Achieving Balance: Delivering Great Service Without Sacrificing Quality
Tax Practice Quality Control System - Defined

Purpose is to provide reasonable assurance of compliance with applicable statutory, regulatory, and professional requirements

Consists of organizational structure, policies and procedures

Evidenced by Tax Practice Quality Control document
Factors that Influence QC System

- Practice Size?
- Number of offices?
- Degree of authority granted?
- Knowledge and experience?
- Nature of practice?
- Specialties?
- Cost-benefit considerations?
- Practice Areas?
- Other factors?
Elements of a Quality Control System

- Leadership responsibilities
- Ethical requirements
- Acceptance of client relationships
- Human resources function
- Engagement performance
- Monitoring of QC system
The Tone at the Top

Develop a culture that quality is an essential part of your work

Incorporate quality into
- Evaluation & feedback loop
- Ongoing training

Communicate expectations and QC standards to your clients
Examples of Ethical Requirements

Tax return reporting standard
Confidentiality of client information
Conflicts of interest
Due diligence
Knowledge of client’s error
Contingent fees
Written tax advice
Conflicts of Interest

Look closely – many potential landmines

Joint returns
– Divorce or separation
– Communication limited to one spouse
– Only one spouse signs engagement letter

Business returns
– Prepare returns for pass-through entity and one owner(s)

IRS Examinations
– A recommended position is now under review by IRS
– Client questions a position raised in an exam
Due Diligence

It is OK to rely on client representations and information from 3rd parties

- Must inquire about inconsistencies
- Must consider implications of known information

Procedures to document representations

- Require completed and signed questionnaires on key issues
- Use customized forms to document client understanding and compliance
Knowledge of Client Error

Three main situations for considerations

– Error is on a previously filed return
  What if it was prepared by you/your firm?
– Return is under exam by IRS
– Client failed or refuses to file a required return

Implications for new vs. existing clients

– Continue the relationship or accept the client?

What if a client refuses to amend a return?

When do you withdraw?
Client Acceptance

How to handle price shopping calls?
- Use script for prospective client calls
- Valuable in-house training tool
- Serves as a checklist during live calls

Client meetings are 2-way interviews
Use New Client Acceptance Forms
Require engagement letters
Human Resource Function

Hiring program
Assigning personnel to engagements
Continuing education program
Evaluations
Qualifications for advancement
Small Firm HR Challenge

What HR department? 😲 😞 😊 😞 😞

People perform at the level expected
  – Set high expectations
  – It starts with the advertisement

It is not always just “about the money”
  – Flexibility is key (try telecommuting)
  – Part-time help may be just the ticket

Conduct exit interviews
Engagement Performance

Paperless can be a challenge
– Risk of spreadsheets and fill-in forms
– Version control of electronic documents

Capture client communications

Secure and protect client information

Tax return review process
– Provide immediate feedback
– Training without sacrificing quality
Monitoring

Should be ongoing
Assign responsibility to experienced senior staff, manager or partner

Client complaints are opportunities
Feedback on areas for improvement
Identify possible system weaknesses
Possibility to save a client relationship
Consider this…

Brown bag lunch series (run by staff) on tax ethics or QC procedures
Prospective Client Call Screening Checklist
Customized client-use checklists, forms or questionnaires
“Missing Information List” for clients
Tax Procedures Manual

Manual contents - checklists, tax return review procedures, tracking procedures, etc.
Promotes quality products and services
Builds consistency
Streamlines the administrative aspects of practice
Use it or lose it!

Annual review or update
Integrate into tax-season training
Should be required reading for new hires
Revisit as firm grows
Make available in electronic format