

TE/GE Program Letter FY 2015

Message from the TE/GE Commissioner



Despite the challenges over the last year for the IRS and TE/GE specifically, I have seen firsthand your resilience and focus on moving forward with the work we have to complete for the American taxpayer. Because of the work you do, the retirement assets of the American people are more secure, citizens are comfortable giving charity to organizations that benefit society, and governments (including sovereign Indian tribes) and the municipal finance community better understand their tax responsibilities. Thank you for your contributions, professionalism, and the work you continue to do on behalf of the American taxpayer.

As we move forward, Donna and I want to establish the TE/GE Program Letter for FY 2015 to provide one document discussing TE/GE's priorities and focus for the coming year. The Program Letter does not attempt to cover the numerous programs for which TE/GE is responsible but highlights the key areas of focus for FY 2015. The areas of focus align with the new IRS Strategic Plan FY 2014-2017 by specifically looking at strengthening our strategic foundation for organizational excellence. Investment in these key focus areas will position TE/GE to better achieve our [mission](#) and to deliver quality customer service for our taxpayers and stakeholders. It is based on four values that I have emphasized since joining TE/GE earlier this year:

- Shared opportunities: Sharing ideas to become more innovative, efficient, and effective to better serve our customers.
- Shared responsibilities: Everyone has an important role in engagement and sharing developmental opportunities so employees can enhance their skills.
- Shared accountability: Creating and maintaining a culture where we are comfortable speaking up and providing our opinions; if you see something, say something.
- Communication: Maintaining open, two-way communications across the organization and the IRS.

The successful execution of our strategy depends on you. We encourage you to read through this Program Letter, discuss these focus areas with your colleagues and provide us with your thoughts and ideas. We will reach out at least quarterly to update you on the progress we are making in these key areas of focus. We will also continue to seek feedback from our stakeholders.

Happy New (Fiscal) Year!

-Sunita

TE/GE's Key Areas of Focus for FY 2015

In accordance with the IRS Strategic Plan FY 2014-2017, TE/GE is entering FY 2015 focused on accountability and transparency. Although we face limited resources, we have an obligation as good stewards of taxpayer dollars to maximize our use of those resources. Together, we'll continuously look for innovative ways to work more efficiently and effectively, with limited growth in selected areas to ensure that specific resource investments support the following activities:

Continuous Improvement: As we did in FY 2014, we will continue to develop ways to improve processes, reduce taxpayer burden and capture opportunities to eliminate waste. Last year, we used the Lean Six Sigma (LSS) process to develop and implement the Form 1023-EZ that provides a simpler process for small exempt organizations (EO) to apply for exemption. This was our first attempt to streamline the EO application process. In FY 2015, we will continue to review and improve the application process for all exempt organizations. We are also using the LSS process to evaluate the EP Determinations program to identify improvement opportunities. The goal is to ensure we are using our limited resources in areas that allow us to maintain adequate oversight over the sector while serving our stakeholders and customers. In FY 2014, we met with each of the exam programs to review our compliance strategy and the key compliance issues on which we should focus given decreased resources. In FY 2015, we anticipate:

- Refining our compliance strategy and approach to better identify compliance priorities and prioritize compliance issues, and to determine the effect our enforcement efforts have on taxpayer behavior; and
- Exploring ways to improve our processes in the area of Government Entities – for example, evaluating the direct pay bond credit payment process to ensure consistent procedures, processes and efficiency.

As we seek to make these improvements, we will ensure that they are executed thoughtfully and in a way that enhances support to TE/GE employees and stakeholders.

Knowledge Management: We have a diverse workforce with deep knowledge of the issues and tax administration procedures affecting TE/GE taxpayers. We need to leverage that technical expertise to ensure that we capture, manage and transfer it. In FY 2014 we started developing a knowledge management strategy that will help us preserve and share our knowledge base and foster consistency in the positions we take on issues. We will continue to do so in FY 2015. Some of the goals we are working toward are:

- Providing technical assistance to TE/GE employees and managers on cases and issues on an ad hoc basis, without burdensome approvals or procedures;
- Encouraging collaboration among various functions, such as rulings and agreements, examinations, and counsel;
- Developing a repository of resources that can be easily accessed by employees throughout the IRS; and
- Ensuring that TE/GE employees take consistent and the most correct position on behalf of the U.S. government.

Employee Engagement and Development: Recognizing that both the IRS Strategic Plan FY 2014 - 2017 and the TE/GE Vision focus on employee engagement, we will build on our strengths and continue to:

- Strengthen our management team's visibility, transparency and interaction with employees;
- Support employee empowerment by giving employees ownership of work processes and by providing developmental opportunities;
- Enhance recognition efforts to demonstrate the value we place on our employees' accomplishments; and
- Adhere to the commitments made in the employee engagement strategy and action plan.

Data-Driven Decision-Making: We will integrate data into our daily work to better understand and meet customer needs, improve program delivery, identify and mitigate potential operational and compliance risks, and enhance the transparency of our decision-making process. We will equip our workforce with the tools and data necessary to foster a culture of data-driven decision-making across our organization. Our strategies include:

- Developing sophisticated analytics and research capabilities that provide insight, identify trends, and predict business issues and demands;
- Conducting analysis to identify opportunities to improve processes, quality and efficiency;
- Applying analytics and research to improve program effectiveness and foster a timely, data-driven decision-making environment; and
- Allocating resources using a data-driven approach to target existing and emerging high-risk areas.

Risk Management: We will work to build a risk-aware culture that embraces a safe, open and collaborative environment to identify, manage and monitor risk. Recognizing that risks are a part of doing business, we will identify risk areas so we can make sound decisions. We will never be able to eliminate risks, but by knowing what risks are present we will be able to mitigate those risks and decrease the likelihood or impact of adverse consequences. Each of us must take personal responsibility for risk management by reporting potential risks (big and small) promptly and working collaboratively to mitigate risks when possible. We intend to implement and maintain a robust enterprise risk management system that identifies emerging risks and strives to mitigate them before they impact performance. We will work with the Enterprise Risk Management (ERM) office to operationalize risk management standards within the division by:

- Identifying existing and potential risks and supporting enterprise-wide risk assessments;
- Assessing risks for their likelihood to occur and impact on the division and the IRS;
- Determining risk responses including avoiding, accepting, mitigating and transferring risks in accordance with the established risk appetite;
- Leveraging existing structures and establishing additional processes to compile and report risks that will impact the division and the IRS;
- Instituting processes to monitor risk, risk responses, and the effectiveness of these responses, and escalating risks to TE/GE and IRS leadership and the ERM office;
- Documenting risks that the division is taking as part of existing or new initiatives in a risk acceptance template; and
- Discussing risk information as part of regular reviews, management or governance meetings and communicating expectations of management for follow-up on identified risks.

Moving forward

We will all need to remain flexible and work together to achieve the goals set forth in the IRS Strategic Plan FY 2014-2017. In all of our work, we will need to be accountable, disciplined and transparent. We have many exciting opportunities and much work ahead that meets a critical need for our customers. Let's move forward together to accomplish our mission in FY 2015!