

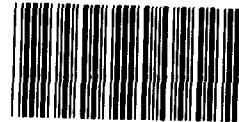
GAO

Report to the Chairman, Subcommittee  
on Oversight, Committee on Ways and  
Means, House of Representatives

September 1992

# TAX ADMINISTRATION

## IRS' 1992 Filing Season Was Successful but Not Without Problems



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United States  
General Accounting Office  
Washington, D.C. 20548

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General Government Division

B-249210

September 15, 1992

The Honorable J.J. Pickle  
Chairman, Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives

Dear Mr. Chairman:

This report responds to your request for information on the Internal Revenue Service's (IRS) performance during the 1992 tax filing season. Specifically, we assessed the processing of returns at IRS' service centers, the accuracy and accessibility of IRS' toll-free telephone assistance, and the availability of tax materials at IRS' distribution centers and walk-in offices. In our March 17, 1992, testimony before the Subcommittee, we provided interim information on the results of our work.<sup>1</sup> This report provides our final assessment of issues discussed in that testimony.

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## Results in Brief

IRS indicators show that IRS did a good job processing returns during the 1992 filing season, although the Earned Income Credit (EIC) continued to cause problems.<sup>2</sup> IRS studies show that frequently IRS incorrectly gave the EIC to taxpayers who did not request it. In addition, IRS implemented procedures for processing the EIC that placed different requirements on some taxpayers. These requirements delayed some taxpayers' receipt of the EIC.

Also during the 1992 filing season, IRS was less effective than it was the previous year in two other areas, the accessibility of telephone assistance and the distribution of tax materials:

- Accessibility of telephone assistance. Although IRS tests indicated that taxpayers had a very good chance of getting accurate answers to their tax law questions from IRS' telephone assistors, IRS data also showed that taxpayers had more difficulty getting through to an assistor. Using IRS data, we determined that 3 out of 10 phone calls made were being answered in 1992 compared to 4 out of 10 in 1991.
- Distribution of tax materials. Our visits to IRS walk-in sites and tests of IRS' responsiveness to mail and phone orders for tax forms and publications

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<sup>1</sup>Tax Administration: Federal Contractor Tax Delinquencies and Status of the 1992 Tax Return Filing Season (GAO/T-GGD-92-23, Mar. 17, 1992).

<sup>2</sup>The EIC is a special credit for low-income workers with children. In addition to the basic credit, for the first time this year, taxpayers could also be eligible for supplemental credits if (1) they paid health insurance for a qualifying child or (2) a new child was born during 1991.

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indicated that IRS' performance had declined compared to last year. The most significant decline was in the timeliness with which IRS filled our test mail and phone orders. For example, we received only 33 percent of our mail-ordered items within IRS' 14-day delivery goal compared to 74 percent last year.

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## Objective, Scope, and Methodology

Our objective was to assess IRS' performance during the 1992 filing season. We focused on IRS' ability to (1) accurately and efficiently process tax returns, including those involving the EIC, which past GAO work had identified as a problem area; (2) meet taxpayers' demands for telephone assistance; and (3) make tax materials available to taxpayers.

To achieve our objective, we

- interviewed IRS officials responsible for the various activities we assessed,
- reviewed data from IRS' Management Information System for Top Level Executives and other sources to monitor how well IRS' 10 service centers processed tax returns and refunds,
- analyzed IRS reports and statistics on the EIC,
- analyzed IRS statistics on the accuracy of assistance provided over its toll-free telephone system and taxpayers' accessibility to that system, and
- assessed the availability of tax materials by visiting 10 walk-in sites<sup>3</sup> and making 69 mail and telephone orders to 2 of IRS' 3 tax material distribution centers.<sup>4</sup>

In addition to the sites covered by our tests of tax material availability, we did our work at IRS' National Office, Cincinnati Regional Office, Cincinnati toll-free call site, and Cincinnati and Austin Service Centers. We did not test and verify IRS-provided statistical data.

We did our work between December 1991 and May 1992 and in accordance with generally accepted government auditing standards. IRS

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<sup>3</sup>IRS has more than 600 walk-in sites. We visited the same 10 sites as last year. They were judgmentally selected from among sites that were located near GAO offices in Atlanta, Chicago, Cincinnati, San Francisco, and Washington, D.C. The sites were located in six different states (California, Georgia, Illinois, Kentucky, Maryland, and Ohio) and the District of Columbia. Our results show conditions that existed when we visited the sites and cannot be generalized to other sites or other times.

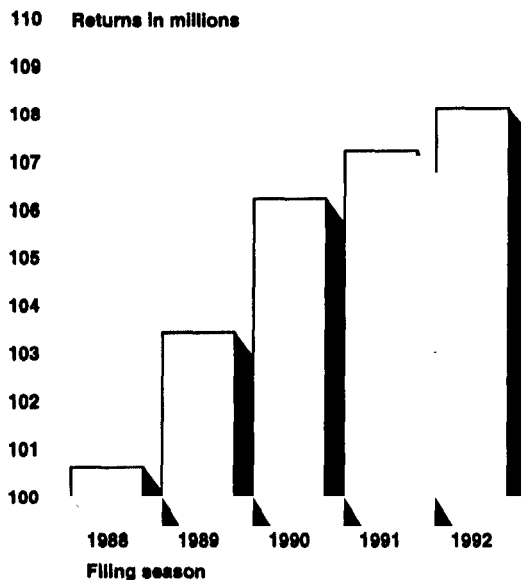
<sup>4</sup>We ordered materials from distribution centers in Bloomington, Illinois, and Richmond, Virginia. IRS also has a center in Sacramento, California. Our orders were not intended to represent the actual distribution of telephone and mail orders IRS receives. Accordingly, our results indicate the centers' performance in responding to orders like ours, not their overall performance in filling taxpayers' orders during the 1992 filing season.

provided written comments on a draft of this report. Those comments are presented in appendix I.

## IRS Did a Good Job Processing Returns, but the EIC Caused Problems

IRS reported that it had received 108.1 million individual income tax returns from January 1 through May 1, 1992, a 1-percent increase over the same period in 1991. This continues a trend of increased filings since 1988, as shown in figure 1. As of May 1, 1992, IRS had processed 81.7 million of those returns, equal to last year's 76 percent processing rate.

**Figure 1: Returns Received During the 1988 Through 1992 Filing Seasons**



Note: These data are cumulative through May 6, 1988; May 5, 1989; May 4, 1990; May 3, 1991; and May 1, 1992; respectively.

Source: IRS' Management Information System for Top Level Executives.

Since 1990, taxpayers anywhere in the country have been able to file electronically rather than on paper. One of the benefits available to taxpayers who file electronically is the ability to receive their refunds several weeks faster than they would if they filed on paper. As of June 5, 1992, IRS had received about 10.9 million electronic returns compared to the 7.5 million received as of the same time in 1991—a 45-percent increase.

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IRS tested another filing alternative, called TeleFile, in 1992. With TeleFile, certain Ohio taxpayers who could have filed a Form 1040EZ were able to file their returns directly with IRS' computer using touch-tone phones and a toll-free telephone number. People using that alternative could also expect to get their refunds faster than if they filed on paper. IRS received about 126,000 returns via TeleFile.

IRS has several indicators for measuring its performance in processing tax returns. According to those indicators, IRS did a good job processing returns in 1992. For example, IRS measures the accuracy and timeliness with which it processes and issues refunds. IRS data as of April 8, 1992, showed that 9 of the 10 service centers had met or exceeded IRS' 98 percent refund accuracy goal (the other center had a 97 percent accuracy rate) and that all 10 centers met IRS' goal of issuing taxpayer refunds in an average of 40 days or less.<sup>5</sup>

Another indicator IRS uses to measure its filing season performance is the accuracy with which it processes returns. IRS began using a new accuracy measure this year. IRS' goal was to achieve a 93 percent accuracy rate on returns filed by taxpayers who either were due a refund or did not pay the full amount of tax owed at the time of filing. IRS data show that the accuracy rate as of the end of April 1992 was about 94 percent. Although this rate indicates that IRS was able to process the great majority of returns accurately, one area caused particular processing problems in 1992—the EIC.

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### The EIC Caused Problems for IRS and Taxpayers

IRS has always been faced with the dilemma of trying to ensure that everyone entitled to the EIC, and only those entitled to it, receive it. Changes to the EIC effective this filing season and the addition of a schedule that IRS developed for taxpayers claiming it have compounded the problem.

As in past years, IRS used information on the tax return to determine eligibility for taxpayers who appeared to qualify for the EIC but did not

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<sup>5</sup>These measures of refund accuracy and timeliness relate to refunds issued on returns filed nonelectronically. IRS measured refund accuracy by checking samples of refunds to see if the name, address, social security number, and refund amount on the tax return agreed with the master record. IRS measured refund timeliness by computing, for samples of refunds, the elapsed time from the signature date on the return to the date the refund would have been received by the taxpayer, allowing 2 days for the refund to reach the taxpayer after it was issued.

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claim it.<sup>6</sup> If IRS determined eligibility, it calculated the basic credit, recomputed the taxpayer's tax liability and refund, and notified the taxpayer of the change. As of May 31, 1992, IRS had given the EIC to 475,000 taxpayers who had not claimed it. IRS estimated that by the time it finishes processing all returns filed in 1992, it will have given the EIC to about 125,000 additional taxpayers.

According to IRS, its policy of giving the EIC to taxpayers who appeared eligible may have resulted in many incorrect decisions. In order to assess the accuracy of its determinations, IRS studied 1,000 cases in which the taxpayer appeared eligible for the EIC. Before giving the EIC, IRS called the taxpayers and asked questions concerning the ages, relationship, and residency of their children to better assess eligibility. On the basis of the responses, IRS determined that 45 percent of the taxpayers were not eligible for the EIC. Projecting this result across the filing season to all taxpayers who were given the EIC because they appeared eligible, IRS estimated that 270,000 taxpayers would incorrectly receive the EIC, for a total that could exceed \$175 million in 1992. For various reasons, including the cost and administrative burden involved and the fact that it had erroneously initiated the EIC payments, IRS does not plan to attempt to recover the payments.

IRS has not tested the returns of taxpayers who claimed and received the EIC. These taxpayers included those who received the EIC even though they submitted an incomplete supporting schedule that IRS processed.

In processing returns in 1992, IRS adopted certain procedures with respect to the EIC that resulted in different treatment for some taxpayers. For example, at the start of the filing season, IRS gave the EIC to all taxpayers who appeared eligible, even if they did not claim it. About mid-February, IRS decided not to automatically give the EIC to taxpayers who appeared eligible, if those taxpayers had their returns prepared by a tax practitioner. Instead, IRS notified these taxpayers that they might be entitled to the EIC and asked them to send in the EIC schedule if they thought they were eligible. IRS estimated that this change affected about 240,000 taxpayers. IRS made this decision based on a limited study in which it contacted about 100 tax practitioners and asked why they had not claimed the EIC for clients IRS thought were eligible. On the basis of the information provided by the practitioners, IRS determined that the practitioners were correct in

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<sup>6</sup>If the taxpayer did not claim the EIC but the tax return information on filing status, dependents, and income appeared to meet the EIC qualifications, the computer would automatically calculate the EIC. A tax examiner would then review the return to determine if there was information that indicated the taxpayer was not entitled to the EIC.

not claiming the EIC about 50 percent of the time. According to survey results, the primary reason taxpayers were not eligible for the EIC was because their children were over the qualifying age limit.

Because of another IRS procedure, taxpayers who claimed the EIC but failed to submit the supporting schedule fared worse than taxpayers who did not claim it. If a taxpayer claimed the EIC but did not submit the schedule, IRS sent the return back to the taxpayer and delayed any refund until the return and schedule were resubmitted. IRS has no estimate of how many taxpayers had their returns sent back because of missing schedules. IRS' rationale for sending the return back was that it needed the EIC eligibility information on the schedule to ensure that taxpayers did not receive too little or too much credit. Yet IRS processed the returns of most taxpayers who claimed the credit and submitted an incomplete schedule.

Taxpayers who claimed the EIC but failed to submit the schedule might have been better off not claiming the EIC because IRS might have determined, using information on the taxpayer's tax return, that the taxpayer was entitled to the EIC.

IRS' practice of giving the EIC to taxpayers who did not apply for it was costly when the decision was incorrect, and its processing procedures caused inequitable treatment of taxpayers. One way IRS can correct these problems is by having all taxpayers provide the information needed to determine eligibility. IRS has decided for the 1993 filing season that it will grant the EIC only if the taxpayer submits the required schedule. IRS will correspond with other taxpayers who appear to be eligible for, but did not request, the EIC and ask them to submit the schedule if they think they are eligible. IRS will then issue the EIC to eligible taxpayers.

Another option might be for IRS to modify Forms 1040 and 1040A to collect the necessary data now collected on the EIC schedule. As a separate study, we have been doing a detailed analysis of the EIC, including the possibility of revising the tax forms to capture information needed to determine eligibility. A report on that analysis will be issued later this year.

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## **Toll-Free Assistor Accuracy Improved in 1992, but Accessibility Declined**

Another measure of filing season performance is how accurately IRS' toll-free telephone assistors respond to taxpayers' tax law questions. To measure accuracy, IRS test callers place anonymous calls to assistors and score their answers to various test questions about the tax law. This process is known as the Integrated Test Call Survey System (ITCSS).



From February 3 through April 25, 1992, according to IRCSS results, assistors answered 88 percent of the tax law questions accurately. This accuracy rate compares favorably to the 84-percent rate achieved for the same period last year and is 3 percentage points above IRS' goal of 85 percent.

Because we assured ourselves in 1990 and 1991 about the reliability of IRCSS, we did not independently test the accuracy of IRS' telephone assistance or validate IRS' test results in 1992. We did check to make sure IRS did not make any changes to the system this year that would affect the reliability of national accuracy rates generated by IRCSS; and, as in past years, we reviewed the test questions IRS developed.

Accuracy is just one important measure of IRS' toll-free telephone service. Also important is the accessibility of that service—the ability of taxpayers to reach an assistor.

For fiscal year 1992, IRS required its toll-free sites to answer at least 95 percent of scheduled calls.<sup>7</sup> In 1992, the sites answered about 98 percent of scheduled calls. This number may be a good measure for assessing how well toll-free site managers are meeting expectations. However, it is not a good measure of the toll-free system's accessibility because it is based on IRS' estimate of demand rather than on total call attempts or some other indicator of the actual extent to which taxpayers are trying to access the system.

As in our assessments of previous filing seasons,<sup>8</sup> we measured accessibility using information on actual calls from IRS' Telephone Data Report.<sup>9</sup> We divided the total number of calls answered by the total number of calls received. We defined calls received as the sum of (1) calls answered, (2) busy signals, and (3) calls abandoned by the taxpayer before an assistor got on the line.

We computed an accessibility rate of 33 percent for the period from January 1 through April 25, 1992. This rate indicates that about 7 out of 10 calls made were not answered at all. As shown in figure 2, the 1992

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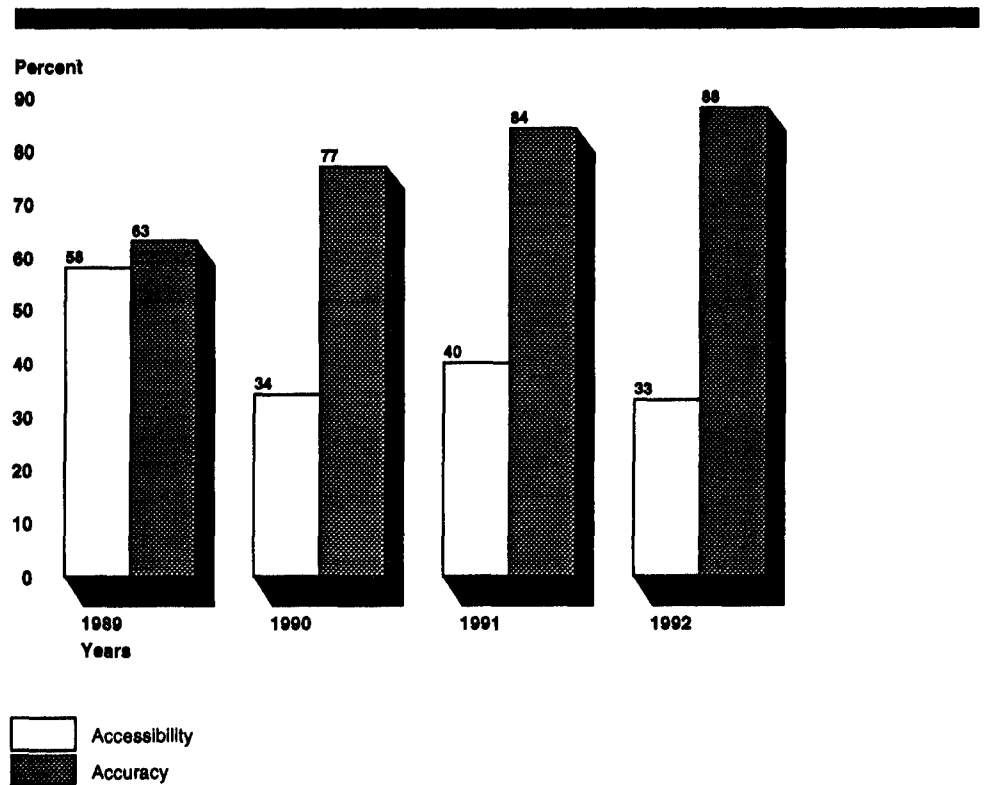
<sup>7</sup>Scheduled calls refer to an IRS estimate of calls it expects to receive. IRS computes scheduled calls by applying a specific level-of-service factor to its estimated overall telephone demand.

<sup>8</sup>Tax Administration: IRS' 1990 Filing Season Performance Continued Recent Positive Trends (GAO/GGD-91-23, Dec. 27, 1990) and Tax Administration: A Generally Successful Filing Season in 1991 (GAO/GGD-91-98, June 28, 1991).

<sup>9</sup>The Telephone Data Report is a monthly update of IRS' toll-free telephone activity.

accessibility rate was lower than the 40-percent rate we computed for 1991 and amounted to a decrease of 25 percentage points since 1989. During the same 4-year period, the accuracy rate on answers to tax law questions increased.

**Figure 2: Comparison of Toll-Free Accessibility and Accuracy During the 1989 Through 1992 Filing Seasons**



Source: IRS data.

Last year, IRS officials said that they expected accessibility to increase as assistors became more experienced using some relatively new tools that had been made available to help them do their job. IRS also assigned more staff and installed more phone circuits to handle peak workloads during the 1992 filing season. The combination of more experience and the fact that IRS spent 84 more staff years answering calls in 1992 than it did in 1991 should have increased accessibility.

However, those factors appear to have been negated, at least in part, by a decrease in the average number of calls answered per assistor staff year, as shown in table 1. IRS officials said that the decrease was mainly due to increased emphasis on assistors providing accurate answers and timely service to the public and the increasing proportion of taxpayer service workload that has shifted to the accounts area, which is more complex and time-consuming. In 1992, for example, IRS put more emphasis on resolving account problems on line. This practice improves IRS' service to taxpayers but can lengthen the duration of individual calls.

**Table 1: Average Number of Calls Answered by Assistors During the 1990, 1991, and 1992 Filing Seasons**

Filing season	Staff years	Calls answered	Average number of calls answered per staff year
1990	1,193	17,450,747	14,628
1991	1,280	18,024,073	14,081
1992	1,364	18,156,716	13,311

Source: IRS' Taxpayer Service Division data.

IRS has another source of data that might be used to measure accessibility. As part of TCSS, a computer tracks the number of calls made to get through to an assistor. From February 3 to April 18, 1992, TCSS data showed that 41 percent of the test calls were answered on the first attempt, up from 37 percent for the same period in 1991. This increase goes against the trend indicated by our computation of IRS' answer rate using information in the Telephone Data Report. We could find no plausible explanation for that difference.

## IRS Was Less Effective Making Tax Materials Available in 1992 Compared With 1991

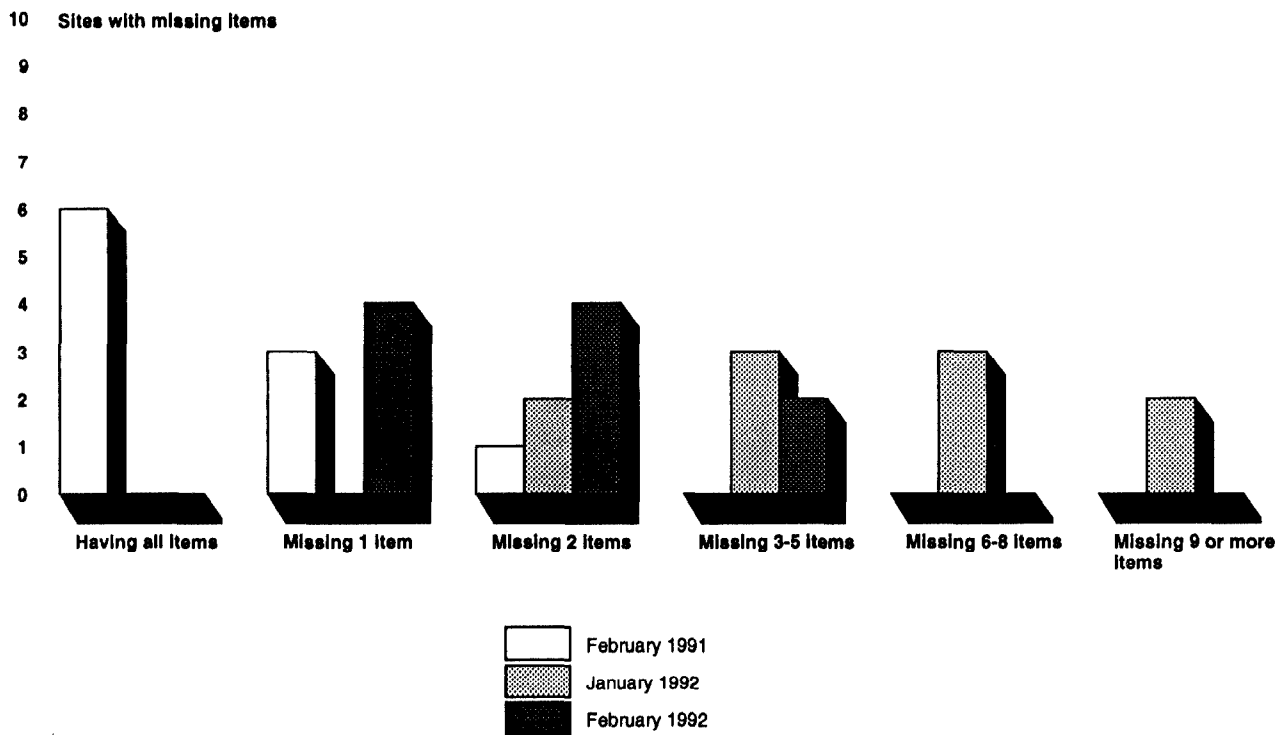
Our visits to IRS walk-in sites and the results of our test mail and telephone orders indicated that IRS' performance in making tax forms and publications available to taxpayers declined in 1992 compared to 1991.

## Walk-In Sites Had Fewer Required Tax Materials on Hand in 1992 Than in 1991

Taxpayers can obtain tax materials at more than 600 IRS walk-in sites. IRS required each of these sites to stock 92 commonly used tax forms, instructions, and publications during the 1992 filing season. From January 21 to 24, 1992, we visited 10 walk-in sites in 6 states and the District of

Columbia to see how many of the required items they had in stock. We revisited each of the sites on February 24 and 25. Figure 3 shows how the results of our visits in 1992 compared to the results of our visits to those same 10 sites between February 21 and March 1, 1991.<sup>10</sup>

**Figure 3: Results of GAO Site Visits During the 1991 and 1992 Filing Seasons**



Source: Results of GAO site visits.

IRS cited factors that adversely affected its ability to have tax materials available at walk-in sites early in the 1992 filing season. It said that (1) printing of two publications was delayed awaiting legislation affecting estimated taxes that was passed late in 1991 and (2) items that should have been in stock by the time we visited had not yet been received from

<sup>10</sup>IRS required its walk-in sites to stock 87 items during the 1991 filing season.

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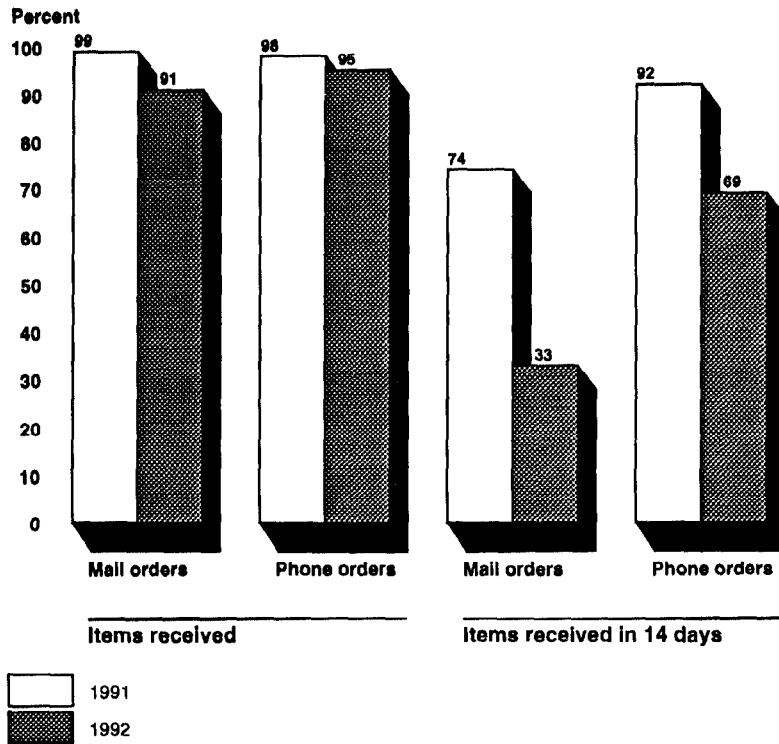
the distribution centers. One factor that delayed shipments was a computer problem at the distribution centers during a 3-week period in late December and early January. This problem caused many orders from walk-in sites to go partially unfilled.

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**Distribution Center  
Performance in Filling Our  
Test Orders Declined in  
1992 Compared to 1991**

During the 1992 filing season, we assessed the ability of two of IRS' three distribution centers to fill phone and mail orders accurately and within the 14 days IRS tells the public to expect delivery. We placed 34 mail and 35 phone orders between February 11 and April 10, 1992. Each order was for 4 items randomly selected from the list of 92 items that IRS required its walk-in sites to stock in 1992. As of May 8, 1992, we had received materials in response to 66 of our 69 orders. As shown in figure 4, IRS' accuracy in filling orders (expressed in terms of the percent of ordered items received) decreased compared to 1991. Even so, the phone order accuracy rate was only slightly below IRS' objective of 95.5 percent and the mail order accuracy rate was reasonably close. More troubling was the sharp drop in timeliness.

**Figure 4: Results of GAO Test Phone and Mail Orders During the 1991 and 1992 Filing Seasons**



Note: In 1992, an additional 14 percent of our phone-ordered items and 38 percent of our mail-ordered items were received within 20 days.

Source: Results of GAO test orders.

We gave IRS copies of our orders that were not received within 14 days. Distribution center officials reviewed them and said that some of the items were back-ordered but they could not identify specific reasons for most of the delays. IRS officials said that delays could have resulted from processing problems at the centers or excess mail time but they had no data with which to identify specific causes.

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## IRS' Test of Distribution Center Performance Produced Unreliable Results

During the 1990 and 1991 filing seasons, IRS' National Office tested distribution center performance by having IRS volunteers from across the country place test mail and phone orders. We criticized this test methodology in our report on the 1990 filing season and cited IRS improvements to the methodology in our report on the 1991 filing season.<sup>11</sup>

Rather than use IRS volunteers during the 1992 filing season, IRS hired a contractor. According to IRS officials, the results of the contractor's test were not reliable and would not be reported. The officials said that methodological problems occurred because the contract language was not specific as to how data would be compiled and reported. For example, all orders showed a Monday order date regardless of what day the order was placed. We also noted that the contractor did not place orders based on randomly selected tax materials but, instead, repeated orders for the same items. IRS plans to issue another contract for the 1993 filing season after reviewing contract clauses to ensure that accurate data are retrieved and reported in a manner that IRS can use.

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## Conclusions

A successful filing season requires IRS to effectively manage various programs and resources. IRS achieved many of its objectives during the 1992 filing season but experienced more problems than it did in 1991.

The EIC program caused the most concern in the returns processing area. IRS gave the EIC to taxpayers who appeared to be eligible, even if they did not request it. As a result, IRS estimated it may have given the EIC to 270,000 taxpayers who were not entitled to it. In part because IRS erroneously initiated the payments and in part because of the administrative burden and cost involved in identifying the individuals paid, IRS does not plan to recover any EIC given in error. IRS also instituted procedures that imposed inconsistent criteria as to which taxpayers would be given the EIC. To avoid these problems in the future, IRS should not give the EIC unless it has the necessary information to make correct eligibility decisions.

IRS continued to improve the accuracy of its answers to tax law questions over its toll-free telephone lines. IRS' performance in two other important areas was not as encouraging. Taxpayer accessibility to the toll-free system appeared to decline, as did IRS' ability to fill mail and telephone orders for tax materials in a timely manner. In both areas, however, IRS does not have the necessary indicators in place to reliably measure its performance.

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<sup>11</sup>GAO/GGD-91-23 and GAO/GGD-91-98.

The measure IRS used to assess toll-free performance in 1992 (percent of scheduled calls answered) is not a good measure of accessibility because it is based on estimated rather than actual demand. We know of at least two sources IRS can draw on to better measure accessibility—the Telephone Data Report and IRCSS. IRS needs to decide on a measure and begin using it to track performance. IRS has attempted to measure the performance of its tax material distribution centers but that measure has suffered from methodological problems. IRS needs to resolve those problems.

## Recommendations to the Commissioner of Internal Revenue

We recommend that IRS

- gather the necessary information to make correct EIC eligibility determinations in the future,
- develop a reliable measure of toll-free telephone accessibility, and
- develop a reliable measure of distribution center performance in filling mail and phone orders.

## Agency Comments and Our Evaluation

The Commissioner of Internal Revenue commented on a draft of this report by letter dated August 25, 1992. She said that IRS generally agreed with our findings and recommendations. In response to those recommendations, she said that:

- IRS intends to require taxpayers to submit the EIC schedule in order to claim the EIC on returns filed in 1993.
- IRS is exploring alternative approaches to measuring the performance of its telephone system service, including the service's accessibility.
- IRS will contract with an outside source to measure the performance of the tax material distribution centers in 1993 and will do additional reviews within the distribution centers in an attempt to identify any problems.

The Commissioner did not comment on any steps IRS plans to take to help ensure that it gets reliable data from the contract for measuring distribution center performance in 1993. IRS needs to ensure in letting the contract that its requirements are spelled out in sufficient detail to avoid the kind of data reliability problems it experienced in the 1992 filing season. Also, although IRS' plan to require the submission of the EIC schedule will satisfy the intent of our recommendation, the detailed analysis we are doing of the EIC, as discussed earlier, may demonstrate the



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**feasibility of revising Forms 1040 and 1040A, thus precluding the need for a separate schedule.**

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**As arranged with the Subcommittee, we are sending copies of this report to various congressional committees, the Secretary of the Treasury, the Commissioner of Internal Revenue, the Director of the Office of Management and Budget, and other interested parties.**

**Major contributors to this report are listed in appendix II. Please contact me on (202) 275-6407 if you have any questions.**

Sincerely yours,



**Jennie S. Stathis  
Director, Tax Policy and  
Administration Issues**

# Comments From IRS



COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

AUG 25 1992

Mr. Richard L. Fogel  
Assistant Comptroller General  
United States General Accounting Office  
Washington, DC 20548

Dear Mr. Fogel:

Thank you for the opportunity to review your recent draft report entitled, "Tax Administration: IRS' 1992 Filing Season Was Successful But Not Problem-Free".

Generally, we agree with the report's findings concerning our efforts during the 1992 filing season. We also agree with the report's recommendations regarding determination of the correct Earned Income Credit eligibility, measuring toll-free telephone accessibility and distribution center performance.

Our detailed comments on the specific report recommendations are enclosed. We have also provided your staff with technical comments regarding the report text.

Best regards.

Sincerely,

Shirley D. Peterson

Enclosure

IRS COMMENTS ON RECOMMENDATIONS  
CONTAINED IN GAO DRAFT REPORT ENTITLED  
"TAX ADMINISTRATION: IRS' 1992 FILING SEASON  
WAS SUCCESSFUL BUT NOT PROBLEM-FREE"

**Recommendation:** Gather the necessary information to make correct EIC eligibility determinations in the future.

**Comment:**

Taxpayers will be required to submit Schedule EIC in order to claim the earned income credit for processing year 1993.

**Recommendation:** Develop a reliable measure of toll-free telephone accessibility.

**Comment:**

We are currently exploring alternative approaches to measure telephone system service, including a better measure of accessibility.

**Recommendation:** Develop a reliable measure of distribution center performance in filling mail and phone orders.

**Comment:**

IRS will contract with an outside source to measure the performance of the tax material distribution centers for processing year 1993. Additional reviews will also be done within the area distribution centers in an attempt to identify any problems.

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# Major Contributors to This Report

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**General Government  
Division, Washington,  
D.C.**

**David Attianese, Assistant Director, Tax Policy and  
Administration Issues  
Joseph Valonis, Evaluator**

---

**Cincinnati Regional  
Office**

**Robert Lidman, Issue Area Manager  
William Bricking, Evaluator-In-Charge  
Mary Morrison, Evaluator  
Mary Jo Lewnard, Technical Advisor**

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