



Treasury Inspector General for Tax Administration Office of Audit

THE IDENTIFICATION AND EVALUATION OF SYSTEMIC ADVOCACY PROJECTS DESIGNED TO RESOLVE BROAD-BASED TAXPAYER PROBLEMS CAN BE IMPROVED

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Highlights

Highlights of Report Number: 2011-10-052 to the Internal Revenue Service National Taxpayer Advocate.

IMPACT ON TAXPAYERS

To help meet its mission, the Taxpayer Advocate Service (TAS) is required to identify areas in which groups of taxpayers are experiencing problems with the Internal Revenue Service (IRS). The TAS conducts Advocacy Projects to identify solutions for systemic issues affecting multiple taxpayers. However, TIGTA determined the TAS does not have an effective process to identify systemic problems that affect taxpayers. Improving the screening process will assist TAS management in identifying and resolving broad-based taxpayer problems, which should prevent or reduce similar problems in the future.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the TAS has an adequate process for identifying and prioritizing Advocacy Projects and whether business measures have been established for the Systemic Advocacy Program. Because the TAS has limited resources, it needs to have effective processes to identify systemic problems. Also, the TAS needs to be able to measure the impact its Projects have on taxpayers.

WHAT TIGTA FOUND

The TAS can improve the process used for identifying Systemic Advocacy Projects. To identify potential systemic issues that could be reviewed through Systemic Advocacy Projects, TAS management primarily relies on IRS employees and its external stakeholders to submit issues through the Internet. However, TIGTA found that research performed during the screening process to identify issues for Advocacy Projects could be improved to better identify systemic problems affecting multiple taxpayers. Specifically, TIGTA sampled 25 of the 134 Projects closed in Fiscal Year 2009 and determined that documentation for 13 Projects did not support that the issue was a systemic problem. In addition, TIGTA believes TAS management should use

existing information captured in its Case Advocacy Program, which addresses problems faced by individual or business taxpayers, to identify issues warranting further review in a Systemic Advocacy Project. Further, TIGTA believes current performance measures do not provide management with enough information to assess whether its Projects positively benefited tax administration.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the National Taxpayer Advocate require TAS personnel to perform and document sufficient research to support a potential systemic issue exists before initiating a Project, review Case Advocacy Program data to identify systemic issues for Projects, and develop additional performance measures that capture the Systemic Advocacy Projects' effectiveness in identifying and resolving systemic issues affecting taxpayers.

Management stated they have already begun implementing significant changes to the issue review process and are in the process of revising their measures for systemic problem resolution work. Management disagreed with our recommendation to review program data to identify systemic issues for Advocacy Projects, stating they already use this information for this purpose. However, TAS personnel informed us during our interviews that they do not analyze Case Advocacy Program data to consider whether Projects should be initiated. Instead, they rely on IRS employees and external stakeholders to identify and submit potential systemic issues. TIGTA believes the TAS should formalize and document a process to periodically analyze Case Advocacy Program data to identify potential issues that could be addressed in Systemic Advocacy Projects.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2011reports/201110052fr.pdf>.

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