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TAX ADMINISTRATION:

One Stop Service: A New Concept of Assistance For Taxpayers



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ONE STOP SERVICE: A NEW CONCEPT
OF ASSISTANCE FOR TAXPAYERS

SUMMARY OF STATEMENT BY
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IRS has a history of customer assistance problems caused by fragmented taxpayer service delivery programs. Taxpayers often have to deal with IRS employees in different functions and at various locations to resolve problems or get questions answered accurately. To deal with this situation, IRS has adopted a new customer assistance initiative known as "One Stop Service". Today, One Stop Service is a concept and not yet a reality.

One Stop Service has short-and long-term objectives. In the short term, IRS is focusing on improving its telephone service by expanding the authority of its employees and providing more equipment to resolve taxpayer problems with their tax accounts. IRS' long term goal is to resolve 95 percent of all taxpayer inquiries through a single contact with the agency.

One Stop Service is new and can be expected to experience some growing pains. For example, IRS telephone sites are implementing One Stop Service at different rates. GAO found several things IRS needs to address as it moves forward. These include (1) ensuring that taxpayers have access to telephone assistance, (2) developing better measures of the level and quality of telephone account assistance, and (3) providing adequate training for account assistors.

To accomplish One Stop Service in both the short and long term, IRS needs uniform implementation across field offices to provide taxpayers with consistent service. One Stop Service also demands strong leadership to provide essential staffing and equipment, training, and a basis for measuring success. Finally, One Stop Service will not occur by IRS' September 1998 goal without computer and telecommunications systems that are integral to Tax Systems Modernization. Ultimately, the success of One Stop Service will depend on the secure and easy retrieval of comprehensive account data by assistors across the country, which in turn requires the completion of several major Tax Systems Modernization projects.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to assist the Subcommittee in its continuing oversight of Tax Systems Modernization at the Internal Revenue Service (IRS). As part of this oversight effort, you asked us to evaluate IRS' initiative to reduce the burden on taxpayers who contact IRS for assistance. IRS calls this initiative "One Stop Service." At this time, One Stop Service is a concept, not a reality.

One Stop Service is intended to address IRS' customer assistance problems caused by fragmented taxpayer service delivery programs. IRS has spoken with many voices and shown many different faces to the public because its various functional areas have dispensed inconsistent information. Consequently, taxpayers sometimes received treatment that was neither timely nor accurate. The purpose of One Stop Service is to coordinate assistance to taxpayers through a combination of technology and expanded employee authority. Although One Stop Service is just getting underway, we believe that IRS is headed in the right direction.

The long-term goal of One Stop Service is to resolve 95 percent of all customer service inquiries through a single taxpayer contact with the agency, although in some instances IRS staff will need to follow up with the taxpayer. Resolving an inquiry means accurate and timely closure on all issues raised by the

taxpayer in this one contact. The contact could be with any part of the IRS organization where a taxpayer telephones, writes, or walks in for assistance on tax law, account, or procedural matters.

IRS' One Stop Service Steering Committee, comprising senior executives from all major customer service functions, met for the first time in August 1991. In the short term, the Steering Committee is implementing a project to improve IRS' assistance to taxpayers who call with tax account inquiries. The Steering Committee has until September 30, 1992, to come up with long-term recommendations for IRS' agency wide One Stop Service operations.

We believe IRS has appropriately focused its initial efforts on improving telephone service--the most frequent means used by taxpayers to contact IRS. On the basis of our look at IRS' short-term efforts, however, we see several things IRS needs to consider as it moves further along in implementing the One Stop Service concept. These matters revolve around providing field offices with the staffing and equipment, training, and the performance measures necessary to ensure that taxpayers receive consistent and quality assistance.

Over the long term, IRS needs to (1) ensure that its new computer systems provide its employees with easy access to comprehensive taxpayer account information and (2) provide strong leadership to

coordinate the uniform implementation of One Stop Service across a decentralized organization with autonomous field offices.

ONE STOP SERVICE: WHAT IT IS

IRS defines One Stop Service as requiring that a taxpayer make only one contact to resolve a problem. Ideally, IRS would take responsibility for the problem and resolve it immediately on the telephone or follow up and resolve it within a specified period of time. However, there will be some instances when One Stop Service will not be possible. Taxpayers will need to make additional contacts in instances when they challenge an IRS position, an assistor lacks the authority to adjust an account over the telephone or needs additional tax return information, or when taxpayers need to provide a signed document to authenticate or substantiate a claim.

Taxpayers seek assistance from IRS by calling, writing, or visiting IRS offices with questions or problems that arise in three areas--tax law, filing procedures, and account status. Tax law matters include technical tax information related to specific laws and regulations. Procedural matters involve routine issues like where to file a tax return or how to get a particular form or publication. Account matters concern tax bills, notices, and other correspondence relating to the filing of a specific tax return. To resolve a taxpayer's account question, the IRS

assistor must access specific information from that taxpayer's file to research a problem or make an adjustment to that taxpayer's account.

IRS currently provides telephone assistance in at least 68 locations nationwide--32 taxpayer service toll-free sites, 23 automated collection sites, 10 service centers, and 3 tax form and publication distribution sites. IRS statistics show that employees at these locations answered nearly 51 million taxpayer calls for assistance during 1991. Over 35 million of these calls were answered by toll-free telephone site assistors, of which 40 percent dealt with account-related issues. Unfortunately, another 47 million calls were not answered by IRS because taxpayers got busy signals.

IRS' immediate objective is to improve service in areas that can be corrected now with few additional resources. In the short term, One Stop Service is focusing on assisting taxpayers who call IRS with account-related inquiries.

SHORT TERM EFFORTS TO
IMPROVE TELEPHONE SERVICE

The catalyst for improving the way IRS handles account-related telephone inquiries was a quality improvement project started in 1987 in IRS' San Francisco District. On the basis of the success

of this project, IRS began implementing the "Increasing Accounts Service Project" nationwide in fiscal year 1992. The project holds promise for improving the handling of account inquiries at toll-free call sites by enabling the assistor to resolve more inquiries in one contact with the taxpayer.

IRS assistors first try to resolve a taxpayer's inquiry "on-line" while the taxpayer is still on the telephone. If this is not possible, an assistor records the taxpayer's inquiry with the objective of calling or writing the taxpayer within 15 days to resolve the inquiry. IRS' goal for fiscal year 1992 is to handle 82 percent of account-related inquiries on-line or within 15 days. By the end of fiscal year 1993, IRS' goal is to resolve 95 percent of all account-related inquiries on-line or within 15 days.

To accomplish these goals, IRS gave toll-free telephone assistors new authority to make adjustments to a taxpayer's account. These adjustments were previously made in IRS service centers. IRS also authorized assistors to accept taxpayers' oral statements to make certain account adjustments in lieu of written documentation. Finally, IRS placed 824 additional computer terminals at call sites during fiscal year 1992. These terminals and enhanced software gave assistors access to taxpayers' account

information and enabled them to answer questions and make adjustments.

We found that the implementation of the Increasing Accounts Service Project varies by call site. Some call sites are able to address a wider variety of taxpayer inquiries on-line than others. Our February 1992 survey of 29 call sites found that 3 call sites did not have any assistors making the new on-line account adjustments. The remaining call sites had from 1 to 120 assistors making these adjustments. IRS National Office officials explained that the wide range of assistors making adjustments was caused by their decision to let each site proceed at its own pace. If permitted to continue, however, such inconsistent implementation could leave IRS with the same reputation it is trying to overcome.

We also found that demand for account assistance over the telephone exceeds IRS' capability to provide it. Taxpayers who call IRS' toll-free sites with account-related inquiries are generally routed to account assistors by "front line" assistors. IRS fiscal year 1992 data through April 4 showed that 93 percent of taxpayers who reached an account assistor got their problem resolved while on the telephone, but only about 67 percent of the callers got through to account assistors. IRS officials told us the inability to reach an account assistor stems from a shortage of assistors and telephone equipment.

To assess the performance of the Increasing Accounts Service Project, IRS established three measures: (1) the percentage of account cases closed on-line plus written cases closed within 15 days, (2) the percentage of account cases closed on-line, and (3) the percentage of calls that front line assistors successfully transfer to a more specialized account assistor. IRS plans to use data developed this year as a baseline against which it will compare future performance.

This baseline, however, is inaccurate because not all taxpayer account inquiries are included in the measure for on-line and 15-day closures. IRS counts only front line assistor attempts to transfer calls to an account specialist because its telephone equipment automatically tallies only those calls in which a transfer attempt is made. In some cases, however, front line assistors handle account inquiries by themselves or by directing the call to other IRS functions. We believe that IRS needs to count all account-related calls to accurately measure the success of this project.

Our survey also showed that most call sites do not maintain a complete record of the types of account adjustments its assistors are making. We believe such records could identify systemic problem areas, target additional training needs for assistors, and establish a basis for more effective resource management.

We also found that field offices do not have uniform procedures for reviewing the quality of on-line account adjustments. Although IRS' National Office is encouraging its field offices to do more quality reviews, it has not provided them with the necessary sampling procedures. Without uniform procedures, the number of field office quality reviews has varied substantially. For example, IRS data for fiscal year 1992 through April 4 showed that 1 IRS region had completed 479 of these reviews this year while another had completed 16 reviews.

Finally, we found that IRS' toll-free call sites began implementing the Increasing Accounts Service Project in October 1991, even though all account assistors had not received training to make on-line adjustments. As of February 29, 1992, about 77 percent of account assistors nationwide had completed training. Of those trained, about 66 percent were authorized to make some account adjustments. However, that training was not specifically targeted towards the requirements of the Increasing Accounts Service Project. Our survey results show that division chiefs in 26 of 29 call sites believe additional training is needed for account assistors to make on-line account adjustments. IRS does not plan to have new training available until October 1992. Without the new training, some call sites have been reluctant to allow assistors to make on-line adjustments, leading to delays in implementing the project.

EFFORTS TO EXPAND ONE STOP SERVICE

As efforts to implement One Stop Service get underway, IRS will also focus attention on taxpayers who write or walk in with account-related inquiries. IRS has already begun trying to improve its handling of taxpayer correspondence but has not yet addressed how walk-in offices handle account inquiries.

The One Stop Service Steering Committee has adopted recommendations from an earlier burden reduction effort designed to improve the quality and timeliness of outgoing correspondence to taxpayers. As part of the effort to implement these recommendations, some service centers are providing taxpayers with the name and telephone number of the person handling their correspondence case. IRS believes that it can assist taxpayers faster and more efficiently over the telephone.

However, some service center correspondence sections are not trained and equipped to accommodate high telephone call volumes. Consequently, some taxpayers cannot reach the service center employee designated to handle their cases. IRS officials believe that accessibility problems may increase as more taxpayers use the telephone service, but they do not know the extent of the problem because they lack telephone equipment necessary to measure the number of calls received by correspondence sections.

As a result, a well-intentioned initiative may frustrate taxpayers until the accessibility issue is resolved.

IRS has not yet addressed the handling of account inquiries at its walk-in sites because the Steering Committee has focused first on developing One Stop Service at its toll-free telephone sites. Attempts to provide One Stop Service at walk-in locations have been limited to local IRS initiatives and have generated different results. Our field work indicated that the content of walk-in One Stop Service ranged from account assistors doing on-line adjustments to informing a taxpayer that the information would be written up and forwarded to the service center or district office for resolution. We found that 41 percent of 299 walk-in offices in our survey were currently making some account-related adjustments.

ONE STOP SERVICE IN 1998

IRS' goal is to have a fully tested nationwide One Stop Service system in place by September 30, 1998. This goal requires that computer and telecommunications systems be fully compatible and integrated with the Tax Systems Modernization (TSM) architecture--IRS' program to modernize its information systems. The One Stop Service concept of assistance will not be realized without the benefit of modern systems being developed under TSM. For example, the Case Processing project is intended to enable IRS

employees to access comprehensive taxpayer account information at a single work station; the Corporate Accounts Processing System is intended to enable taxpayers to automatically access and review their IRS account data without human assistance; and the Security and Communications System is intended to protect against unauthorized access to tax account information. The March 1992 TSM Design Master Plan shows that these systems will be implemented toward the end of the decade.

The One Stop Service Steering Committee is considering four ideas that would largely define long-term implementation of One Stop Service. The Committee's ideas are as follows:

-- IRS would begin testing consolidation of existing customer service telephone systems. To support this, IRS would examine the options that technology offers for providing a single telephone number for all taxpayer assistance calls to the agency. Through this single telephone number, taxpayers could request account balances, forms, and publications, as well as information on tax law and filing procedures. Some of these services could be provided through an electronic "voice" directory where the taxpayer selects the area where assistance is needed.

-- IRS policy would require the physical co-location of automated collection sites with toll-free telephone sites and/or walk-in locations. This idea would advocate the creation of

multifunctional positions sharing technology, management, and technical staff in co-located operations. Such changes could position IRS to adopt common management structures and facilitate resource sharing to enhance customer service.

-- All IRS functions would review existing customer contact procedures for opportunities to provide One Stop Service. IRS functions have several studies underway that directly address this point. For example, Taxpayer Service is studying extending hours of service, shifting toll-free telephone traffic during site lunch periods, using home assistors, and providing Spanish-speaking assistance.

-- IRS would review its organizational structure based on the results of pilot and prototype studies that merge customer service telephone operations. However, this idea does not call for changes in the organization until the completion of such a review.

These ideas are still under consideration by IRS. The One Stop Service Steering Committee expects to finalize its plans by September 1992.

ISSUES THAT COULD HINDER
THE SHORT-AND LONG-TERM PROGRESS
OF ONE STOP SERVICE

Although the nationwide implementation of the Increasing Accounts Service Project has just begun, it is instructive to note that this effort suffers from insufficient resources and inconsistent implementation. Call sites show an inconsistent record of training staff, assigning assistors to handle adjustments, and verifying that the account adjustments are being handled correctly. We recognize that a new project always has some growing pains. From the taxpayer's perspective, however, such inconsistencies mean that the quality of taxpayer service depends upon which office the taxpayer calls.

Given its decentralized organization, where field offices exercise considerable autonomy, IRS runs the risk that One Stop Service could become an eclectic collection of opportunities rather than a well-integrated program. While the Assistant Commissioners involved in planning for One Stop Service are enthusiastic about its potential, they do not have line authority over the field office structure where actual implementation must take place.

The success of One Stop Service is dependent upon immediate access to comprehensive account data by assistors anywhere in the

IRS organization. Information must be easy to retrieve and update, and taxpayer assistance procedures should be applied uniformly in all locations. No single TSM project will deliver this capability. One Stop Service will rely heavily upon systems being developed under several major TSM projects, all of which need to be completed before One Stop Service can become an effective agencywide customer assistance program.

One Stop Service demands strong leadership to ensure uniform assistance to taxpayers across all field locations. Directions regarding training objectives, expected performance results, and staffing needs must be communicated clearly and consistently, with regular guidance to field offices. There must also be constant interaction with the TSM team to ensure that technical requirements to accomplish this are met.

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This concludes my testimony. I would be happy to respond to any questions.

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