

(ii) For purposes of the limitation contained in this paragraph (e), *evaluate* includes any process used to appraise or measure an employee's performance for purposes of providing the following:

(A) Any required or requested performance rating.

(B) A recommendation for an award covered by Chapter 45 of Title 5; 5 U.S.C. 5384; or section 1201(a) of the Act.

(C) An assessment of an employee's qualifications for promotion, reassignment, or other change in duties.

(D) An assessment of an employee's eligibility for incentives, allowances, or bonuses.

(E) Ranking of employees for release/recall and reductions in force.

(2) Employees who are responsible for exercising judgment with respect to tax enforcement results in cases concerning one or more taxpayers may be evaluated on work done on such cases only in the context of their critical elements and standards.

(3) Performance measures based in whole or in part on quantity measures (as described in § 801.6) will not be used to evaluate the performance of any non-supervisory employee who is responsible for exercising judgment with respect to tax enforcement results (as described in § 801.6).

[T.D. 9227, 70 FR 60215, Oct. 17, 2005. Redesignated and amended by T.D. 9426, 73 FR 60628, Oct. 14, 2008]

§ 801.4 Customer satisfaction measures.

The customer satisfaction goals and accomplishments of operating units within the IRS will be determined on the basis of information gathered through various methods. For example, questionnaires, surveys and other types of information gathering mechanisms may be employed to gather data regarding customer satisfaction. Information to measure customer satisfaction for a particular work unit will be gathered from a statistically valid sample of the customers served by that operating unit and will be used to measure, among other things, whether those customers believe that they received courteous, timely, and professional treatment by the IRS personnel

with whom they dealt. Customers will be permitted to provide information requested for these purposes under conditions that guarantee them anonymity. For purposes of this section, customers may include individual taxpayers, organizational units, or employees within the IRS and external groups affected by the services performed by the IRS operating unit.

[T.D. 8830, 64 FR 42835, Aug. 6, 1999. Redesignated by T.D. 9426, 73 FR 60626, Oct. 14, 2008]

§ 801.5 Employee satisfaction measures.

The employee satisfaction numerical ratings to be given operating units within the IRS will be determined on the basis of information gathered through various methods. For example, questionnaires, surveys, and other information gathering mechanisms may be employed to gather data regarding satisfaction. The information gathered will be used to measure, among other factors bearing upon employee satisfaction, the quality of supervision and the adequacy of training and support services. All employees of an operating unit will have an opportunity to provide information regarding employee satisfaction within the operating unit under conditions that guarantee them anonymity.

[T.D. 9227, 70 FR 60215, Oct. 17, 2005. Redesignated by T.D. 9426, 73 FR 60628, Oct. 14, 2008]

§ 801.6 Business results measures.

(a) *In general.* The business results measures will consist of numerical scores determined under the quality measures and the quantity measures described elsewhere in this section.

(b) *Quality measures.* Quality measures will be determined on the basis of a review by a specially dedicated staff within the IRS of a statistically valid sample of work items handled by certain functions or organizational units determined by the Commissioner or his delegate such as the following:

(1) *Examination and collection units and Automated Collection System Units (ACS).* The quality review of the handling of cases involving particular taxpayers will focus on such factors as whether IRS personnel devoted an appropriate amount of time to a matter,

properly analyzed the facts, and complied with statutory, regulatory, and IRS procedures, including timeliness, adequacy of notifications, and required contacts with taxpayers.

(2) *Toll-free telephone sites.* The quality review of telephone services will focus on such factors as whether IRS personnel provided accurate tax law and account information.

(3) *Other work units.* The quality review of other work units will be determined according to criteria prescribed by the Commissioner or his delegate.

(c) *Quantity measures.* Quantity measures will consist of outcome-neutral production and resource data that does not contain information regarding the tax enforcement result reached in any case that involves particular taxpayers. Examples of quantity measures include, but are not limited to—

- (1) Cases started;
- (2) Cases closed;
- (3) Work items completed;
- (4) Customer education, assistance, and outreach efforts completed;
- (5) Time per case;
- (6) Direct examination time/out of office time;
- (7) Cycle time;
- (8) Number or percentage of overage cases;
- (9) Inventory information;
- (10) Toll-free level of access; and
- (11) Talk time.

(d) *Definitions*—(1) *Tax enforcement results.* A tax enforcement result is the outcome produced by an IRS employee's exercise of judgment in recommending or determining whether or how the IRS should pursue enforcement of the tax laws. Examples of tax enforcement results include a lien filed, a levy served, a seizure executed, the amount assessed, the amount collected, and a fraud referral. Examples of data that are not tax enforcement results include a quantity measure and data derived from a quality review or from a review of an employee's or a work unit's work on a case, such as the number or percentage of cases in which correct examination adjustments were proposed or appropriate lien determinations were made.

(2) *Records of tax enforcement results.* Records of tax enforcement results are data, statistics, compilations of infor-

mation or other numerical or quantitative recordations of the tax enforcement results reached in one or more cases. Such records may be used for purposes such as forecasting, financial planning, resource management, and the formulation of case selection criteria. Records of tax enforcement results may be used to develop methodologies and algorithms for use in selecting tax returns to audit. Records of tax enforcement results do not include tax enforcement results of individual cases when used to determine whether an employee exercised appropriate judgment in pursuing enforcement of the tax laws based upon a review of the employee's work on that individual case.

[T.D. 9227, 70 FR 60215, Oct. 17, 2005. Redesignated by T.D. 9426, 73 FR 60628, Oct. 14, 2008]

§ 801.7 Examples.

(a) The rules of § 801.3 are illustrated by the following examples:

Example 1. (i) Each year Division A's Examination and Collection functions develop detailed workplans that set goals for specific activities (e.g., number of audits or accounts closed) and for other quantity measures such as cases started, cycle time, overage cases, and direct examination time. These quantity measure goals are developed nationally and by Area Office based on budget allocations, available resources, historical experience, and planned improvements. These plans also include information on measures of quality, customer satisfaction, and employee satisfaction. Results are updated monthly to reflect how each organizational unit is progressing against its workplan, and this information is shared with all levels of management.

(ii) Although specific workplans are not developed at the Territory level, Headquarters management expects the Area Directors to use the information in the Area plans to guide the activity in their Territories. For 2005, Area Office 1's workplan has a goal to close 1,000 examinations of small business corporations and 120,000 taxpayer delinquent accounts (TDAs), and there are 10 Exam Territories and 12 Collection Territories in Area Office 1. While taking into account the mix and priority of workload, and available staffing and grade levels, the Examination Area Director communicates to the Territory Managers the expectation that, on average, each Territory should plan to close about 100 cases. The Collection Area Director similarly communicates to each Territory the expectation that, on average,