



## Treasury Inspector General for Tax Administration Office of Audit

### CHALLENGES REMAIN TO BALANCE REVENUE OFFICER STAFFING WITH ATTRITION AND WORKLOAD DEMANDS

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## Highlights

Highlights of Report Number: 2011-30-039 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

### IMPACT ON TAXPAYERS

Revenue officers (RO) comprise one of the core competencies of the Internal Revenue Service (IRS) and have a direct impact on the IRS's ability to meet its mission by collecting the appropriate amount of tax due. The Small Business/Self-Employed (SB/SE) Division added 1,515 new ROs during a nine-month period, but still faces challenges to keep pace with attrition and workload. If the IRS does not have a sufficient number of qualified ROs to collect delinquent taxes, it could create an unfair burden on the majority of taxpayers who fully pay their taxes on time.

### WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the SB/SE Division effectively implemented the RO hiring initiative. The audit was included in TIGTA's Fiscal Year 2010 Annual Audit Plan and addresses the major management challenge of Human Capital.

### WHAT TIGTA FOUND

The SB/SE Division RO hiring initiative added 1,515 new ROs throughout the country between June 2009 and February 2010. The methodology to assign the new ROs effectively placed them in the Collection areas with the greatest need. In addition, the ROs were assigned adequate work, and the field offices were prepared with office space and equipment.

However, the IRS faces challenges to maintain the number of ROs due to attrition and an increasing inventory. Although 1,515 ROs were hired over a nine-month period, the net increase was only 580 ROs. Also, the IRS estimates planned hiring in Fiscal Years 2011 and 2012 will barely cover attrition losses. Meanwhile, the percentage of delinquent accounts closed has steadily decreased because of increasing inventory.

A key element of effective workforce planning is determining the size of the workforce needed to meet organizational goals and identifying gaps between current and future workforce needs. However, when estimating staffing levels of ROs, the IRS does not determine the number needed to address the available workload. Instead, the RO staffing level is estimated based primarily on a budget figure. The IRS believes there is more than enough inventory to justify staffing increases. However, the IRS does not know when hiring additional ROs will no longer be effective.

The IRS's Fiscal Year 2009 budget justification projected the RO hiring initiative would allow 88,000 additional delinquent account closures, resulting in \$333.6 million additional revenue in Fiscal Year 2011. However, the IRS does not compare actual results to the original projections, as would be consistent with guidance from the Office of Management and Budget. As a result, it is unknown if the IRS realized all or part of the additional revenue, and the IRS lost an opportunity to collect information that could help improve future budgets.

### WHAT TIGTA RECOMMENDED

TIGTA recommended that the Director, Enterprise Collection Strategy, SB/SE Division, establish rules for optimizing staffing levels for ROs to address Collection's potentially collectible inventory and the Director, Collection, SB/SE Division, develop methods to track actual results with projected benefits in future budget justifications.

In their response to the report, IRS officials agreed to review Collection workload and resource levels to improve future resource allocation and staffing decisions. IRS officials also stated they initiated efforts last year to determine actual revenue collected from specific enforcement initiatives proposed in Fiscal Year 2009. However, this information was not shared with TIGTA during the review. As a result, TIGTA did not assess whether these efforts address the recommendation.

### 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/201130039fr.pdf>