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STATEMENT OF
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GENERAL GOVERNMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ON
IRS SERVICE CENTER OPERATIONS



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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here this morning to assist the Subcommittee in its inquiry on the status of the 1986 tax return filing season. Our testimony today is based on information that we gathered during our examination, at the House Committee on Ways and Means' request, into the activities of the Internal Revenue Service's (IRS) 10 service centers and its National Office.

So far this year the service centers' tax return processing activities are running smoother than they did a year ago. The centers have more computer capacity than they did at this time last year, computer programs are more efficient than they were in 1985, communications between the service centers and the National Office have improved, service center staffing has been increased, and training has been provided in a more timely manner.

Notwithstanding those improvements, we still have most of the concerns we expressed during our testimony on December 16, 1985. Based on the work we did preparing for these hearings:

--Our concern about peripheral equipment has been tempered by the fact that recent deliveries have been timely and IRS officials expect the remaining deliveries to also be timely.

--Our concerns about large inventories being carried over from 1985 to 1986 and controls over the processing of computer tapes remain unchanged. Correspondence and unpostable inventories still exceed IRS' definition of manageable and a recent Internal Audit report indicates that controls over service center Computer Branch operations are less than adequate.

--Our concern about front-end processors has been heightened by the fact that IRS' most recent installation schedule indicates that new processors will not be ready for use until the 1988 filing season.

--Our concern about staffing remains. IRS has increased total staffing at its service centers. A lower than expected volume of returns filed so far this year, however, may portend a larger than expected influx of returns in April, which could put a strain on that staff. We are concerned, also, about what might happen later this fiscal year if IRS does not receive a supplemental appropriation needed to fund its increased staffing level.

I would now like to discuss in more detail the above matters.

1986 TAX RETURN FILINGS

As of February 21, 1986, the service centers had received a total of about 26.6 million individual income tax returns, which was 2.3 million returns fewer than IRS had expected to receive by that date. The return receipt volume is also about 1.3 million returns less than at the same time in 1985 (see attachment I).

The low volume of filings at this time of year could result in a deluge of return filings during the April peak period, which could in turn strain IRS resources and cause refund delays. IRS officials recognize that there could be a larger than normal volume of returns filed in April but have indicated that they are prepared to deal with it. They said that depending on the extent of the April 1986 peak, the service centers may have to go to a 6-day work week and may have to shift staff from non-returns processing activities to returns processing.

IRS' statistics indicate that return processing is running smoother so far this year than last year. Almost 35 percent of the returns received as of February 21, 1986, have been processed through the service centers to the National Computer Center compared to about 29 percent of the returns received by February 22, 1985. Also, the average return processing time has decreased from 14 days in 1985 to about 10 days in 1986 for Form 1040 returns and from 15 days to 12 days for Form 1040A returns.

The number of refunds issued as of mid-February is up compared to 1985 (4.1 million in 1986 versus 2.5 million in 1985). Also, refunds issued as a percentage of returns processed is higher this year than last year (44 percent in 1986 compared to 32 percent in 1985).

Besides processing tax year 1985 refunds, the service centers are still processing some tax year 1984 refunds (see attachment II). As of February 14, 1986, 3,688 timely filed tax year 1984 individual income tax refund returns were being processed. About 28 percent, or 1,025 of those returns, were duplicate tax returns that taxpayers had to file because IRS had no record of receiving their original returns.

The Austin Service Center accounted for 1,586, or 43 percent, of the unprocessed refund returns for tax year 1984. Kansas City was the only service center that had processed all of its tax year 1984 refund returns. No estimates were available on how long it will take the service centers to finish processing the 3,688 returns. However, National Office officials told us that processing of these returns has a high priority, and they pointed out that the service centers have been steadily reducing the tax year 1984 return backlog. For example, during the week of February 10 to 14 the centers reduced the backlog by 26 percent--from 5,004 returns to 3,688 returns.

SERVICE CENTER STAFFING AND TRAINING

At the end of January 1986, the service centers had about 13,700 employees working on returns processing activities compared to about 12,700 at the same time last year (see attachment III). The service centers have hired about 10,000 new employees this year compared to 8,000 last year. Some service centers have a significant number of inexperienced staff--a fact that could pose a problem if workload levels exceed expectations. At Cincinnati, for example, about 62 percent of the employees involved in returns processing have less than 6 months experience with IRS.

IRS has staffed the service centers at a level that anticipates receipt of a supplemental fiscal year 1986 appropriation that was included as part of the Administration's budget request for fiscal year 1987. That supplemental calls for a total increase in IRS of 6,950 average positions and \$340 million, of which 5,558 positions and \$133.5 million are to help process returns and issue refunds. If that supplemental is not received or if it is received late in the fiscal year, IRS will have to make substantial cutbacks during the fourth quarter of this fiscal year.

Like the total staffing situation, the training situation this year is much improved over last year. Service center officials told us about various new or expanded training programs that have been developed locally or by the National Office. Time did not permit us to evaluate those programs;

however, according to service center officials (1) all returns processing training for both temporary and permanent employees is on schedule; (2) training material was delivered on schedule; and (3) unlike last year, training manuals were complete and accurate. FOCUS '86 was often mentioned as a new course having a positive impact on service center operations. The purpose of the 5-day course was to provide a thorough overview of all phases of service center operations, with emphasis being placed on the interrelationship of the computer system with all of the other service center functions. The targeted audience was every manager, branch level and above, at each service center. The Cincinnati Service Center, for example, sent about 200 managers to the course, as well as some computer operations staff.

Although service center officials generally noted that all training scheduled to date has been completed on schedule, some of them voiced some concern about the timeliness of training given to Computer Branch employees. The problem, as explained by the Training and Development Branch Chief at the Philadelphia Service Center, is that to properly prepare for the processing season, Computer Branch training should be scheduled so as to be completed by mid-January. Although about two-thirds of the training courses for the Branch at Philadelphia were completed by mid-January, the remaining one-third were not scheduled to begin until mid-January and will not finish until the beginning of May.

The Computer Branch Chief at the Kansas City Service Center agreed that, in general, training for Computer Branch employees was not timely for this processing season. He said that training should take place in August, September, and October--well before the processing season begins--but most of it did not start until December.

COMPUTER-RELATED ISSUES

During the 1985 filing season, a combination of insufficient computer capacity and inefficient software played a major role in creating returns processing backlogs, document control problems, and excessive correspondence inventories. As we noted in our December 16, 1985, testimony before this Subcommittee, IRS started 1986 in a better position than it started 1985 because the service centers have more hardware on hand and because some of the computer programs that took many hours to run in 1985 are now running more efficiently. IRS has also improved its procedures for dealing with computer-related problems.

Computer equipment

Each of the service centers has additional central processing units and more peripheral equipment than at the start of 1985. Some service centers are awaiting delivery of additional peripheral equipment--disk drives and disk controllers--and two centers have said they will need the additional equipment to effectively handle peak processing in April 1986. Kansas City officials, for example, told us that

they were expecting to receive four disk drives by early March, Philadelphia officials told us that they were expecting 12 disk drives and 2 disk controllers by early March, and Atlanta officials said they were expecting 12 disk drives in April. Kansas City and Philadelphia officials said they were planning to use that equipment for 1986 processing; Atlanta officials said they were not. At the time we did our work, officials in Kansas City, Philadelphia, and Atlanta expected to receive the equipment on schedule and in time to meet their needs.

IRS officials told us that sufficient capacity now exists in the service centers' main computers to meet the demands of the 1986 filing season. Considering the improvements IRS made during 1985 and the positive effect those actions have already had in 1986, the possibilities now seem remote that the capacity problems the service centers experienced in 1985 with respect to their main computers will be repeated this season.

We continue to be concerned, however, with the capacity and reliability of IRS' front-end processors. Those processors are computers through which all on-line inquiries via computer terminals must pass to get realtime access to key data bases on the service centers' main computers.

An internal study conducted by IRS in February 1984 predicted that by December 1985, IRS' workload demands at larger service centers could exceed the capacity limits of the front-end processors. From a review of limited performance data on the processors for December 1985, one service center, Austin,

was reaching the capacity limits established in this study during the center's peak processing time. Procedures implemented by IRS, however, could help to reduce front-end capacity problems in 1986. For example, the centers are seeking to increase the number of hours available for realtime processing. This would allow the centers to spread out their work and reduce the likelihood of the processors reaching their capacity.

During the 1986 filing season, the centers have been successful in increasing the number of hours available for realtime processing. Both the number of scheduled hours and the actual hours dedicated to realtime processing have increased compared to 1985.

Our concern about the front-end processors extends beyond the capacity issue. We are also concerned about the reliability of the processors and the terminals that are connected to those processors. The service centers have experienced some problems with the functioning of the processors. From January 1 through February 12, 1986, for example, the Andover Service Center experienced minor front-end processor downtime on eight separate occasions averaging 12 minutes each. Also, in late 1985, Atlanta's processor was down for 30 hours and on February 15, 1986, it was down for another 8 hours. Each service center has only one front-end processor. If that unit fails, access to the main computer is not possible until the processor is repaired or replaced. Some service centers have also been experiencing

maintenance problems with their computer terminals. Officials at the Austin Service Center told us, for example, that the terminals are always causing problems because they are old and because parts are hard to get.

On October 2, 1985, IRS awarded a contract to Computer Systems and Resources, Incorporated, to provide new front-end processors and terminals for the National Computer Center and each service center. On January 23, 1986, the General Services Administration's Board of Contract Appeals overturned that award because certain material to be provided by the awardee did not meet government specifications. IRS was told to either award the contract to the runner-up bidder or to amend the solicitation and allow all four bidders the opportunity to recompetete. IRS opted for the first alternative and awarded the contract in February 1986 to Sysorex Information Systems, Inc.

As of February 19, 1986, IRS' schedule for installing the new front-end processors and terminals was as follows:

July 1986	Installation at the National Computer Center, followed by a 4 month performance testing period.
November 1986	Installation at the first service center (tentatively Atlanta)

Philadelphia, IDRS was available 473 hours from January 6 through February 16, 1986, compared to 259 hours for the same period in 1985.

National Office Command Center

Even under the best of circumstances, computer-related problems can be expected to arise. Some have already arisen this year. To better deal with such problems, IRS has established a mechanism for better communicating information about critical computer-related problems and their resolution. That mechanism is in the form of a 24-hours-a-day, seven-days-a-week Command Center in Washington, D.C., which began functioning on January 17, 1986.

The Command Center provides a central point for collecting information on critical hardware and communications problems and ensuring that those problems are resolved in a timely manner. When a service center determines that a problem is critical, IRS' procedures require that it call the Command Center within 1 hour of the problem's occurrence. The Command Center analyst receiving the call is to record information about the problem and immediately contact the National Office person responsible for the problem area. The Command Center analyst is then responsible for (1) ensuring that the service center and the responsible National Office person communicate, (2) monitoring the status of the problem and its solution, and (3) informing other service centers of the problem and its solution. Besides dealing with specific problems, the Command Center also gets

reports from each service center on the status of its processing. Those status reports are currently being provided at 8-hour intervals.

According to National Office records, the Command Center had received 331 calls as of February 18, 1986, most of which involved computer software problems experienced by the service centers. From a review of the Command Center's logs, it appears that the service center problems have been due either to their own operational problems (such as operator error), inadequate documentation of computer programs provided by the National Office, or inherent problems with the programs themselves. Command Center officials believe, however, that the problems recorded to date are much less severe than the problems encountered during the same period last year.

The general reaction of service center officials to the Command Center has been positive. They believe that the Command Center has improved communications and has helped to identify and resolve problems. Two matters did come to our attention, however, that might warrant IRS' attention. Officials from two centers, while commenting favorably on the Command Center, expressed the opinion that inexperienced analysts at the Center were having some difficulty understanding problems that were being called in by the service center. Also, our observations at the Command Center and at the service centers indicated that better records could be maintained. We saw some evidence, for example, that not all contacts with the Command Center were

being recorded at the service center, which could affect local management's ability to assure itself that identified problems have been corrected.

CONTROLS OVER COMPUTER TAPES

During 1985, GAO and IRS' Office of Internal Audit identified instances where ineffective controls over computer tapes caused problems for IRS, including the issuance of erroneous notices and levies. In response to our inquiries this year, the service centers referred us to various controls, many of them designed and/or enhanced locally, that have been implemented to insure that (1) all computer tapes are run when they are supposed to be, (2) all data have been appropriately transferred between computer runs, and (3) all tapes are shipped and received in a timely manner. The only complaint voiced by the service centers with respect to those controls was the fact that much of the run-to-run balancing is manually intensive--requiring operators to compare printouts to determine if errors have occurred and whether all data have been transferred. It is our understanding that the National Office is working to automate this process.

As we mentioned in our December 16, 1985, testimony, IRS' Office of Internal Audit has done considerable work analyzing the adequacy of service center controls to insure that tapes are processed in a timely manner. On January 24, 1986, Internal Audit reported that the service centers, in the absence of comprehensive national instructions, had developed local

procedures and followed traditional practices whose reliability depended on the experience and commitment of local management. Internal Audit recommended, among other things, that nationwide procedures be implemented. We understand that Internal Audit will be monitoring the development and implementation of those procedures in 1986. Until such procedures are effectively implemented, we will remain concerned about the controls over computer tapes.

SERVICE CENTER INVENTORIES

The service centers have not reduced their correspondence and unpostable inventories to what IRS considers manageable levels. There has been some reduction in these inventories over the past several months; it is uncertain, however, when the service centers will get the inventories to a manageable level. On the other hand, returns processing inventories are at manageable levels and are lower than they were last year.

Adjustments/correspondence inventory

As of January 31, 1986, as shown in attachment IV, the adjustments/correspondence inventory, which consists of both taxpayer and IRS-initiated tax account adjustment requests, was higher than at the end of January 1984 and 1985 (1,130,056 cases in 1986 versus 338,114 and 960,359 cases in 1984 and 1985, respectively). Also, as of the end of January 1986, Cincinnati was the only service center that had its correspondence inventory at a level IRS considers manageable. IRS considers a correspondence inventory manageable when no cases are

uncontrolled beyond 14 days after IRS received the correspondence and no more than 20 percent of the controlled cases are 45 days old or older.

Although the inventories are higher than in the 2 previous years, the centers have been steadily reducing their inventories. For example, correspondence inventories peaked in July 1985 at about 1.6 million cases and are now at about 1.1 million cases--a 31-percent decrease in 7 months.

Inventory reductions have occurred, in part, because additional computer time has been made available to work correspondence cases. Since January 1, 1986, the Integrated Data Retrieval System, which is the realtime computer system needed to work and close correspondence cases, has been available an average of 17 hours a day, 5 days a week, at each service center. During the first 6 months of 1985, this system was available an average of 10 hours a day and often not available 5 days a week.

Other inventory reductions have occurred because three centers with relatively low inventories have been working cases for three other centers with higher inventories. Andover is working Brookhaven cases, Kansas City is working Atlanta cases, and Ogden is working Austin cases. The Philadelphia Service Center received help from four district offices in the Mid-Atlantic Region until December 1985. In 1986, the Cincinnati Service Center plans to work between 30,000 and 35,000 correspondence cases for Philadelphia and a district

office in the Mid-Atlantic Region will work some other Philadelphia cases.

Although the trend in correspondence inventories is downward, we are concerned whether the downward trend will continue and whether all the centers will soon be able to get their inventories to a manageable level. Based on 1984 and 1985 correspondence receipt data, the centers can expect on average to receive about 500,000 more correspondence cases in March over what they received in February and can expect average receipts of about 1.3 million cases a month from March through July. In neither 1984 nor 1985, were the centers able to keep up with the correspondence cases received during those months.

We have another concern involving correspondence inventories that arose during our work at the Philadelphia Service Center. In December 1985 the Service Center Director, thinking that the correspondence inventory was down to a relatively manageable level, moved some staff out of the Adjustments and Correspondence Branch to work in other areas, such as unpostables. The inventory at the end of 1985 was reported to be 93,574 cases. However, in January 1986, service center staff took several inventory counts that indicated that the reported inventory was understated. The Service Center Director then asked Internal Audit to (1) determine why the inventory was understated, (2) oversee establishment of an accurate recording and reporting system, and (3) oversee another physical inventory and establish an accurate count.

A complete physical inventory, taken from February 7 to 9 under Internal Audit's supervision, showed the correspondence inventory to be 221,800 cases of which 198,000 cases were being worked at the Philadelphia Service Center and 23,800 cases were being worked at a district office. Although it has not yet completed its audit work, Internal Audit has indicated that Philadelphia's inventory may have been understated because of inadequacies in the manual inventory system and in management of the system.

Because of Internal Audit's findings in Philadelphia, we are concerned that other centers' correspondence inventories may be understated. We did not have time to evaluate how the other centers account for their correspondence receipts and closures. Given the situation in Philadelphia, we believe that IRS should undertake such an evaluation and take the action necessary to ensure that reported inventory data accurately reflect the actual inventory on hand at each center.

Unpostable inventory

The service centers do not have their unpostable inventories, which consist of service center processed transactions that failed to post to the master file, at a manageable level. As of January 29, 1986, the unpostable inventory nationwide was about 1.6 million cases, which was about 700,000 cases higher than the January 1985 ending inventory. About 34 percent of the unpostable inventory is aged; that is, the cases have been in the inventory anywhere

from 3 to 10 weeks, depending on the unpostable condition involved. IRS considers an unpostable inventory to be manageable if no more than 20 percent of the inventory is aged. Based on that criterion, none of the service centers' unpostable inventories were at the manageable level (see attachment V).

Service center officials expect to reduce their unpostable inventories to manageable levels by June 1986 because they have more realtime computer availability. Also, they expect the volume of unpostable cases this year to be less than last year. One reason the unpostable volume is expected to be lower is because computer programs have been modified to allow some returns to post to the master file this year that last year would not have been able to post.

Returns processing inventories

The three returns processing inventories--error resolution, rejects, and blocks-out-of-balance--are at levels in each service center that meet IRS' criteria for manageability. As of February 14, 1986, the three inventory levels nationwide were:

Error resolution	303,827
Rejects.	405,831
Block-out-of-balance	<u>161,224</u>
	<u>870,882</u>

These inventories represent documents in the returns processing system that contain erroneous conditions that prevent them from being processed until the conditions are resolved, either

through correspondence with taxpayers (as is the case with rejects) or through corrective action by service center employees.

Last year at this time, those three inventories were much higher--totaling about 2.5 million documents. The inventories are lower this year because IRS has placed more emphasis on quality and training and has assigned additional staff to returns processing activities.

TAXPAYER TELEPHONE SERVICE

This year, IRS has increased the number of telephone lines and staff to handle taxpayer inquiries. IRS plans to have 3,372 toll-free lines available at the peak taxpayer service time, which begins in March. This is 336 more lines than in 1985 and represents an 11 percent increase (see attachment VI). Seven hundred additional assistors (an increase of 26 percent) have been allocated to IRS field offices for the filing season to respond to telephone inquiries (see attachment VII). For example, in the Philadelphia District Office, staffing has been increased from 82 to 119 persons, and toll-free circuits have been increased from 70 to 88 lines. Nationwide, IRS expects to assist almost 5 million more callers in 1986 than were assisted in fiscal year 1985. IRS expects to be able to help those additional taxpayers while maintaining an efficient operation.

IRS' toll-free lines are supplemented by multifunctional telephone equipment, which provides recorded tax information and handles refund inquiries. IRS has increased the number of

multifunctional equipment telephone lines from 718 in fiscal year 1985 to 1,504 in 1986. In fiscal year 1985, the equipment handled about 8.3 million requests for assistance, including 4.2 million refund inquiries. In fiscal year 1986, IRS expects the equipment to respond to about 10 million requests, including 5 million refund inquiries.

IRS' goal for toll-free telephone assistance in 1986 is to increase taxpayer accessibility to either an assistor or to one of the automated services. IRS measures accessibility by the number of call attempts taxpayers make before reaching an assistor. National Office data shows that from January 1 through February 22, 1986, IRS was able to answer the taxpayer's first call 82 percent of the time. In 1985, according to IRS, taxpayers' first calls were answered about 72 percent of the time. At the Subcommittee's request, we are assessing the timeliness and accuracy of IRS' telephone assistance during this filing season.

* * * * *

In summary, we believe that the 1986 filing season is progressing more smoothly than last year. Our work, while limited due to time constraints, disclosed no new systemic problems affecting IRS' ability to process tax returns. Further, Taxpayer Service and Problem Resolution staffs at IRS' National Office and in the service centers have not identified

any significant problems through their contacts with taxpayers so far this year.

We are concerned, however, whether problems might arise with respect to IRS' supplemental appropriation request for fiscal year 1986 that could cause staffing shortages later in the year, which, in turn, could affect the ability of service centers to effectively handle their workloads. Also, we continue to be concerned about (1) IRS' ability to soon reduce its correspondence and unpostable inventories to manageable levels, (2) the adequacy of controls over computer tapes, and (3) the capacity and reliability of the front-end processors.

That concludes my statement, Mr. Chairman. I would be pleased to respond to any questions.

INDIVIDUAL TAX RETURNSNUMBER OF RETURNS RECEIVED AND PROCESSEDAND NUMBER OF REFUNDS ISSUEDTHROUGH FEBRUARY 21, 1986

(000 omitted)

<u>Service Center</u>	<u>Receipts</u>		<u>Processed</u>		<u>Refunds</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Andover	2,827	2,401	1,072	603	507	265
Atlanta	3,341	3,442	796	846	356	150
Austin	3,062	3,186	889	765	381	318
Brookhaven	1,551	1,622	514	188	197	52
Cincinnati	3,356	2,771	1,338	1,061	663	597
Fresno	2,094	2,681	723	960	236	158
Kansas City	2,375	2,999	710	1,143	311	86
Memphis	3,399	3,798	1,426	1,088	743	511
Ogden	2,560	2,701	1,072	963	368	224
Philadelphia	<u>2,084</u>	<u>2,327</u>	<u>730</u>	<u>387</u>	<u>354</u>	<u>166</u>
Totals	<u>26,649</u>	<u>27,928</u>	<u>9,270</u>	<u>8,004</u>	<u>4,116</u>	<u>2,527</u>

NUMBER OF TIMELY FILED 1984 INDIVIDUAL INCOME TAX
RETURNS FOR WHICH REFUNDS HAD NOT BEEN PAID
AS OF FEBRUARY 14, 1986

<u>Service Center</u>	<u>Number of Returns</u>		<u>Total</u>
	<u>Original</u>	<u>Duplicate</u>	
Andover	18	217	235
Atlanta	64	0	64
Austin	1,258	328	1,586
Brookhaven	719	73	792
Cincinnati	9	9	18
Fresno	466	52	518
Kansas City	0	0	0
Memphis	85	0	85
Ogden	10	9	19
Philadelphia	<u>34</u>	<u>337</u>	<u>371</u>
Totals	<u>2,663</u>	<u>1,025</u>	<u>3,688</u>

RETURNS PROCESSING EMPLOYEES^a

<u>Service Center</u>	1986			1985	
	<u>Permanent</u>	<u>Seasonal</u>	<u>Total</u>	<u>Permanent</u>	<u>Seasonal</u>
Andover	322	1,169	1,491	263	
Atlanta	265	758	1,023	236	
Austin	584	1,747	2,331	504 ^b	1,
Brookhaven	355	718	1,073	261	
Cincinnati	272	739	1,011	224	
Fresno	256	1,483	1,739	272	1,
Kansas City	278	636	914	301	
Memphis	300	1,324	1,624	317	1,
Ogden	337	1,065	1,402	324	1,
Philadelphia	<u>221</u>	<u>878</u>	<u>1,099</u>	<u>221</u>	
Totals	<u>3,190</u>	<u>10,517</u>	<u>13,707</u>	<u>2,923</u>	<u>9</u>

^aReturns processing includes receipt and control, data conversion, and document

^bData as of March 28, 1985.

ADJUSTMENTS/CORRESPONDENCEINVENTORIES

<u>Service Center</u>	<u>End of January</u>			<u>Overage percent</u>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Andover	18,164	34,009	68,511	15	32	26
Atlanta	24,383	99,318	147,874	20	60	87
Austin	34,764	96,495	176,718	10	72	68
Brookhaven	62,992	266,695	110,734	50	84	69
Cincinnati	14,835	15,533	26,656	15	20	20
Fresno	78,950	103,462	183,788	40	71	86
Kansas City	18,800	88,410	47,540	21	52	48
Memphis	17,693	50,858	69,344	14	a	84
Ogden	27,138	86,657	77,046	22	a	59
Philadelphia	<u>40,395</u>	<u>118,922</u>	<u>221,845^b</u>	18	86	Unknown
Totals	<u>338,114</u>	<u>960,359</u>	<u>1,130,056</u>	25	66	

^aData is not available due to computer conversion.

^bThe January 1986 ending inventory shown for the Philadelphia Service Center actually represents the inventory as of February 9, 1986, the date the physical inventory was completed. The Philadelphia Service Center has not determined the age of that inventory.

UNPOSTABLE INVENTORIES

<u>Service Center</u>	<u>End of January</u>			<u>1986 Overage Percent</u>
	<u>1984</u>	<u>1985</u>	<u>1986</u>	
Andover	54,004	52,087	100,321	21.8
Atlanta	71,861	154,773	216,480	42.7
Austin	66,398	96,910	253,160	47.1
Brookhaven	71,501	64,447	236,565	40.8
Cincinnati	35,424	59,543	84,084	28.1
Fresno	98,120	132,081	274,715	25.3
Kansas City	45,932	72,980	73,367	40.2
Memphis	55,521	154,903	126,619	24.6
Ogden	63,565	65,120	76,609	24.5
Philadelphia	<u>44,008</u>	<u>94,311</u>	<u>196,885</u>	27.9
Totals	<u>606,334</u>	<u>947,155</u>	<u>1,638,805</u>	34.0

TOLL-FREE PEAK CIRCUITRY
NUMBER OF PHONE LINES BY IRS REGION
1985 VERSUS 1986

<u>IRS Region</u>	<u>Actual 1985</u>	<u>Planned 1986</u>
North Atlantic	392	363 ^a
Mid-Atlantic	363	402 ^a
Southeast	422	566 ^b
Central	387	502
Midwest	380	426 ^b
Southwest	543	507 ^b
Western	<u>549</u>	<u>606^b</u>
Totals	<u>3,036</u>	<u>3,372</u>

^aRequests for forms will be handled by IRS' new Centralized Inventory Distribution System.

^bAffected to some degree by redistricting of one or more district offices.

Note:

The 1986 figures were provided by officials from IRS' National Office. They told us that the data represented estimates as of December 12, 1985, and that the data may have since changed. For example, the Mid-Atlantic Region is now estimating, as of February 14, 1986, that 438 phone lines would be installed for peak processing.

TAXPAYER SERVICE PEAK STAFFING1985 ACTUAL VERSUS 1986 PLANNED

	Fiscal year 1985 <u>actual</u>	Fiscal year 1986 <u>planned</u>
Telephones	2,700	3,400
Walk-In	600	600
Correspondence	100	130
Management	500	500
Clerical	560	600
Quality Review	<u>140</u>	<u>200</u>
Totals	<u>4,600</u>	<u>5,430</u>

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