

Iowa Department of Revenue



**AUDIT PROCESS
KAIZEN EVENT
REPORT-OUT
MARCH 30, 2018**



Sponsor:

Marsha Peterson,

Compliance Services Bureau, Iowa Department of Revenue

Why Are We Here?



- Employee Succession Planning
 - 29% of Department Employees are considered retirement eligible
 - 28% of Tax Management Division Employees are considered retirement eligible
 - 24% of Compliance Services Bureau are considered retirement eligible
 - 66% of Compliance Services Bureau have less than 5 years experience
- Processes are complex
- Technological advantages have not been fully utilized
- Manual "work arounds" have become normalized
- Customer experiences can vary

The “Holy Cr@p” Team

Jennifer Murphy



Back: Tim Burington, Lisa Krom, Seth Ott, Holly Cretsinger, Mark Masters, Sarah Heisdorffer, Hristo Chaprazov

Front: Jennifer Murphy, Danielle Roberts, Nicole Holzworth, Lisa Casper, Melissa Bremer, Dave Waterhouse, Paul Breitbach

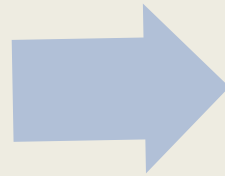
Facilitators: Kristina DeLisi and Marcia Tope

Event Scope

Dave Waterhouse



When an
audit gets
assigned



Closing the
audit

Baseline – Where We Are Today

Lisa Casper



Current State

- Current error percentage is 2.4%.
- Current average lead time is 242 days.

Goals for future state

- The goal for future state is to reduce the error percentage by 30% which is 1.68%.
- The goal for future state is to reduce the average lead time by 30% which is 169 days.

How Do We Get There?

Nicole Holzworth



- Gain an understanding of the audit process.
- Identify the right sequence of events
- Eliminate redundancies and unnecessary steps
- Create a consistent customer experience
- Create a way to track errors

What is Kaizen?

Sarah Heisdorffer



- Kai = “Change”
- Zen = “for the better”

- Continuous Improvement
- A rapid approach to improvement



Kaizen Event Schedule

Mark Masters



Pre-event
Planning

Follow-up &
Implementation

Day 1

Day 2

Day 3

Day 4

Day 5

**Kaizen
Overview**

**Map Current
Process
(Cont.)**

**Prioritize and
Select
Improvement
Ideas**

**Analyze New
Process
Performance**

Report Out

**Review
Charter**

**Analyze
Current
Process
Performance**

**Identify What
Needs to be
Done to
Implement
New Process**

Celebrate!

**Map Current
Process**

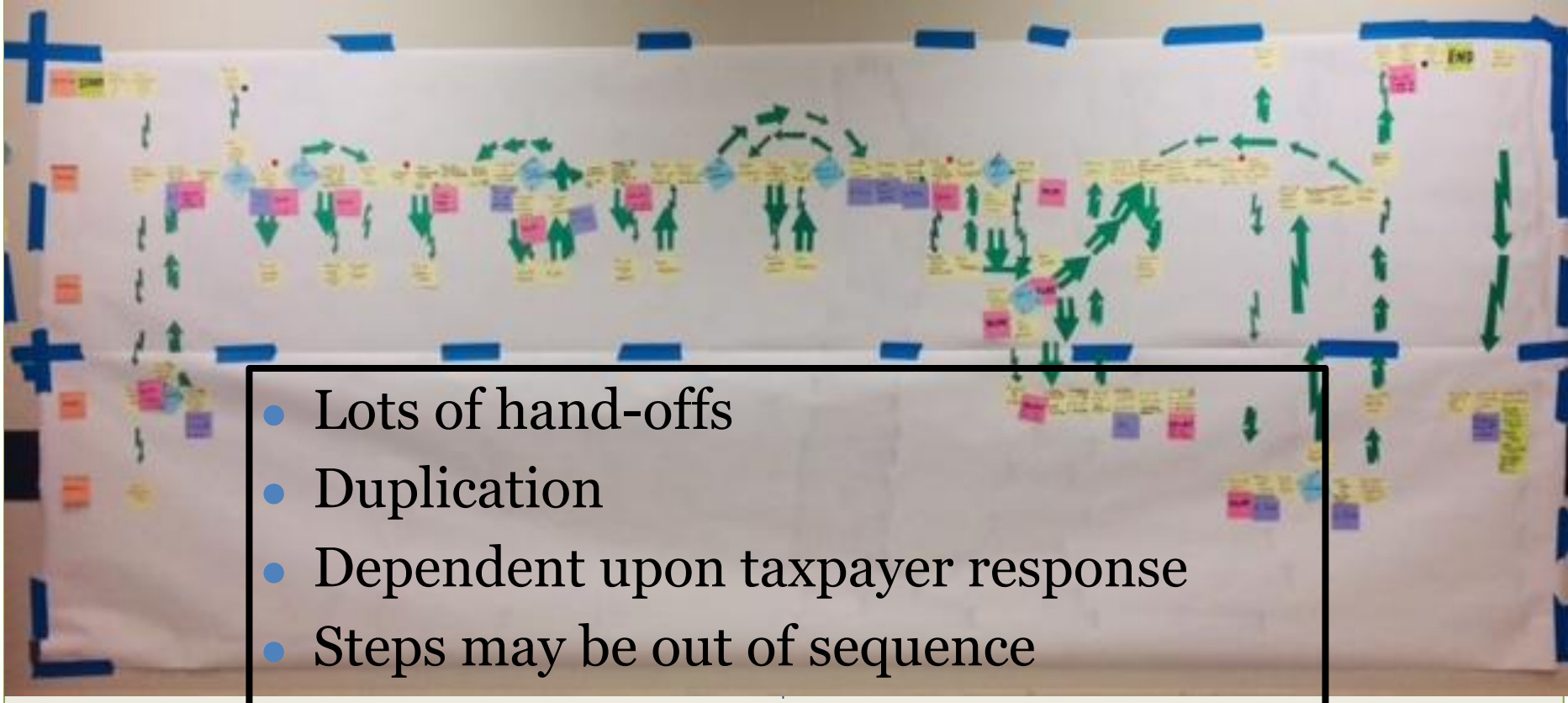
**Brainstorm
Improvement
Ideas**

**Design New
Process Map**

Current State

Lisa Krom



- 
- Lots of hand-offs
 - Duplication
 - Dependent upon taxpayer response
 - Steps may be out of sequence

Discussion & Consensus

Danielle Roberts



- Identified waste
- Value added discussion
- Brainstorming of improvements
- Deselection of ideas

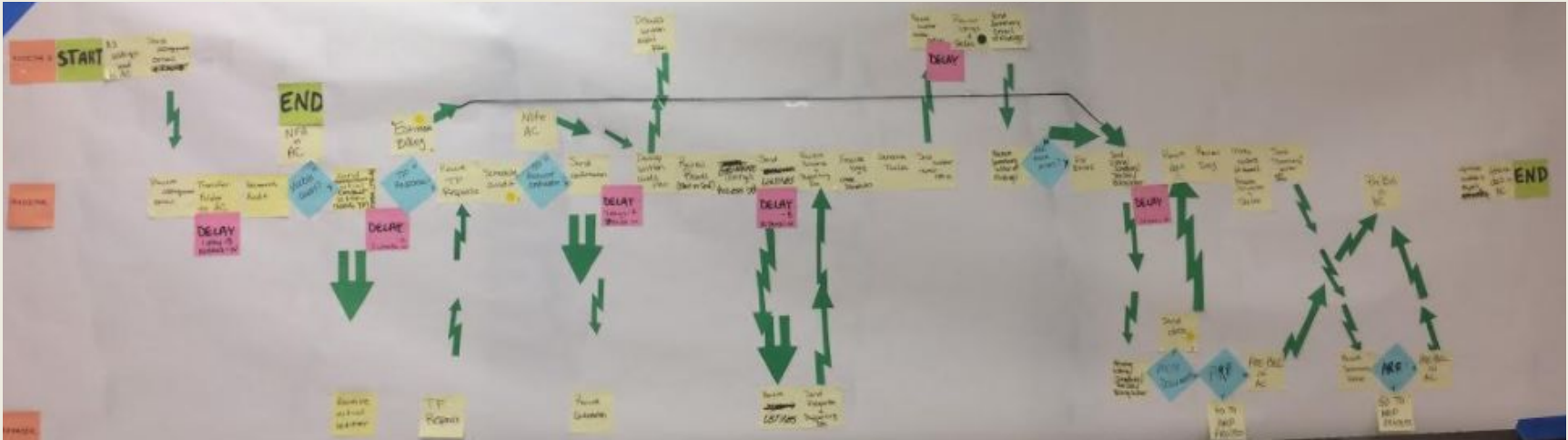
Future State Map

Tim Burington



Changes:

- Removed the supervisor and admin from the process
- Reduced number of times taxpayer is contacted
- Sped up the closing process



Current vs Future State Data

Paul Breitbach



	CURRENT	FUTURE	CHANGE
Total Steps	81	47	42%
Decisions	9	4	56%
Handoffs	24	14	42%
Loop Back	3	0	100%
Delays	14	6	57%
Delay Time – Days	61 355	18 109	70% 69%
Value Added Steps	4	4	0
Lead Time – Days	143	40	72%

Simpler – Faster - Better

Holly Cretsinger



- The new process is less intrusive to the taxpayer
- ARP is offered earlier in the process
- Payment processing is streamlined
- Supervisor will no longer be actively involved in this process
- Quality checks will now be performed throughout the life cycle of the audit

Implementation Plan

Melissa Bremer



July

Present CEO to discuss change for CEO Approval Plan to PDQ submission 14

Identify what forms to submit with PDQ (org chart, etc.) 15

Sharing P.O. Best Practices (presenting) 16

Implement 2-year review process 25

Communication Plan 21

Distribute HR & Service Guide 22

Monthly Division Memo 24

Determining NEEDS FOR FOR RESUME FOR REINTEGRATION (1/10/07) 27

August

PDQ Form Revisions

Revise PDQ INSTRUCTIONS

Incorporate Q' documents into one form

Allow Electronic Signature on PDQ

Update Manuals/Spec Manuals E/A with Revisions

Develop Training PLAN 18/08

September

October

Develop classification decision making tools (FAQ, checklist, Dec Tree) 15

Update Approval Job Design chart to incorporate changes 14

PO to work with Agency prior to submission 20

November

of M-S Approvals Reduced

STANDARDIZE COMMENTS ON M-S

M-S LAST Approval only applied after PDQ FINISHED

UPDATE M-S Instruction Manual

Create M-S (w same title as PDQ) 11

Standardization of classification process for PDQ (Fluoridact) 10/08

Develop Webpage TRAINING 16

Develop train the trainer Classification decision process Manual for SME's

Training for DEM Analysts 17

Develop Training for Classification Reviewers on New classification process 19

December

January

February

Determine if Rules change needed 30

March

April

May

Class/Camp to Review all PDAs 14

June



PDQ Form
General Forms
TRAINING
M-S
PROCESS
COMMUNICATION



Time Line

Seth Ott



30 Days

- Audit notes & files located in one place

30 Days

- Communication plan developed

60 Days

- Auditor 3 begins assigning leads

120 Days

- Define audit sample to be reviewed

Team Member Experience



Hristo Chaprazov
Lisa Krom

