



*Improvements Have Been Made to the
Recruitment Process, but Continued Focus
and Additional Enhancements Are Needed*

September 13, 2010

Reference Number: 2010-10-113

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



HIGHLIGHTS

IMPROVEMENTS HAVE BEEN MADE TO THE RECRUITMENT PROCESS, BUT CONTINUED FOCUS AND ADDITIONAL ENHANCEMENTS ARE NEEDED

Highlights

Final Report issued on September 13, 2010

Highlights of Reference Number: 2010-10-113 to the Internal Revenue Service Human Capital Officer.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) is facing a major challenge with a large number of retirements expected over the next several years. The IRS has developed an agency-wide strategic recruitment plan, but follow-through and additional actions are needed to ensure the IRS attracts qualified employees. Effective recruiting increases the IRS' ability to ensure taxpayers receive the best possible service.

WHY TIGTA DID THE AUDIT

In a prior audit report of recruiting activities, TIGTA determined that the IRS did not have an agency-wide recruitment strategy or performance measures to assess recruiting efforts. The overall objective of this review was to assess the IRS' progress in developing an effective agency-wide recruitment program.

WHAT TIGTA FOUND

In the approximately 18 months since TIGTA completed its last audit of the IRS' recruiting process, the IRS has taken significant actions to improve its ability to recruit qualified candidates. These improvements enabled the IRS to report that it is on target to meet its mission-critical occupation, geographic, and diversity hiring goals. As part of this effort, the IRS has completed many of the Office of Personnel Management's key actions for recruiting and addressed TIGTA's prior recommendations. For example, the IRS has recently developed a comprehensive agency-wide recruitment strategy.

While the IRS has taken many significant actions, it could enhance its oversight of program improvements by making changes to better monitor and measure its activities. By timely and effectively implementing the remaining recruitment key actions and measuring the impact of changes in recruiting processes, the IRS will have greater assurance that highly qualified candidates are attracted to IRS careers and will be able to focus on successful recruitment strategies and discontinue strategies that are ineffective.

While the IRS has made much progress, improving recruiting activities will require long-term commitment and focus as some key actions take longer to implement and time is needed before the impact of changes can be measured and acted upon. For example, the IRS has not had enough time to survey new hires to obtain feedback on its new recruitment process or had time to collect and evaluate new measures on the effectiveness of its recruitment process.

WHAT TIGTA RECOMMENDED

In addition to continuing its focus on implementing best practices to build a fully effective recruiting program, TIGTA recommended the Director, IRS Recruitment Office, develop measures for recruitment strategies, incorporate all applicable measures into a tracking system, and establish completion dates for milestones in the recruitment office action plans.

In response to the report, the IRS Human Capital Officer agreed with the recommendation and plans to take appropriate corrective actions.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

September 13, 2010

MEMORANDUM FOR INTERNAL REVENUE SERVICE HUMAN CAPITAL OFFICER

FROM:

Michael R. Phillips

Michael R. Phillips

Deputy Inspector General for Audit

SUBJECT:

Final Audit Report – Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed (Audit # 200910032)

This report presents the results of our review to assess the Internal Revenue Service's progress in developing an agency-wide recruitment program that will attract highly qualified candidates. This audit was conducted as part of the Treasury Inspector General for Tax Administration's Fiscal Year 2010 Annual Audit Plan and addresses the major management challenge of Human Capital.

Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendation. Please contact me at (202) 622-6510 if you have questions or Nancy A. Nakamura, Assistant Inspector General for Audit (Management Services and Exempt Organizations), at (202) 622-8500.



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Abbreviations

HCO	Human Capital Office
IRS	Internal Revenue Service
OPM	Office of Personnel Management



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Background

Human capital¹ is the Federal Government's most critical asset. At a time when the Federal Government is preparing for increased retirements and taking on such challenges as healthcare reform, recruitment² plays a key role in ensuring agencies can maintain a quality workforce capable of meeting the needs of the American public. However, there is a growing concern about the Federal Government's ability to attract quality talent. To address these concerns, the Office of Personnel Management (OPM) published an End-to-End Hiring Roadmap to serve as recommended guidance to transform hiring by strategically integrating five components that will assist agencies in hiring quality talent. These components are:

1. Workforce Planning – A systematic process for identifying the human resources required to meet an agency's mission and developing strategies to meet these requirements.
2. Recruitment – An ongoing process requiring agencies to identify and attract a sufficient pool of qualified talent interested in working for the Federal Government.
3. Hiring – A process to fill positions with new hires from outside the Federal Government. This includes the process of posting jobs, interviewing applicants, and making tentative offers of employment.
4. Security and Suitability – The security clearance process includes investigating the background and determining the eligibility of applicants to access sensitive information. Suitability is the process of assessing the character and conduct of applicants.
5. Orientation – The agency's effort to familiarize a new employee with the organization.

Collectively, these five components create an integrated strategic hiring process (i.e., all components should work together to form an effective end-to-end hiring process). For example, a successful process for hiring qualified candidates is dependent on the ability of the Internal Revenue Service (IRS) to plan for its workforce needs (workforce planning) and identify a sufficient pool of qualified talent (recruitment). This interrelationship will eventually affect an agency's ability to serve its customers. Figure 1 shows the order and interrelationship of the five components in the end-to-end hiring process.

¹ Human capital is used to describe the skills, abilities, and contributions of the people in any agency.

² Recruitment refers to the process of identifying and attracting potential job candidates.



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Figure 1: Five Components to an Integrated Strategic Hiring Process



Source: OPM End-to-End Hiring Roadmap.

Although all five components are necessary to implement an effective integrated strategic hiring process, the focus of this audit was on Step 2, the recruitment component. Within the recruitment component, the End-to-End Hiring Roadmap provides agencies with 9 best practices and 50 key actions to implement an effective recruitment program.

Like many Federal agencies, the IRS is faced with a major challenge to replace existing talent because of a large number of retirements expected over the next several years. The IRS has approximately 106,000 employees, including 9,100 managers. More than half of the IRS' employees and managers have reached age 50 and can retire within 10 years. In addition, 39 percent of IRS executives are already eligible for retirement. Replacing these employees represents a significant challenge since many possess unique skills and institutional knowledge that will be difficult to replace in the short-term.

To address its human capital challenge, the IRS Commissioner established the Workforce of Tomorrow Task Force in September 2008 with the goal to make the IRS the best place to work in Government and ensure that within 5 years it has the leadership and workforce ready for the next 15 years. The Workforce of Tomorrow Task Force suggested that the IRS create an agency-wide recruiting strategy that will support IRS business operating divisions and establish a consistent corporate message. The strategy suggested an integrated set of recruiting solutions, which included the establishment of a new, centralized IRS Recruitment Office within the IRS Human Capital Office (HCO) to work in partnership with the IRS business units.

In February 2009, we reported³ that the IRS' recruitment activities were decentralized and focused on short-term hiring goals. While the IRS had taken steps to improve recruiting, it did not have an agency-wide recruitment strategy that included a long-term plan for all functions involved in recruiting or a system to measure the effectiveness of all recruiting efforts.

The IRS' HCO was created in July 2003, with the appointment of the Chief Human Capital Officer. The HCO was positioned under the Deputy Commissioner for Operations Support to provide human capital strategies and tools for recruiting, hiring, developing, retaining, and transitioning a highly skilled and high-performing workforce to support IRS mission

³ *An Agency-Wide Recruitment Strategy and Effective Performance Measures Are Needed to Address Future Recruiting Challenges* (Reference Number 2009-10-025, dated February 23, 2009).



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accomplishments. In March 2009, the IRS created a centralized IRS Recruitment Office as a new organization within the IRS HCO.

This review was conducted while the IRS was in the process of implementing new recruiting processes. As a result, this report reflects the status of the IRS' recruitment program as of April 2010 when we completed our fieldwork and may not reflect the most current status of the IRS' recruiting activities.

This review was performed at the IRS Recruitment Office within the HCO Division in Washington, D.C., during the period November 2009 through April 2010. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

In the approximately 18 months since we completed our last audit of the IRS' recruiting process, the IRS has taken significant actions to improve its ability to recruit qualified candidates. These improvements have enabled the IRS to report that it is on target to meet its mission-critical occupation,⁴ geographic, and diversity hiring goals. As part of this effort, the IRS has completed many of the OPM's key actions needed to develop an effective recruiting program and addressed our prior recommendations. However, improving recruiting activities will require long-term commitment and focus, as some activities are in process and more time is needed before the impact of changes can be measured and acted upon.

While the IRS has taken many significant actions, it could enhance oversight of its recruitment program by making changes to better monitor and measure its activities. By timely and effectively implementing the remaining key actions and measuring the impact of changes in recruiting processes, the IRS will have greater assurance that highly qualified candidates are attracted to IRS careers. In addition, the IRS will be able to focus on successful recruitment strategies and discontinue strategies that are determined to be ineffective.

Significant Improvements Have Been Made to Recruit Candidates That Can Provide the Service Taxpayers Have Come to Expect

The mission of the IRS is to provide America's taxpayers top-quality service by helping them to understand and meet their tax responsibilities and enforce the tax laws with integrity and fairness to all. To achieve its mission today and lay the foundation for a successful agency for years to come, the IRS needs qualified and skilled employees. Effective recruiting increases the IRS' ability to hire the most qualified employees capable of providing taxpayers the best possible quality service needed to meet their tax responsibilities. It also helps potential employees better learn about career opportunities within the IRS.

The IRS has started or completed many of the OPM key actions to implement the following recruiting best practices.

- Creating an Agency Brand.⁵
- Selecting and Training a Recruitment Team.

⁴ Mission-critical occupations are those positions critical to front-line enforcement and direct support to front-line operations needed to meet the stated IRS goals.

⁵ An agency brand is the message an agency wants to communicate about the agency and what it is like to work for the agency versus another organization.



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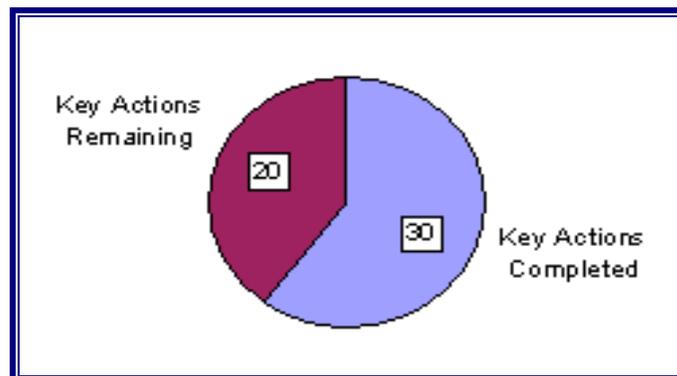
- Identifying Career Patterns of IRS Employees.
- Creating Recruitment and Staffing Plans.
- Developing Marketing Strategies.
- Cultivating Relationships and Building Networks With Colleges and Professional Organizations.
- Identifying IRS Recruitment Cycles.⁶

By implementing these best practices, the IRS should have a better understanding of its talent challenges and the type of people it will need to recruit to fill its hiring needs. Collectively, the improvements should place the IRS in a better position to identify and attract qualified candidates, both now and in the future, but it is still too early to know whether the actions will actually translate into the hiring of highly qualified employees.

The IRS is in the process of implementing activities that are needed to identify and attract qualified talent

The OPM provides agencies with guidance for implementing a proactive recruitment model that is focused on building talent pipelines, cultivating and maintaining partnerships, and monitoring recruiting activities to successfully secure top talent. This guidance identified nine best practices that are needed for Federal agencies to develop an effective recruitment program. While not enough time had passed to evaluate 2 of the best practices, we determined that the IRS had completed 30 (60 percent) of 50 key actions associated with the 9 best practices as shown in Figure 2.

Figure 2: Status of Key Recruiting Actions Completed and Remaining



Source: Our analysis of IRS key actions and nine recruitment best practices in the OPM's End-to-End Hiring Roadmap.

⁶ A recruitment cycle is usually a large-scale effort to hire new employees, which can happen annually or seasonally or be tied to budgets. In government hiring, a recruitment cycle may coincide with a fiscal year budget.



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The 30 key actions represent significant improvements in the IRS' recruitment program. For example, the IRS has created a long-term centralized recruiting strategy tied to organizational objectives and desired outcomes. In our prior audit, we noted IRS recruiting activities were focused on immediate staffing needs based on annual hiring plans. Taking a more long-term approach to recruiting has enabled the IRS to market the agency as an employer of choice. We also noted in our last audit that IRS recruiters believed that their efforts were not always directed at the most productive activities and locations because the IRS had a decentralized approach to recruiting. By centralizing recruiting activities into one office, the IRS has been able to begin the process of identifying approximately 100 core colleges and universities to develop deep, ongoing relationships in an effort to target its recruiting efforts.

While the IRS is to be commended for the improvements it has made to date, the improvements to the recruitment program could be lost or become outdated since they are contingent upon the IRS effectively completing the remaining 20 key actions. The completion of the remaining key actions will increase assurances that the IRS has developed a recruitment program that is able to meet the challenges of identifying qualified candidates who possess the required skills and competencies to accomplish the mission of the IRS. An effective recruitment program will also assist the IRS in strategically planning for future talent needs. Appendix IV lists each best practice, as well as examples of key actions that have been completed and key actions that remain open.

The IRS has implemented recommendations that will assist it in developing an effective recruitment program

Our last audit of recruiting activities reported that the IRS did not have an agency-wide recruitment strategy and had not established a long-term workforce planning process (Step 1 in Figure 1), which is needed to create strategies to address future retirements. The workforce planning process should also identify the skills that the IRS anticipates it will need so that the IRS recruitment program can target candidates with those skills. Workforce planning is an essential component of the hiring process. It ideally should be developed up front if the other four components of the hiring process are to be effective. Further, recruiting and workforce planning efforts should be based on the IRS' understanding of the number of employees that will be needed, along with the skills and competencies necessary to accomplish the IRS mission.

Since our last audit, the IRS developed an agency-wide⁷ strategic recruitment plan that supports the IRS' organizational objective of "making the IRS the best place to work in government." Included in the strategic recruitment plan is a recruitment objective of "attracting outstanding candidates from diverse backgrounds to fill every vacancy position." To achieve this objective, the recruitment plan has strategies that address six different demographic segments for potential

⁷ While many organizations within the IRS have differing recruitment requirements, all IRS business divisions and operations have adopted this agency-wide approach except for the Criminal Investigation Division, which continues to maintain its own recruiting staff and control of its recruiting activities.



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candidates (e.g., mid- and late-career professionals, diversity needs, college students, etc.), and includes strategies to market the IRS as an employer of choice for each segment. Developing strategies that will identify and attract candidates from each segment will increase assurance that the IRS can keep up with attrition and retirements by recruiting qualified candidates and achieving a more diverse workforce.

The IRS also developed a workforce planning process that included a profiling of the current workforce, the identification of staffing trends, and the use of projection models to determine future human capital needs. The projection models included an analysis of the overall agency, including IRS business units and the IRS Appeals function. The IRS also developed projection models for six occupations⁸ it determined to be critical to accomplishing its mission. Up to seven different analyses are performed for each projection model to determine workforce needs. This workforce planning process should assist the IRS in attracting a sufficient number of qualified candidates to apply for IRS jobs since it will assist in identifying and addressing the gaps between the workforce of today and the workforce of tomorrow.

Continued Focus Is Needed to Build a Fully Effective Recruiting Program

To implement an effective recruitment program, the IRS must continue to focus on completing the remaining 20 key actions needed to implement the 9 recruiting best practices. For instance, several key actions remain to be completed:

- **Evaluation of the new IRS agency brand** – The IRS has developed an agency brand and strategies to implement the brand. The IRS has also launched the brand by including it on the IRS web site. While the Director, IRS Recruitment Office informed us the new brand had received positive early feedback, completing the implementation of the brand will require the IRS to include it on recruiting materials and other electronic recruiting tools and to conduct an evaluation on the effectiveness of the brand, which will assist in determining whether the brand is resonating with candidates and employees. However, the remaining key actions for this best practice cannot be completed until a sufficient number of candidates are hired under the new brand so the IRS can evaluate the role the brand played in the recruitment process.
- **Selection and training of a recruitment team that consists of diverse recruiters with the competencies necessary to market the IRS mission and its career opportunities** – The IRS has successfully completed key actions which provide that recruiters should identify and build relationships with professional organizations. In addition to targeting professional organizations, the IRS has designated managers to oversee other target

⁸ These occupations are Appeals Officers, Customer Service Representatives, Information Technology Specialists, Revenue Agents, Revenue Officers, and Tax Examiners.



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candidate segments, such as veterans, students, candidates with disabilities, and diversity groups. However, to complete the selection and training of the recruiting team, the IRS must develop an “On-the-Job Training Manual,” which is one of the key actions necessary to complete this best practice. The training manual will be used as a resource for recruiters to provide information on the function and protocol of recruiters as well as their roles and responsibilities in the recruiting process. In addition, the centralized IRS Recruitment Office will need to complete its selection of recruiters and ensure its recruiting cadre is diverse and has the needed competencies.

- **Development of a retention plan** – The IRS has not developed a formal retention plan, but instead uses a report from the Workforce of Tomorrow, the IRS Human Capital Business Plan, and IRS policies and procedures for requesting retention incentives as its guidance⁹ for identifying key retention needs and establishing methods that will enhance retention. These tools do not establish a defined plan to show how specific retention issues will be addressed. An effective retention plan is needed as a key action to implement a best practice that will assist in ensuring workforce competency gaps are closed through the use of effective recruitment and retention strategies.

Effective implementation of all best practices are necessary to increase the likelihood that the IRS recruitment program will attract the most qualified candidates for providing the best possible service to taxpayers.

Additional Actions Would Strengthen Efforts to Recruit Qualified Employees

OPM guidance suggests that agencies align human capital management strategies with the agency mission, goals, and objectives by effectively analyzing, planning, and measuring the management of human capital programs. The activities and outcomes of a human capital program should be assessed through a performance management process that defines its objectives, goals, and desired outcomes; establishes measurements for assessing whether the outcomes are being achieved; and includes planning tools for establishing milestones and tracking accomplishments toward the completion of those goals and objectives.

Our prior audit of recruiting activities showed that the IRS did not have an adequate process in place to assess the effectiveness of its recruiting efforts, including the measures that are needed to make this assessment. The audit also concluded that the IRS needed an action plan for each initiative in the newly developed recruitment strategy that included defined implementation dates and responsible officials for implementing action items. While the IRS has made significant

⁹ Collectively these three documents may meet the purpose of a formal retention plan, but it is not within our scope of review to determine whether they met the intent of the End-to-End Hiring Roadmap.



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improvements in its ability to measure and track progress, further enhancements are needed to the performance measurement process.

The performance measurement process can be enhanced by developing additional measures and incorporating these measures into the PeopleTrak system

Since the completion of the prior audit, the IRS developed several key measures that will be used to compare the results of its recruiting efforts to expected performance. For example, the IRS developed measures to determine the percentage of applicants and new hires that were attracted to the IRS through contact with recruiting personnel. The IRS is also in the process of implementing the PeopleTrak system, which is expected to provide the IRS with the information it will need to measure the results of its recruiting efforts.¹⁰ However, the defined measures do not address all of the strategies in the agency-wide strategic recruitment plan.

The IRS Strategic Recruitment Plan includes 6 broad objectives, which are supported by 13 strategies. However, measures were developed for only 3 of the recruiting strategies, leaving the IRS with no method for assessing whether the other 10 strategies are achieving the strategic recruitment goal of attracting outstanding candidates from diverse backgrounds to fill every vacancy. For example, the IRS has one strategy aimed at developing deep, ongoing relationships with core schools. However, the IRS does not have corresponding measures to show its progress in completing activities to meet this strategy or the impact that the strategy is having on recruiting in these core schools.

Once additional measures are developed, it will be important that they are tracked and acted upon. The IRS expects the PeopleTrak system to be the primary tool for capturing information to measure its recruiting efforts, but the system's effectiveness will be greatly reduced if a complete set of measures are not developed and incorporated into the system.

Tracking of actions taken to improve recruiting can be improved

In addition to developing measures for the remaining 10 strategies, the IRS must improve its method used to monitor the implementation of recruitment initiatives. The IRS developed an action plan for each initiative in the recruitment strategy and assigned management officials who are responsible for ensuring implementation. However, the IRS did not use defined milestone

¹⁰ The IRS is planning to have the PeopleTrak system implemented by the end of Fiscal Year 2010, which should provide it with three distinct advantages over the existing system. It is intended to: 1) allow recruiters to enter data real-time into a web-based system, 2) improve the quality and quantity of data by requiring data be entered into selected fields and by providing dropdown information in some fields to improve the consistency of data, and 3) provide system-wide information instantaneously and the ability to share information reports.



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dates¹¹ to serve as targets for monitoring and implementing key actions. Instead of using milestone dates, “milestone events”¹² are being used to monitor the implementation of initiatives, which increase the risk that remaining items will not be timely implemented. The use of milestone dates would improve the IRS’ ability to identify delays and the causes for the delays.

Recommendation

Recommendation 1: In addition to continuing its focus on implementing the nine best practices to build a fully effective recruiting program, the Director, IRS Recruitment Office, should:

- Enhance the performance measurement process by developing measures for the 10 recruitment strategies needed to assess whether they are achieving desired outcomes.
- Incorporate all applicable measures into the PeopleTrak system to ensure that the IRS has the information needed to manage the recruitment program.
- Establish completion dates for milestones in the recruitment office action plans to serve as targets for implementing the items and monitor the items until they are completed.

Management’s Response: The IRS Recruitment Office agreed with our report findings and recommendation and is taking corrective actions by developing measures for the 10 recruitment strategies needed to assess whether the IRS is achieving desired outcomes. In addition, the IRS Recruitment Office is taking action to incorporate all applicable measures into the PeopleTrak system to ensure the IRS has the information needed to manage the recruitment program. Lastly, the Director, IRS Recruitment Office, is taking action to establish completion dates for milestones in the IRS Recruitment Office action plans to serve as targets for implementing the items and monitoring the items until they are completed.

¹¹ In those instances where completion dates were scheduled, we concluded the dates were unreliable because the action plan listed actual completion dates that were in the future. For example, one item in the action plan listed the actual completion date for an item as May 31, 2010, yet our audit test was conducted on March 24, 2010, which was well before the date the action plan had listed the action as being completed.

¹² Milestone events are major tasks that must be completed during the implementation of a corrective action or recruitment initiative.



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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the IRS' progress in developing an agency-wide recruitment program that will attract highly qualified candidates. We used the OPM End-to-End Hiring Roadmap to evaluate IRS efforts to attract highly qualified candidates and followed up on actions taken to correct issues reported in a prior Treasury Inspector General for Tax Administration audit.¹ To accomplish our objective, we:

- I. Determined whether IRS actions assisted the HCO in evaluating whether the agency-wide recruiting program will effectively attract highly qualified candidates.
 - A. Assessed IRS actions taken to develop an effective agency brand that markets the IRS as an employer of choice and communicates the IRS' values, vision, and mission.
 - B. Assessed whether IRS actions assisted the HCO in evaluating whether:
 1. The recruitment team consists of a cadre of diverse recruiters with the right competencies to market the IRS mission and its careers.
 2. Recruitment and staffing plans focused on IRS hiring needs to ensure mission-critical occupation,² geographic, and diversity goals are met.
 3. Its career pattern strategy enabled employees to connect to the career path they want to be on.
 4. Its marketing strategies provide messaging specifically tailored to attract targeted candidate segments.
 5. Agency-specific recruitment cycles have been identified, developed, and implemented to provide ongoing feedback and evaluation of IRS recruiting activities.
 - C. Assessed whether IRS actions assisted the HCO in developing a focused approach to recruit qualified candidates from targeted schools and professional organizations.

¹ *An Agency-Wide Recruitment Strategy and Effective Performance Measures Are Needed to Address Future Recruiting Challenges* (Reference Number 2009-10-025, dated February 23, 2009).

² Mission-critical occupations are those positions critical to front-line enforcement and direct support to front-line operations needed to meet the stated IRS goals.



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- II. Determined whether the IRS had implemented corrective actions to address issues from our prior audit of its recruitment activities.
 - A. Analyzed the IRS' agency-wide Strategic Recruitment Plan to ensure it was tied to organizational objectives and desired agency-wide outcomes; established an overall recruiting vision; and articulated recruitment goals, objectives, and expectations needed to attract highly qualified candidates.
 - B. Reviewed the defined roles and responsibilities for the centralized recruiting cadre and IRS business units involved in the recruiting process, including specific recruitment activities of the Criminal Investigation, Wage and Investment, and Small Business/Self-Employed Divisions.
 - C. Reviewed the IRS' agency-wide Strategic Recruitment Plan to ensure it addresses the differing demographics (e.g., mid-career professionals, diversity needs, college students, etc.) and strategies for marketing the IRS as an employer of choice.
 - D. Determined whether long-term workforce planning goals were established to ensure future retirement projections and anticipated skills needs were considered, including the integration of other key processes (e.g., the number of future employees based on estimates of attrition).
 - E. Determined whether an action plan was created with defined implementation dates and responsible officials for actions needed to implement the IRS agency-wide Strategic Recruitment Plan.
 - F. Determined whether performance measures were established to assess the effectiveness of recruiting efforts and the methods for evaluating recruiting efforts against performance measures, including the means of collecting the data to assess these efforts.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: the IRS HCO, IRS Recruitment Office, Criminal Investigation Division, Small Business/Self-Employed Division, and Wage and Investment Division policies, procedures, and practices for planning, managing, and monitoring IRS recruiting efforts to attract and recruit highly qualified candidates. We evaluated these controls by interviewing management and reviewing applicable documentation.



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Appendix II

Major Contributors to This Report

Nancy A. Nakamura, Assistant Inspector General for Audit (Management Services and Exempt Organizations)

Troy D. Paterson, Director

James V. Westcott, Audit Manager

John W. Baxter, Lead Auditor

John M. Jarvis, Auditor

Donald J. Martineau, Auditor



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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Deputy Commissioner for Services and Enforcement SE
Chief, Criminal Investigation Division SE:CI
Commissioner, Small Business/Self-Employed Division SE:S
Commissioner, Wage and Investment Division SE:W
Director, IRS Recruitment Office OS:HC:IRO
Director, Talent, Hiring, and Recruitment Division OS:HC:THR
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaisons:
 Chief, Criminal Investigation Division SE:CI:S:PS
 IRS Human Capital Officer OS:HCO
 Director, Communications and Liaison, Small Business/Self-Employed Division
 SE:S:CLD:PSP:GTL
 Senior Operations Advisor, Wage and Investment Division SE:W:S



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Appendix IV

Status of Efforts to Improve Recruiting

The IRS has completed many of the key actions outlined in the OPM End-to-End Hiring Roadmap to improve its recruiting process. However, to complete this process the IRS must implement 20 remaining key actions needed to fully implement all 9 best practices and all 50 key actions.

Effective implementation of all best practices are necessary to ensure IRS recruiting efforts increase the likelihood that the most qualified candidates are hired to provide the best possible service to taxpayers. Improved recruiting efforts will also help potential employees better learn about career opportunities within the IRS. Table 1 lists each recruitment best practice as well as the key actions completed and remaining actions necessary to implement an effective recruiting process.

Table 1: Analysis of Key Recruiting Actions Completed and Remaining

Recruitment Best Practices	Key Actions Completed	Key Actions Remaining
Create or Refine Agency Brand	<ul style="list-style-type: none"> • Developed an agency brand. • Initiated brand on IRS web site. 	<ul style="list-style-type: none"> • Perform brand audit. • Create materials to reflect agency brand. • Develop strategies¹ to implement the brand.
Select and Train Recruitment Team	<ul style="list-style-type: none"> • Created a Recruiter Handbook. • Conducted training. • Assigned program managers to oversee recruitment activities with schools. • Assigned recruiting managers to build relations with professional organizations. 	<ul style="list-style-type: none"> • Finish an “On-the-Job Training Manual.” • Select an effective and diverse recruitment team with the right competencies.

¹ This includes developing a social media strategy. Social media includes the use of the Internet to communicate and share information.



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Recruitment Best Practices	Key Actions Completed	Key Actions Remaining
Identify Career Patterns	<ul style="list-style-type: none"> • Identified career patterns for employees. 	<ul style="list-style-type: none"> • None; all improvements are implemented.
Create Recruitment and Staffing Plans	<ul style="list-style-type: none"> • Established an overall recruiting vision. • Requested stakeholder input. • Reviewed career paths. • Analyzed exit interview survey data. • Analyzed staffing needs. • Identified recruiting incentives. • Developed recruiting measures for assessing individual recruiting events. • Identified talent pools.² • Determined internal and external applicant sources. • Developed policy and procedures to communicate with stakeholders. 	<ul style="list-style-type: none"> • Align Strategic Recruitment Plan with the Workforce, Staffing Acquisition, Affirmative Action, Retention, and Succession Plans. • Develop an evaluation plan.³ • Identify skills gaps.

² The identification of a talent pool is the action of identifying targeted talent requirements needed to ensure a sufficient number of qualified and diverse candidates for open positions within the IRS.

³ An evaluation plan provides a step-by-step guide through the evaluation process. The plan details the objectives of the evaluation, the questions that will be answered and the information that will be collected to answer these questions, and when the collection of information will begin and end.



Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed

Recruitment Best Practices	Key Actions Completed	Key Actions Remaining
Develop Marketing Strategies	<ul style="list-style-type: none"> • Redesigned the IRS web site with the agency brand. • Selected job posting web sites (i.e., Monster Jobs, Yahoo, and Google) and nontraditional web sites (i.e., Twitter, Second Life, and Facebook). • Provided a realistic job preview to applicants. 	<ul style="list-style-type: none"> • Survey new hires to obtain feedback on the recruitment process. • Streamline the process for excessive language in job announcements.
Cultivate Relationships and Build Networks	<ul style="list-style-type: none"> • Created relationships with colleges and professional organizations to draw from a cross-section of society. • Developed recruitment strategies for skills needs. • Partnered with professional organizations to reach diverse candidates. • Developed relationships with career placement offices. • Provided schools with hiring needs and skills. • Developed strategies to fill specific skills. • Hosted speaking engagements. 	<ul style="list-style-type: none"> • None; all improvements are implemented.



Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed

Recruitment Best Practices	Key Actions Completed	Key Actions Remaining
Identify Agency-Specific Recruitment Cycles	<ul style="list-style-type: none"> • Determined recruitment cycles. • Implemented an ongoing feedback process. • Coordinated agency-wide recruitment activities to communicate with recruitment teams and avoid duplication of effort. 	<ul style="list-style-type: none"> • None; all improvements are implemented.
Evaluate and Measure Recruitment, Staffing Plans, and Marketing Strategies	<ul style="list-style-type: none"> • Improvement can not be implemented until completion of other recruitment best practices. 	<ul style="list-style-type: none"> • Implement measures to monitor the effectiveness of recruiting efforts. • Review recruiting efforts. • Monitor new hire attrition. • Conduct customer surveys. • Share results of evaluations with management and other stakeholders. • Review the recruitment plan regularly. • Provide feedback on recruitment. • Prepare recruiting budget projections. • Ensure hiring projections are realistic.



*Improvements Have Been Made to the
Recruitment Process, but Continued Focus
and Additional Enhancements Are Needed*

Recruitment Best Practices	Key Actions Completed	Key Actions Remaining
Adjust Plans	<ul style="list-style-type: none"> • Improvement cannot be implemented until completion of other recruitment best practices. 	<ul style="list-style-type: none"> • Adjust recruitment activities based on an evaluation of measures.
Totals	Completed: 30	Remaining: 20

Source: Our analysis of IRS key actions and nine recruitment best practices in the OPM's End-to-End Hiring Roadmap.



Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed

Appendix V

Management's Response to the Draft Report



HUMAN CAPITAL OFFICE

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

RECEIVED
AUG 24 2010
BY: *IRS*

August 20, 2010

MEMORANDUM FOR J. RUSSELL GEORGE
TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION
FROM: *James P. Falcone*
James Falcone
IRS Human Capital Officer
SUBJECT: Improvement Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements are Needed (Audit # 200910032)

In a prior audit report of recruiting activities, TIGTA determined that the IRS did not have an agency-wide recruitment strategy or performance measures to assess recruiting efforts. As per TIGTA's recommendations, the IRS developed an agency-wide strategic recruitment plan to attract qualified and diverse talent for IRS positions.

TIGTA completed its audit of the IRS' recruiting process approximately 18 months ago. The IRS has taken significant actions to improve its ability to recruit candidates for IRS positions. The improvements noted during the TIGTA review reflect that the IRS is on target to meet its mission-critical occupation, geographic, and diversity hiring goals.

The IRS is in agreement with TIGTA's report findings and recommendations of timely and effectively implementing remaining recruitment key actions and measuring the impact of changes in recruiting processes.

Attached are the corrective actions the IRS Recruitment Office is taking to address TIGTA's recommendations.

If you have any questions, please contact me at (202) 622-7676 or a member of your staff may contact Jacquenette Ward, IRS, Director of Recruitment, (281) 721-7891.

Attachment



Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed

DRAFT- Improvements Have Been Made to the Recruitment Process, but Continued Focus and Additional Enhancements Are Needed.

Recommendation 1. In addition to continuing its focus on implementing the nine best practices to build a fully effective recruiting program, the Director of the IRS Recruitment Office should:

Enhance the performance measurement process by developing measures for the 10 recruitment strategies needed to assess whether they are achieving desired outcomes.

- The IRS Recruitment Office agrees with TIGTA's audit recommendation to enhance the performance measurement process by developing measures for the 10 recruitment strategies needed to assess whether the IRS are achieving desired outcomes. The IRS Recruitment Office will implement corrective actions to address this audit recommendation by 1/31/2011.

Incorporate all applicable measures into the PeopleTrak system to ensure that the IRS has the information needed to manage the recruitment program.

- The IRS Recruitment Office agrees with TIGTA's audit recommendation to incorporate all applicable measures into the PeopleTrak system to ensure that the IRS has the information needed to manage the recruitment program. The IRS Recruitment Office will implement corrective actions to address this audit recommendation by 1/31/2011.

Establish completion dates for milestones in the recruitment office action plans to serve as targets for implementing the items and monitor the items until they are completed.

- The IRS Recruitment Office agrees with TIGTA's audit recommendation to establish completion dates for milestones in the IRS Recruitment Office action plans to serve as targets for implementing the items and monitor the items until they are completed. The IRS Recruitment Office will implement corrective actions to address this audit recommendation by 9/30/2010.