



Office of Program Policy Analysis And Government Accountability

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FOLLOW-UP REPORT ON THE TAXPAYER ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF REVENUE

Report Abstract

The Department has taken steps towards implementing our recommendations for improving the Department's Taxpayer Assistance Program. However, additional steps will be needed to improve the timeliness of the Department's taxpayer assistance activities and to ensure the accuracy of information provided to taxpayers.

Purpose of Review

Section 11.47(7)(f), F.S., requires agencies to inform us of actions they have taken in response to our recommendations within 18 months of the release of our reports. This follow-up report presents our assessment of the status of recommendations we made to the Department of Revenue in our Report No. 94-13, dated November 21, 1994.

Background

The Department of Revenue assists and educates the public on tax matters by: (1) operating a toll-free (1-800) line to respond to taxpayer questions and requests for tax related forms and documents; (2) responding to taxpayer correspondence; (3) developing education materials and flyers on tax laws; (4) conducting tax training for Department employees and the public; (5) educating and assisting taxpayers during audit, collection, and enforcement activities; and (6) providing local assistance to the public regarding tax matters in 22 taxpayer service centers located throughout the state.

Prior Findings

The Department established taxpayer assistance timeliness goals in the following areas: responding to phone inquiries, disseminating information on tax law changes, and responding to correspondence. However, the Department had not met these timeliness goals.

Providing accurate information to taxpayers is important for ensuring compliance with Florida tax laws and reducing filing errors. We identified several factors that were impeding Department efforts to provide accurate information to taxpayers: (1) the Department was not routinely monitoring the accuracy of information provided to taxpayers over the phone or in-person; (2) the Department had not ensured that its staff were promptly informed of tax law changes; and (3) the Department had not assessed the training needed by its employees or ensured that employees attend the training needed to help them accurately respond to taxpayer questions.

The Department had established a process for identifying and developing information to disseminate to taxpayers and for ensuring the readability of this information. However, we found that other states were using additional methods for identifying taxpayer information needs to ensure taxpayer compliance with tax laws and reducing filing errors. We also determined that the Department had not effectively linked its planning, budgeting, and performance reporting systems to allow meaningful measurement of the outcomes and effectiveness of the Department's taxpayer assistance activities.

Current Status

The Department has taken steps towards implementing our recommendations for improving the Department's Taxpayer Assistance Program. However, additional steps will be needed to improve the timeliness of the Department's taxpayer assistance activities and to ensure the accuracy of information provided to taxpayers.

Timeliness of Providing Information to Taxpayers. At the time of our review the Department had established a goal of connecting toll-free line callers to the appropriate unit within one minute. As we recommended, the Department did compare the timeliness of answering phone calls from February to April of 1995 to the same period in 1996, and found that the average response time was reduced from 123.3 seconds to 81.6 seconds. While

performance has improved, the Department still has not yet accomplished the goal of connecting taxpayers to the appropriate unit within one minute.

In our report we commented that Department staff often did not achieve the Department's timeliness standards for responding to taxpayer correspondence. In response, the Department is developing a new system for tracking the timeliness of responding to taxpayer correspondence, which is currently used for the Executive Director's correspondence. However, we found that the Department also was not timely in its response for other types of taxpayer correspondence, such as informational and technical advice letters. While the timeliness of responding to individual letters is reviewed, the Department still does not monitor the overall achievement of its taxpayer correspondence timeliness goals.

At the time of our review the Department's goal was to notify taxpayers of tax law changes at least 14 days prior to the implementation date of such changes. The Department has implemented our recommendation to monitor whether the Department achieves this timeliness goal. However, the Department reported that 8 of its 21 tax law notices were not issued to taxpayers in a timely manner between August 1995 and April 1996.

Accuracy of Information Provided to Taxpayers. Department policy is to notify its staff promptly about tax law changes to ensure that staff are able to respond accurately to taxpayer inquires; however, we found that field staff often were not notified of tax law changes prior to notices about tax law changes being sent to taxpayers. As we recommended, the Department's central office has revised its procedures to ensure that field offices are notified of tax law changes two days prior to notices being sent to taxpayers.

At the time of review, the Department was not routinely monitoring the accuracy of information provided by staff over the telephone. In response, the Department now monitors the accuracy of responses given to taxpayers calling the toll-free line; of the 717 calls monitored, the Department reports that its staff responded accurately and completely to 91% of the calls.

Our report noted that 55% of Department staff responsible for responding to taxpayer calls had received little or no tax law training. While the Department has analyzed the knowledge and skill requirements for staff who respond to toll-free line calls, the Department has not yet implemented our recommendation that the

Department determine the amount and type of training needed by staff for responding accurately to taxpayer questions and ensure that staff receive the needed training.

In order to improve the consistency of answers provided to taxpayers, the Department had directed field office staff to only respond to general tax law questions; however, we found that field office staff were not complying with this directive. In response, the Department has revised its policy to clarify what type of questions that staff can answer, which varies based on the level of staff expertise.

Identification and Development of Educational Materials. In order to improve the Department's process for identifying taxpayers' education needs, we recommended that the Department use additional methods used in other states (e.g., reviewing audit and hearing and appeals data) to help ensure taxpayer compliance with tax laws and reduce filing errors. While the Department has engaged in numerous activities to identify taxpayer education needs, it has not yet used this information to design education documents or develop training to address these needs.

Planning, Evaluation, and Reporting. At the time of our review, the Department had not effectively linked its planning, budgeting, and performance reporting to allow meaningful measurement of the outcome and effectiveness of the Department's taxpayer assistance activities. In conjunction with its performance-based budgeting activities, the Department has addressed this finding by establishing linkages between its planning, budgeting, and performance reporting activities. However, the Department primarily reports on the outputs, not the effectiveness or timeliness, of its taxpayer assistance activities.

In our report we commented that the Department had evaluated the impact of several education pilot projects on voluntary tax compliance. We recommended that the Department also monitor the impact of the Tax Law Library on the accuracy and timeliness of information the Department provides to taxpayers, as the Internal Revenue Service had determined that its computerized tax information system decreased the productivity of staff responding to tax law questions. Although the Department has not analyzed the impact on taxpayer assistance, it has determined that the Tax Law Library saves staff time spent researching tax issues and drafting documents.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). Web site: <http://www.state.fl.us/oppaga/>

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