



THE OFFICE OF THE TAXPAYER ADVOCATE OPERATES INDEPENDENTLY OF ANY OTHER IRS OFFICE AND REPORTS DIRECTLY TO CONGRESS THROUGH THE NATIONAL TAXPAYER ADVOCATE.

August 29, 2012

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MEMORANDUM FOR TAXPAYER ADVOCATE SERVICE EMPLOYEES

FROM: /s/ Nina E. Olson
National Taxpayer Advocate

SUBJECT: Interim Guidance on Post Annual Report to Congress (ARC) Process

The purpose of this memorandum is to reissue guidance on the post ARC process to review, monitor, and report the status of Internal Revenue Service (IRS) actions in response to the Most Serious Problem (MSP) recommendations made in the ARC, per interim guidance memorandum control number TAS 13.2.1-0610-004. Please ensure that this information is distributed to all affected employees within your organization.

Purpose: Establish a process for tracking and monitoring Taxpayer Advocate Service (TAS) recommendations to the IRS operating divisions and functions described in the National Taxpayer Advocate ARC.

Source(s) of Authority: Internal Revenue Code (IRC) section 7803(c)(2)(B)(ii)(IV), (V) & (VI) requires the National Taxpayer Advocate to report to Congress on IRS actions taken in response to the most serious problems identified in our reports.

Effective Date: The following changes for IRM 13.2.1 are hereby effective on August 29, 2012.

Contact: Bridget Roberts, Deputy Executive Director, Systemic Advocacy, at 202-622-1917 or Bridget.Roberts@irs.gov if you have any questions.

Attachment

Attachment

Interim Guidance Control # TAS-13-0812-018

The following changes are hereby effective August 29, 2012 for IRM 13.2.1.

Title: Interim Guidance on Post Annual Report to Congress (ARC) Process

I. Interim Guidelines. The purpose of this memorandum is to establish interim guidance for the tracking and monitoring of Taxpayer Advocate Service (TAS) recommendations to the Internal Revenue Service (IRS) operating divisions and functions described in the National Taxpayer Advocate Annual Report to Congress (ARC).

II. Background. Internal Revenue Code (IRC) § 7803(c)(2)(B)(ii)(IV), (V) & (VI) requires the National Taxpayer Advocate to report to Congress on IRS actions taken in response to the most serious problems (MSPs) identified in the ARC.

Pursuant to IRC § 7803(c)(3), the National Taxpayer Advocate provides the Commissioner of Internal Revenue with a compilation of the administrative recommendations proposed in the ARC to resolve or mitigate the MSPs affecting taxpayers identified in the report. IRC § 7803(c)(3) provides as follows:

The IRS Commissioner shall establish procedures requiring a formal response to all recommendations submitted to the Commissioner by the National Taxpayer Advocate within 3 months after submission to the Commissioner.

Systemic Advocacy's three MSP indicators of effectiveness are the following: *ARC MSP Recommendations made to the IRS, ARC MSP Recommendations Accepted, and Percent of ARC MSP recommendations implemented by the IRS.*

Following the publication of the ARC, the IRS operating divisions provide responses to the TAS recommendations intended to address the MSPs reported in that year's ARC. The Office of Systemic Advocacy will (1) track the ARC MSPs and associated recommendations in Microsoft SharePoint and (2) prepare a TAS Report Card for each year's ARC. The TAS Report Card is TAS's assessment of whether or not the MSP recommendations have been addressed by the IRS operating divisions and will be updated to reflect the actions taken by the IRS and more accurately demonstrate TAS's influence in resolving systemic problems negatively impacting taxpayers.

III. Overview. TAS initiated a process for tracking actions taken in response to the MSPs identified in the ARC utilizing the Department of Treasury's Joint Audit Management System (JAMES) from 2007 through 2010. Effective June 11, 2012, TAS transitioned from JAMES to SharePoint as our method for tracking actions. The Executive Director, Systemic Advocacy (EDSA), oversees this process. Guidelines and

procedures provided to the IRS operating divisions and functions describe how to respond to the proposed recommendations included in the ARC and how to track corrective actions on SharePoint.¹

IV. Scope and Objectives. In a report to the U.S. Senate Committee on Finance (GAO-07-156), the Government Accountability Office (GAO) recommended that TAS establish performance measures to assess the effectiveness of its systemic advocacy function. The IRS Oversight Board also recommended that TAS provide a way to measure the results of its systemic advocacy initiatives. To address these recommendations, TAS agreed to facilitate timely and effective tracking of the IRS's responses to the recommendations made by the National Taxpayer Advocate in the ARC by: (1) submitting a list of recommendations proposed in the ARC to the Commissioner and requesting a response to each recommendation within three months (in accordance with IRC § 7803(c)(3)) and (2) posting the IRS responses on TAS's internal and external websites.

TAS determined that the most efficient method for tracking the status of recommendations made in the ARC would be through the use of SharePoint since SharePoint is easily accessible and can be updated quickly, with all relevant information available to both the IRS and TAS.

To assist in tracking and reporting on the IRS's responsiveness to the recommendations proposed in the ARC, the National Taxpayer Advocate requested that each operating division and function designate a SharePoint user for tracking and reporting the status of actions taken in response to ARC recommendations.

The SharePoint users will be responsible for verifying the accuracy of the operating division's responses to ARC recommendations that TAS enters onto SharePoint; providing status updates on SharePoint for all planned corrective actions (PCAs) that the operating divisions and functions have agreed to take; and submitting documentation to support all status updates and final implementation of the PCAs.

V. Key Process Steps. The key process steps for tracking and monitoring ARC recommendations are as listed below:

- A. Enter ARC recommendations in SharePoint;
- B. Request IRS responses to ARC recommendations;
- C. Review IRS responses to determine (1) whether any action the IRS agrees to take meets the intent of the recommendation or (2) whether an IRS statement that it does not intend to take corrective action is consistent with TAS's understanding;
- D. Prepare TAS comments to IRS responses (if needed);

¹ TAS, *Guidelines for Updating the National Taxpayer Advocate Most Serious Problem (MSP) and Status Update (SU) Recommendations*, available at http://tasnew.web.irs.gov/Files/SystemicAdvocacy/ARC/Guidelines_for_Updating_ARC_Recommendations_05-23-2012.doc.

- E. Enter IRS responses, corrective actions (with due dates), and TAS comments in SharePoint;
- F. Prepare TAS Report Card for posting on internal and external websites;
- G. Monitor actions in SharePoint and review implemented actions to determine whether the recommendations may be closed;
- H. Coordinate and provide assistance to the IRS on the follow-up of ARC recommendations and issues related to SharePoint tracking of actions.
- I. Close corrective actions in SharePoint and provide ongoing status reports generated through SharePoint.
- J. Once all actions for an MSP are closed, assess the effectiveness of ARC MSP recommendations and any corrective actions taken by the IRS to resolve the MSP by selecting the appropriate TAS status as described below:
 - a. Addressed (IRS Addressed) by either of the two situations described below.
 - i. The corrective action(s) taken by the IRS meets the intent of the recommendation; or
 - ii. The result of subsequent action(s) taken by the IRS to previously rejected recommendation meets the intent of the recommendation now.
 - b. Not Addressed (Not Addressed/Closed) by either of the two situations described below:
 - i. IRS corrective action did not address the intent of the recommendation; or
 - ii. The IRS rejects our ARC recommendation and the recommendation is closed in SharePoint as “Rejected” and no additional action is taken by IRS.
 - c. Follow-Up MSP (Follow-Up MSP) – MSP/recommendation is addressed again in a subsequent year ARC.
 - d. Pending Review (Pending Review) – status undetermined at this time.
- K. Report outcomes as applicable and utilize assessments in the selection of MSP topics for the following year.

VI. Roles and Responsibilities. The National Taxpayer Advocate has overall responsibility for selecting at least 20 MSPs for discussion in the ARC each year. The roles and responsibilities for the process of tracking and monitoring the recommendations made in the ARC are shown below:

A. Executive Director, Systemic Advocacy (EDSA) & Deputy Executive Director, Systemic Advocacy (DEDSA)

The EDSA and DEDSA oversee the ARC process and are responsible for:

- Recommending policy and procedures for the ARC/SharePoint tracking, monitoring, and reporting process;
- Preparing the National Taxpayer Advocate memorandum to the Commissioner regarding ARC administrative recommendations;
- Managing the ARC and SharePoint process;

- Monitoring the completion of corrective action plans agreed to by the IRS to address ARC recommendations;
- Providing advice and assistance to IRS managers and their coordinators, as needed; and
- Maintaining the TAS portion of SharePoint.

B. ARC Program Manager

The DEDSA supervises the ARC Program Manager who reports directly to him or her with key responsibilities, including:

- Inputting TAS ARC recommendations by MSP and recommendation number into SharePoint;
- Inputting IRS responses received following the official 3 month response time provided the IRS, with corrective actions and due dates;
- Securing TAS comments to the IRS responses;
- Providing a control environment and identifying potential risk areas;
- Ensuring data contained within SharePoint is updated and accurate; Acting as the contact point for all ad-hoc requests for information or status updates as shown in SharePoint;
- Preparing the TAS Report Card for posting on internal and external websites;
- Providing activity reports and status updates to TAS regarding action updated or completed by the IRS;
- Maintaining and validating the SharePoint IRS corrective action plans;
- Creating and preparing a wide range of SharePoint and other reports, including graphical reports;
- Providing the percent of TAS recommendations accepted by the IRS, which may be used as a TAS performance indicator; and
- Report on a quarterly basis to coincide with BPR updates:
 - TAS status of MSP recommendations closed during the specific quarter; and
 - TAS status of MSP recommendations with significant accomplishments identified during the quarter.
 - Report each year's ARC recommendations in this manner until the four-year period has elapsed or until all MSP recommendations in a particular ARC have been addressed – whichever comes first.

C. TAS Attorney Advisors

The TAS Attorney Advisors are responsible for the following:

- Reviewing the IRS response to MSP recommendations in conjunction with MSP team members (whether these recommendations were agreed to or disagreed with by the IRS determining whether the action(s) or alternate action(s) meets the intent of the recommendation and providing final TAS comments regarding the IRS responses, if needed):
 1. Populate the "IRS Addressed" field on SharePoint:
 - Yes: IRS agreed with the recommendation as written.

- Yes (Partial): IRS partially agreed with the recommendation as written.
 - No: IRS did not agree with the recommendation.
 - N/A: IRS neither agreed nor disagreed with the recommendation or the recommendation is no longer applicable.
2. If the “IRS Addressed” field has a Partial (Yes), No or N/A, then the disparities between the “IRS Narrative Response/Explanation” field and our “IRS Addressed” field need to be justified in the “TAS Explanation (if any)” field.
 3. If the “IRS Addressed” field has a Yes, no comments are needed in the “TAS Explanation (if any)” field unless we need to call attention to something, (e.g., The National Taxpayer Advocate personally attended to development of the insolvency worksheet. The worksheet would not have been developed without TAS’s advocacy.)

D. Systemic Advocacy Analysts

Systemic Advocacy analysts’ responsibilities are listed below:

- Reviewing the IRS response to MSP recommendations in conjunction with the Attorney Advisors.
- Providing input to team leads in the review of IRS follow-up actions related to the assigned MSP when updated or completed by the IRS (these will be distributed by the ARC Program Manager) to confirm the IRS did what it committed to do and assisting as requested in the assessment of any alternate actions the IRS may have reported to determine whether these actions meet the intent of the recommendation and can be considered as closed.

E. MSP Team Leads (If the team lead has left their position, then the Attorney Advisor or Systemic Advocacy (SA) Analyst is responsible.)

The EDSA has established procedures to monitor MSP recommendations, including where initial IRS responses do not provide corrective actions. These procedures will be reflected in the SharePoint TAS Status field.

- The ARC Program Manager will notify the team leads on an on-going basis of closed MSPs each quarter. Team Leads will coordinate with team members to review IRS follow-up corrective actions to confirm that the IRS completed/implemented all actions IRS committed to complete to address a recommendation.
- On a quarterly basis, team leads will take the following specific actions:
 - Review MSPs where all associated corrective actions have been closed by the IRS during that quarter.
 - Assess how the IRS has addressed the MSP recommendations using the TAS Status field on SharePoint.
 - Team Leads will check the appropriate TAS status after a review of a closed MSP to determine the status of the associated recommendations.

- Addressed – IRS Agreed: IRS agreed to the recommendation as written.
- Addressed – TAS Accepted: IRS did something other than the recommendation but TAS feels that the action taken addresses the problem.
- Partially Addressed – IRS Agreed: IRS agrees to a portion of the recommendation.
- Partially Addressed – TAS Accepted: IRS partially addressed the recommendation and no further action is required.
- Not Addressed – Not Adopted: IRS did not agree to the recommendation.
- Not Addressed – TAS Unresolved: IRS has not addressed the recommendation and it requires further action.
- Follow-Up MSP: Duplicate recommendation in a subsequent year MSP/SU.
- Pending Review: Status undetermined at this time - TAS is currently reviewing the IRS response.

VII. Distribution of IRS Responses and Follow-Up Actions. The ARC Program Manager will distribute IRS responses and completed follow-up actions throughout the year to the National Taxpayer Advocate, EDSA, SA Directors, SA Technical Liaisons, SA Team Leads/Analysts, and Attorney Advisors according to the timeframes described below:

- Distribute the template sent to the IRS listing all TAS recommendations and IRS responses via e-mail immediately upon receipt from the IRS once the IRS responses have been input to SharePoint; and
- Distribute updates of follow-up actions on a continual basis via e-mail.

Please contact Bridget Roberts, Deputy Executive Director, Systemic Advocacy, at 202-622-1917 or Bridget.Roberts@irs.gov if you have any questions.