's (SB/SE) research function to reassess OPA program goals based on current capabilities.

We agree that continuing our efforts to expand use of the OPA program will benefit taxpayers and the IRS. Prior to TIGTA's audit, we recognized the importance of promoting the OPA program and, in 2012, increased our marketing efforts. Over the last year we have developed and implemented a strategic communication plan to increase awareness of OPA. The plan used a variety of vehicles to promote OPA usage including social media via Twitter and Tumblr, a new video on YouTube, and articles in a variety of IRS newsletters. These promotional efforts were successful in attracting the attention of mainstream media and publications such as The Washington Post, The Wall Street Journal Market Watch, Kansas City Star, and multiple other publications who then published articles on OPA. The NBC Today Show aired a segment on OPA and it has



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been featured in a variety of online news articles including ABC.com and NBC.com. These efforts helped to increase the number of people accessing the OPA application. While we agree that getting more OPA eligible taxpayers to use the program will provide some of the measurable benefits described in your report, as we noted above, the figures in the baseline study were based on assumptions which changed during development. As stated in your report, TIGTA did not validate the IRS's projections as part of the audit. Thus, the measurable benefits will be less than projected in your report.

Attached is a detailed response outlining our corrective actions to address your recommendations.

If you have any questions, please contact me, or a member of your staff may contact Darren John Guillot, Director, Enterprise Collection Strategy, at (202) 622-7902.

Attachment



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Attachment

RECOMMENDATION 1:

The Deputy Commissioner for Services and Enforcement should begin measuring OPA program performance results against OPA program goals and manage the program to achieve those goals.

CORRECTIVE ACTION:

A comprehensive review of the installment agreement program, including the OPA program, has been initiated. The review will include an analysis of the projections and assumptions used in the Baseline Business Case, the OPA system, and taxpayer behavior. Based on the results of the review, the OPA program goals will be reassessed for use in measuring and managing the program.

IMPLEMENTATION DATE:

May 15, 2015

RESPONSIBLE OFFICIAL(S):

Director, Collection Policy, Enterprise Collection Strategy, SB/SE Division

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 2:

The Deputy Commissioner for Services and Enforcement should continue to improve promotional efforts to increase awareness of the OPA program, including consideration in the following areas:

- Ensure that promotional efforts are balanced and target both tax practitioners and individual taxpayers and that the message being delivered is consistent.
- Promote the OPA program within tax practitioner professional publications.
- Update balance due notices to prominently promote the OPA program and the OPA program benefits and qualifications to taxpayers.
- Request that the Office of Management and Budget approve a reduction to the installment agreement user fees for taxpayers who use the OPA program to establish a payment agreement.

CORRECTIVE ACTION:

We will consider these and other OPA promotional efforts in the development of the FY14 Strategic Communication Plan for the Online Payment Agreement application.

IMPLEMENTATION DATE:

March 15, 2014



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RESPONSIBLE OFFICIAL(S):

Director, Collection Policy, Enterprise Collection Strategy, SB/SE Division

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 3:

The Deputy Commissioner for Services and Enforcement should perform an evaluation of installment agreement programs, including the OPA program, to identify barriers to using the OPA program and determine the reasons taxpayers used the methods they did to establish their payment agreements.

CORRECTIVE ACTION:

A comprehensive review of the installment agreement program, including the OPA program, has been initiated. The review will include an analysis of barriers to using the OPA process and the reasons taxpayers choose to use one method over another. Based on the results of the review, appropriate changes to the programs will be initiated.

IMPLEMENTATION DATE:

May 15, 2015

RESPONSIBLE OFFICIAL(S):

Director, Collection Policy, Enterprise Collection Strategy, SB/SE Division

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.