

July 1999

# IRS MANAGEMENT

## IRS Faces Challenges as it Restructures the Office of the Taxpayer Advocate



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**General Government Division**

B-279035

July 15, 1999

The Honorable Bill Archer  
Chairman, Committee on Ways and Means  
House of Representatives

Dear Mr. Chairman:

Witnesses at the Senate Finance Committee hearings in September 1997 included taxpayers who described difficulties they had experienced in trying to get help from the Internal Revenue Service (IRS) in resolving ongoing problems. As a result of their experiences, specific concerns were raised about the operations of IRS' Office of the National Taxpayer Advocate (Advocate's Office) that had been created, in part, to help such taxpayers.

You requested that we review operations of the Advocate's Office and the Problem Resolution Program (PRP) administered by that office. In response to that request, this report discusses (1) challenges the National Taxpayer Advocate (Advocate) faces in managing program resources, (2) the potential effects of workload fluctuations on program operations, (3) information available to help the Advocate determine the causes of taxpayer problems and prevent their recurrence, and (4) the adequacy of performance measures IRS uses to gauge program effectiveness.

As part of an agencywide effort to align IRS processes with taxpayer needs, IRS is designing a new structure for the Advocate's Office. With the permission of your office, we briefed the Advocate and the IRS team responsible for redesigning the Advocate's Office several times during the course of our review. During these briefings, we discussed various issues that we had identified during our review and provided feedback on proposed redesigns of the structure and operations of the Advocate's Office. Additionally, we testified on the results of our work at hearings held by your Oversight Subcommittee on February 10, 1999.<sup>1</sup>

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**Results in Brief**

We identified various management and operational challenges facing IRS, the Advocate's Office, and PRP. How these challenges are addressed could affect how efficiently and effectively taxpayers are helped by PRP.

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<sup>1</sup>IRS Management: Challenges Facing the National Taxpayer Advocate (GAO/T-GGD-99-28, Feb. 10, 1999).

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First, the Advocate's Office faced resource management challenges because it lacked direct control over most PRP resources. Specifically, (1) the Advocate's Office did not know how many staff were working in PRP or the costs associated with that staffing; (2) the Advocate's Office had to rely on resources provided by IRS' operating functions, such as Customer Service, Collections, and Examination; (3) some Advocate Office and PRP staff reported that they lacked training that Advocate Office officials considered necessary; and (4) the Advocate's Office faced obstacles, such as limited advancement opportunities, in acquiring and keeping qualified staff. Planned changes to the Advocate's Office and PRP, such as placing PRP resources under the control of the Advocate's Office, could mitigate some of these issues. However, it is too early to evaluate the impact of these changes.

Second, IRS faces challenges as it restructures the Advocate's Office to better handle variations in PRP's workload. According to Advocate Office officials, in the past, because PRP operations depended on IRS functional units for resources, any fluctuations in PRP's workload were handled by adjusting the number of functional staff assigned to work PRP cases. However, the Advocate's Office is moving away from a structure that relies on other IRS units for staffing, which may make it more difficult for the Advocate's Office to handle workload fluctuations, especially workload increases. The Advocate told us that he was committed to helping any taxpayer who contacts the office. While it is understandable why the Advocate's Office might not want to turn away anyone seeking help, accepting cases that could be handled elsewhere in IRS could overburden PRP.

Third, the demands on the Advocate's Office to resolve individual taxpayer problems has left little time for staff to spend identifying the causes of recurring taxpayer problems and recommending solutions. Also, limitations in the kind of information available provided little assurance that the time being spent was being used most effectively. These efforts on recurring problems, called advocacy, are key to the success of the Advocate's Office because the improvements they generate can reduce the number of taxpayers who ultimately require help from PRP.

Finally, IRS lacked adequate measures of the effectiveness of the Advocate's Office and PRP. Measures of effectiveness should cover the full range of Advocate Office operations so they can be used to improve program performance, increase accountability, and support decisionmaking. The set of measures used by the Advocate's Office during our review focused on descriptive program events instead of program

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outcomes; did not provide complete data; or were not based on consistent data collection.

The Advocate's Office is identifying and implementing changes aimed at addressing some of the issues identified in this report; however, it is too soon to tell the efficacy of these efforts. Additionally, some of the changes might require more extensive efforts than are currently planned to alleviate the problem cited.

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## Background

IRS founded PRP in 1976 to provide an independent means of helping taxpayers solve problems that they encountered in dealing with IRS. Initially, PRP units were established in IRS district offices. In 1979, IRS expanded PRP to its service centers and created the position of Taxpayer Ombudsman to head PRP. The Ombudsman was appointed by and reported to the Commissioner of Internal Revenue. Congress has since renamed the Ombudsman the "National Taxpayer Advocate" and shifted appointment authority to the Secretary of the Treasury.<sup>2</sup> However, the Advocate continues to report to the Commissioner. To promote the independence of the Advocate, Congress required that the individual not be an IRS employee for 2 years preceding his or her appointment and that the individual not accept a position elsewhere in IRS for 5 years following his or her tenure as the Advocate.<sup>3</sup> The current Advocate was appointed in August 1998, in accordance with these provisions. Additionally, to enhance independence, the Advocate is required to submit annual reports directly to Congress on the objectives and activities of the Advocate's Office. These reports are to be developed by the Advocate's Office and are to be submitted directly to Congress without any prior review or comment from the Commissioner of Internal Revenue, the Secretary of the Treasury, or any other officer or employee of the Department of the Treasury.

The Advocate manages an organization (i.e., the Advocate's Office) that has advocates in each of IRS' 4 regions, 33 districts, 30 former districts,<sup>4</sup> and 10 service centers and in the Executive Office for Service Center Operations (EOSCO)<sup>5</sup> in Cincinnati, OH, and the Office of the Assistant

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<sup>2</sup>IRS Restructuring and Reform Act of 1998, P.L. 105-206 (July 22, 1998).

<sup>3</sup>Service as an officer or employee of the Advocate's Office is not taken into account for purposes of the 2-year and 5-year rules.

<sup>4</sup>In fiscal year 1996, IRS consolidated its field operations and reduced the number of districts from 63 to 33. The former 30 districts continue to have staff and operations, including a local advocate's office.

<sup>5</sup>Before the establishment of EOSCO, the regions were responsible for service centers within their geographic boundaries. Organizationally, EOSCO is on a par with the regions.

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Commissioner (International) in Washington, D.C.<sup>6</sup> The regional and EOESCO advocates are responsible for providing program oversight and support to advocates in the district, former district, and service center offices (hereafter referred to as “local advocates”), who manage PRP operations at the local level. This program oversight and support is to include reviewing PRP casework, ensuring the training of PRP staff and staff in the Advocate’s Office, dealing with sensitive individual cases, pursuing advocacy initiatives, and handling potential hardship cases.

Formerly, the regional and local advocates were selected by and reported to the director of the regional office, district office, or service center where they worked. However, the IRS Restructuring and Reform Act of 1998 changed that relationship. Now, regional advocates are to be selected by and report to the National Taxpayer Advocate, and local advocates are to be selected by and report to regional advocates.

At the time we completed our review in May 1999, most PRP casework was being done by district office and service center staff, called caseworkers, who were employees of IRS’ operating functions, such as Customer Service, Collection, and Examination. In addition, each function doing PRP work had a coordinator to ensure that all PRP cases within the function were assigned to caseworkers and placed under PRP control and to provide coordination between the function and the local advocates. PRP caseworkers and coordinators were funded by the operating functions, not the Advocate’s Office.

Also, each district office and service center had its own PRP structure, which reflected differences in office size and composition and in the way PRP caseworkers were managed. In the past, PRP caseworkers were generally assigned to functional units and reported to functional managers. In recent years, some local offices centralized their PRP casework in PRP units staffed by functional employees who reported directly to the local advocate.

The goals of the Advocate’s Office are consistent with IRS’ mission of providing quality service to taxpayers by helping them meet their tax responsibilities and by applying the tax laws fairly. The Advocate’s goals are to

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<sup>6</sup>The Office of International District Operations serves essentially as a district office for taxpayers living outside the United States.

## Objectives, Scope, and Methodology

- assist taxpayers who cannot get their problems resolved through normal IRS channels or those who are suffering significant hardships. For example, local advocate offices can expedite tax refunds or stop enforcement actions for taxpayers experiencing significant hardships. This assistance is provided through PRP. During fiscal year 1998, PRP closed more than 300,000 cases, of which about 10 percent involved potential hardships;
- determine the causes of taxpayer problems so that systemic causes can be identified and corrected and to propose legislative changes that might help alleviate taxpayer problems. IRS commonly refers to this process as advocacy; and
- represent taxpayers' interests in the formulation of IRS policies and procedures.

Our objectives were to (1) identify challenges the Advocate faces in managing program resources, (2) identify potential effects of workload fluctuations on program operations, (3) determine what information was available for advocacy efforts, and (4) assess the adequacy of performance measures IRS used to gauge program effectiveness. For all of our objectives, we interviewed Advocate Office officials at IRS' National Office, all 4 IRS regional offices, and EOSCO, and we interviewed local advocates, PRP coordinators, and caseworkers in 17 of IRS' 73 local offices—including 9 district offices, 4 former district offices, and 4 service centers.

For the first objective, we also surveyed Advocate Office and PRP staff, including PRP caseworkers, at IRS locations where Advocate's Office and PRP work was being done.

Additionally, for the third and fourth objectives, we reviewed program documents on the Advocate's Office and PRP, including guidance on advocacy efforts, and program management information, including goals and measures for the program.

For a more detailed account of our scope and methodology, including IRS offices visited and limitations of our surveys, see appendix I.

We did our work from December 1997 to May 1999 in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Commissioner of Internal Revenue. His written comments are discussed near the end of this report and are reprinted in appendix VII.

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## Resource Management Issues Present Challenges for the Advocate

We identified several resource management issues within the Advocate's Office and PRP that could affect how efficiently and effectively taxpayers are helped by PRP. Specifically, (1) the Advocate's Office did not know how many staff were working in PRP or the costs associated with that staffing; (2) the Advocate's Office had to rely on resources provided by IRS' operating functions, such as Customer Service, Collections, and Examination; (3) some Advocate Office and PRP staff reported that they lacked training that Advocate Office officials considered necessary; and (4) the Advocate's Office faced obstacles, such as limited advancement opportunities, in acquiring and keeping qualified staff. Addressing such issues presented a particular challenge to the Advocate's Office because it has not had direct control over most PRP resources.

IRS has begun to address some of the resource management issues we identified. Other changes to the Advocate's Office and PRP are being considered in conjunction with a major effort that IRS has begun to substantively revise its organizational structure. However, it is too soon to tell how these changes will affect program operations.

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## The Advocate's Office Lacked Information on Functional PRP Staffing

The Advocate's Office did not know the total number, time, and thus, cost of staff devoted to PRP because IRS did not have a standard system to track functional staff doing PRP work.<sup>7</sup> The absence of this basic staffing information yields an incomplete picture of program operations, places limitations on decisionmaking, and hinders the identification of matters requiring management attention. For example, without complete staffing information, IRS does not know the total cost of the program; and it cannot project the potential cost, for planning purposes, of any prospective changes or enhancements to the program.

IRS' operating functions (e.g., Customer Service, Collection, and Examination), which provided most of the staff working in PRP, had systems to track the amount of time employees devoted to PRP, but each function tracked time spent differently. The procedures varied, from having employees charge all time spent to resolve a case to PRP, to having them charge only a minimal amount of time to PRP.

Because of the situation just described, IRS was unable to tell us how many functional staff were working on PRP activities and how much time those staff were devoting to PRP work. To get information on the number of functional staff, with the help of the Advocate's Office, we sent out

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<sup>7</sup> IRS was able to track staff in the Advocate's Office because these staff are funded by the Advocate's Office, not the functions.



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surveys that solicited staffing information from all locations where Advocate Office and PRP work was being done. Summaries of the responses to our surveys are presented in appendixes II and III.

Our surveys showed that on June 1, 1998, there were 508 staff working in the Advocate's Office and another 1,532 functional employees doing PRP casework. Selected survey results for those 1,532 PRP caseworkers are presented in appendix IV. As shown in that appendix, the 1,532 PRP caseworkers included 726 district office employees and 806 service center employees.

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## Reliance on Functional Resources Contributed to Staffing Issues

The Advocate's Office had to rely on other management officials within IRS to provide most of the resources—including staff, space, and equipment—needed to do PRP casework. Because there was no direct funding for PRP, however, functional managers had to carve out resources for PRP from their operating budgets. This arrangement required district and service center directors to shift employees and other resources into or out of PRP as workload demands changed. When functional needs conflicted with PRP needs, there were no assurances that PRP needs would be met. This arrangement also meant that functional managers, not local advocates, determined which employees would do PRP casework—leaving the local advocates with little, if any, control over the quality of the caseworkers. Local advocates told us that good communication and working relationships with other managers within IRS was imperative to receive the support needed to meet PRP goals.

Another result of the relationship just described is that local advocates were not responsible for preparing official performance evaluations for most PRP caseworkers. In that regard, our surveys showed that about 80 percent of the PRP caseworkers reported to and were evaluated by functional management. Such a situation could have affected the ability of caseworkers to resolve taxpayers' problems impartially, because those problems could involve disputes between the taxpayer and the function responsible for evaluating the caseworker. Also, this situation could have led to a perception that PRP was not an independent program. Independence—actual and apparent—is important because, among other things, it helps promote taxpayer confidence in PRP.

Because the Advocate's Office did not have direct control over functional employees, PRP caseworkers could sometimes be pulled from PRP duties to do other work. For example, IRS officials said that PRP caseworkers were often required to help the customer service function answer taxpayer

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telephone calls during the filing season. While caseworkers were helping customer service, they were still responsible for their PRP work.

Since PRP did not have a direct budget, IRS officials said that it was easy for PRP “to fall through the cracks” in terms of getting other resources, such as equipment and space, for PRP work. When PRP caseworkers told us of their equipment needs, they generally mentioned

- computers for word processing,
- ready access to Integrated Data Retrieval System (IDRS) terminals,<sup>8</sup>
- telephone lines and voice mail,
- fax machines, and
- basic office supplies.

Given the nature of PRP work, caseworker access to IDRS and the availability of such things as word processing equipment, voice mail, and telephone lines would seem essential. For example, we observed that caseworkers often prepared handwritten correspondence to taxpayers that was not as professional looking as correspondence prepared on word-processing equipment.

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### Some Advocate Office and PRP Staff Had Not Received Training Considered Necessary

According to our survey, some Advocate Office staff and PRP caseworkers had not received training that Advocate Office officials considered necessary. Our surveys of IRS staff who were doing Advocate Office work as of June 1, 1998, indicated the following:

- Only 35 percent of the staff in the Advocate’s Office had attended an Advocate’s Office training course for their current position. These positions included advocate, analyst, and PRP specialist.
- Fewer than half of the caseworkers had attended a PRP caseworker training course.
- Almost 78 percent of the caseworkers had received PRP quality standards training. This training is designed to ensure that caseworkers are aware of the standards for acceptable PRP casework.

Although our survey indicated that caseworkers often had not completed a formal PRP caseworker training course, the survey also indicated that about 85 percent of the caseworkers had received on-the-job training. While on-the-job training can be an effective means of teaching, it opens up the possibility of inconsistencies in the way the program operates.

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<sup>8</sup>IDRS is the primary system used by IRS employees to research and adjust taxpayer accounts.

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In addition to being trained in PRP matters, Advocate Office officials said that caseworkers should continue to receive training in functional matters. Functional training, such as training in tax law changes, is important because resolving taxpayer problems requires that caseworkers understand the tax laws affecting a particular case. Our surveys indicated, however, that about half of the PRP caseworkers had not received such functional training.

Both Advocate Office and PRP staff who we talked to said that there was no established training schedule, so they did not always know what training was being offered. When they did hear about training, it was sometimes too late to sign up. Some staff said that it had been several years since they had received any formal PRP training. Both Advocate Office staff and PRP caseworkers told us that, in addition to the basic training needed to do PRP work, they would like training in other areas, especially tax law changes. Also, many caseworkers wanted cross-functional training so that they could work cases across functional lines. IRS officials said that cross-functional training would broaden caseworker skills and might lead to faster and more accurate service to taxpayers. Additionally, they said that by broadening caseworkers' skills and thus expanding the types of cases that they could work, cross-functional training could help the Advocate's Office manage workload fluctuations.

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### Obstacles Existed to Acquiring and Keeping Qualified Staff

Obstacles existed that could adversely affect the ability of the Advocate's Office to acquire and keep qualified staff. Those obstacles included (1) the absence of standard position descriptions for PRP caseworkers that could be used to help ensure that qualified staff were assigned to PRP work and (2) limited opportunities for advancement within the Advocate's Office and PRP.

### Obstacle to Acquiring Qualified Staff

There were no standard position descriptions for PRP caseworkers. Instead, PRP caseworkers worked under the position descriptions for employees in their functional organizations. This situation permitted functional managers to fill PRP caseworker positions through a noncompetitive process. IRS officials said that management usually asked for volunteers to work in PRP; if no volunteers came forward, management usually assigned staff to PRP, based on reverse seniority (i.e., staff with the least seniority would be assigned to PRP if not enough volunteers were forthcoming).<sup>9</sup> Without competition, less qualified staff could be assigned

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<sup>9</sup> Many of the caseworkers we talked with enjoyed working in PRP more than doing functional work. In the customer service function, PRP work was viewed as being especially desirable because most customer service staff spent their time answering telephone calls from IRS' toll-free lines and PRP work offered a respite from the telephone activity. However, some caseworkers said that they did not

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to PRP. IRS officials said that if there were standard PRP caseworker position descriptions, staff from the operating functions would have to meet a set of qualifications and then compete for caseworker positions. As in any organization, when staff compete for a position, management is afforded an opportunity to select from among the best-qualified staff for the duties prescribed for that position.

### Obstacle to Keeping Staff

IRS officials said that the grade structure and size of the Advocate's Office and PRP limited opportunities for staff to advance within these organizations. There were gaps in the Advocate's Office and PRP grade structure.<sup>10</sup> These gaps meant that, at some point, staff who wanted to advance their careers would have to leave the Advocate's Office or PRP to get a promotion elsewhere in IRS—generally in an operating function. In addition, the small size of the Advocate's Office and PRP (in terms of number of positions) meant that there were fewer numbers of promotions available than in the larger operating functions.

Advocate Office and PRP staff who we talked to had mixed views on whether they would have promotion opportunities within the functions. Because the Advocate's Office was "off line" from the operating functions, many of the Advocate Office staff said that they would not have the background necessary to compete for a promotion in an operating function. Instead, they said that the only way for them to leave the Advocate's Office would be through a lateral transfer. Many caseworkers told us, however, that the knowledge and skills they acquired in PRP could potentially enhance their opportunities in their functional organizations.

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### IRS Has Begun to Address the Resource Management Issues Facing the Advocate's Office

IRS has taken some actions and has others planned that are related to the resource management issues previously discussed; however, it is too soon to tell if these actions will fully address these issues.

Many of the actions were being developed as part of IRS' effort to redesign the agency and are scheduled to be completed by the end of fiscal year 1999. IRS is planning substantive changes to the agency's organizational structure and work processes. Among other things, those plans would eliminate or substantially modify IRS' existing organization and establish

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want to continue working in PRP because increased workloads and higher program visibility made the job too stressful.

<sup>10</sup>In some local advocate offices, for example, the associate advocate was a General Schedule (GS)-12 and the advocate was a GS-14. There was no GS-13 position in the office. Because of that gap, an associate advocate would have to go elsewhere in IRS to get a promotion to GS-13.

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organizational units serving particular groups of taxpayers, such as wage earners and small businesses.

In commenting on a draft of this report, IRS said that, beginning in October 1999, it will have the ability to track Advocate Office resources accurately.

Resource management changes include realigning the PRP staffing so that all caseworkers report to local advocates, not functional management. This should give the Advocate's Office more control over PRP resources. In October 1998, IRS announced that those caseworkers who were already reporting to local advocates—about 20 percent—would officially be part of the Advocate's Office. In addition, at the time we completed our audit work, IRS was developing an implementation plan to have the remaining 80 percent of the caseworker positions assigned to local advocate offices during fiscal year 1999. To complement the shift to direct reporting of caseworkers and further strengthen the independence of the Advocate's Office, IRS established for fiscal year 1999 a separate, centralized financial structure for managing all Advocate Office resources. This structure covers the resources allocated to the Advocate's Office and includes PRP caseworkers who have been transferred from the functions to the Advocate's Office. Having a separate, centralized structure gives the Advocate's Office control over its resource and should prevent Advocate Office funds from being redirected to other IRS programs.

As of May 1999, IRS was also developing and updating the training for Advocate Office staff and PRP caseworkers. The training is to reflect the new operating structure and procedures for the Advocate's Office as part of the agencywide redesign effort. Training needs for all Advocate Office and PRP staff are to be identified by the end of fiscal year 1999.

Other actions could make it easier for the Advocate's Office and PRP to acquire and keep qualified staff. In that regard, IRS has developed position descriptions for all staff working in the Advocate's Office and PRP. The Advocate said that all positions within the Advocate's Office and PRP will be filled competitively using the new position description. This includes having all existing Advocate Office and PRP staff reapply for their current positions. IRS has reevaluated the PRP caseworker duties and, in many cases, the new caseworker positions are higher-graded than the current caseworker positions. According to the Advocate, the competition for the positions should help ensure that the best staff are selected for the Advocate's Office and PRP.

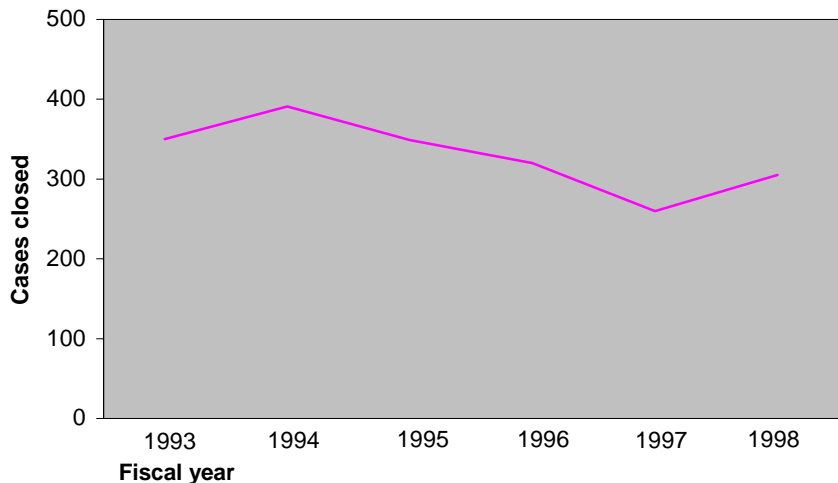
Additionally, in an effort to attract and keep qualified staff, the IRS Restructuring and Reform Act of 1998 required that the Advocate develop a career path for local advocates who choose to make a career in the Advocate's Office. In response to this requirement, the Advocate, at the time we completed our audit work, had a plan that would not only provide a career path within the Advocate's Office and PRP, but would also enable Advocate Office and PRP staff to compete for jobs in the operating functions.

## Handling Workload Fluctuations Poses a Challenge as the Advocate's Office Restructures

According to local advocates, dealing with workload fluctuations—especially increased workloads—poses a challenge for them as Advocate's Office and PRP operations are restructured. (See app. V for factors that have increased and could increase PRP's workload.) IRS uses "cases closed" as its indicator of PRP workload. As figure 1 shows, the number of PRP cases closed in fiscal years 1993 through 1998 varied from year to year.

Figure 1: PRP Cases Closed (Fiscal Years 1993–1998)

Cases in thousands



Note: PRP cases that were opened and closed on the same day are not included in the totals because they were not included in the IRS database from which this information was obtained.

Source: IRS Office of the National Taxpayer Advocate.

Historically, because PRP was staffed by the functions, the Advocate's Office relied on the functions to provide additional staff to cover workload increases. However, as discussed previously, this reporting structure could

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have led to the perception that PRP lacked independence. In an attempt to alleviate this possible perception, and as part of the restructuring effort, all caseworkers are to be placed in the Advocate's Office.

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## Workload Increases Could Affect PRP Services

Workload increases may make it necessary for the Advocate's Office to decide which cases to address with PRP resources. PRP was designed to help taxpayers who were unable to get their problems resolved elsewhere in IRS. However, the Advocate told us that he was committed to helping any taxpayer who contacts the office. We understand why the Advocate's Office might not want to turn away any taxpayers seeking help. However, if the Advocate's Office accepts cases that could be handled elsewhere in IRS, PRP could be overburdened, potentially reducing its ability to help taxpayers who have nowhere else to go to resolve their problems. As one local advocate said, "if everything is a priority, then nothing is a priority." Overburdening PRP could also result in less staff time available for the Advocate's Office to devote to advocacy. We discuss that issue in more detail in the next section.

In its plan to redesign the Advocate's Office, IRS has acknowledged the need to handle workload fluctuations. In the event of workload increases, the Advocate's Office needs to be able to either decrease the number of cases entering the program, increase the number of staff working on cases, or some combination of both. The Advocate said that for workload increases, IRS plans to detail additional staff from the functions, as necessary.

In his written comments on a draft of this report, the Commissioner of Internal Revenue stated that IRS had recently modified the PRP criteria to create a "taxpayer focused balance between cases handled by the Taxpayer Advocate and other functions." We did not have time to evaluate the potential impact that the modified criteria might have on PRP workload. (See app. V for a list of the PRP criteria.)

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## Better Information Could Help Ensure the Best Use of Resources for Advocacy Efforts

Through advocacy, the Advocate's Office is to identify the underlying causes of recurring taxpayer problems and recommend changes in the tax law or in IRS' systems or procedures. Advocacy is key to the success of the Advocate's Office because the improvements it generates could reduce the number of taxpayers who ultimately require help from PRP. However, the advocates we talked with indicated that the demands on Advocate Office staff and PRP caseworkers to resolve individual taxpayers' problems left little time to spend on advocacy. In addition, because of limitations in the kind of information available to and compiled by the Advocate's Office, there was little assurance that the time being spent on advocacy was being

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used most effectively. As of May 1999, the Advocate was considering various ideas for improving the advocacy process.

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### Time Spent Working on Individual Taxpayer Problems Has Limited the Time Available for Advocacy

As discussed more fully below, the advocacy process involves all levels of the Advocate's Office, from the Advocate to local caseworkers. Nevertheless, most of the advocates we talked with said that the need to work on individual taxpayer problems limited the amount of time that advocate staff and PRP caseworkers could spend on advocacy. In that regard, our surveys indicated that, as of June 1, 1998, advocates and their staffs were spending about 60 percent of their time on problems of individual taxpayers<sup>11</sup> and about 10 percent of their time on advocacy.<sup>12</sup> PRP caseworkers were spending almost all of their PRP time on problems of individual taxpayers.

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### The Advocacy Process

The advocacy process within the Advocate's Office involves all levels of the organization, from the Advocate to local caseworkers. The Advocate's Office is responsible for (1) assisting, supporting, and guiding advocacy efforts at all levels; (2) identifying issues with nationwide implications and assigning responsibility for conducting research on these issues to regional advocates; and (3) compiling information on the status of ongoing and completed advocacy projects. Advocacy projects are intended to develop recommendations for improving IRS processes and procedures that can be forwarded to the function responsible for the processes or procedures. Advocate staff are to monitor the implementation of the recommendation and, in instances in which no action is taken by the function, the Advocate can compel the function to implement the recommendation by issuing a Taxpayer Advocate Directive. The Advocate was delegated this authority in March 1998, and on December 7, 1998, he issued the first directive requiring that IRS operations abate penalties on some "innocent spouse" cases.<sup>13</sup> As of April 1999, there had been no other directives issued.

Each region and EOSCO has an advocacy council comprised of Advocate Office staff and functional executives and staff. These councils are

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<sup>11</sup>Advocates and their staffs generally deal with sensitive cases, such as congressional inquiries, and cases in which a taxpayer has applied for relief due to hardship.

<sup>12</sup>The remainder of their time was spent on other types of Advocate Office work, such as program management and support.

<sup>13</sup>To qualify for innocent spouse relief, a person must have filed a joint return with an understatement of taxes owed; the understatement must result from erroneous items of the spouse; and the person applying for innocent spouse relief must not have known about the errors caused by the other spouse. Prior to the IRS Restructuring and Reform Act of 1998, the understatement must have exceeded the greater of 500 dollars or a specified percentage of the innocent spouse's adjusted gross income for the most recent year.



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responsible for promoting advocacy and serve as clearinghouses for advocacy efforts by evaluating the merits of recommendations proposed at the regional and local office levels and by assigning projects to local advocates for further research. In evaluating the merits of local and regional advocacy recommendations, the councils are to either (1) endorse a recommendation and forward it to the National Office, (2) decide that a recommendation has merit but that more work needs to be done to support it, or (3) decide that the recommendation does not have merit. The councils are also responsible for providing guidance to local offices on advocacy projects and for ensuring that local offices receive feedback on advocacy projects.

Local advocates receive ideas for advocacy efforts from a variety of sources, such as PRP's case inventory system, PRP caseworkers, functional staff, and tax practitioners. In some cases, immediate action can be taken by local managers to improve local procedures and prevent local administrative problems. In other cases, the idea may be studied at the local office and recommendations for improvement can be forwarded to the responsible advocacy council for agencywide consideration.

Advocacy recommendations also come from the Equity Task Force, which was chartered to make recommendations to the Advocate. The task force is comprised of a cross-section of IRS functional executives, functional staff, and Advocate Office staff. Recommendations from the task force are designed to further the interests of fairness in tax administration.

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**Inadequate Information Available to Ensure the Most Effective Use of Time Spent on Advocacy**

We understand the need for the Advocate's Office to give priority to individual taxpayer problems (i.e., casework) over advocacy when there is not enough time to do both. If the PRP workload were to increase, it could become even more difficult for the Advocate's Office to find time to spend on advocacy. The Advocate's Office must, therefore, make the best possible use of the time available for advocacy. However, at the time of our review, the Advocate's Office did not have the kind of information needed to (1) make sound decisions on which projects to undertake and (2) protect against wasteful duplication of effort.

**Information On Which Projects To Work Was Limited**

The Advocate's Office did not systematically gather the information needed to identify and prioritize advocacy projects. For the most part, advocacy projects were identified by analyzing the codes used to categorize taxpayer problems for the Advocate's case inventory system. However, IRS officials said that analyzing these codes was not the best means of identifying advocacy projects because the codes do not provide enough information on the nature of the problems.

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For example, one code indicates that the problem involved a lost or stolen refund. However, there is no way to tell from the code why the case ended up in PRP. There are normal procedures for taxpayers and IRS to follow in getting a lost or stolen refund replaced. The fact that such a case ended up in PRP does not indicate whether there was some procedural failure that resulted in IRS' inability to produce a replacement refund for the taxpayer. This level of detail may be available on individual cases—in the case history section—however, there is no way to search the Advocate's case inventory system for this information. As a result, the inventory system can only describe the frequency of taxpayer problems; it cannot describe why the problem ended up in PRP. In the absence of such information, the Advocate's Office does not know which advocacy efforts have the greatest potential to resolve recurring taxpayer problems.

#### Comprehensive Information on Advocacy Projects Not Available

We found that the Advocate's Office did not have a comprehensive source of information on all proposed, ongoing, and completed advocacy projects. Additionally, we found that field staff did not always have access to information on advocacy projects. Because advocacy projects can be started at any level in the Advocate's Office, it is important that everyone have access to comprehensive information on advocacy projects. Among other things, such information should help enhance coordination and prevent unnecessary duplication of effort.

Information on advocacy efforts is available from the (1) the Advocacy Project Tracking System, (2) an inventory of legislative recommendations, and (3) the Commissioner's Tracking System. None of these three sources provides a comprehensive listing of advocacy projects.

The Advocacy Project Tracking System is a document maintained by the Advocate's Office that includes completed and ongoing advocacy projects from IRS' four regional offices and EOSCO. The document is presented as a matrix with information on each project, such as the project title, a short description of the project, the project contact points, and the status of the project's recommendations. The matrix was last updated as of September 30, 1998, and there were 39 projects listed. The matrix does not, however, contain any information on what projects were ongoing or planned at the local offices.

The inventory of legislative recommendations aimed at changing the current tax law is a document that presents potential legislative changes recommended by each region and EOSCO. The list is also presented in matrix format with information on each recommendation, such as whether there is an advocacy project related to the issue, what the proposed action

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is, and the status of the recommendation. The list is tracked by fiscal year, and those recommendations that the Advocate endorsed are to be included in the Advocate's Report to Congress. As of April 1999, there were seven legislative recommendations on the list. This listing, however, is limited to proposed changes to legislation and does not contain any information on ongoing, proposed, or completed advocacy projects.

The Commissioner's Tracking System is a document that is to contain information on all advocacy memorandums that were sent to functional management. Advocacy memorandums are to be sent from the Advocate to a National Office function when the function resists or does not respond to a recommendation that the Advocate feels will alleviate harm to taxpayers or decrease taxpayer burden. Advocacy memorandums are to be sent only after other inquiries or attempts to resolve the issue have proved unsuccessful. The function is asked to respond in writing to the advocacy memorandum. If the functional area does not provide a satisfactory reason for not implementing a recommendation, the Advocate can compel the function to implement the recommendation by issuing a Taxpayer Advocate Directive, as explained previously. Information on the Commissioner's Tracking System and information from the directives are to be included in the Advocate's Annual Report to Congress. As of April 1999, the Advocate had written 12 advocacy memorandums. This document only contains those advocacy recommendations that were not willingly implemented by the functions and is not a complete source of advocacy projects.

The lack of a comprehensive source of information on all advocacy projects increases the risk of unnecessary duplication of effort. In that regard, staff at several locations said that regional and local offices are often studying similar problems. For example, an IRS regional official said that two of IRS' regions were studying projects on several similar issues, including (1) the application of taxpayer overpayment credits and (2) waiving the 10 percent additional tax penalty on withdrawals from Individual Retirement Accounts in hardship cases. The official also said that there was even less awareness of ongoing efforts at the district office and service center levels than at the regional level described above.

A more comprehensive source of information on advocacy projects might also help provide staff with better feedback on project results. Although each IRS region and EOSCO has an advocacy council that is responsible for providing feedback to district and service center staffs, the local advocates and council members with whom we talked said that there was no formal mechanism for providing feedback. In particular, council

members said that staff who had worked on projects were not receiving status reports or even an acknowledgment that recommendations from their projects were being considered for possible implementation, even though the councils were responsible for providing this information. In one district, for example, the local advocate said that he had forwarded the same advocacy recommendations to the regional council over the course of several years, but had not received feedback concerning what actions, if any, were taken on these recommendations.

### Proposed Changes for Strengthening Advocacy Efforts Are Under Consideration

In October 1998, the Advocate established a team to develop recommendations to strengthen advocacy within IRS. The team's goal was to develop and recommend a national advocacy plan, and the team made several recommendations to the Advocate for initiating and coordinating advocacy projects. For example, in its February 1999 report to the Advocate, the team recommended that a national advocacy database be developed to provide a single source of information on ongoing advocacy projects. The national database would contain information on all advocacy efforts, including those at the national, regional, and local levels. In addition, the database would be accessible to all local advocates. As part of the effort to redesign the Advocate's Office, the Advocate said that he plans to adopt the recommendations from the team. Also, the redesign plan calls for establishing separate casework and advocacy units, each with its own dedicated staff, thus reducing the possibility that advocacy will suffer in times of high PRP caseloads.

### The Advocate's Office Lacked Adequate Measures of Effectiveness

IRS lacked adequate measures of the effectiveness of the Advocate's Office and PRP. The set of measures used by the Advocate's Office during our review (1) provided descriptive information about program activities, such as the average amount of time it takes to close a PRP case, rather than information needed to assess effectiveness; (2) did not provide complete data; or (3) were not based on consistent data collection. IRS has efforts under way to improve program measures. Those efforts, at least as they relate to the Advocate's Office, may be hampered by existing information systems.

While it is necessary for an organization to measure program activities, such as average case processing time, the more important and more difficult task is to develop measures of effectiveness that focus on the impact of an agency's programs on its customers. Measures of effectiveness are important because they provide data to improve program performance, increase accountability, and support decisionmaking. We found that the Advocate's Office had measures to gauge certain aspects of PRP's performance, but that these measures could not fully assess PRP's

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effectiveness. For example, the Advocate's Office did not have a method for measuring customer satisfaction, and there was no mechanism for determining the effectiveness of advocacy efforts—both of these measures would help the Advocate understand how effective the program is in helping taxpayers.

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### Existing PRP Measures Are Inadequate

During our review, the Advocate's Office was using the following four measures to gauge PRP's performance: (1) average processing time to close PRP cases, (2) currency of PRP case inventory, (3) quality of casework, and (4) case identification rate. Although those measures provided some useful information, they did not provide all of the information needed to assess PRP's effectiveness. (See app. VI for more information on these measures.)

The first two measures, average processing time and currency of case inventory, provide descriptive information about program activities. Although these measures are useful for some program management decisions, such as the number of staff needed at a specific office, they do not provide information on PRP's effectiveness.

The third measure is designed to determine the quality of PRP casework. Although this measure provides some data on program effectiveness, it provides no information on customer satisfaction. In commenting on a draft of this report, IRS said that it is developing ways to measure PRP customer satisfaction and that it plans to test and refine the measure beginning in October 1999. By helping taxpayers resolve problems that were not resolved elsewhere in IRS, the Advocate's Office plays a pivotal role in delivering customer service to the taxpayers. Customer satisfaction data from taxpayers who contacted PRP could provide the Advocate's Office with information on how taxpayers feel about the service they received and whether taxpayers consider their problems solved. Without this information, the Advocate's Office is not in the best position to improve program operations to better satisfy taxpayer needs.

The fourth measure, PRP case identification, attempts to determine if service center employees are properly identifying potential PRP cases from incoming correspondence. This measure is an important tool to help the Advocate's Office know whether PRP actually serves those taxpayers who qualify for help from the program. However, the measure provides an incomplete picture because it is designed for use only at service centers. There is no similar measure to determine how well district offices and toll-free telephone call sites are identifying and referring potential PRP cases.

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Also, a recent review of the PRP case identification measure by IRS' Office of Internal Audit disclosed, among other things, that inconsistent data collection could affect the integrity and reliability of the measure's results. For example, Internal Audit found that the test was not always performed the required number of times per month at each service center and that the mail sample was not based on the service center's incoming mail population. Additionally, when Internal Audit performed a parallel PRP case identification sample—in accordance with national standards—its rates for some service centers were significantly lower—in one case, over 55 percentage points lower—than rates reported by the service center.

In addition to the shortcomings of these four measures, IRS lacked a method for determining the effectiveness of its advocacy efforts. Advocacy is a major responsibility of the Advocate's Office and is aimed at ultimately reducing the number of taxpayers needing help from PRP. Without information on the effectiveness of these efforts, the Advocate's Office does not know, for example, which efforts provide the greatest benefit to taxpayers.

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### Current Information Systems May Limit IRS' Ability to Develop Needed Measures

The Advocate is working to improve Advocate Office and PRP measures of effectiveness. In January 1999, as part of its efforts to redesign the Advocate's Office, IRS established a task force to determine what measures are needed to assess program effectiveness. Specifically, the group is tasked to research, identify, and develop corporate level measures for Advocate Office program results, customer satisfaction, and employee satisfaction. Their ability to develop needed measures of effectiveness, however, may be hampered by existing information systems. The Taxpayer Advocate Management Information System is comprised of the Problem Resolution Office Management Information System (PROMIS), the Customer Feedback System, and the PRP Case Identification and Tracking System. These systems do not provide the Advocate's Office with the data it needs to assess the effectiveness of PRP operations.

PROMIS is a computerized inventory control and report system that includes information from individual PRP cases, such as the taxpayer's name, address, and Social Security number. PROMIS generates reports on cumulative descriptive program data, such as the number of cases worked in PRP and how quickly cases are closed. Although the system also captures data on the types of problems taxpayers are experiencing—such as the “lost or stolen refund” example mentioned earlier—there is no mechanism to search for other data that might help advocacy efforts by pointing to agencywide weaknesses. For instance, there is no way to determine if cases were caused by problems with a particular IRS system

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because the cases are coded only by type of tax problem. In a case history section, PROMIS captures information on the nature of the taxpayer's problem and what actions were taken to help the taxpayer. However, there is no mechanism to search multiple cases for trend data from the history section.

The Customer Feedback System is designed to capture taxpayers' compliments and complaints about IRS employees. The system depends on taxpayers to take the initiative to voluntarily comment about the treatment they received from an IRS employee and on IRS managers to complete the customer feedback form. The voluntary nature of the system means that the data are not statistically representative of program participation, and fluctuations in the data cannot be attributed to changes in program operations. In addition, comments captured on the system could relate to any IRS function, not just PRP, and therefore, are of limited use in assessing PRP's effectiveness.

The PRP Case Identification and Tracking System is used to capture information on the PRP case identification measure discussed earlier. As such, it has the same limitations as that measure—it only has information on cases coming into IRS through correspondence at the service centers. Because this system contains no information on cases coming in through district offices and call sites, it provides incomplete data on whether taxpayers who qualify for PRP assistance are being properly identified and referred to PRP.

In addition to the problems with the Taxpayer Advocate Management Information System, we mentioned earlier that the Advocate's Office lacked a system to track resources dedicated to the program. Because PRP was implemented through IRS' functions, the Advocate's Office had no system to track the resources devoted to PRP. Without this basic program information, the Advocate's Office had no means to determine what it invested in the program.

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## Conclusions

The Advocate's Office can provide a valuable service by helping (1) taxpayers who have been unable to resolve their problems elsewhere in IRS and (2) taxpayers who are suffering significant hardships.

We have identified challenges, obstacles, and deficiencies in Advocate Office and PRP operations that could affect how efficiently and effectively services are provided to taxpayers. The Advocate's Office is in the midst of identifying and implementing changes designed to improve its operations. Many of the changes, such as restructuring Advocate Office operations and

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creating career paths for local advocates, are due to requirements of the IRS Restructuring and Reform Act of 1998; other changes, such as developing position descriptions for PRP caseworkers, are the result of Advocate Office initiatives. However, it is too soon to tell how effective these changes will be in addressing the challenges cited in this report.

Two areas in which changes are being considered are advocacy and performance measures. However, changes in both areas require the development of better information systems than are currently available. For example, without a system or systems that provide (1) information needed to identify and prioritize advocacy projects and (2) comprehensive information on all proposed, ongoing, and completed advocacy projects, IRS has no assurance that the Advocate's Office is most effectively using the resources available for advocacy. Similarly, without a system or systems that provide better data than are now available in the Taxpayer Advocate Management Information System, IRS' ability to develop appropriate measures of PRP effectiveness may be hampered.

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## Recommendations to the Commissioner of Internal Revenue

To better ensure that the Advocate's Office effectively uses the resources available for advocacy and thus enhances its ability to prevent the recurrence of taxpayer problems and ultimately reduce the number of taxpayers who need help from PRP, we recommend that the Commissioner of Internal Revenue direct appropriate officials to define the requirements for and to develop a system that captures the kind of information needed to identify and prioritize potential advocacy projects and provide feedback to staff on ongoing and completed projects.

To better manage PRP resources and improve operations, we recommend that the Commissioner of Internal Revenue direct appropriate officials to design management information systems that can support outcome-oriented performance measures.

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## Agency Comments and Our Evaluation

The Commissioner of Internal Revenue commented on a draft of this report by letter dated July 7, 1999, in which he generally agreed with our findings and concurred with our recommendations. (See app. VII for a copy of the letter.) We modified the report to ensure technical correctness and include updated information where appropriate.

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We are sending copies of this report to Representative Charles B. Rangel, Ranking Minority Member, House Committee on Ways and Means; Representative Amo Houghton, Chairman, and Representative William J. Coyne, Ranking Minority Member, Subcommittee on Oversight, House Committee on Ways and Means; and Senator William V. Roth, Jr.,



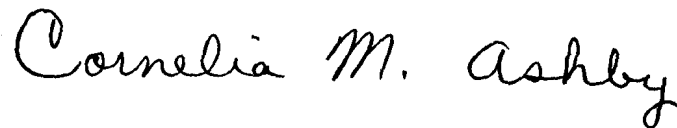
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Chairman, and Senator Daniel P. Moynihan, Ranking Minority Member, Senate Committee on Finance. We are also sending copies to The Honorable Lawrence H. Summers, Secretary of the Treasury; The Honorable Charles O. Rossotti, Commissioner of Internal Revenue; The Honorable Jacob J. Lew, Director, Office of Management and Budget; and other interested parties. Copies of this report will be made available to others upon request.

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If you have any questions regarding this letter, please contact me or David Attianese at (202) 512-9110. Key contributors to this assignment were Kelsey Bright, Isidro Gomez, and Susan Malone.

Sincerely yours,

A handwritten signature in black ink that reads "Cornelia M. Ashby". The signature is written in a cursive, flowing style.

Cornelia M. Ashby  
Associate Director, Tax Policy  
and Administration Issues

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**Abbreviations**

EOSCO	Executive Office for Service Center Operations
GS	General Schedule
IDRS	Integrated Data Retrieval System
IRS	Internal Revenue Service
PROMIS	Problem Resolution Office Management Information System
PRP	Problem Resolution Program

# Detailed Scope and Methodology

## Offices Visited

We interviewed agency officials at the Internal Revenue Service’s (IRS) National Office, all 4 IRS regional offices, the Executive Office for Service Center Operations (EOSCO), and 17 local offices, including 9 district offices, 4 former district offices,<sup>1</sup> and 4 service centers (see table I.1 for a list of the regional and local offices we visited).

**Table I.1: Regional and Local Offices Visited**

**Regional Offices**

- Midstates Region (Dallas, TX)
- Northeast Region (New York, NY)
- Southeast Region (Atlanta, GA)
- Western Region (San Francisco, CA)

**District Offices**

- Delaware-Maryland (Baltimore, MD)
- Central California (San Jose, CA)
- Kentucky-Tennessee (Nashville, TN)
- Manhattan (New York, NY)
- Northern California (Oakland, CA)
- North Texas (Dallas TX)
- Pacific Northwest (Seattle, WA)
- Pennsylvania (Philadelphia, PA)
- Virginia-West Virginia (Richmond, VA)

**Former District Offices**

- August, ME (part of the New England District)
- Pittsburgh, PA (part of the Pennsylvania District)
- Portland, OR (part of the Pacific Northwest District)
- Sacramento, CA (part of the Northern California District)

**Service Centers**

- Atlanta, GA
- Brookhaven, NY
- Fresno, CA
- Philadelphia, PA

We selected the 17 local offices on the basis of suggestions from Advocate Office staff; our stratification of offices to obtain a variety by size, type of work, and organization; and geographic convenience. At the National Office, we interviewed the National Taxpayer Advocate, his predecessor, and members of his staff. We interviewed the EOSCO advocate; and, at the regional and local offices, we interviewed the advocates and their staffs. Additionally, at the local offices, we interviewed Problem Resolution Program (PRP) coordinators and PRP caseworkers. We also attended two regional advocacy council meetings and discussed PRP operations with council members.

<sup>1</sup> In fiscal year 1996, IRS consolidated its field operations and reduced the number of districts from 63 to 33. The former 30 districts continue to have staff and operations, including a local advocate’s office.

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## Program Information Reviewed

We reviewed documents, including sections of the Internal Revenue Manual pertaining to the Advocate's Office and PRP; IRS Internal Audit reports on the Advocate's Office and PRP; and National Office, regional, district, and service center program documents.

We reviewed program data on advocacy efforts at IRS. These data included Internal Revenue Manual instructions on advocacy and databases on ongoing and completed advocacy projects. We interviewed Advocate Office staff responsible for advocacy and local advocates and their staffs to determine how advocacy projects are identified and implemented. We also attended two Regional Advocacy Council meetings to increase our awareness of program operations. We did not assess IRS' effectiveness in implementing proposed advocacy projects because IRS Internal Audit had an ongoing assignment with that specific objective.

We reviewed program management information for the Advocate's Office and PRP. This information included program goals and measures and the systems by which these data are captured. Data for the Advocate's Office and PRP are captured on the Taxpayer Advocate Management Information System, which includes three separate systems—the Problem Resolution Office Management Information System, the PRP Case Identification and Tracking System, and the Customer Feedback System.

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## Staffing Surveys

Through our surveys and with the help of the Advocate's Office, we obtained staffing information from all IRS locations where Advocate Office and PRP work was being done. We attempted to get information for all IRS staff doing Advocate Office or PRP work, including PRP caseworkers, as of June 1, 1998. (See apps. II and III for summaries of the responses to our surveys.) When necessary, we verified responses to the staffing surveys by telephone. However, we did not verify that we received responses for all staff doing Advocate Office or PRP work. The results of our surveys were limited to a specific time (June 1, 1998), and responses may vary based on how staff interpreted our questions.

# Summary of Responses to the Taxpayer Advocate Staffing Survey

This appendix contains a summary of responses to the survey we sent to the National Taxpayer Advocate, the four regional advocates, the advocates at EOSCO and the Office of the Assistant Commissioner (International), and the 43 local advocates. In that survey, we asked for information on each person on their staffs as of June 1, 1998, including the advocate or associate advocate, where appropriate. We received responses for 508 staff, including staff detailed to advocate offices by the operating functions.

## Survey Questions and Responses

### 1. Series? (Provide the position series number.)

Series <sup>a</sup>	Occupation <sup>b</sup>	Number of staff	Percentage of staff
301	Miscellaneous administration & program	66	13.0
303	Miscellaneous clerk & assistant	32	6.3
313	Work unit supervising	1	0.2
318	Secretary	36	7.1
322	Clerk-typist	1	0.2
326	Office automation clerical & assistance	6	1.2
340	Program management	34	6.7
343	Management & program analysis	201	39.6
344	Management & program clerical & assistance	20	3.9
345	Not listed	1	0.2
356	Data transcriber	1	0.2
392	General telecommunications	1	0.2
503	Financial clerical & assistance	2	0.4
511	Auditing	1	0.2
512	Internal revenue agent	4	0.8
526	Tax technician	39	7.7
592	Tax examining	35	6.9
962	Contact representative	5	1.0
987	Tax law specialist	1	0.2
1169	Internal revenue officer	8	1.6
None	No response	13	2.6
<b>Total</b>		<b>508</b>	<b>100.2</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Series" means a number identifying a recognized occupation in the federal service that includes all jobs at the various skill levels in a particular kind of work.

<sup>b</sup>"Occupation" means an occupational series listed in the Handbook of Occupational Groups and Families developed by the U.S. Office of Personnel Management to aid federal agencies in classifying positions under the Classification Act of 1949 and P.L. 92-392.

### 2. Grade? (Provide the person's current grade level.)

**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

<b>Grade<sup>a</sup></b>	<b>Number of staff</b>	<b>Percentage of staff</b>
General Schedule-4	27	5.3
General Schedule-5	26	5.1
General Schedule-6	38	7.5
General Schedule-7	42	8.3
General Schedule-8	10	2.0
General Schedule-9	93	18.3
General Schedule-10	1	0.2
General Schedule-11	95	18.7
General Schedule-12	77	15.2
General Schedule-13	45	8.9
General Schedule-14	42	8.3
General Schedule-15	11	2.2
Executive Schedule-5	1	0.2
<b>Total</b>	<b>508</b>	<b>100.2</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Grade" means the level of classification an employee has under a position classification system (i.e., referring to the duties, tasks, and functions he or she performs).

3. Permanent or detailed? (Indicate whether the person is assigned to the Taxpayer Advocate's Office on a permanent or detailed basis.)

<b>Assignment basis</b>	<b>Number of staff</b>	<b>Percentage of staff</b>
Permanent	436	85.8
Detailed	63	12.4
Other <sup>a</sup>	7	1.4
No response	2	0.4
<b>Total</b>	<b>508</b>	<b>100.0</b>

<sup>a</sup>"Other" includes interim and temporary assignments.

4. Full-time or part-time? (Indicate whether the person is a full-time or part-time IRS employee.)

<b>IRS employment basis</b>	<b>Number of staff</b>	<b>Percentage of staff</b>
Full-time	495	97.4
Part-time	8	1.6
No response	5	1.0
<b>Total</b>	<b>508</b>	<b>100.0</b>

**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

5. Percent of time spent on Advocate Office work? (Estimate the percentage of time the person does work related to the Advocate's Office, including Problem Solving Day cases. Response should be 100 percent, unless the person also does work for another office or function.)

Percentage of time spent on Advocate Office work <sup>a</sup>	Number of staff	Percentage of staff
1-24	1	0.2
25-49	0	0.0
50-74	0	0.0
75-99	2	0.4
100	505	99.4
<b>Total</b>	<b>508</b>	<b>100.0</b>

<sup>a</sup>"Advocate Office work" includes work related to PRP.

6. Years at IRS? (Provide the number of years the person has worked at IRS. Do not include other government experience.)

Years at IRS	Number of staff	Percentage of staff
Less than 1	2	0.4
1-5	7	1.4
6-10	68	13.4
11-15	123	24.2
16-20	108	21.3
More than 20	186	36.6
No response	14	2.8
<b>Total</b>	<b>508</b>	<b>100.1</b>

Note: Percentages do not equal 100 due to rounding.

7. Years in PRP? (Provide the number of years the person has done PRP work.)

Years in PRP	Number of staff	Percentage of staff
Less than 1	102	20.1
1-5	141	27.8
6-10	152	29.9
11-15	67	13.2
16-20	26	5.1
More than 20	4	0.8
No response	16	3.1
<b>Total</b>	<b>508</b>	<b>100.0</b>



**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

8. Prior IRS function(s)? (*Check all that apply.*) (Indicate the IRS operating function(s) where the person worked before coming to the Taxpayer Advocate's Office.)

Prior IRS function(s)	Number of staff	Percentage of staff
Collection	181	35.6
Customer Service		
Automated Collection System	37	7.3
Taxpayer Service	224	44.1
Examination	164	32.3
Other <sup>a</sup>	221	43.5
None	11	2.2
No response	6	1.2

Note: Percentages are based on a total of 508 Advocate Office staff. Percentages total more than 100, because some respondents checked more than one response to this question.

<sup>a</sup>Other" includes IRS functions not in the categories above, such as Information Systems, Resources Management, and Submission Processing.

9. How acquired by the Advocate's Office? (*Check one.*) (Indicate how the person obtained a position in the Advocate's Office.)

How position obtained	Number of staff	Percentage of staff
Competed	304	59.8
Volunteered	28	5.5
Assigned	64	12.6
Detailed	60	11.8
Other <sup>a</sup>	43	8.5
No response	9	1.8
<b>Total</b>	<b>508</b>	<b>100.0</b>

<sup>a</sup>Other" includes methods not in the categories above, such as reassignments resulting from IRS' reorganization and hardship transfers.

**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

10. Grade when entered PRP? (Provide the person's grade level when he or she entered PRP.)

<b>Grade<sup>a</sup></b>	<b>Number of staff</b>	<b>Percentage of staff</b>
General Schedule-3	5	1.0
General Schedule-4	38	7.5
General Schedule-5	43	8.5
General Schedule-6	36	7.1
General Schedule-7	77	15.2
General Schedule-8	13	2.6
General Schedule-9	99	19.5
General Schedule-10	2	0.4
General Schedule-11	70	13.8
General Schedule-12	54	10.6
General Schedule-13	47	9.3
General Schedule-14	11	2.2
General Schedule-15	6	1.2
Executive Schedule-4	1	0.2
No response	6	1.2
<b>Total</b>	<b>508</b>	<b>100.3</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Grade" means the level of classification an employee has under a position classification system (i.e., referring to the duties, tasks, and functions he or she performs).

11. Report to? (Provide the title and home function of the individual to whom the person reports.)

<b>Employee reports to</b>	<b>Number of staff</b>	<b>Percentage of staff</b>
IRS management <sup>a</sup>	53	10.4
Advocate Office management <sup>b</sup>	440	86.6
Functional management <sup>c</sup>	8	1.6
No response	7	1.4
<b>Total</b>	<b>508</b>	<b>100.0</b>

<sup>a</sup>"IRS management" means the head of an IRS office or his or her designee.

<sup>b</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>c</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

12. Evaluated by? (Provide the title and home function of the individual who evaluates the person's performance.)

<b>Employee evaluated by</b>	<b>Number of staff</b>	<b>Percentage of staff</b>
IRS management <sup>a</sup>	53	10.4
Advocate Office management <sup>b</sup>	423	83.3
Functional management <sup>c</sup>	25	4.9
No response	7	1.4
<b>Total</b>	<b>508</b>	<b>100.0</b>

<sup>a</sup>"IRS management" means the head of an IRS office or his or her designee.

<sup>b</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>c</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

13. Percent of time currently spent on? (Estimate the percentage of time the person currently spends on each type of work listed. Note: Total should equal 100 percent.)

<b>Type of work</b>	<b>Average percentage of time spent</b>
Advocacy	10.4
Applications for Taxpayer Assistance	
Orders <sup>a</sup>	18.8
Congressional inquiries	10.0
PRP cases	19.0
Problem Solving Day cases	9.4
Senate Finance Committee cases <sup>b</sup>	4.7
Other <sup>c</sup>	27.8
<b>Total</b>	<b>100.1</b>

Note: Average percentages are based on a total of 494 Advocate Office staff. We received no response to this question for 14 Advocate Office staff. Percentages do not equal 100 due to rounding.

<sup>a</sup>Requests for relief from hardship.

<sup>b</sup>Cases sent to IRS by the Senate Finance Committee.

<sup>c</sup>"Other" includes types of work not in the categories above, such as program management and program support.

**Appendix II**  
**Summary of Responses to the Taxpayer Advocate Staffing Survey**

14. Training completed? (*Check all that apply.*) (Indicate the type of training that the person has completed for his or her current position.)

<b>Type of training</b>	<b>Number of staff</b>	<b>Percentage of staff</b>
PRP course for current position <sup>a</sup>	179	35.2
PRP quality standards <sup>b</sup>	226	44.5
PRP updates <sup>c</sup>	211	41.5
PROMIS/Intelligent Query <sup>d</sup>	246	48.4
Continuing professional education provided by IRS functions	218	42.9
On the job	413	81.3
No response	47	9.3

Note: Percentages are based on a total of 508 Advocate Office staff. Percentages total more than 100, because some respondents checked more than one response to this question.

<sup>a</sup>"PRP course for current position" includes training for the positions of advocate, analyst, and PRP specialist.

<sup>b</sup>Standards for doing PRP casework.

<sup>c</sup>Annual training to update Advocate Office and PRP staff on current issues and new laws affecting PRP.

<sup>d</sup>"Intelligent Query" is a software package for generating specialized reports using the PROMIS database.

# Summary of Responses to the Functional PRP Staffing Survey

This appendix contains a summary of responses to the survey we sent to the 43 local advocates and the advocate at the Office of the Assistant Commissioner (International). In that survey, we asked for information on each district office and service center employee assigned to functional PRP work as of June 1, 1998. We received responses for 2,215 staff—1,018 district office staff and 1,197 service center staff.

## Survey Questions and Responses

1. PRP role(s): *(Check all that apply.)* (Indicate each person's role(s) in PRP.)

PRP role	District office staff		Service center staff	
	Number	Percent	Number	Percent
PRP manager	69	6.8	71	5.9
PRP coordinator	74	7.3	152	12.7
PRP caseworker	726	71.3	806	67.3
Other <sup>a</sup>	175	17.2	188	15.7
No response	14	1.4	25	2.1

Note: Percentages are based on totals of 1,018 for district office staff and 1,197 for service center staff. Percentages total more than 100, because some respondents checked more than one response to this question.

<sup>a</sup>"Other" includes PRP roles not in the categories above, such as clerical support.

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

2. Series? (Provide the position series number.)

Series <sup>a</sup>	Occupation <sup>b</sup>	District office staff		Service center staff	
		Number	Percent	Number	Percent
301	Miscellaneous administration & program	15	1.5	1	0.1
303	Miscellaneous clerk & assistant	11	1.1	55	4.6
304	Information receptionist	0	0.0	1	0.1
305	Mail & file	0	0.0	8	0.7
318	Secretary	27	2.7	1	0.1
322	Clerk-typist	1	0.1	0	0.0
326	Office automation clerical & assistance	0	0.0	7	0.6
334	Computer specialist	1	0.1	1	0.1
340	Program management	4	0.4	1	0.1
343	Management & program analysis	8	0.8	13	1.1
356	Data transcriber	2	0.2	1	0.1
501	Financial administration & program	2	0.2	12	1.0
503	Financial clerical & assistance	9	0.9	111	9.3
512	Internal revenue agent	130	12.8	17	1.4
525	Accounting technician	0	0.0	9	0.8
526	Tax technician	314	30.8	11	0.9
529	Not listed	3	0.3	1	0.1
530	Cash processing	1	0.1	0	0.0
579	Not listed	1	0.1	0	0.0
582	Not listed	5	0.5	0	0.0
592	Tax examining	203	19.9	937	78.3
905	General attorney	2	0.2	2	0.2
930	Hearing & appeals	9	0.9	0	0.0
962	Contact representative	105	10.3	0	0.0
963	Legal instruments examining	0	0.0	1	0.1
987	Tax law specialist	2	0.2	0	0.0
1101	General business & industry	2	0.2	0	0.0
1169	Internal revenue officer	123	12.1	1	0.1
3012	Not listed	1	0.1	0	0.0
None	No response	37	3.6	6	0.5
<b>Total</b>		<b>1,018</b>	<b>100.1</b>	<b>1,197</b>	<b>100.3</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Series" means a number identifying a recognized occupation in the federal service that includes all jobs at the various skill levels in a particular kind of work.

<sup>b</sup>"Occupation" means an occupational series listed in the Handbook of Occupational Groups and Families developed by the U.S. Office of Personnel Management to aid federal agencies in classifying positions under the Classification Act of 1949 and P.L. 92-392.

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

3. Grade? (Provide the person's current grade level.)

Grade <sup>a</sup>	District office staff		Service center staff	
	Number	Percent	Number	Percent
General Schedule-3	0	0.0	1	0.1
General Schedule-4	16	1.6	69	5.8
General Schedule-5	32	3.1	11	0.9
General Schedule-6	6	0.6	76	6.3
General Schedule-7	199	19.6	645	53.9
General Schedule-8	102	10.0	207	17.3
General Schedule-9	353	34.7	78	6.5
General Schedule-10	7	0.7	69	5.8
General Schedule-11	158	15.5	8	0.7
General Schedule-12	94	9.2	20	1.7
General Schedule-13	41	4.0	5	0.4
General Schedule-14	5	0.5	1	0.1
General Schedule-15	5	0.5	0	0.0
No response	0	0.0	7	0.6
<b>Total</b>	<b>1,018</b>	<b>99.9</b>	<b>1,197</b>	<b>100.1</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Grade" means the level of classification an employee has under a position classification system (i.e., referring to the duties, tasks, and functions he or she performs).

4. Permanent or detailed? (Indicate whether the person is assigned to PRP work on a permanent or detailed basis.)

Assignment basis	District office staff		Service center staff	
	Number	Percent	Number	Percent
Permanent	695	68.3	1120	93.6
Detailed	296	29.1	58	4.8
Other <sup>a</sup>	1	0.1	2	0.2
No response	26	2.6	17	1.4
<b>Total</b>	<b>1,018</b>	<b>100.1</b>	<b>1,197</b>	<b>100.0</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Other" includes temporary and seasonal assignments.

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

5. Full-time or part-time? (Indicate whether the person is a full-time or part-time IRS employee.)

IRS employment basis	District office staff		Service center staff	
	Number	Percent	Number	Percent
Full-time	952	93.5	1,150	96.1
Part-time	37	3.6	25	2.1
No response	29	2.8	22	1.8
<b>Total</b>	<b>1,018</b>	<b>99.9</b>	<b>1,197</b>	<b>100.0</b>

Note: Percentages do not equal 100 due to rounding.

6. Percent of time on PRP work? (Estimate the percentage of time the person does work related to PRP, including Problem Solving Day cases. Response should be 100 percent, unless the person also works outside of PRP.)

Percentage of time spent on PRP work	District office staff		Service center staff	
	Number	Percent	Number	Percent
1-24	106	10.4	417	34.8
25-49	44	4.3	199	16.6
50-74	45	4.4	78	6.5
75-99	94	9.2	98	8.2
100	718	70.5	383	32.0
No response	11	1.1	22	1.8
<b>Total</b>	<b>1,018</b>	<b>99.9</b>	<b>1,197</b>	<b>99.9</b>

Note: Percentages do not equal 100 due to rounding.

7. Years at IRS? (Provide the number of years the person has worked at IRS. Do not include other government experience.)

Years at IRS	District office staff		Service center staff	
	Number	Percent	Number	Percent
Less than 1	3	0.3	2	0.2
1-5	44	4.3	11	0.9
6-10	263	25.8	219	18.3
11-15	314	30.8	405	33.8
16-20	210	20.6	216	18.0
More than 20	157	15.4	323	27.0
No response	27	2.7	21	1.8
<b>Total</b>	<b>1,018</b>	<b>99.9</b>	<b>1,197</b>	<b>100.0</b>

Note: Percentages do not equal 100 due to rounding.



**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

8. Years in PRP? (Provide the number of years the person has done PRP work.)

Years in PRP	District office staff		Service center staff	
	Number	Percent	Number	Percent
Less than 1	375	36.8	166	13.9
1-5	304	29.9	556	46.4
6-10	205	20.1	312	26.1
11-15	81	8.0	75	6.3
16-20	10	1.0	17	1.4
More than 20	2	0.2	0	0.0
No response	41	4.0	71	5.9
<b>Total</b>	<b>1,018</b>	<b>100.0</b>	<b>1,197</b>	<b>100.0</b>

9. Position funded by? (*Check one.*) (Indicate the function that funds the person's position.)

Position funded by	District office staff		Service center staff	
	Number	Percent	Number	Percent
Appeals	16	1.6	0	0.0
Collection	383	37.6	161	13.5
Customer Service				
Automated Collection System	34	3.3	12	1.0
Taxpayer Service	183	18.0	422	35.3
Employee Plans and Exempt Organizations	37	3.6	1	0.1
Examination	317	31.1	244	20.4
Advocate Office	12	1.2	0	0.0
Other <sup>a</sup>	21	2.1	346	28.9
No response	15	1.5	11	0.9
<b>Total</b>	<b>1,018</b>	<b>100.0</b>	<b>1,197</b>	<b>100.1</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Other" includes IRS functions not in the categories above. It also includes functions found only in service centers, such as Accounting, Taxpayer Relations, Adjustments, and Returns Processing.

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

10. How acquired by PRP? (*Check one.*) (Indicate how the person obtained a functional position in PRP.)

How position obtained	District office staff		Service center staff	
	Number	Percent	Number	Percent
Competed	235	23.1	212	17.7
Volunteered	195	19.2	204	17.0
Assigned	315	30.9	645	53.9
Detailed	221	21.7	42	3.5
Other <sup>a</sup>	46	4.5	51	4.3
No response	6	0.6	43	3.6
<b>Total</b>	<b>1,018</b>	<b>100.0</b>	<b>1,197</b>	<b>100.0</b>

<sup>a</sup>"Other" includes methods not in the categories above, such as redeployment and assigned "as needed."

11. Grade when entered PRP? (Provide the person's grade level when he or she entered PRP.)

Grade <sup>a</sup>	District office staff		Service center staff	
	Number	Percent	Number	Percent
General Service-3	0	0.0	5	0.4
General Service-4	23	2.3	63	5.3
General Service-5	46	4.5	37	3.1
General Service-6	34	3.3	157	13.1
General Service-7	303	29.8	592	49.5
General Service-8	45	4.4	131	10.9
General Service-9	266	26.1	63	5.3
General Service-10	5	0.5	47	3.9
General Service-11	141	13.9	5	0.4
General Service-12	77	7.6	18	1.5
General Service-13	33	3.2	3	0.3
General Service-14	6	0.6	0	0.0
General Service-15	2	0.2	0	0.0
No response	37	3.6	76	6.3
<b>Total</b>	<b>1,018</b>	<b>100.0</b>	<b>1,197</b>	<b>100.0</b>

<sup>a</sup>"Grade" means the level of classification an employee has under a position classification system (i.e., referring to the duties, tasks, and functions he or she performs).

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

12. Report to? (Provide the title and home function of the individual to whom the person reports.)

<b>Employee reports to</b>	<b>District office staff</b>		<b>Service center staff</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Advocate Office management <sup>a</sup>	308	30.3	83	6.9
Functional management <sup>b</sup>	699	68.7	1,104	92.2
No response	11	1.1	10	0.8
<b>Total</b>	<b>1,018</b>	<b>100.1</b>	<b>1,197</b>	<b>99.9</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>b</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

13. Evaluated by? (Provide the title and home function of the individual who evaluates the person's performance.)

<b>Employee evaluated by</b>	<b>District office staff</b>		<b>Service center staff</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Advocate Office management <sup>a</sup>	287	28.2	83	6.9
Functional management <sup>b</sup>	712	69.9	1,103	92.1
No response	19	1.9	11	0.9
<b>Total</b>	<b>1,018</b>	<b>100.0</b>	<b>1,197</b>	<b>99.9</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>b</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

**Appendix III**  
**Summary of Responses to the Functional PRP Staffing Survey**

14. Percent of time currently spent on? (Estimate the percentage of time the person currently spends on each type of work listed. Note: Total should equal 100 percent.)

Type of work	Average percentage of time spent	
	District office staff	Service center staff
Advocacy	0.6	0.5
Applications for Taxpayer Assistance Orders <sup>a</sup>	4.5	1.9
Congressional inquiries	11.7	3.5
PRP cases	45.9	40.4
Problem Solving Day cases	12.0	0.6
Senate Finance Committee cases <sup>b</sup>	3.0	0.3
Other <sup>c</sup>	22.4	52.9
<b>Total</b>	<b>100.1</b>	<b>100.1</b>

Note: Average percentages are based on totals of 1,005 for district office staff and 1,174 for service center staff. We received no response to this question for 13 district office staff and 23 service center staff. Percentages do not equal 100 due to rounding.

<sup>a</sup>Requests for relief from hardship.

<sup>b</sup>Cases sent to IRS by the Senate Finance Committee.

<sup>c</sup>"Other" includes types of work not in the categories above, such as functional work not related to PRP activities.

15. Training completed? (Check all that apply.) (Indicate the type of training that the person has completed for his or her current position.)

Type of training	District office staff		Service center staff	
	Number	Percent	Number	Percent
PRP course for current position <sup>a</sup>	416	40.9	471	39.3
PRP quality standards <sup>b</sup>	680	66.8	864	72.2
PRP updates <sup>c</sup>	548	53.8	886	74.0
PROMIS/Intelligent Query <sup>d</sup>	248	24.4	268	22.4
Continuing professional education provided by IRS functions	506	49.7	515	43.0
On the job	861	84.6	995	83.1
No response	36	3.5	52	4.3

Note: Percentages are based on totals of 1,018 for district office staff and 1,197 for service center staff. Percentages total more than 100, because some respondents checked more than one response to this question.

<sup>a</sup>"PRP course for current position" includes training for the positions of PRP manager, coordinator, and caseworker.

<sup>b</sup>Standards for doing PRP casework.

<sup>c</sup>Annual training to update PRP staff on current issues and new laws affecting PRP.

<sup>d</sup>"Intelligent Query" is a software package for generating specialized reports using the PROMIS database.

# Selected Survey Results for PRP Caseworkers

Following are five tables with selected results from our survey of district office and service center functional employees assigned to PRP work as of June 1, 1998. The results in this appendix are for the 726 district office and 806 service center staff who were identified as PRP caseworkers in the responses to our functional PRP staffing survey.

**Table IV.1: Funding Source of Functional PRP Caseworkers**

Position funded by	District office caseworkers		Service center caseworkers	
	Number	Percent	Number	Percent
Appeals	4	0.6	0	0.0
Collection	271	37.3	130	16.1
Customer Service				
Automated Collection System	30	4.1	6	0.7
Taxpayer Service	145	20.0	265	32.9
Employee Plans and Exempt Organizations	32	4.4	1	0.1
Examination	209	28.8	189	23.4
Advocate Office	8	1.1	0	0.0
Other <sup>a</sup>	14	1.9	208	25.8
No response	13	1.8	7	0.9
<b>Total</b>	<b>726</b>	<b>100.0</b>	<b>806</b>	<b>99.9</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Other" includes IRS functions not in the categories above. It also includes functions found only in service centers, such as Accounting, Taxpayer Relations, Adjustments, and Returns Processing.

Source: GAO survey.

**Table IV.2: Reporting Structure of Functional PRP Caseworkers**

Employee reports to	District office caseworkers		Service center caseworkers		Total	
	Number	Percent	Number	Percent	Number	Percent
Advocate Office management <sup>a</sup>	234	32.2	62	7.7	296	19.3
Functional management <sup>b</sup>	485	66.8	744	92.3	1,229	80.2
Cannot determine	7	1.0	0	0.0	7	0.5
<b>Total</b>	<b>726</b>	<b>100.0</b>	<b>806</b>	<b>100.0</b>	<b>1,532</b>	<b>100.0</b>

<sup>a</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>b</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

Source: GAO survey.

**Appendix IV**  
**Selected Survey Results for PRP Caseworkers**

**Table IV.3: Evaluation of Functional PRP Caseworkers**

Employee evaluated by	District office caseworkers		Service center caseworkers		Total	
	Number	Percent	Number	Percent	Number	Percent
Advocate Office management <sup>a</sup>	214	29.5	62	7.7	276	18.0
Functional management <sup>b</sup>	499	68.7	744	92.3	1,243	81.1
Cannot determine	13	1.8	0	0.0	13	0.8
<b>Total</b>	<b>726</b>	<b>100.0</b>	<b>806</b>	<b>100.0</b>	<b>1,532</b>	<b>99.9</b>

Note: Percentages do not equal 100 due to rounding.

<sup>a</sup>"Advocate Office management" means the head of an Advocate office or his or her designee.

<sup>b</sup>"Functional management" means the head of an IRS division, function, or functional unit, or his or her designee.

Source: GAO survey.

**Table IV.4: Training Completed by Functional PRP Caseworkers**

Type of training	District office caseworkers		Service center caseworkers		Total	
	Number	Percent	Number	Percent	Number	Percent
PRP caseworker course	332	45.7	335	41.6	667	43.5
PRP quality standards <sup>a</sup>	550	75.8	644	79.9	1,194	77.9
PRP updates <sup>b</sup>	436	60.1	637	79.0	1,073	70.0
PROMIS/Intelligent Query <sup>c</sup>	158	21.8	132	16.4	290	18.9
Continuing professional education provided by IRS functions	400	55.1	380	47.1	780	50.9
On the job	613	84.4	696	86.4	1,309	85.4
No response	20	2.8	22	2.7	42	2.7

Note: Percentages are based on totals of 726 district office and 806 service center caseworkers. Percentages total more than 100, because some respondents checked more than one response to this question.

<sup>a</sup>Standards for doing PRP casework.

<sup>b</sup>Annual training to update Advocate Office and PRP staff on current issues and new laws affecting PRP.

<sup>c</sup>"Intelligent Query" is a software package used to generate specialized reports from the PROMIS database.

Source: GAO survey.

**Appendix IV**  
**Selected Survey Results for PRP Caseworkers**

**Table IV.5: Average Percentage of Time Spent by Functional PRP Caseworkers on Specific Types of Work**

Type of work	Average percentage of time spent		Total
	District office caseworkers	Service center caseworkers	
Advocacy	0.4	0.1	0.2
Applications for Taxpayer Assistance Orders <sup>a</sup>	5.3	2.2	3.7
Congressional inquiries	12.8	2.9	7.6
PRP cases	55.6	46.1	50.6
Problem Solving Day cases	10.0	0.6	5.1
Senate Finance Committee cases <sup>b</sup>	2.7	0.2	1.4
Other <sup>c</sup>	13.3	47.8	31.5
<b>Total</b>	<b>100.1</b>	<b>99.9</b>	<b>100.1</b>

Note: Average percentages are based on totals of 721 for district office caseworkers and 801 for service center caseworkers. We did not receive a response to this question for five district office caseworkers and five service center caseworkers. Percentages do not equal 100 due to rounding.

<sup>a</sup>Requests for relief from hardship.

<sup>b</sup>Cases sent to IRS by the Senate Finance Committee.

<sup>c</sup>"Other" includes types of work not in the categories above, such as functional work not related to PRP activities.

Source: GAO survey.

# Factors That Have Increased and Could Increase PRP Workload

Factors that have increased and could increase PRP workload include PRP criteria that can be and have been broadly interpreted to include any situation; IRS initiatives, such as Problem Solving Days, Citizen Advocacy Panels, and the introduction of a PRP toll-free telephone number; and a legislative requirement designed to increase public awareness of advocate operations.

## Broad Interpretation of PRP Criteria

PRP cases can be generated when a taxpayer contacts a local advocate with a problem or when a front-line IRS employee, such as a customer service representative, revenue officer, or revenue agent, determines that a situation should be referred to the Advocate's Office.

The Internal Revenue Manual contains the following criteria for determining whether a situation qualifies as a PRP case:

- any contact on the same issue at least 30 days after an initial inquiry or complaint;
- any contact that indicates the taxpayer has not received a response from IRS by the date promised; and
- any contact that indicates regular methods have failed to resolve the taxpayer's problem, or when it is in the best interest of the taxpayer or IRS that the case be worked in PRP.

Officials in the Advocate's Office said that the way PRP criteria are interpreted had increased PRP's workload because the portion of the third criterion that reads "in the best interest of the taxpayer or IRS that the case be worked in PRP" can be interpreted so that any case qualifies as a PRP case. In that regard, the National Taxpayer Advocate said that he was committed to work any case for which a taxpayer was seeking help from PRP. In commenting on our draft report, the Commissioner of Internal Revenue stated that the PRP criteria had recently been modified. IRS has added the following four criteria:

- The taxpayer is suffering or is about to suffer a significant hardship;
- the taxpayer is facing an immediate threat of adverse action;
- the taxpayer will incur significant costs if relief is not granted (including fees for professional representation); and
- the taxpayer will suffer irreparable injury, or long-term adverse impact if relief is not granted.

Additionally, IRS deleted the portion of the third criterion that read, "in the best interest of the taxpayer or IRS that the case be worked in PRP." Because we received the information on the modified criteria as part of the



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agency comment letter, we did not have time to evaluate the potential impact that the modified criteria might have on the PRP workload.

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## IRS Initiatives Place Demands on Program Resources

IRS officials said that part of the PRP workload increase can be attributed to an IRS initiative known as Problem Solving Days, which is the responsibility of the National Taxpayer Advocate. Continuation of that initiative and the recent start of two other IRS initiatives—Citizen Advocacy Panels and publication of a unique toll-free telephone number for taxpayers to call the Advocate’s Office—could place increasing demands on PRP resources.

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### Problem Solving Days

In November 1997, IRS began holding a series of monthly Problem Solving Days in each of its 33 districts. The purpose of these days is to give taxpayers with unresolved tax problems the opportunity to meet face to face with IRS staff in an effort to resolve those problems. These days have been advertised both locally and nationally through newspaper articles, television and radio interviews with IRS officials, and public service announcements. From November 1997 to November 1998, over 36,000 PRP cases were closed as a result of IRS’ Problem Solving Days.

According to local advocates, Problem Solving Days have not only provided taxpayers with in-person service but also allowed IRS staff to meet with taxpayers and help solve problems. However, the local advocates also said that the work involved with planning and executing these days and the subsequent increase in casework was taking its toll on Advocate and PRP staff.

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### Citizen Advocacy Panels

In addition to their other duties, some local advocates are responsible for implementing Citizen Advocacy Panels within their districts. Collectively, the panels are designed to serve as advisory bodies to the Secretary of the Treasury and the Commissioner of Internal Revenue to improve IRS service and responsiveness. The panels are chartered to (1) provide citizen input into improving IRS customer service by identifying problems and making recommendations for improving IRS systems and procedures, (2) identify and elevate problems to appropriate IRS officials and monitor progress to effect change, and (3) refer taxpayers to the appropriate IRS office for assistance in resolving their tax problems. Membership on the panels is to include the local advocate and 8 to 15 citizens from the district.

The South Florida District held the first public meeting of a Citizen Advocacy Panel in November 1998. Three more districts—Brooklyn, Midwest, and Pacific Northwest—have established panels and plan to hold public meetings during fiscal year 1999. Initially, IRS had planned to

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establish panels in each of its 33 districts. However, IRS is reevaluating this need in light of the agency's planned reorganization. According to local advocates, the Citizen Advocacy Panels represent a significant time commitment for them. Not only are the local advocates members of the panels, but they are also responsible for the administrative duties associated with the panels, such as securing space and equipment for meetings. In addition to time commitments for the local advocates, taxpayers may be referred to PRP for further assistance, which could increase PRP's workload.

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PRP Toll-free Telephone  
Number

Local advocates said that the introduction of a toll-free telephone number for taxpayers to call the Advocate's Office could increase PRP workloads. The number was operational as of November 1, 1998, and has been advertised in IRS publications, such as the tax year 1998 Form 1040 tax package. IRS has used customer service staff as PRP telephone assistants to answer the calls, and the assistants have been equipped with computer systems that allow them to help some taxpayers immediately. There were 241,228 calls placed on this line between November 1, 1998, and April 17, 1999; and, according to the Advocate, 85 percent of these calls were for non-Advocate Office matters. The Advocate said that the procedure for the PRP toll-free assistants is to help any caller if the assistant has the time and ability; and if the assistant cannot help, the assistant should transfer the caller to IRS' general assistance phone lines.

There is no way of determining whether taxpayers who were referred to local advocate offices through the toll-free line would have contacted IRS anyway or whether it was the availability of the new toll-free line that prompted them to contact PRP. Therefore, the actual increase in PRP cases, if any, cannot accurately be determined. However, local advocates were concerned that the toll-free line would dramatically increase PRP's future caseload. They were also concerned that this toll-free line would be inundated with calls from taxpayers needing general assistance—calls that would be better handled by another toll-free line that IRS has available for that purpose.

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## Legislative Requirement May Increase Demands on PRP

A legislative requirement designed to increase public awareness of advocate operations may increase demands on PRP. The IRS Restructuring and Reform Act of 1998 required IRS to include the address and telephone number of local advocates on statutory notices of deficiency sent to taxpayers.<sup>1</sup> IRS began sending taxpayers the revised notice in August 1998. The notices state that the taxpayers can contact their local advocate with their tax problem for “proper and prompt handling” if the problem is not resolved through normal IRS channels. IRS officials said that about 1 million statutory notices are sent out each year, and some portion of those taxpayers will probably be contacting the advocates, which will cause a corresponding increase in workloads. According to a local advocate, some taxpayers may have a legitimate reason to contact their local advocates. For example, a taxpayer may have repeatedly tried without success to rectify the problem addressed in the notice. Other taxpayers may contact their local advocates because the telephone number is made available.

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<sup>1</sup>A statutory notice of deficiency is a legal notice that a tax deficiency exists and gives taxpayers the right to petition the Tax Court within 90 days (150 days for taxpayers outside the United States). If the taxpayer does not respond to this notice within this time period, the deficiency is to be assessed.

# PRP Performance Measures and Information Systems

## Performance Measures

At the time of our review, the Advocate's Office used four measures to gauge PRP's performance. They were the (1) average processing time to close PRP cases, (2) currency of PRP case inventory, (3) quality of casework, and (4) case identification and tracking rate. Table VI.I shows actual performance results for the four measures for fiscal years 1996 through 1998.

**Table VI.1: Performance Results for the Office of the Taxpayer Advocate (Fiscal years 1996-1998)**

Performance measure	1996	1997	1998
Average processing time (in days)	38.2	33.4	37.8
Currency of case inventory (in days)	n/a <sup>a</sup>	n/a <sup>a</sup>	91.35
Quality of casework (percentage of standards met)	72.6	83.7	80.8
PRP case identification (percentage of PRP-eligible cases that were identified as PRP cases in IRS service centers)	86.4	87.0	86.3

<sup>a</sup>Data for this measure were not collected until fiscal year 1998.

Source: Office of the National Taxpayer Advocate.

The first indicator, average processing time, represents the average number of days it took to close a PRP case. The measure does not include those cases that were opened and closed on the same day because these cases are not included in PRP's inventory control system. The measure also does not include those cases in which the Advocate's Office made a determination of hardship, which represent about 10 percent of the total PRP cases closed during fiscal year 1998. Hardship cases are not included in this measure because IRS requires that these cases be closed in 2 days; including these cases might misrepresent the actual average closure times for PRP cases.

The second indicator, currency of case inventory, is designed to measure the average number of days that cases have been in the open PRP inventory.

The third measure, expressed as a percentage, is designed to determine the quality of PRP casework. This measure is to be based on a statistically valid sample of PRP cases and provides the National Taxpayer Advocate with data on timeliness and the technical accuracy of PRP cases. Each month, sampled cases are to be sent to two locations—one for district office cases and one for service center cases—for review. Reviewers at these locations are to check the cases against a list of 13 quality standards, broken into 3 categories—timeliness, communication, and accuracy. Each of the 13 standards is worth a certain number of points totaling 100. Cases are to be reviewed to determine if, among other things, the caseworker

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contacted the taxpayer by a promised date, whether copies of any correspondence with the taxpayer appeared to communicate issues clearly, and whether the taxpayer's problem appeared to be completely resolved. The caseworkers and local advocate staff we talked with said that the quality measure was helpful because the elements that are reviewed provide a checklist for working PRP cases. According to staff, this helps ensure that most cases are worked in a similar manner in accordance with standard elements.

The fourth measure, PRP case identification, is used only at the service centers and attempts to determine if service center employees are properly identifying potential PRP cases from incoming correspondence. Service center employees responsible for sorting the mail are also responsible for identifying potential PRP cases. The measure is to be based on a sample of mail coming into each service center. Analysts at the service centers are to review each sampled piece of incoming mail, identify potential PRP cases, and return the mail to the workflow. After the mail has been sorted and sent to the various service center units for handling, the analysts are to check to see what percentage of the sampled mail was correctly identified for PRP.

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## Information Systems

The Taxpayer Advocate Management Information System is comprised of the Problem Resolution Office Management Information System (PROMIS), the Customer Feedback System, and the PRP Case Identification and Tracking System. PROMIS is a computerized inventory control and report system for PRP cases. Background information on PRP cases, such as the taxpayer's name, address, tax identification number, and a code to identify the taxpayer's problem are captured on the system. Additionally, in a case history section, the system captures a detailed description of the taxpayer's problem, along with what actions were taken, and when, to help the taxpayer. This system produces standard reports for the Advocate's Office and can be queried to produce other more specific reports, including reports for counts of information on any of its data fields, such as the number of cases opened or closed during a certain time period or at a certain location. The case history section cannot be queried as to what specific problems faced the taxpayers. All PRP cases, except those opened and closed in the same day, are to be entered into PROMIS.

The Customer Feedback System was made necessary by the second Taxpayer Bill of Rights and is designed to capture taxpayers' compliments and complaints about IRS employees and what actions, if any were taken

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regarding the cases.<sup>1</sup> If a taxpayer calls or writes IRS concerning the behavior of an employee, IRS managers are responsible for recording information on a customer feedback form. Additionally, forms are to be filled out if a manager receives a complaint of employee behavior from another IRS employee. After the forms are filled out, the information is compiled and reports can be generated. Reports include identifying what characteristics are more frequently described in customer complaints—such as the IRS employee using discourteous, unprofessional language. The system also collects data on what, if any, disciplinary actions—such as counseling or suspension—were taken against IRS employees.

The PRP Case Identification and Tracking System is the system used to capture information on the PRP case identification measure.

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<sup>1</sup>The Taxpayer Bill of Rights 2, P.L. 104-168 (July 30, 1996), section 1211, requires the Department of the Treasury to report annually to Congress on or before June 1, all instances of employee misconduct during the preceding calendar year and the dispositions of any such instances during that same year.

# Comments From the Internal Revenue Service



COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

July 7, 1999

Ms. Cornelia M. Ashby  
Associate Director, Tax Policy and  
Administration Issues  
United States General Accounting Office  
Washington, D.C. 20548

Dear Ms. Ashby:

Thank you for the opportunity to review and comment on your recent draft report entitled "IRS Faces Challenges as it Restructures the Office of the Taxpayer Advocate." The report is a complete and fair representation of the current state of the Taxpayer Advocate organization and its restructuring efforts. Improvements to the four areas of recommendation cited in the report are currently in process. As the report indicates, the Taxpayer Advocate has also identified the stated deficiencies and is implementing changes that will take effect beginning October 1, 1999. While there is no disagreement with the reported information, the following enhancements will provide some additional clarification.

As a significant part of the IRS restructuring effort, the Taxpayer Advocate has written new position descriptions for all technical employees and has begun selection of all positions through the competitive process. Preliminary results suggest that there is a high level of interest in these new positions. We expect to hire a diverse workforce with very good skills and knowledge. Those start-up abilities will be further enhanced through a comprehensive, specialized training plan that will be finalized this fiscal year with delivery beginning the first quarter of fiscal year 2000.

Front-line Taxpayer Advocate staff will be hired and available to assist taxpayers in all 50 states. The staffing distribution was designed to meet the needs of taxpayers based on program experience and should be adequate to deliver high quality service consistently throughout the country. In addition, the Taxpayer Advocate organization has many new opportunities for career positions creating the ability for employees who choose to make a career in the organization. As mentioned earlier, a new comprehensive training plan has been developed that will provide high quality training both in specialized topics and in cross-functional general topics so that all Taxpayer Advocate Assistors will be fully capable. This combination of factors should significantly improve our ability to attract and retain a highly qualified work force.

An important variable that affects our restructuring of the Taxpayer Advocate organization is caseload fluctuation. We have carefully considered historic patterns and have incorporated them into our new design. We anticipate the future organization will be able to grow or shrink as customer needs arise. To accomplish this, the Advocate and Operations Management will develop agreements as to how and when employee details could be used. We will also conduct ongoing staffing analysis to make the best use of staffing resources and plan to tie any net increase or decrease in needs to the annual budget process.

The report cites a potential problem with Taxpayer Advocate case acceptance policy. On page 25 the report states "...if the Advocate's office accepts cases that could be handled elsewhere in IRS, PRP could be overburdened, potentially reducing its ability to help taxpayers who have nowhere else to go to resolve their problems." We are addressing this concern through education within the Internal Revenue Service to ensure that all employees are aware of the Taxpayer Advocate program criteria. Recent decisions about case acceptance criteria have modified the old PRP criteria and created taxpayer focused balance between cases handled by the Taxpayer Advocate and other functions. With this increased customer focus throughout IRS, the long-term result should be fewer requests for Taxpayer Advocate assistance.

Advocacy activities have historically been an important part of the Taxpayer Advocate's role. In the restructured design, advocacy has become a more significant presence with the addition of a specific and separate group of Advocacy Analysts located in key sites throughout the country. These Analysts will have a separate management structure and will be accountable for conducting in-depth research and analysis on the root causes of taxpayer problems.

We agree with the database problems cited as a deficiency in the report on page 31 and have begun planning an improved system. One immediate benefit of the restructured design is that all caseworkers will have access to the PROMIS database and will begin noting key information that can be easily accessed and reviewed by the Advocacy Analysts. Our long-term plan is that the entire IRS data system will be modernized and integrated allowing for efficient and comprehensive data gathering and analysis. That system will include the ability to determine customer problems. However, we plan to develop other system improvements that can be implemented in FY2000 to enhance our analytical ability in the interim.

Another system deficiency cited on page 35 states; "The lack of a comprehensive source of information on all advocacy projects increases the risk of unnecessary duplication of effort." In the past, the Advocate has used a project manager database to track various local advocacy projects. This system fell out of use in recent years primarily due to the problems cited with staff resources. With the new design creating direct accountability for advocacy activities, a modernized system will be developed and used as an important management tool.



**Appendix VII**  
**Comments From the Internal Revenue Service**

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At this time, we are evaluating the Taxpayer Treatment and Service Improvement (TTSI) database as a potential tool to coordinate Taxpayer Advocacy projects within the entire IRS program of projects and systemic improvement efforts. We will make the final decision regarding Taxpayer Advocate project coordination within this database shortly after hiring the new organizational management team.

The report cites several concerns about the measures used in the old PRP program. While at the time of this writing we have not implemented a new system of measures, we are finalizing one. This system will measure the three main work streams of casework, advocacy, and outreach. These three work streams are aligned with the balanced measurement system of the IRS and address many concerns outlined in the GAO report.

Customer satisfaction is critical to both the Taxpayer Advocate and the IRS. We are developing ways to measure this factor for Taxpayer Advocate customers and have plans to test and refine this measure beginning in October 1999.


Another concern mentioned in the report involves the accuracy of the PRP case identification measurement known as the Problem Resolution Program Case Identification Tracking (PRPCIT). While we believe it is important to gather this type of information, we agree the current data gathering system needs improvement. We are currently evaluating the system as part of the development of the overall measurement system. System enhancements, our increased focus on advocacy and heightened employee awareness of the Taxpayer Advocate program criteria should result in improvements in case identification.

Page 44 cites a concern that the Advocate has no system for tracking resources devoted to PRP. As mentioned earlier, the new organization, beginning October 1999, will have the ability to track resources accurately.

In conclusion, we concur with the two recommendations: 1) to develop systems that provide better management information to support outcome-oriented performance measures, and 2) to develop a project management system to provide information on advocacy activities. These recommendations fit very well with the restructured Taxpayer Advocate organization and processes, as well as the overall IRS restructuring efforts.

If you have any questions or need additional information, please call me at (202) 622-9511 or a member of your staff may call Olga Rhodes, Taxpayer Advocate Design Team Leader, at (202) 283-4976.

Sincerely,



Charles O. Rossotti

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