

# Audit Manual

## Chapter 3

### Audit Working Papers



**Sales and Use Tax Department**  
*California State*  
*Board of Equalization*

*This is an advisory publication providing direction to staff administering the Sales and Use Tax Law and Regulations. Although this material is revised periodically, the most current material may be contained in other resources including Operations Memoranda and Policy Memoranda.*

*Please contact any Board of Equalization office if there are concerns regarding any section of this publication.*



# Table of Contents

<b>AUDIT WORKING PAPERS</b>	<b>0300.00</b>
<b>INTRODUCTION</b> .....	<b>0301.00</b>
Scope Of Chapter .....	0301.05
Digital Audit Defined .....	0301.07
Audit Working Papers Defined and Described .....	0301.10
General Guidelines For Working Papers .....	0301.15
Backup Procedures .....	0301.20
<b>AUDIT FOLDER STRUCTURE</b> .....	<b>0302.00</b>
Audit Main Folder .....	0302.05
Audit Subfolders .....	0302.10
File and Folder Naming Conventions .....	0302.15
Forms .....	0302.20
Correspondence .....	0302.25
Large Files (No Backup).....	0302.30
Supporting Audit Documents .....	0302.35
Uploads .....	0302.40
Superseded Schedules .....	0302.45
Memos and Miscellaneous Documents.....	0302.50
Audit Working Paper File.....	0302.55
<b>WORKING PAPER TECHNIQUES</b> .....	<b>0303.00</b>
Standardized Audit Schedules.....	0303.08
Schedule For Each Subject.....	0303.10
Data Furnished by Taxpayer.....	0303.15
Credit Items .....	0303.20
Schedule Headings .....	0303.25
Column Headings .....	0303.30
Totals .....	0303.35
Layout.....	0303.40
Indexing - General .....	0303.45
Indexing Summary Schedules.....	0303.50
Indexing Subsidiary Schedules .....	0303.55
Indexing Memo and Superseded Schedules .....	0303.60
Cross-Referencing.....	0303.65
Index to Working Papers .....	0303.70
Arrangement.....	0303.75
<b>CONTENT OF WORKING PAPERS</b> .....	<b>0304.00</b>
Basic Data .....	0304.05
Summary or Lead Schedules .....	0304.10
Subsidiary Schedules .....	0304.15
Comments on Subsidiary Schedules.....	0304.18
Memo of Time of Auditors.....	0304.25
Memo of Work To Be Done When The Audit Is Deferred .....	0304.30

## TABLE OF CONTENTS (CONTINUED)

<b>VERIFICATION COMMENTS .....</b>	<b>0305.00</b>
Comments on Summary Schedules .....	0305.05
Types of Transactions .....	0305.10
Source of Data .....	0305.15
Reporting Method .....	0305.17
Verification and Findings .....	0305.20
<b>MISCELLANEOUS COMMENTS AND NOTES .....</b>	<b>0306.00</b>
No Record Cases .....	0306.05
Fluctuation In Sales or Deductions .....	0306.10
Purchases Subject To Use Tax .....	0306.15
Purchases Subject To Section 6406 Credit .....	0306.17
Sales Tax Included In Gross Sales .....	0306.20
Prepayment of Sales Tax on Motor Vehicle Fuel (MVF) .....	0306.22
Overpayments .....	0306.25
Tax Errors on Returns .....	0306.30
Notes .....	0306.35
Special Explanation .....	0306.40
Dating Entries In Audit Reports and Working Papers .....	0306.50
Sample Working Papers .....	0306.60

**AUDIT WORKING PAPERS****0300.00****INTRODUCTION****0301.00****SCOPE OF CHAPTER****0301.05**

It is impractical to make rigid rules covering the arrangement and content of all working papers. Each audit or examination has problems peculiar to it alone, and each auditor has their own ideas as to what constitutes essential information and how it should be presented. Inflexibility in procedures and working papers tends to discourage initiative, whereas the aim of the Board of Equalization (BOE) is to encourage this quality in tax auditors. There are, however, certain features of working papers that can and should be standardized, such as templates, indexing, cross-referencing, and general arrangement of data, which includes the set up and naming of the electronic audit folders. This chapter addresses those features, and provides examples of working papers with representative samples of various types of summary and subsidiary schedules as exhibits.

**DIGITAL AUDIT DEFINED****0301.07**

A digital audit is a completely paperless audit package that contains all of the necessary files and documents to support the audit findings. The basic structure of a digital audit is a Windows file folder that contains audit files in Excel, Word, and PDF format. This Windows file folder is known as the “audit case folder” (see AM section 0302.00). It generally consists of an Excel file that contains the audit working papers and a series of subfolders used to organize pertinent information in the audit such as forms and supporting audit documents.

**AUDIT WORKING PAPERS DEFINED AND DESCRIBED****0301.10**

The term “audit working papers”(AWPs), as used in this chapter, means the worksheets and other pertinent material compiled by the auditor in the course of making a field audit, revised audit, reaudit, field billing order, or adjusted field billing order. “Other pertinent material” may include letters, faxes, memoranda compiled by the taxpayer, scanned copies of letters, reproduced copies of pertinent schedules, information from prior AWPs, forms, etc.

**GENERAL GUIDELINES FOR WORKING PAPERS****0301.15**

Working papers serve as the connecting link between the auditor’s fieldwork and the audit report. As such, working papers should contain the evidence accumulated in support of the conclusions and recommendations included in the audit report.

**General guidelines for the preparation of working papers include:**

- a) **Completeness and accuracy** — Working papers should be complete and accurate in order to provide proper support for findings, conclusions, and recommendations. Working papers also document the nature and scope of the examination performed. The test of completeness is whether a third party can review the schedule, understand its purpose, and make use of it, without consulting with the auditor who prepared it. Working papers will be examined by the auditor’s supervisor and the reviewing auditors, and may be used by hearing officers, attorneys, or Board Members, or as evidence in courts of law. They are the basis for recommended determinations. .
- b) **Clarity and understandability** — Working papers should be clear and understandable without supplementary oral explanations. The information they reveal should be clear, complete, and concise. Anyone using the working papers should be able to readily determine their purpose, the nature and scope of the work done, and the auditor’s conclusions. Conciseness is important, but clarity and completeness should not be sacrificed just to save time.

**GENERAL GUIDELINES FOR WORKING PAPERS****(CONT.) 0301.15**

c) **Legibility and neatness** — Working papers should be legible and as neat as practicable. Sloppy working papers may lose their worth as evidence. Use proper grammar, punctuation and correct spelling. In a Word document use the “Spelling and Grammar” command to proofread for spelling and grammar. Use short sentences and simple, common words to increase readability whenever possible. Some simple guides to follow in this respect are:

- Use captions to separate subjects.
- Separate subject matter properly.
- Use descriptive headings.

d) **Pertinence** — The information contained in working papers should be restricted to matters that are material, pertinent, and useful with reference to the audit assignment. The auditor should not copy figures from the taxpayer’s books without good reason, but should consider the audit procedure and method of verification so that only necessary data will be recorded. Avoid extraneous or redundant comments.

**BACKUP PROCEDURES****0301.20**

All audits in process will be backed up to a designated location on the Local Area Network (LAN). Each auditor is responsible for backing up AWP’s to the LAN on a weekly basis. The network’s “J:\” drive has been identified for this purpose. This procedure ensures the data can be restored in case of equipment failure. In addition, it provides supervisors the ability to review work in response to taxpayer contact, audit issues, and auditor performance issues. If a weekly backup is not practical, auditors should make alternative arrangements with their supervisors.

## AUDIT FOLDER STRUCTURE

0302.00

When an audit is assigned to an auditor, district supervisory staff electronically provides the account number, audit case ID, and audit transcript download file. The auditor creates an audit case folder using the downloaded transcript. The new audit case folder with the audit case ID and business name are saved in the “My Audits” folder on the C drive. The audit working paper Excel file and the Start 21 workbook (see AM section 0201.01) are automatically created and named.

Proper set up and naming of audit folders are important in the organization of an audit. These folders are viewed by many departments; therefore, proper organization is crucial for efficient viewing and processing of audits. The following audit case folder structure is required for the organization and naming of audit folders and files and applies to all audits, field billing order (FBOs), revised audits and re-audits. Exhibit 21 provides a detailed list of Digital Audit File locations.

### AUDIT MAIN FOLDER

0302.05

Each audit case folder is created by the BOE Audit Program (see AM section 0303.08). Included in the audit case folder are subfolders and the audit working papers Excel file. This file is the **only** file that is not contained in a subfolder.

### AUDIT SUBFOLDERS

0302.10

Certain subfolders and files are automatically populated by the BOE Audit Program. Additional folders may be manually created as needed. All unused folders must be deleted except for the correspondence folder, which will be used by Audit Control.

Sub-Folder	What goes in each folder?
Forms	<ul style="list-style-type: none"> <li>• BOE forms pertinent to the audit</li> </ul>
Correspondence	<ul style="list-style-type: none"> <li>• Consists of two subfolders: Letters (both letters sent and received) Emails (saved as .msg extension)</li> </ul>
Large Files (No Backup)	<ul style="list-style-type: none"> <li>• Data files, miscellaneous files</li> <li>• The Large Files folder cannot be saved on the J:\ drive</li> <li>• Delete this folder from the J drive before placing in the audit control folder</li> </ul>
Supporting Audit Documents	<ul style="list-style-type: none"> <li>• Documents that support the audit findings such as XYZ letters, resale certificates, etc. and are directly used in the determination of the audit findings</li> </ul>
Uploads	<ul style="list-style-type: none"> <li>• Upload files (.ewb,.upl, .txt)</li> </ul>
Memos & Misc Documents	<ul style="list-style-type: none"> <li>• Memorandums such as leads to create the audit</li> <li>• Miscellaneous documents not directly used in the determination of audit findings</li> </ul>
Superseded Schedules	<ul style="list-style-type: none"> <li>• Superseded schedules (Saved in PDF format)</li> </ul>

**FILE AND FOLDER NAMING CONVENTIONS****0302.15**

The DBA name, or the name commonly used to refer to the taxpayer, should be used when naming files and folders. It is recommended to limit the taxpayer name to 8 characters or less. Longer names may be used if they are kept at a reasonable length for ease of viewing.

(The entire filename and path must be less than 200 characters. For example, the filename: "C:\My Audits\EA\_54321\_ABCO\Forms\Audit Plan\EA\_54321\_ABCO\_Audit Plan.pdf" must be less than 200 characters.)

<b>Audit Main Folder</b>	
Naming Format	District Code_Case Number_Taxpayer Name (District Code is based on district conducting the audit)
Example	EA_54321_ABCO

<b>Files/Documents/Forms</b>	
Naming Format	District Code_Case Number_Taxpayer Name_Document Number
Example	EA_54321_ABCO_BOE 82.pdf

<b>BOE 122, BOE 101, BOE 836A</b>	
Naming Format	District Code_Case Number_Taxpayer Name_Document Name_Date
Dates	BOE 122 : Extension through Date per document BOE 101: Claim Date BOE 836A: Report of Discussion Date
Example	EA_54321_ABCO_BOE 101_2011_04_15 EA_54321_ABCO_BOE 122_2011_10_31 EA_54321_ABCO_BOE 836A_2011_09_20

**FORMS****0302.20**

A Start 21 workbook is automatically created each time a new audit is created using the "BOE Auditing" program. The Start 21 workbook is located in the *Forms* subfolder. The Start 21 workbook consists of an *Audit Information Template* and BOE approved audit forms that are common to most audits. The Start 21 *Audit Information Template* must be completely filled out as many of the forms included in the Start 21 workbook have fields that use the same information. Filling out the Template will populate the common information in all the Start 21 forms. (See AM section 0201.01.)

No tabs are to be deleted from Start 21. All unused tabs must be hidden EXCEPT for the 414A tabs which **must not be hidden** regardless if the audit is a change audit or FBO. All forms (tabs) in Start 21 that were printed as a pdf file and stored in the *Forms* subfolder should also be hidden.

Subfolders should be created for each form group. If a subfolder is not automatically created by the audit program, it must be created by the auditor. Unused subfolders should be deleted.

**FORMS****(CONT.1) 0302.20**

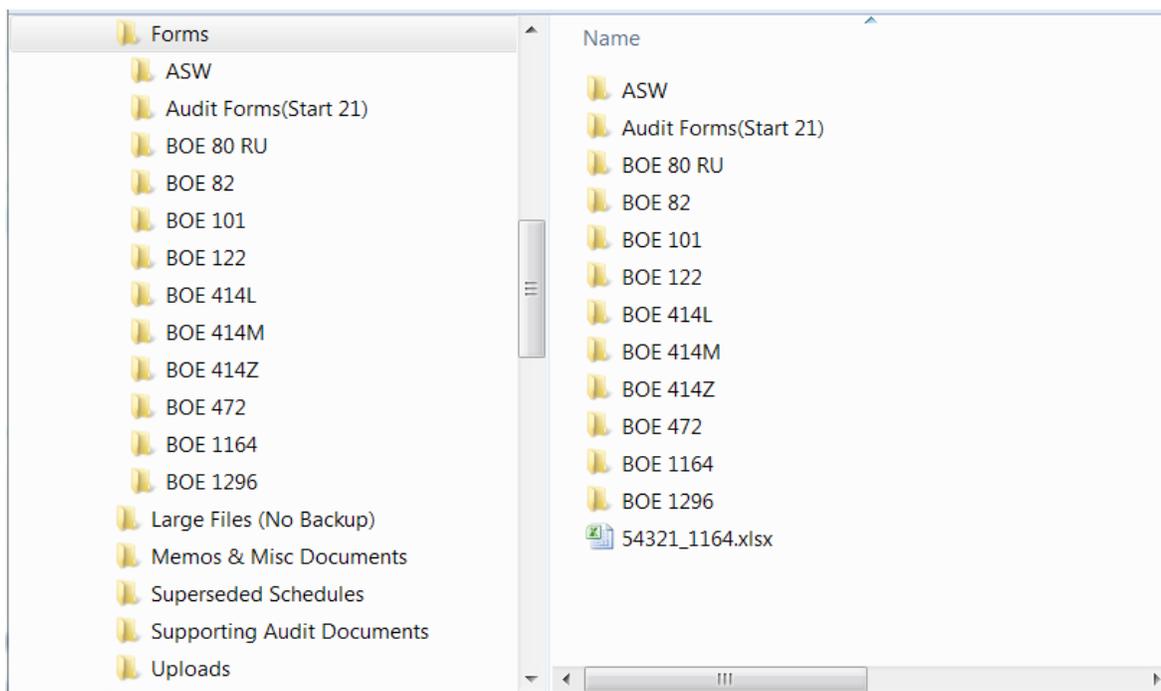
Following is a list of forms that should go in the *Forms* subfolder. Additional forms may be included:

<b>Form</b>	<b>Filename</b>
Audit Forms(Start21)	EA_54321_ABCO_Start 21.xlsm
Audit Plan	EA_54321_ABCO_Audit Plan.(xls or pdf)
BOE 80RU	EA_54321_ABCO_BOE 80RU.pdf
BOE 82	EA_54321_ABCO_BOE 82.pdf
BOE 101	EA_54321_ABCO_BOE 101_2011_05_15.pdf
BOE 122	EA_54321_ABCO_BOE 122_2011_07_31.pdf EA_54321_ABCO_BOE 122_2011_10_31.pdf
BOE 204	EA_54321_ABCO_BOE 204.pdf
BOE 392	EA_54321_ABCO_BOE 392.pdf
BOE 414Z	EA_54321_ABCO_BOE 414Z.pdf
BOE 472	EA_54321_ABCO_BOE 472_Fixed Assets.pdf
BOE 698	EA_54321_ABCO_BOE 698.pdf EA_54321_ABCO_IDR #1.docx EA_54321_ABCO_IDR #2.docx
BOE 699 AFPS	EA_54321_ABCO_BOE 699_001.pdf (If you have multiple 699's, identify in succession by number, such 001, 002, 003, etc.) EA_54321_ABCO_BOE 699A.pdf
BOE 1164	AP_13987654_54321_BOE 1164.pdf AP_13987654_Supportdoc1.pdf
BOE 1296	EA_54321_ABCO_BOE 1296.pdf
BOE 836A	EA_54321_ABCO_BOE 836A_2011_05_12.docx
20G3	EA_54321_ABCO_SCHEDULE 20G3.pdf
BOE 414-M*	EA_54321_ACBO_BOE 414M.pdf
BOE 414-L	EA_54321_ACBO_BOE 414L.xls

\* The downloaded 414M will remain in the audit working papers. A separate copy, either as an Excel file or PDF file, must be placed in the *Forms* folder.

## FORMS

(CONT.2) 0302.20

**Sample Forms Subfolder:****CORRESPONDENCE****0302.25**

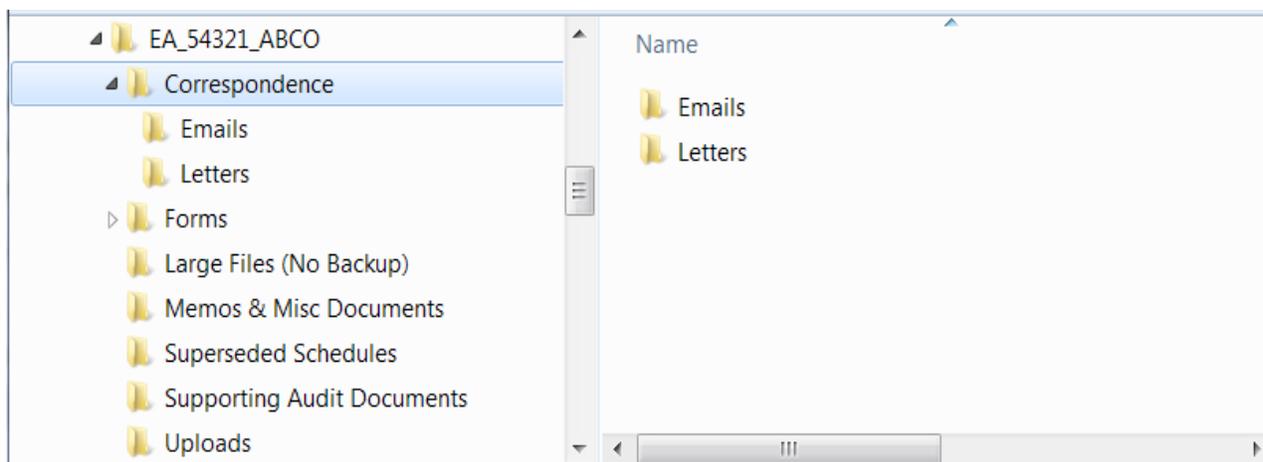
The *Correspondence* subfolder contains all correspondence pertaining to the audit that is not directly used in the determination of the audit results. Examples include:

- Audit engagement letters (80 series)
- Audit results letters (79 series)
- General taxpayer correspondence letters
- Emails saved as Outlook “.msg” files. Use naming convention “ District Code\_Case Number\_Taxpayer Name \_e-mail Date”

Following is a list of correspondence that should go in *Correspondence* subfolder. Additional correspondence may be included:

<b>Document</b>	<b>Filename</b>
BOE 80A	EA_54321_ABCO_BOE 80A.doc
BOE 80C	EA_54321_ABCO_BOE 80C.doc
Emails*	EA_54321_ ABCO_2011_04_13.msg

\* It is not necessary to save all emails pertaining to an audit. Auditors should use judgment on what emails are important enough to save to an audit folder. It is recommended to save important emails as opposed to copying and pasting the text into the 414-Z program.

**Sample Correspondence Subfolder:****LARGE FILES (NO BACKUP)****0302.30**

The *Large Files* subfolder should contain information used in the audit that does not need to be transmitted with the AWP's, such as taxpayer downloads, Computer Audit Specialist (CAS) files, etc.

Information stored in this folder cannot be backed up to the J:\ drive, nor should it be included in the completed digital audit case folder.

**SUPPORTING AUDIT DOCUMENTS****0302.35**

The *Supporting Audit Documents* subfolder contains all document files that support the audit findings, such as XYZ letters, invoices, contracts, resale certificates, etc.

Each file name should be descriptive of the area to which it pertains. If there are multiple files of the same type (i.e. XYZ letters), create a subfolder for them.

For example:

EA ABCO Subfolder Name: 12A\_XYZ Letters

File Name: EA\_ABCO\_XYZ\_Buyer 1

PDF file sizes should be kept as small as possible. There may be cases where there are too many scanned documents for one PDF file. In such cases, the auditor has the discretion to create multiple PDF files stored in a subfolder.

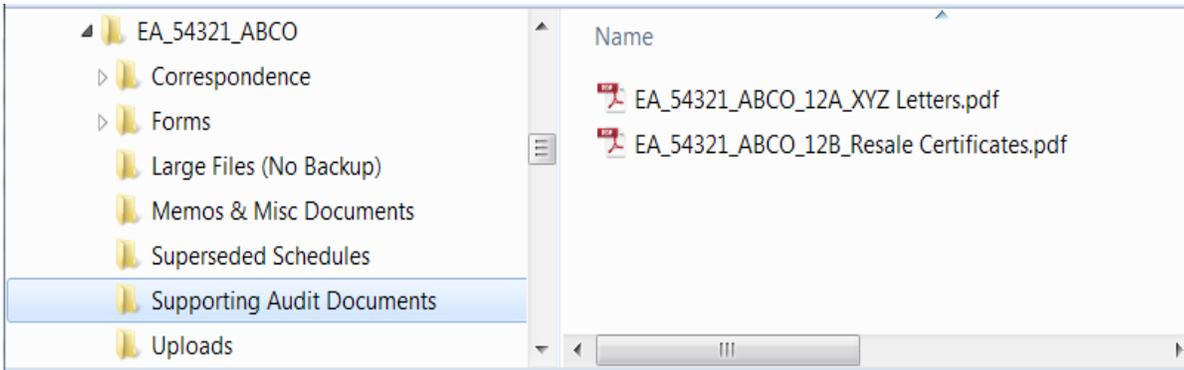
- Creating multiple PDF files makes it easier to hyperlink to specific documents.
- For example, an auditor has fifty XYZ letters to scan. The auditor has the discretion to create several smaller PDF files in lieu of one PDF file with fifty pages.
- When multiple PDF files are used, a subfolder must be created.

Statistical Sample information should be included in a subfolder in the *Supporting Audit Documents* subfolder. This generally includes pull sheets, Audit Command Language (ACL) reports, control figures, and other files the CAS provides the auditor. The statistical sample random number generator (if used by auditor) and evaluation should remain in the AWP's. Do not include the taxpayer's downloaded records in the digital audit.

**SUPPORTING AUDIT DOCUMENTS**

**(CONT.) 0302.35**

**Sample Supporting Audit Documents Subfolder:**



**UPLOADS**

**0302.40**

The *Uploads* folder contains the following files which are used to upload the audit information to IRIS:

- 54321\_e.upl
- 54321\_ewb.xls
- 54321\_e.txt

**SUPERSEDED SCHEDULES**

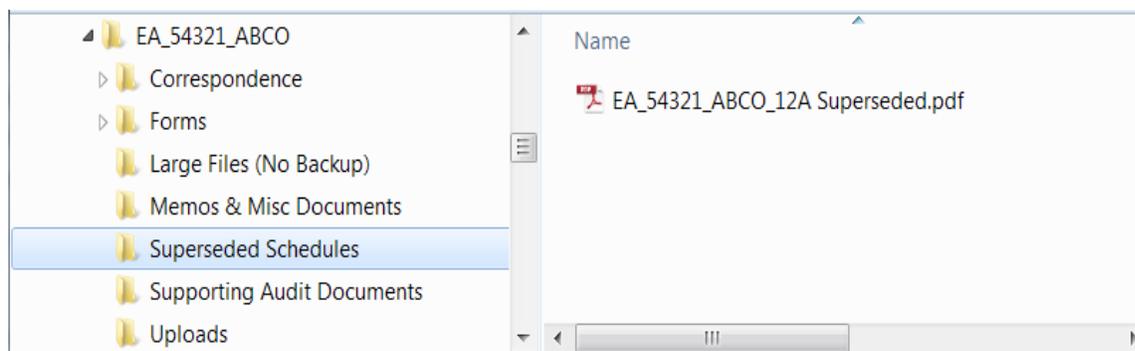
**0302.45**

When a schedule(s) is revised based on a formal or informal go-back, revised audit, or other recommendation, the auditor must first save the original schedule(s) **as a PDF** in the *Superseded Schedules* subfolder. This may be done by saving each schedule as an individual PDF file, or using the Print Entire Workbook feature in Excel to save the entire workbook as a PDF file. The auditor then makes the appropriate corrections on the current audit working papers Excel file.

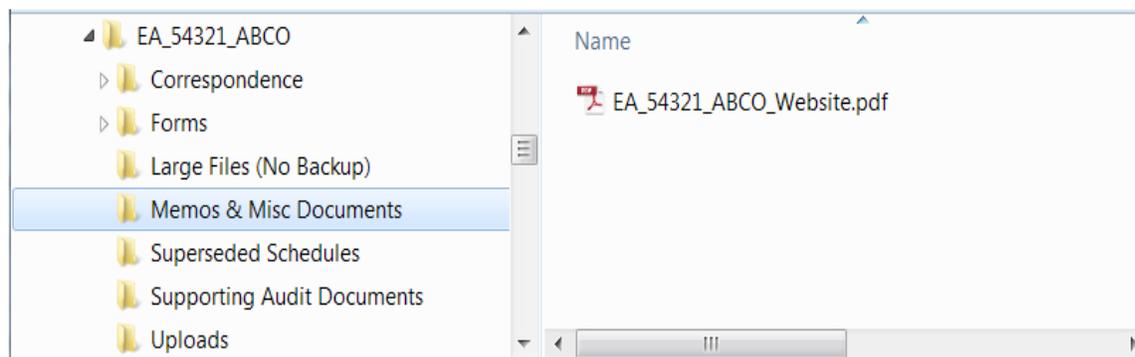
In the case of a Go-Back, the Go-Back Form, which is included as the first worksheet in the audit working papers file, will document all corrections by the auditor. Schedules requiring audit control to electronically verify the mathematical accuracy of the data using Excel are to be noted on the Go-Back Form. Auditors and supervisors do not need to sign the electronic go-back sheet. Typing in a name on the sheet and using the *Email Approval Chain* (see AM section 0219.06) will suffice in lieu of a wet signature.

The naming convention of the superseded schedule(s) is as follows:

Superseded Schedules	
Naming Format	District Code_CaseNumber_TaxpayerName_Schedule_Superseded
Example	EA_54321_ABCO_12A1_Superseded.pdf EA_54321_ABCO_12A_Superseded.pdf EA_54321_ABCO_12E_Superseded.pdf

**SUPERSEDED SCHEDULES****(CONT.) 0302.45****Sample Superseded Schedules Subfolder:****MEMOS AND MISCELLANEOUS DOCUMENTS****0302.50**

The *Memos* and *Misc Documents* subfolder contains all memos and miscellaneous files pertaining to the audit that are not directly used in the determination of the findings.

**Sample Memos and Miscellaneous Documents Subfolder:****AUDIT WORKING PAPER FILE****0302.55**

Each audit contains the audit-program generated working paper Excel file with the naming convention “*District Code\_Case Number\_Taxpayer\_WP.xls*.” This file is the only file **not** in a subfolder of the digital audit case folder.

There should only be **one** copy of the Excel audit working papers in the main audit case folder. If a second copy of the working papers is necessary, they should be in a subfolder such as Revised Audit. The only exception to this is in the case of large audits where the audit working papers do not fit into one Excel file. In this case, the two Excel working paper files must be clearly named and must not contain duplicate information.

The working paper file will have the following tab order:

- Index
- Verification Comments (embedded Word document)
- Local Tax Allocation, 414L, pg. 3
- Electronic 414M Transcripts (include all download detail including tax matrix schedule, unnecessary tabs can be hidden).
- Schedule Detail: 12A; 12A-1, 12A-2, 12B....12C, etc.
- The final tabs will contain the Linking Sheet and Juris Grid.

**WORKING PAPER TECHNIQUES****0303.00****STANDARDIZED AUDIT SCHEDULES****0303.08****BOE Audit Program**

The BOE Audit Program consists of a series of menus. Each menu covers a function of the audit program. The BOE Audit Program menus are located in the first tab of the Excel Ribbon which is called “BOE Auditing.” The “BOE Auditing” tab includes the BOE Auditing Program Menus which contain several toolbars as follows:

- WKS TB Menu: The “Worksheet and Workbook Toolbar” Menu provides worksheet and workbook level functions.
- TEMP TB Menu: The Template Toolbar Menu contains Excel templates which are commonly used in audits.
- DATA TB Menu: The Database Toolbar Menu works with Excel Lists (databases).
- IRIS TB Menu: The IRIS Toolbar Menu includes tools that either retrieve data from or ultimately assist in sending data to IRIS.
- RW TB Menu: The Reviewers Toolbar Menu contains reviewers’ templates.

The toolbars have several different worksheets available that can be inserted into an active workbook. The “Test of Exempt Sales” worksheet and the “Test of Paid Bills” worksheet have standard column headings that may be helpful in setting up these schedules. The BOE Auditing Program automates many of the routine tasks that need to be done in these worksheets. The automation programs are in a button group at the top of each of the two worksheets.

All of the predefined BOE templates come from the blank BOE template. Auditors should always use one of the predefined templates if it is applicable, rather than create their own worksheet. If one of the predefined templates does not address the audit task at hand, use the blank BOE Worksheet to create a custom audit worksheet.

If additional information is required, specific columns and appropriate headings can be added to the appropriate part of the schedule. Column headings are comments and a skillful use of words here is important in making the schedule understandable.

Include the following four main areas on all schedules and templates:

- 1) Schedule number, permit number, auditor name and date in the upper right hand corner.
- 2) Column references: “A” through “H” at the top of each regular template (if more space in each column is needed, then may be less than “H”), “A” through “S” for the exempt sales template and the paid bills template. Additional columns may be added as necessary.
- 3) Line numbers down the left-hand side of the schedule body.
- 4) A general referencing line (above the column headings) and a general reference column (left hand column).

Use the following standards when preparing audit schedules:

- 1) **Font.** Use either **Arial, Times New Roman, or Courier New.** The entire audit should be prepared using the same font. Minimum font size is 10.
- 2) **Schedule Orientation.** Prepare lead schedules in portrait orientation whenever possible. Prepare subsidiary schedules in either portrait or landscape orientation.

- 3) **Database Schedules.** When it is necessary to print database schedules (for example, schedules detailing tests of sales and purchases), they can be printed with grid lines and must be printed with bottom borderlines.
- 4.) **Line References.** All schedules must contain line numbers. Line numbers should not start with “1” on each successive page of the same schedule. In this manner, every line number will identify each scheduled item on which page it is located (e.g., page 1 numbered 1 thru 30, page 2 numbered 31 thru 60, page 3 numbered 61 thru 90, etc.).
- 5) **Schedule Titles.** All schedules should have titles that accurately describe the contents of the AWP.
- 6) **Page Totals.** Page totals are required for all schedules. Page totals appear at the bottom of each page or may be placed on a separate page via a pivot table. (A pivot table is a special kind of table that summarizes information from particular fields of a list or database.) A grand total is required for all schedules. Grand totals should match the summary by page total and the summary by quarter (or period) total.
- 7) **Hyperlinking.** Hyperlinking binds together all documents that make up the audit and is *mandatory* for all references from one schedule to another. Any references to supporting documentation must be hyperlinked to the appropriate file located in the *Supporting Audit Documents* subfolder. In order to hyperlink an item or line in the audit working papers to a scanned document, the scanned document must be saved in the “*Supporting Audit Documents*” subfolder.

All links in superseded schedules should be disabled before they are saved in the *Superseded Schedules* subfolder (saving the schedule as a PDF file will disable the hyperlinks). All hyperlinks should be tested prior to submitting the audit for review. The “*Check for Broken*” button in the Hyperlink tool bar may be used for this purpose.

When hyperlinking to scanned documents, you cannot link to a specific page within a PDF file. Therefore it may be more efficient to scan sets of documents into multiple PDFs for ease of referencing and hyperlinking.

- 8.) **Scanning Procedures.** A PDF file should be no more than 5 Megabytes (MB).
  - **NOTE:** Different scanners produce different file sizes for the same number of pages.

Documents should always be scanned using the grayscale setting. Do not use the *best* or *highest quality* setting when scanning. This dramatically increases the file size without any noticeable increase in quality. The *best* or *highest quality* setting should only be used in instances where the document is not legible when the average quality setting is used. In such cases, the number of documents in that PDF should be kept to a minimum.

Files that are printed directly to the “CutePDF Writer” from Windows applications such as Word or Excel are not as large as scanned PDF files. For example, an entire audit working paper workbook in Excel may only be 100KB. “Print to PDF” files can contain many more pages than “Scan to PDF” files.

**Scanning Tip:** If you have an electronic file (for example, an Excel file or Word document) you can save the document as a pdf by selecting file, print, and select “CutePDF Writer” as the printer option.

**SCHEDULE FOR EACH SUBJECT****0303.10**

Every subdivision of the audit working papers is assigned an index number, which is used in arranging the schedules when the audit is completed. *Prepare each schedule supporting a different category of sales or deductions, or self-consumed merchandise, on a separate worksheet. Unrelated data should not be put together on one schedule.* This is true even though only a few lines may be required to record the desired information. The cost of preparing separate schedules is insignificant when compared with time wasted in looking for data buried in a schedule relating to some other subject.

**DATA FURNISHED BY TAXPAYER****0303.15**

Taxpayers should be encouraged to furnish data, which may be on their own paper or on disk. The taxpayer-provided schedule should be identified as “prepared by taxpayer.” Such data should have proper headings inserted, be indexed, cross-referenced, and filed with the regular working papers. Unless unusual circumstances warrant, taxpayer-furnished material should not be manually copied but should be scanned and incorporated directly into the audit working papers.

**CREDIT ITEMS****0303.20**

Credit items, or items which are opposite in sign to other entries on a schedule, will be written with a minus (—) sign in front of the number. Decreases in taxable measure should be preceded by a minus sign (—) on all summary schedules.

**SCHEDULE HEADINGS****0303.25**

The name of the taxpayer should not appear on either subsidiary or summary schedules unless necessary for the identification of a retailer that does not have a seller’s permit. Insert the title of the schedule in a text box in the left hand corner of each schedule describing the type and source of information contained therein, such as Total Sales per General Ledger, Test of Sales for Resales, etc.

If the schedule refers to some definite period such as month, quarter, or year, this period will appear under the title of the schedule as shown in the following example:

Test of Sales for Resale per Invoices  
July, 20XX

All schedules will have a schedule number, account number, auditor name, and date in the upper right hand corner.

**COLUMN HEADINGS****0303.30**

Column headings should be descriptive. The reference line should indicate the source of data in that column, using <angle brackets> for data from other schedules e.g., <12A-1> and (parentheses) for arithmetic computations e.g., (A + B – C).

**TOTALS**

**0303.35**

Where a schedule lists two or more columns or classifications, vertical footings and cross-footings (horizontal) should be made and the grand totals balanced with each, but only if they are clearly of value in the audit. An example of footings and cross footings is illustrated in the following example:

Analysis of Sales

REF	<Per Sales Journal>				(A+B+C)
Period	Taxable	Resale	Freight	Total	
1 January, 20xx	\$500	\$400	\$100	\$1,000	
2 February, 20xx	600	500	200	1,300	
3 March, 20xx	700	500	300	1,500	
4 1Q-xx Total	<u>\$1,800</u>	<u>\$1,400</u>	<u>\$600</u>	<u>\$3,800</u>	

The total may be shown either on the right or left side, depending upon use to be made of the data and convenience in compiling. Underline the last line of data with a single black line, and the total will be underlined with a double black line. Grand totals are required if there are two or more pages in the schedule. Schedules with multiple pages may place page totals on a separate page via a pivot table.

To maintain the integrity of the database, the data will be scheduled without skipping a line.

**LAYOUT**

**0303.40**

The auditor should set up the most efficient mechanical arrangement possible before the compilation of data is started. This avoids transcribing figures from taxpayer books before the correct arrangement of a schedule has been decided upon, with the result that the worksheet must be adjusted or discarded when its defects have been disclosed. Time may be saved by setting up several proposed layouts with column headings, and inserting some sample entries before deciding on a final layout.

When there are insufficient columns for the proper horizontal spread, the months should be placed across the top and the classifications shown on lines, with blank lines left in the proper places for vertical expansion. In many cases when the columns on one sheet are not sufficient, the schedule must be broken into two sheets. If there is sufficient space on a schedule, lines should be skipped between subsections and totals. This sets the information out and makes it easier to read. Again, to maintain the integrity of the database and to facilitate the use of a pivot table, no lines should be skipped. The spreadsheet can always be expanded to include additional columns and/or rows.

**INDEXING - GENERAL**

**0303.45**

A standard system of indexing working papers is desirable. Although there are many indexing plans, a system based on line numbers shown on Form BOE-401-A2, *State, Local and District Sales and Use Tax Return* (return) has been adopted for indexing schedules of business tax audits.

Note: The majority of tax and fee payers file their returns electronically.

**INDEXING SUMMARY SCHEDULES**

Summary schedules bear the line numbers appearing opposite the corresponding items on the return. The following summary schedule indexing systems will be used for sales and use tax audits.

Schedule 12	Taxable Measure
Schedule 2	Purchases Subject to Use Tax
Schedule 15	Purchases Subject to Local Tax
Schedule 16	Taxable Measure – Local Tax
Schedule 20	RTC Section 6406 Credits
Schedule A8	Taxable Measure – District Tax (Name of District)
Schedule A8.1 to A8.x	To be used when adjustments are made to more than one district tax
Schedule G2	Sales Tax Paid to Distributors and Brokers (Gasoline Sellers)

Audit schedules are numbered as Schedule 12, which corresponds to the reported measure of tax on a return. However, self-consumed items and purchases subject to use tax should be identified separately in the analysis of differences on audit schedules and audit reports. This provides a clearer analysis of the proposed measure of tax on Form BOE-414-A. As an alternative, self-consumed items and purchases subject to use tax may be included on Schedule 2, and taxable sales differences on Schedule 12. Schedules in interdistrict cooperative audits will precede the schedule number with the identifying letters (e.g. AB, CH, FH) of the district preparing the schedule.

Schedule 16 will be prepared only when the state and local tax adjustments to reported amounts are different. Since such differences occur infrequently, it is anticipated that most audits will not require a Schedule 16.

Schedule A8 will be prepared only when the state and district tax adjustments to reported amounts are different. When adjustments to reported amounts are different for state and district taxes, a separate district tax summary schedule must be prepared for each district where audited differences are noted.

If only one district tax summary schedule is required, the schedule should be indexed as A8. If more than one district tax summary schedule is required, the schedules will be indexed as A8.1, A8.2, A8.3, etc., to include all district taxes for which summary schedules are required. The indexing system does not identify a particular A8 summary schedule to a district; therefore, the name of the district should be identified in the schedule heading.

Both Schedule 16 and Schedule A8 summarize all of the differences to the measure of tax and are the sources for the measure of tax on the system generated “Sales Tax Calculation Summary” in the electronic Report of Field Audit (414-E).

There shall be no deviation from this system of indexing.

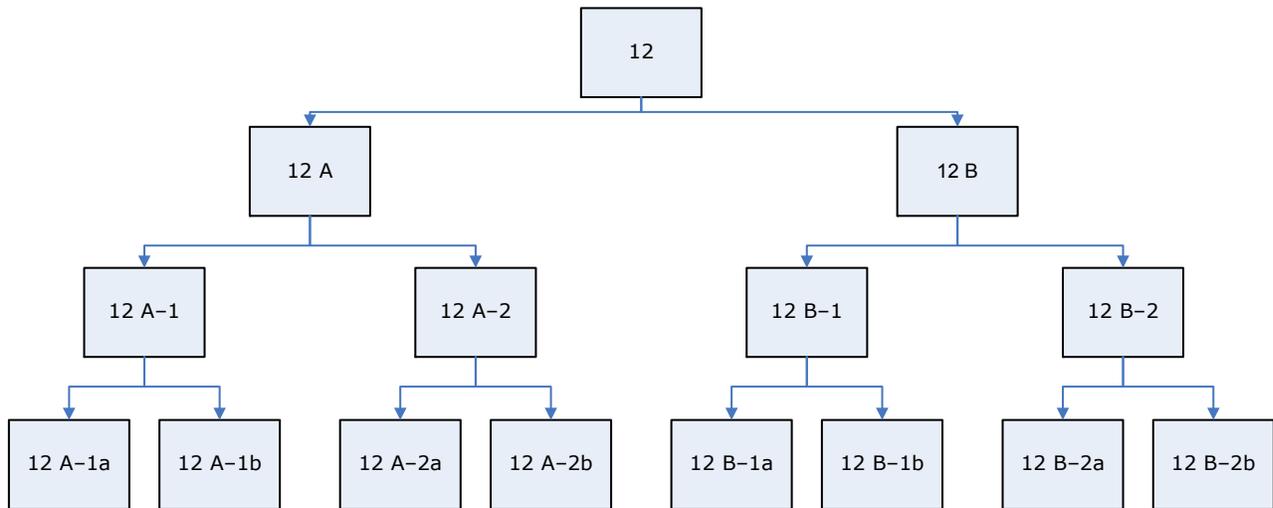
**INDEXING SUBSIDIARY SCHEDULES**

Subsidiary schedules which directly support summary schedules will bear the same capital letter followed by a dash and numeral, i.e. 12A-1, 12A-2, 12B-1, 12C-1, 12D-1, etc. Subsidiary schedules supporting other subsidiary schedules will bear the same capital letters followed by a dash and the same numerals followed by adding small letters, i.e., 12A-1a, 12A-1b, 12A-2a, 12B-1a. An example of the complete indexing system is as follows:

- Schedule 12 (Lead Schedule, Taxable Measure Understated/Overstated)
- Schedule 12A (Summary Schedule of First Tax Difference)
- Schedule 12A-1 (Subsidiary Schedule for First Tax Difference)
- Schedule 12A-1a (Subsidiary for Subsidiary Schedule for First Tax Difference)
- Schedule 12B (Summary Schedule of Second Tax Difference)

Thus, the schedules should be laid out as indicated by the following chart:

**Layout and Assembly of Schedules**



It is not good practice to subdivide subsidiary schedules too finely. Often page numbers may be used to designate subdivisions; for example, if a number of pages are used to accumulate data which are summarized on the first sheet, the whole series should be assigned the same index number with pages numbered from 1 up, as follows:

- Schedule 12A Page 1 of 3 June 20X1 (Questioned Sales for Resale)
- Schedule 12A Page 2 of 3 Oct. 20X2 (Questioned Sales for Resale)
- Schedule 12A Page 3 of 3 Page Total Summary (Questioned Sales for Resale)

When indexed in this manner, the schedule should be cross-referenced as 12A-pg. 1, not 12A-1, which refers to a subsidiary schedule supporting Schedule 12A.

If there is only one page to a subsidiary schedule, the “Page” does not require numbering, but if more than one exists, the pages should be numbered from 1 up, as follows: 1 of 6, 2 of 6, 3 of 6, etc.

**INDEXING MEMO AND SUPERSEDED SCHEDULES****0303.60**

Memo schedules will be marked “Memo” opposite the caption “Schedule,” and should be numbered beginning with 1. Superseded schedules will be placed in the *Superseded Schedules* subfolder (see AM section 0302.45 for procedures).

**CROSS-REFERENCING****0303.65**

Cross-referencing is necessary to facilitate tracing figures back to the underlying schedules and to aid in tracing subsidiary schedules forward to the summaries. It greatly assists the reviewing auditors and hearing officers and should be used in small audits as well.

Examples of the method by which cross and source references are to be made are shown on the schedules in the various exhibits.

**INDEX TO WORKING PAPERS****0303.70**

An audit report contains an index that is prepared on Form BOE-495, *Index to Audit Working Papers*, whenever five or more lead and subsidiary schedules are prepared for an audit. The BOE Auditing Tab, TEMP TB Menu has an Audit Index template that inserts a hyperlinked index into your BOE audit workbook. The index is used to list and navigate to all the worksheets contained in the active BOE audit workbook and includes all items (tabs) in the workbook. The index does not need to have the number of pages per schedule, however, mark an “X” on the schedules provided to the taxpayer. See Exhibit 1.

**ARRANGEMENT****0303.75**

All subsidiary schedules follow the pertinent schedules to which they relate. Include other documents, such as letters, superseded schedules and exhibits of general nature, in the proper audit subfolder (see AM section 0302.00). Audit working papers should not reference memo schedules. A schedule or exhibit important enough to be referred to in the audit working papers should be included in the *Supporting Audit Documents* subfolder, (e.g., XYZ letters, resale certificates).

**CONTENT OF WORKING PAPERS****0304.00****BASIC DATA****0304.05**

The basic data to be shown on subsidiary schedules should be carefully considered. Figures and other data should not be copied from a taxpayer's records without thought given to their significance or ultimate use. On the other hand, all data which could be used in the section under consideration, as well as in other sections of the audit, should be recorded while the documents are being examined so that there will be no need for pulling them again. Thus, names, dates, invoice numbers, descriptions of items, points of origin, shipping data, district, and accounts charged should be recorded if any possible use is foreseen. In many cases, certain reference data is required by the taxpayer in examining the schedules for correctness. If such information is not on the schedule, much time is lost while the taxpayer secures the desired documents and makes the examination.

**SUMMARY OR LEAD SCHEDULES****0304.10**

Summary (Lead) schedules represent the final audited and reported figures, differences and analysis of differences. They are prepared for each main section of the audit where there is a difference between the audited and reported amounts.

**SUBSIDIARY SCHEDULES****0304.15**

Subsidiary schedules support summary or other subsidiary schedules. The information shown on this schedule is an analysis of the data shown in total, or by quarters, on the summaries. It usually consists of compilations by months to compute quarterly totals, compilations by days, items, or other classifications to determine monthly totals, or data to support calculations of percentages. The basis for computing audited figures are recorded on these schedules, e.g., monthly totals from the sales account, individual sales from the cash receipts book, list of individual sales from sales invoices used for test checks, lists of individual purchases from purchase invoices used for computing use tax liability. In a sense, subsidiary schedules are the most important worksheets of the audit since all essential detailed information is compiled thereon. The data should be so complete that an auditor who did not assist in compiling it could, nevertheless, interpret the results, make the required calculations, or prepare summary schedules.

**COMMENTS ON SUBSIDIARY SCHEDULES****0304.18**

Subsidiary schedules should have brief comments noted in a text box, unless the information is self-evident from columnar headings or is covered in the comments columns or by other notations. *Subsidiary schedule comments should not be the same as comments on the summary schedules.* It is important for the auditor to remember that overall verification comments are for the summary schedules and specific verification comments are for the subsidiary schedules. *The information contained on these subsidiary schedules should show:*

- Source of data and a brief description of its nature.
- Extent of verification – specific verification procedures performed.
- Basis of estimating where estimates are used.
- Method of calculating percentages.
- Explanation of differences between reported and audited figures if not shown on comments column.
- Any other comments pertinent to the method of reasoning used to determine the facts and figures shown on the schedule.

**MEMO OF TIME OF AUDITORS****0304.25**

When more than one auditor is engaged on an audit, which requires considerable time to complete, the lead auditor may prepare a memo schedule to which they should post daily time. The names of the auditors should be shown in the column headings, and dates in the extreme left-hand column. This record would be maintained in the *Memos & Misc. Documents* subfolder and must agree with the time reported on Form BOE-609-A, *Auditors Time Report*, Form BOE-610, *Auditors Monthly Report*, Form BOE-666, *Employees Summary Time Report*, and on the reverse side of Form BOE-414-A, *Report of Field Audit*. In lieu of preparing the memo schedule, the lead auditor can have the team members use the BOE 414-Z program to record their daily hours.

**MEMO OF WORK TO BE DONE WHEN THE AUDIT IS DEFERRED****0304.30**

It is sometimes necessary to defer a partially completed audit to allow the taxpayer time to secure additional information. In such cases, a memo or email should be prepared outlining the work to be done by the taxpayer, and the approximate date of the auditor's return to the job. The taxpayer should be given a copy of the memo or sent the email. Notes regarding the work completed and the work remaining to be done should be maintained on the auditor's copy of the memo which will be placed in the *Memos & Misc Documents* subfolder for future reference when the auditor returns to the job. Whenever completion of an audit is deferred to accommodate a taxpayer, the auditor may need to secure a Form BOE-122, *Waiver of Limitation*, unless it is certain that failure to do so will not in any way jeopardize the interests of the State. (See AM section 0215.15 for guidance on when to request a waiver.)

**VERIFICATION COMMENTS****0305.00****COMMENTS ON SUMMARY SCHEDULES****0305.05**

*General verification comments are to be written on summary schedules. Specific comments on detailed verification should be made on subsidiary schedules. (See AM Section 0305.18.) The comments should be clear, specific, and concise. They should be written in an orderly manner stating simply the nature of the transactions, the records examined, the taxpayer's method of reporting, the audit approach, and the result, or audit findings. An example of the captions that should be used in all audits is illustrated below in Sections 0305.10 to 0305.20.*

**TYPES OF TRANSACTIONS****0305.10**

Under this heading, the auditor very briefly gives a description of the taxpayer's business and the types of transactions encountered in the audit. Example: Assuming the audit is of a furniture manufacturer, the Total Sales Summary schedule comment might read:

“The taxpayer is a manufacturer, repairer, and reconditioner of furniture. Also, the taxpayer manufactures custom furniture made from resale inventory as well as customer supplied material.”

**SOURCE OF DATA****0305.15**

Under this heading, the auditor indicates the documents and records that were available for examination and the period for which the documents and records exist. In the case of the furniture manufacturer this comment might read:

“Source data consisted of customer purchase orders, sales invoices, sales journals, monthly profit and loss statements, and general ledger. All records were complete and available for the entire audit period. Franchise Tax Returns were available for calendar years 1998, 1999, and 2000.”

This heading would need to be modified if the taxpayer did not provide any records during the audit period.

**REPORTING METHOD****0305.17**

Under this heading, the auditor provides a brief description as to how the taxpayer reports his/her sales as well as purchases subject to use tax on the sales tax return. The comment should indicate whether the taxpayer nets any sales and if sales tax is included in reported total sales (Line 1 of return). Assuming the same furniture manufacturer, this comment might read:

“The taxpayer reports total sales ex-tax on line one and claims sales for resale and repair labor on lines four and six respectively. Recorded sales tax is reconciled to sales tax paid and the reconciliation work sheet is attached to the tax return. The taxpayer did not report any purchases subject to use tax.”

This heading may be omitted if the taxpayer did not report to the Board since this would be obvious from other information.

**| VERIFICATION AND FINDINGS****0305.20**

Under this heading, the auditor briefly summarizes the verification performed and explains what was found and why it is considered to be either taxable or not taxable. The subheadings under this section should be relevant to the items examined and noted in the audit (Tax Accrual Reconciliation, Total Sales, Purchases Subject to Use Tax, etc.) The auditor will need to modify the subheadings in this section to areas examined in their audit.

Comments should be meaningful and necessary. For example, the statement “Findings” — None is unnecessary and should be avoided. If it is obvious from the schedule that there are no differences, this heading should be omitted.

Under the Total Sales summary of the furniture manufacturing company, this comment might read:

“Sales invoices were traced to the sales journal for the period January 1997, and August 1998, and the sales journal footings were traced to general ledger for the audit period. Reported total sales were reconciled to total sales per the general ledger and Franchise Tax Returns for years 1998, 1999, and 2000. No errors or differences were noted. Total reported sales were accepted by the auditor.”

Under the Sales for Resale summary schedule, the following Verification and Findings comment might read:

“Recorded sales for resale per the sales journal were reconciled to claimed resales for the audit period. No differences were noted. Recorded sales for resale for December 19XX were tested. December 19XX was selected based on a conversation with the taxpayer who indicated this period accurately represented sales for resale for the audit period. All sales for resale invoices for December 19XX were examined and traced to available resale certificates. The resale certificates were verified as taken in good faith, bearing valid sellers’ permit numbers, and signed by purchasers in the business of selling furniture. 20% of December 19XX recorded sales for resale were not supported by resale certificates or valid XYZ responses. The 20% rate of error was applied to claimed resales for the audit period. See Sch. <12J-1> for additional information.”

**MISCELLANEOUS COMMENTS AND NOTES** **0306.00****NO RECORD CASES** **0306.05**

In cases where records are incomplete or non-existent, it will be necessary to estimate the tax liability based upon the most reliable information the auditor can obtain. *In these instances, the comments should be very complete and should indicate clearly the method used in estimating the tax liability, why a particular method was used in preference to some other, and any additional factors tending to confirm the correctness of the auditor's estimate of the tax liability.*

**FLUCTUATION IN SALES OR DEDUCTIONS** **0306.10**

Verification comments should always include an explanation of abrupt fluctuations in sales, markups, or in any of the deductions claimed by a taxpayer.

**PURCHASES SUBJECT TO USE TAX** **0306.15**

Comments under this caption should indicate whether purchases subject to use tax were properly reported.

*Comments should always show the general location of the supplier's business.* The comments should be particularly clear and complete in those instances where the purchases subject to use tax were made from a California retailer. Any major purchases reported should be fully described on the subsidiary schedule where such purchases are listed. (Section 0401.20 and 0408.22).

**PURCHASES SUBJECT TO SECTION 6406 CREDIT** **0306.17**

Section 0208.15 defined Section 6406 Credit and noted how headquarters records this credit on Form BOE-414. (Section 0419.20 for further information.)

Comments under this caption should indicate if the credit was properly claimed. Differences noted in the audit should be explained.

**SALES TAX INCLUDED IN GROSS SALES** **0306.20**

Whether a retailer may add sales tax reimbursement to the sales price of the tangible personal property sold at retail to a purchaser depends solely upon the terms of the agreement of sale. Certain presumptions concerning the addition or inclusion of sales tax reimbursement are created by Civil Code Section 1656.1. See Regulation 1700(a)(1)&(2).

**PREPAYMENT OF SALES TAX ON MOTOR VEHICLE FUEL (MVF)** **0306.22**

A portion of the sales tax, which is ultimately due on the retail sale of MVF, is prepaid at the time of the first taxable distribution of MVF in this state. These prepayments into the "SG" fund are separate from the sales and use tax program and must be verified as part of routine audits of MVF sellers.

**OVERPAYMENTS** **0306.25**

For reasons indicated in Chapter 2, verification comments should be particularly complete in audits recommending refunds. (See Section 0216.03.)

**TAX ERRORS ON RETURNS** **0306.30**

Any material unexplained differences between the total tax on Form BOE-414 and the tax paid by the taxpayer should be commented upon fully by the auditor under the appropriate caption on the back of Form BOE-414-A. Comments should indicate why the differences cannot be explained and their probable nature.

**NOTES****0306.35**

Notes, as distinguished from the verification comments, should give the detail of all significant differences affecting taxable sales as well as the reason for the differences. If, for example, certain sales for resales were disallowed, the note on this subject should not only indicate that fact, but also the reason for disallowance. Wherever possible, these notes should appear on the same line on the schedule as the item, which is being explained.

**SPECIAL EXPLANATION****0306.40**

It may be necessary to make comments or explanations on the summary or subsidiary schedules, which are of a kind other than those previously indicated. This type of comment should be made under a heading, which describes the subject matter as precisely as possible.

For example, rental transactions may affect several items on the tax return such as total sales, purchases subject to use tax, or some other deduction. In commenting on rentals, it will often be simpler to discuss all phases of the transactions under the single heading "Rentals" rather than to discuss it in part under a number of separate headings.

**DATING ENTRIES IN AUDIT REPORTS AND WORKING PAPERS****0306.50**

*A uniform method of dating entries is to be used in both computer generated and hand written audit reports and working papers. Dating entries are as follows:*

- (a) Specific dates are to be entered as: 1/1/1999, 2/19/1999, etc.*
- (b) Specific months are to be entered as: May 1999, July 1999, etc.*
- (c) Specific quarters are to be entered as: 1Q-99, 2Q-99, etc.*
- (d) Specific years are to be entered as: YR98, YR99, etc.*
- (e) Specific fiscal years are to be entered as: FY97/98, FY98/99, etc.*

**SAMPLE WORKING PAPERS****0306.60**

An example of audit working papers is a part of this chapter. Features, which should be noted, are indexing and cross-referencing, cross-footings, format, and comments on the schedules. They should be carefully studied as an illustration of the type of working papers desired to support tax audits.

It is impractical to illustrate all of the numerous variations of working papers that may be used to record and summarize data secured during the course of an audit. The illustrations in this chapter are samples only. There are two general types of working papers illustrated, summary schedules and subsidiary schedules. Summary schedules always present certain basic information, usually by quarters; i.e., period, amount per audit, amount reported, difference, and analysis of difference. Subsidiary schedules are arranged to present the desired information in a form to fit into the summary schedule which they support.

## Table of Exhibits

Index to Audit Working Papers .....	Exhibit 1
Taxable Measure Analysis .....	[12] Exhibit 2
Disallowed Claimed Resales .....	[12A] Exhibit 3
Percentage of Error - Claimed Resales.....	[12A-1] Exhibit 4
Test of Claimed Sales for Resale .....	[12A-2] Exhibit 5
Statistical Sample - Sales for Resale Stratum and Sample Information Worksheet	[12A-3] Exhibit 6
Disallowed Labor Exemption (Actual Examination).....	[12B] Exhibit 7
Disallowed Labor Exemption (Claimed District Measure) .....	[12B-1] Exhibit 8
Test of Claimed Labor Exemption.....	[12B-2] Exhibit 9
Out of State Purchases Subject To Use Tax - Paid Bills.....	[12C] Exhibit 10
Out of State Purchases Subject To Use Tax Paid Bills - District Measure.....	[12C-1] Exhibit 11
Test of Out of State Purchases Subject To Use Tax - Paid Bills .....	[12C-2] Exhibit 12
Transfers From Ex-Tax Inventory For Own Use - Actual .....	[12D] Exhibit 13
Unreported Sales To Employees Actual Basis .....	[12E] Exhibit 14
Unreported Sale of Capital Asset Actual Basis.....	[12F] Exhibit 15
Tax Accrual Reconciliation.....	[12G] Exhibit 16
Markup Analysis .....	[12H] Exhibit 17
Federal Income Tax Returns .....	[12I] Exhibit 18
Taxable Measure Understated - NCFP.....	[A8.1] Exhibit 19
Taxable Measure Understated - OCTA.....	[A8.2] Exhibit 20
Digital Audit File Locations .....	Exhibit 21

INDEX TO AUDIT WORKING PAPERS

EXHIBIT 1

INDEX TO AUDIT WORKING PAPERS

State of California  
Board of Equalization

Auditor C Williams Date 3/6/2014  
 Permittee NS Technology Account Number: SY EA 108-123456  
 UPDATE INFORMATION

SCHEDULE NUMBER	WORKSHEET NAME	TITLE OF SCHEDULE	PAGES		(X) If Copy To T.P.
			FROM	TO	
SCHEDULE 12	<a href="#">Verification Comments</a>	Taxable Measure Understated			X
414M	<a href="#">414M</a>	BOE-414-M Sales and Use Tax			X
414M - 1	<a href="#">414M-1</a>	BOE-414-M Schedule of Deductions			X
414M - 2	<a href="#">414M-2</a>	BOE-414-M STJ Schedules			X
SCHEDULE 12A	<a href="#">12A</a>	DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING			X
SCHEDULE 12A-1	<a href="#">12A-1</a>	PERCENTAGE OF ERROR - CLAIMED RESALES			X
SCHEDULE 12A-2	<a href="#">12A-2</a>	TEST OF CLAIMED SALES FOR RESALE Statistical Sample ES Stratum and Sample Information worksheet			X
SCHEDULE 12A-3 Page 1	<a href="#">12A-3 PG 1</a>	Sales for Resale Evaluation of Sample Results Sample ES Stratum 1			X
SCHEDULE 12A-3 Page 2	<a href="#">12A-3 PG 2</a>	Sales for Resale Evaluation Of Stratified Random Sample			X
SCHEDULE 12A-3 Page 3	<a href="#">12A-3 PG 3</a>	Sales for Resale DISALLOWED LABOR EXEMPTION CLAIMED BASED ON ACTUAL EXAMINATION			X
SCHEDULE 12B	<a href="#">12B</a>	DISALLOWED LABOR EXEMPTION Claimed - DISTRICT MEASURE			X
SCHEDULE 12B-1	<a href="#">12B-1</a>	TEST OF CLAIMED LABOR EXEMPTION			X
SCHEDULE 12B-2	<a href="#">12B-2</a>	OUT OF STATE PURCHASES SUBJECT TO USE TAX - PAID BILLS			X
SCHEDULE 12C	<a href="#">12C</a>	OUT OF STATE PURCHASES SUBJECT TO USE TAX - PAID BILLS (DISTRICT MEASURE)			X
SCHEDULE 12C-1	<a href="#">12C-1</a>	OUT OF STATE PURCHASES SUBJECT TO USE TAX - PAID BILLS			X
SCHEDULE 12C-2	<a href="#">12C-2</a>	TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION			X
SCHEDULE 12D	<a href="#">12D</a>	UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION			X
SCHEDULE 12E	<a href="#">12E</a>	UNREPORTED SALE OF CAPITAL ASSET BASED ON ACTUAL EXAMINATION			X
SCHEDULE 12F	<a href="#">12F</a>	TAX ACCRUAL RECONCILIATION			X
SCHEDULE 12G	<a href="#">12G</a>	MARKUP CALCULATION			X
SCHEDULE 12H	<a href="#">12H</a>	FEDERAL INCOME TAX RETURNS			X
SCHEDULE 12I	<a href="#">12I</a>	SOLE PROPRIETORSHIP			X
SCHEDULE	<a href="#">Juris Grid</a>	IRIS LINKING WORKSHEET SETUP			
SCHEDULE	<a href="#">Link sht</a>	IRISTAXABLE MEASURE SETUP			

TAXABLE MEASURE ANALYSIS

TAXABLE MEASURE UNDERSTATED - SLCST		Case Id: 987654	Account Number: 108123456	12	Load STJ Errors					
		Schedule Type: S	C. Williams	SY EA 108-123456	Create Export Workbook					
		Juris Code: SLCST	01/13/14							
A	B	C	D	E	F	G	H	I	J	
ITEM CODE	SLCST			1	2	3	4	5	6	
NC CODE	0.0725			0403	0601	0201	0202	0104	1602	
REF	< 414-M >	(B+D)	(E..J)	<12.A>	<12.B>	<12.C>	<12.D>	<12.E>	<12.F>	
REF	Period	REPORTED TAXABLE MEASURE	AUDITED TAXABLE MEASURE	TOTAL TAXABLE DIFFERENCE	DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING	DISALLOWED CLAIMED LABOR EXEMPTION BASED ON ACTUAL EXAMINATION	UNREPORTED EX-TAX PURCHASES OF SUPPLIES BASED ON ACTUAL EXAMINATION	TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION	UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION	UNREPORTED SALE OF CAPITAL ASSET BASED ON ACTUAL EXAMINATION
1	1Q-11	45,618	48,928	3,310	2,676	410	108	116		
2	2Q-11	87,104	91,482	4,378	3,824	74	92	98		
3	3Q-11	70,765	75,174	4,409	3,866	26	245	111		
4	4Q-11	89,261	94,962	5,701	5,472		150	25		
5	1Q-12	93,008	97,665	4,657	4,341		109	78		
6	2Q-12	98,970	104,100	5,130	4,842		168	120		
7	3Q-12	89,807	94,411	4,604	4,124		84	137		
8	4Q-12	83,790	89,036	5,246	4,610	478	43	115		
9	1Q-13	94,348	98,315	3,967	3,456		156	155		
10	2Q-13	86,414	91,171	4,757	4,380		98	30		
11	3Q-13	80,261	85,931	5,670	5,094	254	229	71		
12	4Q-13	90,447	96,641	6,194	4,419	18	95	44	1,600	
Total:		1,009,793	1,067,816	58,023	51,104	1,260	1,417	1,100	1,600	

TAXABLE MEASURE ANALYSIS

TAXABLE MEASURE UNDERSTATED - SCHL		Case Id: 987654										
Account Number: 108123456		12.1										
Schedule Type: S		SYEA 108-123456										
Juris Code: SCHL		C Williams										
		01/13/14										
A	B	C	D	E	F	G	H	I	J			
ITEM CODE	SCHL											
NC CODE	0.0025			1	2	3	4	5	6			
REF	< 414-M >	(B+D)	(E..J)	0403	0601	0201	0202	0104	1602			
				< 12 A >	< 12 B >	< 12 C >	< 12 D >	< 12 E >	< 12 A >			
REF	Period	REPORTED TAXABLE MEASURE	AUDITED TAXABLE MEASURE	TOTAL TAXABLE DIFFERENCE	DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING	DISALLOWED LABOR EXEMPTION BASED ON ACTUAL EXAMINATION	UNREPORTED EX-TAX PURCHASES OF SUPPLIES BASED ON ACTUAL EXAMINATION	TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION	UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION	UNREPORTED SALE OF CAPITAL ASSET BASED ON ACTUAL EXAMINATION		
1	1Q-11	0	0	0								
2	2Q-11	0	0	0								
3	3Q-11	0	0	0								
4	4Q-11	0	0	0								
5	1Q-12	0	0	0								
6	2Q-12	0	0	0								
7	3Q-12	0	0	0								
8	4Q-12	0	0	0								
9	1Q-13	94,348	98,315	3,967	3,456	0	200	156	155	0		
10	2Q-13	86,414	91,171	4,757	4,380	0	249	98	30	0		
11	3Q-13	80,261	85,931	5,670	5,094	254	22	229	71	0		
12	4Q-13	90,447	96,641	6,194	4,419	18	18	95	44	1,600		
Total:		351,470	372,058	20,588	17,349	272	489	578	300	1,600		

## Verification Comments

Schedule: 12 Page 3 of 5  
Account: SY EA 108-123456  
Auditor: C Williams  
Date: 04/15/2014

### VERIFICATION OF AUDITED AMOUNTS AND FINDINGS

#### TYPES OF TRANSACTIONS

The taxpayer is a retailer of electrical supplies with two locations: Napa and Anaheim. Most sales are taxable sales to construction contractors. Other sales consist of resales to hardware retailers, interstate commerce sales to out-of-state retailers, and a small number of sales to employees. The taxpayer makes sales at their two retail locations and also makes sales that are shipped via common carrier.

#### SOURCES OF DATA

General ledger, general journal, supporting journals, sales tax returns, paid bills, sales invoices, and customer P.O.'s for the audit period. Resale cards, shipping documents, and other related documentation were also available.

#### REPORTING METHOD

The taxpayer maintains a double entry set of books and records with source documents. Sales are recorded and reported on an accrual basis. The taxpayer prepares Sales and Use Tax returns based on quarterly sales reports from their accounting software called Fast Ledger. Taxable measure is determined by deducting exemptions from total sales. Sales made at their Napa and Anaheim locations or shipped to Napa and Orange county are taxed at the respective county rate. Sales shipped to other districts are taxed at the state rate as the taxpayer is not engaged in business in any other district.

#### TOTAL SALES

Reported total sales were reconciled with the federal income tax returns filed during the audit period. See schedule <12I> for details. No material differences were disclosed and no unreported sales were indicated.

Sales invoices were traced into the sales journals for two complete recording cycles: July 2011 and January 2013. No errors were noted; therefore no further examination was performed.

Sales journal totals were traced to the general ledger for the audit period. No errors were noted.

## Verification Comments

Schedule: 12 Page 4 of 5  
Account: SY EA 108-123456  
Auditor: C Williams  
Date: 04/15/2014

### SALES/USE TAX ACCRUAL ACCOUNT

Recorded tax collected was reconciled to reported tax paid. See schedule <12G> for details. No material differences were disclosed. Sales invoices were traced to the sales journal on a spot checked basis, and it was noted that the taxpayer collected the proper tax rate.

### MARK UP ANALYSIS

A mark-up analysis on taxable sales was performed. See schedule <12G> for details. The markup appears reasonable for this type of business. No further investigation is required.

### FIXTURES AND EQUIPMENT

The auditor examined the fixed asset accounts for the audit period. One unreported sale of a forklift was disclosed. See <12F> for detail of differences and additional comments.

### SALES TO EMPLOYEES

The taxpayer failed to report sales of resale inventory to employees. These sales were transcribed from the cash receipts journal for the audit period. See <12E> for detail of differences and additional comments.

### RESALES

The auditor performed a statistical sample on claimed sales for resale. Resales were traced to resale certificates on file and questioned items were scheduled. See <12A> for detail of differences and additional comments. Questioned items were further investigated by tracing them to purchase orders or by sending out XYZ letters. A percentage of disallowed resales was calculated and applied to total recorded resales. No additional errors in recorded resales were indicated.

### LABOR

Labor sales were relatively few in number, so the auditor examined them on an actual basis. Disallowed labor sales consisted of fabrication labor claimed as repair labor and total repair invoices, including materials and tax reimbursement, claimed as repair labor. See <12B> for detail of differences and additional comments. No other errors in claimed labor sales were indicated.

## Verification Comments

Schedule: 12 Page 5 of 5  
Account: SY EA 108-123456  
Auditor: C Williams  
Date: 04/15/2014

### INTERSTATE COMMERCE

Interstate commerce sales were few in number and were examined on an actual basis. No errors were noted.

### U.S. GOVERNMENT

The taxpayer included sales to the U.S. Government in sales for resale. The auditor examined these sales when performing the test of resales. Sales were supported by valid U.S. Government purchase orders. No errors were noted.

### FIXED ASSETS

The auditor examined fixed asset purchases for the audit period. No ex-tax purchases of fixed assets occurred during the audit period.

### PAID BILLS

The auditor examined paid bills for the audit period and scheduled all ex-tax supply purchases. See <12C> for detail of differences and additional comments.

### SELF-CONSUMED MERCHANDISE

The taxpayer self-consumed some of the ex-tax inventory. Self-consumed amounts were transcribed from the general ledger for the audit period. See <12D> for detail of differences and additional comments.

### BAD DEBTS

The taxpayer did not claim any bad debts during the audit period. The auditor noted a bad debt deduction taken on the FITR. The auditor traced the amounts claimed to the account receivable journal and noted they were for resale transactions. No additional adjustment is warranted.

DISALLOWED CLAIMED RESALES

[12A] EXHIBIT 3

DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING		SCHEDULE 12A SY EA 108-123456 C Williams 04/15/14									
REF	R/C	A	B	C	D	E	F	G	H	I	J
			<a href="#">&lt;414M&gt;</a>	<a href="#">&lt;12A-1&gt;</a>	(BxD)		<a href="#">&lt;12A-1&gt;</a>	(BxF)		<a href="#">&lt;12A-1&gt;</a>	(BxI)
		Period	Claimed Resales	Percentage of Error (SLCST)	Disallowed Resales - Statistical Sampling	Percentage of Error (NCFP)	Percentage of Error (NCFP)	Disallowed Resales - Statistical Sampling (NCFP)	Percentage of Error (OCTA)	Percentage of Error (OCTA)	Disallowed Resales - Statistical Sampling (OCTA)
1		1Q-11	71,230	3.757%	2,676	0.945%	0.945%	673	1.925%	1.925%	1,371
2		2Q-11	101,780	3.757%	3,824	0.945%	0.945%	962	1.925%	1.925%	1,959
3		3Q-11	102,902	3.757%	3,866	0.945%	0.945%	972	1.925%	1.925%	1,981
4		4Q-11	145,637	3.757%	5,472	0.945%	0.945%	1,376	1.925%	1.925%	2,804
5		1Q-12	115,555	3.757%	4,341	0.945%	0.945%	1,092	1.925%	1.925%	2,224
6		2Q-12	128,892	3.757%	4,842	0.945%	0.945%	1,218	1.925%	1.925%	2,481
7		3Q-12	109,764	3.757%	4,124	0.945%	0.945%	1,037	1.925%	1.925%	2,113
8		4Q-12	122,716	3.757%	4,610	0.945%	0.945%	1,160	1.925%	1.925%	2,362
9		1Q-13	91,989	3.757%	3,456	0.945%	0.945%	869	1.925%	1.925%	1,771
10		2Q-13	116,593	3.757%	4,380	0.945%	0.945%	1,102	1.925%	1.925%	2,244
11		3Q-13	135,575	3.757%	5,094	0.945%	0.945%	1,281	1.925%	1.925%	2,610
12		4Q-13	117,614	3.757%	4,419	0.945%	0.945%	1,111	1.925%	1.925%	2,264
13											
14		Total	1,360,247		51,104			12,853			26,184
15					<a href="#">&lt;LnkSht&gt;</a>			<a href="#">&lt;LnkSht&gt;</a>			<a href="#">&lt;LnkSht&gt;</a>
16								<a href="#">&lt;414L Page 3&gt;</a>			<a href="#">&lt;414L Page 3&gt;</a>
17											

**PERCENTAGE OF ERROR - CLAIMED RESALES**

**[12A-1] EXHIBIT 4**

PERCENTAGE OF ERROR - CLAIMED RESALES								SCHEDULE 12A-1
								SY EA 108-123456
								C Williams
								04/15/14
R	C	A	B	C	D	E	F	G
	<u>REF</u>					<b>SLCST</b>	<b>NCFP</b>	<b>OCTA</b>
1		Disallowed Sales for Resale			<a href="#">&lt;12A-2&gt;</a>	958	241	491
2								
3		Sample Dollars			<a href="#">&lt;12A-2&gt;</a>	25,500	25,500	25,500
4								
5		Percentage of Error			(L1/L3)	3.757%	0.945%	1.925%
6						<a href="#">&lt;12A&gt;</a>	<a href="#">&lt;12A&gt;</a>	<a href="#">&lt;12A&gt;</a>
7								
8								
9								
10								

TEST OF CLAIMED SALES FOR RESALE

[12A-2] EXHIBIT 5

TEST OF CLAIMED SALES FOR RESALE															
EXPORT TO ACCESS DETACH ACCESS SCHEDULE DECOMPOSE STJ TAXES PAGE TOTAL SUMMARY QUARTER TOTAL SUMMARY															
? SCHEDULE 12A-2 SY EA 108-123456 C Williams 04/15/14															
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
DATE	SALES INVOICE NUMBER	CUSTOMER NAME	STREET	CITY, STATE, ZIP	SHIP TO	PO NUMBER	STATUS	ITEM	AMOUNT QUESTIONED	AMOUNT TAXABLE	DISTRICT MEASURE	DISTRICT CODE	COMMENT	XYZ SENT	12A SENT
01/02/11	50195	TURNERS TOOL CO.	3434 Arrow Highway	Santa Ana, CA 92708				Splice box	82	0	0		Resale certificate on file		
01/03/11	50245	OVERLAKE PRESS INC. MESSENGER TOOLING, INC.	3433 Rosewood Road	Fullerton, CA 92831		00012345		Outlet	30	30	30	OCTA	XYZ states taxable	X	
01/04/11	50292		22-223 Washington Blvd	Napa, CA 94558 North Hollywood, CA 91606				Wire	60	60	60	NGFP	No response to XYZ	X	
01/06/11	50345	COLOR SERVICE, INC.	3433 Hollywood Blvd			CAL-190547		Bulb	3	3	3	OCTA	No response to XYZ	X	
01/06/11	50389	RALPH & COMPANY	3434 Long Arrow Highway 2345 West Bridgeport Road	Anaheim, CA 92620 Los Angeles, CA 90026				Outlet	37	37	37	NONE	XYZ states taxable	X	
01/09/11	50439	GREEN CORPORATION	2345 West Bridgeport Road	Los Angeles, CA 90026		ABC123014		Cable Box	46	0	0		XYZ states for resale	X	
01/10/11	50495	GREEN CORPORATION	Road	Los Angeles, CA 90026		ABC123014		Cable Box	28	0	0		XYZ states for resale	X	
01/10/11	50549	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4551002		Conduit	86	0	0		Resale certificate on file		
01/11/11	50602	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4551125		Fixtures	62	0	0		Resale certificate on file		
01/12/11	50660	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4551300		Fittings	20	0	0		Resale certificate on file		
01/12/11	50710	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4551456		Fittings	29	0	0		Resale certificate on file		
01/13/11	50761	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4562011		Lamps	84	0	0		Resale certificate on file		
01/16/11	50810	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4563007		Fittings	21	0	0		Resale certificate on file Supported by shipping documents		
01/16/11	50860	LITTLE GUY, INC.	5678 Fashion Center Blvd	New York, NY 67890				Meter	22	0	0				
01/17/11	50911	MAG'S HARDWARE	4544 42nd Lane	Santa Ana, CA 92708		Y97987		Fixtures	12	0	0		XYZ states for resale	X	
									↓						
									↓						
12/20/13	66030	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101 Huntington Beach, CA 92605		REF4563578			115	0	0		Resale certificate on file		
12/23/13	66074	BIG BUSINESS INC.	3250 South Point Blvd			123789456		Bulbs	44	44	44	OCTA	XYZ states taxable	X	
12/24/13	66127	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4547900		Fittings	64	0	0		XYZ states for resale	X	
12/26/13	66174	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4564000		Fuses	35	0	0		Resale certificate on file		
12/26/13	66224	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4577891		Conduit	100	0	0		Resale certificate on file Supported by shipping documents		
12/27/13	66280	LITTLE GUY, INC.	5678 Fashion Center Blvd	New York, NY 67890				Wire stripper	76	0	0				
12/27/13	66330	MAG'S HARDWARE	4544 42nd Lane	Santa Ana, CA 92708		Y97987		Cable	50	0	0		XYZ states for resale	X	
12/30/13	66374	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4578012		Fittings	40	0	0		Resale certificate on file		
12/30/13	66427	SOUTH STATE FIXTURES	4544 W. Industry Way	San Diego, CA 92101		REF4578124		Fixtures	38	0	0		Resale certificate on file		
12/31/13	66474	MAG'S HARDWARE	4544 42nd Lane	Santa Ana, CA 92708		Y98789		Conduit	165	0	0		XYZ states for resale	X	
Total:									25,500	968	732				
									<12A-1>	<12A-1>	<12A-1>				

NOTE: Not all transactions are scheduled and totals do not foot.

**STATISTICAL SAMPLE - SALES FOR RESALE  
STRATUM AND SAMPLE INFORMATION WORKSHEET**

[12A-3] EXHIBIT 6

PAGE 1 OF 3

Statistical Sample		SCHEDULE 12A-3 Page 1	
ES		SY EA 108-123456	
Stratum and Sample Information		C Williams	
worksheet		04/15/14	
Sales for Resale			
	<b>A</b>	<b>B</b>	<b>C</b>
	+ ?		<b>Sample ES Stratum 1 \$1 to \$10,000</b>
<a href="#">REF</a>	<b>Sample Information</b>		
1	Sample Units	n	300
2	Sample Dollars		25,500.00
3	Sample Mean	(L2/L1)	85.00
4	Sample Random Seed		12345
5	<b>Stratum Population Information</b>		
6	Stratum Population Units	N	16,279
7	Stratum Population Dollars		1,360,247.00
8	Stratum Population Mean	(L7/L6)	83.56
9	<b>Stratum Population and Sample Comparisons</b>		
10	% of Units Sampled	(L1/L6)	1.84%
11	% of Dollars Sampled	(L2/L7)	1.87%
12	Comparison of Sample Mean and Population Mean	(L3/L8)	101.73%
			< Stratum >

STATISTICAL SAMPLE - SALES FOR RESALE EVALUATION OF SAMPLE RESULTS

Evaluation of Sample Results		SCHEDULE 12A-3 Page 2					
Sample ES		SY EA 108-123456					
Stratum 1		C Williams					
Sales for Resale		04/15/14					
<b>A</b>		<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	
		( Stratum Info )					
<b>REF</b>	<input type="button" value="-"/> <input type="button" value="-"/> <input type="button" value="+"/> <input type="button" value="++"/>	<b>REF</b>	<b>Number</b>		<b>Errors</b>	<b>Errors Squared</b>	
1	Population Units:	Stratum Info	16,279.00		30.00	900.00	
2	Population Dollars:		1,360,247.00		60.00	3,600.00	
3	Population Mean:		83.56		3.00	9.00	
4	Sample Units:		300.00		37.00	1,369.00	
5	Sample Dollars:		25,500.00		46.00	2,116.00	
6	Sample Mean:		85.00		28.00	784.00	
7	Stratum Calculations				86.00	7,396.00	
8	Finite Population Correction Factor Used:		No		62.00	3,844.00	
9	Sum of Errors Squared:			917,764		115.00	13,225.00
10	Sum of Squared Errors:			63,756		44.00	1,936.00
11	Mean Error:			3.19333333		64.00	4,096.00
12	Percentage of Error:		3.76%	0.03756863		35.00	1,225.00
13	Standard Deviation:			14.24778181		100.00	10,000.00
14	Standard Error:			0.82259607		76.00	5,776.00
15	Number Of Errors In Stratum			18		50.00	2,500.00
16					40.00	1,600.00	
17					38.00	1,444.00	
18					44.00	1,936.00	
19							
20				Total:	958.00	63,756.00	

STATISTICAL SAMPLE - SALES FOR RESALE EVALUATION OF SAMPLE RESULTS

Evaluation Of Stratified Random Sample Sales for Resale		SCHEDULE 12A-3 Page 3				
		SY EA 108-123456				
		C Williams				
		04/15/14				
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	
	(N)	( Stratum N Wks)	( Stratum N Wks )	( B * C )	( D * D )	
<b>REF</b>	<b>Stratum</b>	<b>Standard Error Per Transaction</b>	<b>Stratum Population Count = N</b>	<b>Standard Stratum Error</b>	<b>Standard Stratum Error Squared</b>	
1	Sample ES: Stratum 1	0.8226	16,279	13,391.04	179,319,990	
2						
3	SUM			( SUM L11..L2 )	179,319,990.42	
4	SQRT			( SQRT (L13) )	13,391.04	
5	CPI Computed Precision Interval of Population			( L14 * 1.28 )	17,140.53	80%
6				( L15 * 1.64 )	21,961.31	90%
7						
	<b>Stratum</b>	<b>Mean Error</b>	<b>Stratum Population Count = N</b>	<b>Total Error</b>		
8	Sample ES: Stratum 1	3.19	16,279	51,984		
9						
10	SUM		( Sum 9..10)	51,984.27		
11						
12						
13		( e10/d21 )	( e11/d21 )			
	<b>Combined Results</b>	<b>Confidence Interval @ 80% Confidence Level For Combined Evaluation</b>	<b>Confidence Interval @90% Confidence Level For Combined Evaluation</b>			
14						
15		<b>32.9725%</b>	42.2461%			

**DISALLOWED LABOR EXEMPTION  
(ACTUAL EXAMINATION)**

**[12B] EXHIBIT 7**

DISALLOWED LABOR EXEMPTION CLAIMED BASED ON ACTUAL EXAMINATION		SCHEDULE 12B			
		SY EA 108-123456			
		C Williams			
		04/15/14			
R	C	A	B	C	D
				<12B-2>	<12B-2>
				<12B-2>	<12B-2>
REF				Questioned Labor Exemption Claimed	Disallowed Claimed Labor Exemption - Actual Basis
				Disallowed Claimed Labor Exemption - Actual Basis	Disallowed Claimed Labor Exemption - Actual Basis
1				Data	
2		Years	DATE	Sum of AMOUNT QUESTIONED	Sum of AMOUNT TAXABLE
3		<2/28/2011	<2/28/2011		Sum of DISTRICT MEASURE
4		2011	Qtr1	410	410
5			Qtr2	74	74
6			Qtr3	26	26
7			Qtr4		
8		2012	Qtr1		
9			Qtr2		
10			Qtr3		
11			Qtr4	478	478
12		2013	Qtr1		
13			Qtr2		
14			Qtr3	254	254
15			Qtr4	18	18
16		>10/16/2013	>10/16/2013		
17		Grand Total		1,260	1,260
18					<LnkSht>

**DISALLOWED LABOR EXEMPTION  
(CLAIMED DISTRICT MEASURE)**

**[12B-1] EXHIBIT 8**

DISALLOWED LABOR EXEMPTION Claimed - DISTRICT MEASURE			SCHEDULE 12B-1 SY EA 108-123456 C Williams 04/15/14			
R	C	A	B	C	D	E
				<a href="#">&lt;12B-2&gt;</a>	<a href="#">&lt;12B-2&gt;</a>	
<a href="#">REF</a>				<b>Disallowed Claimed Labor Exemption - Actual Basis</b>	<b>Disallowed Claimed Labor Exemption - Actual Basis</b>	<b>Disallowed Claimed Labor Exemption - Actual Basis</b>
1				Data		
2	Years	DATE		Sum of OCTA	Sum of NCFP	Sum of NONE
3	<input type="text" value="&lt;2/28/2011"/>	<input type="text" value="&lt;2/28/2011"/>				
4	<input type="text" value="2011"/>	Qtr1		410		
5		Qtr2		74		
6		Qtr3			26	
7		Qtr4				
8	<input type="text" value="2012"/>	Qtr1				
9		Qtr2				
10		Qtr3				
11		Qtr4		395	5	0
12	<input type="text" value="2013"/>	Qtr1				
13		Qtr2				
14		Qtr3				0
15		Qtr4		18		
16	<input type="text" value="&gt;10/16/2013"/>	<input type="text" value="&gt;10/16/2013"/>				
17	Grand Total			897	31	0
18				<a href="#">&lt;LnkSht&gt;</a>	<a href="#">&lt;LnkSht&gt;</a>	
19				<a href="#">&lt;414L Page3&gt;</a>	<a href="#">&lt;414L Page3&gt;</a>	
20						

TEST OF CLAIMED LABOR EXEMPTION

[12B-2] EXHIBIT 9

TEST OF CLAIMED LABOR EXEMPTION		EXPORT TO ACCESS		SCHEDULE 12B-2		?															
		DETACH ACCESS		SY EA 108-123456																	
		DECOMPOSE STJ TAXES		C Williams																	
		PAGE TOTAL SUMMARY		04/15/14																	
		QUARTER TOTAL																			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P						
RC	DATE	SALES INVOICE NUMBER	CUSTOMER NAME	STREET	CITY, STATE, ZIP	SHIP TO	PO NUMBER	STATUS	ITEM	AMOUNT QUESTIONED	AMOUNT TAXABLE	DISTRICT MEASURE	DISTRICT CODE	COMMENT	XVZ SENT						
1	2/28/2011	51072	JOHNSON CONSTRUCTION	3331 W. Alameda Blvd.	Anaheim, CA 90620		ZZ22999		Plastic wrapping	410	410	410	OCTA	Weatherized plastic wrapping applied to customers wiring.							
2	4/21/2011	51851	M.O. NELSON	4521 W. Industry Way	Newport Beach, CA 92657				Fabrication labor	74	74	74	OCTA	Fabrication labor determined to be taxable							
3	8/5/2011	53438	C.J. LEER	3413 Rosewood Road	Napa, CA 94558		XX0728		Material	26	26	26	NCFP	Materials only - classified as labor							
4	10/17/2012	60029	M.L. LEWIS	23113 E. River Drive	Los Angeles, CA 90058		G6422644		Material	78	78	0	NONE	Weatherized plastic wrapping applied to customers wiring							
5	11/19/2012	60520	JOHNSON CONSTRUCTION	3331 W. Alameda Blvd.	Anaheim, CA 90620				Plastic wrapping	395	395	395	OCTA	Materials only - classified as labor.							
6	12/8/2012	60809	DON BROONE	4544 Industry Road	Napa, CA 94558		REF95691		Material	5	5	5	NCFP	Weatherized plastic wrapping applied to customers wiring							
7	7/20/2013	64166	G.S. PATTON	2310 Plum Street	Santa Rosa, CA 95401				Fabrication labor	49	49	0	NONE	Fabrication labor determined to be taxable							
8	9/3/2013	64850	W. RODGERS	4542 42nd Lane	Los Angeles, CA 90058				Plastic wrapping	205	205	0	NONE	Weatherized plastic wrapping applied to customers wiring							
9	10/15/2013	65474	W. SMITH	3731 Main Street	Garden Grove, CA 90650		B2-R543		Material	18	18	18	OCTA	Materials used in repairs claimed as labor							
								Total:		1,260	1,260	928									
										<12B>	<12B>	<12B-1>									

**OUT OF STATE PURCHASES SUBJECT TO USE TAX - PAID BILLS**

**[12C] EXHIBIT 10**

R		C	A	B	C	D	E
			OUT OF STATE PURCHASES		SCHEDULE 12C		
			SUBJECT TO USE TAX - PAID BILLS		SY EA 108-123456		
					C Williams		
					04/15/14		
					<a href="#">&lt;12C-2&gt;</a>	<a href="#">&lt;12C-2&gt;</a>	<a href="#">&lt;12C-2&gt;</a>
<a href="#">REF</a>					<b>Questioned Paid Bills</b>	<b>Unreported Paid Bills Subject to Use Tax - Actual Basis</b>	<b>Unreported Paid Bills Subject to Use Tax - Actual Basis</b>
1					Data		
2		Years	DATE		Sum of AMOUNT QUESTIONED	Sum of AMOUNT TAXABLE	Sum of DISTRICT MEASURE
3		<input type="text" value="&lt;6/1/2011"/>	<input type="text" value="&lt;6/1/2011"/>				
4		<input type="text" value="2011"/>	Qtr1				
5			Qtr2		290	290	290
6			Qtr3		245	245	245
7			Qtr4		150	150	150
8		<input type="text" value="2012"/>	Qtr1		109	109	109
9			Qtr2				
10			Qtr3		259	259	259
11			Qtr4				
12		<input type="text" value="2013"/>	Qtr1		200	200	200
13			Qtr2		249	249	249
14			Qtr3		22	0	0
15			Qtr4		18	0	0
16		<input type="text" value="&gt;10/5/2013"/>	<input type="text" value="&gt;10/5/2013"/>				
17		Grand Total			1,542	1,502	1,502
18						<a href="#">&lt;LnkSht&gt;</a>	
19							

**OUT OF STATE PURCHASES SUBJECT TO USE TAX  
PAID BILLS - DISTRICT MEASURE**

[12C-1] EXHIBIT 11

		OUT OF STATE PURCHASES SUBJECT TO USE TAX - PAID BILLS (DISTRICT MEASURE)		SCHEDULE 12C-1
				SY EA 108-123456
				C Williams
				04/15/14
R	C	A	B	C
				D
				<12C-2>
				<12C-2>
REF				Unreported Paid Bills Subject to Use Tax - Actual Basis
				Unreported Paid Bills Subject to Use Tax - Actual Basis
1				Data
2	Years	DATE		Sum of OCTA
3	<6/1/2011	<6/1/2011		Sum of NCFP
4	2011	Qtr1		
5		Qtr2	190	100
6		Qtr3	160	85
7		Qtr4	150	
8	2012	Qtr1	109	
9		Qtr2		
10		Qtr3	130	129
11		Qtr4		
12	2013	Qtr1	200	
13		Qtr2	109	140
14		Qtr3	0	
15		Qtr4	0	
16	>10/5/2013	>10/5/2013		
17	Grand Total		1,048	454
18			<LnkSht>	<LnkSht>
19			<414L Page 3>	<414L Page 3>
20				



**TRANSFERS FROM EX-TAX INVENTORY  
FOR OWN USE - ACTUAL**

**[12D] EXHIBIT 13**

TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION		SCHEDULE 12D SY EA 108-123456 C Williams 04/15/14			
R	C	A	B	C	D
			<Parts Log>	<Parts Log>	(B+C)
<u>REF</u>	<u>Period</u>	<b>Unreported Withdrawal from Resale Inventory for Self- Consumption - Actual Basis (OCTA)</b>	<b>Unreported Withdrawal from Resale Inventory for Self- Consumption - Actual Basis (NCFP)</b>	<b>Unreported Withdrawal from Resale Inventory for Self-Consumption - Actual Basis</b>	
1	1Q-11	70	38	108	
2	2Q-11	40	52	92	
3	3Q-11	21	140	161	
4	4Q-11	16	38	54	
5	1Q-12	115	14	129	
6	2Q-12	50	118	168	
7	3Q-12	52	32	84	
8	4Q-12	14	29	43	
9	1Q-13	122	34	156	
10	2Q-13	59	39	98	
11	3Q-13	70	159	229	
12	4Q-13	55	40	95	
13					
14		684	733	1,417	
15		<a href="#">&lt;LnkSht&gt;</a>	<a href="#">&lt;LnkSht&gt;</a>	<a href="#">&lt;LnkSht&gt;</a>	
16		<a href="#">&lt;414L Page 3&gt;</a>	<a href="#">&lt;414L Page 3&gt;</a>		
17					
18					
19	<u>Comments</u>				
20	The owner often removes parts from ex-tax inventory and gives them				
21	away as samples to customers. The owner keeps a log of all parts				
22	consumed. Use tax was not reported on inventory withdrawals.				
23					
24					
25					

**UNREPORTED SALES TO EMPLOYEES  
ACTUAL BASIS**

**[12E] EXHIBIT 14**

UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION		SCHEDULE 12E			
		SY EA 108-123456			
		C Williams			
		04/15/14			
R	C	A	B	C	D
		<Sales Journal>		<Sales Journal>	
				(B+C)	
<a href="#">REF</a>	<b>Period</b>	<b>Unreported Sales to Employees - Actual Basis</b>	<b>Unreported Sales to Employees - Actual Basis (NCFP)</b>	<b>Unreported Sales to Employees - Actual Basis</b>	
1	1Q-11	90	26	116	
2	2Q-11	78	20	98	
3	3Q-11	80	31	111	
4	4Q-11	0	25	25	
5	1Q-12	50	28	78	
6	2Q-12	120	0	120	
7	3Q-12	25	112	137	
8	4Q-12	0	115	115	
9	1Q-13	155		155	
10	2Q-13	0	30	30	
11	3Q-13	71	0	71	
12	4Q-13	31	13	44	
13					
14		700	400	1,100	
15		<a href="#">&lt;LnkSht&gt;</a>	<a href="#">&lt;LnkSht&gt;</a>	<a href="#">&lt;LnkSht&gt;</a>	
16		<a href="#">&lt;414L Page 3&gt;</a>	<a href="#">&lt;414L Page 3&gt;</a>		
17					
18					
19	<u>Comments</u>				
20	The company has a policy of selling goods to employees at cost. All employee sales				
21	are made for cash and are segregated between the two locations in the sales journal.				
22					
23					
24					

**UNREPORTED SALE OF CAPITAL ASSET  
ACTUAL BASIS**

**[12F] EXHIBIT 15**

UNREPORTED SALE OF CAPITAL ASSET BASED ON ACTUAL EXAMINATION				<table border="1"> <tr><td>SCHEDULE 12F</td></tr> <tr><td>SY EA 108-123456</td></tr> <tr><td>C Williams</td></tr> <tr><td>04/15/14</td></tr> </table>					SCHEDULE 12F	SY EA 108-123456	C Williams	04/15/14
SCHEDULE 12F												
SY EA 108-123456												
C Williams												
04/15/14												
R	C	A	B	C	D	E	F	G	H			
<b>REF</b>	<b>Date</b>	<b>Journal Entry Reference</b>	<b>Description</b>					<b>DR</b>	<b>CR</b>			
1	11/09/13	J 11-6	Account receivable - Jack Reynolds					1,600				
2			Reserve for Depreciation					1,565				
3			Automotive Equipment						2,684			
4			Gain on sale of capital asset						481			
5												
6			"To record sale of forklift to									
7			Jack Renolds"									
8												
9			Taxable Amount						1,600			
10									<a href="#">&lt;LnkShi&gt;</a>			
11									<a href="#">&lt;414L Page 3&gt;</a>			
12												
13												
14												
15	<div style="border: 1px solid black; padding: 5px;"> <p><u>Comments</u></p> <p>The above sale was made by the taxpayer's Napa location. The forklift was used in the taxpayer's warehouse and delivered to the customer in Mojave via common carrier.</p> </div>											
16												
17												
18												
19												
20												
21												
22												

TAX ACCRUAL RECONCILIATION

[12G] EXHIBIT 16

		TAX ACCRUAL RECONCILIATION					
		SCHEDULE 12G					
		SY EA 108-123456					
		C Williams					
		04/15/14					
R	C	A	B	C	D	E	F
			<Sales Journal>	<Sales Journal>	(B+C)	<414M>	(D-E)
REF	Period	Recorded Tax Collected	Recorded Tax Collected	Total Recorded Tax	Reported Tax Paid	Difference	
1	1Q-11	1,595	2,393	3,988	3,989	-1	
2	2Q-11	3,202	4,422	7,624	7,624	0	
3	3Q-11	2,538	3,653	6,191	6,191	0	
4	4Q-11	3,127	4,688	7,815	7,814	1	
5	1Q-12	3,500	4,640	8,140	8,140	0	
6	2Q-12	3,637	5,021	8,658	8,657	1	
7	3Q-12	3,144	4,716	7,860	7,860	0	
8	4Q-12	3,296	4,033	7,329	7,332	-3	
9	1Q-13	3,567	4,924	8,491	8,490	1	
10	2Q-13	3,189	4,590	7,779	7,779	0	
11	3Q-13	2,819	4,409	7,228	7,228	0	
12	4Q-13	3,498	4,638	8,136	8,136	0	
13							
14	Total	37,112	52,127	89,239	89,240	-1	
15							<Immaterial>
16							

**MARKUP ANALYSIS**

**[12H] EXHIBIT 17**

MARKUP CALCULATION					SCHEDULE 12H	
					SY EA 108-123456	
					C Williams	
					04/15/14	
R	C	A	B	C	D	G
					(B+D)	
REF			2011	2012	TOTAL	
1		TOTAL SALES EX-TAX	<414M>	721,217	850,589	1,571,806
2		COST OF GOODS SOLD	<FITR>	531,886	608,530	1,140,416
3		GROSS PROFIT	( L1-L2 )	189,331	242,059	431,390
4		MARKUP	( L3/L2 )	35.60%	39.78%	37.83%
<p><u>Comments</u>                      The taxpayer primarily makes taxable sales to construction contractors and sales for resale to hardware retailers. The markup appears consistent for this type of industry. A quick markup analysis was performed on some purchases which supported the computed markup. No further testing in this area is warranted.</p>						

FEDERAL INCOME TAX RETURNS

[12I] EXHIBIT 18

FEDERAL INCOME TAX RETURNS SOLE PROPRIETORSHIP		SCHEDULE 12I			
		SY EA 108-123456			
		C Williams			
		04/15/14			
R	C	A	B	C	D
REF				2011	2012
1		GROSS RECEIPTS		721,220	850,590
2		BEGINNING INVENTORY		29,000	30,100
3		PURCHASES		532,986	610,035
4		COST OF LABOR			
5		OTHER COSTS			
6		ENDING INVENTORY		30,100	31,605
7		COST OF GOODS SOLD	( L2+L3+L4+L5-L6 )	531,886	608,530
8		GROSS PROFIT	( L1-L7 )	189,334	242,060
9		OTHER INCOME			
10		TOTAL INCOME	( L8+L9 )	189,334	242,060
11		<b>DEDUCTIONS:</b>			
12		ADVERTISING		3,450	3,623
13		BAD DEBT		5,000	6,250
14		CAR AND TRUCK EXP			
15		COMMISSIONS AND FEES			
16		DEPLETION			
17		DEPRECIATION		30,000	31,500
18		EMPLOYEE BENEFIT PROGRAM			
19		INSURANCE			
20		INTEREST		1,000	1,050
21		LEGAL AND PROFESSIONAL			
22		OFFICE EXPENSE		2,700	2,300
23		PENSION AND PROFIT SHARING			
24		RENT OR LEASE			
25		REPAIRS AND MAINTENANCE		1500	1575
26		SUPPLIES			
27		TAXES AND LICENSES			
28		TRAVEL, MEALS AND ENTERTAINMENT			
29		UTILITIES		1,900	2,100
30		WAGES		75,000	78,750
31		OTHER EXPENSES		2,048	2,150
32		TOTAL DEDUCTIONS	(L12:L31)	122,598	129,298
33		<b>NET INCOME</b>	(L10-L32)	66,736	112,762
34		GROSS RECEIPTS PER FITR	(L1)	721,220	850,590
35		SALES TAX INCLUDED IN FITR GROSS RECEIPTS		0	0
36		EX-TAX GROSS RECEIPTS REPORTED TO BOE	<414-M>	721,217	850,589
37		DIFFERENCE	(L34-L35-L36)	3	1
				<Immaterial>	

**NOTE:** Federal Tax Information (FTI) is any tax return or tax return information received from IRS. If this information is transcribed from returns provide by the IRS, see AM section 0115.02 for procedures for obtaining and safeguarding information received from the IRS.

TAXABLE MEASURE UNDERSTATED - NCFP

[A8.1] EXHIBIT 19

TAXABLE MEASURE UNDERSTATED - NCFP		Case Id: 987654							
		Account Number: 108123456							
		Schedule Type: T							
		Juris Code: NCFP							
R/C	A	B	C	D	E	F	G	H	I
ITEM CODE		NCFP			1	2	3	4	5
NC CODE	65				0403	0601	0201	0202	0104
REF	< 414-M >	(B+D)	(E..J)		< 12 A >	< 12 B-1 >	< 12 C-1 >	< 12 D >	< 12 E >
REF	Period	REPORTED TAXABLE MEASURE	AUDITED TAXABLE MEASURE	TOTAL TAXABLE DIFFERENCE	DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING	DISALLOWED CLAIMED LABOR EXEMPTION BASED ON ACTUAL EXAMINATION	UNREPORTED EX-TAX PURCHASES OF SUPPLIES BASED ON ACTUAL EXAMINATION	TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION	UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION
1	1Q-11	137	874	737	673			38	26
2	2Q-11	253	1,387	1,134	962		100	52	20
3	3Q-11	209	1,463	1,254	972	26	85	140	31
4	4Q-11	268	1,707	1,439	1,376			38	25
5	1Q-12	265	1,399	1,134	1,092			14	28
6	2Q-12	287	1,623	1,336	1,218			118	0
7	3Q-12	269	1,579	1,310	1,037		129	32	112
8	4Q-12	230	1,539	1,309	1,160	5		29	115
9	1Q-13	274	1,177	903	869			34	
10	2Q-13	255	1,566	1,311	1,102		140	39	30
11	3Q-13	245	1,685	1,440	1,281			159	0
12	4Q-13	258	1,422	1,164	1,111			40	13
Total:		2,950	17,421	14,471	12,853	31	454	733	400

TAXABLE MEASURE UNDERSTATED - OCTA

[A8.2] EXHIBIT 20

TAXABLE MEASURE UNDERSTATED - OCTA		Case Id: 987654	D	E	F	G	H	I	
		Account Number: 108123456							
		Schedule Type: T							
		Juris Code: OCTA							
A	B	C	D	E	F	G	H	I	
ITEM CODE	OCTA			1	2	3	4	5	
NC CODE	37			0403	0601	0201	0202	0104	
REF	< 414-M >	(B+D)	(E..I)	< 12 A >	< 12 B -1>	< 12 C -1>	< 12 D >	< 12 E >	
REF	Period	REPORTED TAXABLE MEASURE	AUDITED TAXABLE MEASURE	TOTAL TAXABLE DIFFERENCE	DISALLOWED CLAIMED RESALES BASED ON STATISTICAL SAMPLING	DISALLOWED CLAIMED LABOR EXEMPTION BASED ON ACTUAL EXAMINATION	UNREPORTED EX-TAX PURCHASES OF SUPPLIES BASED ON ACTUAL EXAMINATION	TRANSFER FROM EX-TAX INVENTORY FOR OWN USE BASED ON ACTUAL EXAMINATION	UNREPORTED SALES TO EMPLOYEES BASED ON ACTUAL EXAMINATION
1	1Q-11	91	2,032	1,941	1,371	410	70	90	
2	2Q-11	183	2,524	2,341	1,959	74	40	78	
3	3Q-11	145	2,387	2,242	1,981		21	80	
4	4Q-11	179	3,149	2,970	2,804		16	0	
5	1Q-12	200	2,698	2,498	2,224		115	50	
6	2Q-12	208	2,859	2,651	2,481		50	120	
7	3Q-12	180	2,500	2,320	2,113		52	25	
8	4Q-12	189	2,960	2,771	2,362	395	14	0	
9	1Q-13	198	2,446	2,248	1,771		122	155	
10	2Q-13	177	2,589	2,412	2,244		59	0	
11	3Q-13	157	2,908	2,751	2,610		70	71	
12	4Q-13	194	2,562	2,368	2,264	18	55	31	
Total:		2,101	31,614	29,513	26,184	897	1,048	684	700

**DIGITAL AUDIT FILE LOCATIONS**

**EXHIBIT 21**

<b>Digital Audit File Locations</b>			
<b>Document</b>	<b>Description</b>	<b>Folder Location</b>	<b>Sample File Name</b>
BOE 52,52L,52L1	Certificate of Verification -- Out of State Delivery	Supporting Audit Docs	EA_54321_ABCO_BOE 52_CustName.pdf
BOE 79A-E	Audit Transmittal Letter	Correspondence	EA_54321_ABCO_BOE 80A.pdf
BOE 80 RU	Records Update	Forms	EA_54321_ABCO_BOE 80RU.pdf
BOE 80A-D	Audit Engagement Letter	Correspondence	EA_54321_ABCO_BOE 80C.pdf
BOE 82	Authorization for Electronic Transmission of Data	Forms	EA_54321_ABCO_BOE 82.pdf
BOE 101	Claim for Refund or Credit	Forms	EA_54321_ABCO_BOE 101_2011_04_15 (Claim Date)
BOE 103	Adjustment Request Memo	Memos & Misc Docs	EA_54321_ABCO_BOE 103.pdf
BOE 122	Waiver of Limitations	Forms	EA_54321_ABCO_BOE 122_2011_07_31 (ExtensionThroughDate)
BOE 204	Interdistrict Cooperative Audit	Memos & Misc Docs	EA_54321_ABCO_BOE 204.pdf
BOE 392	Power of Attorney	Forms	EA_54321_ABCO_BOE 392.pdf
BOE 414A Page 2	Results of Discussion of Audit Findings	None (Main Case Folder)	EA_54321_ABCO_BOE 414A Page2.pdf
BOE 414-A2	Reconciliation and Explanation of Reaudit/Revised Audit Adjustments	Forms	EA_54321_ABCO_BOE414-A2.pdf or .xls
BOE 414A/414B	Report of Field Audit/Field Billing Order (IRIS Version)	Forms	Remains in Start 21
BOE 414E	IRIS Generated Audit Report	Forms	414E_54321 (scanned by audit control)
BOE 414L	Auditor's Worksheet -- Local Sales and Use Tax Allocation	AWPs Forms	EA_54321_ABCO_BOE 414L.pdf or .xls
BOE 414M	Electronic Transcript of Returns	AWPs Forms	EA_54321_ABCO_BOE 414M.pdf or .xls
BOE 414Z	Assignment Contact History	Forms	EA_54321_ABCO_BOE 414Z.pdf
BOE 416	Petition for Redetermination	Form	EA_54321_ABCO_Petition
BOE 472	Use of Sampling in Auditing	Forms	EA_54321_ABCO_BOE472_AP (Area Tested)
BOE 495	Index to Audit Working Papers	AWPs	
BOE 503 A,B,C	Use of ABC Letter procedure	Supporting Audit Docs	EA_54321_ABCO_12B_ABC Letters
BOE 504A	Use of XYZ letter procedure to Verify Claimed Exempt Sales	Supporting Audit Docs	EA_54321_ABCO_12A_XYZ Letters
BOE 523	Tax Return and/or Account Adjustment Notice	Memos & Misc Docs	EA_54321_ABCO_BOE 523
BOE 526	Managed Audit Program Participation Agreement	Memos & Misc Docs	EA_54321_ABCO_BOE 526
BOE 579	Audit Assignment Transfer	Forms	EA_54321_ABCO_BOE 579_2011_07_01 (DateofTransfer)
BOE 596	Report of Account Being Waived for Audit	Start 21	Remains in Start 21
BOE 698-A	Information Document Request	Forms	EA_54321_ABCO_BOE 698A
BOE 699	Audit Findings Presentation Sheet	Forms	EA_54321_ABCO_BOE 699
BOE 767	Tax, Penalty, and Interest Calculation	Start 21	Remains in Start 21
BOE 836A	Report of Discussion of Audit Findings	Forms	EA_54321_ABCO_BOE 836A_2011_11_1 (ReportofDiscussionDate)
BOE 945	Receipt for Books and Records of Account	Forms	EA_54321_ABCO_BOE 945
BOE 1164	Audit Memorandum of Possible Tax Liability	Forms	CH_012123456_54321_BOE 1164.pdf, & CH_012123456_54321_SupportDoc.pdf
BOE 1296	Account Update Information	Forms	EA_54321_ABCO_BOE 1296
BOE 1311A	Bar Short Test Sheet	Supporting Audit Docs	EA_54321_ABCO_BOE 1311A.pdf

## DIGITAL AUDIT FILE LOCATIONS

BOE 1311B	Bar Fact Sheet	Supporting Audit Docs	EA_54321_ABCO_BOE 1311B.pdf
N/A	Audit Program/Audit Plan (Signed)	Forms	EA_54321_ABCO_Audit Plan.pdf
N/A	Decision and Recommendation	Memos & Misc Docs/ D and R	EA_54321_ABCO_D&R1
N/A	Fraud/Jeopardy Letter	Memos & Misc Docs	EA_54321_ABCO_Fraud/Jeopardy Letter
AUD MP	IRIS AUD MP Screen	Memos & Misc Docs	EA_54321_ABCO_AUD MP
N/A	Reviewer's Go Back	AWPs	
N/A	Petition Audit Summary Schedules	Memos & Misc Docs	EA_54321_ABCO_Pet Aud Summ Sch
R414A-A2	Reconciliation and Explanation of Reaudit/Revised Adjustments	Forms	EA_54321_ABCO_R414A2
N/A	Reallocation Schedules	Memos & Misc Docs	EA_54321_ABCO_Reallocation Schedule
SCH 20-G3	Sales Tax Prepaid on MVF Program	Forms	EA_54321_ABCO_Schedule 20G3.pdf
N/A	Schedule 12, etc	Upload and AWP	
N/A	Secretary of State ( <a href="http://www.sos.ca.gov">www.sos.ca.gov</a> )	Memos & Misc Docs	EA_54321_ABCO_SOS
N/A	Start 21 Forms	Forms	EA_54321_ABCO_Start21.xls
N/A	Superseded Schedules	Superseded Schedules	EA_54321_ABCO_12A_Superseded.pdf
N/A	Taxpayer's Letter of Protest/Petition	Memos & Misc Docs	EA_54321_ABCO_Letter of Protest.pdf
N/A	Taxpayer Website Information	Memos & Misc Docs	EA_54321_ABCO_Website.pdf
N/A	Audit Working Papers	Main Audit Folder	EA_54321_ABCO_WP.xlsm