

# North Carolina Department of Revenue

Strategic Plan

2019 – 2021



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# 1. Strategic Plan Executive Summary

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The North Carolina Department of Revenue (“NCDOR” or “Department”) is charged with administering the tax laws and collecting the taxes due to fund public services for the State and its people. The NCDOR’s mission statement says the Department will carry out this mission in an impartial, consistent, secure, and efficient manner.

In 2018, after employee input, “secure” was added to the mission statement. The 2019-21 Strategic Plan focuses on will increasing protection of the NCDOR’s most crucial and sensitive assets, including detailed taxpayer financial information, from external threats. As mandated by a new state law and the Internal Revenue Service, the NCDOR requires a higher information security standard than other State agencies. Thus, information technology resources are being realigned and relocated to meet heightened security standards accordingly by law.

In order to serve taxpayers more consistently and efficiently, the NCDOR is focused on developing a comprehensive knowledge management system that allows the Department to get the right information to the right people at the right time. The NCDOR will continue to modernize and innovate tax processing as digital submissions increase and update online and telephony resources to improve taxpayer interactions. Implementing a new collections case management capability will allow the NCDOR to collect taxes due in a more impartial, consistent, secure, and efficient manner that are currently not accessible to the agency.

Like many other agencies, the A challenge to the NCDOR mission is facing the challenge of recruitment and retention of talent in the face of increasing retirements. The NCDOR seeks to address this by creating a formal talent management program that is responsible for the alignment of competencies to business strategies.

Overall, the NCDOR strives to cultivate an environment that encourages innovation in processes, technology, methods of taxation and service delivery in order to carry out its mission and serve the people of North Carolina.

## 2. Mission, Vision, and Values

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### Mission Statement

To fund public services benefiting the people of North Carolina, we administer the tax laws and collect the taxes due in an impartial, consistent, secure, and efficient manner.

### Vision Statement

Together, we are a SMART organization because we:

- **S**afeguard customer information
- **M**aintain a knowledgeable workforce
- **A**chieve a high level of understanding and compliance
- **R**espond with accurate information through innovative services
- **T**reat our customers fairly

### Organizational Values

The Agency has Core Values that are the expectation of all who work here:

- Professionalism
- Accountability
- Integrity
- Respect

### 3. Goals, Objectives, and Performance Measures

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Issue: Services have been identified that do not meet the information security requirements as determined by the Secretary of Revenue.

Initiative/Strategy: Become a separate agency that uses services and systems that meet the security requirements as defined by the Secretary of Revenue.

Desired or Expected Outcome: All systems and services are in full compliance with IRS Publication 1075 controls and other controls as determined by the Secretary of Revenue and audited by IRS or third party independent auditors.

#### Goals

- Procure and implement a secondary data center. Relocate currently hosted services and lower overall hosting costs.
- Move legacy operations, implement advanced security features, and improve performance and lower cost.
- Implement an independent NCDOR network infrastructure to allow for isolation and increased security.
- Implement a new capability that includes multi-factor authentication and identity proofing.

Issue: Creation, use, and management of organizational knowledge is inconsistent across the agency creating gaps capturing and retaining 'tacit knowledge'

Initiative/Strategy: Develop a Knowledge Management (KM) system that allows NCDOR to get the right information to the right people at the right time

Desired or Expected Outcome: Higher internal and external stakeholder satisfaction by providing consistent answers through efficient access to relevant information, knowledge and scarce expertise.

#### Goals

- Implement the Service Now Knowledge Management module and create appropriate governance processes to allow for a decentralized, organization specific, creation and maintenance of knowledge.
- Ensure consistency of answers to taxpayers through improved knowledge articles so that all taxpayers are treated fairly.
- Develop methodology and governance process to replace our manual information-storing processes with a streamlined, consistent approach.
- Capture and move existing knowledge to new system. Standardize and determine taxonomy.
- Retire competing systems.
- Ensure external and internal knowledge is consistent to achieve a high level of taxpayer knowledge.

## Issue: Customer facing channel platforms do not allow for significant innovation

Initiative/Strategy: Replace phone system and migrate static web content into DOR systems to allow for an omni-channel integration including web, chat, telephony, social and mobile platforms

Desired or Expected Outcome: Communicating and serving taxpayers in a way that creates an integrated and cohesive customer experience no matter how or where a customer reaches out.

### Goals

- Procure and implement a hosted telephony capability that will meet all IRS controls and provide a platform for innovation.
- Lower overall operating cost.
- Improve taxpayer compliance by making DOR easy to do business with.
- Migrate static content to NCDOR eServices platform
- Integrate with new telephony solution and develop a roadmap to implement new capabilities such as text and social media integrations

## Issue: Career paths and opportunities for staff are not sufficiently clear. Retirements are increasing, qualified top talent is becoming harder to acquire.

Initiative/Strategy: Create a formal talent management program that is responsible for the alignment of competencies to business strategies.

Desired or Expected Outcome: A public sector employer of choice that promotes professionalism, opportunities, fairness, consistency, transparency, and leadership and all levels of employees. A comprehensive program that will improve talent acquisition, staff development, and performance management. Provide transparency to career paths, improve succession planning and provide consistent salary administration to improve overall fairness and ensure equity.

### Goals

- Implement a consistent hiring process across the agency for managers to promote transparency and fairness. Implement the use of behavioral interviewing and testing where appropriate, to screen job candidates based on whether they possess the key necessary job competencies, knowledge, skills and abilities. (KSAO)
- Develop standard learning plans for common jobs and roles that is connected to the performance management plan. This does not include the development or acquisition of training courses, but instead is focused on understanding what is required by the business on a job-by-job basis.
- Provide regular measurement of goals, core values and targeted behaviors identified in performance management plan. Provide structured feedback and growth coaching.
- Develop comprehensive and transparent career paths for staff at all levels.
- Create a careful, methodical succession plan focused on retaining and growing employees for roles that are critical for the organization to survive and prosper.

- Identify working titles and role definitions for all jobs with the same classification title including competencies needed, skills that can be acquired, payment target rates, and provide input into equity analysis.
- Develop internship Programs and other programs that foster diversity with particular interest in diversity in STEM related positions
- Develop rotation programs that broaden employee expertise and enhance employee career growth

### Issue: Existing Collections systems are aged and need to be replaced.

Initiative/Strategy: Implement a new collections case management capability and move related workload from the legacy application.

Desired or Expected Outcome: Prevention of catastrophic failure - any malfunction in the current Access databases will jeopardize worked performed by the personnel in our Collections Division. As a result, the Department is at risk of a catastrophic failure in our key collection systems, potentially reducing collections of over \$600 million annually. In addition, collection activities are driven by accurate, predictable work flow processes. A new, modernized collections system would decrease inefficiencies and allow leadership within the Collections Division to better schedule and allocate work to employees.

#### Goals

- Select and implement a collections case management capability
- Determine possibilities to enhance work flow efficiency through the use of advanced analytics.
- Identify additional workloads that can be transferred from the legacy platform.

### Issue: Changes in law, business models, taxpayer expectation, and technology continue to impact the manner of collecting and administering the tax system of the state.

Initiative/Strategy: Cultivate an environment that encourages innovation in our processes, technology, methods of taxation and service delivery.

Desired or Expected Outcome: Foster an environment that encourages employee innovation by engaging in research on trends that impact DOR and the taxation system and research which results in innovative process and technology that makes compliance with the tax law easier and more convenient for taxpayers.

#### Goals

- Consistent with audit rules, develop a curiosity and innovation program that provide small cost related grants, research time and other means to encourage employees to improve DOR processes, technology or assist the agency to prepare for business, economic and social trends.
- Develop an employee recognition program that highlights employee innovation.
- Develop a partnership with the University to study trends that impact DOR and the taxation system and which results in innovative process and technology that makes compliance with the tax law easier and more convenient for taxpayers.

## 4. Highlights and Opportunities

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Over the last biennium, the NCDOR focused on several areas with successful outcomes:

Increased identity theft protection and data breach monitoring:

The NCDOR strengthened measures to stop the issuance of fraudulent refunds resulting from identity theft. These enhanced screening methods and targeted outreach helped the NCDOR's Office of Taxpayer Advocate to identify potentially affected taxpayers who were contacted and notified of the possible identity theft. Affected taxpayers were provided a dedicated telephone number to call for assistance or to notify the Department if they believe the alert was in error.

The NCDOR works with the Department of Justice to track company data breaches from businesses and other entities. The NCDOR uses this information to help protect the tax information of affected employees who work at the companies that have had data breaches.

Redesigned website to improve customer self-service:

In order to provide better customer service to the taxpayers of North Carolina on-demand, the Department is launched a new, completely redesigned website in December 2017. The new site has simplified navigation which allows easier, more direct access to information and self-service transactions.

Expanded electronic self-services and increased online filing for businesses:

The new eNC3 online application, launched in January 2017, allowed expanded online self-services for business taxpayers. Expanded online self-services include the employer's ability to upload tax forms, including Wage and Tax Statements, for multiple taxpayers in one file without file size limitations. These features made filing more efficient for large businesses, CPAs, payroll providers, and others filing on behalf of multiple taxpayers. The NCDOR began accepting online filings for general partnership businesses for the first time, with an initial adoption rate of 50 percent. Processing of electronic filings is faster, more accurate, and requires less staffing.

Exceeded goal for contracts with historically underutilized businesses

The NCDOR's Procurement and Contracts Office has worked this year to increase the use of historically underutilized businesses (HUB) to reflect the Governor's goal of 10 percent of spending on HUB vendors.

The Procurement and Contracts Office initiated new practices and processes: partnering with the HUB Office on upcoming opportunities for solicitations, providing HUB vendors opportunities to quote on all procurements, and collaborating with potential HUB vendors to encourage HUB certification and connecting them with the appropriate resources. As a result, 23 percent (\$1.8 million) of the total Fiscal Year 2017 dollars were spent on HUB vendors.

The NCDOR has opportunities to expand on all of these areas as referenced in the 2019-21 Strategic Plan. With strategic investments in information technology, data security, innovation, modernization and human capital, the NCDOR will improve on its mission to collect the taxes due to the State of North Carolina in a more impartial, consistent, secure, and efficient manner.