§ 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 2006, 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,
they will close about 10,000 TDAs, subject to
similar factors of workload mix and staffing.

(iii) Similar communications then occur at
the next level of management between Terri-
tory Managers and their Group Managers,
and between Group Managers and their em-
ployees. These communications will emphai-
size the overall goals of the organization and
each employee’s role in meeting those goals.
The communications will include expecta-
tions regarding the average number of case
closures that would have to occur to reach
those goals, taking into account the fact
that each employee’s actual closures will
vary based upon the facts and circumstances
of specific cases.

(iv) Setting these quantity measure goals,
and the communication of those goals, is
permissible because case closures are a quan-
tity measure. Case closures are an example
of outcome-neutral production data that
does not specify the outcome of any specific
case such as the amount assessed or col-
lected.

Example 2. In conducting a performance
evaluation, a supervisor is permitted to take
into consideration information the supervi-
sor has developed showing that the em-
ployee failed to propose an appropriate ad-
justment to tax liability in one of the cases
the employee examined, provided that infor-
mation is derived from a review of the work
done on the case. All information derived
from such a review of individual cases han-
dled by the employee, including time ex-
pended, issues raised, and enforcement out-
comes reached should be considered and dis-
cussed with the employee and used in evalu-
ating the employee.

Example 3. When assigning a case, a super-
visor is permitted to discuss with the em-
ployee the merits, issues, and development of
techniques of the case based upon a review of
the case file.

Example 4. A supervisor is not permitted to
establish a goal for proposed adjustments in
a future examination.

(b) [Reserved]

§ 801.8 Effective/applicability dates.

The provisions of §§ 801.1 through
801.7 apply on or after October 17, 2005.

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nated and amended by TD. 9426, 73 FR 60628,
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