



Ryan Audit Management Checklist

Establish the audit scope

Clearly establish the audit time period, any specific issues that the auditor intends to review and the audit start date.

Notify other personnel

Inform other members of the organization (senior management, accounting and finance staff, areas that may fall under review) that an audit will take place and when it will commence.

Advise all personnel of audit conduct

Staff should be instructed to: not meet with or discuss issues with the auditor unless the company's audit liaison is present; provide information or documentation to the auditor only when authorized by the liaison; and not offer any unsolicited information to the auditor.

Perform organization self-evaluation

It is important that the organization knows its business and its business processes. Processes should be documented, and documentation should be reviewed to ensure that it reflects current operations. Ensure that transactions are supportable. Ensure adequate documentation is available to support the amount of tax collected, the non-collection of tax, or the amount of any tax liabilities or tax credits claimed.

Review prior audit assessments

This provides an organization with clues as to where an auditor will focus their attention. Ensure that any of the issues noted in previous audits have been addressed and corrected. Significant penalties may be levied where an organization has been assessed for the same issue on consecutive audits.

Review tax returns

Review previous tax returns, and the reconciliations that support them, for clues to areas that the auditor may want to focus on.

Assign a liaison

Dedicate an individual who has a good understanding of the organization's operations to facilitate the audit. This decision will ensure that at least one individual is aware of all the information that is being provided during the course of the audit and that the organization will be aware of all the issues that the auditor is targeting.

Identify common audit issues

Auditors prefer to review areas that they feel comfortable with, which are typically common audit issues. It is no coincidence that these areas are where auditors often find that taxpayers have failed to comply with the legislation. This knowledge can help avoid potential shocks during the audit, and also allows the organization to discuss issues with the auditor in an informed manner.

Provide a suitable work area for the auditor

Location should be close to the audit liaison to promote better communication with the auditor. This space should provide all the amenities that the auditor requires to complete the audit.

Prepare audit documents

Ensuring these items are available at the beginning of the audit will start things smoothly and avoid unnecessary delays or rescheduling. In particular, computer data files often take considerable time to prepare and require IT department resources that may not be readily available.



Determine if electronic records available

Where the company has changed accounting systems, or upgraded its current system during the period being audited, it is important to make sure that the data from the older system or version is accessible.

Establish rules for auditor conduct

Rules should be established concerning how the auditor will make requests for information, interviews and site tours. Requests for information should be in writing so that they may be tracked. Meetings with other personnel should be arranged by the liaison and the auditor should be accompanied whenever moving around the premises.

Hold regular meetings with auditor

These meetings provide the auditor with an opportunity to get answers to questions that they may have and frequent meetings may help alleviate potential roadblocks.

Review all information provided to the auditor

This review should ensure that the information makes sense, addresses the auditor's request, and can be explained by the liaison. Does it look right to you? What does it say to you? Put yourself in the auditor's shoes and ask what the data might be saying to an outsider who has no hands-on knowledge of your systems and operations. Spoon-feed information to the auditor to increase the chances that the auditor will agree with the position taken by the organization.

Obtain a clear understanding of each issue raised by the auditor

Ask the auditor questions about each issue so that all items are completely understood and to ensure that all pertinent sections of the legislation have been identified. Consider the use of tax advisors to review the issues for both technical accuracy and adherence to assessment practices. Understanding the issues is an important step in ensuring that any areas of non-compliance are corrected going forward.

Review the assessment in detail

Make sure that there are no surprises included in the assessment. Check all the calculations and look for duplication. Reconstruct the penalty and interest calculations and ensure that everything being assessed falls within the statutory audit period. Look for every opportunity to settle outstanding issues so as to take advantage of the auditor's discretionary powers.

Consider all opportunities available to recover assessed tax

Tax not collected on sales may be billed to customers or a formal Notice of Objection may be filed where a disputed item is not removed from the final assessment.

All issues identified during the audit should be reviewed internally and changes should be implemented to business processes in order to ensure that such issues are corrected. If an issue came up during an audit, there is a strong possibility that the issue will resurface in a subsequent audit, even where an assessment has not been raised on the issue. Strongly debated issues should be reviewed to determine if the issue should be handled in a different manner.

Debrief all personnel

All staff, including senior management, should be debriefed on the outcome of the audit.

Educate personnel to prevent future audit issues

Training builds awareness of tax issues throughout the organization and can provide an organization's employees with the necessary knowledge and skill to assess and deal with potential sales tax exposures, before they become the focus of the next audit. Educated employees can be an organization's best line of defence in preventing future audit issues.