

48th Annual Conference

Midwestern States Association of Tax Administrators
Madison, Wisconsin
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Electronic Audits – From Selection to Resolution

Patrick McWilliams
Manager - Sales, Use & Excise Taxes
General Electric Company
Fort Myers, FL



Agenda

- Introduction
- History of Exams Difficulties
- Recognized Need
- Design, Build and Test
- eAudit Context
- eAudit Tool Review
- Q&A

Contact Information

Patrick McWilliams

Manager – Sales, Use & Excise Taxes

4211 Metro Parkway, MS 1A

Fort Myers, FL 33916

T 239.275.2737

F 866.526.7692

Email: patrick.mcwilliams@ge.com

History of Exam Difficulties

- Lack of standardization – Internally and Externally
- No central point of record
 - ✓ Frequently requesting updates from auditors
 - ✓ State systems inconsistent
 - ✓ Reconciling GE workpapers to auditor workpapers
- Long audit cycle times
 - ✓ On-site visits required for hardcopy document reviews
 - ✓ Repetitive travel expense – both parties
 - ✓ Reshuffling same piece of paper multiple times
- Poor Administration of documents/Disaster Recovery
- Manually intensive process
- Process not “real-time”
- Inconsistent ad hoc communication to finance across GE

Recognized Need

- Method to standardize – Internally and Externally
 - Create central point of record
 - ✓ Eliminate frequently requesting updates from auditors
 - ✓ Eliminate reconciling GE workpapers to auditor workpapers
 - Speed audit cycle times
 - ✓ Minimize On-site visits & delaying review of the data
 - ✓ Eliminate paper
 - ✓ Capture data and information for reuse/disaster recovery
 - Get exams current and provide useful feedback to GE Business to improve the overall process – No Waiver
- Use Technology to Drive Process Change**

Design, Build and Test

- Build prototype/design (Spreadsheet format) (2000)
 - Involve government users – “true customers”
 - ✓ SEATA Technology Committee
 - ✓ CT, KY, NY, AR and AZ active participants
 - Security and control measures
 - Run parallel or small lot audit tests
 - ✓ Go-Live with Pilot Program (small data sets)
 - ✓ Fix and improve then transition to general population
 - Multiple generations/improvement trains
-
- ❖ Patent the Tool (Pat. Num. **7,295,998 Nov 2007**)

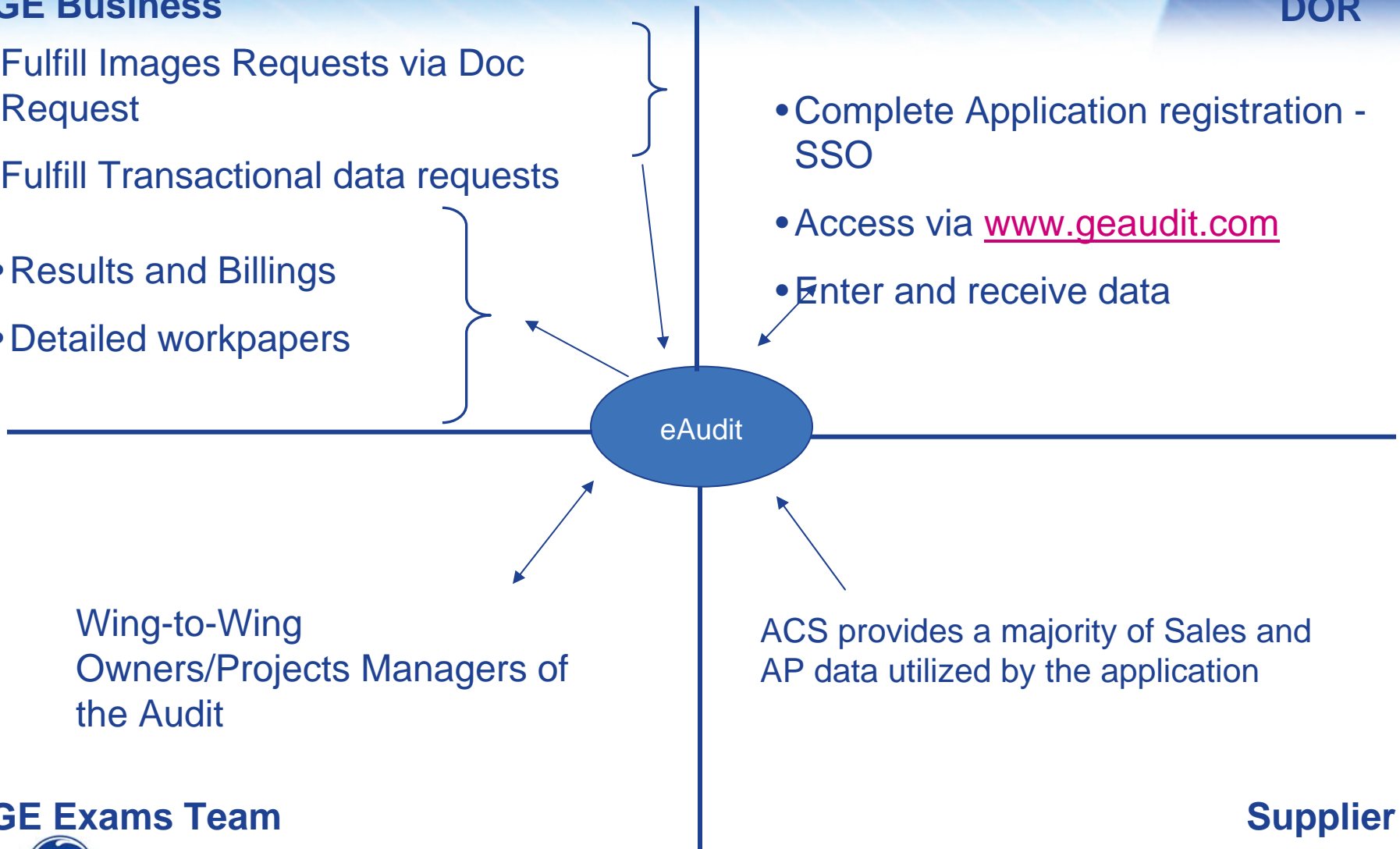
Sales Tax eAudit Context

DOR

GE Business

- Fulfill Images Requests via Doc Request
- Fulfill Transactional data requests
- Results and Billings
- Detailed workpapers

- Complete Application registration - SSO
- Access via www.geaudit.com
- Enter and receive data



GE Exams Team



Supplier

Sales Tax eAudit Context

- Notification received from DOR
- Determine scope & audit plan
- Gather population data
- **Generate sample using ACL**
- **Load sample into eAudit**
- **Load images into eAudit**
- **Multiple review iterations with DOR**
- Audit is closed
- Payment made to jurisdiction or refund received from jurisdiction billed back to GE

**eAudit
Focus**

eAudit Components

- eAudit Application/Universe
- Waiver Tracker
- Audit Database
- Statistical Sampling Tool
- Modules (Sales, Purchase, Lease)

eAudit Homepage



GE

Corporate Sales, Use, & Excise Tax Applications

[eAudit](#)

Welcome to the Sales, Use, and Excise Tax Applications portal. This application is best viewed with 1024 x 768 resolution and medium fonts. If problems are encountered while using this site, please contact the GE representative listed below for assistance.

Michael.Ruslander at 622-5198 or by e-mail
Michael.Ruslander@corporate.ge.com

The eAudit application and the information contained herein is intended solely for the use and benefit of General Electric Company, its affiliates and subsidiaries (GE) and authorized State and Local taxing authorities in connection with GE state and/or local sales and use tax examinations.

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Waiver Tracker

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Legal Entity Code 001	Legal Entity GE CAPITAL CORPORATION
Audit Period Start Date 2003/01/01	Audit Period End Date 2006/12/31
Jurisdiction CONNECTICUT	

Waiver Expiration Date	Waiver Period Start Date	Waiver Period End Date	Juris Executed	GE Executed	Scanned Copy Attached to Livelink	Hardcopy Filed	Tax Type	Actions
2008/07/31	2003/01/01	2006/12/31	Yes	Yes	Yes	Yes	Purchase Audit, Lease Audit	Edit Delete Log
2007/01/31	2003/01/01	2005/12/31	Yes	Yes	Yes	Yes	Lease Audit	Edit Delete Log
2006/07/31	2003/01/01	2003/06/30	Yes	Yes	Yes	Yes	Lease Audit	Edit Delete Log

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My Reviews



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My Reviews

Jurisdiction <input type="text"/>	Corp Code	Legal Entity <input type="text"/>	Audit Period	Type	Description
CALIFORNIA	GE	GENERAL ELECTRIC COMPANY	2004/01/01 to 2007/12/31	Sales	Energy
MARYLAND	GE	GENERAL ELECTRIC COMPANY	2004/07/01 to 2008/06/30	Sales	PreAudit
NEW JERSEY	GBI	GE BETZ, INC	2002/01/01 to 2005/12/31	Sales	Sales
NEW JERSEY	GE	GENERAL ELECTRIC COMPANY	2002/01/01 to 2005/12/31	Sales	Supply
NEW JERSEY	GE	GENERAL ELECTRIC COMPANY	2002/01/01 to 2005/12/31	Sales	Healthcare
NEW JERSEY	GE	GENERAL ELECTRIC COMPANY	2002/01/01 to 2005/12/31	Sales	Energy
NEW JERSEY	GE	GENERAL ELECTRIC COMPANY	2002/01/01 to 2005/12/31	Sales	C & I
NEW JERSEY	GEN	GENERAL ELECTRIC INTERNATIONAL, INC.	1998/01/01 to 2001/12/31	Sales	Sales
NEW JERSEY	GEN	GENERAL ELECTRIC INTERNATIONAL, INC.	2002/01/01 to 2005/12/31	Sales	Sales
		GENERAL ELECTRIC INTERNATIONAL			



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Audit Database



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Jurisdiction CALIFORNIA

Legal Entity GE - GENERAL ELECTRIC COMPANY

Core Business - Select Core Business -

Owner

 McWilliams, Patrick
 Adejunmobi, John
 Anderson, L

(Use CTRL key to select and deselect multiple owners)

Audit Status

Assessment
 Closed
 Open
 Outsour

Protested
 Refund
 Unassigned

Audit Type

Sales Audit
 Chicago Transit Tax
 Purchase Audit
 Commercial Rent Tax
 Lease Audit
 Occupation Privilege Tax
 Business Privilege Tax
 ETR Review

[Go](#)

Search Results

Jurisdiction	Legal Entity	Legal Entity Id	Audit Period	Owner	Audit Status	Audit Type	
CALIFORNIA	GENERAL ELECTRIC COMPANY	GE	1988/10/01 to 1993/03/31	Radvansky, Mike	Closed	Sales Audit	Business Summary
CALIFORNIA	GENERAL ELECTRIC COMPANY	GE	1993/04/01 to 1997/12/31	Radvansky, Mike	Closed	Purchase Audit, Sales Audit	Business Summary

Audit Database

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Audit Information | [Create New Audit](#) | [Search Audits](#) | [My Audits](#) | [Business Summary](#) | [Assessment](#) | [Protest](#) | [Documentation](#) | [Waivers](#)
[Sales - Sales](#) |

Legal Entity	GE ENERGY RENTALS, INC - GS	Business Sector	Parent	Manual	<input checked="" type="checkbox"/>
Jurisdiction	SOUTH DAKOTA	Vertex Code	4200000000	Audit ID	1197
Audit Period Start Date ?	<input type="text" value="2001/05/01"/> YYYYMMDD	Audit Period End Date ?	<input type="text" value="2006/05/31"/> YYYYMMDD		

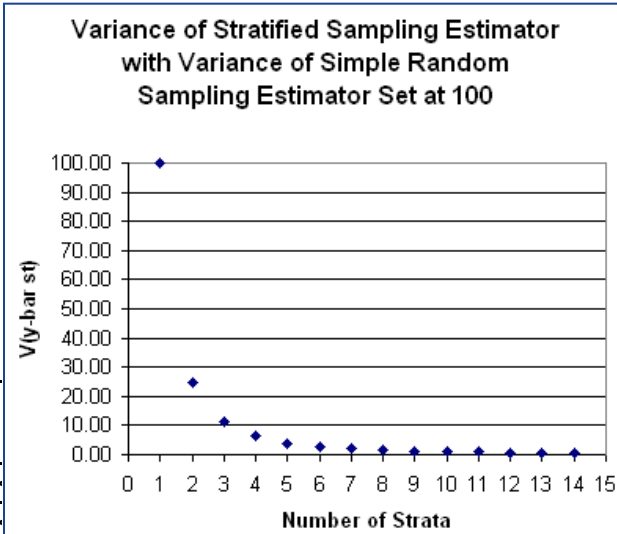
Statute of Limitations Date ?		Initial Liability	\$3,060.27
Audit Notification Date ?	<input type="text" value="2004/03/22"/> YYYYMMDD	Current Liability	\$355.80
Waiver Expiration Date ?	No waiver	Total Savings	\$2,704.47
Internal Start Date ?	<input type="text" value="2006/02/01"/> YYYYMMDD	Audit Period Midpoint Date ?	<input type="text" value="2003/11/15"/> YYYYMMDD
Audit Assessment Date ?	<input type="text" value="2006/07/21"/> YYYYMMDD	Target Close Date ?	<input type="text"/> YYYYMMDD
Audit Closed Date ?	<input type="text" value="2006/07/27"/> YYYYMMDD	Cycle Time	28
Filing Frequency ?	<input type="text" value="Annual"/>	Auditor Name(s)	<input type="text" value="Knigge, Steve"/> View Details
Audit Status	<input type="text" value="Closed"/>	Interest Rate	<input type="text" value="0.00"/>
Owner	<input type="text" value="Langford, Karla"/>	Estimated Interest	<input type="text" value="30.70"/>
Audit Type	<input type="text" value="Sales Audit"/> + -	Entity Performing Audit	<input type="text" value="GE Audit Team"/>
General Comments	<input type="text"/>		

[Save](#)

Statistical Sampling



$$n = \frac{[\sum N_i \sigma_i]^2}{N^2 D + \sum N_i \sigma_i^2}, \text{ where } D = \frac{e^2}{z^2 N^2}.$$



Cumulative $\sqrt{f(y)}$ Rule for constructing strata with continuous stratification variable

A method for developing boundary points.

Equal Allocation is a nearly optimal assignment of samples with this method of boundary construction.

Example: The data shows the percentage of bank loans devoted to industrial loans in a population of 13,435 banks of the U.S.

% Industrial loans	frequency f(y)	$\sqrt{f(y)}$	Cumulative $\sqrt{f(y)}$
0 - 5	3464	59	59
5 -10	2516	50	109
10 -15	2157	46	155
15 - 20	1581	40	195

Stratum Number	Range From									Total
3	> 40									906
4	> 1000									46
5	> 3700	<= 15000	1,537	35,337	8,966,727	256,192,202	232	6,454	84,740	2,299,609
6	> 15000	<= 75000	1,869	13,610	54,758,905	421,222,346	211	1,697	327,093	2,818,398
7	> 75000	<= 200000	1,434	3,375	179,764,167	422,974,511	152	340	939,131	2,080,513
8	> 200000		1,131	1,131	1,179,778,209	1,179,778,209	94	93	3,480,581	3,260,006
			7,602	284,161	1,425,034,665	2,457,669,262	1,019	59,347	4,846,564	12,128,386

eAudit Purchase – Trans Listing



eAudit
Corporate Tax

GE

NORTH CAROLINA - GE - GENERAL ELECTRIC COMPANY - Nuclear

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Transaction Listing

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Ref #	Vendor Name	Juris State Tax Base	Juris State Tax Rate	Tax Paid	Jurisdiction Status	Jurisdiction Comments	Image	Acc Num
Merch Amt	Voucher Number	Juris Local Tax Base	Juris Local Tax Rate	Tax Accrued	GE Status	GE Comments	Tax Code	
1	20THCENTUR	\$11,440.00	0.05	\$0.00	Overpayment	No Max >>	View	5395
\$11,440.00	A2XLF4			\$686.40	Overpayment	ITEMS SUBJECT T >>	NCD	BER A-764
2	21STCENTUR	\$23.35	0.06	\$0.00	No Issue	NI 11/8/02 >>	View	5295
\$23.35	ACLTDN			\$1.46	No Issue	IL purch NC rem >>	IL2	21ST CENT
3	3SENVIRONM	\$1,500.00	0.01	\$0.00	Overpayment	Engineering Services are i >>	View	5395
\$1,500.00	AG00YK			\$15.00	Overpayment		NCE	FOR #120
4	AAAGLASSRE	\$1,618.00	0.06	\$6.68	No Issue	NI 11/8/02 >>	View	5705
\$1,618.00	A3SRZ9			\$0.00	No Issue	Rev JA >>	CB3	R AND SUP
5	ABACUSMANU	\$1,032.96	0.06	\$85.22	No Issue	NI 11/12/02 >>	View	5295
\$1,032.96	J59FDT			\$0.00	No Issue	Rev JA >>	CA3	=====

eAudit Purchase – Trans Listing

TRIC COMPANY - Nuclear

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Juris State Tax Base	Juris State Tax Rate	Tax Paid	Jurisdiction Status	Jurisdiction Comments	Image	Account Number	Account Description
Juris Local Tax Base	Juris Local Tax Rate	Tax Accrued	GE Status	GE Comments	Tax Code	Voucher Description	
\$11,440.00	0.05	\$0.00	Overpayment	No Max	View	539588016	Village Maintenance >>
		\$686.40	Overpayment	ITEMS SUBJECT T >>	NCD	BER A-7643 QUOTE NUM	
\$23.35	0.06	\$0.00	No Issue	NI 11/8/02	View	529520286	Laundry & Waste Disp >>
		\$1.46	No Issue	IL purch NC rem >>	IL2	21ST CENTURY CONTAIN	
\$1,500.00	0.01	\$0.00	Overpayment	Engineering Services are	View	539512236	Other Nonclerical Sv >>
		\$15.00	Overpayment		NCE	FOR #120 H RS. O	
\$1,618.00	0.06	\$6.68	No Issue	NI 11/8/02	View	570588016	Village Maintenance >>
		\$0.00	No Issue	Rev JA >>	CB3	R AND SUPPLIES FOR W	
\$1,032.96	0.06	\$85.22	No Issue	NI 11/12/02	View	529524016	Tooling Material >>
		\$0.00	No Issue	Rev JA >>	CA3	===== THIS I	
\$950.00	0.05	\$0.00	Overpayment	1% No Max.No tax due. O	View	539504076	Central Stockroom >>
		\$57.00	Overpayment	used in the pro >>	NCD	GUIDE	

eAudit Purchase – Invoice Detail

Transaction Detail		Transaction Listing		Save	
Reference Number	1	Invoice Number	64983	Voucher	A2XLF4
Vendor Name	20THCENTUR	Invoice Date	1996/08/30	Voucher Line	001
Vendor Num	329534-00	Post Period	9610	Voucher Desc	BER A-7643 QUOTE NU
Business Id	F05000	PO Number	96001366	PO Line	
<hr/>					
Merchandise Amount	\$11,440.00	Freight	\$0.00	Tax Accrued	\$686.40
Tax Indicator	Y	Tax Code	NCD	Tax Code Desc	
<hr/>					
Cost Center Code	1318	Cost Center Description	TOOL CRIB & MAINT >>	Image Reference	
Account Number	539588016	Account Number Description	Village Maintenance / Utilities >>	Sub Account Number 1	
Project Code	000000	Project Code Description		Sub Account Number 2	
Contract Code		CBI	DWL	Sub Account Number 3	
Dept Code		Legal Entity		Corp Code	
GL ID					
<hr/>					
Documentation					
Document Description			View Image		
test			View		
Voucher			View		
<hr/>					
	Jurisdiction	GE	Jurisdiction Status	Overpayment	
State Tax Base	\$11,440.00	\$11,440.00	GE Status	Overpayment	
State Tax Rate	0.05	0.05	Jurisdiction Comments	No Max	
Local Tax Base			GE Comments	ITEMS SUBJECT	
Local Tax Rate				>>	
	Stratum 6				

eAudit Purchase – Invoice Image

SENT BY: GE NUCLEAR ENERGY PURC: 9-26-97 : 7:38 : GE-NUCLEAR ENERGY - 941 278 2634:# 4/ 4

INVOICE

AC COMPACTING PRESSES

1577 LIVINGSTON AVE., P.O. BOX 7286 • NORTH BRUNSWICK, NEW JERSEY 08902-0888
 TELEPHONE: (908) 286-4900 FAX: (908) 286-4908 TOLL FREE: (800) 824-0182
 A DIVISION OF ARNHOLD CERAMICS, INC.

SHIP TO # SHIPMENT FROM SOLD TO

SOLD TO: General Electric
 PO Box 06820
 Ft. Meyers, FL 33906

GE Nuclear Energy
 Hwy. 117 North
 Castle Hans Road
 Wilmington, NC 28401

ORDER DATE: 09/25/96 CUSTOMER ORDER: 33496054018
 INVOICE DATE: 10/31/96 SERVICE NUMBER: 9610105 SO # 610080

QUANTITY	UNIT	DESCRIPTION	PRICE	AMOUNT
23828	1	R53 01355B R53-7355B TEFLON S	L1 75.00	750.00
23829	2	R53 01159A R53-1159A TEFLON S	L2 75.00	750.00
23830	3	R53 01159B R53-1159B GUIDE ST	L3 62.00	620.00
23831	4	R53 01355A R53-1355A GUIDE ST	L4 95.00	950.00
23832	5	R53 01356A R53-1356A GUIDE ST	L5 78.00	156.00
23833	6	R53 01356B R53-1356A TEFLON S	75.00	
23834	7	R53 00730A R53-730A GUIDE STR	L7 78.00	312.00
23835	8	R53 00730B R53-730B TEFLON SE	L8 75.00	300.00
			Subtotal	3,838.00
UPS UPS Ground Service				16.94
			Total	3,854.94

NO EVIDENCE OF PREVIOUS PAYMENT
 APPROVED BY *Chula M. Bras* 10/2/97
 Ac. Bal 910 675 5511
 Ab 11455 613.00

401-02F2-01- 3,838.00
 600-035-01- 16.94

PAYABLE IN U.S. DOLLARS

2-ACC-RNC COPY

SEP 26 '97 09:14 9106755699 PAGE .04

Vendor Name	ACCOMPACTI	
Invoice Date	1996/09/25	
Invoice Number	9610105	
Cost Center	1984	
Cost Center Desc	FUEL FAB MFG ADMIN >>	
Account Number	539504076	
Account Number Desc	Central Stockroom >>	
Voucher	A9X9CV	
Voucher Desc	GUIDE >>	
Merchandise Amount	\$950.00	
Tax Paid	\$0.00	
Tax Accrued	\$57.00	
Tax Code		
PO Number	96054018	
Jurisdiction	GE	
State Tax Base	\$950.00	\$950.00
State Tax Rate	0.05	0.05
Local Tax Base		
Local Tax Rate		
Jurisdiction Status	Overpayment	
GE Status	Overpayment	
Jurisdiction Comments	1% No Max.No tax due. O >>	
GE Comments	used in the process >>	

Save Close

Projection Variables



Projection Variables

Transaction Listing

Review ID	Description	Sampling Method	Stratum	Population Count	Population Amount	Sample Count	Sample Amount
2545	Nuclear	Statistical	1	63,919	\$1,380,558.67	452	\$9,194.58
			2	53,693	\$5,775,732.75	452	\$47,220.29
			3	36,832	\$13,081,646.35	450	\$152,929.69
			4	29,531	\$33,017,522.53	449	\$471,372.31
			5	18,146	\$63,123,337.90	445	\$1,410,093.95
			6	8,319	\$79,933,936.89	432	\$3,739,438.91
			7	3,683	\$102,822,425.35	405	\$9,401,346.77
			8	1,859	\$145,594,088.19	366	\$25,550,951.80
			9	832	\$311,169,335.38	832	\$238,172,747.70
Total				216,814	\$755,898,584.01	4,283	\$278,955,296.00

Reports

Standard Filter

GE Status <> Jurisdiction Status

GE Local Tax Base <> Jurisdiction Local Tax Base

GE Local Tax Rate <> Jurisdiction Local Tax Rate

GE State Tax Base <> Jurisdiction State Tax Base

GE State Tax Rate <> Jurisdiction State Tax Rate

Saved Filter

5

Remove

9R Vouchers

Remove

Protest Items

Remove

Create New Filter

Instructions:

Enter comma separated values for IN, NOT IN

Enter Date in YYYYMMDD format and enter comma separated values for IN, NOT IN, Between and Not Between.

Use the CTRL key to select multiple entries for GE Status, Jurisdiction Status.

Vendor Name

Instructions:

Select sort order by highlighting data field and moving it up or down using the cursor keys.

Vendor Name



Filter/Mass Update

Filter is Active

Save

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Ref #	Vendor Name	Juris State Tax Base	Juris State Tax Rate	Tax Paid	Jurisdiction Status	Jurisdiction Comments	Image	Acc Nur
Merch Amt	Voucher Number	Juris Local Tax Base	Juris Local Tax Rate	Tax Accrued	GE Status	GE Comments	Tax Code	
6	ACCOMPACTI	\$950.00	0.05	\$0.00	Overpayment	1% No Max.No tax due. O	View	5395
\$950.00	A9X9CV	\$0.00		\$57.00	Overpayment	used in the pro >>	NCD	GUIDE
7	ACCOMPACTI	\$3,818.00	0.06	\$0.00	No Issue	NI 11/12/02	View	5395
\$3,818.00	AB0QV5	\$0.00		\$38.18	No Issue	Rev JA >>	NCE	FRAME
8	ACCOMPACTI	\$8,000.00	0.01	\$0.00	Overpayment	No tax due. Overaccrued.	View	5395
\$8,000.06	J20N4P	\$0.00		\$80.00	Overpayment	>>	NCE	WORK

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	GE Tax Base		Jurisdiction Tax Base		Voucher Count
	State	Local	State	Local	
Review	\$278,147,521.24	\$0.00	\$278,187,993.32	\$0.00	4283
Filter	\$12,768.00	\$0.00	\$12,768.00	\$0.00	3

Data Extract

Listing Filter & Sort | Extract | Reports | Projection Variables

DATA EXTRACT - Microsoft Internet Explorer provided by General Electric

Data Extract

Auditor Extract

*Note:
If filter has been applied, extract will be performed on filtered records only. If no filter has been applied, then extract will be performed on all the data in the review.*

Show Extract Totals **Download** **Cancel**

Vendor Na	Voucher Num	Image	Tax Code			
20TH		View	NCD			
21ST		View	IL2			
3SEN		View	NCE			
AAAG		View	CB3			
ABAC		View	CA3			
ACCC		View	NCD			
ACCOMPACTI	\$3,818.00	0.06	\$0.00	No Issue	NI 11/12/02	View

Q&A