

Louisiana Department of Revenue

Managed

Audit

Program

Managed Audit Program

- In October of 2010, a joint work group was formed to study, evaluate and recommend procedures for a Louisiana Managed Audit Program.
- This work group consisted of staff members from the Louisiana Department of Revenue, Local governments, and representatives from the Louisiana Society of Certified Public Accountants.

Managed Audit Program ACT 171

The Louisiana Department of Revenue's Managed Audit Program will allow a taxpayer and/or the taxpayer's representative to have an active role in the audit of their business.

Managed Audit Program (MAP)

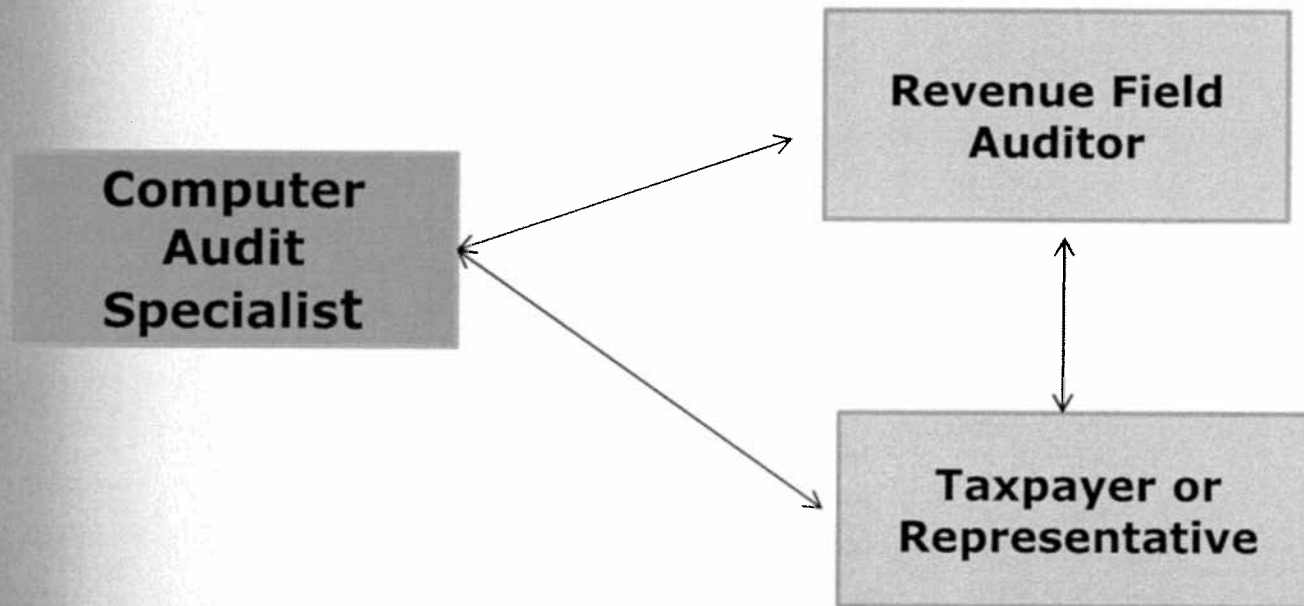
- What is a Managed Audit
- Do I automatically qualify?
- What Are the benefits?
- How does it work?
- Who will work with the MAP
- What does the Best Practices tell us?

Managed Audit Program

What is a Managed Audit?

- A Managed Audit allows certain businesses to conduct a type of self-audit where most of the audit functions are performed primarily by the taxpayer with guidance and verification provided by an LDR Computer Audit Specialist (CAS).
- A written Managed Audit Participation Agreement (MAP) between LDR and the taxpayer formalizes this arrangement.

Regular Computer Assisted Audit



Managed Audit Program

Do I automatically qualify?

No. The decision to perform a Managed Audit is solely at the Department's discretion. Careful consideration is given to the following factors:

- Complexity of the business
- Tax reporting and payment history
- Accounting system and internal controls
- Availability of electronic records
- Taxpayer's time and resources available to perform the audit
- Cost vs. benefit: Efficient use of state's resources

Managed Audit Program

What are the benefits?

- The Taxpayer will gain a better understanding of how Louisiana State tax laws apply to their business activity.
- The audit process will be less disruptive to their business operations since they will be able to manage their own resources.
- The Department may not assess penalties and may waive all or part of the interest that would otherwise accrue on any amount identified to be due based on the results of the managed audit.

Managed Audit Program

How does it work?

- If you qualify to participate in the program, the CAS will explain the procedures and timelines.
- Our CAS will determine the audit functions and develop a managed audit plan for you to follow.
- Our CAS will give you specific written instructions as outlined in the Managed Participation Agreement.
- Our CAS will provide guidance throughout the course of the audit.

Managed Audit Program

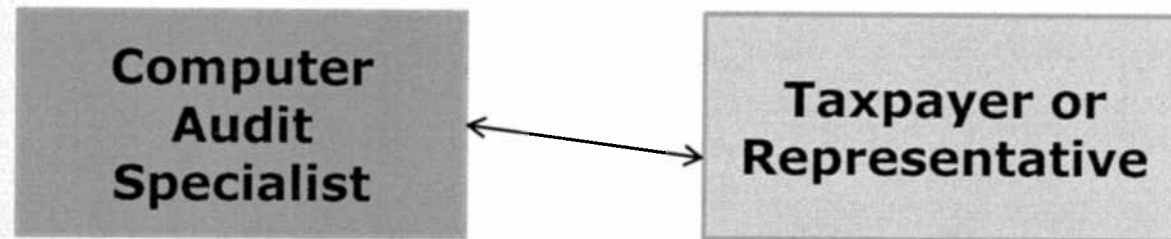
How does it work?

- LDR will determine the appropriate sampling procedures for the completion of a Managed Audit.
- The taxpayer's appeal rights under a Managed Audit are the same as under a regular conventional audit.
- Reduces or eliminates audit protests since many of the issues are addressed at the beginning of the audit process.

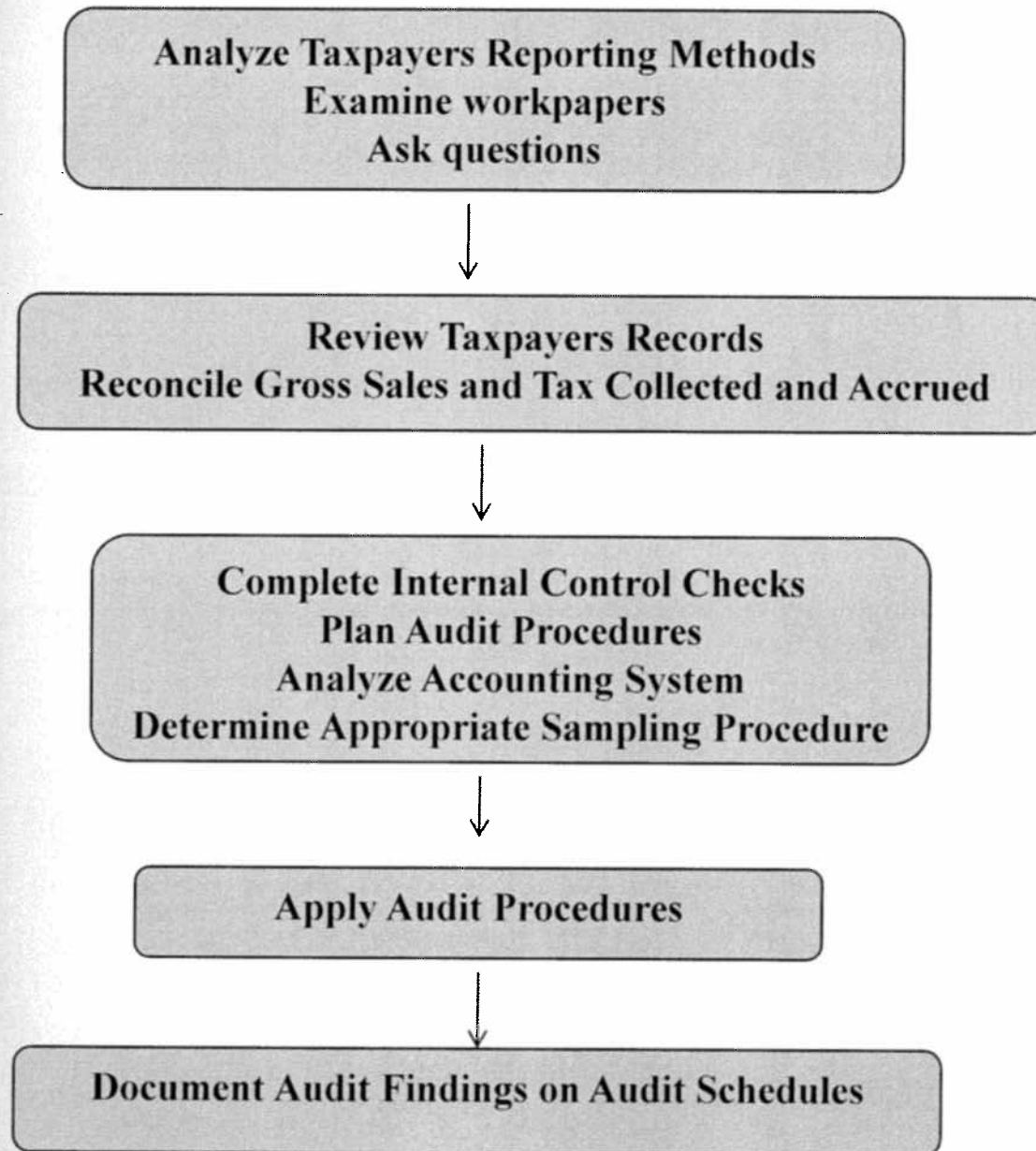
Managed Audit Program Best Practices

- Major CPA Firms Issues
- Concerns by the State of Texas
- Strict Timelines
- Agreements in General
- Refunds and Negative Numbers
- Truly Electronic Records

Managed Audit



Audit Process



Questions

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