

# CAMTA

## Auditor 102 Training

# Auditor 102 Overview



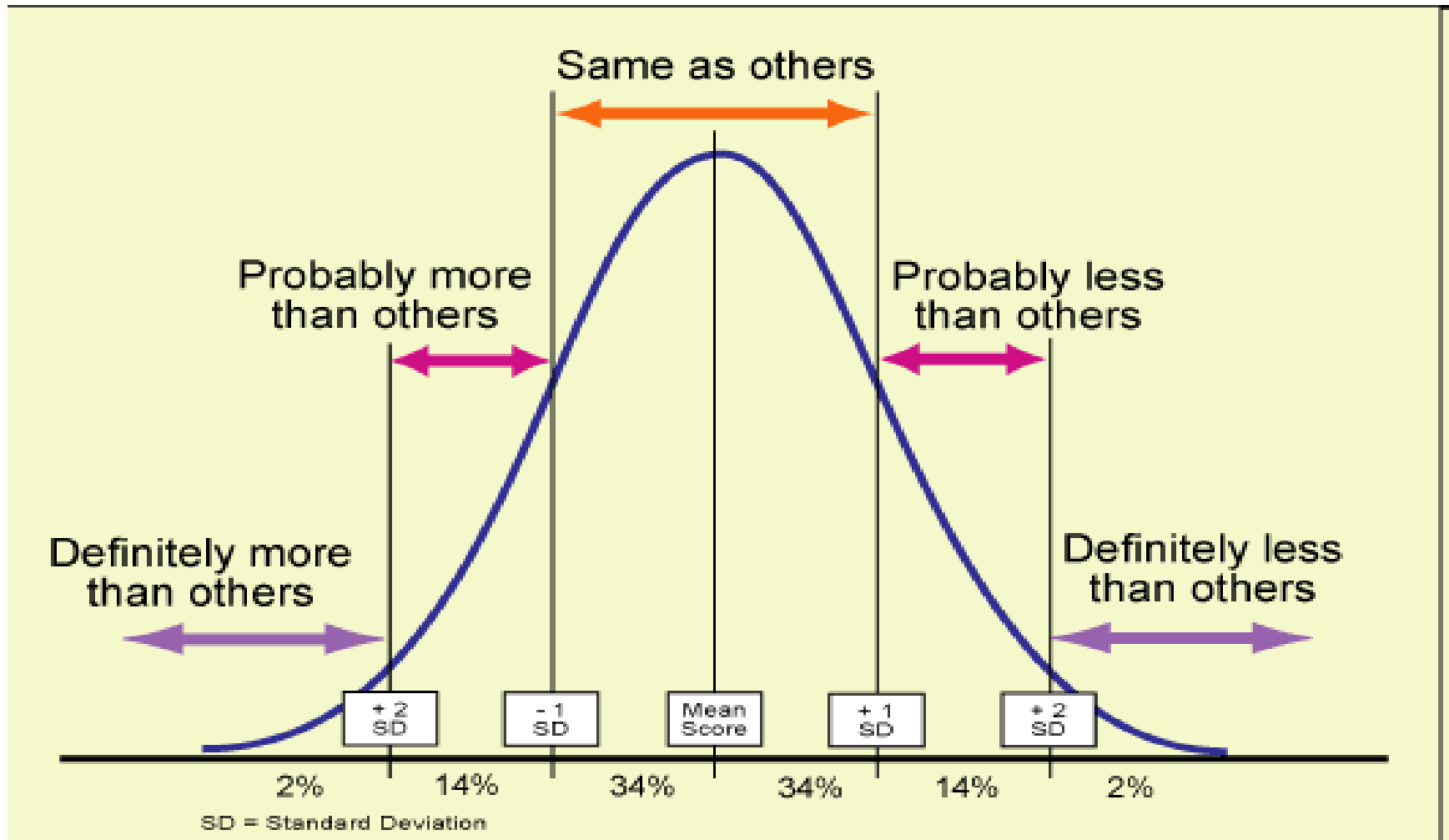
- Sampling Methodology
- Pre-Audit Tour
- Common Audit Issues
- Appeals

# Sample Selection



- **Maintaining Integrity**
  - ❖ Associated with Inter-City claims
  - ❖ Representative reporting periods
  - ❖ Fundamental Statistics
  - ❖ Re-class expenses to fixed assets

# Basic Statistics Overview



# Statistics Formulas



- Average : Total all months, and divide by the total number of months

**In Excel: =average(number 1, number 2, ...)**

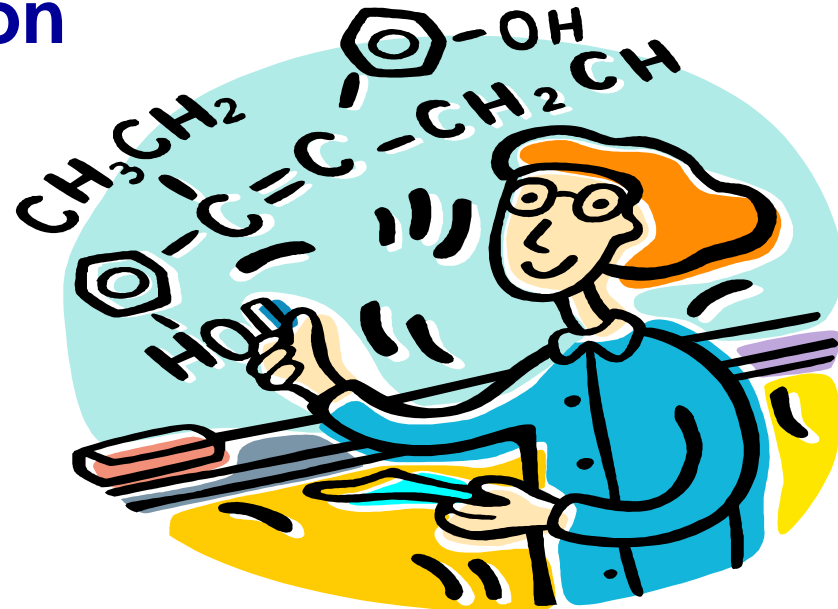
- Standard Deviation: Average distance each sample is from the average. Tells how variable the data is.

**In Excel: =stdev(number 1, number 2,....)**

# Statistics Formulas continued

- Z – Score: Tells you the relative position of a sample within the population

**Example: Z-Score = (Month figure – Average) / Standard Deviation**



# Sample Data



	A	B	C	D	
	PERIOD	GROSS SALES	AVERAGE	STANDARD DEVIATION	Z-SCORE
			=AVERAGE(C4:C13)	=STDEV(C4:C13)	=(MONTH - AVG) / STDEV
4	MO. 1	50,000.00	40,500.00	13,761.86	0.69
5	MO. 2	35,000.00	40,500.00	13,761.86	-0.40
6	MO. 3	20,000.00	40,500.00	13,761.86	-1.49
7	MO. 4	48,000.00	40,500.00	13,761.86	0.54
8	MO. 5	25,000.00	40,500.00	13,761.86	-1.13
9	MO. 6	62,000.00	40,500.00	13,761.86	1.56
10	MO. 7	41,000.00	40,500.00	13,761.86	0.04
11	MO. 8	26,000.00	40,500.00	13,761.86	-1.05
12	MO. 9	54,000.00	40,500.00	13,761.86	0.98
13	MO. 10	44,000.00	40,500.00	13,761.86	0.25

*\*TRY TO PULL FROM DIFFERENT YEARS/QUARTERS IF POSSIBLE AS WELL*

# How does this affect my audit?

- Could show bias towards a higher or lower assessment depending on where your high medium and low months fall
- Taxpayer concerns regarding using months that aren't representative
- Allows for consistency

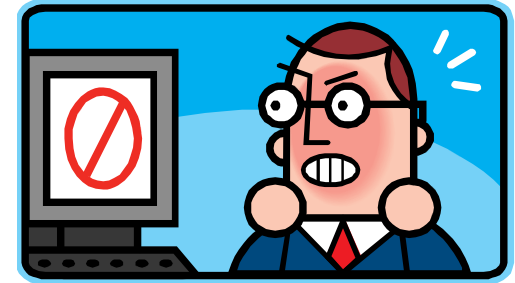


# Pre-Audit Tour

- What should you be talking about?
- Dissecting the business operations:
  - ❖ Who's who – subject matter experts (SME's)
  - ❖ Tour the facility-see for yourself
  - ❖ Cross-examination – open ended questions, leading questions



# Common Audit Issues



- Drop ship purchases
- Credit for “legally imposed tax” paid
- Unlicensed vendors
- Addressing errors (and Inter-City claims)
- Business Acquisitions
  - ❖ Real vs. Tangible Personal Property

# Appeals

- Sound Auditing
  - ❖ Consistency
  - ❖ Communications
  - ❖ Recording
  - ❖ Citation
  - ❖ Education

