For more information on computer-assisted audits, please email the Bureau of Audits at ra-auditscompaudspt@state.pa.us. Please provide information about the kind of audit being conducted, so that appropriate requirements may be sent to you.

FOR GENERAL TAX QUESTIONS:

Online Customer Service Center
www.revenue.state.pa.us

Taxpayer Service & Information Center
Personal Taxes: 717.787.8201

Business Taxes: 717.787.1064

e-Business Center: 717.783.6277

Automated 24-hour FACT & Information Line
1.888.PATAXES (728.2937)
Touch-tone service is required.

Automated Forms Ordering Service
1.800.362.2050

Services for Taxpayers with Special Hearing and/or Speaking Needs
1.800.447.3020

COMPUTER-ASSISTED AUDITING

Computer-assisted audit techniques offer time-saving benefits for companies with computerized records and looking for efficient audit options.

pennsylvania
DEPARTMENT OF REVENUE

DAU-23 (6-09)

WHAT IS A COMPUTER-ASSISTED AUDIT?

The Department of Revenue may request computerized accounting data in a specific format to assist with audits. Obtaining this data enables the department to utilize time-saving and efficient audit techniques, including stratified random sample test audits and complete audits. These computer-assisted audit techniques are described in further detail below. The most effective and efficient audit technique for a business is determined by the way records are kept.

Stratified random sample test audit Using a stratified random sample test audit reduces the time, effort and resources needed to conduct an audit of numerous transactions. Relevant accounts are identified, and transactions within those accounts are stratified, or separated by dollar amount. A random sample is selected, and only sample transactions are evaluated. Any tax deficiencies or use tax overpayments identified in the sample are projected to determine audit results for the entire population of transactions in the selected accounts.

Audits using stratified random samples provide several advantages over traditional block testing. Fewer sample transactions are audited, while greater dollars are reviewed; the test's reliability can be measured; and changes during the audit period – for example, to business activities, tax laws, accounting systems and personnel – are reflected in the random sample selected throughout the audit period.

Complete audit A complete audit eliminates the use of projections and estimates to calculate audit results. Established audit deficiencies are supported by lists of deficient customers, vendors and/or transactions, and these lists help identify areas of deficiency and collect assessed sales taxes.

Since auditors work with sorted and summarized information to focus on selected audit areas in a complete audit, audit site time, data entry and retrieval of source documents can be greatly reduced. For example, a summary of customers' non-taxed sales could be used to audit non-taxed sales for the audit period.

WHO CAN USE A COMPUTER-ASSISTED AUDIT?

During an initial audit conference, the Department of Revenue will examine aspects of a business and its records to determine if a computer-assisted audit is appropriate. Often, businesses with some or all of the following characteristics will benefit from a computer-assisted audit:

- Large volume of transactions
- Difficult or expensive invoice retrieval process
- Electronic Data Interchange
- Sales to many jurisdictions
- Multiple locations

In order for a business to take advantage of computer-assisted auditing, certain information – including invoice dates, invoice numbers, customer or vendor names and addresses, merchandise sales or purchase amounts and sales/use tax amounts – must be maintained and accessible in computer records.

However, a business does not need to maintain all records electronically to benefit from a computer-assisted audit. A computer-assisted audit offers flexibility by applying different techniques to different areas of business operations. For example, a computer-assisted technique may be used to review sales, while fixed assets may be reviewed manually.

If a computer-assisted audit is determined to be appropriate for a business, representatives of the business will meet with a Revenue auditor and representative familiar with computerized audit processes. The group will gather information about files and file format to determine the best audit technique for each area of the audit.

WHAT ARE THE BENEFITS OF A COMPUTER-ASSISTED AUDIT?

Computer-assisted audit techniques reduce on-site audit time, making the audit process less disruptive to business operations. Since less paperwork is involved, less time is required for information retrieval and review. Additionally, computer-assisted audit results are more accurate and complete, providing the taxpayer a better opportunity to use audit results to identify and correct areas of deficiency.