



Treasury Inspector General for Tax Administration Office of Audit

IMPROVEMENTS TO THE VOLUNTEER PROGRAM ARE PRODUCING POSITIVE RESULTS, BUT FURTHER IMPROVEMENTS ARE NEEDED TO THE QUALITY ASSURANCE PROCESS

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Highlights

Highlights of Report Number: 2010-40-109 to the Internal Revenue Service Commissioner for the Wage and Investment Division.

IMPACT ON TAXPAYERS

The Volunteer Program plays an important role in achieving the Internal Revenue Service's (IRS) goal of improving taxpayer service and facilitating participation in the tax system. It provides no-cost Federal tax return preparation and electronic filing directed toward underserved segments of individual taxpayers, including low-income to moderate-income, elderly, disabled, and limited-English-proficient taxpayers.

WHY TIGTA DID THE AUDIT

The audit was a followup to prior TIGTA reviews to determine whether taxpayers receive quality service, including the accurate preparation of their income tax returns, when visiting Volunteer Program tax preparation sites.

WHAT TIGTA FOUND

The accuracy rates for tax returns prepared at Volunteer Program sites increased sharply from the 2009 Filing Season. The increase is attributed to the increase in volunteer use of the Intake/Interview and Quality Review Sheet (Form 13614-C), increased and improved training, and increased oversight.

During January 2010, the IRS implemented a process to help ensure that willful acts of fraud will not occur at Volunteer Program sites. However, not all sites were aware of the procedures or obtained the proper signage used to alert taxpayers of the process to report improper activity. Therefore, there was no assurance that all improper activities, if any, were detected and reported to the IRS.

Resources could be saved by reducing or eliminating paper reference materials when they are available electronically. Each year the IRS spends more than

\$600,000 (\$3 million projected over five years) to provide paper reference materials to volunteers, even though the tax preparation software it provides has the same reference material.

Improvements are needed to the quality assurance process used to monitor program effectiveness. Results show that quality review procedures were not consistently followed and did not always conform to applicable guidelines. A random sample of 41 of the 184 Post Reviews showed that nine (22 percent) review files lacked sufficient taxpayer information to support the Reviewers' conclusions.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS: 1) revise the site visit checklist to ensure volunteers and site coordinators understand the process and required signs are posted; 2) ensure referrals reporting improper activities are properly documented, investigated, and resolved; 3) develop an initiative to help reduce or eliminate paper products at Volunteer Program sites; and 4) revise the managerial checklist used for the Quality Statistical Sample Reviews to include a focus on tax return selection and documentation standards.

The IRS agreed with the recommendations and plans to revise the Field Site Visit Checklist to ensure volunteers and site coordinators understand the process and that required signs are posted. It plans to develop procedures to ensure referrals reporting improper activity are documented, investigated, and resolved, and is currently developing strategies to reduce volunteer tax return preparers' reliance on paper products. It also plans to revise the managerial checklist to include a focus on tax return selection and documentation standards.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2010reports/201040109fr.pdf>.

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