FY2020 LB&I Strategic Goals

Improved Compliance Activities
- Continue efforts to identify more productive, current work for employees through continued use of data analytics, efforts to obtain more useful data from taxpayers, utilizing feedback from employees and adjusting traditional workload selection practices (e.g., workload allocations that are not constrained by geographic footprint).
- Direct resources effectively across compliance programs using Portfolio Management, risk assessments and workload allocations.
- Continue to address key compliance issues including fraud activities, abusive transactions and emerging issues.

Provide Better Tools to Employees & Enhance Work Operations
- Support strategic hiring initiatives in all areas, including improving technical and managerial recruitment through innovative strategies.
- Deliver timely and effective technical and non-technical training to better equip employees and managers.
- Ensure centralized ownership and communication of policies and procedures, including ongoing consideration of employee feedback.
- Foster an environment that emphasizes collaboration, coaching and knowledge sharing between employees.

Improve Collaboration & Communication
- Continue to prioritize and reinforce the value of employee feedback and; demonstrate to employees how their input helps improve operations.
- Engage with taxpayers, employees and other tax administrators to ensure effective service and enforcement as well as to improve internal and external operations and provide greater tax certainty for taxpayers.
- Maintain communication channels that encourage a sense of community, including monthly messages, quarterly newsletters and townhall meetings.
- Increase the availability of rotational and career-enhancing detail opportunities within our division and across the IRS for employees throughout our organization.

Implementation of Major Program Priorities
- Integrate the Tax Cuts and Jobs Act (TCJA) into operations by implementing an effective and timely compliance plan to reflect TCJA workload selections.
- Enhance the Large Corporate Compliance (LCC) Program using feedback and data analytics.
- Monitor the impact of the Compliance Assurance Process (CAP) recalibration to determine future process revisions and acceptance of new applicants.
- Maintain ongoing efforts to improve the Campaign Compliance Program.
- Ensure successful implementation of the Bipartisan Budget Act of 2015 (BBA).

2018-2022 IRS Strategic Goals
- Empower and enable all taxpayers to meet their tax obligations
- Protect the integrity of the tax system by encouraging compliance through administering and enforcing the tax code
- Collaborate with external partners proactively to improve tax administration
- Cultivate a well-equipped, diverse, flexible and engaged workforce
- Advance data access, usability and analytics to inform decision-making and improve operational outcomes
- Drive increased agility, efficiency, effectiveness and security in IRS operations
A Message from the LB&I Commissioners’ Office

This past year has been a busy one for us all. In addition to the challenges from the shutdown and maintaining the strong case work that is the core of the organization, we devoted significant efforts to hiring and new hire training, delivering in-person coaching and tax reform training, launching new campaigns and the new Large Corporate Compliance (LCC) program, improving the Compliance Assurance Program (CAP), and implementing tax reform and partnership audit procedure (BBA) changes.

We developed a post-of-duty strategy for hiring new employees into LB&I and began approving relocations under IRS’s voluntary relocation program. We are working to stand up a centralized policy office to ensure accountability, consistency and coordination of LB&I policies and procedures. This function will serve as a coordinated point of contact for employee policy questions and suggestions. All of these accomplishments are because of your hard work this year, and we thank you all for your efforts.

We are pleased to share the FY2020 Focus Guide. This is the first Focus Guide since 2010 that reflects a significant increase in hiring. We are working to continue that trend.

In this year’s guide, you will see similar themes from last year. This reflects our long-term commitment to the issues that matter in LB&I, those that are essential for us to improve as an organization. While there will be some new activities, including those related to the enactment of the Taxpayer First Act, much of our focus remains the same. Our goals for this year are to continue progress toward our core goals and bring more stability to LB&I in the face of several years of change. Our priority focus for the year is to improve case selection and assign more productive work.

We have heard from many of you about frustrations related to case assignments. Our most promising opportunity to remedy this is through effective data analytics based on input from subject matter experts and feedback from the field. Effective analytics requires accurate data, and we plan to pursue improvements in the information taxpayers provide. We will reduce the percentage of general discretionary work sent to the field. Employees should expect to see an increase in campaign work, including the introduction of tax reform work later this year.

In addition to implementing the new large partnership audit procedures enacted in BBA, LB&I has many ongoing efforts to increase the volume of audits for pass-through entities. Employees should expect to see more work in this area in the coming year and into the future. We will also continue our focus on key cross-functional compliance issues, including virtual currency, syndicated conservation easements and micro-captive insurance.

We are working toward full implementation of Portfolio Management to drive intentional proactive decisions about how resources are applied across all of our work streams.

We will continue to engage with you and with taxpayers to improve the organization. We have several employee teams working with external stakeholders on specific issues to determine the best paths forward. We want you to know that much of our work this year was driven from direct employee input, which is truly valued. Thank you for the work that you do for tax administration.

Commissioners’ Message continued

Douglas W. O’Donnell
LB&I Commissioner

Nikole C. Flax
LB&I Deputy Commissioner

Our Staffing

<table>
<thead>
<tr>
<th>Positions</th>
<th>October 2018</th>
<th>October 2019*</th>
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<tbody>
<tr>
<td>Leadership Team</td>
<td>572</td>
<td>554</td>
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<tr>
<td>Administrative Professionals</td>
<td>313</td>
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<tr>
<td>Revenue Agent (RA)</td>
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<td>Tax Law Specialists</td>
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<td>91</td>
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<td>Economists</td>
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<td>110</td>
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<td>Engineering Program</td>
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<td>Tax Examiners</td>
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<td>Tax Compliance Officer</td>
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<td>30</td>
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<tr>
<td>Other Program Staff</td>
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<td>421</td>
</tr>
<tr>
<td>Total</td>
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<td>4,608</td>
</tr>
</tbody>
</table>

*Numbers are projected based on selections made with new hires due to come on board in October.

Equity, Diversity and Inclusion

With employees from across the country, LB&I has a built-in diversity that fortifies our organization. However, our commitment to diversity is not about numbers and categories. Behind this year’s hiring and future hiring is our deliberate aim to cultivate a workforce that keeps up with our changing world, because we acknowledge that our differences make us stronger. Differences bring new perspectives. Innovative solutions are born when we introduce these new perspectives into our existing talent pool. Those who have experienced the world differently have a unique voice, and we are working actively to bring more voices to the table from across generations, ethnicities, abilities, life experiences and circumstances. We are at our best when our workforce reflects the world around us and the taxpayers we serve.