



*The Identification and Evaluation of  
Systemic Advocacy Projects Designed to  
Resolve Broad-Based Taxpayer Problems  
Can Be Improved*

**June 27, 2011**

**Reference Number: 2011-10-052**

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.

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## HIGHLIGHTS

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

## Highlights

Final Report issued on June 27, 2011

Highlights of Reference 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.



TREASURY INSPECTOR GENERAL  
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

June 27, 2011

**MEMORANDUM FOR NATIONAL TAXPAYER ADVOCATE**

**FROM:** *Michael R. Phillips*  
Michael R. Phillips  
Deputy Inspector General for Audit

**SUBJECT:** Final Audit Report – The Identification and Evaluation of Systemic Advocacy Projects Designed to Resolve Broad-Based Taxpayer Problems Can Be Improved (Audit # 201010002)

This report presents the results of our review of the Taxpayer Advocate Service's Systemic Advocacy Project Program. Our overall objectives were to determine whether the Taxpayer Advocate Service has an adequate process for identifying and prioritizing Advocacy Projects and whether business measures have been established for the Systemic Advocacy Program. This audit was conducted as part of the Treasury Inspector General for Tax Administration's Fiscal Year 2011 Annual Audit Plan and addresses the major management challenge of Providing Quality Taxpayer Service Operations.

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

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report recommendations. 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*

FY	Fiscal Year
IRS	Internal Revenue Service
NTA	National Taxpayer Advocate
SAMS	Systemic Advocacy Management System
TAS	Taxpayer Advocate Service



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## *Background*

Within the Internal Revenue Service (IRS), the Taxpayer Advocate Service (TAS) is an independent organization whose mission is to help taxpayers resolve problems with the IRS and to recommend changes to prevent future problems. The TAS established two internal functions to address its principal statutory missions:

- **Case Advocacy** – addresses problems faced by specific individual and business taxpayers. These problems range from simple IRS processing errors or delays to complex examinations and appeals. New cases are opened for each taxpayer to address his or her specific problem(s).
- **Systemic Advocacy** – identifies areas in which groups of taxpayers are experiencing problems with the IRS. The goal is to identify, analyze, and provide resolution of broad-based taxpayer problems. New projects are opened based on systemic problems that affect multiple taxpayers. For example, a recent project was closed that assessed why taxpayer representatives were not receiving taxpayer correspondence. The project determined a request to revise IRS system programming to ensure taxpayer representatives receive taxpayer correspondence was pending.

The Systemic Advocacy Program initiates Advocacy Projects and Immediate Interventions<sup>1</sup> (hereafter referred to as Advocacy Projects) to identify solutions for systemic issues affecting multiple taxpayers. The projects should result in legislative or administrative recommendations to help reduce or prevent the problems from occurring in the future. In Fiscal Year (FY) 2009, we estimated that approximately 19 percent of the TAS Systemic Advocacy Program time was applied to Advocacy Projects.<sup>2</sup> The Systemic Advocacy Program is also responsible for the National Taxpayer Advocate's (NTA) Annual Report to Congress, the management of portfolios,<sup>3</sup> and the Internal Management Document/Single Point of Contact Program.<sup>4</sup>

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<sup>1</sup> An Immediate Intervention is an operational issue which causes immediate, significant harm to multiple taxpayers and demands an urgent response. An Immediate Intervention issue cannot be resolved soon enough through the normal corrective process.

<sup>2</sup> This was computed by combining Systemic Advocacy and Field Systemic Advocacy time. Field Systemic Advocacy works Advocacy Projects but is located under the Case Advocacy Program.

<sup>3</sup> Each Local Taxpayer Advocate, in their role as a Portfolio Advisor, is assigned one or more specific topics about an IRS program area (e.g., Earned Income Tax Credit, offers in compromise, levies) to serve as the subject matter expert for TAS employees.

<sup>4</sup> The TAS Internal Management Document/Single Point of Contact Program is responsible for the coordination, development, clearance, and publishing of TAS products, including Internal Revenue Manuals and Interim Guidance documents.



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TAS management defines systemic advocacy issues as follows:

- They always affect multiple taxpayers.
- They are not individual taxpayer problems.
- They affect segments of the taxpayer population locally, regionally, or nationally.
- They relate to IRS systems, policies, and procedures.
- They require study, analysis, and administrative changes or legislative remedies.
- They involve protecting taxpayer rights, reducing or preventing taxpayer burden, ensuring equitable treatment of taxpayers, or providing essential services to taxpayers.

The public and IRS employees can submit potential systemic issues on the Internet through the Systemic Advocacy Management System (SAMS). After TAS personnel review these issues, those affecting multiple taxpayers (e.g., the Alternative Minimum Tax, Innocent Spouse Claims, Federal Tax Deposit requirements, refund issues) become Advocacy Projects. To the extent possible, the TAS is required to propose administrative or legislative changes to resolve or mitigate those problems.

In FY 2009, the TAS received 860 potential systemic issues through the SAMS. The TAS opened 116 Advocacy Projects and 19 Immediate Interventions. In FY 2009, the TAS closed 109 Advocacy Projects and 25 Immediate Interventions.

This review was performed at the IRS National Headquarters in Washington, D.C., and at TAS offices in Boston, Massachusetts, and Dallas, Texas, during the period June 2010 through March 2011. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Detailed information on our audit objectives, 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*

We determined 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, we 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, we sampled 25 of the 134 Projects closed in FY 2009 and determined that documentation for 13 Projects did not support that the issue was a systemic problem. A more detailed screening of issues will assist TAS management in ensuring that a proposed project is an efficient use of limited TAS resources and helps TAS management meet the overall goals of the Systemic Advocacy Program.

In addition, we believe TAS management should use existing data captured in its Case Advocacy Program to identify potential issues warranting further review in a Systemic Advocacy Project. If this type of analysis is done and systemic problems are identified and resolved, it could result in fewer taxpayers requiring the assistance of the TAS Case Advocacy Program, thereby reducing taxpayer burden and the TAS Case Advocacy Program resources needed to assist those taxpayers.

Further, we determined that TAS management has implemented two performance measures related to its Advocacy Projects. However, we believe the current measures do not provide TAS management with enough information to assess whether its Projects affected tax administration in a positive manner. Additional measures that link the results of the Advocacy Projects to the overall goal of the Systemic Advocacy Program would help management to fully evaluate the Projects' success in identifying and resolving broad-based taxpayer problems.

### ***Improvements Are Needed to More Effectively Identify Systemic Issues That Affect Multiple Taxpayers***

In FY 2009, the TAS relied on the SAMS as the primary source for the Advocacy Projects it accepted into the Systemic Advocacy Program. Although the SAMS web site clearly states that systemic issues do not apply to just one taxpayer, many of the Advocacy Projects we reviewed appeared to be confined to a specific problem affecting only one taxpayer. In addition, TAS management should use existing Case Advocacy Program data to identify potential issues warranting further review in a Systemic Advocacy Project.



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**Advocacy Projects reviewed often did not support that the Project involved a systemic problem affecting multiple taxpayers**

The TAS' Systemic Advocacy Program developed a process to screen issues received from the SAMS to select as Projects. However, we determined limited information was gathered during this screening process to confirm whether the root cause of potential issues was systemic as opposed to taxpayer-specific. As a result, our review of sampled Projects closed in FY 2009 showed that many appeared to be related to individual taxpayers as opposed to systemic issues.

Each issue received through the SAMS is reviewed by three levels of management to determine whether it should be elevated to a Project. Three levels of TAS management evaluate issues received on the SAMS for Project potential using several factors, including:

- **Scope** – Potential volume of taxpayers affected, geographic scope, and issue frequency.
- **Interest/Visibility/Sensitivity** – Congressional interest/support, community/external stakeholder interest/support, and media interest/publicity.
- **Taxpayer Burden** – From the taxpayer's point of view, how long it takes to resolve an issue along with the effort and the cost to the taxpayer.
- **Taxpayer Rights** – Denial of taxpayer rights and enhancement of taxpayer rights.
- **Ability to Affect Change** – Likelihood of independent IRS action and TAS ability to influence change.

We selected a judgmental sample of 25 of the 134 Projects closed in FY 2009 and determined that documentation for 13 (52 percent) did not support that the issue was a systemic problem. We believe the underlying problems in those 13 Projects were generally caused by isolated mistakes or confusion by the taxpayer, the taxpayer's representative, or an IRS employee. We believe these issues would have been more appropriate for the TAS' Case Advocacy Program.

Although TAS management has established detailed guidance related to screening and approving potential issues for Systemic Advocacy Projects, we determined some factors were not routinely considered or documented during the screening process. Our review of the 25 Projects showed management either did not document or fully research issues to substantiate the initiation of a Project. TAS management compared the screening of issues to a triage process because of the potential sensitivity and timing associated with the issues. The level-one reviewer informed us that he or she attempts to make a decision of whether to recommend an issue for a Project within 3 days. The second-level reviewer stated he or she frequently has to perform additional research to determine whether a Project is warranted. The third-level reviewer stated, in an effort to be conservative, he or she often recommends an issue for a Project even if it has not been fully determined whether a problem exists that affects multiple taxpayers. As a result of this review process, we believe some Projects were initiated that did not involve systemic issues and, therefore, were not the best use of limited TAS resources.



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TAS management generally concurred that the Project case files did not contain sufficient information to support that the issues involved systemic problems. In addition, they indicated that the Projects reviewed were opened before a SAMS update was implemented that allowed research notes and actions to be input into the system and attached to the issue for review by Systemic Advocacy Program personnel. In addition, a new process was implemented in July 2009 that created an extra level of review at level two to provide additional perspective of experienced TAS staff, including Field Systemic Advocacy personnel. TAS management informed us they plan to implement a series of improvements in mid-2011 to expand the research performed and more thoroughly review potential submissions before opening a Project.

More detailed research and documentation during the screening process will assist TAS management with ensuring that a proposed Systemic Advocacy Project is an efficient use of limited TAS resources and helps TAS management meet the overall goals of the Systemic Advocacy Program.

**TAS management could analyze available Case Advocacy Program data to identify potential systemic problems that might not be submitted on the SAMS**

As previously stated, the TAS relies on its stakeholders to submit issues on the SAMS to help identify potential systemic issues warranting the initiation of a Project. Our interviews with TAS management found that the Systemic Advocacy Program does not analyze available Case Advocacy Program data to consider whether Projects should be initiated. However, the TAS has in-house information that it could analyze to identify systemic problems warranting a Project that might not be submitted by Case Advocacy Program personnel on the SAMS. *The Standards for Internal Controls in the Federal Government* state that control activities are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results. One key activity in this area is management reviews to compare actual performance to planned or expected results.

The TAS' Case Advocacy Program provides assistance to taxpayers who are having specific problems with the IRS.<sup>5</sup> The TAS maintains detailed information about these cases on the Taxpayer Advocate Management Information System. This system includes codes that represent the issue affecting the taxpayer for each case worked by TAS Case Advocacy Program personnel. However, TAS management stated Systemic Advocacy Program personnel do not analyze available Case Advocacy Program data to identify systemic problems that could be analyzed in a Project. They rely on the case advocates to identify and submit potential systemic issues through the SAMS.

Analysis of Case Advocacy Program data for the identification of potential Systemic Advocacy Projects is especially important because TAS inventory in the Case Advocacy Program has

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<sup>5</sup> In order for a taxpayer to have a case worked in the Case Advocacy Program, generally, the taxpayer must have an issue that is causing either an economic or systemic burden.



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increased by 37.8 percent between FY 2005 and FY 2009. By analyzing available information on their system, TAS management may be able to identify issues causing problems for multiple taxpayers and initiate Systemic Advocacy Projects. This type of analysis could result in legislative or administrative recommendations that would prevent these problems from affecting taxpayers in the future. This could reduce taxpayer burden and the TAS Case Advocacy Program resources needed to assist those taxpayers.

## **Recommendations**

The NTA should:

**Recommendation 1:** Require that TAS personnel perform and document sufficient research to support a potential systemic issue exists and affects a large number of taxpayers prior to initiating a Systemic Advocacy Project.

**Management's Response:** TAS management agreed with our recommendation and has begun implementing significant changes to the issue review process.

**Recommendation 2:** Review Case Advocacy Program data to identify systemic issues that should be elevated to Systemic Advocacy Projects.

**Management's Response:** TAS management disagreed with our recommendation and stated that Systemic Advocacy already uses Case Advocacy Program data in its processes. As a result, TAS management did not propose any corrective actions associated with our recommendation.

**Office of Audit Comment:** Management stated that Systemic Advocacy already uses Case Advocacy Program data in its processes. Specifically, management stated in their response that they advised the audit team that they review Case Advocacy Program data on a regular basis and incorporate that information in its Projects. 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 through the SAMS. Further, management did not provide us any examples of weekly reports that they receive on TAS case receipts for our review during our audit. While the examples cited in TAS' response seem to address the intent of our recommendation, we cannot comment on whether these examples fully address our recommendation because we were not advised of this during our audit and we did not evaluate these practices. We believe 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 to ensure that Systemic Advocacy personnel consistently implement this analysis.



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## **Additional Performance Measures Would Enable Management to More Fully Evaluate the Effectiveness of Systemic Advocacy Projects**

We believe additional measures that link the results of the Systemic Advocacy Projects to the overall goal of the Systemic Advocacy Program would help management in evaluating the Projects' success and ensure TAS resources are focused on the most impactful areas related to systemic issues. Selecting meaningful performance measures is essential for management to evaluate the success and impact of its programs. TAS management has implemented two specific performance measures to assess the effectiveness of its Advocacy Projects:

- 1) The number of projects closed per Full-Time Equivalent.<sup>6</sup>
- 2) The timeliness of IRS management's corrective actions on recommendations made by the TAS.

In our opinion, these performance measures provide some benefit, but they do not provide TAS management with enough information to assess whether its Projects affected tax administration in a positive manner. Further, they do not provide a link to the overall goals management hopes to accomplish with its Projects.

For the first performance measure, the TAS reported they closed 12.6 Immediate Interventions and 7.1 Advocacy Projects per Full-Time Equivalent in FY 2009. While this information may help gauge the productivity of Systemic Advocacy Program personnel, it does not provide management with any information about the impact Projects have on resolving systemic problems affecting taxpayers.

The second performance measure focuses on whether the IRS takes corrective action on recommendations made by the Systemic Advocacy Program within certain time periods (1 year on Immediate Interventions, or within 2 years on Advocacy Projects). While this measure assists management in capturing the timeliness of management's corrective actions, it does not fully measure the effectiveness of its Projects. In addition, we determined that only 31 of the 134 Projects closed in FY 2009 contained recommendations in the appropriate field on the SAMS. As a result, this measure excludes 103 (77 percent) Projects closed without recommendations.

In 2008, the NTA contracted with an outside consultant to review the Systemic Advocacy Program's processes and measures. Although a draft report was submitted to the NTA, we were unable to obtain a copy of their preliminary results due to the NTA's preference to wait until the final report was issued because of her significant disagreement with the consultants' findings and recommendations. By the end of our fieldwork, the consultant had not issued a final report

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<sup>6</sup> A measure of labor hours in which 1 Full-Time Equivalent is equal to 8 hours multiplied by the number of compensable days in a particular fiscal year.



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summarizing the results of their study. As a result, we are unaware if any recommendations will specifically affect the performance measures of Advocacy Projects.

Additional measures, such as number of projects with recommendations, number of taxpayers potentially affected, and number of procedural and/or legislative changes resulting from the Projects, would assist management in fully evaluating the success of its Projects in meeting its goals of identifying and resolving broad-based taxpayer problems.

### ***Recommendation***

**Recommendation 3:** The NTA should develop and implement additional performance measures that capture the Systemic Advocacy Projects' effectiveness in identifying and resolving systemic issues affecting taxpayers.

**Management's Response:** TAS management agreed with our recommendation and stated they are in the process of revising their measures.



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## **Appendix I**

### *Detailed Objectives, Scope, and Methodology*

Our overall objectives were 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. To accomplish our objectives, we:

- I. Determined whether an adequate process has been implemented to identify and prioritize Systemic Advocacy Projects.
  - A. Reviewed the Internal Revenue Manual and interviewed TAS personnel to determine the methodology used to identify and prioritize Systemic Advocacy Projects.
  - B. Determined the source of the potential systemic issues by analyzing the SAMS.
  - C. Determined whether Systemic Advocacy Program personnel are required to quantify the number of taxpayers potentially affected when screening systemic issues by:
    1. Reviewing the Internal Revenue Manual and interviewing Systemic Advocacy Program personnel.
    2. Selecting a judgmental sample of 25 Advocacy Projects closed in FY 2009 from a population of 134 to assess whether Systemic Advocacy Program personnel considered the impact on taxpayers. We chose a judgmental sample based primarily on the location of the analysts assigned to the Projects in an effort to limit our site visits due to resource constraints. We also selected our sample to include a cross-section of issue types, submitters, cycle time,<sup>1</sup> and recommendations.
- II. Determined whether TAS management adequately measures the impact of Systemic Advocacy Projects on taxpayers.
  - A. Interviewed TAS Systemic Advocacy Program management and determined how the impact of Systemic Advocacy Projects is currently measured.
  - B. Requested the report related to the Systemic Advocacy Program provided to TAS management by the independent contractor to identify any recommendations related to Advocacy Projects.

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<sup>1</sup> Cycle time refers to the elapsed calendar days on completed Advocacy Projects.



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**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 TAS' policies, procedures, and practices for evaluating whether issues received through the SAMS should be elevated to Systemic Advocacy Projects. We evaluated these controls by interviewing management and reviewing Advocacy Project files.



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## **Appendix II**

### *Major Contributors to This Report*

Nancy A. Nakamura, Assistant Inspector General for Audit (Management Services and Exempt Organizations)  
Jeffrey M. Jones, Director  
Janice M. Pryor, Audit Manager  
Joseph P. Smith, Lead Auditor  
Yasmin B. Ryan, Senior Auditor  
Melinda H. Dowdy, Auditor  
Donald J. Martineau, Auditor



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**Appendix III**

*Report Distribution List*

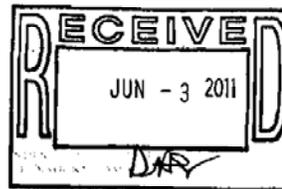
Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy National Taxpayer Advocate TA  
Executive Director, Case Advocacy TA:EDCA  
Executive Director, Systemic Advocacy Systems TA:EDSA  
Chief Counsel CC  
Director, Office of Legislative Affairs CL:LA  
Office of Program Evaluation and Risk Analysis RAS:O  
Office of Internal Control OS:CFO:CPIC:IC  
Audit Liaison: National Taxpayer Advocate TA



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**Appendix IV**

*Management's Response to the Draft Report*



May 27, 2011

MEMORANDUM FOR MICHAEL R. PHILLIPS  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Nina E. Olson *Nina E. Olson*  
National Taxpayer Advocate

SUBJECT: Draft Audit Report – The Identification and Evaluation of  
Systemic Advocacy Projects Designed to Resolve Broad-  
Based Taxpayer Problems Can Be Improved (Audit  
No. 201010002)

I appreciate the opportunity to comment on the draft audit report, *The Identification and Evaluation of Systemic Advocacy Projects Designed to Resolve Broad-Based Taxpayer Problems Can Be Improved*. I agree generally that the evaluation of Systemic Advocacy projects can be enhanced and intend to implement two of the three recommendations the report makes.

Before I respond to the specific recommendations, I will provide my perspective on the three principal issues the report addresses: (1) the process for selecting advocacy projects; (2) the use of case advocacy data to identify systemic issues; and (3) the usefulness of existing performance measures.

**Selection of Advocacy Projects**

The Taxpayer Advocate Service (TAS) receives suggestions for advocacy projects from a variety of sources. As your report notes, we received 860 suggestions in FY 2009 and selected 19 to work as Immediate Interventions and 116 to work as Advocacy Projects. The report says the audit team examined a judgmental sample of 25 projects and found that 13 of the project files did not contain documentation to demonstrate that the issue affected multiple taxpayers.



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I agree with the report's conclusion that TAS did not always fully document whether an issue was systemic. However, I disagree with the assertion that the underlying problems in the 13 projects "were generally caused by isolated mistakes or confusion by the taxpayer, the taxpayer's representative, or an IRS employee." While the documentation in the files may not have been sufficient to prove systemic impact, it does not necessarily follow that those projects did not have systemic impact. To the contrary, I have personally reviewed the 13 projects the audit team identified as lacking documentation, and I found potential systemic issues in almost all of them. Issues are regularly raised with me by practitioners and other tax professionals. As the National Taxpayer Advocate, I reserve the right to direct that a project be created based on my extensive experience in tax administration and detailed knowledge of IRS processes and systems. In at least one case where the project file did not specifically document multiple taxpayer impact, I personally directed that an Advocacy Project be created based on my knowledge that the issue was systemic.

For example, Systemic Advocacy opened one project relating to Individual Taxpayer Identification Number (ITIN) applications where the requesting individual could not secure a birth certificate due to civil unrest in his country of origin. Although project notes did not specify the number of taxpayers impacted, I determined this to be a systemic issue due to the fact that many individuals seek asylum in the United States each year and cannot obtain birth certificates from the countries from which they have just fled. We had identified a related issue as a Most Serious Problem in a past Annual Report to Congress. Moreover, it is clear from even a cursory analysis of this issue that there are many places in the world where government infrastructure has deteriorated or become non-existent because of war or economic decline. The United States accepts refugees and asylees from many of these nations. It is not necessary to identify all such nations and quantify the potential number of individuals who could be impacted for the National Taxpayer Advocate to determine whether this issue is systemic in nature.

Another project where we disagreed with TIGTA's assessment of systemic impact involved refund offsets during military deferment. We opened a project based on just one known example because of the sensitivity of the issue and our reasonable assumption that this issue could impact hundreds of thousands of taxpayers that serve in the military.

TIGTA notes that certain projects were closed without any recommendations. In many cases, Systemic Advocacy was able to reach agreement with the IRS on a satisfactory resolution to the issue. With respect to the birth certificate issue mentioned above, for example, we were able to work with the Wage and Investment division to develop procedures for alternative ways of authenticating documentation for ITIN applicants who were unable to secure birth certificates due



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to civil unrest in their countries of origin. Accordingly, it was not necessary for Systemic Advocacy to make a recommendation in this project.

I also do not necessarily agree with the report's statement that "a more detailed screening of issues will assist TAS management in ensuring that a proposed Project is an efficient use of limited TAS resources and helps TAS management meet the overall goals of the Systemic Advocacy Program." A "more detailed screening of issues" requires more resources. Whether that detailed screening occurs before an issue is turned into an Advocacy Project or afterward as it does now, it will require the same amount of resources to perform the analysis. However, I share your view that up-front screening makes more logical sense and is preferable.

As the report notes, TAS has taken steps to improve the selection of Advocacy Projects, and further improvements are planned. At the time most of the Advocacy Projects analyzed for this audit were selected, the review of all SAMS submissions was done via a spreadsheet prepared by the SAMS Program Managers. Any documentation, research, or notes were kept on the individual reviewer's computer. The Program Managers provided their comments in the spreadsheet. While the IRM provided guidelines on how to conduct research and work an issue submission, there were no set procedures regarding which databases or sources should be consulted when researching an issue. After the Program Managers completed their review, the spreadsheet was then sent to the Director, Immediate Interventions (Level 2) who reviewed it, added comments, and sent it forward to the Director, Advocacy Projects (Level 3). The Director, Immediate Interventions, made Immediate Intervention project selections and suggested issues for Advocacy Projects. The Director, Advocacy Projects, made the final decision as to project creation.

When SAMS II was implemented in March 2009, the review process became automated and was conducted on SAMS itself. The new system allowed research notes and actions to be input into the system and attached to the issue. Relevant files could also be uploaded and attached to the issue submissions.

Additional changes were implemented in July 2009. Once an issue was promoted to Level 2, the Portfolio Managers provided additional research and analysis. The Director, Field Systemic Advocacy, was added as the Level 2 reviewer, and the new Director, Immediate Interventions and Advocacy Projects, became the Level 3 reviewer with final approval authority. This new process created an extra layer of review at Level 2, including subject matter experts and organizational awareness of issue impact from the Portfolio Managers, and it provided insight and information from the field by incorporating the Director, Field Systemic Advocacy, into the process.



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Beginning in March 2011, Systemic Advocacy implemented an enhanced Level 1 review process that will strengthen documentation and case building prior to a determination of whether a project is warranted. At Level 1, all submissions will involve a first read by a SAMS Program Manager who will classify the issue and reach out to the submitter for additional information. The new process will also standardize and expand the research performed at Level 1. Systemic Advocacy created an "issue build guide" that details all sources that must be consulted when researching an issue. This includes reaching out to a subject matter expert and to the Operating Divisions for additional information when warranted.

At Level 2, a cross-functional TAS team will review all issues and related research, and rank issues based on a set of factors. Each member of the Level 2 team will also recommend next steps for handling the issue, including the options of creating an Advocacy Project, an Immediate Intervention, or Information Gathering Project (IGP) or referring the issue elsewhere within TAS (e.g., Technical Analysis and Guidance, Local Taxpayer Advocate). Members of the cross-functional team will take ownership of issue submissions that fall within their jurisdiction.

Finally, at Level 3, a cross-functional team of TAS executives, Directors, and managers will work together to review the issue and related research and decide how the issue should be resolved. The proposed changes to the SAMS issue review process will incorporate various levels of expertise and provide a broader perspective on the issues. This enhanced review process will improve Systemic Advocacy's ability to identify the scope and impact of issues and therefore make better decisions regarding which issues should be pursued as projects or other advocacy initiatives.

We believe these changes will substantially improve the selection process for Systemic Advocacy Projects.

**Use of Case Advocacy Data**

The audit report states that "interviews with TAS management found that the Systemic Advocacy Program does not analyze available Case Advocacy Program data to consider whether Projects should be initiated." While I was not present at all interviews the audit team conducted, management repeatedly advised the audit team that Systemic Advocacy reviews Case Advocacy data on a regular basis and incorporates that information into its project work. Systemic Advocacy management receives weekly reports on TAS case receipts and monitors those reports for possible issues that may need to be addressed through a project. In most instances, Systemic Advocacy already has an open project or another advocacy initiative (e.g., an Information Gathering Project (IGP) or task force) on the top issues in Case Advocacy. Systemic Advocacy also regularly uses TAMIS



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data to evaluate whether an issue or an IGP needs to be elevated to an Advocacy Project.

Additionally, Systemic Advocacy executives and management regularly participate in meetings and briefings with the TAS Case Advocacy function and other TAS senior leaders to discuss emerging issues in TAS and identify ways to collaboratively address them. In the past few months, SA has begun hosting a bi-weekly technical topics call with individuals from throughout TAS – including Case Advocacy – to discuss various technical issues seen in case or project work and identify potential solutions.

While I share the audit team's view that Case Advocacy data can play a significant role in helping TAS identify systemic issues, Systemic Advocacy is already utilizing this information and the audit team's recommendation is already part of our operating procedures.

**Systemic Advocacy Quality Measures**

The development of a practical and meaningful suite of performance measures for TAS's systemic advocacy efforts is an extremely challenging task. Any such measures will, at best, be rough approximations that are based on informed judgments. This is true for a number of reasons.

Many of TAS's contributions to the prevention and resolution of systemic problems cannot be easily captured. For example, the National Taxpayer Advocate's annual reports describe in detail at least 20 of the most serious problems facing taxpayers and make numerous recommendations for administrative and legislative change to remedy the identified problems. Sometimes, TAS's recommendations stimulate discussion that leads to solutions different from the ones recommended but that achieve the same goal. In such cases, isolating and quantifying the extent to which TAS contributed to the final outcome in a rigorous and objective way may not be possible.

Similarly, TAS staff members participate on numerous cross-functional working groups within the IRS that work on systemic issues. All members of working groups tend to contribute ideas, and final decisions often reflect a composite of what has been suggested. Here, too, accurately quantifying the impact of TAS's participation may not be possible.

Even when it is clear that TAS's advocacy efforts have been successful, it can be difficult or impossible to quantify the impact of those efforts. TAS has developed a number of criteria that apply when evaluating the potential impact of systemic issues. These include, among others:



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- The scope of the issue (*i.e.*, how many taxpayers are impacted).
- The sensitivity and visibility of the issue to external stakeholders, such as the taxpaying public, Congress, the press, and external oversight organizations.
- The severity of the burden the systemic issue is imposing on taxpayers.
- The extent to which taxpayer rights are impacted.
- The likelihood that TAS can use its influence to help effect a solution.

While the scope of the issue can sometimes be quantified (based on the information available, it is not always possible to accurately estimate the number of impacted taxpayers), the other criteria can only be evaluated by the exercise of informed judgment, and all of the applicable criteria must be weighted and combined to reach a final "score" for the issue. This weighting process is inherently judgmental.

The Service's recent decision to implement registration of return preparers is a good example of the difficulty of estimating the impact of a successful advocacy effort. While TAS strongly and visibly advocated for this initiative for a number of years, the IRS and a number of other stakeholders all played key roles in the process that led to eventual implementation. It's not clear what percent of the "credit" should be allocated to TAS for this successful outcome. Nor is it clear what the ultimate impact will be on taxpayer compliance, taxpayer burden, the IRS, preparers, or other stakeholders, and hence, how to quantify the impact.

TAS is also dependent on the IRS and Congress (*i.e.*, when legislative change is required) to effect its recommendations. For example, TAS identified the need for tax reform as the number one problem impacting taxpayers last year, and proposed a framework for simplifying the tax code. This is an extremely ambitious goal that impacts all Americans and will require the reconciliation of numerous competing interests. TAS has little influence over this process, and cannot reasonably be held accountable if this recommendation is not implemented. Nor is it clear how to quantify the credit TAS should receive if and when tax reform is ultimately enacted.

Despite the unusual nature of TAS's systemic advocacy role, we recognize that performance measures may assist TAS management in maximizing our effectiveness. As a result, we have piloted several measures in recent years, and we retained MITRE to get the benefit of an external perspective.



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After considering all of these efforts – as well as helpful suggestions from TIGTA, the GAO and the IRS Oversight Board – I issued a memo to TAS's senior staff in March outlining my vision for systemic advocacy measures (a copy of an updated memo is attached). I shared that memo with the audit team. It makes clear that our current measures are insufficient. Systemic Advocacy is in the process of revising our current quality measures to bring them more in line with the systemic advocacy work we do throughout TAS.

I see our future Systemic Advocacy quality measures falling into three categories:

1. Issue identification;
2. Issue analysis; and
3. Issue recommendations and advocacy.

I believe that this shift in focus – from measures that focus primarily on how we evaluate potential systemic issues to measures that focus on how TAS as an organization handles potential systemic issues from start to finish and the impact our actions have on resolving the issues – will enable us get a better handle on the effectiveness of systemic advocacy throughout TAS.

Thank you for the opportunity to review and comment on this report. Attached is a summary of our response to your specific recommendations outlining our planned corrective actions. If you have any questions or concerns, please contact me, or a member of your staff may contact Rena Girinakis at (317) 685-7573 or Chris Lee at (202) 622-8391.



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**Attachment 1**

**Summary of TIGTA Recommendations and Management Response**

**RECOMMENDATION #1:** *Require that TAS personnel perform and document sufficient research to support a potential systemic issue exists and affects a large number of taxpayers prior to initiating a Systemic Advocacy Project.*

**CORRECTIVE ACTION:** We have already begun implementing significant changes to the issue review process and will complete implementation of the enhanced process in the next few months.

**IMPLEMENTATION DATE:** July 2011.

**RESPONSIBLE OFFICIAL:** Executive Director, Systemic Advocacy.

**CORRECTIVE ACTION MONITORING PLAN:** We will monitor this corrective action as part of our internal meetings. The Deputy Executive Director, Systemic Advocacy, will report on the progress of these actions to the Executive Director, Systemic Advocacy.

**RECOMMENDATION #2:** *Review Case Advocacy Program data to identify systemic issues that should be elevated to Systemic Advocacy Projects.*

**CORRECTIVE ACTION:** Systemic Advocacy already uses Case Advocacy data in its processes; as a result, there are no corrective actions associated with this recommendation.

**IMPLEMENTATION DATE:** N/A.

**RESPONSIBLE OFFICIAL:** N/A.

**CORRECTIVE ACTION MONITORING PLAN:** N/A.

**RECOMMENDATION #3:** *The NTA should develop and implement additional performance measures that capture the Systemic Advocacy Projects' effectiveness in identifying and resolving systemic issues impacting taxpayers.*

**CORRECTIVE ACTION:** TAS agrees that the current Systemic Advocacy quality measures do not adequately capture the systemic problem resolution work that occurs throughout TAS and is in the process of revising its measures.



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**IMPLEMENTATION DATE:** December 2011.

**RESPONSIBLE OFFICIAL:** Deputy Executive Director, Systemic Advocacy.

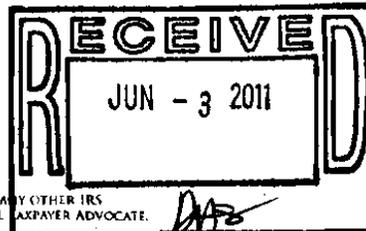
**CORRECTIVE ACTION MONITORING PLAN:** We will monitor this corrective action as part of our internal meetings. The Deputy Executive Director, Systemic Advocacy, will report on the progress of these actions to the Executive Director, Systemic Advocacy.



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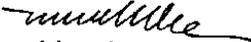


THE OFFICE OF THE TAXPAYER ADVOCATE OPERATES INDEPENDENTLY OF ANY OTHER IRS OFFICE AND REPORTS DIRECTLY TO CONGRESS THROUGH THE NATIONAL TAXPAYER ADVOCATE.



March 22, 2011

MEMORANDUM FOR DEPUTY NATIONAL TAXPAYER ADVOCATE,  
EXECUTIVE DIRECTOR SYSTEMIC  
ADVOCACY, EXECUTIVE DIRECTOR CASE  
ADVOCACY, SENIOR ADVISOR TO NTA, AND  
SENIOR ADVISOR TO NTA - RESEARCH

FROM: Nina E. Olson   
National Taxpayer Advocate

SUBJECT: Systemic Advocacy Measures

Measuring the effectiveness of the Taxpayer Advocate Service's (TAS) is a significant challenge, not least because systemic problems do not lend themselves to "unit" measurement and TAS usually has no direct control over whether any of our recommendations are actually implemented. Moreover, by design and by statute, systemic advocacy is the responsibility of *all* TAS employees. Although the Office of Systemic Advocacy (SA) is responsible for coordination of various aspects of TAS's systemic advocacy efforts, and Field Systemic Advocacy (FSA) works many of TAS's systemic advocacy projects, other TAS personnel have a responsibility to identify and work on systemic issues. Therefore, any measures of TAS systemic advocacy initiatives cannot be designed to solely measure the performance of a particular TAS office (e.g., the Office of Systemic Advocacy). Instead, the suite of measures should be designed to reflect the performance of TAS as a whole with respect to advocating for systemic improvements and change.

In developing these measures, there are several key stages of activity that, when properly measured, will let the National Taxpayer Advocate and other TAS executives know whether TAS is doing a good job in systemic advocacy and help us identify areas for performance improvement. Although each of these are discussed in greater detail below, they are:



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- **Issue Identification:** Are we identifying the correct issues? Is TAS conducting the appropriate outreach to employees, taxpayers, and other stakeholders, as well as self-directed research? Do we have an appropriate tracking and ranking system once issues are identified, and are we using the correct factors to select the most significant issues (however defined) for review? What is the review process for issue selection, and does it include a diversity of skills and perspectives? Finally, do we have an adequate method of tracking issues so that we are able to manipulate and perform research on the issue database itself? That is, are our systems and work processes designed to enable us to recognize patterns that indicate a systemic problem?
- **Issue Analysis:** Once we have identified an issue and are satisfied that it is of sufficient significance to warrant additional investigation and analysis, are we ensuring that the issue is assigned to the correct TAS function and that the appropriate personnel are conducting the analysis? Are we utilizing all of the internal and external resources TAS has available to it? Do our investigations have sufficient levels of analysis and review, so that there are various points in the process for management and others to determine whether the issue is, in fact, as significant as we first thought? In our projects and teams, have we articulated the outcome we want to achieve? Do we have a system for tracking, recording, and archiving *all* of the activity on an issue, by all levels of TAS personnel?
- **Issue Recommendations and Advocacy:** After conducting a thorough analysis of the issue and identifying desired outcomes, has TAS made specific, actionable, administrable, and reasonable recommendations of actions necessary to mitigate or resolve the issue? Have we identified ways of measuring – on an issue by issue and even recommendation by recommendation basis – whether the recommendation, if implemented, actually achieves the outcome we desire? What behavior or procedure do we want to change? What must TAS do to effect those changes? Systemic advocacy does not stop once we have made our recommendations. TAS must do more than merely “monitor” or “track” our recommendations – we must advocate for them! So: what must we do to get and sustain the attention necessary to effect change? If we are not getting attention to this issue, do we have a process for re-evaluating the issue, to determine whether it is still a problem, or whether our analysis or recommendations are still valid or need to be revised? Are the issue and recommendations so significant and substantial that TAS needs a multi-year strategy for advocating for attention and change?

There are three concerns that are common to each of the three general stages of systemic advocacy. First, each stage requires a robust data and document



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tracking system that is based on rigorous and consistent application of keywords and other typological classifications. This system must be available for use by all TAS personnel, and the classification system must be consistent throughout all TAS functions (*i.e.*, the same keywords should be used for systemic and case advocacy). These capabilities can be developed now, for further systemization in the new Taxpayer Advocate Service Integrated System (TASIS).

Second, each stage requires that TAS utilize all the resources that are available to it. That is, TAS is composed of many different parts, each possessing different knowledge, skills, and perspective. TAS will only be successful in advocating for systemic change if it involves those different entities throughout the systemic advocacy process. Thus, it is imperative that not only SA and FSA are involved in this process, but other TAS functions, including TAS attorney advisors, TAS Research, the Executive Director of Systemic Advocacy (EDCA), Local Taxpayer Advocates (LTAs), TAS Technical Advisors, Taxpayer Accounts and Guidance (TAG), Vision and Strategy (V&S), Communications and Liaison (C&L), the Low Income Taxpayer Clinic Program Office, the Taxpayer Advocacy Panel.

Finally, each stage requires TAS personnel to recognize the appropriate points when an issue should be elevated not only to immediate supervisors but also the National Taxpayer Advocate or other TAS executives. There are times when issues get bogged down at lower levels. TAS will only work effectively if its employees can raise significant areas of concerns with TAS leadership, for their information and action. On a daily basis, TAS leadership meets with other IRS officials and each such meeting presents an opportunity to discuss, educate, and reach agreement about systemic problems. Thus, an educated and informed TAS leadership furthers TAS's efforts at systemic advocacy.

The following discussion elaborates on some of the points identified above.

**Issue Identification: Outreach and SAMS submissions**

Analysis of TAS's effectiveness at issue identification raises several questions. Are we making ourselves available to getting information about issues and problems experienced by taxpayers? Once we are out there, are we actually seeing the issues? And once we see the issues, are we actually elevating them? Each of these questions lends itself to specific performance measures or diagnostic measures.

TAS achieves issue identification in several ways, including:

- (i) **SAMS (and promotion of SAMS):** SAMS submissions are an important source of potential issues, thus it is important to measure the SAMS participation or usage rate. This rate, however, must be multi-faceted:



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for example, how many LITCs or TAP members submit issues? how many LTA offices submit issues? how many TAS employees submit issues? Do we get issues from the public in every state?

- (ii) ***LTA Outreach:*** We have a requirement that LTAs conduct significant grassroots outreach -- it is in our program plan for each fiscal year, and each LTA must submit an outreach plan, C&L tracks that plan and maintains an outreach database of the reports each LTA provides about his or her actual outreach activities. We have already decided to include a specific requirement that LTAs promote SAMS, and Systemic Advocacy created a "talking point" handout for the LTAs that will be in the Advocate Toolkit.
- (iii) ***Systemic Advocacy Outreach:*** This year Systemic Advocacy had a booth at our CPE on SAMS, and case advocates and other TAS employees could come up and actually input issues on SAMS as a walk-through. We can test awareness of Case Advocates of SAMS before and after the CPE or see if we get more issues after such outreach. Moreover, SA could seek out opportunities to set up booths at trainings or events involving other IRS Operating Divisions and Functions, and monitor submissions after those events for any uptick attributable to them.
- (iv) ***Tax Forums:*** We not only have a SAMS booth at IRS Tax Forums but also hold focus groups and TAS plenary programs -- we can track what issues we get from the focus groups and forums -- perhaps we can program SAMS to identify the source of the submission so that we know it is being submitted at the Tax Forum.
- (v) ***Low Income Taxpayer Clinics:*** LITCs now have systemic advocacy in their mission statement. We have developed performance measures for the program, one of which is whether they are putting issues on SAMS. We can track this. We can take the same approach with the Taxpayer Advocacy Panel (TAP).
- (vi) ***Attorney-advisors/Technical Advice and Guidance (TAG)/Vision & Strategy (V&S)/Internal Technical Advisory Program (ITAP):*** These folks are in the position to identify and submit very significant items on SAMS. Are they utilizing it appropriately?
- (vii) ***NTA/DNTA/EDSA/EDCA outreach:*** TAS executives receive a significant number of issues when they speak to audiences both external and internal to the IRS. In TAS executives' travel/meeting folders, they should have a paper form that they can fill out with



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information about the issue, which they can bring back to SA with the information for input on SAMS. This information can include contact information for the audience member who raised the issue. Area Directors also should utilize this for their speaking engagements and their employee town halls. This should just be part of the travel folder. In this way we can begin to track some of the invisible issues we generate, plus the source.

- (viii) **Case Advocates/TAMIS:** Last but certainly not least! Currently in TAMIS, before a case advocate closes a case, he or she is asked if there are any systemic issues arising in the case. There is a text screen for this question. Unfortunately, it does not link directly to SAMS. This change will occur in TESIS – the Case Advocate will input the information and the entry will automatically be sent to SAMS with the related case number and case advocate information, related issue codes, etc. Moreover, in TESIS, we will have interim case closings for each issue in the case, so we can prompt the case advocate each time he or she closes out an issue in the case to identify whether there was a systemic problem with respect to that issue. This gives us real time data, but also makes it seamless for the case advocate and removes some current burdens to their submitting issues on SAMS. TESIS, I note, is only two years away!

However, even in today's clunky TAMIS environment, we can do better with case advocate issue identification – by creating performance commitments for LTAs and managers, and charging the Lead Case Advocates to help the Case Advocates identify systemic issues and submit them on SAMS. This can occur at the early intervention reviews, at the closed case review stage, etc. Just get the managers or Lead Case Advocates to ask the question: was there a systemic issue? If so, let's put it on SAMS.

#### **Issue Ranking and Data Build**

Once we have the issues coming in, we need to ensure that we are selecting the right ones to work. This requires a two-part analysis: first, are we using the appropriate criteria to analyze the urgency and importance of the issue; and second, do we have the right personnel, with the right skills, making that analysis? There is also a third consideration: when does that analysis occur – at the beginning intake, or when assigned to an analyst, or a combination of the two?



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- (i) With respect to criteria, we currently have five stated criteria. Frankly, I do not see why the stated criteria should differ from the criteria used in ranking the Most Serious Problems (MSPs), which seems more in-depth. The more in-depth criteria include elements of Congressional interest, general public awareness, National Taxpayer Advocate interest. We also have a high-level measure of "numbers of taxpayers impacted" -- high/medium/low. I believe we should expand our ranking criteria to include the MSP criteria, and even consider other factors. Moreover, we should consider the weighting of criteria -- in certain instances, the violation of a taxpayer right weighs more heavily than the number of taxpayers impacted.
- (ii) Having said that we should use the full MSP or expanded ranking criteria, not all of the information necessary to identify a good issue will be available to the frontline "SAMS intake reviewers" -- even if they do some research themselves. Moreover, as now configured, the SAMS intake reviewers may not have the background or perspective to know what is an issue of interest to the NTA, or of key importance to collection or exam. (This observation is not a slight to the reviewers -- it really does take multiple perspectives to do comprehensive issue identification.)
- (iii) The SA intake reviewers can continue to do a "first read" and identify the issues that clearly are associated with an existing project, or that need to be referrals to C&L or TAG or elsewhere. They should also have a lookout for the ones that are truly emergencies, which I think we are already forwarding immediately to the Advocacy Program Director for review. We can formalize this review by keeping the current five criteria for the first level review. I'm not suggesting that we change that approach.

But I am suggesting that the next step in the process includes a broader team that takes a closer look at the remaining issues, and analyses them from the broader MSP criteria and conducts an initial "data build." I have suggested that we create an intake review team that includes a rotating attorney advisor and technical advisor, representatives from FSA, EDCA, LITC, V&S, and maybe even a research representative so we can get some basic "scoping". Considerations would include Congressional/NTA interest, and the attorney advisors should be able to bring that perspective (or at least, if questions arise, they can easily check in with the NTA).



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After this second level review, recommendations for advocacy issues should be forwarded to a manager/director team, composed of the EDSA, SA and FSA directors, and the Supervisory Attorney Advisor. This group will decide whether the issue should be classified as an information gathering project, a potential project, an immediate intervention, or an actual advocacy project, or be elevated to the NTA for consideration as a legislative recommendation or a most serious problem, or transferred to TAG for internal TAS guidance on how to deal with the issue on a case-by-case basis.

Once the issue is assigned to the analyst, there should be an interim review – this is where the analyst actually gets better impact numbers if possible. I think we already have built in a managerial review of projects within a certain number of days to make sure the analyst is on track – so it makes sense that this is the time when the analyst would present his or her own analysis of the ranking. Do we have better impact numbers? Do we have a better understanding of the taxpayer rights impacted? Is the impact more severe (not just numbers of taxpayers affected but the nature and severity of harm per taxpayer) than we originally anticipated? The analyst would discuss this with the manager at this early intervention review. It is possible the project would not be made a project. Perhaps projects should be “tentative” projects until the analyst has done his or her preliminary work and had the discussion with the manager. (We will need to modify these procedures slightly for immediate interventions.)

This analysis is not unlike what happens in case advocacy: we get a taxpayer issue code at the outset which is just what the taxpayer is presenting us; we (TAS) identify a primary issue code at the start of the case, but as we work the case we identify other issues in the case, and before we close the case we have to revisit the primary issue code to identify what we really think was the primary problem, after working through all the case. (We are changing this a little with the development of TESIS, but the tiered approach is the same.)

- (iv) I think this approach answers the third consideration: when and by whom should the analysis be conducted? My answer: at both the intake and the analyst levels.



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**Issue Resolution or Mitigation: Outcomes and Recommendations**

Once we have sought out issues, identified them, elevated them, reviewed them, and analyzed them, we need to measure our resolution of the issue. This measure has several components – including accuracy. But the main components here are, what are the outcomes we want to achieve and how will our recommendations help achieve those outcomes? Thus, we need an outcome measure. *However, that outcome measure must be specific to each project.*

What I am proposing is that we require each analyst, working with his or her manager, to identify the desired outcome of any project established on SAMS (or an immediate intervention). We can develop a few standard outcomes, but I emphasize that outcomes should be specific to the project and not cookie-cutter. For example, if the problem is that there are too many accidental forest fires, and the recommendation is to conduct a public information campaign to increase awareness of the problem and thus change campers' behavior (*i.e.*, being more careful), the outcome measure must in some way measure whether accidental forest fires have decreased.

This can be similar to the way case advocates work specific cases: in a levy case they want several outcomes: to release the levy and perhaps return levy proceeds, but also to achieve full compliance for the taxpayer (put them in an IA or OIC or even CNC), and finally to educate the taxpayer so the situation doesn't happen again. We are tracking these components in case advocacy in various ways. For example, with TISIS we should be able to see a box checked "Levy released" or "OIC accepted" or something like that. We also have a more global "relief/partial relief/law prevents relief etc" measure. Finally, we have case quality attributes addressing whether the case advocate educated the taxpayer about how to avoid the problem in the future. How would we do this on the systemic advocacy side?

I don't know how we roll this up into an overall effectiveness measure – except to say that in "x" percent of our projects, once implemented, our recommendations achieved their desired outcomes. Note the language, "once implemented." If the IRS refuses to make the changes, or Congress doesn't pass recommended legislation, then we can't measure whether our recommendations achieved their outcomes.

As an intermediate step to achieving final outcome, we should also keep our existing measure of whether the IRS or Congress took action on our recommendations. That at least shows, in a rough sort of way that, we have hit on something that is of some import, that resonates with folks. The same rationale exists for tracking the level and nature of media coverage – if our



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analysis resonates with the public, then that is an affirmation that we have identified an issue that the taxpaying public perceives as a problem. I get emails and letters about our ARC all the time. I could forward them to systemic advocacy and they could be associated with the project (in TESIS, we can digitize paper documents and make them part of the electronic project file).

If you think about it, between the outreach, identification, elevation, analysis, "acted on" and the "outcome" measures, we have made visible – and are measuring – our effectiveness with each step of advocacy. There are certainly subsidiary attributes we can develop for each of these stages. And each of these stages have components of shared responsibility. For example, if we are looking at the "acted on" measure, we should be aligning the outreach that LTAs do with their congressional offices at the CAP conference with the related projects or MSPs. Thus, when they give us the information on which issue is of interest to which congressional office, we can align that information with the underlying issue. We also need to capture at a high level the work that the NTA and the Senior Advisor to the NTA do with congressional offices and the Department of Treasury. And SAMS should have a check box where the issue has been highlighted in congressional testimony, or if there has been legislation introduced. If the checkbox is marked, a drop down text box appears, so the analyst can link to the testimony or legislation. (This approach requires that we have a consistent keyword and typology system in place.)

This latter approach, of course, implies that we are actively advocating for and tracking what is happening with these issues. Right now, I doubt that SAMS (or the related analysts) picks up all the activity that occurs on these projects or even MSPs. Do we have the ability to track whether a Taxpayer Advocate Directive was issued on the subject, or a Taxpayer Rights Impact Statement? Did we submit changes to an IRM? That would be an outcome measure – we want the IRM changed. If it is changed, has the problem been mitigated? Did we establish a team in which we collaborated with the Operating Divisions to develop a resolution to an issue? Is that the outcome or is it the recommendations of the team? That is, were the recommendations implemented, and if so, did they have the desired effect on mitigating the issue. We clearly need to track these activities (and related records) on TESIS, if not SAMS.

#### **Conclusion**

As noted earlier, the development of performance measures of TAS's effectiveness at systemic advocacy is inherently difficult. However, the approach outlined above provides a basis for establishing meaningful measures. Some of these measures are not technologically feasible now and will be built into TESIS – but we can identify them now and develop the business requirements for



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*The Identification and Evaluation of Systemic Advocacy Projects  
Designed to Resolve Broad-Based Taxpayer Problems  
Can Be Improved*

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**TASIS.** Still others can be implemented immediately (the tiers of review, the incorporation of "impact analysis" into early intervention reviews, the identification of outcomes, and the development of a consistent set of keywords and classification.)

In closing, I note that no matter how precise we try to be in developing factors for ranking the impact of issues or measuring the impact of our recommendations, any evaluation will ultimately be very subjective. It is possible that the National Taxpayer Advocate will determine that a particular issue is a violation of taxpayer rights of such magnitude that it warrants immediate and sustained attention despite the fact that it impacts relatively few taxpayers. It is also possible that TAS will make recommendations that require a paradigm shift for the IRS (e.g., revising the IRS mission statement to explicitly acknowledge the IRS role in delivering social benefits or developing a system for regulation and testing of unenrolled return preparers). Progress on such recommendations could take years if not a decade. Our measures must be flexible enough to recognize and in some way account for the value of these important advocacy issues and recommendations.