TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Communication Breakdowns, Hiring Volume Surges, and Aging System Integration Challenges Delayed Some IRS Hiring Efforts

September 25, 2024

Report Number: 2024-108-069

HIGHLIGHTS: Communication Breakdowns, Hiring Volume Surges, and Aging System Integration Challenges Delayed Some IRS Hiring Efforts

Why TIGTA Did This Audit

The IRS has experienced reduced staffing levels since Fiscal Year (FY) 2010 due to budget decreases. In the Inflation Reduction Act of 2022, the IRS was allocated an additional $79.4 billion to its budget over the next 10 years. Although approximately $21.6 billion of that funding was subsequently rescinded, a portion of the remaining funds is to be used to expand IRS hiring efforts. This includes plans to implement a hiring strategy that is collaborative and responsive to meeting current and future taxpayer needs as well as reducing the time it takes to hire an employee to an average cumulative of 80 calendar days.

The overall objective of this review was to evaluate IRS efforts to implement efficient hiring processes that will fill critical program vacancies.

Impact on Tax Administration

Over the last decade, the IRS has faced a decline in staffing levels which has affected its ability to fulfill its mission. Delays in the hiring process can put the IRS at risk of wasting resources due to losing prospective employees because the applicants who experience a prolonged hiring process may opt for alternative employment opportunities.

IRS TARGET – 80 DAYS TO HIRE	
	# OF EMPLOYEES
TARGET EXCEEDED	18,985
TARGET MET	33,804

What TIGTA Found

The IRS has been granted multiple Direct Hire Authorities (DHA) to expedite hiring and fill job vacancies when a critical hiring need or a severe shortage of candidates exists. From October 1, 2021, to September 30, 2023, the IRS processed nearly 53,000 new hires. These new hires included external traditional and DHA hires, as well as internal traditional and DHA hires. In FY 2022, there were almost 22,000 new hires and approximately 31,000 new hires in FY 2023, which represents a 41 percent increase in hiring.

41%

The IRS has increased hiring by 41 percent between Fiscal Years 2022 and 2023.

Although the IRS has used multiple DHAs to expedite its hiring process to fill vacant positions, 18,985 out of 52,789 new hires in FYs 2022 and 2023 exceeded the Office of Personnel Management's 80-calendar day time to hire target. TIGTA reviewed a statistically valid stratified random sample of 106 out of 18,985 new hires who exceeded the 80-calendar day time to hire target and found that delays in the hiring process are the result of workload constraints and miscommunication, security checks exceeding their targeted completion time, as well as limitations in the IRS's hiring management system.

For example, interviews with hiring officials revealed that when job announcements have many applicants, it becomes more difficult to meet the 15-calendar day target for evaluating the applications and timely issue certificates. In addition, miscommunication between the Human Resource specialists and the selecting officials has resulted in an extended selection process.

There were also missing values and duplicated or invalid record information within the data used to track hiring information.

What TIGTA Recommended

TIGTA made four recommendations to the IRS Human Capital Officer that included designing a corrective action plan focused on improving training, communication, and coordination throughout the hiring process; developing comprehensive, up-to-date reference materials; and taking steps to improve the information accuracy and reduce data input errors in the IRS's hiring management system.

The IRS agreed with all four recommendations and stated that it has transformed to a customer-centric hiring operation to provide dedicated hiring support and services to improve training, communication, and coordination; updated its hiring reference materials; and, identified and requested automation enhancements to its hiring management system to improve accuracy and reduce data input errors.

September 25, 2024

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Danny R. Verneuille
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Communication Breakdowns, Hiring Volume
Surges, and Aging System Integration Challenges Delayed Some
IRS Hiring Efforts (Audit No.: 202310812)

This report presents the results of our review of Internal Revenue Service efforts to implement efficient hiring processes that will fill critical program vacancies. This review is part of our Fiscal Year 2024 Annual Audit Plan and addresses the major management and performance challenge of *Managing IRA [Inflation Reduction Act of 2022] Transformation Efforts*.

Management's complete response to the draft report is included as Appendix III. If you have any questions, please contact me or Bryce Kisler, Assistant Inspector General for Audit (Management Services and Exempt Organizations).

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Background

The Internal Revenue Service's (IRS) mission is to provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all. IRS employee counts have decreased from approximately 94,300 in Fiscal Year (FY) 2010 to approximately 80,200 in FY 2020. However, IRS staffing over the past three years has increased to approximately 89,800 employees in pay status as of the end of FY 2023. Several years of reduced staffing when compared to FY 2010 levels has negatively affected the IRS's ability to fulfill its mission.

In response, the Office of Personnel Management (OPM) has granted the IRS multiple Direct Hire Authorities (DHA). A DHA is a hiring authority that the OPM can give to Federal agencies for filling vacancies when a critical hiring need or severe shortage of candidates exists. This enables an agency to expedite hiring by eliminating competitive rating and ranking, veterans' preference, and "rule of three" procedures.[1]

In March 2017, the OPM published its End-to-End Hiring Initiative which includes the End-to-End Hiring Roadmap, created through a collaborative effort between the OPM and the Chief Human Capital Officers Council Subcommittee for Hiring and Succession. Figure 1 depicts the OPM's End-to-End Hiring Roadmap.

Figure 1: End-to-End Hiring Roadmap
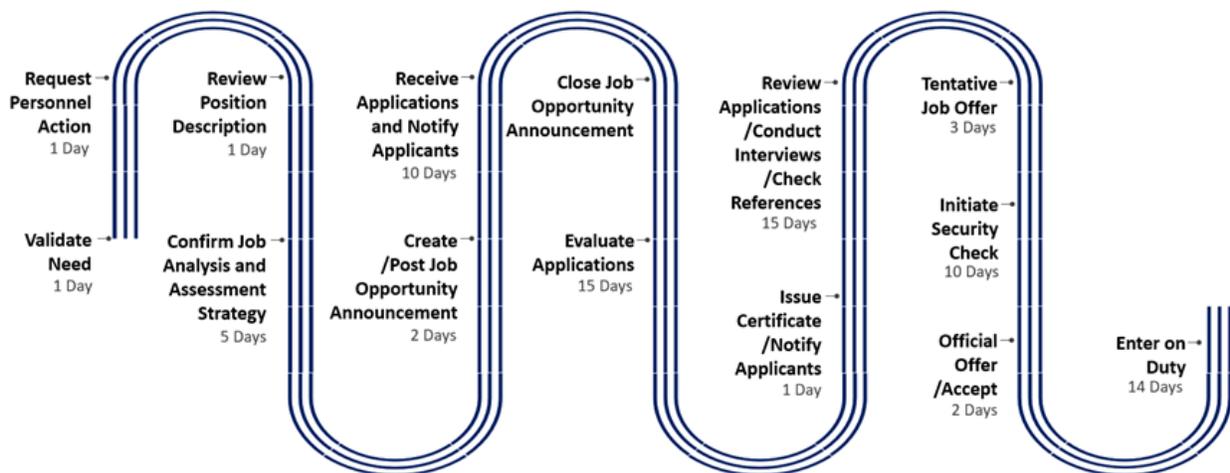
Source: The OPM's End-to-End Hiring Initiative (March 2017).

The End-to-End Hiring Roadmap summarizes the steps in the hiring process and the number of days for each step within an 80-calendar day time to hire target. The number of days for each step within the 80-calendar day target is a suggested time frame. Agencies may need to adjust the number of days for each step while keeping within the 80-calendar day target for end-to-end hiring. In addition, the hiring process is designed for filling positions with new hires

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[1] Competitive rating and ranking is the hiring process where an applicant must go through a competitive process which is open to all applicants. Veterans' preference gives eligible veterans discharged from active duty under honorable conditions preference in hiring over many other applicants. The "rule of three" requires managers to select new employees from among the top three available candidates rated and referred to them by an examining office.

from outside of the Federal Government. It was not designed for filling positions under merit promotion procedures or for hiring flexibilities such as DHAs.

The IRS generally uses three different job announcement types:

- **Internal Merit Promotion announcements** – available to current IRS employees with competitive status and should be adequately publicized and must remain open for 10 workdays or a minimum of five workdays in the event of an unusual situation.

- **Status announcements** – available to current and former Federal employees with competitive status, must remain open for a minimum of five workdays.[2] In addition, the effective date of an appointment action cannot be made prior to the appointing officer's approval date.[3]

- **Delegated Examining announcements** – available to all U.S. citizens and must remain open for a minimum of five calendar days (providing the closing day does not fall on a non-workday) or more to provide the public with adequate notice of the job announcement.[4]

With the passage of the Inflation Reduction Act of 2022 (IRA), the IRS was appropriated an additional $79.4 billion to its budget over the next 10 years.[5] However, approximately $21.6 billion of that funding was subsequently rescinded. The Fiscal Responsibility Act of 2023, passed in June 2023, rescinded approximately $1.4 billion of the IRA funding, and the Further Consolidated Appropriations Act, 2024, passed in March 2024, rescinded an additional $20.2 billion of the IRA funding.[6]

On April 5, 2023, the IRS published its IRA Strategic Operating Plan to describe the objectives to be accomplished with this additional IRA funding. A portion of these funds will be invested in hiring for certain positions in areas such as Tax Enforcement, Taxpayer Service, and Information Technology. On April 16, 2024, the IRS Commissioner testified before the Senate Finance Committee on Filing Season 2024 and the IRS budget. During the hearing, the Commissioner stated that IRA Taxpayer Services resources are expected to run out completely by FY 2026.

The Human Capital Office (HCO) serves as the hiring focal point for all IRS Business Operating Divisions (BOD)/functions. The HCO is responsible for planning and streamlining the hiring process.[7] One of the main goals outlined in the 2022–2026 IRS Human Capital Operating Plan is to implement a hiring strategy that is collaborative and responsive to meeting current and future taxpayer needs. This includes reducing the time it takes to hire an employee to an average of 80 calendar days.

According to IRS officials, the traditional hiring process for internal and external applicants begins once there is a need to fill a job position, marked by a hiring official submitting a request

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[2] Internal Revenue Manual 6.335.1, *IRS Merit Promotion Plan and Internal Placement* (June 6, 2023).

[3] Internal Revenue Manual 6.300.1, *Employment (General)* (November 6, 2009).

[4] Internal Revenue Manual 6.250.3, *Delegated Examining Authority* (December 3, 2012).

[5] Pub. L. No. 117-169, 136 Stat. 1818.

[6] Further Consolidated Appropriations Act, 2024, Pub. L. No. 118-47, 138 Stat. 460 (rescinding $20.2 billion); Fiscal Responsibility Act of 2023, Pub. L. No. 118-5, 137 Stat. 10 (rescinding $1.4 billion).

[7] Internal Revenue Manual 6.250.3, *Delegated Examining Authority* (December 3, 2012).
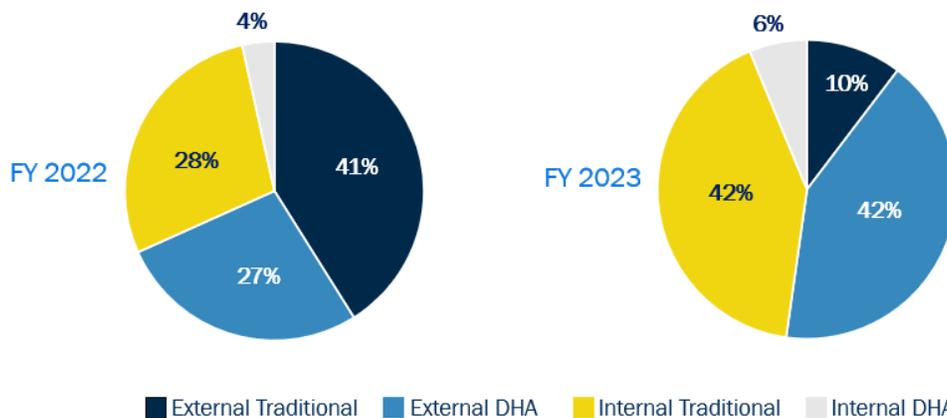
in USA Staffing and concluding on the applicant's "Enter on Duty" date.[8] A visual description of the traditional hiring process is shown in Figure 1. However, DHAs allow the IRS to eliminate some portions of the hiring process, including competitive rating and ranking, resulting in a shorter time frame for hiring employees. This results in four different hiring types: external traditional, external DHA, internal traditional, and internal DHA. The IRS's IRA Strategic Operating Plan states that success in redesigning its hiring processes would include improving the end-to-end hiring process and reducing the time to hire, regardless of the type of vacancy.

Results of Review

Status of IRS Hiring Efforts for Fiscal Years 2022 and 2023

Based upon USA Staffing reports, there were almost 22,000 new hires in FY 2022 and approximately 31,000 new hires in FY 2023, which represents a 41 percent increase in hiring. Through the end of FY 2024, the IRS estimates total growth of approximately 20,000 employees funded by the IRA. These totals include external traditional and external DHA hires as well as internal traditional and internal DHA hires. Figure 2 shows the percentages of hiring, by hiring type, in FYs 2022 and 2023.

Figure 2: Hiring Type Percentages for FYs 2022 and 2023

FY 2022: External Traditional 41%, External DHA 27%, Internal Traditional 28%, Internal DHA 4%
FY 2023: External Traditional 10%, External DHA 42%, Internal Traditional 42%, Internal DHA 6%

Legend: External Traditional | External DHA | Internal Traditional | Internal DHA

Source: Treasury Inspector General for Tax Administration's (TIGTA) analysis of the IRS's Time to Hire Records from USA Staffing.

Comparing FY 2022 to FY 2023 by hiring type:

- 8,897 external traditional hires in FY 2022 had an average time to hire of 111 calendar days as compared to the average time to hire of 95 calendar days for 3,224 hires in FY 2023.

- 5,893 external DHA hires in FY 2022 had an average time to hire of 63 calendar days as compared to the average time to hire of 82 calendar days for 13,038 hires in FY 2023.

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[8] USA Staffing is the OPM's hiring management system for the Federal Government and is used to recruit, evaluate, assess, certify, select, and onboard new employees. The IRS started using this system in FY 2020.

- 6,117 internal traditional hires in FY 2022 had an average time to hire of 61 calendar days as compared to the average time to hire of 52 calendar days for 12,922 hires in FY 2023.

- 751 internal DHA hires in FY 2022 had an average time to hire of 42 calendar days as compared to the average time to hire of 50 calendar days for 1,947 hires in FY 2023.

Figure 3 shows the total hired and average days to hire in FYs 2022 and 2023.

Figure 3: Total Hiring and Average Time to Hire for FYs 2022 and 2023

IRS HIRING METRICS

	TOTAL HIRING	AVG DAYS TO HIRE	TOP HIRED POSITION
FY 2022	21,658	82 DAYS	EXTERNAL TRADITIONAL
FY 2023	31,131	69 DAYS	EXTERNAL DHA

Source: TIGTA's analysis of the IRS's Time to Hire Records from USA Staffing. AVG = Average.

Figure 4 provides a visual illustration comparing key statistics for the 52,789 employees who were hired within and outside the 80-calendar day time to hire target during FYs 2022 and 2023.

**Figure 4: Comparison of Average Time to Hire Target Met/Not Met
for FYs 2022 and 2023**

IRS TARGET – 80 DAYS TO HIRE

		# OF EMPLOYEES	AVG DAYS TO HIRE
TARGET EXCEEDED	36%	18,985	124 DAYS
TARGET MET	64%	33,804	46 DAYS

Source: TIGTA's analysis of the IRS's Time to Hire Records from USA Staffing. AVG = Average.

Figure 5 provides a visual illustration comparing the 52,789 employees hired during FYs 2022 and 2023 to the number of employees who did not meet the 80-calendar day time to hire target, broken down by hiring type.

### Figure 5: Comparison of Time to Hire Target Not Met by Hiring Type for FYs 2022 and 2023

	External Traditional	External DHA	Internal Traditional	Internal DHA
	66%	34%	23%	9%
Total Hired	12,121	18,931	19,039	2,698
Target Exceeded	8,027	6,415	4,305	238
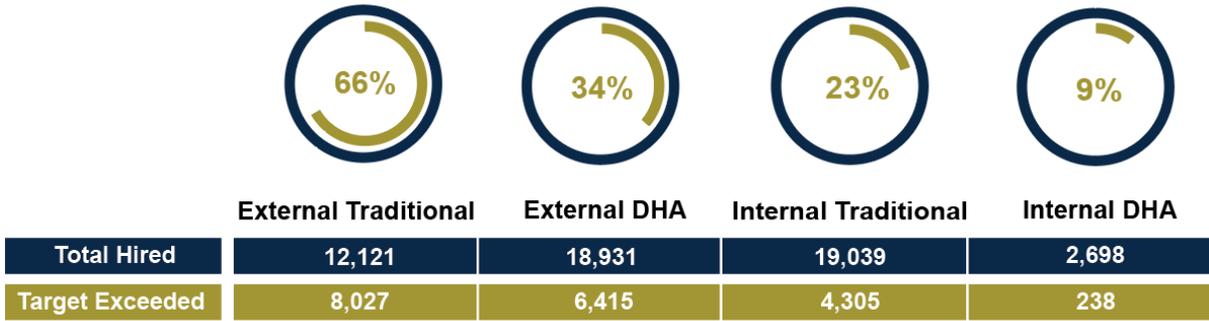
Source: TIGTA's analysis of the IRS's Time to Hire Records from USA Staffing.

Figures 6 and 7 are a geographical representation of hiring in FYs 2022 and 2023 for external and internal hires, respectively, developed using hiring reports from the Department of the Treasury's Enterprise Data Management Data Warehouse Platform.[9]

Figure 6: External Geographical Hiring Map for FYs 2022 and 2023
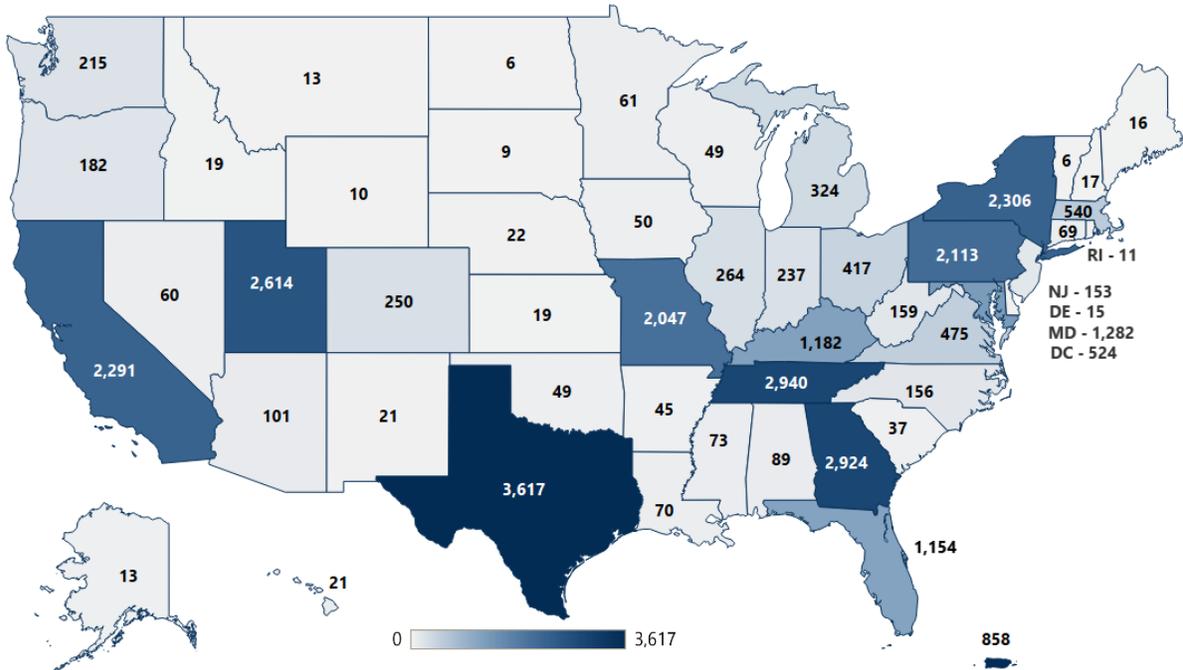
Source: TIGTA's analysis of the IRS's External Hires report from the Department of the Treasury's Enterprise Data Management Data Warehouse Platform. RI = Rhode Island, NJ = New Jersey, DE = Delaware, MD = Maryland, and DC = Washington, D.C.

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[9] The Department of the Treasury's Enterprise Data Management Data Warehouse Platform is a reporting tool that consolidates information from multiple data sources, including various human resource systems.
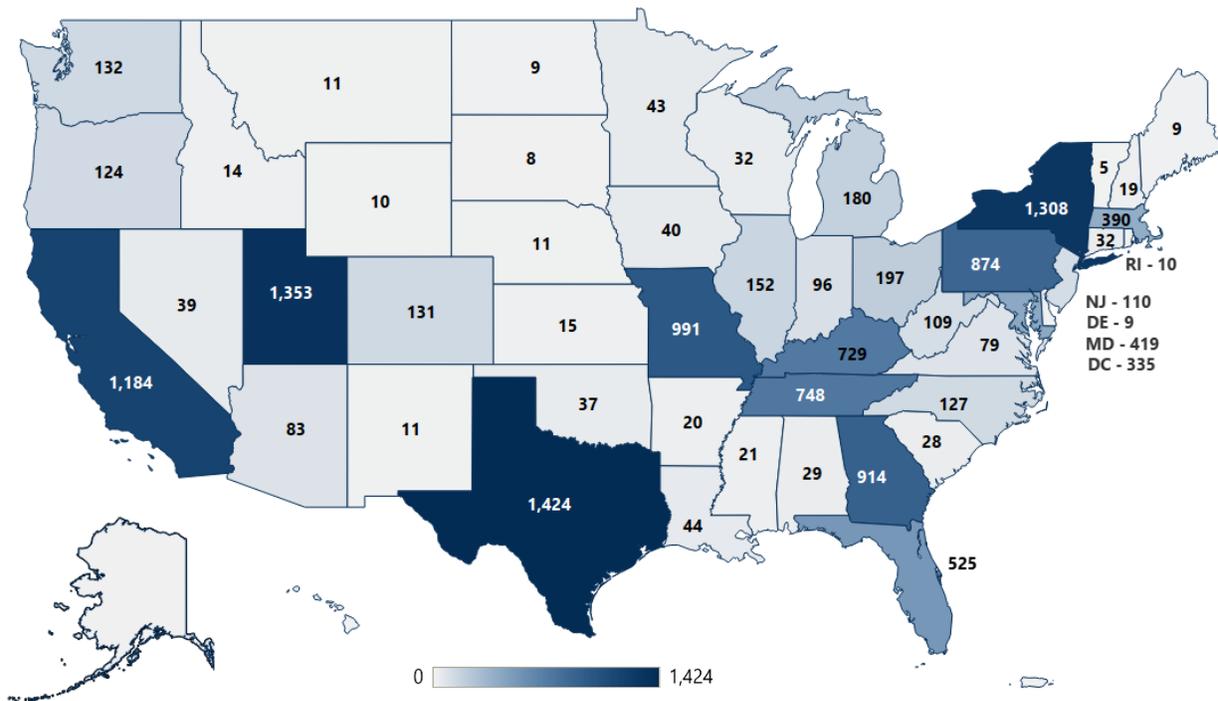
Figure 7: Internal Geographical Hiring Map for FYs 2022 and 2023

Source: *TIGTA's analysis of the IRS's Internal Hires report from the Department of the Treasury's Enterprise Data Management Data Warehouse Platform. RI = Rhode Island, NJ = New Jersey, DE = Delaware, MD = Maryland, and DC = Washington, D.C.*

Reviewing Applications and Making Hiring Selections Were Needlessly Delayed

Workload constraints and miscommunications caused delays in reviewing applications and returning the selected applicants to the HCO. Human Resource (HR) specialists should evaluate the applications and issue a certificate of qualified candidates within 16 calendar days of the job announcement's closure date.[10] After that, selecting officials are responsible for reviewing the applications, coordinating interviews, contacting references, and returning their selection to the HCO within 15 calendar days.

Our analysis of the hiring timeline for 52,789 new hires with start dates between October 1, 2021, and September 30, 2023, showed that the IRS processed 12,121 traditional external hires through USA Staffing. During that time, HR specialists working on traditional external applicants took an average of 44 calendar days (29 days more than the

> When reviewing external applicants, HR specialists took an average of 44 calendar days to review applications, and selecting officials took an average of 28 calendar days to return their selections to the HCO.

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[10] The OPM's End-to-End Hiring Roadmap suggests 15 calendar days to evaluate the applications and one calendar day to issue a certificate of qualified candidates.

target) to review the applications, and selecting officials took an average of 28 calendar days (13 days more than the target) to return their selections to the HCO.[11]

We reviewed a statistically valid stratified random sample of 106 out of 18,985 new hires who experienced a time to hire greater than 80 calendar days.[12] We found that in 48 instances (45 percent) HR specialists took longer than 15 calendar days to review the applications, and in 31 instances (29 percent) selecting officials took longer than 15 calendar days to return their selections to the HCO. Based on our sample, we estimate that 8,970 new hires experienced an application review process that took longer than 15 calendar days and 5,792 new hires experienced a selection return to the HCO that took longer than 15 calendar days.[13]

One of the reasons that the HR specialists exceeded the time to evaluate the applications and issue the certificate of qualified candidates within 16 calendar days was because HR specialists are not always trained to properly identify the qualified candidates for each of the various BODs/functions. For example, we interviewed a variety of individuals involved in the hiring process, and one person described an instance where an applicant was added to the certificate of qualified candidates, but the hiring manger rejected the certificate because the applicant did not meet the job requirements.

In another interview, a hiring official described some technical aspects of a vacant position in which the HR specialist was unable to identify whether a candidate was qualified to fill the position. As a result, the initial certificate of qualified candidates had to be rebuilt and then resubmitted back to the selecting official, extending the time that it ultimately took to make a selection. These delays can cause the hiring process to exceed the 80-calendar day time to hire target. In addition, if HR specialists include unqualified candidates in the certificates, there is also the possibility that otherwise qualified candidates may not be included on the certificates that are sent to the hiring managers. This may lead to repeating hiring activities and can lead to wasteful use of IRS resources.

According to HCO management, IRA funding has allowed the HCO to provide more targeted, in-person training when HR specialists are initially hired to better prepare them for the wide variety of Federal hiring processes. In addition, HCO management stated that in November 2023, a change was made to align HCO hiring and recruitment teams to support specific BODs/functions.

Interviews with other HCO personnel revealed that workload volume and training challenges may have also contributed to some of these delays. An HR specialist we interviewed expressed that they have little problem meeting the 15-calendar day target when there are only a few applicants to a job announcement. However, meeting the target becomes more challenging when there is a larger number of applicants. In addition, some of the newer HR specialists we

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[11] USA Staffing shows the latest dates for issuing certificates and returning the selection. In cases where the certificates were issued, sent back to the HR specialist with no selection, and then reissued to the selecting official, only the latest certificate issue date shows up in USA Staffing. Therefore, we considered these steps in the hiring process together.

[12] Our sample was selected using a 95 percent confidence interval, a 50 percent error rate, and a ±10 percent precision factor.

[13] The projected application review process population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 7,668 and 10,273. The projected selection return population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 4,290 and 7,294.

interviewed stated that they received some initial training, but it could be improved. For example, one HR specialist stated that they received initial training and materials to read, after which they were expected to carry out their job duties. However, they did not believe that the training was enough to prepare them to perform these duties. On the hiring manager side, hiring is only one of the responsibilities these officials have as part of their job duties and is generally not their primary task.

Sometimes these delays are significant enough that the certificate is automatically recalled to the HR specialist with no selection. This occurs after 30 calendar days from the date that the certificate was issued. Our interviews also found that some of these certificates were recalled automatically just because the selecting official did not complete the make a selection task in USA Staffing.

Further, outdated reference materials may have contributed to some of these delays. The Internal Revenue Manual related to hiring has not been updated since FY 2010, and the few that were recently updated in FY 2023 had not been previously updated in over a decade. The HCO did provide us some example desk guides during our audit, but most of these desk guides referenced the prior hiring management system instead of USA Staffing. Our interviews with hiring representatives also highlighted this issue. For example, an HR specialist stated that finding the right answer to a question was challenging because the reference document that should have had the answer only provided a link to another source, but the link was broken. This required the HR specialist to find someone who knew the correct answer instead of having the correct answer be readily available.

Outdated and incomplete reference information can present multiple challenges to the hiring process. If the HR specialists spend extra time trying to find the right answer to a question, this can contribute to exceeding the 80-calendar day time to hire target. In worst case scenarios, if the answer cannot be found and no one the HR specialist has access to knows the answer, this could potentially lead to an incorrect action being taken in the hiring process. In the IRA Strategic Operating Plan, the IRS acknowledged that hiring at the IRS is difficult due to operational inefficiencies and has made a pledge to create a forward-looking hiring plan that will establish clear expectations regarding the time to hire, including best practices for expediting competitive hiring.

The IRS Human Capital Officer should:

Recommendation 1: Design a corrective action plan focused on improving training, communication, and coordination between the BOD/function hiring representatives and the HR specialists throughout the hiring process to further assist with reducing delays in the application process.

> **Management's Response:** The IRS agreed with this recommendation and has transformed to a customer-centric hiring operation to provide dedicated hiring support and services to specific BODs to improve training, communication, and coordination.

Recommendation 2: Develop comprehensive, up-to-date reference materials that the HR specialists and the BOD/function hiring representatives can use as they process hiring actions.

> **Management's Response:** The IRS agreed with this recommendation and has updated its hiring operations reference materials so that HR specialists have access to the most up-to-date guidance. This updated guidance includes topics such as veterans' preference, DHA, USA Staffing changes, and process changes.

Most Initial Security Checks Were Late

Out of the 106 applicants in our statistically valid stratified random sample of new hires who experienced a time to hire greater than 80 calendar days, 78 of them required initial security checks. For applicants where security checks were required, 97 percent of the applicants (76 out of 78) exceeded the 10-calendar day target for completion by an average of 40 calendar days. Figure 8 shows the comparison of applicants where security checks were required.

Figure 8: Comparison of Applicants Where Security Checks Were Required for FYs 2022 and 2023
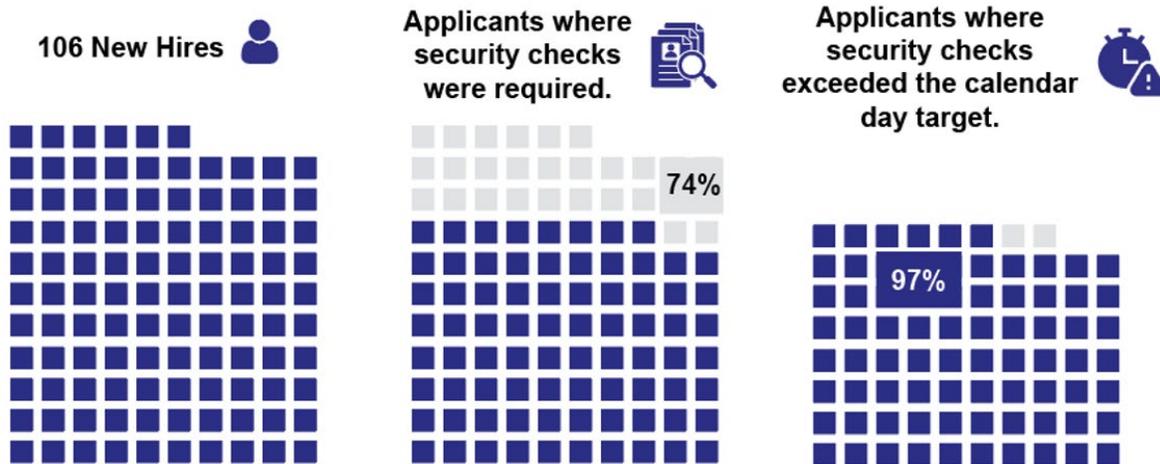
Source: TIGTA's review of the IRS's Hiring Records from USA Staffing.

The IRS provided information showing a delay in securing fingerprints from the perspective employee contributed to these delays in 45 out of the 76 cases that exceeded the target. Based upon our sample, we estimate that 8,336 new hires experienced a delay in their initial security checks related to a delay in securing fingerprints.[14] The IRS has adopted the OPM's 80-calendar day target for the time it takes to hire a new employee. The initial security checks (fingerprints included) should be issued within 10 calendar days of the applicant accepting the tentative job offer or selection (if an internal applicant). Most internal applicants in our sample were not required to complete these initial security checks because as current IRS employees, their fingerprints were already on file and their Federal tax compliance was already being continuously monitored.

Various steps are included in the initial security checks, including activities dependent upon the applicant. Once an applicant accepts the tentative offer, USA Staffing activates onboarding tasks for the applicant to complete. These tasks include the applicant completing forms prior to the HR specialist creating an Automated Background Investigation System (ABIS) case which will

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[14] The projected population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 6,739 and 9,932.

be managed by the HCO's Personnel Security function. The applicant must also schedule a fingerprint appointment with USAccess.[15] Once the fingerprints are received, the HR specialist releases them to the Defense Counterintelligence and Security Agency to check the individual's Federal Bureau of Investigations' criminal record.

Upon review of the IRS hiring process workflow description, we found that the instructions do not clearly describe what happens once the applicant receives the task to have fingerprints taken. Specifically, there is a task assigned to the HR specialist pertaining to fingerprinting, but there is nothing to explain what fingerprinting steps the applicant is responsible to complete between that point and the initial security checks approval from the Personnel Security function. This break in the description of the workflow could cause confusion for some HR specialists and contribute to delays in the fingerprinting process.

The longer it takes for the applicant's fingerprints to be submitted to the Personnel Security function, the longer the applicant will be in the hiring process. Delays in the hiring process can put the IRS at risk of wasting resources due to losing prospective employees because the applicants who experience a prolonged hiring process may opt for alternative employment opportunities.

Another factor affecting the fingerprinting process was the OPM's approval of temporarily deferring fingerprinting requirements due to the Coronavirus Disease 2019 Pandemic. This deferral allowed the IRS to proceed with the hiring process and get the applicant's fingerprints at a later date. The IRS stopped using this deferral option in January 2022. The result of ceasing the deferral meant that all applicants from that point forward required fingerprints to proceed through the initial security checks phase, but also any employee's fingerprints that were deferred would also need to be taken. This resulted in a temporary increase in fingerprinting volumes above the standard volume for expected hiring.

The HCO recognized this challenge and implemented a reporting tool to keep track of applicants in this phase of the hiring process. The tool provides the HCO with a snapshot of where each applicant is at any given point in the onboarding process and can be used to identify when the Facilities Management and Security Services function can expect a significant increase in fingerprinting appointments. In addition, Facilities Management and Security Services management stated that they have taken steps to increase fingerprinting capacity. This included increasing the number of staff qualified to take fingerprints, obtaining additional fingerprinting equipment, and opening additional fingerprinting sites.

Another contributor to the delays in the security checks process is the Personnel Security function's aging ABIS. This is a legacy system that is due for replacement by webABIS in October 2024. Challenges with the old system include limited integration with other systems, which resulted in significant manual data entry. The HCO expects webABIS to provide more streamlined operations and better integration with other systems including USA Staffing. The new system is also expected to carry greater reporting options that will allow the Personnel Security function to better manage the volume of background investigation cases.

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[15] USAccess is a Federal shared service that provides identity verification services, which includes taking applicants fingerprints among other services.

Recommendation 3: The IRS Human Capital Officer should coordinate with the Chief, Facilities Management and Security Services, to update hiring process workflow instructions to include alerting applicants to upcoming deadlines in the fingerprinting process. These instructions should also ensure that applicants are informed to complete the fingerprinting process within a certain time frame that will allow the Personnel Security function sufficient time to complete the remaining initial security checks steps. If the applicant is unable to complete the fingerprinting process within the given time frame, then a reason should be provided and should be added to the prospective employee's file.

> **Management's Response:** The IRS agreed with this recommendation, stating that the HCO has partnered with the Facilities Management and Security Services function to increase appointment availability, transparency, and tracking capabilities for fingerprinting. The IRS also updated the Tentative Job Offer letter to clarify applicant fingerprint timelines and provide resources if an applicant cannot secure a fingerprinting appointment within the allotted timeframe.

Limitations in the Hiring Management System Reduces Its Usability and Reliability

Manually entered dates and an absence of common unique identifiers limits the usability and reliability of USA Staffing data. USA Staffing allows HR specialists and hiring managers to complete several hiring tasks such as sharing notes, reviewing assessment and announcement information, reviewing applicant documents, and collaborating on certificates/new hires. However, these actions require significant manual entry and can lead to user input errors. In addition, USA Staffing does not have a unique identifier common to other IRS HR systems that would allow for easy reconciliation and validation between the different systems.

The Government Accountability Office's *Standards for Internal Control in the Federal Government* defines quality information as information from relevant and reliable data that is appropriate, current, complete, accurate, accessible, and provided on a timely basis.[16] A review of FYs 2022 and 2023 USA Staffing data revealed that there were missing values and duplicated or invalid record information. We found 44 duplicated records, 4,434 records with blank fields in the "Request Approval Date" column, and 744 records where the "Request Approval Date" was prior to the "Hiring Need Validation" date. The "Hiring Need Validation" date is the starting point for the time to hire calculations, so this field would be filled out before the "Request Approval Date" field and needs to be reliable for the HCO's time to hire calculations to be accurate.

We also encountered challenges when trying to reconcile the new hires listed in USA Staffing to other IRS HR systems and data including HRConnect and the Treasury Integrated Management Information System.[17] These challenges were primarily driven by the absence of a common unique identifier between USA Staffing and other IRS HR systems. USA Staffing assigns a

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[16] Government Accountability Office, GAO-14-704G, *Standards for Internal Control in the Federal Government* (Sept. 2014).

[17] HRConnect is the Department of the Treasury's human resource and personnel system. The Treasury Integrated Management Information System is an official automated personnel and payroll system for storing and tracking all employee personnel and payroll data.

unique New Hire Identification number to an individual selected for a position while the other IRS HR systems use the IRS's internal employee tracking numbers as unique identifiers for everyone. Further, one person could be associated with multiple New Hire Identification numbers in USA Staffing if they are selected for multiple positions over the course of their career. This prevents a perfect one-to-one match. The absence of a common reportable unique identifier requires a person's name to be used for reconciliation purposes. Some challenges we encountered with this method include common names for multiple individuals, spelling or abbreviation variations, and inclusion of prefix or suffix information.

As a fictitious example, multiple applicants with the name "John D. Smith" could show up in USA Staffing. Without a common unique identifier, it would be impossible to determine if these individuals are the same as these names from HRConnect: "John Doe Smith," "John D. Smith Jr.," or "John Dalton Smith." We have discussed this concern with HCO stakeholders, who have also expressed similar concerns. An example they provided relates to the reporting tool the HCO uses to keep track of applicants in the fingerprint stage of the hiring process. This tool uses data from USA Staffing and other HR systems, including USAccess. The HCO stakeholders stated that matching names from USA Staffing to the fingerprint appointment data in USAccess is challenging due to the absence of a common unique identifier. This challenge can delay reporting and the accuracy of the reporting, which limits the usability and effectiveness of this tool.

USA Staffing is a newly implemented hiring management system that recently replaced Career Connector, which was the previous IRS hiring management system. The HCO began moving to USA Staffing in April 2020, and finished moving Career Connector records to USA Staffing in February 2022. Any records with an "Enter on Duty" date after December 20, 2021, tentative selections, or records with objections/pass overs that were not sustained were moved to USA Staffing. However, closed records in Career Connector or records with objections/pass overs that were sustained were not moved to USA Staffing.

We discussed the data and reporting concerns with HCO stakeholders, and they explained that the transition to USA Staffing has presented some challenges with ensuring USA Staffing was used as intended. They also stated that they are continually monitoring this data and are focusing on training IRS users of USA Staffing to improve data reliability. The IRS cannot make updates to USA Staffing as the system is owned by the OPM. For example, adding a "Customer HR Identification" field would improve the IRS's ability to reconcile the new hires listed in USA Staffing to other IRS HR systems, and this field could also be used by other Federal agencies experiencing the same data limitations with USA Staffing. This would also allow the system to become more automated, requiring fewer manual inputs, which would further increase the accuracy of the data in USA Staffing. However, the IRS is unable to make the system change and is only able to submit such requests to the OPM for consideration.

Missing values and duplicated or invalid record information can affect the reliability and usability of USA Staffing data. While HCO stakeholders stated that they are making strides to improve its reliability, the absence of a common unique identifier between USA Staffing and other IRS HR systems will limit the HCO's ability to fully depend on the data from that system.

Recommendation 4: The IRS Human Capital Officer should request from the OPM additional automation enhancements to USA Staffing to improve its information accuracy and reduce data input errors.

Management's Response: The IRS agreed with this recommendation and has identified and requested automation enhancements to USA Staffing to improve accuracy and reduce manual data input errors.

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Appendix I

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Detailed Objective, Scope, and Methodology

The overall objective of this audit was to evaluate IRS efforts to implement efficient hiring processes that will fill critical program vacancies. To accomplish our objective, we:

- Identified the HCO's controls that facilitate its end-to-end processing of hiring actions. We reviewed IRS specific policies and procedures, including the Internal Revenue Manual, desk guides, *etc*.

- Reviewed Governmentwide applicable policies and interviewed HCO stakeholders responsible for implementation and management of these controls.

- Analyzed overall hiring data from USA Staffing and calculated the overall time to hire for employees hired during FYs 2022 and 2023 (October 1, 2021, through September 30, 2023). Where applicable, we calculated how many days each step in the process took to identify the most inefficient point(s) in the process.

- Coordinated with TIGTA's contract statistician and developed a sampling plan to ensure selection of a statistically valid stratified random sample. We used a 95 percent confidence interval, a 50 percent error rate, and a ±10 percent precision factor to select a sample of 106 out of 18,985 new hires whose end-to-end hiring process exceeded the 80-calendar day time to hire target average and reviewed the corresponding USA Staffing records to identify why the hiring action exceeded the target average. The population was broken into four strata: 1) External applicant and traditional hiring procedure, 2) Internal applicant and traditional hiring procedure, 3) External applicant and DHA hiring procedure, and 4) Internal applicant and DHA hiring procedure. We also reviewed USA Staffing records to determine what steps in the process exceeded time to hire targets. TIGTA's contract statistician assisted with developing the estimated actual population counts to ensure statistical validity of the projected population totals.

Performance of This Review

This review was performed with information obtained from the HCO located in Washington, D.C., during the period August 2023 through to July 2024. 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.

Major contributors to the report were Bryce Kisler, Assistant Inspector General for Audit (Management Services and Exempt Organizations); LaToya P. George, Director; Seth Siegel, Audit Manager; Nathaniel Russell, Lead Auditor; Jody-Ann Sommerville, Auditor; John Elder, Data Analytics Manager; Cheryl Joneckis, Senior Data Analyst; and Laura Christoffersen, Senior Data Analyst.

Data Validation Methodology

We performed tests to assess the reliability of data from USA Staffing, the Human Resources Reporting Center, and the Treasury Integrated Management Information System. We evaluated the data by 1) performing electronic testing of required data elements, and 2) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for purposes of this report.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: HCO controls that facilitate its end-to-end processing of hiring actions. To assess these controls, we selected and reviewed a statistically valid stratified random sample of 106 new hires whose end-to-end hiring process exceeded the 80-calendar day time to hire target average, reviewed the corresponding USA Staffing records to identify why the hiring action exceeded the target average, and met with IRS management to discuss our results.

Appendix II

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:

- Inefficient Use of Resources – Potential; 8,970 new hires whose application review extended past 15 calendar days (see Recommendations 1 and 2).

Methodology Used to Measure the Reported Benefit:

From a statistically valid stratified random sample of 106 new hires out of 18,985 new hires who experienced a time to hire greater than 80 calendar days, we found 48 instances where the HR specialists took longer than 15 calendar days to review the applications.[1] Based on our sample, we project that 8,970 new hires experienced an application review process that took longer than 15 calendar days.[2]

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Potential; 5,792 new hires whose selection return to the HCO extended past 15 calendar days (see Recommendations 1 and 2).

Methodology Used to Measure the Reported Benefit:

From a statistically valid stratified random sample of 106 new hires out of 18,985 new hires who experienced a time to hire greater than 80 calendar days, we found 31 instances where selecting officials took longer than 15 calendar days to return their selections to the HCO.[3] Based on our sample, we project that 5,792 new hires experienced a selection return to the HCO that took longer than 15 calendar days.[4]

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Potential; 8,336 new hires whose initial security checks extended past 10 calendar days due to fingerprinting delays (see Recommendation 3).

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[1] The sample size was determined based on a 95 percent confidence interval, a 50 percent error rate, and a ±10 percent precision factor.

[2] The projected application review process population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 7,668 and 10,273.

[3] The sample size was determined based on a 95 percent confidence interval, a 50 percent error rate, and a ±10 percent precision factor.

[4] The projected selection return population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 4,290 and 7,294.

Methodology Used to Measure the Reported Benefit:

From a statistically valid stratified random sample of 106 new hires out of 18,985 new hires who experienced a time to hire greater than 80 calendar days, we found 45 instances where the initial security checks took longer than 10 calendar days due to fingerprinting delays.[5] Based on our sample, we project that 8,336 new hires experienced initial security checks that took longer than 10 calendar days due to fingerprinting delays.[6]

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 5,178 USA Staffing records comprised of 4,434 records with blank fields in the "Request Approval Date" column and 744 records where the "Request Approval Date" was prior to the "Hiring Need Validation" date (see Recommendation 4).

Methodology Used to Measure the Reported Benefit:

From a population of 52,789 new hires in USA Staffing from October 1, 2021, to September 30, 2023, we found that 4,434 records had blank fields in the "Request Approval Date" column and 744 records had a "Request Approval Date" that was prior to the "Hiring Need Validation" date. We are reporting a total of 5,178 USA staffing records (4,434 + 744). The "Hiring Need Validation" date is the starting point for time to hire calculations, so this field needs to be reliable for the HCO's time to hire calculations to be accurate.

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[5] The sample size was determined based on a 95 percent confidence interval, a 50 percent error rate, and a ±10 percent precision factor.

[6] The projected population total is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the actual population total is between 6,739 and 9,932.

Appendix III

Management's Response to the Draft Report

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

HUMAN CAPITAL OFFICE

9/20/24

MEMORANDUM FOR DANNY R. VERNEUILLE
                              ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Traci M. DiMartini   Traci M.   Digitally signed by Traci
                      IRS Human Capital Officer DiMartini   M. DiMartini
                                                                      Date: 2024.09.20
                                                                      09:52:42 -04'00'

SUBJECT: Draft Audit Report – TIGTA Audit 202310812 Communication
                        Breakdowns, Hiring Volume Surges, and Aging System
                        Integration Challenges Delayed Some IRS Hiring Efforts

Thank you for the opportunity to review the Communication Breakdowns, Hiring Volume Surges, and Aging System Integration Challenges Delayed Some of IRS Hiring Efforts draft report, Audit # 202310812.

The IRS is fully committed to the continual improvement of the hiring process and has made significant improvements over the past few years. Improvements were underway before the implementation of the Inflation Reduction Act (IRA), and efforts to modernize and streamline the hiring process continue to be developed and implemented under the IRA Strategic Operation Plan.

The IRS has already taken steps that address your recommendations. The IRS has transformed the employment operations service model to align comprehensive, customer-centric hiring functions to individual business units. We partnered with Facilities Management and Security Services to increase fingerprint appointment availability. We also developed additional reporting tools to track hiring, developed new training for all current and future hiring specialists, and identified additional automation enhancements for USA Staffing. These efforts resulted in relationship building, consistency, accountability, and an improved hiring process from beginning to end. For this reason, the IRS agrees with the report's findings and recommendations.

Regarding outcome measures, we agree that our employment operations service model resulted in delays and inefficient resource utilization and that failure to accurately record dates in USA Staffing undermined the reliability of the information for our time-to-hire calculations. However, we expect that our transformation to a customer-centric hiring function, updated Hiring Operations guidance documents, increased fingerprint

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appointments, and clearer instructions for applicants about fingerprinting will dramatically reduce these problems and their future effect on tax administration.

Attached is a detailed response outlining the corrective actions that the IRS Human Capital Office has taken to address your recommendations. If you have any questions, please contact me at Traci.M.Dimartini@irs.gov, or a member of your staff may contact Dave Traynor, Acting Director, Talent Acquisition, at David.P.Traynor@irs.gov.

Attachment

TIGTA Audit 202310812

1

RECOMMENDATION 1:
The Human Capital Officer should design a corrective action plan focused on improving training, communication, and coordination between the BOD/function hiring representatives and the HR specialists throughout the hiring process to further assist with reducing delays in the application process.

CORRECTIVE ACTIONS:
The Human Capital Officer agrees and has already implemented this recommendation by transforming the Employment Operation function to a customer-centric Hiring Operations function in order to provide dedicated hiring support and services to specific Business Operating Divisions to improve training, communication, and coordination.

IMPLEMENTATION DATE:
December 4, 2023

RESPONSIBLE OFFICIAL(S):
Director, Talent Acquisition

RECOMMENDATION 2: The Human Capital Officer should develop comprehensive, up-to-date reference materials that the HR specialists and the BOD/function hiring representatives can use as they process hiring actions.

CORRECTIVE ACTIONS:
The Human Capital Officer agrees and has already updated all Hiring Operations reference materials. We added all Standard Operating Procedures and job aids to the Talent Acquisition Tools and Guidance website as updates were made so that HR Specialists have access to the most up-to-date guidance. This updated guidance includes topics such as veterans' preference, direct hire authority, USA Staffing changes, and process changes.

IMPLEMENTATION DATE:
December 4, 2023

RESPONSIBLE OFFICIAL(S):
Director, Talent Acquisition

RECOMMENDATION 3: The IRS Human Capital Officer should coordinate with the Chief, Facilities Management and Security Services (FMSS), to update hiring process workflow instructions to include alerting applicants to upcoming deadlines in the fingerprinting process. These instructions should also ensure that applicants are informed to complete the fingerprinting process within a certain time frame that will allow the Personnel Security function sufficient time to complete the remaining initial security

check steps. If the applicant is unable to complete the fingerprinting process within the given time frame, then a reason should be provided and should be added to the prospective employee's file.

CORRECTIVE ACTIONS:
The Human Capital Officer agrees and has partnered with FMSS to increase appointment availability, transparency and tracking capabilities for fingerprinting. We also updated the Tentative Job Offer letter to clarify applicant fingerprinting timelines and provide resources if an applicant cannot secure a fingerprinting appointment within the allotted timeframe.

IMPLEMENTATION DATE:
August 19, 2024

RESPONSIBLE OFFICIAL(S):
Director, Talent Acquisition

RECOMMENDATION 4: The IRS Human Capital Officer should request from the OPM additional automation enhancements to USA Staffing to improve its information accuracy and reduce data input errors.

CORRECTIVE ACTIONS:
The Human Capital Officer agrees and has identified and requested automation enhancements to USA Staffing to improve accuracy and reduce manual data input errors. The IRS started identifying enhancement needs from minor field updates to major bulk processing requests before the IRS implemented USA Staffing in 2020. Over the course of the past four years, IRS has submitted more than 100 requests for enhancements.

IMPLEMENTATION DATE:
September 27, 2023

RESPONSIBLE OFFICIAL(S):
Director, Talent Acquisition

Appendix IV

Abbreviations

ABIS	Automated Background Investigation System
BOD	Business Operating Division
DHA	Direct Hire Authority
FY	Fiscal Year
HCO	Human Capital Office
HR	Human Resource
IRA	Inflation Reduction Act of 2022
IRS	Internal Revenue Service
OPM	Office of Personnel Management
TIGTA	Treasury Inspector General for Tax Administration

**To report fraud, waste, or abuse,
contact our hotline on the web at www.tigta.gov or via e-mail at
oi.govreports@tigta.treas.gov.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.