



PB² Performance Report

No. 98-71

March 1999

General Tax Administration Program Performance Generally Meets or Exceeds Expectations

This report assesses the performance of the Department of Revenue's General Tax Administration Program based on 1997-98 measures and comments on measures proposed for 1999-2000 under performance-based program budgeting (PB²).

Summary

- The General Tax Administration Program has established an effective program accountability system that generally meets OPPAGA's expectations.
- In Fiscal Year 1997-98, the General Tax Administration Program met or exceeded performance expectations for 16 of the 19 legislatively approved performance measures. The department has generally improved its performance in the past year by becoming more efficient in collecting tax payments, collecting initial audit assessments, and resolving audit disputes.
- The program's performance measurement system has stabilized. There were no modifications to its proposed Fiscal Year 1999-2000 measures.
- The department's proposed measures are valid and comprehensive in that they address each of the program's six processes. Based on previous performance, the department's proposed standards for 1999-2000 appear reasonable, although we recommend modifying some of the proposed measures.
- The Executive Director of the Department of Revenue, in his written response to our preliminary report, disagreed with our recommendation to modify two performance measures. (See Appendix C.)

Background

The Department of Revenue's General Tax Administration Program administers the collection of 36 taxes, including the sales and use tax, corporate income tax, fuel tax, and intangible property tax. According to s. 213.01, F.S., the Legislature's intent is that the revenue laws of the state be administered in a fair, efficient, and impartial manner.

The program comprises six major functions.

- **Taxpayer Education and Assistance.** The department provides taxpayers with information that encourages and helps them comply with tax laws. The department's education and assistance activities include preparing and distributing instructions and brochures, responding to taxpayer inquiries in writing or by phone, meeting with individual taxpayers, and conducting seminars for different groups of taxpayers.
- **Tax Returns Processing and Reconciliation.** The department ensures that all tax returns are processed accurately and timely, reviews and analyzes tax payments, generates and mails tax notices to taxpayers who have made incorrect payments, and ensures that all remittances are deposited in a timely manner and distributed to the appropriate state and local government entities.
- **Audit.** The department reviews registered taxpayers' financial records to ensure that they have correctly calculated and reported all of the taxes they owe. If it discovers underreported tax liabilities, then the department assesses and collects the additional owed taxes.
- **Compliance Enforcement.** The department uses investigative techniques to identify registered and unregistered taxpayers who do not pay owed taxes. These techniques include checking bills of lading at key entry points into Florida, canvassing flea markets, malls, and other businesses, and collecting evidence of criminal tax violations.
- **Collections.** The department pursues collection of outstanding obligations through various methods, including written and telephone correspondence with taxpayers and other more intensive techniques such as garnishing assets and issuing levies.
- **Adjudication.** The department reviews taxpayer appeals of department tax decisions (e.g., tax assessments) prior to any formal litigation.

For Fiscal Year 1998-99, the General Tax Administration Program had 2,384 authorized positions and was appropriated \$126.9 million. In Fiscal Year 1997-98, the department collected \$21.0 billion, of which \$544.9 million were involuntary collections (taxes, penalties, and interest).

Performance

The department's performance-based budgeting measures indicate that the department has become more efficient in processing tax payments, collecting initial audit assessments, and resolving taxpayer disputes of audit assessments.

Improved efficiency of tax processing function. A comparison of data for the past two years indicates that the department has reduced the time it takes to process tax payments for the four major taxes (sales, corporate, intangible, and fuel) it collects. Performance improved from 0.84 days in Fiscal Year 1995-96 to 0.48 days in Fiscal Year 1997-98 in the time required to process tax payments. The department exceeded the standard of 0.68 days established in the 1997-98 General Appropriations Act.

Improved collections of initial audit assessments. The department has improved its collection of initial audit assessments. The department collected 87% of its initial audit assessments (tax only) in Fiscal Year 1997-98, 2.8% more than the amount collected the previous year.

Improved timeliness of adjudication processing. Over the past three years, the department has improved the efficiency of its adjudication process. The average number of days to resolve disputes involving audit assessments decreased from 318 in Fiscal Year 1994-95 to 162 in Fiscal Year 1997-98. Adjudication is a cost-effective service because it provides taxpayers with the ability to resolve tax disputes without the need for formal litigation.

See Appendix A for more detailed discussion of program performance for each of its measures.

Proposed Performance Measures

The department has not proposed any changes to the performance measures for Fiscal Year 1999-2000. The proposed measures are valid and comprehensive in that they address each of the program's six major functions. Based on previous performance, the department's proposed standards for 1999-2000 appear reasonable. However, based on historical results, we recommend that some of the proposed measures and/or standards be modified. See Appendix B for more detailed discussion of our recommendations for the program measures.

Rating of Program Accountability

A key factor in PB² is that agencies need to develop strong accountability systems that enable the Legislature and the public to assess program performance. An *accountability system* consists of these key elements: program purpose or goals, performance measures, a process for valid and reliable data, and credible reports of performance that can be used to manage the program. Our rating tells decision-makers whether they can rely on the program's performance information. We compare the components of an accountability system against our established criteria to determine the rating.

Accountability System Component	Meets Expectations	Needs Some Modifications	Needs Major Modifications
Program Purpose and Goals	X		
Performance Measures	X		
Data Reliability	X		
Reporting Information and Use by Management	X		

Source: OPPAGA analysis

The General Tax Administration Program has established an effective program accountability system that generally meets OPPAGA's expectations. The program's performance measurement system has stabilized with no modifications to its proposed Fiscal Year 1999-2000 measures. Its program purposes and goals are clear, comprehensive, and cover major program activities. In addition, the program has developed valid performance measures that relate to program purpose and assess program performance, including some program costs. Data reliability has been improved to adequately report on program performance through its measures. The department's inspector general has implemented a plan to perform a comprehensive assessment of the reliability and validity of each of the program's legislative performance measures. Information on program resources and performance required by the Legislature is provided in a clear and understandable manner and is readily available to program managers.

For More Information

See the FGAR Department of Revenue, General Tax Administration Program profile at <http://www.oppaga.state.fl.us/profiles/4112> or call Chuck Hefren at (850) 487-9249. Information from the department is also available on its website at http://sun6.dms.state.fl.us/dor/html/about_gta.html or by calling Fred Roche at (850) 488-4328.

In addition OPPAGA has produced the following reports.

- *Program Evaluation and Justification Review, General Tax Administration Program, Administered by the Department of Revenue, [OPPAGA Report No. 96-89](#), June 1997.*
- *Review of the Department of Revenue's General Tax Administration Program Based on Performance-Based Budgeting Measures and Standards for Fiscal Year 1996-97, [OPPAGA Report No. 97-48](#), February 1998.*

Appendix A

Analysis of DOR's General Tax Administration Program's Performance Measures

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Average number of days from receipt of payment to deposit (sales, corporate, intangible, fuel)				
0.51	0.48	0.68	Yes	<p>This measure has been consistently determined by computing the difference between the received date and the processing completion date of tax payments. The processing completion date is not always the same as the bank deposit date.</p> <p>The department has improved its timeliness in the processing of tax payments due primarily to increased use of electronic filing. Payments received via electronic filing are recorded as having zero days between receipt and deposit.</p>
Number of days between initial distribution of funds and final adjustments (sales, fuel)				
94	69	72	Yes	<p>The department exceeded the GAA-approved standard for this measure due to improvements in their fuel tax distribution process. This measure was revised in Fiscal Year 1998-99 to include sales and fuel taxes only in the calculation. Corporate income and intangible property taxes are no longer included since they are not distributed separately to local governments. There is no GAA-approved standard for Fiscal Year 1997-98 which corresponds to the new measurement.</p> <p>This measure is calculated by identifying the number of months, rather than days, between initial and final distribution for each tax type. The number of distribution months for each tax type is then converted to days and weighted by the percentage to total dollars that each tax type represents.</p>

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Percent of sales tax returns filed substantially error-free and on time				
78.5%	76.3%	79%	No	This measure counts both taxpayer errors and internal department errors. The department reported that diverting staff from routine return processing activities to "Year 2000" efforts may have contributed to an increase in the number of internal department errors. Consequently, problems in the automated tax processing computer programming were not resolved efficiently.
Percent of tax returns that did not result in a notice of apparent filing error or late return				
88.2%	91.3%	90.1%	Yes	Improvements in the department's identification and correction of potential tax return error and delinquency notices resulted in the resolution of more tax return discrepancies prior to issuance of a notice of apparent filing error or late return.
Percent of sales tax returns filed substantially error-free and on time by first-time filers				
62.7%	64.3%	63.9%	Yes	The department reported having reduced the filing frequency for first-time filers with anticipated low taxable sales. These taxpayers historically have higher filing error rates.
Percent of delinquent sales tax return and filing error or late return notices issued accurately to taxpayer				
89.8%	89.6%	89.5%	Yes	Improvements in the department's identification and correction of potential tax return error and delinquency notices resulted in the resolution of more tax return discrepancies prior to issuance of a notice of apparent filing error or late return.

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Percentage of final audit assessment amounts collected (tax only)				
84.2%	87%	84.1%	Yes	The department has improved its collection of audit assessments. This can be attributed primarily to the auditing strategy of providing taxpayers with sufficient information and assistance as part of the audit process and more timely resolution of disputes, which improved the likelihood of collection.
Final audit assessment amounts as a percentage of initial assessment amounts (tax only)				
76.1%	83.9%	70.1%	Yes	The department has continued to improve its process for identifying initial audit assessments by providing taxpayers with sufficient information to understand the reason for the audit assessment. This has resulted in fewer disputes and more accurate initial assessments.
Dollars collected voluntarily as a percent of total dollars collected (tax, penalty, and interest)				
97.4%	97.5%	97.2%	Yes	The department attributed the reported improvement to ongoing taxpayer education programs.
Average number of days to resolve a dispute of an audit assessment				
164	162	175	Yes	The department continued the trend of improving its timeliness in resolving taxpayer disputes due to a significant reduction in the number of disputed audit assessments and improvements in internal processes. Performance has improved from 318 days in Fiscal Year 1994-95 to 162 days in Fiscal Year 1997-98.

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Return on investment (total involuntary collections per enforcement dollar spent)				
Not available	\$4.78	\$4.60	Yes	The department reported that the standard for this measure was exceeded due to deployment of imaging technologies and SUNTAX. This measure was revised in Fiscal Year 1998-99 to no longer include the Return Reconciliation process within enforcement related activities. There is no GAA-approved standard for Fiscal Year 1997-98 which corresponds to the new measurement.
Return on investment (total collections per total dollar spent)				
Not available	\$143.85	\$142.40	Yes	The department continued to improve its performance for this measure. Improvements are due to increases in tax collections without corresponding increases in expenses.
Average time in days between the processing of a sales tax return and the first notification to the taxpayer of an apparent filing error or late return				
41	39	42	Yes	The department improved its timeliness in notifying taxpayers who file erroneous or late returns. This is primarily due to implementation of the system for electronically filing returns and expansion of the use of data imaging technologies.
Dollars collected as a percentage of actual liability of notices sent for apparent sales tax return filing errors or late returns				
63.6%	57.0%	59.5%	No	This measure is calculated by dividing the dollar value of actual collections by the amount determined payable on notices mailed to taxpayers. The department reported granting 20% more penalty waivers compared to the prior year, thus reducing the actual liability that is subject to collection.

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Percentage of delinquent tax return and filing error notices sent to taxpayers that had to be revised (department or taxpayer error)				
21.7%	19.5%	21.7%	Yes	The department improved its internal processes for identifying and correcting errors on tax returns prior to issuing bills.

Output Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Number of delinquent tax return notices issued to taxpayers				
760,752	862,500	756,000	Yes	There were 106,500 more delinquent tax return notices issued to taxpayers in Fiscal Year 1997-98 than the legislative standard. In general, a lower number of delinquency notices indicates improved performance in taxpayer education. However, the department reported issuing more delinquent notices than anticipated due to reductions in its backlog of intangible tax returns. Based on this reduction in unprocessed tax returns with existing resources we believe that this standard should be considered to have been met.

Output Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Number of notices sent to taxpayers for apparent tax return filing errors or late return				
588,084	544,500	580,000	Yes	The department reported issuing fewer tax return error and delinquency notices than anticipated due to increases in electronic filing. Built-in edits to the electronic filing software help reduce the error rate of submitted tax returns.
Total involuntary collections (taxes, penalties, and interest in millions)				
\$512.4M	\$544.9M	\$581.3M	No	The five-year trend for this measure had indicated continued growth, but that growth was not sustained. The department theorized that taxpayers are less likely to be non-compliant during strong economic periods because financial resources are not scarce. This measure has been discontinued as a performance-based budgeting measure.
Total voluntary collections (taxes, penalties, and interest in millions)				
\$19,539M	\$21,019M	\$20,292M	Yes	Recent economic growth contributed to the success in exceeding this standard. Improved efforts to provide taxpayers timely information also contributed to improved performance. This measure has been discontinued as a performance-based budgeting measure.

Source: Department of Revenue Fiscal Year 1999-2000 Legislative Budget Request and Monthly Performance Report and OPPAGA analysis

Appendix B

OPPAGA Recommendations for DOR's General Tax Administration Program Fiscal Year 1999-2000 Measures

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
<p>Average days from receipt of payment to deposit (sales, corporate, intangible, fuel)</p>	<p>0.64</p>	<p>We recommend modifying the measure. This measure has been consistently determined by computing the difference between the received date and the processing date of tax payments. The date processing is completed is not always the same as the date of deposit in an interest-bearing account. As proposed by the agency, the measure will understate the time between receipt until deposit. Because delays in deposit, even if processing is complete, can be costly, we recommend that the methodology used to calculate this measure be changed to reflect the time from receipt of payment to deposit in an interest-bearing account. Although processing time is not meaningful as an outcome measure, if kept as is, we recommend that the title be changed to "average days from receipt of payment to final processing for deposit" to provide a more accurate description of the measure.</p> <p>In Fiscal Year 1997-98, the department reported actual performance of 0.48 days and in Fiscal Year 1996-97 actual performance was reported as 0.51 days. However, the department reported that due to closure of a tax processing service center and a reduction in funding associated with peak period tax processing, they anticipate an increase of 25% in the time necessary to process payments. Therefore, this standard appears to be appropriate.</p>
<p>Number of days between initial distribution of funds and final adjustments (sales, fuel)</p>	<p>66</p>	<p>We recommend modifying the measure. This measure is calculated by identifying the number of months between initial and final distribution for each tax type. The number of distribution months for each tax type is then converted to days and weighted by the percentage to total dollars that each tax type represents. The initial distribution of funds is made on the same day of the month and occurs in the month following the due date of the tax. The final distribution is made with the initial distribution for a subsequent tax collection period, which again occurs on the same day of the month.</p>

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
		<p>The program indicates this measure is intended to serve as a measure of customer satisfaction. Converting the number of distribution months to days provides no useful information and may in fact distort performance, as distributions always occur in whole month intervals. A clearer indicator of customer satisfaction would be the average number of months between initial and final distribution.</p> <p>The department reported that this measure was revised in Fiscal Year 1998-99 to include sales and fuel taxes only, since neither intangible nor corporate income tax are distributed separately to local governments. The proposed standard for this measure appears to be appropriate as it represents a significant improvement over the department's Fiscal Year 1997-98 performance of 77 days.</p>
Percent of sales tax returns filed substantially error-free and on time	76%	<p>We recommend adopting the measure. This proposed standard is below the actual performance for the previous three fiscal years, which has ranged from 76.3% to 78.5%. However, the department reported that a change in taxpayer filing requirements that allows new and smaller taxpayers to file quarterly will adversely affect this measure. With quarterly filers these taxpayer error rates are expected to increase because a single error in a month will now produce a 100% error rate when previously it would have displayed a 33% error rate for the quarter. We recommend that the department validate this standard by monitoring these taxpayers to determine the actual impact of this change in filing requirements, and modify the standard, if necessary.</p>
Percent of tax returns that did not result in a notice of apparent filing error or late return	90%	<p>We recommend adopting the measure. Performance in Fiscal Year 1997-98 was 90.5%. However, beginning in 1999, the exemption afforded to Intangible Tax filers was increased to \$60,000. The program reported that this will result in a 25% decrease in the number of intangible tax filers. Intangible tax filers have historically produced results which exceeded overall performance. Consequently, the reduction to the number of intangible tax filers will have an adverse effect on this measure. Therefore, the proposed standard appears appropriate.</p>

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Percent of sales tax returns filed substantially error-free and on time by first-time filers	65%	We recommend adopting the measure. The standard reflects a continued improvement in performance over previous years and appears appropriate.
Percent of delinquent sales tax return and filing error or late return notices issued accurately to taxpayer	90%	We recommend adopting the measure. The standard is slightly higher than the results reported for Fiscal Years 1996-97 and 1997-98 and appears to be appropriate.
Percent of final audit assessment amounts collected (tax only)	85%	We recommend adopting the measure. The performance results for this measure have varied significantly over the previous four fiscal years. This standard is lower than the results reported for Fiscal Year 1997-98, but higher than the Fiscal Year 1998-99 standard. Based on historical results, this standard appears to be appropriate.
Final audit assessment amounts as a percentage of initial assessment amounts (tax only)	74%	We recommend modifying the measure and the standard. This measure is an indicator of the quality of audits completed. The department noted that because this measure is heavily impacted by a very small number of large assessments, it is volatile and difficult to predict. To provide a clearer indicator, we recommend that the measure be modified to reflect the percentage of completed audits in which the final assessment amount equaled the initial assessment amount. Based on previous performance, this standard should be raised. Performance results have shown steady improvement from 67.3% in Fiscal Year 1994-95 to 83.9% in Fiscal Year 1997-98.
Dollars collected voluntarily as a percentage of total dollars collected	97%	We recommend modifying the standard. This is the same standard as approved for Fiscal Year 1998-99. Actual results have steadily improved from 96.8% in Fiscal Year 1994-95 to 97.5% in Fiscal Year 1997-98. Based upon historical trends, this standard should be increased.

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Average number of days to resolve a dispute of an audit assessment	175	We recommend modifying the standard. This standard should be lowered. The standard has not changed since Fiscal Year 1996-97, although actual performance was significantly better in Fiscal Years 1996-97 and 1997-98. The department reported that due to increases in the average case inventory age, it expects a corresponding increase in the number of days to resolve a case. However, performance improved from 164 days in Fiscal Year 1996-97 to 162 days in Fiscal Year 1997-98 despite an increase in the average age of the case inventory from 132 to 144 days.
Return on investment (total involuntary collections per dollar spent).	\$4.92	We recommend adopting the measure. The department reported that this measure was revised due to an agreed change in the definition of "enforcement-related." Beginning in Fiscal Year 1998-99, the Return Reconciliation process is no longer included within enforcement-related activities. The revised definition of enforcement-related activities will result in lower enforcement-related expenditures with a corresponding increase in collections per dollar spent. There is insufficient historical data to determine if the proposed standard is appropriate. The department should validate this standard by collecting and analyzing historical data and modifying the standard if necessary.
Return on investment (total collections per total dollar spent)	\$147.73	We recommend adopting the measure. The proposed standard reflects continued improvements in performance. Results have shown steady improvement from \$139.38 in Fiscal Year 1995-96 to \$145.78 in Fiscal Year 1997-98. Based on previous performance, the standard appears appropriate.
Average time in days between the processing of a sales tax return and the first notification to the taxpayer of an apparent filing error or late return	38	We recommend adopting the measure. This appears to be an appropriate standard. In Fiscal Year 1997-98, the department exceeded the standard by three days. The proposed standard for Fiscal Year 1999-2000 reflects continued improvement from the 39 days reported in Fiscal Year 1997-98.

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Dollars collected as a percentage of actual liability of notices sent for apparent tax return filing errors or late returns	55%	<p>We recommend adopting the measure. The proposed standard is 4.5% below the Fiscal Year 1997-98 standard of 59.5% and 2% below the actual result of 57% for Fiscal Year 1997-98. The department reported that it did not meet this standard for Fiscal Year 1997-98 because of a 20% increase in penalty waivers.</p> <p>In Fiscal Year 1998-99 and 1999-2000, the department anticipates an additional 40% increase in penalties waived. Based on the projected increase in the percentage of penalty waived, this standard appears appropriate. However, we recommend that the department revise its methodology for initial penalty determinations to more closely correlate with final determinations on the amount of penalty owed.</p>
Percentage of delinquent tax return and filing error or late return notices sent to taxpayers that had to be revised (department or taxpayer error)	20%	<p>We recommend adopting the measure. The department reported a significant improvement from 21.7% in Fiscal Year 1996-97 to 19.5% in Fiscal Year 1997-98. The proposed standard anticipates that the improved performance will be maintained in Fiscal year 1999-2000. This appears to be an appropriate standard.</p>

Output Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Number of delinquent tax return notices issued to taxpayers	732,000	<p>We recommend modifying the standard. In Fiscal Year 1997-98, the department reported 862,500 delinquent tax return notices issued to taxpayers; 72,833 of this total was attributed to processing backlogged intangible tax returns. Based on Fiscal Year 1997-98 results, this standard should be raised.</p>
Number of notices sent to taxpayers for apparent tax return filing errors or late return	552,000	<p>We recommend modifying the standard. Based on performance in Fiscal Year 1997-98, this standard should be lower. The department reported sending 544,500 notices for apparent tax return filing errors or late return in Fiscal Year 1997-98.</p>

Source: Department of Revenue Fiscal Year 1999-2000 Legislative Budget Request; comments by OPPAGA

Appendix C

Response From the Department of Labor and Employment Security



L. H. Fuchs
Executive Director

STATE OF FLORIDA DEPARTMENT OF REVENUE

TALLAHASSEE, FLORIDA 32399-0100

February 25, 1999

Mr. John W. Turcotte
Director
Office of Program Policy Analysis
and Government Accountability
Post Office Box 1735
111 West Madison Street, Room 312
Tallahassee, Florida 32302

Dear Mr. Turcotte:

Attached is the Department's response to the recommendations presented in OPPAGA's report, Tax Administration Program Measures Generally Meet or Exceed Expectations.

I appreciate the professionalism displayed by your staff during this review. If further information is needed, please contact Tom Berger, our Inspector General, at 488-6078.

Sincerely,

L. H. Fuchs

LHF/bso

Attachment

**RESPONSE TO
OPPAGA PB2 PERFORMANCE REPORT
GENERAL TAX ADMINISTRATION
FEBRUARY, 1999**

OPPAGA Recommendations for the DOR's General Tax Administration Program's Fiscal year 1999-2000 Measures from Appendix B:

Measure: *Average number of days from receipt of payment to deposit (sales, corporate, intangible, fuel)*

DOR Proposed standard: **0.64 days**

OPPAGA Recommendation: *Modify the measure.*

DOR Response: The Department disagrees with OPPAGA's assertion that this measure "... is not meaningful...". The measure specifically describes the full deposit process over which the Department has control, and provides the Department with a consistent methodology with which it can calculate the financial impact to the state of improvements to the deposit process. Further, the measure as currently computed provides Florida the ability to compare the quality of its deposit process with other states' tax administration agencies, as this measurement methodology is identical to the method used in other states.

The Department, however, agrees with OPPAGA to amend the title in order to provide a more accurate description of the measure. The Department will continue working with OPPAGA on the development of an additional measure that will reflect the time from receipt of payment to deposit in an interest bearing account.

Measure: *Final audit assessment amounts as a percentage of initial assessment amounts (tax only).*

DOR Proposed standard: **74%**

OPPAGA Recommendation: *Modify the measure and the standard.*

DOR Response: GTA will conduct a review of OPPAGA's recommended replacement measure (*Percentage of completed audits in which the final assessment amount equals the initial assessment amount*) to determine the efficacy of such a measure. The Department disagrees with the recommendation to modify the 1999-2000 standard for the existing measure, as recent trends indicate a leveling-off of the measure that suggests the Department's recommended standard is appropriate. The Department will continue working with OPPAGA on the development of the potential replacement measure.

Measure: *Dollars collected voluntarily as a percentage of total dollars collected*

DOR Proposed standard: **97%**

OPPAGA Recommendation: *Modify the standard.*

DOR Response: The Department will continue working with OPPAGA during the 1999 Legislative session to arrive at a mutually agreed standard.

Measure: *Average number of days to resolve a dispute of an audit assessment*

DOR Proposed standard: 175 days

OPPAGA Recommendation: *Modify the standard.*

DOR Response: The Department disagrees with OPPAGA's recommendation. The average case inventory age, which has recently increased (as noted by OPPAGA), is more indicative of the changing characteristics of the case inventory than merely a lead indicator for the measure. As lower valued and less complex disputes are being resolved, they comprise a smaller component of the pending inventory. Higher dollar-volume protests and disputes involving complex issues are becoming the prevalent component of the pending inventory. These types of disputes inherently take more time to resolve which is expected to increase the average length of time to resolve disputes. The Department requests the current proposed standard of 175 days be left intact.

Measure: *Number of delinquent tax return notices issued to taxpayers*

DOR Proposed standard: 732,000

OPPAGA Recommendation: *Modify the standard.*

DOR Response: The Department will continue working with OPPAGA during the 1999 Legislative session to arrive at a mutually agreed standard.

Measure: *Number of notices sent to taxpayers for apparent tax return filing errors or late returns*

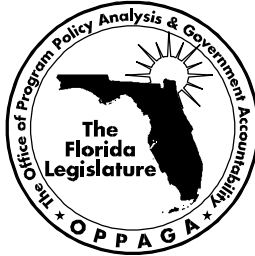
DOR Proposed standard: 552,000

OPPAGA Recommendation: *Modify the standard.*

DOR Response: The Department will continue working with OPPAGA during the 1999 Legislative session to arrive at a mutually agreed standard.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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- Florida Government Accountability Report (FGAR) is an Internet encyclopedia of Florida state government. FGAR offers concise information about state programs, policy issues, and performance. Check out the ratings of the accountability systems of 13 state programs.
- Best Financial Management Practice Reviews for Florida school districts. OPPAGA and the Auditor General jointly conduct reviews to determine if a school district is using best financial management practices to help school districts meet the challenge of educating their students in a cost-efficient manner.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

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