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NEXT STEPS FOR THE IRS AFTER THE SENATE FINANCE COMMITTEE HEARINGS

As these sessions close on September 25, the Internal Revenue Service does not intend to simply lick its wounds and go home. Just as we want to set the record straight and refute allegations that we deliberately violate taxpayers rights or mislead as a matter of policy, it is clearly our responsibility to respond in a positive and constructive way to the valid criticisms we hear. And we have heard valid criticisms. We are looking very carefully at programs and procedures that may cause unintended consequences for taxpayers. We will take immediate action in a number of areas.

Much has been said about our employees working to quotas. This is absolutely prohibited. In fact, Congress and the GAO have encouraged IRS to use revenue targets so it could measure its efficiency and effectiveness as the nation's tax collector. The Government Performance and Results Act (GPRA) requires a number of accountability measures on our performance as an agency. However, because we are so concerned that employees not perceive they are graded on revenue collections:

- We will no longer comparatively rank our 33 district offices on their results.
- We will suspend the distribution of any goals relating to revenue production to our field offices. While the goal will be established and tracked nationally to conform with GPRA requirements, there will be no expectation of a local office having a "share" of a national goal. We will continue to distribute local expectations relating to national goals aimed at quality improvement and burden reduction for the taxpayer.
- We will no longer include penalty amounts in our statistical results on revenue collected. This will discourage any perception that the IRS encourages assessments of additional penalties as a revenue raising technique.
- The IRS has a long-standing policy that enforcement results will not be used to evaluate individual employees. Current practice to assure adherence to that policy is to have each district director certify, on a quarterly basis, that statistical results have not been used in this manner. We intend to ask the Government Accounting Office (GAO) to conduct a review of the validity of our certification program.

In the area of customer feedback, we have heard criticism that we are insular and don't listen. Over the past several years we have made Customer Service a much higher priority, but we acknowledge that we do not have sufficient customer feedback data to judge the best way to meet their needs. We are moving to a system that captures customer satisfaction feedback for all our compliance contacts, as well as our customer assistance areas. The process has already been introduced in our Appeals and Examination areas and will be expanded into Collection during FY 1998. Data collected from taxpayers will be used for both individual and organizational evaluations.

In a concerted effort to ensure that current problem cases are being handled properly, each District and Service Center Director will be required to immediately review all complaint contacts coming to their office during the last quarter. They will be required to confirm, with their Taxpayer Advocate, that the cases have been resolved properly and that the taxpayer has no outstanding issues. They will also identify issues which are the subject of repeated problems.

To reemphasize responsiveness to taxpayers' concerns, each District Director will hold a monthly "problem solving" forum in locations throughout the district for the exclusive purpose of inviting taxpayers to surface problem situations.

All Directors will increase local publicity about the availability of services in the Taxpayer Advocate's office.

All IRS executives and every senior manager in our Compliance functions will convene in Washington within the next thirty days to consider the results of Senate Finance Committee hearings and to review IRS expectations concerning responsiveness to taxpayers and protecting taxpayers' rights. They will also help identify IRS practices that may lead to unintended complications for a taxpayer.

We will ask the National Treasury Employees Union (NTEU) to partner with us in designing a national meeting of representative front line employees who will help us identify ways in which to respond to the serious concerns raised during the hearings.

We will continue to pursue improvements to the critical information systems which will give IRS employees immediate access to the account information they need to help taxpayers resolve problems quickly when they contact us.

The IRS will continue to stress improved training for our workforce, focusing not only on continued improvements to technical training but on expansion of courses which concentrate on interactive skills. We will look for the cooperation of the NTEU to help us establish a more comprehensive set of technical competency guidelines and criteria which address promotions and maintenance of critical skills.

The Internal Revenue Service is committed to continuing action that will reinforce the proper balance between our duty to protect the Government's interest and ensuring the rights of its taxpayers.

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