Measurements for a Productive Audit Program

"Just Okay is not Okay"

Darlene Allen, Louisiana

Alan Woodard, North Carolina

Rich Unen, Florida

Audit Process Performance Measures

Why do we measure?

What do we measure?

Why Do We Measure?

- Report to Legislature

- Assist in conducting efficient operations

- Proper allocation of resources and time management

- Identification of strong/weak areas

- Timely feedback and consistent progress

- Increase productivity

- Continual improvement

- Assess our progress

What Do We Measure?

Measure Everything

Every breath, every step, every keystroke, every number…everything

- The auditor, the initiative, and the Program

- To determine if the auditor is performing optimally, exceeding, or under-performing

- If any of the initiatives or programs need to be eliminated, modified, or enhanced

What Do We Measure?

- Productivity

- Time management

- Case management

- Cost effectiveness/materiality

- Quality and efficiency

Productivity

Number of:

- Audits started

- Audits completed

- Audits closed

Time Management

- Audit hours

- Direct audit hours

- Out of office hours

Case Management

- Average Days
  - Start to commencement
  - Start to closed case
  - First assessment to closed case

- Percentage of
  - Closed cases within 305 days
  - Closed cases within 60 days of statute expiration date
  - No changes
  - Tax compliance examinations resulting in an adjustment to a taxpayer's account
  - Cases with extension

- Cases in inventory

Cost Effectiveness/Materiality

- Average
  - Tax per audit
  - Hours per audit
  - Tax per hour
- Low assessment
- Adjustments by tax schedule
- Net assessments by tax schedule
- Collections
- Refunds reduced

Cost Effectiveness/Materiality (continued)

- Audits per hour initiative

- Refund fraud/identity theft

- Protested cases

  - Withdrawn

  - Upheld

  - Reduced but liability still exists

- Return on investment by section and overall division

- Return on investment by auditor

Quality and Efficiency

- Case evaluation score

- Peer review

- Taxpayer survey

- Efficiency rating

- Team efficiency goal

- Error rate

- Team error rate

Miscellaneous

Select Auditor	Select Tax Type		Average for the Period	Result	Indicator Description
	Sales and Use Tax		Out of State		
Auditor Totals for the Period			Average for the Period	Result	Indicator Description
20	Cases Closed		11.47	Good	Productivity
93.36	Average Days Start to Commencement		73.32	Requires Review	Case management
185.60	Commencement to Workpapers Ready		212.97	Good	Case management
185.15	Average Days Start to Case Closed		325.20	Good	Case management
38.95	Average Days First Assessment to Case Closed		48.54	Good	Case management
36.36%	% Closed Case within 305 Days		63.29%	Requires Review	Case management
0.00%	% Closed Case within 60 of Statute Expiration Date		0.00%	Good	Case management
15.00%	% of No Changes		27.58%	Good	Case management/Cost effectiveness/Materiality
40.00%	% of Cases with Extensions		39.01%	Requires Review	Case management
5,794.16	Average Tax per Case		48,125.36	Requires Review	Cost effectiveness/Materiality
74.71	Average Hours per Case		111.61	Good	Cost effectiveness/Materiality
77.75	Average Tax per Hour		431.19	Requires Review	Cost effectiveness/Materiality
0.00%	Low Assessment		5.75%	Good	Cost effectiveness/Materiality
15.00%	Small Audit Percentage		43.83%		Potential for Complexity
5.00%	Medium Audit Percentage		26.79%		Potential for Complexity
25.00%	Large Audit Percentage		24.22%		Potential for Complexity
2.94	Case Evaluation Score		2.75	Good	Quality and Efficiency
95.33%	Case Evaluation Ratio		85%	Good	Quality and Efficiency
94.08%	Direct Audit Percentage – set at 87%		87%	Good	Time Management

Count of Positive Indicators	11
Total Indicators	16
Percent of Indicators	69.00%

Miscellaneous

Select Auditor	Select Tax Type			
	Sales and Use Tax	**In State**		
Auditor Totals for the Period		**Average for the Period**	**Result**	**Indicator Description**
8	Cases Closed	12.19	Requires Review	Productivity
55.38	Average Days Start to Commencement	56.88	Good	Case management
188.63	Commencement to Workpapers Ready	109.28	Requires Review	Case management
350.25	Average Days Start to Case Closed	211.10	Requires Review	Case management
36.88	Average Days First Assessment to Case Closed	42.02	Good	Case management
50.00%	% Closed Case within 305 Days	91.81%	Requires Review	Case management
0.00%	% Closed Case within 60 of Statute Expiration Date	0.08%	Good	Case management
37.50%	% of No Changes	13.63%	Requires Review	Case management/Cost effectiveness/Materiality
50.00%	% of Cases with Extensions	9.39%	Requires Review	Case management
16,422.85	Average Tax per Case	29,651.01	Requires Review	Cost effectiveness/Materiality
111.09	Average Hours per Case	62.43	Requires Review	Cost effectiveness/Materiality
147.83	Average Tax per Hour	474.94	Requires Review	Cost effectiveness/Materiality
20.00%	Low Assessment	34.33%	Good	Cost effectiveness/Materiality
25.00%	Small Audit Percentage	54.25%		Potential for Complexity
0.00%	Medium Audit Percentage	13.14%		Potential for Complexity
25.00%	Large Audit Percentage	5.32%		Potential for Complexity
2.60	Case Evaluation Score	2.75	Requires Review	Quality and Efficiency
73.72%	Case Evaluation Ratio	85%	Requires Review	Quality and Efficiency
93.29%	Direct Audit Percentage – set at 87%	87%	Good	Time Management

Count of Positive Indicators	5
Total Indicators	16
Percent of Indicators	31.00%