



July 2019

Fact Sheet for SPEC Partners and Employees- Quality Statistical Sample (QSS) Review Results

Introduction

Through combining resources and collaborating with local community organizations, SPEC and its partners have prepared over 62 million tax returns for lower income and underserved taxpayers over the past 19 years. Certainly, the most widely known type of assistance SPEC provides is oversight of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) Programs.

In FY2019, SPEC continued to have a positive effect on the millions of taxpayers who had their tax returns prepared at nearly 11,000 VITA/TCE sites by over 82,000 volunteers. The 3.5 million tax returns prepared and filed in FY 2019, however, represents only a portion of the additional millions of individuals that benefited from returns completed correctly and claiming credits that might otherwise have gone unpaid.

In retrospect, the many challenges were overcome in FY 2019, such as tax reform implementation, the redesigned Form 1040, and the longest government shutdown and resulting furlough in U.S. history. Today, these barriers serve only to remind us of SPECs resilience and versatility. For example, in FY 2019 an incredible 98% accuracy rate of returns prepared by volunteers, the highest in SPEC history was achieved.

Return Preparation Accuracy and the Quality Statistical Sample (QSS) Review

Pursuant to IRM 22.30.1.3.8, VITA/TCE Return Preparation Accuracy is defined as:

The measure of the accuracy of volunteer return preparation at VITA/TCE sites is calculated using Quality Statistical Sample (QSS) and return reviews. Return preparation quality is determined through on-site reviews of completed returns. The review determines the application of tax law by comparing a customer prepared questionnaire to the filing status, dependents, and EITC application on the return.

Although SPEC conducts other types of oversight reviews, the QSS reviews determine the accuracy of tax returns prepared at all VITA/TCE sites and is the accuracy rate that is communicated externally.

FY 2019 QSS Review Plan

The FY 2019 QSS Review sample plan was designed to produce a statistically valid estimate of the accuracy of tax returns prepared at VITA/TCE sites during the filing season. The plan is developed using guidance from Statistics of Income Divisions (SOI). The FY 2019 sample plan fell within the following parameters:

- Industry Standard Validity: within 90% confidence and 5% precision
- Enterprise Level: All sites combined
- Stratified By: Type (VITA/TCE), SPEC Areas (3), Production Volumes (S, M, L)

Note: *VITA/TCE level estimates will also be statistically reliable but may not be within 5% precision.*

A target sample size of 50 VITA and 50 TCE sites was determined based on SPEC resource considerations, historic accuracy, and desired validity. Ten additional reviews were added in case of missed site visits resulting in 55 VITA and 55 TCE sites selected (110 total sites). Both the VITA and TCE selections were proportionately allocated by area and by site production volumes from the prior year filing season (2018).

FY 2019 QSS Review Results

The FY 2019 plan provided for 110 site visits and three tax return reviews at each site, for a total number of 330 reviews. During the FY 2019 Filing Season, the QPO performed 103 of 110 planned site visits and completed 297 of 330 planned return reviews.

Weighted Estimates (Overall Accuracy)

SPEC FY 2019	Weighted Estimate	Precision Margin
VITA	96.90%	2.86%
TCE	98.13%	1.62%
All Partners	97.96%	1.59%

*Precision margins are based on a 90% level of confidence.

Of the 297 reviews 293 were correct, which resulted in an unweighted accuracy rate of 98.65%. The weighted results of the review were calculated by SOI at 97.96%.

Although the QSS return review resulted in a 98.65% (raw) accuracy rate, the review plan is designed to provide **an estimate** of the quality of all VITA/TCE returns prepared. When a quality estimate is a combination of two or more separate samples (VITA, TEC, Areas, Weeks) it is necessary to account for the fact that each sampled case included in the overall estimate may not represent the same number of cases in the overall population. Weighting is used to ensure that every sampled case has the appropriate amount of influence on the overall cumulative estimate (See IRM 21.10.1.3.2.3, Weighted Sampling, for more information).