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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

May 29, 2007

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS
DIRECTOR, ADVISORY, INSOLVENCY & QUALITY
DIRECTOR, COLLECTION POLICY

FROM: David Alito /s/
Director, Collection

SUBJECT: Embedded Quality – Using EQRS Review Data

We are excited that the Embedded Quality program is fully implemented in Collection. If used correctly, the Embedded Quality Review System (EQRS) can be a powerful tool for managers to use to improve performance. Embedded Quality can assist managers in identifying gaps in quality casework and in targeting corrective steps that positively impact performance.

Over time, there will be a large quantity of data available to management in the field. In just 3 months, we have over 13,000 reviews in the system. During EQ implementation, it was evident that both employees and managers had concerns about how EQ data will be used. I want to take this time to review some of the constraints/limitations of the EQRS data.

- The manager review data (EQRS) is <u>not</u> statistically valid.
- The EQRS data represents the cases the manager has selected to review. Managers are encouraged to continue to review their priority cases (*i.e.*, overage, no activity, high time charged, etc), which may distort a group's results.
- The EQRS data may reflect a higher sample of reviews for less experienced employees.
- The EQRS data may be used as an indicator of performance but should not be the only indicator considered.

Given these constraints, we need to be cautious about how the data is used. EQRS provides managers with a tool for providing valuable and actionable feedback to their employees as well as to identify local technical training needs.

Area Directors and Territory Managers should use the EQ data in combination with other performance related data to get an assessment of the group's performance.

Partnering NQRS data, which is statistically valid to the Area level, but a good indicator to the territory level, provides a broader picture of quality case work. Both EQRS and

NQRS results should be used to begin the conversation about quality performance. Potential issues to address include the underlying causes of the EQRS/NQRS scores and actions that can be taken to address those concerns. For example, low scores in the timeliness attributes would raise questions to determine what is causing the most concern for the group and how performance can be improved.

Other tools to help managers identify quality issues include consistency reviews and comparison of EQ/NQ results at a territory and area level. Additionally, using the EQRS *Organization Cumulative Report* at the territory or group level to identify consistently high or low attribute scores will help managers develop their review expertise.

Attached are some guidelines that can assist you in preparing for an Operational Review.

If you have any questions, please contact Sammi Shultz, Acting Director, Collection Planning and Analysis or a member of your staff may contact Marc Brown, EQ Program Manager at (202) 283-2658.

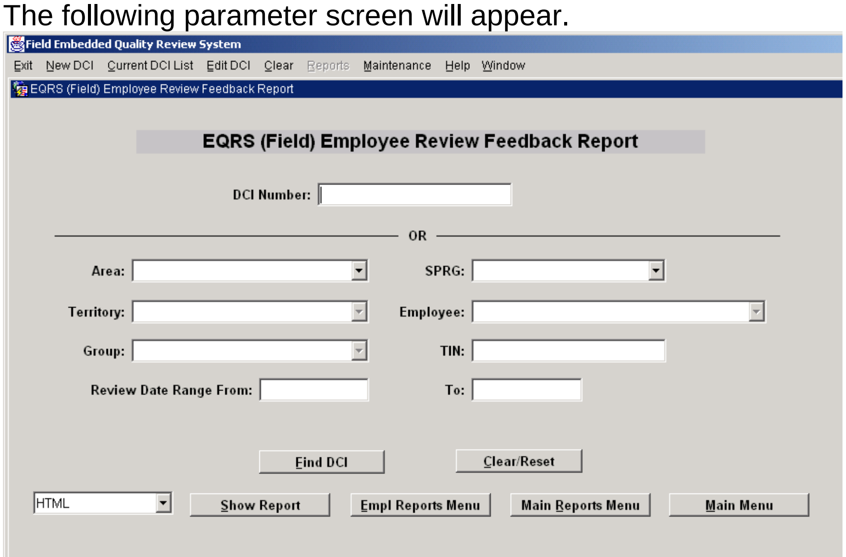
Attachments

EQ Tips for Operational Reviews

The Embedded Quality Review System (EQRS) has the ability to transform the way a territory manager (TM) conducts Operational Reviews. EQRS has a variety of reports that can assist a TM in tracking the number and types of case reviews, verifying that employee evaluations are consistent with case reviews conducted during the rating period, and monitoring and improving the quality of case work. No longer does he/she have to wait until an Operational Review is scheduled or an Employee's Performance Folder (EPF) arrives to review this information. It is available on-line 24/7 and literally, the "sky is the limit" when describing the number and types of reports that can be generated. All reports can be formatted as an Excel spreadsheet which allows for even more analysis. The following are just a few examples of what EQRS can provide a TM.

- Ability to view a case review (Individual Employee Feedback Report) on-line. This can assist in Operational Reviews of the groups. Consistency and accuracy of reviews can be verified by reviewing behind the managers' reviews.
  - Access the EQRS "**Reports Menu**"
  - Select "**Employee**" and "**Individual Review Feedback**"

The following parameter screen will appear.



To generate the report, complete the following steps.

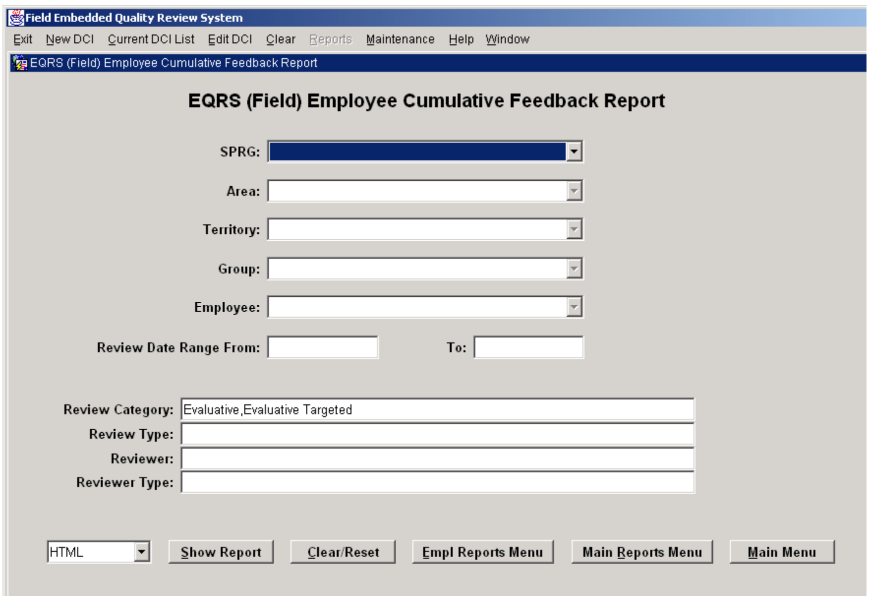
- Input the "**DCI**" number and select "**Show Report**" OR
- Select Area, Territory, Group, SPRG and Employee from the drop down menus
- Input TIN (Optional) to further define your parameters
- Input review date range
- Select report output – HTML or Excel
- Select "**Find DCI**"

A list of DCI's meeting your criteria will be displayed as shown below. Double-clicking on the DCI in any of the six columns will display the Employee Individual Feedback Report.

NOTE: *If an employee submits a rebuttal to a case review, this will not be reflected on the EQRS system (unless noted by the manager in the case summary), but will be attached to the paper Individual Feedback Report that is filed in the employee's EPF.*

- Ability to view an Employee Cumulative Report that combines all case reviews conducted for a specific period of time. This can assist in determining if an employee's annual appraisal rating is consistent with the case reviews conducted.
  - Access the EQRS "**Reports Menu**"
  - Select "**Employee**" and "**Employee Cumulative**"

The following parameter screen will appear.

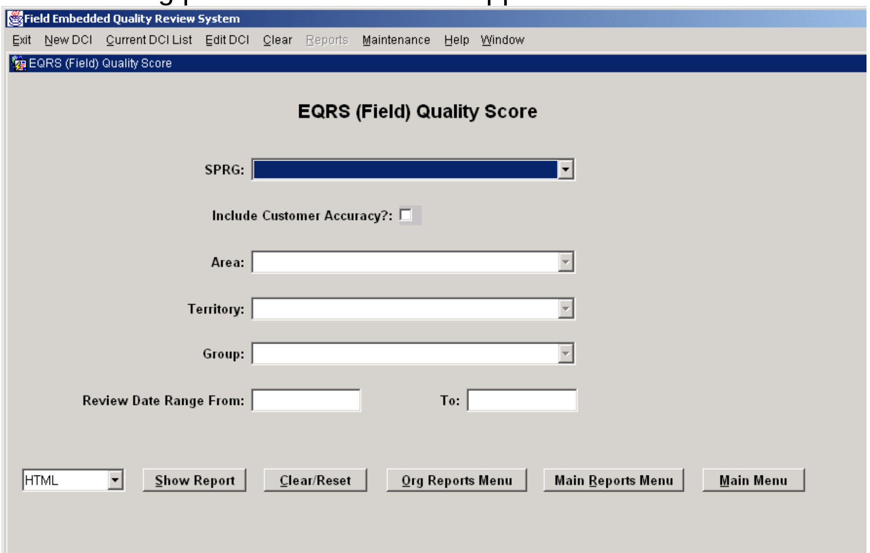


To generate the report complete the following steps.

- Select SPRG, Area, Territory, Group and Employee
- Input the review date range
- Select Review Category – The system will default to evaluative. Double-click on the box to select or de-select.
- Select Review Type, Reviewer and/or Reviewer Type – Double-clicking on these boxes will display your options. Double-click again to select. These are optional input.
- Select Report Output – HTML or Excel
- Select "**Show Report"**

- Ability to quickly look at the NQRS and EQRS quality rates by pulling the Quality Score reports to assess group and territory quality rates under EQRS to the comparable NQRS report.
  - Access the EQRS "**Reports Menu**"
  - Select "**Organization**" and "**Quality Score**"

The following parameter screen will appear.



To generate the report, complete the following steps.

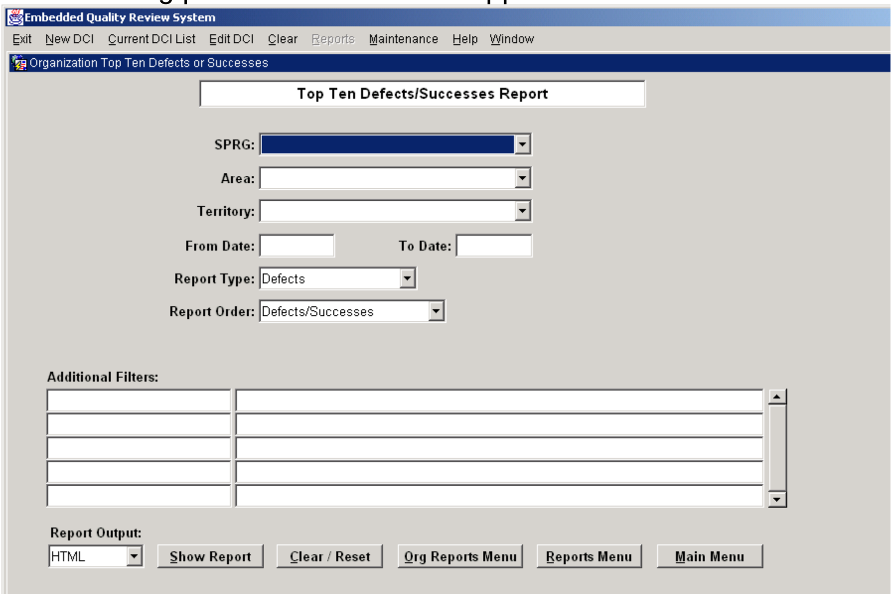
- Select the SPRG from the drop down menu
- Determine whether or not you want the Customer Accuracy Attribute in the quality score calculation. The official quality score does not include customer accuracy.
- Define the level of report you want to generate by selecting the appropriate Area, Territory and Group from the drop down menu.
- Define the date range for the report.
- Select the Report Output – HTML or Excel
- Select **"Show Report"**

Generate the matching NQRS report "**Embedded Quality Score**" report by exiting EQRS and entering NQRS from the "**Main Menu"**. (Data is limited to territory level results)

NOTE: *Remember that the focus of manager's reviews is by definition different than that of National Reviewers and therefore, differences will exist. <u>Managers target cases needing review and National review selects a random, statistically valid sample.</u>*

- Ability to view the top defects and/or successes in each group. This can assist in identifying best practices (Top 10 Successes) or opportunities for improvement (Top 10 Defects).
    - Access the EQRS “**Reports Menu**”
    - Select “**Organization**” and “**Top Ten Defects/Successes**”

The following parameter screen will appear.

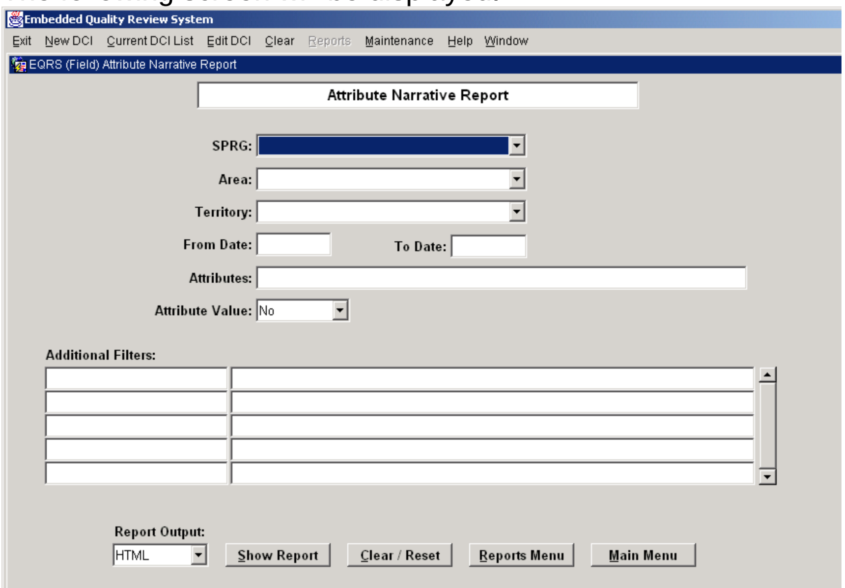


To generate the report, select the following:

- SPRG
- Area
- Territory
- Date Range
- Report Type – select Defects or Successes depending on whether you want to see the attributes rated “N” most often or rated “Y” most often.
- Report Order
    - Total Opportunities – lists the attributes from highest to lowest in terms of the total number of times the attributes were rated either “Y” or “N”
    - Defects/Successes – lists the attributes from highest to lowest in terms of the total number of successes or defects, regardless of the number of opportunities
    - Percentage – lists the attributes from highest to lowest in terms of the times that the attribute was rated either “Y” or “N” as a percentage of total opportunities. *Note that this option will often include attributes that may not be rated frequently, although they are important, such as 204: TFRP Process and 416: Appropriate Enforcement Tools.*
- Additional Filters – Double-click on any of the fields in the additional filters column. Double-clicking on any of these filters opens another screen allowing you to define your filter criteria.
- Report Output – select HTML or Excel
- “**Show Report”**

- Ability to view narrative comments. This can assist in further defining opportunities for improvement by isolating information on a specific attribute, group and employee.
    - Access the EQRS "**Reports Menu**"
    - Select "**Attribute Narrative**"

The following screen will be displayed.

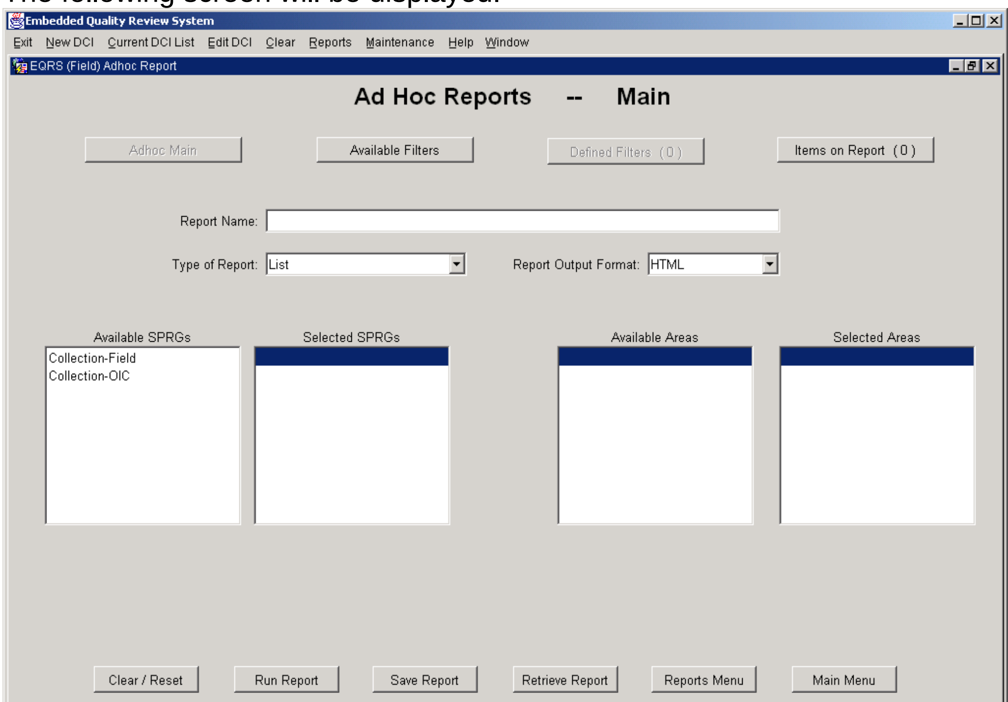


To generate the report, complete the following steps.

- Select the SPRG, Area, and Territory
- Define the date range
- Select the attributes by double-clicking on the box. Select the attribute(s) by double-clicking to move them from the Available Items to Selected Items. You have the ability to select all but be mindful of the number of attributes selected as well as timeframes because this report can quickly become very large.
- Select Attribute Value – No or Yes
- Select additional filters (Optional)
- Select report output – HTML or Excel
- Select "**Show Report**"

- You can customize the Ad Hoc Reports created by other managers/analysts to fit your needs. We have saved two Ad Hoc Reports that Territory Managers can use.
    - Access the EQRS "**Reports Menu**"
    - Select "**Adhoc**"

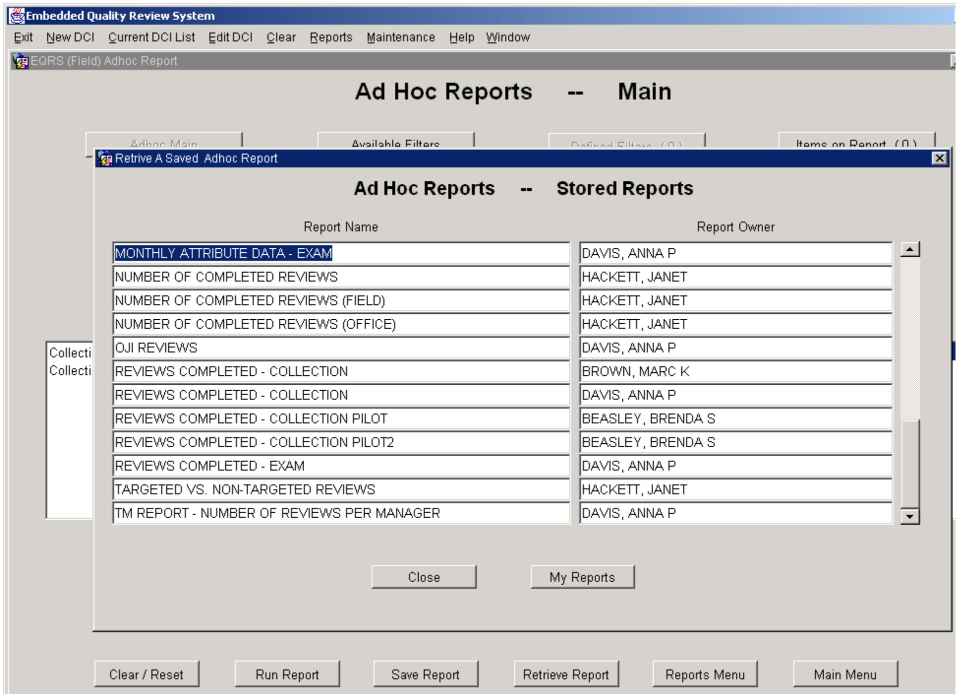
The following screen will be displayed.



- Select "**Retrieve Report"**

This will display a listing of all the Ad Hoc reports <u>you</u> have created and saved. This screen gives you another option to select "**All Reports".** When you select this option, all saved Ad Hoc reports will be displayed as shown in the following screen.

Attachment 1



1. Select **TM REPORT – NUMBER OF REVIEWS PER MANAGER** Double-click on the report name to select the report you want to customize.

   You will now need to customize the report for your Territory:
   - Double Click to select your AREA
   - Select your Territory from the drop down menu
   - Select the DEFINED FILTERS button to review the pre-defined filters
     - Status – Complete reviews only
     - Review Date – reviews conducted within this review period
   - Select the ITEMS ON REPORT button to review the fields to display on the report. Are there items you would like to add?
   - Select RUN REPORT to view the results
   - Select SAVE – Change name for your use. This will allow you to pull up your customized report for future use.

2. Select **TM REPORT – MEASUREMENT CATEGORY SCORES PER GROUP.**
   - Follow same instructions as listed above.

REMINDER: *If the saved report was designed to pull data for a specific time period, you will need to change the dates before running the saved report. Please refer to the Training Material or Users Guide for guidance on how to create an Ad hoc Report*