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# Achieving Balance:

Delivering Great Service  
Without Sacrificing Quality

**American Institute of Certified Public Accountants**

<http://www.aicpa.org/INTERESTAREAS/TAX/RESOURCES/STANDARDSETHICS/Pages/default.aspx>

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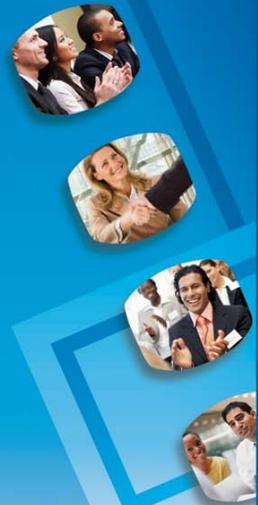
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# Tax Practice Quality Control System - Defined

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

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Practice Size?

Number of offices?

Knowledge and experience?

Degree of authority granted?

Specialties?

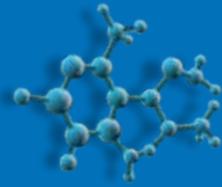
Nature of practice?

Other factors?

Practice Areas?

Cost-benefit considerations?





# Elements of a Quality Control System

Leadership responsibilities

Ethical requirements

Acceptance of client relationships

Human resources function

Engagement performance

Monitoring of QC system



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# 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





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# 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





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# 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





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# 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





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# 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?





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# 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





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# Human Resource Function

Hiring program

Assigning personnel to  
engagements

Continuing education  
program

Evaluations

Qualifications for advancement





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# Small Firm HR Challenge

What HR department? 😲 😏 😄 😡

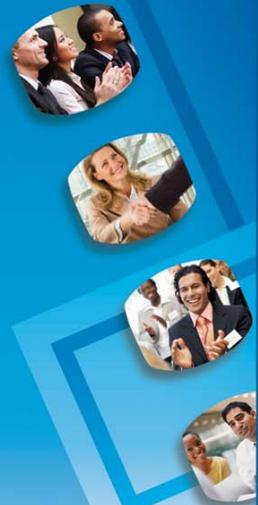
People perform at the level expected

- 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





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# 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





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# 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

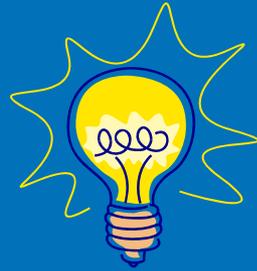
Possibility to save a client relationship





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# 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



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# 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

