

Office of Management and Budget Clearance Package

Customer Satisfaction Surveys:

Exempt Organization Compliance Area

Compliance Check Customers

Internal Revenue Service
Tax Exempt and Government Entities Division

August 2008

Background

The Exempt Organizations Compliance Area (EOCA) was created during FY2004 to supplement Exempt Organizations' traditional examination program. The EOCA's mission is to significantly increase IRS presence in the Exempt Organization community by touching more entities through educational mailings, Compliance Checks, and limited scope correspondence examinations. Now that we have been in existence for 3 full fiscal years and have established baseline measures in the Business Results category of Balanced Measures, it is appropriate to continue measuring Customer Satisfaction. Our initial year mail out of the survey will have an approximate response rate of 15%. The focus of this document is to explain how we will measure Customer Satisfaction in the Compliance Check.

Compliance Checks are taxpayer contacts made to determine if an organization is adhering to recordkeeping and information reporting requirements, or whether an organization's activities are consistent with their stated tax exempt purposes. The taxpayers EOCA contacts are typically part of an approved project process that comes through their Strategic Planning Workgroup, or are an off shoot of an approved Market Segment Examination Program. EOCA Compliance Checks are limited to one issue. However, it is determined if the taxpayer is compliant in filing all required returns while they are being contacted. Taxpayers are sent Publication 4386 explaining the difference between a Compliance Check and an examination (audit).

Taxpayer's responses to EOCA Compliance Checks could result in the following actions (not all inclusive):

- A change in some aspect of the Entity section on Master File. For example, our records indicated that they were a charitable organization under IRC 501(c) (3), but they actually qualify under 501(c) (4).
- The taxpayer must submit an amended or delinquent return.
- A determination, based on the taxpayer's response, that an examination is proper
- The taxpayer's response indicates he/she is in compliance and no further action is required.
- A future follow up action is appropriate.

The Customer Satisfaction Survey (CSS) we have designed will give us some assurance that 1) that our communication with them is clear 2) that we are impacting future compliance and 3) that we are doing all of the above with little

additional taxpayer burden.

Research Methodology

The EOCA consulted with TE/GE's Research and Analysis team and determined that based on a +/- 95% confidence level it would be appropriate to send the survey to 10% of our FY2009 projected goal of 3,718 closed compliance checks. The sample size may increase or decrease for fiscal year 2010 based on our work plan. The taxpayer will be given the option of returning the survey via mail or fax. There will be no taxpayer identification on the survey but it will be coded to identify the particular project with which it is associated. The taxpayer will not be contacted a second time if we fail to receive a response.

Evaluation

The responses will be entered into a database for analysis. The EOCA has one employee whose only duties will be to administer the CSS and another internal Quality Review Systems.

The results of the analysis will be provided to the Director, Exempt Organizations, on a project basis every quarter.

Reports will include:

- Survey counts and overall response rates.
- The overall level of customer satisfaction with services provided by EOCA
- The averages and frequencies for all ratings questions.
- Which areas of service, in priority order, TE/GE should focus their resources to improve overall satisfaction.
- Analysis of the relationship between survey responses.

Data will be collected between November 2008 – September 2010.

Tallies and Other Information

The following information is needed to satisfy OMB clearance requirements. It must be provided within 60 days after survey data collection operations are concluded:

1. FINDINGS: Provide a brief summary of significant (important) findings that were evidenced in the results.
2. ACTIONS TAKEN OR LESSONS LEARNED: Provide a brief summary of any actions taken or lessons learned as a result of the findings.
3. TAXPAYER PARTICIPATION:
 - a. SURVEYS:
 - i. Number of requests for taxpayer participation
 - ii. Number of questionnaires returned or interviews completed
4. DATE THE DATA COLLECTION BEGAN

5. DATE THE DATA COLLECTION ENDED
6. COST: Include printing, postage, travel, overtime payments, payments to vendors, and any other costs incurred as a direct result of the survey (do not include regular salaries of IRS employees).

Estimated Cost

There will be no cost to the government to administer this survey. EOCA staff will be responsible for mailing the survey, recording results, and prepare the quarterly reports.

Estimated Burden Hours

During FY 2008 we closed an estimated 3,000 compliance checks. We project closing 3,718 compliance checks in FY 2009. Sending the survey to 10% of the projected compliance checks in FY2009, with a response rate of 15% (determined by the average response rate to EOCA's FY2008 survey mail out) and an estimated completion time of 3 minutes per survey, we estimate total taxpayer burden at:

(3718 (full population) x 10% (sample size) x 15% (response rate) x 3 minutes = 168 minutes = 7 hours)

With regard to the low response rate, TE/GE will assume that all data collected from this survey is **qualitative in nature**, and that no critical decisions will be made solely from the analysis of data from this survey. The results from this survey are simply one piece of a larger set of information needed to assess needs related to services provided by TE/GE.

The security of the data used in this project and the privacy of taxpayers will be carefully safeguarded at all times. Security requirements are based on the Computer Security Act of 1987 and Office of Management and Budget Circular A-130, Appendices A & B. Physical security measures include a locked, secure office. Notes are stored in locked cabinets or shredded. Data security at the C-2 level is accomplished via the Windows NT operating system. Systems are password protected, users profiled for authorized use, and individual audit trails generated and reviewed periodically.

The IRS will apply and meet fair information and record-keeping practices to ensure privacy protection of all taxpayers. This includes criteria for disclosure—laid out in the Privacy Act of 1974, the Freedom of Information Act, and Section 6103 of the Internal Revenue Code—all of which provide for the protection of taxpayer information as well as its release to authorized recipients.

The survey will not contain tax return or taxpayer information. Survey participants will not be identified in any of the documents or files used for this project. We will limit and control the amount of information we collect to those items that are necessary to accomplish the research questions. We will carefully safeguard the

security of data utilized as well as the privacy of the survey respondents. We will apply the fair information and record-keeping practices to ensure protection of all survey respondents. The criterion for disclosure laid out in the Privacy Act, the Freedom of Information Act, and section 6103 of the Internal Revenue Code provides for the protection of information as well as its releases to authorized recipients.

Statistical Contact

For questions regarding the study or questionnaire design or the statistical methodology, contact:

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