STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE
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KEVIN F. MURRAY
EXECUTIVE DEPUTY COMMISSIONER

Mr. Robert H. Attmore
Deputy Comptroller
Office of the State Comptroller
Division of Management Audit and
Financial Reporting
A. E. Smith State Office Building
6th Floor
Albany, New York 12236

Dear Mr. Attmore:

We thank you for the opportunity to comment on your letter of April 30, 1996, (96-F-1) detailing the results of the Office of the State Comptroller's follow-up audit of the productivity of tax compliance agents (93-S-44).

We are in overall agreement with the audit's recommendations and, as indicated in the report, have made substantial progress toward their implementation.

The Department is committed to improving the collection process and maximizing collection results. To this end, the Tax Compliance Division (TCD) uses an array of evaluation techniques to measure collection results and effectiveness. These measurements include inventory levels, collections per staff day and unit, levels of enforcement techniques utilized (e.g., warrants, levies, income executions, deferred payment agreements, seizures), cases closed per staff day, and interoffice comparisons of utilization of various collection techniques. They are used on an ongoing basis to evaluate, modify, and control collection operations. TCD expects that full implementation of the Rule Based Case Assignment Project (RBCAP) will enhance its ability to evaluate and monitor the collection process.

Recommendation 1:

Develop and use collection benchmarks to measure staff performance.

Status:

TCD introduced the use of a 180-day collection case guideline with a large scale retraining effort in the spring of 1995. TCD has utilized the new standard to measure the effectiveness of collection performance in specific offices and has used the result to improve the performance of specific Tax Compliance Agent staff. This review has been performed both by first-line supervisors and the District Office Support Section. We expect that new reports, made possible through the capabilities developed as a result of the RBCAP, will allow for closer monitoring of adherence to the 180-day standard.

Recommendations 2 and 3:

Implement comprehensive reports to identify collection action and results.

Utilize and analyze appropriate management data to determine the effectiveness of the Division's collection efforts.

Status:

For the period April through November 1995, TCD was engaged in extensive testing of the new monthly productivity reports produced directly from the Case and Resource Tracking System (CARTS). Since these reports replaced the former manual monthly production reporting system, it was imperative to ensure their accuracy. The new reporting system was fully implemented at the beginning of the current fiscal year.

Recommendations 4, 6, and 7:

Continue to develop and implement the field work guide that is already underway.

Maintain supervisory control procedures to improve internal controls over field agents.

Develop a comprehensive procedures manual designed to guide the district office staff.

Status:

We are pleased with the auditors' recognition that Recommendations 4, 6, and 7 are fully implemented.

Recommendation 5:

Consider realigning staff resources to alleviate backlogs.

Status:

TCD has always used available management information to evaluate the efficiency of distribution of collection staff and to realign staff to maximize revenue production. We anticipate that full implementation of the RBCAP will add another set of measures to help make staffing decisions. The computer programming to implement this project has now been completed, and testing is scheduled to begin shortly.

Recommendations 8, 9, 10, and 11:

Analyze the results of the Accelerated Sales Tax Project to determine the impact of the project on the overall collection process.

Establish a timetable for the Rules Based Assignment activities so that accomplishments can be monitored.

Consider a formal process to continue to identify ways to improve the collection process.

Identify habitually-delinquent taxpayers for immediate aggressive collection activities.

Status:

We have discontinued the Accelerated Sales Tax Collection Project on advice of Counsel. Specifically, the Donal Meyers case has resulted in an Opinion of Counsel advising TCD not to initiate collection contact during the first 90 days following issuance of a notice and demand.

With respect to the Rule Based Case Assignment Project, because of budget constraints, TCD has had to rely very heavily on the use of student interns. This has resulted in some problems in continuity and in slower-than-expected progress. Nevertheless, the achievements of the interns

and TCD staff assigned to this project have been substantial. Working with the Information Systems Management Division (ISM), TCD has developed a LAN-based decision support system that has successfully extracted critical information from the CARTS system for program analysis and operational management. This has enabled TCD to develop its own capability to perform ad hoc analyses of operational issues.

The only remaining hurdle to implementation of the RBCAP is the testing of a computer change to allow the Automated Telephone Collection (ATC) system to work business tax cases. This testing process is about to begin.

As the auditors note, much of our anticipated enhanced capability to measure the effectiveness of collection operations is dependent on full implementation of the RBCAP. In the meantime, we have initiated an effort and established a team to reevaluate all aspects of collection operations. The team is expected to identify further improvements to the effectiveness of collection operations.

Recommendation 12 and 13:

Develop reports that readily provide the number, value, and age of protest inventories.

Resolve assessment protests expeditiously.

Status:

TCD has utilized the new reports developed to monitor the status of informal protests to track their timeliness in resolving informal protests within 90 days. TCD has made substantial progress toward achieving this goal.

Sincerely,

Kevin F. Murray

Kevin F. Murray
Executive Deputy Commissioner