EFFECTIVE DATE

(07-11-2023)

PURPOSE

(1)   This transmits revised IRM 4.1.2, Workload Identification and Survey Procedures.

MATERIAL CHANGES

(1)   This IRM updates references, includes the Return Order and Delivery System (ROADS), and removes the use of campus DIF ordering.

(2)   The following changes were made:

Reference	Change Details
IRM 4.1.2	Reviewed the IRM for editorial changes in accordance with the IRS Style Guide.
IRM 4.1.2	Refined the language throughout this section. Reviewed and updated all references and website addresses.
IRM 4.1.2.1	Updated Program Reports and Acronyms into the subsection titled Program Scope and Objectives.
IRM 4.1.2.2	Added section to introduce Return Order and Delivery System (ROADS) and components used to determine DIF order needs.
IRM 4.1.2.2.1	Added subsection to define Return Starts Analysis used in ROADS Return Needs Analysis. Replaced subsection 4.1.2.4, Return Starts Analysis.
IRM 4.1.2.2.2	Added subsection to define ROADS Return Needs Analysis used to calculate DIF return needs. Replaced subsection 4.1.2, Return Needs Analysis.
IRM 4.1.2.4	Updated heading title, reports, and clarification to include current procedures.
Old IRM 4.1.2.9	Deleted subsection on inventory and delivery reports.
Old IRM 4.1.2.10	Deleted subsection on procedures for campus return ordering.
Exhibit 4.1.2(1)-(9)	Removed campus inventory and delivery reports which are obsolete due to new reports.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.1.2 dated 09/21/2020.

AUDIENCE

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Small Business/Self-Employed

4.1.2

Workload Identification and Survey Procedures

Table of Contents

4.1.2.1 (07-11-2023) **Program Scope and Objectives**	(1) Purpose. This IRM Section provides information for **determining DIF return needs**, **DIF** ordering, and **surveys** in PSP. Guidelines and procedures described below are to ensure proper identification and authority for workload identification and return ordering, including surveying of returns.
	(2) Objective. Ensure examinations are initiated based on indicators of non-compliance or on other criteria (such as selection for the National Research Program) identified in the Internal Revenue Manual. In addition, ensure a review of the decisions to survey a return are based upon factors outlined in the Internal Revenue Manual and approved by an appropriate level of management.
	(3) Audience. These procedures apply to SB/SE Field Exam employees who are responsible for return identification and delivery in Planning and Special Programs (PSP).
	(4) Policy Owner. Exam Case Selection, is under Headquarters Examination.
	(5) Program Owner. Exam Case Selection is the office responsible for the selection of cases and delivery of inventory.
	(6) Contact Information. To recommend changes or make any other suggestions to this IRM section contact the senior program analyst in Field Case Selection (FCS) responsible for the PSP IRM Update. See *https://portal.ds.irsnet.gov/ sites/vl051/Lists/Headqaurters%20Field%20Case%20Selection%20Contacts/ AllItems.aspx* for a list of FCS analysts.
4.1.2.1.1 (10-19-2017) **Background**	(1) PSP is responsible for identifying and delivering returns to Field Exam. Those returns can come from a variety of sources. This chapter covers how to determine the number of returns needed, how to place a DIF order, and procedures for surveying excess inventory.
	(2) The Planning and Special Programs (PSP) Territory Manager (TM) must ensure the correct mix of returns (e.g. purpose groups, workstreams, activity codes within DIF, etc) are available in PSP and the field to accomplish the exam plan.
	(3) The PSP TM (or designee) must determine the volume and activity code of DIF returns needed. To facilitate that effort a "return needs analysis" and a "return starts analysis" should be completed on at least a bimonthly basis.
	(4) The PSP TM (or designee) should analyze non-DIF direct examination staff year (DESY) application, non-DIF inventory, projected future inventory and projected year-end accomplishments in relationship to the exam plan in conjunction with a return order.
	(5) All return orders must be approved by the FCS analyst responsible for DIF.
4.1.2.1.2 (09-21-2020) **Authority**	(1) IRM 1.1.16.5.5.3, Exam Case Selection.
	(2) IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection.
	(3) IRM 1.2.1.5.7, Policy Statement 4-9, Highest Integrity Expected.

(4)   IRM 1.2.1.5.10, Policy Statement 4-21, Selection of Returns for Examination.

4.1.2.1.3
(10-19-2017)
Responsibilities

(1)   Director, Exam Case Selection (ECS) is the executive responsible for providing policy guidance on the selection of cases and delivery of inventory for SB/SE Examination.

(2)   Program Manager, Field Case Selection is the program manager responsible for providing policy guidance on the selection of cases and delivery of inventory for SB/SE Field Exam.

(3)   The PSP Territory Manager is the territory manager responsible for the selection of cases and delivery of inventory within an SB/SE Exam Area.

(4)   The Program Manager, Field Exam Workload Planning and Analysis is responsible for developing the Field Exam work plan.

4.1.2.1.4
(07-11-2023)
Program Reports

(1)   The following are reports and/or systems that may be used in the returns needs, starts, or order calculations.

- A-CIS
- Compliance Data Environment (CDE) Inventory Report
- CDE select rates (CDE Select Rate Report)
- Status 06 report of CDE inventory
- Statutes (CDE Statute Report or SSIVL)
- New starts (A-CIS Open and Closed Case databases or ERCS Tableau)
- Started returns (Status 12 and above) by status code, Tables 36 and 37, SSIVL, or ERCS Tableau
- Unstarted returns (Status 10 and below) by status code, Tables 36 and 37, SSIVL, or ERCS Tableau
- Volume and timing of return orders (Classification/Order Plan)
- Return Order and Delivery System (ROADS)
- Exam Plan
- Starts & DIF Mix Report (WPA)
- ERCS Tableau
- CDE Tableau

4.1.2.1.5
(07-11-2023)
Acronyms

(1)   This is a list of acronyms and their definitions.

Acronym	Definition
A-CIS	AIMS Centralized Information System
AIMS	Audit Information Management System
AMDISA	Displays up to eight screens of information about the taxpayer's account for a specific tax period. Refer to IRM 2.8.3-5-, Command Code AMDISA
BMF	Business Master File
CDE	Compliance Data Environment
CIP	Compliance Initiative Project

Acronym	Definition
CORR	Correspondence
DIF	Discriminant Function
ECS	Exam Case Selection
EGC	Examination Group Code
ERCS	Examination Returns Control System
EUP	Employee User Portal
FCS	Field Case Selection
HQ	Headquarters
IMF	Individual Master File
LB&I	Large Business and International
NRP	National Research Program
POD	Post of Duty
PSP	Planning and Special Programs
RA	Revenue Agent
ROADS	Return Order and Delivery System
SB/SE	Small Business Self-Employed
SSIVL	Statistical Sampling Inventory Validation
TCO	Tax Compliance Officer
TM	Territory Manager
YTD	Year To Date
WPA	Workload, Planning and Analysis

4.1.2.1.6
(10-19-2017)
Terms

(1)   See IRM 4.1.1.1.6, Terms, for a listing of common terms used in PSP.

4.1.2.1.7
(09-21-2020)
Related Sources

(1)   IRM 4.1.1, Planning, Monitoring, and Coordination.

(2)   IRM 4.1.5, Case Building, Classification, Storage and Delivery.

4.1.2.2
(07-11-2023)
Return Order and Delivery System (ROADS)

(1)   The Return Order and Delivery System (ROADS) is used to calculate exam group inventory needs, the composition of PSP return deliveries, and DIF inventory orders. It is primarily used by the Return Classification coordinator (also known as Spigot or DIF coordinator) and the Field Case Selection (FCS) classification analyst. ROADS consists of three main components: Group Delivery Form, Delivery Model, and Return Needs Analysis.

- **ROADS Group Delivery Form** - used to project monthly inventory needs by post of duty (POD) within each exam group code (EGC). See IRM 4.1.5.5.1, ROADS Group Delivery Form.
- **ROADS Delivery Model** - used to align group inventory deliveries with he area exam plan by purpose group/workstream and DIF mix. See IRM 4.1.5.5.2, ROADS Delivery Model.
- **ROADS Return Needs Analysis** - used to calculate the DIF inventory order by activity code. See IRM 4.1.2.2.2, ROADS Return Needs Analysis.

4.1.2.2.1 (07-11-2023) **Return Starts Analysis**	(1) The Return Starts Analysis is used to calculate the primary starts by examiner. It is used by the Return Classification coordinator (also known as Spigot or DIF coordinator) to prepare the ROADS group delivery form. See IRM 4.1.5.5.1, ROADS Group Delivery Form. The Return Starts Analysis is also used by Field Case Selection (FCS) analyst to prepare the ROADS return needs analysis (RNA) bimonthly. See IRM 4.1.2.2.2, ROADS Return Needs Analysis.

(2) Primary starts by examiner is calculated as the average primary starts divided by the average examiners (as defined below). The calculation should be made by the post of duty (POD) and examiner type (RA, TCO Grade 9 or below, or TCO Grade 11) level.

- **Average primary starts** - the higher of the average primary starts over the last 12 cycles **or** the lower of; the average primary starts for the highest 6 of the last 12 cycles **or** 150% of the average primary starts over the last 12 cycles.
- **Average examiners** - the total count of examiners by POD and examiner type divided by 12 cycles.

Note: An examiner must have a primary start within the last 12 months for the employee to be counted. Examiners in specialty groups are excluded from this calculation.

Reminder: Adjust examiner counts for anticipated changes (for example details, new hires, extended leave, etc.). This information may be gathered using staffing charts, manager responses, ERCS, etc. PSP should provide a listing of examiner adjustments to the FCS analyst to support accurate calculations of return needs.

4.1.2.2.2 (07-11-2023) **ROADS Return Needs Analysis**	(1) The ROADS Return Needs Analysis (RNA) is used to order DIF inventory by post of duty (POD) and activity code to meet the DIF optimal mix in the area exam plan. After determining the number of returns needed, The PSP Territory Manager (or designee) should determine the activity codes needed to deliver a balanced DIF optimal mix. Additionally, PSP is responsible to monitor the mix of returns started each month to support the area exam plan or optimal DIF mix.

(2) The current available inventory and projected return needs should be analyzed at least on a bimonthly basis. Return needs should be analyzed by POD to prevent shortages. Return needs should be determined for RA, TCO Grade 9 or below, and TCO Grade 11 separately.

(3) A proper RNA should take the following into consideration:

  a.   Area exam plan and DIF optimal mix
  b.   Current number of examiners and average primary starts by POD

  Note: In order to properly project DIF inventory needs, the Return Classification coordinator should be aware of upcoming training that may impact the volume of examiners available to work DIF returns.

  c.   Available inventory in status 06, 08, and 10 for DIF and non-DIF

  Note: This data can be found on SSIVL, ERCS, ERCS Tableau, CDE Tableau, etc.

  d.   Fiscal year to date primary new starts by activity code for DIF and by purpose group/workstream for Non-DIF

Note: ACIS Closed Case Database, ACIS Open Case Database, ERCS, or WPA reports can be used to obtain this data.

(4) The RNA determines the DIF inventory to be ordered by POD and mix of activity codes to cover a period of time, normally a 3-4 month period. The DIF order is determined as follows:

  1.   **Total inventory needs** by POD is calculated by multiplying the number of examiners (RA or TCO) times number of future months for inventory need times the average primary new starts per cycle as calculated by the return starts analysis. See IRM 4.1.2.2.1, Return Starts Analysis.

  Note: Consider making adjustments to staffing counts for PODs with 1 or 2 examiners to increase the number of returns ordered.

  2.   **Current inventory** is calculated as primary status 10 inventory plus primary status 08 inventory plus [status 06 inventory times select rate].

  Note: Inventory may be "discounted" (removed from the calculation of current inventory) if it does not support the area exam plan or optimal DIF mix. This could occur at the purpose group/workstream level for non-DIF inventory or at the activity code level within DIF.

  Example: Available inventory in CDE, PSP, or campus may be "discounted" for inventory with short statutes. This discount should not be applied to inventory with greater than 18 months remaining on the statute.

  Exception: Special program work (such as National Research Program (NRP)) may not need to be discounted.

  3.   **DIF return needs** is calculated as total inventory needs (step 1) minus current inventory (step 2).

  4.   **DIF order** is the breakdown of 'number of DIF return needs' by POD and activity code. The activity code breakdown of the order should support the DIF optimal mix. The RNA calculates the appropriate activity code need by considering the DIF fiscal year to date primary new starts and existing DIF inventory in status 10 or below.

  Example: If a POD needs 10 DIF returns and an order of 5 DIF activity code 280 plus 5 DIF activity code 284 would result in the area's DIF delivery matching the DIF optimal mix, the area should order these returns rather than returns in other activity codes.

5. **Sufficient available unclassified inventory** is required from which to order the DIF returns. The PSP Territory Manager (or designee) must determine if there is sufficient inventory available above DIF level cutoffs established by Field Case Selection from which to secure the "DIF order." If there are not enough returns are not available to order, the returns must be reallocated to the next best activity codes to support the DIF optimal mix.

(5) The PSP Territory Manager (or designee) requests approval of the "DIF order" (after any adjustments due to insufficient inventory) through Field Case Selection.

(6) Typically, the approved DIF order will be input using Compliance Data Environment (CDE). The orders may take 1 to 2 weeks to be ready for classification.

4.1.2.3
(07-11-2023)
Deciding to Order

(1) The "ROADS return needs analysis" helps determine if there is a need for additional inventory by POD and volume needed by mix of activity codes to be started each month to ensure accomplishment of the DIF optimal starts mix plan.. There are other considerations, with regard to the activity codes of the returns to be ordered:

    a. Productivity: while the area needs to meet the DIF optimal return mix, a single POD does not. There is sufficient flexibility to allow the PSP Territory Manager (or designee) to adjust for fallout among PODs where some may have higher quality returns of a certain activity code. Further, some PODs may have an abundance of non-DIF program work which could require adjustment to the mix of activity codes ordered for other PODs.

    b. Grade level of the examiners in the POD for which returns will be ordered.

(2) The PSP Territory Manager (or designee) may request additional inventory using a general order, an alternative to the "ROADS return needs analysis". A general order allows the area to order returns above the DIF cutoff without taking POD into consideration. This ensures fair and equitable treatment of taxpayers, could identify potential pockets of non-compliance, and ability to provide returns for appropriate examiner grade levels.

Note: Contact the FCS analyst to request a general order.

4.1.2.4
(07-11-2023)
Monitoring Inventory

(1) The PSP Territory Manager (or designee) is responsible for monitoring unassigned (status 08), unassigned/assigned(status 10), and work-in-process inventories. The monitoring responsibility should be accomplished through the use of the following reports/systems:

    a. Statistical Sampling Inventory Validation Listing (SSIVL)
    b. Table 36 and 37
    c. A-CIS
    d. Examination Returns Control System (ERCS) and ERCS Tableau
    e. CDE Inventory Reports
    f. CDE Tableau
    g. Return Order and Delivery System (ROADS)

(2) Selected unassigned inventories (status 08) should be maintained throughout the fiscal year. Generally, inventory levels should not exceed 2–3 months of starts.

(3) Inventories in status 10 should be kept to a minimum to allow for a quicker change of direction to meet program needs. Generally, inventory levels should not exceed 2 months.

(4) Non-DIF returns may be stored in CDE, electronically (for example shared drive),or physically in the area office.

(5) DIF returns are stored in CDE or physically in the area office.

(6) Returns are generally assigned to examination groups with at least 18 months on the statute to allow for the examination cycle time. PSP may send returns to the examination group with shorter statutes based on program needs and priorities.

(7) Monitoring allows the review of group return orders, status 10 aging, poor survey practices and more. Where multiple groups cover the same POD, monitoring status 10 inventory could reveal the need for reassignment between groups.

4.1.2.5
(10-19-2017)
Inventory Brokering

(1) If a shortage of resources exists in any major category of the exam plan, the affected Area Director and the PSP Territory Manager will take the appropriate actions to redirect inventory in order to deliver a balanced exam plan.

(2) Inventory brokering within an area and between areas are options.

(3) Inventory brokering requests between areas are to be coordinated with the Director, Exam Case Selection (ECS) before movement of inventory.

4.1.2.6
(09-21-2020)
Discriminant Function (DIF) Overview

(1) This subsection discusses sources of discriminant function (DIF) returns.

(2) DIF as referenced in IRM 4.19.11.2.2, Sources of Returns for Classification, is a mathematical technique used to score income tax returns for examination potential. These formulas were developed based on available NRP data. Each return measured under DIF receives a DIF score. Generally, the higher the score, the greater the audit potential. The highest scored returns are made available to examination upon request.

(3) DIF mathematical formulas are confidential and for official use only. The DIF score assigned to a return should not be disclosed.

4.1.2.6.1
(10-19-2017)
Types of DIF Returns

(1) The following types of returns are computer scored under the DIF System:

a.   Individual
b.   Corporation
c.   S Corporation
d.   Partnership
e.   Fiduciary

4.1.2.6.2
(09-21-2020)
Individual Returns

(1) All individual returns are computer scored under the DIF system. DIF returns are generally ordered, but some returns are delivered to examination as automatics for manual screening without a return order being placed. These returns are identified as automatics by the use of audit codes. Audit codes can be found on Form 5546, Examination Return Charge-Out Sheet, and on page 2 of the AMDISA print. Audit codes are listed in IRM 3.11.3-3, Audit Codes.

(2) Correspondence (CORR) returns are certain individual low and medium income non-business returns that are conducive to correspondence examinations. Returns identified as "CORR" can not be ordered by area offices. They can only be ordered at a national level.

4.1.2.6.3
(07-11-2023)
Corporation Returns

(1) Corporation returns having no balance sheet or assets under $10,000,000 are computer scored under the DIF system. High asset returns, activity codes 219 through 230, are not DIF scored and are delivered automatically to classification at the Ogden Large Business & International (LB&I) Campus. The corporation DIF system includes:

Activity Code	Assets
203	No Balance Sheet
209	Under $250,000
213	$250,000 under $1,000,000
215	$1,000,000 under $5,000,000
217	$5,000,000 under $10,000,000

(2) **Miscellaneous corporate returns** are not DIF scored. These returns may be sample ordered. These returns could be classified by screening them in the Statistics of Income (SOI) Division located at the receiving campus before shipment to SOI at the Ogden Campus. Miscellaneous corporate returns include:

Return Type	Description
Form 1120-L	U.S. Life Insurance Company Income Tax Return
Form 1120-PC	U.S. Property and Casualty Insurance Company Income Tax Return
Form 1120-H	U.S. Income Tax Return for Homeowners Associations
Form 1120-SF	U.S. Income Tax Return for Settlement Funds (Under Section 468B)
Form 1120-REIT	U.S. Income Tax Return for Real Estate Investment Trusts
Form 1120-RIC	U.S. Income Tax Return for Regulated Investment Companies
Form 1120-ND	Return for Nuclear Decommissioning Funds and Certain Related Persons

(3) Certain corporation returns are identified as **Specials**. These returns can be identified and ordered by specific audit codes. These audit codes are listed in IRM 3.11.16.9.1, Audit Codes.

4.1.2.6.4
(10-19-2017)
S Corporation Returns

(1) S Corporation returns having assets under $10,000,000 are computer scored under the DIF system. The S Corporation system includes:

Activity Code	Assets
234	No Balance Sheet
288	Under $200,000
289	$200,000 under $10,000,000
290	$10,000,000 and over (automatic, not DIF scored)

(2) Certain S corporation returns are identified as **Specials.** These returns can be identified and ordered by specific audit codes. These audit codes are listed in IRM 3.11.217.13.1, Audit Codes.

4.1.2.6.5
(10-19-2017)
Partnership Returns

(1)   A partnership includes a syndicate, group, pool, joint venture or other unincorporated organization, through or by means of which a business, financial operation, or venture is carried on, and which is not a trust, estate or corporation. A partnership files a Form 1065, U.S. Return of Partnership Income. The Partnership system includes:

Activity Code	Definition
481	10 or less partners gross receipts under $100,000
482	10 or less partners gross receipts $100,000 and over
483	11 or more partners

(2) Certain partnership returns are identified as **Specials.** These returns can be identified and ordered by specific audit codes. These audit codes are listed in IRM 3.11.15.19.1, Audit Codes.

4.1.2.6.6
(10-19-2017)
Fiduciary Returns

(1) A fiduciary is a trustee of a trust, or an executor, executrix, administrator, administratrix, personal representative, or person in possession of property of a decedent's estate. A trust or a decedent's estate is a separate legal entity for federal tax purposes. A fiduciary files a return using Form 1041, U.S. Income Tax Return for Estates and Trusts. The Fiduciary system includes:

Activity Code	Type
496	Taxable - Automatic & Non-Automatic
497	Nontaxable - Grantor, Bankruptcy & Pooled Income - Automatic & Non-Automatic
498	Nontaxable - Other - Automatic & Non-Automatic

(2) Certain fiduciary returns are identified as **Specials.** These returns can be identified and ordered by specific audit codes in CDE. These audit codes are listed in IRM 3.11.14.10.1, Audit Codes.

4.1.2.6.7
(09-21-2020)
DIF Cutoff Score

(1) Each year (or as required), SB/SE Headquarters Exam Case Selection estab-lishes a national SB/SE DIF cutoff score for ordering DIF returns in each activity code. Only returns with a DIF score higher than the minimum should be ordered for classification unless there are unusual circumstances associ-ated with a particular post of duty (POD). The following items should be considered when establishing the cutoff score for each activity code:

a.   The predictive value of the DIF formula decreases at lower DIF levels.
b.   Volume of returns needed to meet the exam plan and the lowest DIF score necessary to secure enough returns to meet the needs of each area and POD.
c.   Filings which will not be available due to being accepted as filed or absorbed by other non-DIF work.

(2) Annually the FCS analyst will provide DIF cut-off levels by activity code to each area. The FCS analyst will use two reports (shown below) to compute the DIF cutoff score:

- Report 1 - Actual Return Counts (for the file year) includes: DIF Level, % Coverage Rate, Activity Code, and Actual Count.
- Report 2 - DIF Score Range includes: DIF Level, Coverage Rate, and DIF score by Activity Code.

Example: 1,000 Activity Code 275 returns are needed. Look at Report 1 to determine the DIF Level. In this case it would be DIF level 3 because there are 1,644 returns in DIF levels 1-3. Then look at Report 2, Level 3 and Activity Code 275 to see the DIF Level Cut-off is equivalent to a 735 or higher DIF score.

Report 1 - Actual Return Counts

DIF Level	% Coverage Rate	Actual Count 275	Actual Cumulative 275
1	0.01	164	164
2	0.05	653	817
3	0.10	827	1644
4	0.15	803	2447
5	0.20	833	3280
6	0.25	863	4143

Report 2 - DIF Score Ranges

DIF Level	Coverage Rate	Activity Code 275	Activity Code 276
1	0.01	807	666
2	0.05	759	614
3	0.10	735	591
4	0.15	720	576
5	0.20	708	566
6	0.25	698	557

(3) The PSP Territory Manager (or designee) is responsible for ensuring return orders do not exceed returns available above the DIF cutoff for their area for each activity code.

(4) Returns above the DIF cutoff score in each activity code will be exhausted before a request is submitted to order returns below the cutoff score.

Note: If a POD does not have available inventory above the DIF cutoff, the area may consider ordering returns above DIF cutoff from a neighboring POD.

(5) Departures from the DIF cutoff score should be discussed with the FCS analyst responsible for DIF.

4.1.2.7
(07-11-2023)
Guidelines for Ordering Returns

(1) The PSP Territory Manager (or designee) is responsible for submitting orders so returns are received ratably during the fiscal year. Ratable is defined as a manner of ordering so all returns with similar DIF scores, regardless of the filing date, have an equal chance of being delivered for classification.

(2) Current file year **individual DIF returns** (activity codes 270 through 284) will be ordered so deliveries for total individual returns, when measured as a percent of the total DIF individual exam plan adjusted for select rate and delivery, will not exceed the following:

   a.   No more than 30 percent in any one quarter
   b.   No more than 55 percent in any two consecutive quarters and
   c.   No more than 108 percent in any four consecutive quarters.

Example: The classification plan for fiscal year 2022 reflects needs of 75,000 DIF returns. No more than 22,500 should be ordered in the first quarter, no more than 41,250 (which includes what has been previously ordered) before the end of the second quarter, and no more than 81,000 (which includes what has been previously ordered) may be ordered before the end of the third quarter.

(3) **Exceptions** to the above guidelines must be approved by the PSP TM (or designee) and should be considered when any of the following conditions are met:

   a.   The area has an increased dependence on DIF work for general program expectations due to an insufficient volume of non-DIF work or
   b.   The area has a specific need for certain PODs where there is a historically low fallout of non-DIF work.

(4) As a guideline, DIF BMF return orders should not exceed 200 percent of the total DIF examination plan (for any activity code) adjusted for select rate and delivery rate.

(5) All return orders will be submitted to the designated FCS analyst for review and approval. The FCS analyst will return the approved order to the area PSP for input into CDE.

4.1.2.7.1
(07-11-2023)
Classification Plan

(1) At the beginning of the fiscal year, each area should plan their classification details. The classification plan will be used to determine when to place a DIF return order and schedule classification details. Typically return orders are placed every other month. The PSP Territory Manager (or designee) will update the CDE Calendar with the planned classification details. Review the CDE Calendar for any planned down time such as data deployment or scheduled maintenance. The CDE Calendar can be found on *https://irsgov. sharepoint.com/sites/SbEfEcs_Rod/Lists/Calendar/calendar.aspx.*

Note: CDE Calendar access requires approval from the FCS analyst.

(2) The PSP Territory Manager (or designee) will monitor the classification plan to ensure the following:

    a.   Returns are ordered ratably throughout the plan year
    b.   Returns are ordered timely in the correct activity codes
    c.   Classification is completed timely
    d.   Select rates are within acceptable levels
    e.   Returns are falling out in the correct posts of duty and
    f.   Unassigned inventory levels are neither too low nor too high.

(3)   To order DIF returns use the ROADS Return Needs Analysis (RNA), or equivalent. See IRM 4.1.2.2.2, ROADS Return Needs Analysis. A general order can also be submitted. See IRM 4.1.2.3, Deciding to Order.

4.1.2.8
(07-11-2023)
Ordering Returns Using Compliance Data Environment (CDE) System

(1) The CDE system is used to order 1040, 1041, 1065, 1120, and 1120S DIF returns. It has the capability to include or exclude specific post of duties (PODs), if necessary. The system can use the current file year, previous file year or last 12 months from the date of input to identify the highest DIF scored returns. When placing orders take into account the data upload cycles for CDE. In order to capture the most recent filings available the orders should be placed following a CDE upload rather than immediately before.

(2) A ROADS Return Needs Analysis (RNA), or equivalent, must be approved by PSP Territory Manager (or designee) and FCS analyst prior to creating any DIF workload sets in CDE.

(3) DIF workload sets are created by area offices using an XML file.

4.1.2.9
(07-11-2023)
Procedures for Surveying Inventory in PSP

(1) When a PSP coordinator must survey excess inventory (Disposal Code 35), they must stamp the front of the **original** return with a stamp marked "Excess Survey by PSP" or similar stamp. If the return is stored in CDE no stamp is needed.

Note: Excess inventory is inventory stored in PSP that is beyond cycle.

(2) The PSP coordinator must maintain documentation regarding the manager's approval to survey inventory. Documentation must be kept for 1 year after input per Document 12990, Records Control Schedules, Schedule 23, Item 51, Examination Non-Examined Closing.

(3) If a return is surveyed using a disposal code other than 35, the PSP section chief will follow the procedures in IRM 1.4.40.4.6.3, Surveying Cases, using the same standard reason codes as referenced in IRM 4.1.5.3.2.5, Classification Documentation.