

## AUDIT DIVISION

The Audit Division began operating on July 1, 2001 as a direct result of one of many objectives that were born from the department's Strategic Planning retreat in January 2000. The vision behind the establishment of the Audit Division was to create a tax auditor agent series that would allow employees with the education, experience, and proficiency in auditing the major Ohio business taxes (sales and use tax, personal property tax, corporation franchise tax, pass-through entity tax, and employer withholding tax) the opportunity to devote most of their time to "field" auditing.

The emphasis on field auditing accomplishes three objectives which align themselves with the department's goals of "enhancing taxpayer services and taxpayer compliance with Ohio tax law" and "modernizing Ohio tax laws and the department's operations." One, it re-establishes a greater face-to-face contact with the taxpayers that this department serves. Second, it enhances the ability to educate these taxpayers on the ever-changing revisions to the Ohio statutes. Third, it educates the department on critical tax issues that will help improve how it administers the Ohio tax law.

In order to accomplish these objectives, the Audit Division has placed a special emphasis on the following initiatives:

- Create and use audit project plans for each audit assignment that guide auditors to better plan the scope of an audit, establish a timeline of deliverables to move the audit efficiently to a conclusion, and project and track the number of hours used to complete such assignments.
- Permit auditors to share their preliminary proposed audit findings prior to a formal review by the audit review staff, to encourage an interaction between auditor and taxpayer on the exact nature of audit issues.
- Enhance the use of a resolution process to address audit issues more quickly and efficiently in order to avoid lengthy and costly litigation.
- Increase the use of electronic downloads of taxpayer data in order to move audits to a quicker completion with more accurate results, and with fewer hours expended by all parties. This enables the department to more efficiently use its audit hours and thereby provides an opportunity to expand the audit base. A Computer Audit Assistance Group has also been created that helps auditors and taxpayers through these types of audits.
- Create basic and advanced tax-type courses and auditing courses to help auditors identify substantive audit issues and cross-tax initiatives. Every auditor is required to have knowledge in all business tax-types outside their previous tax expertise area.
- Create and implement a new audit template for each of the business taxes that the division audits.
- Enhance the division's audit selection capabilities to encourage auditing of a larger percentage of businesses.
- Create an audit program to use in conducting commercial activity tax (CAT) field audits.

As of June 30, 2006, the Audit Division included 303 employees who completed

the following types of audits:

| Tax Type              | Total Audits |
|-----------------------|--------------|
| Sales and Use         | 1,218        |
| Personal Property     | 1,248        |
| Corporation Franchise | 1,212        |
| Pass-Through Entity   | 99           |
| Employer Withholding  | 76           |
| Commercial Activity   | 1            |
| Other                 | 3            |
| <b>Totals</b>         | <b>3,857</b> |

During the 2007 fiscal year, the Audit Division will work to develop a paperless audit file for each business tax-type and create a secure file transfer system to be able to share the entire audit file with our taxpayers/customers.

## BUDGET AND FISCAL DIVISION

The Budget and Fiscal Division is comprised of three sections with the responsibilities of managing the department's fiscal operations, facilities, and reconciling and distributing tax revenue. The Budget and Fiscal sections are: Budget and Accounts Payable, Facilities Management, and Revenue Accounting.

### Budget and Accounts Payable

This section prepares and monitors the department's operating budget with primary responsibilities that include centralized purchasing, processing payment of invoices, and travel expense reimbursement. This section also administers the department's payment cards, travel Visa program, petty cash funds, and contracts.

### Facilities Management

This section is responsible for managing, equipping, and maintaining the department's office facilities, including safety and security. This section also administers the mail operations, inventory of all fixed assets, central supply services, and the vehicle fleet program.

### Revenue Accounting

This section reconciles all tax revenue receipts and makes distributions to the state and local governments. The unit also works with bad check processing and resolution (see separate section on **Revenue Accounting** for additional information).

The Budget and Fiscal Division performs varied internal financial, accounting, and facilities management functions that help the department run its day-to-day operations while fulfilling the essential function of providing operating funds for both state and local governments.

## COMMUNICATIONS OFFICE

The Communications Office of the Department of Taxation serves to convey ODT's policies and procedures to the news media and the general public while providing news and information to department staff about job-related topics and the people employed in the department. The office issues news releases to state