



North Carolina Department of Revenue

Resiliency Report



Introduction

The North Carolina Department of Revenue (DOR) is a cabinet-level executive agency charged with administering tax laws and collecting taxes on behalf of the people of the State. The Department’s mission is to fund public services benefiting the people of North Carolina by administering the tax laws and collecting the taxes due in an impartial, consistent, secure, and efficient manner. The Department collects over 20 different tax types, including individual income, corporate income, sales and use, motor fuel, alcoholic beverage, and tobacco taxes. The DOR collected \$32 billion in revenue during Fiscal Year 2019-2020. The agency employs over 1,400 people in 14 offices across North Carolina which includes the main Revenue Building and 13 remote locations.

Overall Exposure

The primary climate stressors and hazards that impact general business operations, offices across the state, human resources and services provided to constituents include events such as hurricanes, floods, high winds, winter storms and power loss. Any disaster event has the potential to impact one or more assets and the agency’s ability to perform business operations. In such events, the DOR evaluates employee and public safety first and then the security of assets including tax information and data.

Assets, Regulations, Services	Extreme Heat	Flooding (River and Land)	Water Shortage (Drought)	Changed Seasons	Land-slides	Saltwater Intrusion	Storm Surge	Tidal Flooding	Wild-fire	Dam Failure
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The agency has an overall Business Continuity Plan with supporting plans and documents that focus on continuing operations based on different types of events and are used as part of resiliency planning and continued improvements. Such plans include but are not limited to:

- Continuity of Operations Plan
- Disaster Response Plan
- Crisis Management Protocols
- Crisis Communication Plan
- Pandemic Response Plan
- Major Incident Management Process – Weather Events

Based on the type of event, the plans and associated procedures guide the agency in responding.



Circumstances of any weather event impacting services provided to taxpayers are analyzed and the DOR adjusts business operations accordingly. The DOR's response to disasters is in some cases aligned to presidentially declared disaster areas and must follow specific federal and state statutes. In general, the agency understands the hardships experienced by taxpayers during extreme events. As a result, the agency adjusts processes such as examination and forced collection activities in certain negatively impacted areas while maintaining focus on the agency's mission. DOR employees are equipped with talking points and advised of payment and collections options in an effort to provide assistance to taxpayers during this stressful time. Based on severity of the event, DOR can launch a Hurricane Assistance option on its Interactive Voice Response (IVR) system so taxpayers impacted can quickly get to an agent for assistance, include informational inserts with tax and collection notices, and in special circumstances, reset payment plans to avoid default.

Vulnerability & Risks

Agency assets which are most important and at most risk are employees, due to their location and ability to travel to an office, and the confidential information and equipment located in offices. Based on historical information, weather events are the most likely events that have the potential to interrupt business operations. While agency offices in the eastern part of the state typically are impacted by hurricanes and offices in the western part of the state impacted by winter storms, we have found any weather event has the potential to affect any DOR office and staff. As such, each weather event is evaluated on an event by event basis to determine potential impacts. The Crisis Management Protocol document provides additional detail based on certain events and associated severity level.

Assets and Services

Main Revenue Building

Approximately 900 employees work in the main Revenue Building located on Wilmington Street in Raleigh. Primary business operations include but are not limited to submissions processing, examinations, collections, tax administration and customer service. In addition, the Information Technology staff support a variety of systems and applications critical to business operations. Due to the number of employees assigned to this building and the technology infrastructure located at or accessed there, the main building is a key asset in supporting the agency's mission.

Contact and Service Center Remote Locations

While customer service is provided in all divisions of the agency, our Contact Centers and remote Service Centers are focused primarily on customer service and education. There are 13 service centers across the state which includes contact center operations at two locations, Greensboro and Rocky Mount. The Contact and Service Centers are the first point of contact for customers requesting assistance initiated by calls accepted through the Department's toll free lines. Employees in these locations educate and assist customers by answering questions to ensure accurate tax reporting, assisting with payment plans and payment options and responding to refund inquiries. Taxpayers may also receive in-person



assistance by visiting one of the remote service centers. Other Tax Enforcement and Compliance staff are located in the Service Centers since these employees conduct business in all counties based on their assigned territories.

In addition to the risk of losing physical assets such as office space and/or equipment, health risks are also a consideration when offices experience flood damage. In some instances, mold has been identified after flooding requiring assistance from the Department of Health and Human Services to ensure a safe environment prior employees returning to work.

Investigate

Since DOR has emergency procedures in place for disruption of operations, overall impact to the agency is managed. If remote office operations are affected by an event, those services continue in another location. Employees either work remotely or are assigned to another office temporarily. Taxpayers are directed to other locations for in-person service as communicated through our agency website. Raleigh headquarters, the Contact Centers, and Service Centers are connected by telephony technology allowing skill based call routing and virtual assistance from resources across the state with seamless call transfers.

While plans exist to respond to different types of events, agency strategic planning incorporates improvements related to customer service and overall agency efficiency and effectiveness. Many of these initiatives by default support agency resiliency. Listed below are several initiatives either being considered or in progress:

- 1) Document Management System
Eliminate the physical mailing/distribution of taxpayer correspondence to staff at headquarters, service centers, and teleworkers for processing; staff will work from virtual images. Management will be able to assign/reassign inventory as needed which is especially important during a disruptive event.
- 2) Remote Office Space and Location
Reduce space needs based on increased teleworking and locate offices on higher floors or outside of flood areas.
- 3) Expand Teleworking
Identify jobs eligible for teleworking and allow teleworking as a standard workforce option.
- 4) Data Center Architectural Strategy and Plan
Develop a primary and secondary data center strategy and plan redundancy and disaster recovery in support of business requirements.
- 5) Cloud Technologies
Continue pursuing use of cloud technologies to reduce risks associated with damage to physical assets such as buildings, and support a more mobile workforce.



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- 6) Expansion of Electronic Filing Services
Develop a plan to upgrade and enhance electronic service offerings to taxpayers further reducing paper submissions and the associated manual activities requiring on-site staff.
- 7) Legislative Changes
Research legislative changes necessary to give the Secretary more authority over tax concerns during state of emergency and disaster events.
- 8) Outreach Efforts
Work with the DOR Knowledge, Education and Outreach division within DOR to identify strategies for educating different population segments and promoting electronic filing services.

Prioritize & Plan

Agency initiatives are prioritized and planned as part of normal business. Funding and resource requirements are considered as part of the planning process and budget requests submitted as appropriate. While a separate Utility Management Plan is maintained, there may be some duplication or coordination with initiatives included in the agency Resiliency Plan.

Initiatives completed since January 2020 include:

- Updated infrastructure and tools to support increased teleworking to include virtual private network (VPN) improvements and expanded use of Microsoft Teams
- Transformed a workforce from 5% to 90% teleworking due to COVID19 which accelerated various policy and process changes to support more remote employees
- Expanded use of soft phones to enable employees to accept calls remotely via their computer
- Developed a more aggressive computer replacement plan to issue laptops rather than desktops to support a more mobile and remote workforce
- Executed contract for telephony solution utilizing Cloud technology
- Migrated the primary tax system to a Mainframe Cloud solution
- Completed data center improvements at the main Revenue Building
- Developed an appointment only strategy for providing assistance in service centers which resulted in increased remote taxpayer assistance and significantly reduced the need for taxpayers to travel to offices
- Added electronic filing options to include Estates and Trusts, Quarterly Withholding NC-5Q and eNC3 Server to Server for bulk transmissions
- Executed contract for a Document Management System
- Received approval to reduce leased space in Charlotte from 24,000 square feet to less than 10,000 square feet based on the increased number of teleworkers



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Initiatives currently in progress which support agency resiliency improvements include:

Document Management System		
Strategy 1.	Execute Contract	Complete
Strategy 2.	Design and Implement Solution for Pilot Program	3 rd quarter 2021
Strategy 3.	Establish Governance	3 rd quarter 2021
Strategy 4.	Identify Business Cases and Prioritize Future Projects	4 th quarter 2021

Remote Office Evaluation		
Strategy 1.	Review Lease Expiration Dates & Develop Calendar for Analyzing New Space Requirements	Complete
Strategy 2.	Close Winston-Salem Office	2 nd quarter 2021
Strategy 3.	Reduce Charlotte Office Space	3 rd quarter 2021

Expand Teleworking		
Strategy 1.	Identify Jobs Eligible for Full Time and Part Time Teleworking	2 nd quarter 2021
Strategy 2.	Develop PC Replacement Plan to Support Full and Part Time Teleworking	1 st quarter 2021
Strategy 3.	Update Telework Policy	2 nd quarter 2021
Strategy 4.	Review Service and Individual Performance Indicators	2 nd quarter 2021
Strategy 5.	Determine Remote Office Customer Support Model for Future (i.e. Appointment only)	2 nd quarter 2021

Data Center Architectural Plan		
Strategy 1.	Complete Current State and Future State Architectural Diagrams	2 nd quarter 2021
Strategy 2.	Develop Plans for IT Projects to Support Future State	Ongoing
Strategy 3.	Incorporate Redundancy and Resiliency Requirements in IT Designs and Solutions	Ongoing
Strategy 4.	Develop Budget Requests to Support IT Projects As Needed	Per Budget Cycle

Upgrade & Enhance Electronic Filing		
Strategy 1.	Develop Plan Based on Phased Approach for Improvements	1 st quarter 2021
Strategy 2.	Identify Technical Resources to Support Plan for Improvements	Ongoing
Strategy 3.	Complete Designs and Transition Plans Per Initiative	Per Plan as Resources Available



Take Action

As a result of COVID19, DOR transformed from a workforce of 5% teleworking to over 90% teleworking. The pandemic required the agency to react and demonstrate resiliency in order to continue processing returns and payments and to provide services to taxpayers while focusing on the safety of employees. As the workforce is now providing services remotely, teleworking has and will continue to be a more standard workforce model. Thus equipment, technology, training and other aspects of DOR services and business operations must continually be evaluated, incorporating resiliency improvements and best practices.

Projects will continue to be identified, prioritized, planned and implemented. While some projects are more operational in nature and can be funded with agency appropriations, some projects may require funding which may or may not be a constraint.