



Treasury Inspector General for Tax Administration Office of Audit

THE TAXPAYER ASSISTANCE CENTERS ARE NOT LOCATED TO EFFECTIVELY SERVE THE MAXIMUM NUMBER OF TAXPAYERS

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Highlights

Highlights of Report Number: 2011-40-022 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

The Internal Revenue Service (IRS) provides taxpayers the option of obtaining personal, face-to-face tax assistance at 401 Taxpayer Assistance Centers (TAC) nationwide. IRS employees who work in the TACs assist taxpayers by interpreting tax laws and regulations, preparing certain individual tax returns, resolving inquiries on taxpayer accounts, accepting payments, and providing various other services designed to minimize the burden on taxpayers in satisfying their tax obligations. It is important that TACs be optimally located to serve the most taxpayers. Management information is essential to effectively oversee the TACs.

WHY TIGTA DID THE AUDIT

This audit was requested by the Department of the Treasury to determine whether the current distribution of the TACs was cost effective in terms of coverage and quality of services provided. This audit is a followup to prior audit reports on the TAC Program that identified that key management information used to make decisions and support changes for the TACs was either incorrect, absent, or based on incomplete data.

WHAT TIGTA FOUND

The IRS acknowledges that the locations of most TACs have not changed significantly since Fiscal Year 2000 and that it has not kept pace with shifts in population and demographics. Currently, 35 percent of the United States population does not live within 30 minutes of a TAC. This represents more than 100 million taxpayers who do not have convenient access to a TAC. Conversely, 28 percent of the United States population lives within 30 minutes of more than one TAC.

As of October 2010, no actions have been taken to combine, relocate, or close the TACs. IRS officials cited budget constraints and legislative concerns as reasons

the IRS has not moved forward. This has caused the IRS to delay conducting any cost-benefit or return-on-investment analyses needed to make any recommendations regarding combining, relocating, or closing the TACs.

The IRS has not validated the data used in the current Geographic Coverage Model. Without clear documentation on the methodology used, it is difficult to determine if the results of the Geographic Coverage Model are reliable. In addition, it would be difficult to compare results over a period of time.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Commissioner, Wage and Investment Division: 1) validate the data used in the Geographic Coverage Initiative process and ensure that all decisions, along with the data used and methodologies for making the decisions, are supported and documented; and 2) identify opportunities to better align the TACs with taxpayer needs and complete the evaluative process in the Geographic Footprint Initiative, including a cost-benefit analysis, return-on-investment analysis, taxpayer impact assessment, stakeholder input, and communication plan.

The IRS agreed with the recommendations and plans to develop more detailed documentation of the methodology used by the Geographic Coverage Model, as well as a version control system to provide documentation of any changes made to the Model methodology or updates to the source data. It plans to identify opportunities to better align the TACs with taxpayer needs on a case-by-case basis, as leases expire and/or events occur that require unplanned relocations. It also plans to develop and implement an evaluative process as part of the Geographic Footprint Initiative.

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/201140022fr.pdf>.