

A3 Report

Team Members: R. Lewis, J. McManus, R. Morrisey-Sami, T. Rogers, C. Roush, T. Ruby, K. Ryan, D. Santo, E. Vincent

Executive Sponsors: Deputy Commissioners Brenda McDonald (Operations) and Sarah O'Leary (Chief Legal Counsel)

Agency: The Ohio Department of Taxation



Title: Personal Income Tax Refund Application Process Streamlining

Date Started: July 11, 2019 **Current Date:** October 22, 2019

Names: Matt Dodovich, Kyra Horvath, Andrew Winkel

P1: Why Change is Needed

The Department is statutorily required to review and resolve administrative appeals of income tax refund claim denials. The personnel, technology, and duties of the employees involved in the refund appeal process has changed over the past several years which has created uncertainty regarding present roles as well as roles moving forward. The employees involved in this process desire and need clearly defined roles and responsibilities along with the resources necessary to accomplish their duties proficiently. Moreover, taxpayers who appeal refund claim denials deserve a process that allows for an efficient and accurate resolution based on all of the information they have provided the Department in support of their claim.

P2: Current State

There are 6 divisions, up to 15 employees, and numerous hours involved in the creation, review, and archiving of each refund claim appeal the Department resolves. The process includes unnecessary hand-offs, excess motion (files traveling to and from the State Office Tower), over-processing (nearly 10 Departmental databases involved, ineffective communication), and defects (documentation relevant to the appeal is saved inconsistently across 6 applications). The team also used purple post-its to identify wasteful steps.

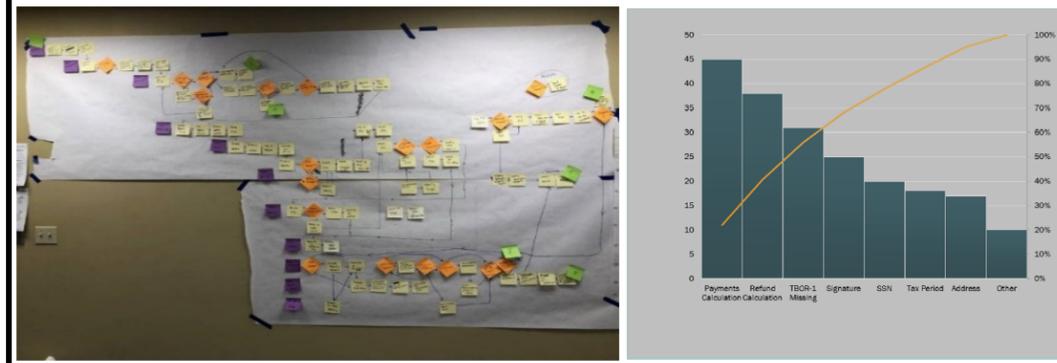


P3: Goals/Targets

This project represents an opportunity to remove inefficiencies from the Department's IT AR process and form, improve internal and external customer service, and standardize and streamline the process. In addition, although this project will only directly impact a small percentage of the total number of administrative appeals the Department reviews, the project will likely identify methods and practices that could be applied to the process applicable to other types of reviews.

P4: Analysis

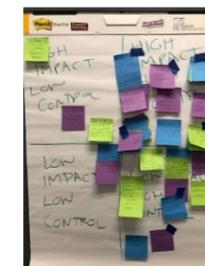
The team identified waste in the current process by using the TIM U WOOD tool. The team also identified value-added activities. This provided the team with the ability to analyze the current-state map and discuss deficiencies in the process. As a result, the clean sheet redesign process map limits waste in the process by eliminating unnecessary hand-offs, excess motion, over-processing, and defects. Although the numbers of steps in the future state were approximately the same as the current state, more quality was built into the process due to the value-added.



P5: Potential Solutions

The team generated ideas for improvement which were placed on an impact-control matrix reflecting both the impact on the process the changes could have as well as the control we have to change it through this process. There seemed to be consensus on several ideas for change including:

1. Improving the IT AR Form (Poka-Yoke)
2. Standardizing the normal IT-AR process with unclaimed payments
3. Streamlining or eliminate Compliance Division's duties
4. Creating a PIT denial summary & IT AR database to ease handoffs
5. Electronic transfer of refund appeals
6. Consolidating and/or sharing access to existing databases



D6: Action Plan

Action item	Assigned to	Due Date
Create Share Folder on PIT Shared Drive	Reagan	8/20/2019
Develop PIT Shared Drive Structure	Reagan	8/20/2019
Share Acces to PIT Shared Drive	Reagan & Andrew	8/20/2019
Develop IT-AR Refund Denial Summary	Kyra & Erica	8/20/2019
Talk to Administrator about FD's from TC	Andrew	8/20/2019
Identify Info Necessary for Attorney Review	Appeals Group	8/20/2019
Draft Amendment to Record Retention Policy	Andrew & Kerrie	8/20/2019
Prep Poka-Yoke	Kyra	8/20/2019
Implementation & Evalautaion	Project Team	12/31/2019

C7: Improvement Metrics

	Current	Actual	% Change
# Process Steps	84	82	2%
# of People	15	10	33%
# of Databases	11	4	63.60%
# Div. Handoffs	8	7	12.50%
# Form Defects	7	0	100%
Attorney Research	2 hrs	20 mins	83%

C8: Check Results

- 1/3 reduction in the number of employees involved in the process
- Nearly 2/3 reduction in the number of databases used in the process
- First-time digital archival of appeal files
- Projected 83% reduction in time spent by attorneys reconstructing files
- Digital transfer of cases among divisions
- Redesigned refund application that is easier to use for taxpayers & easier to process for Department employees
- Eliminated case-processing by the Compliance Division

A9: Follow-up Action

- Develop and implement an Appeals procedures for handling IT AR refund appeals
- Monitor to ensure digital files are uploaded and stored properly
- Determine if any future enhancements can be incorporated into the IT AR process
- Monitor to confirm IT AR form errors are reduced
- Continue to improve and update the IT AR form as defects become apparent
- Conduct follow-up meetings to review progress

