



Treasury Inspector General for Tax Administration Office of Audit

INCONSISTENT ADHERENCE TO QUALITY REQUIREMENTS CONTINUES TO AFFECT THE ACCURACY OF SOME TAX RETURNS PREPARED AT VOLUNTEER SITES

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Highlights

Highlights of Report Number: 2013-40-110 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

The Volunteer Program provides no-cost Federal tax return preparation and electronic filing to underserved segments of the population of individual taxpayers, including low- to moderate-income, elderly, disabled, and limited-English-proficient taxpayers. However, ensuring that tax returns are accurately prepared remains a challenge for the Volunteer Program. Problems with the accuracy of some of the tax returns affect the taxes owed and refunds received by these taxpayers.

WHY TIGTA DID THE AUDIT

This was a follow-up audit to our prior reviews to determine whether taxpayers visiting IRS Volunteer Program sites receive quality service, including accurately prepared tax returns.

WHAT TIGTA FOUND

The IRS continues to emphasize to volunteers the necessity of reviewing the intake/interview sheets with taxpayers during tax return preparation. In addition, training and resource materials were adjusted to clarify and underscore the due-diligence obligations of volunteers. However, there were still accuracy problems with some of the tax returns prepared for TIGTA auditors making anonymous visits to Volunteer Program sites.

Of the 39 tax returns prepared for auditors during the 2013 Filing Season, 20 (51 percent) were prepared correctly and 19 (49 percent) were prepared incorrectly. This is a two-percentage-point increase over the 49 percent accuracy rate for the same number of returns in the 2012 Filing Season.

The 19 incorrect tax returns resulted from incorrect application of the tax law, insufficient requests for information during the intake/interview process, or lack of adherence to quality review requirements.

The IRS continues to refine its anonymous shopping process to evaluate the accuracy of tax returns prepared at Volunteer Program sites. This process reported a 49 percent accuracy rate for the 43 tax returns prepared, which compares with the 51 percent accuracy rate TIGTA found. The IRS's anonymous shopping also found the same causes that TIGTA reported for the inaccurately prepared tax returns.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS ensure that volunteer return preparers, quality reviewers, and site coordinators annually complete intake/interview and quality review training. In response to this report, the IRS agreed to the recommendation and plans to require that all volunteer instructors, return preparers, quality reviewers, and site coordinators complete intake/interview and quality review training annually.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201340110fr.pdf>