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

COMMISSIONER

RECEIVED
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June 30, 2000

MEMORANDUM FOR TREASURY INSPECTOR GENERAL FOR TAX ADMINISTATION

FROM: Charles O. Rossotti
Commissioner of Internal Revenue

SUBJECT: Treasury Inspector General for Tax Administration (TIGTA) – The Internal Revenue Service's Planning Process Needs Improving to Fully Resolve All Issues Affecting Tax Return Processing Activities

Thank you for the opportunity to update our response to your report on the Filing Season Planning Process. This replaces our previous response and documents actions we took to address your recommendation.

The Filing Season Readiness Executive Steering Committee, which generally has no decision-making authority, was established to identify issues that may affect the filing season and pass information on to the relevant functional areas for resolution. This committee is one of the components I use to identify and resolve issues affecting tax return processing activities. It played an instrumental oversight role in the delivery of the very successful 2000 filing season.

Our revised comments on your report follow:

IDENTITY OF RECOMMENDATION/FINDING #1
Develop comprehensive written guidelines for the readiness planning process used by the Readiness Committee and the Executive Officer for Service Center Operations (EOSCO). At a minimum, the guidelines should include criteria for including items on the action list, define the degree of detail required for the items on the action list, clearly document actions to be taken by the EOSCO, and emphasize early resolution of issues affecting staffing and budget items.

ASSESSMENT OF CAUSE(S)
The Filing Season Readiness Executive Steering Committee is comprised of executives and top-level managers from all the key functional components whose efforts must be aligned and coordinated to ensure filing season readiness. The members of the committee rely on the operating managers to ensure that appropriate actions are taken.

In the event progress is not adequate, the committee will take steps to escalate their concerns through the appropriate managerial levels.

During preparation for the tax year 1999 filing season, the committee operated with an understanding of its role, but without an explicit charter. The committee's role does not require the level of detail delineated in the recommendation; however, a more formal charter would add to its effectiveness.

CORRECTIVE ACTIONS
We have revised the Filing Season Readiness Executive Committee charter so that it more clearly identifies expectations and responsibilities. We have also drawn up a list of permanent and ad hoc members of the committee. A copy of both the charter and the membership list is attached.

IMPLEMENTATION DATE:
Completed: April 29, 2000

RESPONSIBLE OFFICIALS
Acting National Director, Submission Processing
Chief, Operations Centers (Customer Service Field Operations)
Chief Operations Officer

This draft report included two outcome measures with related potential monetary benefits. Following are our comments on the these measures:

Funding for returns processing activities: Potential $51.6 million in additional staffing costs.

The draft report indicates the IRS placed $51.6 million at risk since full funding for Submission Processing activities had not been finalized within the purview of the filing season readiness process. We disagree with this observation. Submission Processing staff shortages identified in the work planning/scheduling process were addressed and resolved in conversations between the Chief Operations Officer, Assistant Commissioner (Forms and Submission Processing), Executive Officer for Service Center Operations, Chief Financial Officer, and Deputy Commissioner Operations.

We recognize the filing season is our most critical time of year and we are committed at the highest levels of the organization to providing adequate resources so the filing season is not jeopardized.

The Integrated Submission Processing and Remittance Processing (ISRP) System: Potential $3.3 million in interest on refunds not processed in the required timeframe.

The draft report further indicates that the IRS risked paying $3.3 million in interest on delayed refunds because funding had not been identified for new transcription requirements. This concern was addressed, but not in the context of the filing season readiness process. Twenty-one staff years were added to the submission processing center work schedules to cover the additional keystrokes. Service centers were notified of this during the January through June 2000 work schedule reviews that were conducted at National Office between November 30 and December 9, 1999.

I would also like to update you on another issue you raised in your report. You noted that as of October 4, 1999, the negotiations needed to ensure that specific commercial banks would process payments if the IRS encountered significant problems with ISRP had not been completed. This arrangement was finalized by mid-November, when all of the affected banks signed an amended Memorandum of Understanding.

If you have any questions, please call Sheldon D. Schwartz, Acting Assistant Commissioner (Forms and Submission Processing), at (202) 622-2875.

Attachment

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MAR 23 2000

MEMORANDUM FOR COMMISSIONER WAGE AND INVESTMENT DIVISION
COMMISSIONER SMALL BUSINESS/SELF-EMPLOYED DIVISION

FROM: Alan G. Thatcher
Co-Chair, 2001 Filing Season Readiness Executive Steering Committee

David L. Medeck
Co-Chair, 2001 Filing Season Readiness Executive Steering Committee

SUBJECT: Filing Season Readiness Charter

As the modernization process moves forward, we want to take this opportunity to obtain your approval on our plans for the Filing Season Readiness. We have begun preliminary meetings with the field to refine our charter. The charter now provides detailed information on our purpose, time horizon, organizational structure, and roles and responsibilities (see attachment #1).

We have enhanced the Committee's structure through upfront identification of organizations that should be represented at each meeting along with a list of other functions that will be needed on an adhoc basis (see attachment #2). It is our belief that this will streamline the overall meetings to ensure that significant issues are quickly identified and resolved. In addition, we will request that each organization provide a written summary on their issues as well as maintain their action items on the Committee web site. This will provide national office, field and modernization employees with instantaneous access on various program issues.

The Committee has also requested participation from the Design Teams. Due to their tight timeframes, their participation at the Committee meetings may be limited. However, we have established communication mechanisms to ensure that they are kept abreast of all issues and that we are working towards the same goal of assuring that the IRS operational functions are in a state of readiness for the upcoming year.

If you are in agreement with this approach, please sign the concurrence line below. Your signature will certify your approval of the Filing Season Readiness Executive Steering Committee.

Attachment (2)

Concurrence:

John M. Dalrymple
Commissioner Wage and Investment Operating Division

4/26/2000
Date

Joseph Kehoe
Commissioner Small Business/Self-Employed Division

4/29/00
Date

Filing Season Readiness Executive Steering Committee Charter (Version 1.2 5/23/2000)

I. Purpose

The purpose of the Filing Season Readiness Executive Steering Committee is to provide additional assurance to the Division Commissioners of Wage and Investment, Small Business/Self-Employed, Large/Mid-Sized Business and Tax Exempt and Government Entities that the IRS operational functions are in a state of readiness for the upcoming filing season. To the extent that the Committee surfaces barriers to operational readiness or barriers to a successful filing season that are not being properly addressed, they are required to elevate the issue to the appropriate level, including the responsible Division Commissioner if necessary.

The Committee will not supplant line management responsibility for operational readiness.

II. Time Horizon

The Filing Season Readiness Executive Steering Committee will exist until December 31, 2000 unless the Division Commissioners agree to disband it earlier or unless they redefine the Committee prior to that date.

III. Organizational Structure

The Filing Season Readiness Executive Steering Committee operates under the direction of the Chief Operations who is currently designated as the Division Commissioner Wage and Investment. The Committee includes five Co-Chairs, one from the National Office and four from the Field. At this time the executives are:

Alan Thatcher – Acting National Director Submission Processing
Betsy Kinter – Chief, Operations Centers (Customer Service Field Operations)
Jerald Heschel – Director, Memphis Submission Processing Center
Gwen Krauss – Director, Atlanta Customer Service Center
Chris Egger – Director, Philadelphia Submission Processing Center

It is anticipated that the Division Commissioners will reevaluate and change the Co-Chairs in the event that the Committee is extended beyond December 31, 2000.

IV. Roles and Responsibilities

It is the responsibility of each Division Commissioner and their line organization to effectively prepare plans for each filing season and to execute those plans. For example, the present Executive Officer for Service Center Operations and the Chief Customer Service Field Operations Executive required detailed work schedules, training plans, and hiring plans as part of their preparation for the filing season.

The Filing Season Readiness Executive Steering Committee provides additional assurance to the Division Commissioners that the Business Units' operational functions are in a state of readiness for the filing season. The Committee accomplishes this review through periodic meetings with senior managers and executives from the Business Units and the solicitation of issues and concerns from stakeholders. In addition, the Committee may require these managers and executives to update the Committee action plan or to provide ad hoc status reports on issues. The Committee will verify that each issue is being addressed by an accountable function or line organization and that key stakeholders are involved. Where necessary, the Committee will assist in establishing ownership of a given issue.

In brief the Committee will:

- Prepare an action plan that addresses areas of concern for the filing season.
- Solicit stakeholder issues and concern about readiness.
- Hold periodic meetings with senior managers and executives from the Business Units to discuss significant barriers to a successful filing season.
- Establish functional or line accountability for all identified issues.
- Validate cross-functional coordination based on feedback from stakeholders.
- Distribute minutes, emails, or voice mail to communicate their progress service-wide.
- Require certification of readiness from the key Business Units.

Attachment #2

Listing of Committee Member Representation

- Wage and Investment Division
- Small Business/Self-Employed Division
- Account Management
- Submission Processing
- Customer Service
- District Office
- Design Teams
- Electronic Tax Administration
- Information Systems
- Communications
- Legislative Affairs
- Tax Forms and Publications
- MultiMedia
- Chief Counsel
- TIGTA

Adhoc Committee Member Representation

- Large/Mid-Sized Business Division
- Tax Exempt and Government Entities Division
- Taxpayer Advocate
- Public Liaison and Small Business Affairs
- EITC
- Collection
- Criminal Investigation
- Examination
- Personnel
- CFO Office