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## STATEMENT OF AUDIT PROCEDURE

### ACCESS TO SUPERVISORS AND EXIT CONFERENCE

#### I. BACKGROUND

This Statement of Audit Procedure provides guidance to field auditors and their supervisors concerning the Exit Conference process.

##### A. General

We believe that our audit process is an important part of the tax compliance system. Our goal is to make the process as fair and transparent as possible to foster increased voluntary taxpayer compliance. For example, taxpayers know that filings will be reviewed for accuracy and that a field examination of the books and records may be required. Our goal is to work with taxpayers so that they understand what constitutes correct filing and can do so in the future.

##### B. Access to Supervisors

**Palm Cards:** We want to ensure that all taxpayers under audit know exactly who the auditors supervisor is and how to contact them. We now include a "palm card" in the initial contact letter for all new audits. This card contains the name, telephone number and email address of the auditor, supervisor and audit manager. We will also include the issues that the auditor will initially look at as well as providing an estimated time frame for when the audit will be complete.

**Right to ask questions:** At any time during the desk or field audit process the taxpayer may ask for a clarification of the relevant law, policies, procedures or scope of the audit. At the taxpayer's request, a phone conference or an informal meeting between the taxpayer, the auditor, and the auditor's supervisor and/or manager can be arranged to address the taxpayer's concerns. These conferences and meetings will be arranged in such a manner as not to disrupt the progress of the audit.

## **C. Field Examination Exit Conferences**

When the field examination is complete, if the taxpayer does not agree with the auditor's proposed changes, we will offer an Exit Conference. This is an informal meeting between the taxpayer and the Audit Division to discuss outstanding issues.

## **II. PROCEDURE**

**Statute Extensions:** We want to provide Exit Conferences to resolve outstanding issues. When the statute of limitations for Finance to impose assessments is approaching, (within 90 days prior to expiration), we will only grant an Exit Conference if the taxpayer first submits a properly executed "Consent to Extend the Statute of Limitation for Assessments".

**Before the Exit Conference:** Auditors will provide taxpayers with the following:

- ✓ a Notice of Proposed Tax Adjustment
- ✓ a complete copy of the audit workpapers
- ✓ reasonable amount of time to review the papers

We encourage taxpayers to submit a written statement (can be email) clearly explaining why they disagree with all or part of the adjustments proposed in the audit workpapers. The areas covered at the Exit Conference are those where the taxpayer requires clarification or where the taxpayer disagrees with the proposed adjustment.

**Who will be at the Exit Conference?** At the conference, you can expect to see the Unit Manager, the Group Chief, and the auditor. Depending on the complexity of the matter, the Director, Deputy or Assistant Commissioner of Audit or the counsel to the Audit Division may be invited to attend. Taxpayers should feel free to be represented by their legal counsel and/or an accountant. All representatives must either hold a valid power of attorney or be accompanied by the taxpayer.

**Next Steps:** After the Conference, the parties will discuss the next step in bringing the case to closure. When the audit is complete, the case will be transferred to Audit's Quality Management Support Group for review. After the review is completed, if Finance and the taxpayer have agreed, a Notice of Consent Determination will be sent to the taxpayer. For cases that are completed, but we do not reach an agreement with the taxpayer, we will send a Notice of Determination to the taxpayer.