

# BUILDING AND MAINTAINING A CAS UNIT In a SMALL STATE



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## Why a CAS Unit in a Small State?

- Increase the productivity of the Audit Unit
  - Lowering the hours per audit ratio
- Create an electronic auditing environment within Audit
- Train staff in the techniques and skills of electronic auditing
- Assist the staff in retrieving, converting and refining electronic data
- Conduct the largest and most complex audits
- Conduct those audits by use of statistical sampling methodology whenever feasible

## **The Hurdles of Building a CAS Unit**

- The Foils of Government
  - The Bureaucracy: Creating positions
  - The Legislature: Passing electronic record keeping and sampling statutes
- The Concerns of Management
  - Costs: Hardware and Software
  - Learning curve
  - Productivity
  - Acceptance by audit staff
- The Concerns of the Audit Staff
  - Fear of the change
  - Loss of control of their audit
  - Dividing stats with CAS Unit

## **Electronic Auditing 101 Agenda**

### **Basic computer skills**

- Desktop organization
- Understanding directories and drives
- Structure and use of the Audit folder and sub folders
- Formatting CDs
- Working with removable storage devices
- Back up techniques for data and audit files
- Productive use of network drives

# Electronic Auditing 101 Agenda

## Electronic auditing skills

- The differences between invoice based auditing and electronic auditing
- Developing an attitude for electronic auditing
- Explaining to taxpayers the benefits of electronic auditing
- Working with taxpayers to extract electronic data
- Working with various accounting software reporting tools
- Working with various data export formats
- Converting export formats to working data
- Basic file management of electronic data
- Electronic auditing techniques for both sales tax data and use tax data
- The interactive exchange of electronic data between taxpayers and auditors
- Moving electronic data from worksheets to the audit template
- Organizing data to taxpayers

## CAS Audit Categories

- The CAS Pool
- CAS Audit trips
- Non CAS (regular) audit trips

## CAS Audit Procedures

*“The role of the CAS unit and the CAS auditor in a CAS designated audit is to assist the lead auditor in obtaining the most complete electronic records possible from the taxpayer and to convert the electronic data into a usable working format for the auditor. The CAS auditor should have a complete understanding of the goals of the lead auditor before the audit begins. It is not the role of the CAS auditor to control the approach or the workflow of the audit. That is the sole responsibility of the lead auditor.”*

## The Five Stages of Grieving

- Denial
- Anger
- Bargaining
- Depression
- Acceptance

## The Eighteen Stages of the Electronic Data Grieving Process

1. We do not provide electronic data for audit.
2. We do not keep electronic records and even if we did we don't retain it.
3. We do not have any data at the transactional level, just summary reports that we can provide you in hard copy.
4. We can't give you data downloads because they have credit card information on them and the credit card company will not allow us to let you view it.
5. Our POS and accounting software does not allow us to download any reports or transactional data.
6. We do not know how to get the data from the system.
7. Everything but the current month is archived and we can't access it.
8. Our IT people tell us it can't be done and they are not available to meet with you.
9. Under what authority are you demanding electronic records?
10. We need all this in writing before we will discuss it.
11. This request puts unreasonable demands on our audit staff's time.
12. Where does it state in your rule that you can require more than a sample?
13. We may be able to get it, but we have to request each register for each day separately and the IT people only take five requests at a time.
14. We may be able to provide you with electronic data, but we cannot provide the fields you are asking for.
15. We can download it, but we only provide two days data for a test period. Illinois only asked for two days and they are a big state where we have lots of stores.
16. We can't get it to you before you get here as we have other audits to do. California and Texas are here just before you and they are a priority.
17. We can provide it, but not in any format you can convert.
18. Where would you like us to send it?

## Software

- Access
- Excel
- QuickBooks
- Monarch
- TSEPWIN

Questions?