

Arizona Department of Revenue Transaction Privilege Tax Support and Education Services

CONCLUSION: This performance audit focused on the Arizona Department of Revenue’s (Department) provision of support and education services related to its administration of the transaction privilege tax (TPT) on behalf of the State, counties, and cities and towns. TPT is a tax imposed on a seller for the privilege of doing business in the State and is commonly referred to as a sales tax because it is usually passed on to the buyer. The Department provides customer service to TPT taxpayers through its call centers, which taxpayers can call to ask questions and receive information from customer service representatives (CSRs); Education and Outreach Unit (EDU), which provides information and education to help taxpayers comply with tax laws; and a City Services Team (CST), which acts as a liaison between the Department and Arizona cities and towns. We found that the Department should further improve its call centers’ quality assurance (QA) processes, improve EDU’s collaborations with other Department units, and implement CST’s plans for better managing cities’ and towns’ TPT questions.

Department should further improve call centers’ QA processes

The Department has established a QA process in each of its 3 call centers that provide TPT-related customer service—the main call center, the licensing call center, and the collections call center. These processes help to evaluate and monitor the quality and accuracy of customer service provided to taxpayers. We identified areas for improvement in all 3 call centers’ QA processes.

	Main call center	Licensing call center	Collections call center
Conducts QA evaluations of individual CSRs’ customer service skills using a standardized checklist?	✓	✓	✓
Met its goal for the number of QA evaluations performed?	✗	✓	✓
Has an adequate tool for tracking and monitoring QA evaluation results to identify trends or areas for improvement?	✓	✗	✓
Has policies and procedures for addressing a CSR’s low QA evaluation scores?	✓	✓	✗
Has policies and procedures for addressing situations when a CSR provides incorrect information to taxpayer?	✗	✗	✗
Has established performance metrics for call quality to identify opportunities for improvement?	✗	✗	✗

Recommendations

The Department should:

- For all 3 call centers, implement policies and procedures for situations when a CSR provides incorrect information to a taxpayer and establish call-quality performance metrics.

- For the main call center, use its QA evaluation tool to ensure that the call center meets its goal for the number of QA evaluations performed daily.
- For the licensing call center, adopt the main call center's more robust QA evaluation tool as planned.
- For the collections call center, develop policies and procedures that guide supervisors on how to address low QA evaluations scores with CSRs.

EDU should improve collaborations with other Department units

According to EDU staff, EDU's collaboration with other Department units involves 2 primary methods to collect information: (1) receiving information from Department leadership regarding ways they may be able to help other units or (2) attending many of the Department's various weekly staff meetings to obtain input on how EDU may be able to further educate taxpayers. However, as of October 2018, EDU had not systematically assessed opportunities for further collaboration with other Department units or evaluated the effectiveness of its collaborative efforts. As a result, EDU may not be collaborating with units that are in a position to collect information that could inform its taxpayer education and outreach efforts and does not know whether specific collaborations are an effective use of staff time and resources. Finally, EDU has not documented its collaborative process, which would provide consistency for EDU staff on how and with whom to collaborate, the type of information that they should seek to obtain, and what they should do with that information.



EDU has not assessed opportunities for further internal collaboration or evaluated its collaborative efforts' effectiveness.

Recommendations

The Department's EDU should:

- Systematically review all Department units to identify potential opportunities for additional collaborations and obtain information that could inform its education and outreach efforts.
- Develop and implement a process to evaluate the effectiveness of its collaborative efforts.
- Document its collaborative process, including how and with whom to collaborate, the type of information to obtain, and what should be done with that information.

CST should implement its plans for better managing cities' and towns' TPT questions

CST receives questions from cities and towns through email, phone, or other methods outside of its biweekly meetings with the cities and towns and responds to these questions. Prior to October 2018, CST used an Access database to track, monitor, and record resolutions for cities' and towns' questions. However, according to CST staff, that database was unreliable, resulting in data loss, data unreliability, and staff inability to generate accurate reports regarding questions asked and/or staff progress in addressing them. The Department began using a new database in October 2018 that allows CST staff to input city/town questions as staff receive them, which Department staff reported is backed up weekly. In addition, CST management developed several specific management reports that will help them identify trends and areas for improvement, such as the number and type of questions broken out by city or town. However, as of October 2018, CST had not yet developed policies and procedures for using the new database or assessed how well it is working.



CST's prior database reportedly crashed 7 times between June 2017 and April 2018.

Recommendations

The Department's CST should:

- Use its newly developed management reports to identify trends and areas for improvement.
- Develop and implement policies and procedures that address how CST staff receive, track, monitor, and respond to city/town questions, including time frames for doing so.
- Evaluate how the new database and management reports are working for CST and the cities and towns and adjust them as needed.