

**PROGRAM DESCRIPTION**

Department of Revenue

HB Section(s): 4.01

Program Name: Field Compliance Bureau

Program is found in the following core budget(s): Taxation

**1a. What strategic priority does this program address?**

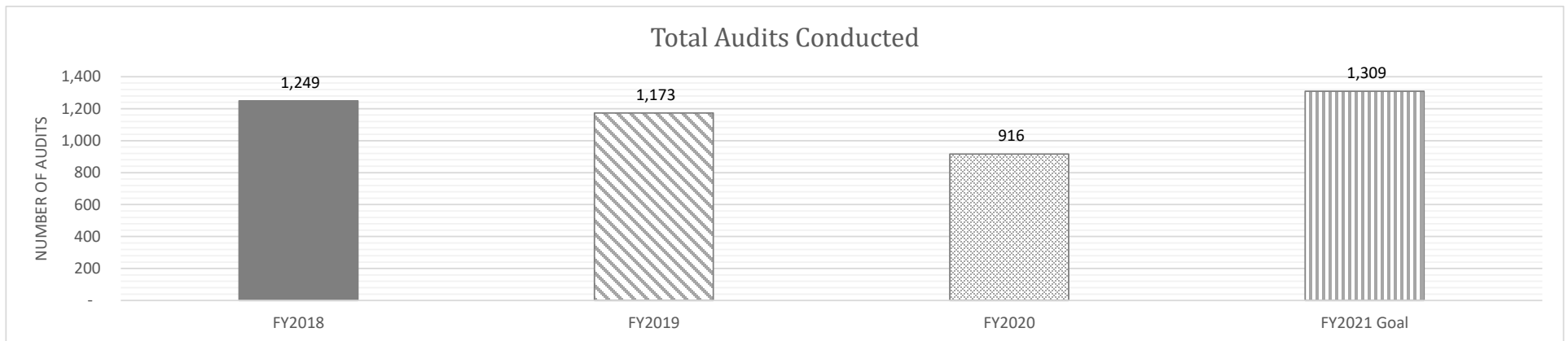
Embed Transformational Purpose; Focus on Service Culture; Partnerships; IT Roadmap

**1b. What does this program do?**

The **Field Compliance Bureau** assists and educates Missouri businesses in meeting their obligations by conducting audits of sales, consumer use, vendor use, employer withholding, corporate income, and tire and battery fee tax receipts and large sales and use tax refund claims submitted by Missouri sellers and purchasers. The Nexus section assists and educates Missouri customers by searching out delinquent customers and helping them become compliant. The Electronic Services section helps the Taxation Division by completing reports, data requests, system access requests, and providing system administration along with development support for several DOR systems and interfaces.

**2a. Provide an activity measure(s) for the program.**

**i. Audits - Volume of Audits Conducted**



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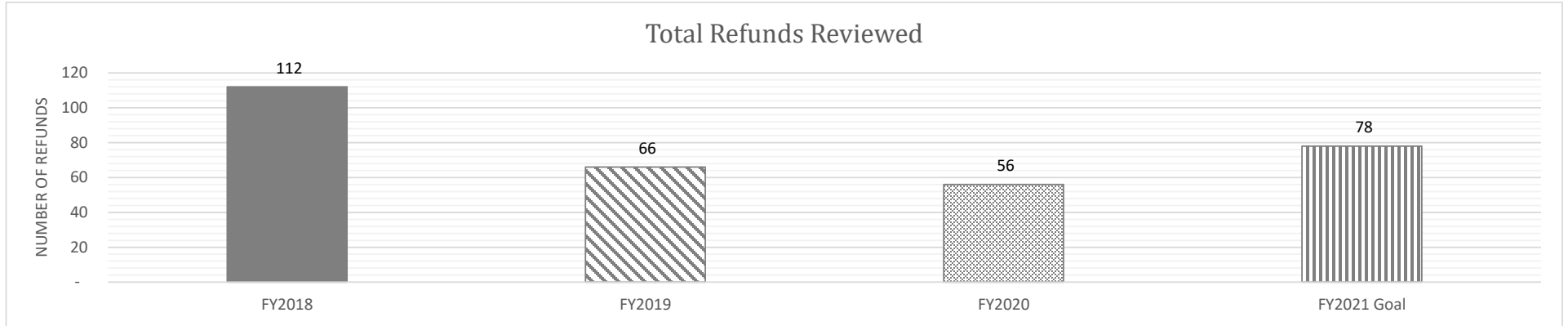
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2a. Provide an activity measure(s) for the program (cont).

**ii. Refunds - Volume of Refunds Reviewed**



We review refund claims for audited periods and claims that exceed \$250,000. The number of refunds reviewed is driven by the number of refund claims we receive.

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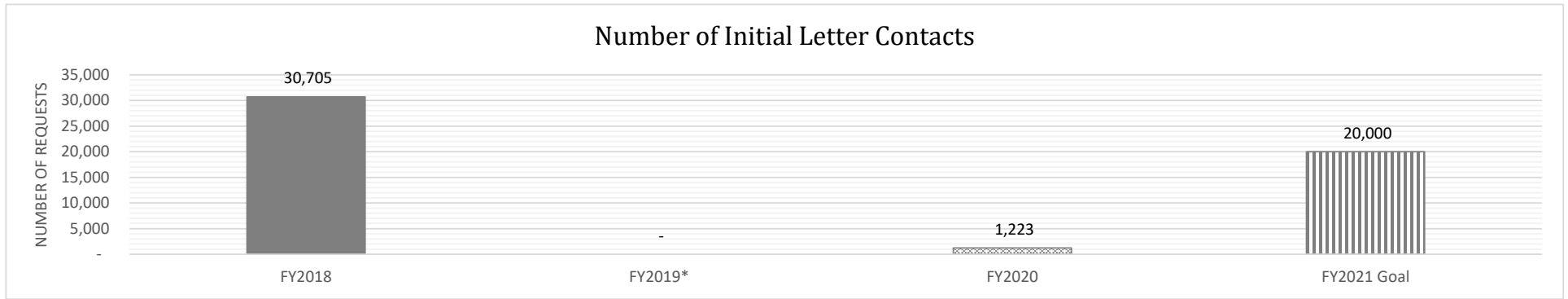
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**iii. Nexus - Number of 1st Letters Mailed**

Beginning in FY20, the Field Compliance Bureau includes the Nexus Unit. Nexus contacts businesses with Missouri activity who are not filing applicable taxes to help bring them into compliance. The section also oversees our Voluntary Disclosure Program, which allows businesses with Missouri activity to report taxes due voluntarily. One of the ways Nexus measures activity is based on the number of initial letters mailed in each program. An initial letter is our first outreach to customers who many not have paid all of their taxes owed.



\*Nexus programs were not run in FY19 due to our modernization of the Enterprise Data Warehouse (EDW), which houses the data used to operate Nexus programs. After the updates, each Nexus program has to be rewritten to pull information from the correct areas. As of 1/26/2021, 11,250 letters have been mailed for Nexus programs in FY21

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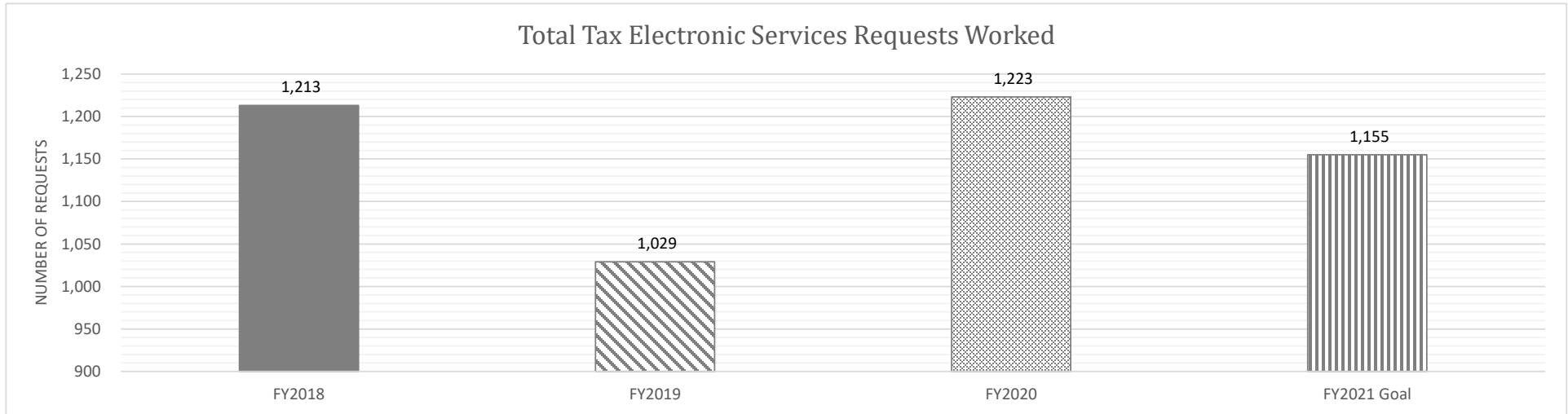
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2a. Provide an activity measure(s) for the program (cont).

**iv. Tax Electronic Services - Volume of Requests Worked**

Beginning in FY20, the Field Compliance Bureau includes the Taxation Electronic Services Team. This group works data requests from the rest of the Department. These data requests are very specific to Taxation and can include: identifying the number of tax returns that meet a specific set of criteria, identifying the number of taxpayers in a certain deduction, identifying the number of returns affected by a specific issue, as well as requests for new reports or scheduled reports from Revenue Premier. This group also works security tickets for accessing specific reports or functions in Revenue Premier. The goal is set based on the average worked the previous years, as the requests are often expanding and changing based on the needs of the Division.



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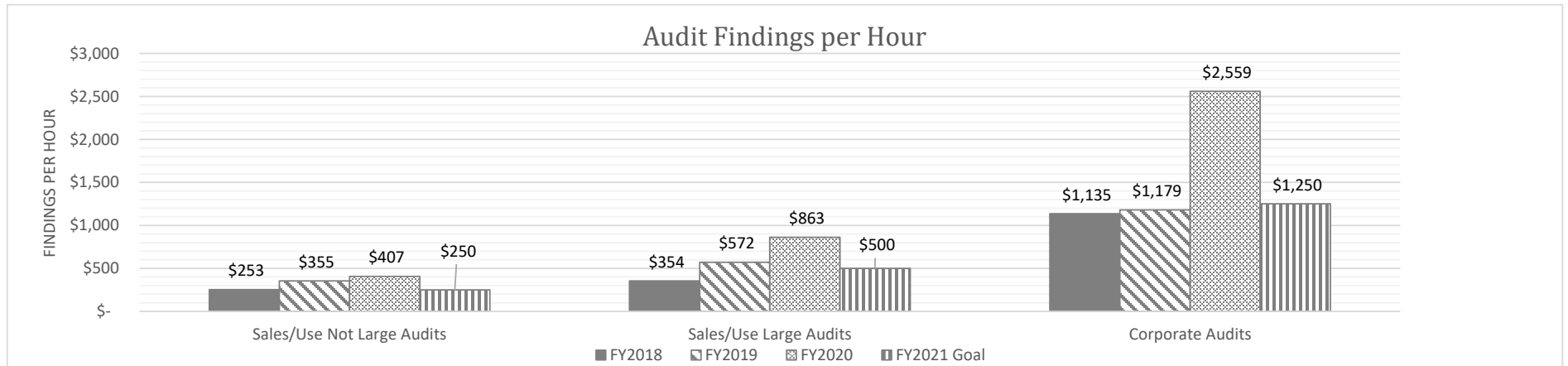
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**2b. Provide a measure(s) of the program's quality.**

**i. Audits - Findings per Hour**

The Field Compliance Bureau strives to educate taxpayers on their business tax obligations and bring businesses into compliance. Our Audit Findings per Hour provide a measure of program quality by ensuring we are selecting the right businesses for audit. In FY20 we turned in 6 corporate audits with findings over \$1 million (compared to 4 in FY18 and 3 in FY19). One of the 6 had findings of more than \$5.5 million and another had findings of over \$10.3 million. The hours spent on these two very large audits were no more than spent on audits in previous years with less findings, which resulted in higher than usual findings per hour.



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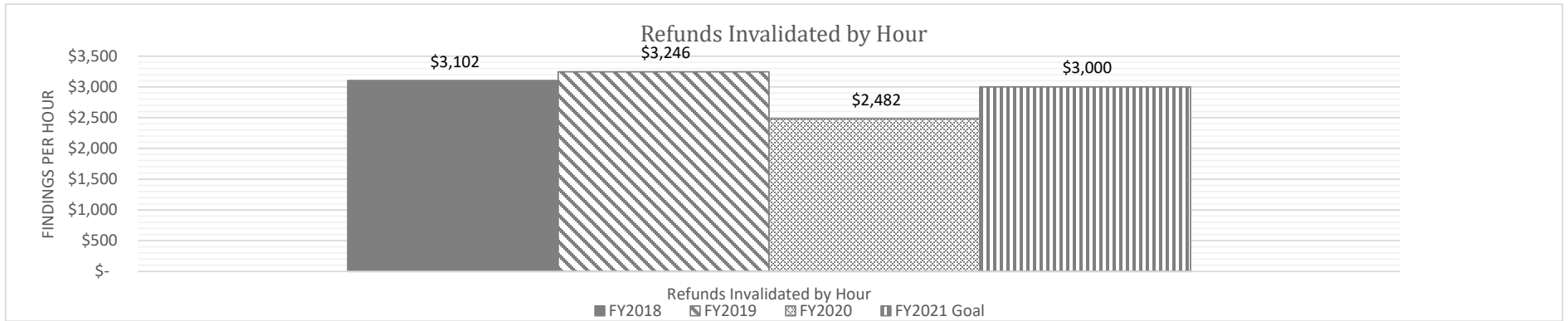
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**ii. Refunds - Refunds Invalidated by Hour**

The Field Compliance Bureau validates certain refund claims including businesses recently audited as well as refund claims > \$250,000. The Refunds Invalidated by Hour provides a return on investment quality measure for our time spent conducting these reviews.



**iii. Nexus - Ratio of Leads Resulting in Collections**

Beginning in FY 2021, Nexus will begin tracking the number of leads that resulted in collections. This will allow the Field Compliance Bureau the ability to measure the quality of Nexus lead programs.

**iv. Tax Electronic Services - Types and Areas of Data Requests Received**

Beginning in FY 2021, TES will begin tracking the area and types of requests received. This will allow the Field Compliance Bureau the ability to measure the quality of data requests.

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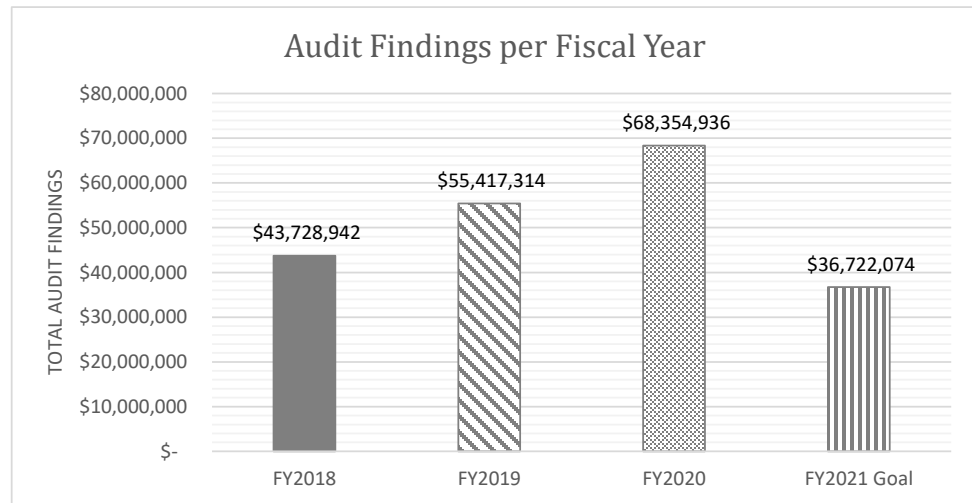
2c. Provide a measure(s) of the program's impact.

**i. Audits - Findings per Year**

The Field Compliance Bureau identifies unreported tax revenues that would have otherwise gone undetected. The Field Compliance Bureau also audits certain refund claims to identify erroneous refunds that may have been otherwise approved and paid. These activities generate revenue for the state.

FY20 findings are higher due to a number of unexpected extraordinary large audit results.

Audit services were briefly suspended for the last 3 months of FY20 due to the COVID-19 pandemic. This directly impacts FY21 audit findings. Many customers of audit services continue to be impacted by the pandemic during FY21.



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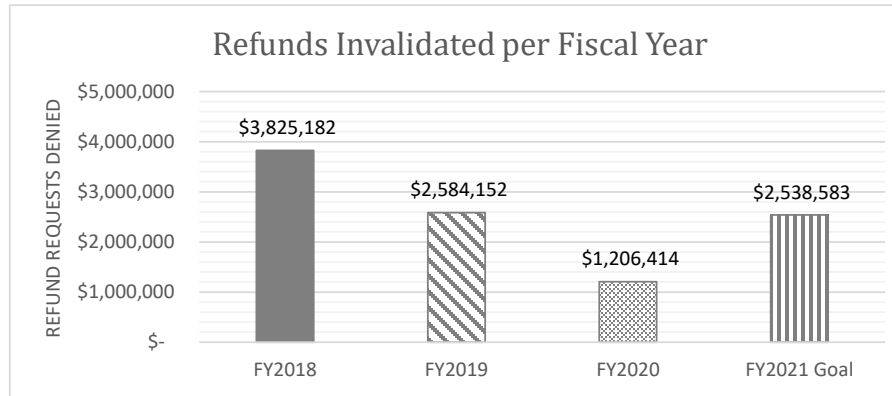
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**ii. Refunds - Dollars of Refunds Invalidated per Year**

FCB does not control the number or dollar amount of refunds that are received--this is dependent upon the claims received from customers. The downward trend in refund reviews is attributed to fewer claims being routed to audit for review.





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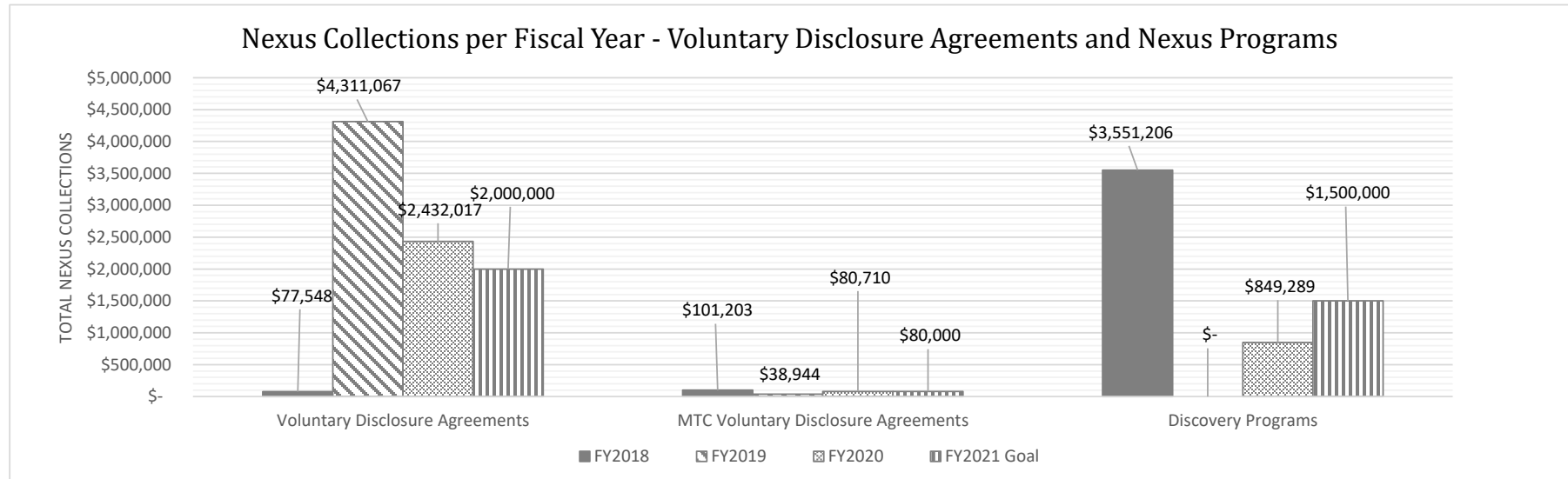
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**iii. Nexus - Collections per Year**

The Nexus Unit is responsible for Administering Voluntary Disclosure Agreements (VDA) and various Nexus programs.



\*Nexus programs were not run in FY19 due to modernization of our interface with the Enterprise Data Warehouse (EDW). Revenue that would have been collected during that time will be deferred until these programs are rewritten. Once all programs are rewritten the plan is to request tax years back 5 years. We plan to do 2 years at a time for each discovery program refresh.

\* MTC Voluntary Disclosure Agreements are low due to reporting errors in SSRS & missing data for multiple programs. Corrections were made to provide more accurate reporting in future fiscal years.

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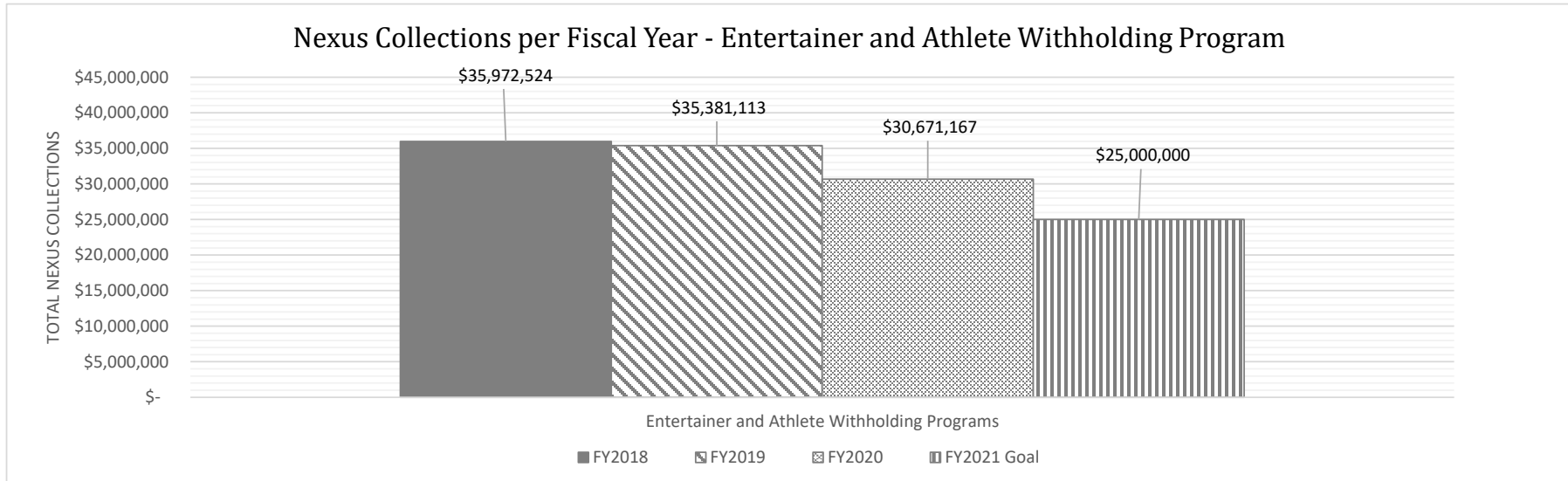
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The Nexus Unit is also responsible for Administering the entertainer and athlete withholding program.



**iv. Tax Electronic Services - Impact of Requests**

TES assists all areas of Taxation by fulfilling data, report and system access requests. This data requests and reports are used by the various areas of Taxation to improve their processes, see impact of system issues, or use for planning purposes.

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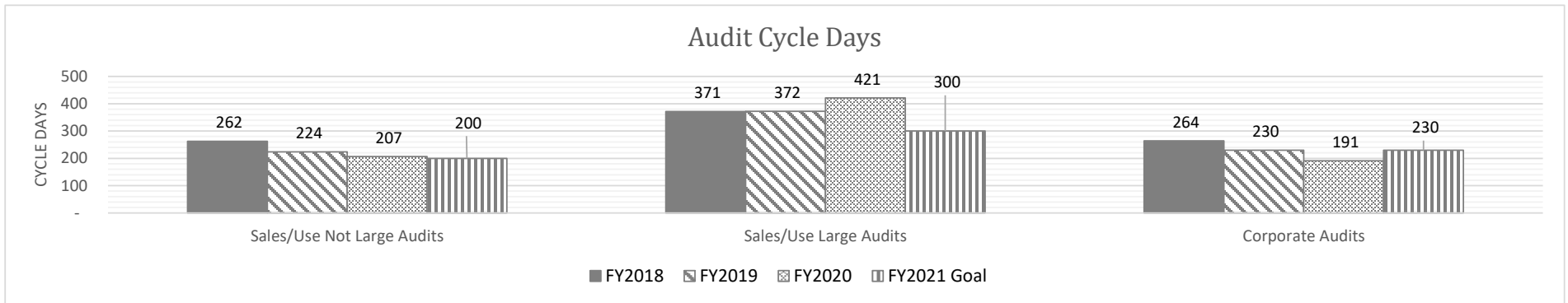
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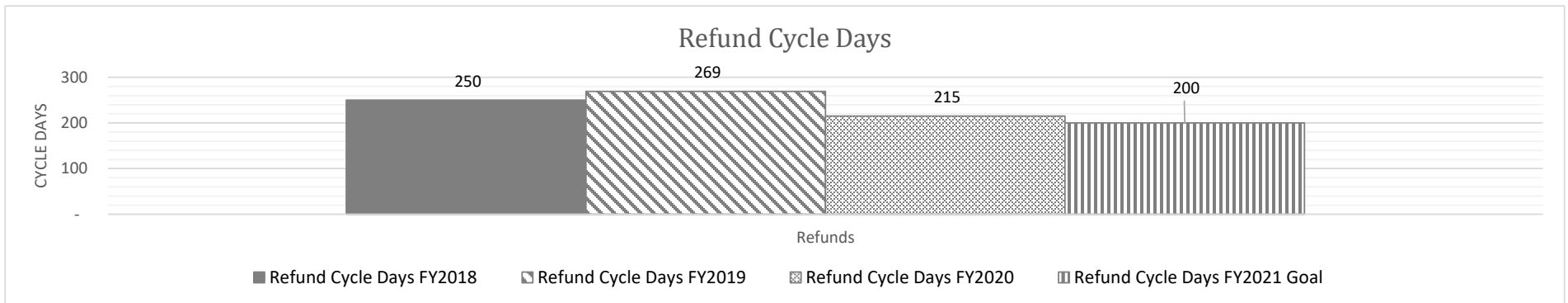
**2d. Provide a measure(s) of the program's efficiency.**

**i. Audits - Cycle Days from Open to Close**

Measuring our efficiency with our Audit Cycle Days ensures Citizen Focus, as we are working to reduce the number of days the audit impacts their business operations.



**ii. Refunds - Cycle Days from Open to Close**



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**iii. Nexus - Production Goals**

For FY 2021, Nexus will begin tracking performance related to efficiency in several areas, noted below:

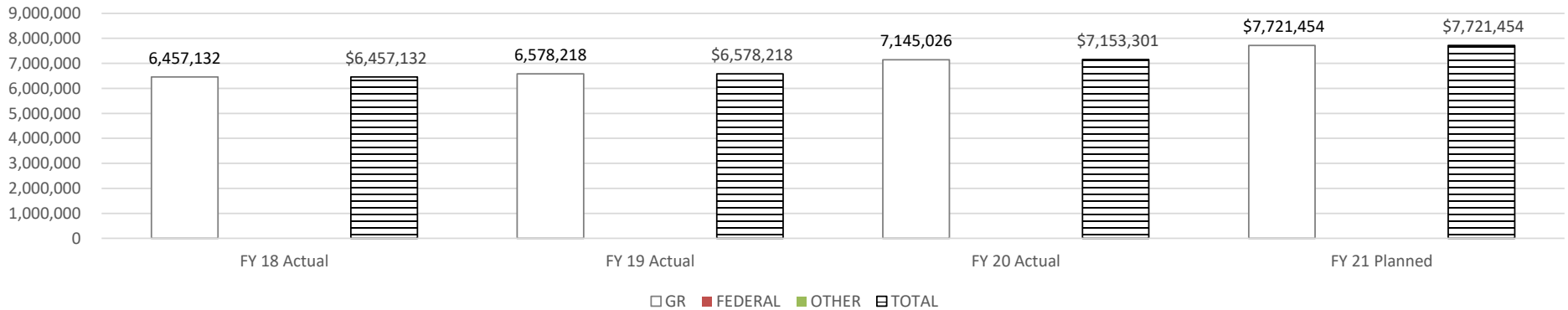
<b>Metric</b>	<b>Efficiency Standard</b>
Logging in Mail	20 per Hour
Return Mail	10 per Hour
Correspondence / E-Mails	8 per Hour
Sales / Vendor's / Consumer's Tax Calcs	55 per Day / 7.33 per Hour
Aircraft Assessments	30 per Day / 4 per Hour
1099k Tax Calcs	30 per Day / 4 per Hour
Withholding Tax Calcs	50 per Day / 6.67 per Hour
Corporate Tax Calcs	30 per Day / 4 per Hour

**iv. Tax Electronic Services - Request Cycle Time**

For FY 2021, TES will begin tracking turnaround time for all requests, tickets, and bugs.

**3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)**

**Program Expenditure History**



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**4. What are the sources of the "Other " funds?**

Not Applicable

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

Missouri Constitution, Article IV, Sections 12, 15 and 22 and Chapters 32, 136, 142, 143, 144, and 147 RSMo.

**6. Are there federal matching requirements? If yes, please explain.**

No

**7. Is this a federally mandated program? If yes, please explain.**

No