
KEY OUTSOURCING ISSUES

Firms should approach outsourcing cautiously.

- Has the CPA firm tried a number of different outsourcing providers and evaluated their performance?
- Are complex tax returns given different treatment than simpler returns?
- Do CPAs tell their clients that their return is being outsourced? Some are comfortable not doing so because they retain the responsibility for the accuracy of the return.

Outsourcing brings up several data security issues.

- Are extensive background checks done on the employees in India?
- Do the documents remain secure in the CPA firm in the U.S.?
- Does data reside on a secure server in the U.S.?
- Can the computers in India write information to removable media drives, send it to a printer, or e-mail to others?
- Are nonemployees allowed in the work area?
- Are the employees in India supervised by American CPAs?
- Have ISO 9001 requirements been met?

Outsourcing has other downsides.

- Outsourcing overseas may be viewed as unpatriotic.
- Junior staff no longer get the experience of preparing individual returns.
- Outsourcing may devalue the market for individual income tax preparation.
- Outsourcing preparers may or may not be qualified.
- Outsourcing creates a dependency on an organization over which the CPA firm has no control.