

ACCESS TO SUPERVISORS AND EXIT CONFERENCE

I. BACKGROUND

A. General

The audit process is a critical component of the tax compliance system. It helps ensure the highest degree of voluntary taxpayer compliance. Taxpayers know that filings will be reviewed for accuracy and that a field examination of the books and records may be required. The goal of the audit process is to accurately identify errors or areas of noncompliance and reach an agreement with the taxpayer concerning the correct tax.

B. Access to Supervisors

At any time during the desk or field audit process the taxpayer may seek clarification of City law, policies, procedures or scope of the audit. At the taxpayer's request, the auditor may arrange a phone conference or an informal meeting between the taxpayer, the auditor, and the auditor's supervisor 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. In addition, at any time in the audit process, a taxpayer or the taxpayer's representative may request the name of the auditor's supervisor and the supervisor's phone number.

C. Field Examination Exit Conferences

At the completion of a field examination, if the taxpayer does not agree with the auditor's proposed changes, a conference ("Exit Conference") may be offered. An Exit Conference is an informal meeting between the taxpayer and the Audit Division to discuss outstanding issues.

The opportunity for an Exit Conference is provided to the taxpayer at the discretion of the audit supervisor following the completion of the field examination and the presentation of the proposed audit adjustments. It is offered when the supervisor determines that such a meeting may help resolve outstanding audit issues. Generally, the supervisor will only offer an Exit Conference to a taxpayer that has cooperated with the auditor during the audit and has submitted the information that has been requested.

II. SCOPE

This Statement of Audit Procedure provides guidance to field auditors and their supervisors concerning the Exit Conference process. It advises when an Exit Conference is appropriate and how an Exit Conference should be conducted.

III. PROCEDURE

An Exit Conference will not be granted close to the expiration of the statute of limitations for assessments unless the taxpayer first submits a properly executed "Waiver to extend the Statute of Limitations for Assessments".

Prior to the date of an Exit conference, the auditor will provide the taxpayer with a complete copy of the audit workpapers and allow a reasonable amount of time to review them. The taxpayer should be encouraged to submit in writing a cogent statement of the reasons for disagreeing 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.

Representing the Department of Finance at the Exit Conference will be the Unit Head, the Group Chief, and the auditor. At the discretion of the Unit Head, the Branch Chief, Deputy or Assistant Commissioner of Audit or Tax Counsel from the Office of Legal Affairs may be invited to attend. The taxpayer should be advised to attend the Exit Conference with people knowledgeable about the facts reviewed in the audit. At the Exit Conference legal counsel or an accountant may represent the taxpayer. All representatives must either hold a valid power of attorney or only appear accompanied by the taxpayer.

Following the Exit Conference, the case will be transferred to the Audit Division's internal Quality Control Unit for review. After the review is completed, for agreed cases, a Notice of Consent Determination will be sent to the taxpayer. For cases that are not completed on an agreed basis, a Notice of Determination will be sent to the taxpayer.