

Sample – Audit Plan Summary for Managed Audit

XYZ Corporation

Reconciliations

- Verify and test internal controls
- Perform yearly gross income reconciliations
- Perform tax collected reconciliation
- Perform tax accrual account reconciliation

Audit of Sales

- Verify and test internal controls. Review reporting methods and determine if taxes are paid on appropriate categories of sales.
- Detail all sales over \$xxxxxxx. Develop a sampling procedure for all sales under \$xxxxxxx dollar amount.
- Identify all sources of revenue
- Provide copies of invoices for review by the state auditor.
- Prepare a schedule of detailed sales where tax was not paid or supported by a valid resale/exemption certificate.
- Identify extraordinary transactions. Meet with state auditor to review the status of the audit on sales.
- Develop a sample for all sales under \$xxxxxxx. Meet with the state auditor to discuss planned sampling approach. The state auditor shall make the sample selections and document them with a Block Sample Agreement for each sample approved and authorized. Any such agreements issued will become Exhibit B to the managed audit agreement.
- Review transaction for taxability.
- Provide schedules, invoices and other supporting documentations to the state auditor for review and approval by (DATE).

Expense Purchases

- Verify and test internal controls
- Identify homogeneous expense populations and develop a procedure for each group. If feasible, separate tax paid and non-tax paid items into separate groups.
- Identify extraordinary items and review separately.
- Perform a reconciliation of expense purchases to summary records and financial statements.
- Identify a population of expense purchases, excluding extraordinary expense purchases. A portion of the identified population will be included in a population base for a sample audit. Extraordinary items will be reviewed separately.
- The population base for sampling will consist of expenses recorded to the following general ledger accounts:

(Insert detail listing of accounts of interest)

- Develop a sampling approach.
- The state auditor will evaluate the sample to make sure it meets the state's sampling guidelines. If it does not evaluate, then modifications to the sampling selection will be made until it does evaluate. After the selected sample evaluates, the state auditor will complete a Block Sample Agreement, which will become Exhibit B to the managed audit agreement.
- Prepare a schedule of adjustments.
- Have all supporting documentation and invoices available for the state auditor to test the audit procedures used and tax decisions made by (DATE). e

Asset Purchases

- Verify and test internal controls
- Detail all asset purchases
- Review asset invoices for taxability
- Prepare a schedule of adjustments
- Have all supporting documentation and invoices available for the state auditor to test the audit procedures used and tax decisions made by (DATE).