



THE POWER OF BEING UNDERSTOOD

MANAGED OR CERTIFIED AUDITS

Alleviate the state audit burden

Do you know if your state allows for managed or certified audits to minimize audit expenses?

Are you aware that most state auditors do not search for missed refund opportunities?

Have you experienced an expensive and time-consuming audit and want to reduce the burden going forward?

State audits can be inconvenient and time-consuming for both the company being audited and the state conducting the audit. As a result, many departments of revenue have created managed or certified audit programs, which outsource the audit completion to the taxpayer or their representative, thereby easing the burden and controlling costs.

There are many reasons why a company may choose to participate in a managed or certified audit, including:

- Frequent audits by the state
- Known outstanding liabilities
- No prior audits (proactive or preventive audit)
- Recent merger or acquisition
- Preparation for voluntary disclosure

The advantages to this outsourcing are considerable—not just for the state, but for your business. By taking control of your company's state audits, you will gain confidence in your tax position, eliminate surprises and minimize the overall burden of the audit compliance process.

The RSM state and local tax practice is qualified to conduct a certified audit or assist you with a managed audit, as indicated by the rules of the states in which you have a tax obligation.

Take control

From the state's perspective, managed or certified audits reduce the amount of time spent on an audit, but maintain the overall accuracy. Since managed or certified audits are initiated by the taxpayer rather than the state, the taxpayer maintains greater control.

Currently, the following 25 states have established these types of audit programs:

Arizona	New Jersey
Colorado	Nebraska
Connecticut	New Mexico
Florida	North Carolina
Georgia	Ohio
Idaho	Pennsylvania
Illinois	South Carolina
Kansas	Texas
Louisiana	Utah
Maine	Virginia
Maryland	Washington
Michigan	Wisconsin
Minnesota	

With both types of audits, the audit itself is a cooperative effort on the part of the taxpayer and the state auditor's office. The two approaches are distinguished by who conducts the audit. With a certified audit, the audit must be performed by a qualified certified public accounting firm, such as RSM.

Reduce your audit burden

Our state and local tax professionals have extensive experience with both types of audit programs and can help your company benefit from the audit program that is right for you. By entering these programs, you may be able to minimize or eliminate penalties and interest associated with a traditional state audit.

In addition, this method allows for complete resolution of the tax issues for the audit period. We will also seek out overlooked refund opportunities that may help offset any identified liabilities.

We understand the procedures and requirements for each state, and our process takes these into consideration. Regardless of location, you can expect our approach to follow four main stages:

- Application and acceptance into the program
- Negotiation of the agreed upon procedures that will be used to complete the audit
- Completion and submission of the certified or managed audit report
- Issuance and resolution (payment or appeal)

Understand the benefits

If you are audited, participating in a managed or certified audit program may give you the opportunity to take control. Our qualified professionals can help you realize numerous benefits, which may include:

- Waiver of all statutory penalties normally assessed during a traditional audit
- Identification of tax overpayments and refund opportunities often ignored by state auditors
- No disruption of business caused by the presence of a Department of Revenue sales tax agent

- Minimal time requirements from your team—focus on the business of doing business
- Elimination of erroneously assessed tax on nontaxable transactions of undocumented exempt sales typically associated with sales and use audits
- Decreased costs associated with review of agent's paperwork
- Completion and resolution within 60 days in most cases
- Greater degree of control in the audit process

National firm, local support

If you are ready to proceed with a managed or certified audit, or you simply need to determine if this is the right course of action for your business, RSM can help.

We are certified audit providers in most states and can help you evaluate when a managed or certified audit program will prove beneficial for your particular situation. Many businesses that enter these programs realize substantial savings as a result of waived penalties and future audit protection. However, we will only recommend the service if it meets the specific needs of your business.

RSM offers clients a local team supported by the strengths of a national firm. Our professionals have deep knowledge and proven experience with tax strategy, state-specific requirements and departments of revenue. In addition to the distinct managed or certified audit processes in each state, we offer numerous specialized services in the state and local tax areas and will work together to identify the right strategies to help your business succeed.

That's the power of RSM. *The power of being understood.*[®]

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