Quality Statistical Sample Review Results

for SPEC Partners and Employees

Introduction

Stakeholder Partnerships, Education and Communication (SPEC) provides oversight of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program. The VITA/TCE program offers free tax return preparation assistance for low-to moderate-income taxpayers, seniors, persons with disabilities, those with limited English proficiency and Native Americans. SPEC's partners have assisted taxpayers in underserved communities for over 50 years under the VITA/TCE program.

During the 2024 filing season, dedicated SPEC partners supported more than 9,000 VITA/TCE sites, with more than 72,000 volunteers. VITA/TCE sites prepared and filed over 2.7 million federal tax returns across the country.

SPEC partners remained dedicated to the cause and made return accuracy a priority.

Quality Statistical Sample (QSS) Reviews – Return Accuracy

QSS reviews measure the accuracy of return preparation at VITA/TCE sites across the country. SPEC uses QSS reviews to determine if tax law was applied correctly. This is performed through an assessment of the intake and interview process, the taxpayer's source document(s) and the completed tax return. For additional information, see Internal Revenue Manual (IRM) 22.30.1.3.8, VITA/TCE Return Preparation Accuracy.

Although SPEC conducts other types of oversight reviews, QSS reviews are the only reviews used to estimate the accuracy of tax returns prepared by VITA/TCE sites and is the source of the accuracy rate that is communicated externally. QSS review results only represent the accuracy of sites in the VITA/TCE population that are eligible for the review. For the 2024 QSS reviews, the estimates represent sites that prepared at least 50 tax returns during 2023. Sites that prepared fewer than 50 tax returns in 2023 and new sites that opened for the first time in 2024 were not eligible for review and are not represented by the results.

2024 QSS Review Sample Plan

The 2024 QSS Review Sample Plan was designed to produce a statistically valid estimate of the accuracy of tax returns prepared at all eligible SPEC sites during the 2024 filing season[1]. The plan was developed using guidance from the IRS Statistics of Income (SOI) Division and was based on the following parameters:

- <u>Industry Standard Validity</u>: Estimates within 90% confidence and 5% precision

- <u>Enterprise Level Estimate</u>: All sites combined

- <u>Stratified Sample Selection</u>: By partner type (VITA/TCE), by SPEC area (3), and by site size category (small/medium/large)

A target sample size of 50 VITA and 50 TCE sites was determined based on SPEC resource considerations, historic accuracy and desired levels of confidence and precision. To account for an expected number of newly closed and inaccessible sites in the sample, a total of 55 VITA and 55 TCE sites were selected. Both the VITA and TCE selections were proportionally allocated by area using site production volumes from the prior filing season (2023).

Site reviews were conducted during the 2024 filing season from week-beginning February 11 through week-beginning April 7. The 2024 QSS reviews concluded on April 14, 2024.

2024 Sample Plan Summary

Partner Type	Sample Plan			Final Review	
	Sites Selected (All)	Sites Selected (Unique)	Returns Planned	Sites Visited	Returns Reviewed (E-file Eligible)
VITA	55	53	165	45	139
TCE	55	55	165	53	156
All Partners	110	108	330	98	295

The 2024 QSS Review sample plan included 110 site visits with 3 tax returns selected and reviewed during each visit, for a total of 330 planned return reviews. 2 of the original 110 sites were selected twice. SPEC planned to conduct a single visit to each of these sites and review 6 returns during each visit. This resulted in a total of 108 planned site visits included in the sample plan.

Due to various situations such as weather, site closures, and reduced site hours, SPEC was unable to visit some sites. In total, QSS reviewers successfully reviewed at least 1 return at 98 of the 108 unique sites included in the original sample plan. During the 98 site visits, 300 returns were randomly selected. To be eligible for e-file, returns are required to have a minimum adjusted gross income of $1. Of the 300 returns that were selected, 5 had an adjusted gross income of $0 and had to be excluded from the review. In total, 295 returns were successfully selected and reviewed out of the 330 returns included in the sample plan for the 2024 QSS Review.

2024 Filing Season QSS Review Results

2024 Weighted Estimates

Partner Type	Site Visits	Return Reviews	Accurate Returns	Estimated Accuracy Rate
VITA	45	139	132	93.65%
TCE	53	156	150	96.34%
All Partners	98	295	282	94.99%

Of the 295 returns reviewed for the 2024 QSS Review, 282 were accurate. After applying appropriate weighting procedures, the results imply that an incredible 94.99% of returns were prepared accurately by SPEC volunteers during the 2024 filing season. This is a tremendous accomplishment for partners, sites, volunteers, and taxpayers!

Weighted Estimate Notes:

- Weighted estimates represent the quality in sites that were eligible to be selected in 2024.

- Weighted estimates are based on a two-sided 90 percent confidence interval.

- SPEC is 90 percent confident that the true accuracy rate among all returns prepared in eligible VITA sites is between 88.38% and 96.99%.

- SPEC is 90 percent confident that the true accuracy rate among all returns prepared in eligible TCE sites is between 93.20% and 98.28%.

- SPEC is 90 percent confident the true accuracy rate among all returns prepared in all eligible SPEC sites (VITA and TCE) is between 92.15% and 97.01%.

- The review data suggests an unweighted (raw) accuracy rate of 95.59%.[2]

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[1] VITA/TCE-level estimates will also be statistically reliable but may not be within desired precision.

[2] Although the 2024 QSS Review resulted in a 95.59% unweighted (raw) accuracy rate, the unweighted results may not represent the actual accuracy of returns prepared by the population of all eligible sites. For the estimate to be statistically valid, it should take into consideration the methodology used to sample the returns included in the estimate. Weighting is used to ensure that every sampled case has the appropriate amount of influence on the final estimate (See IRM 21.10.1.3.2.3, Weighted Sampling, for more information). The accuracy rate of 94.99% is weighted appropriately and reflects the method used to sample the specific sites and returns included in the 2024 QSS Review.