

Meeting Summary
Functional Area: Business Intelligence – External Audit

Meeting: BPR session
Date: April 30, 2008, 10:00 a.m.

Location: 133



Meeting called by: Linda Ford

Attendees:

Linda Ford, Greg Hopper, Stephen Nutter, Tammy West

Preparation for meeting:

Read over minutes and documentation from the last session.

Session Goals and Objectives:

1. Discuss and validate the scenario and requirements for Identify Fuels Tax Audit Candidates
2. Discuss additional BI processes from the Audit Tax return use case, write scenarios and requirements
3. Discuss additional BI needs for External Audit

Summary:

Linda began the session with a brief statement of what we have accomplished so far and our plans for today.

The group began validating the use case written last week Identify Fuels Tax Audit Candidates. During the validation the group determined that refunds happen in two ways. First, as an entry on a tax return. Second, as a separate application submitted to request a refund. The scenario as written captured the process and requirements for the former method, but not the latter. Therefore, a new process was identified and a new use case, named Identify Fuels Tax Application Refund Audit Candidates, was created. The scenario and requirements were written for Identify Fuels Tax Application Refund Audit Candidates.

The remainder of Identify Fuels Tax Audit Candidates was discussed with three additional steps added to include trend analysis needed to identify an audit candidate. A step to identify reported versus actual tax-exempt entities was added to the use case. Additional requirements were written and the scenario was validated.

To get a better idea of the needs for External Audit, the group discussed the audit process from the Tax Auditor's perspective. Then, the use case created by the Tax Processing team (Audit Tax Return) was carefully read and Business Intelligence requirements, processes, and additional needs were identified and each was discussed. Several use cases were identified based on this.

- o Create Audit Template
- o Capture Audit Corrections
- o Generate Audit Report
- o Generate Audit Schedule
- o Manage Audit Time
- o Create Audit Statistics Report

The CSI BI personnel will examine the documentation for MCAMS to get needed functionality for several of the above use cases. Each use case was described with a purpose statement and future state needs.

A stand-alone system is currently being developed by ACS described as audit software for motor fuels tax. This system is in the early stages of development and the functionality has not yet been fully defined yet. The future CSI system will

need to interface with this system.

Potential Process Improvements and Discussion:

- The Gross Proceeds figure should be broken down into component figures that relate to actual business and can be audited. The first line should be Gross Rental Income. Adjustments to this figure include fuel, damage waivers, insurance, etc. This will necessitate the rental tax filers to begin with a figure that can be verified by an auditor and ensure that the filer is paying the proper amount of tax.
- Many of the rental tax filers are low volume, one or two vehicle, operations that require significant DMV resources to process returns. This processing is costly to the Commonwealth, without adding any real value. A proposed alternative would be for the rental tax companies who fall under a (volume) threshold to simply pay a fee, without the need to submit a monthly return. This would require a legislative change. The larger companies will continue to provide monthly reports. This process improvement would eliminate the costly processing of returns for low-volume businesses, yet still maintain the program for high-volume rental tax businesses.
- The Rental Tax system does not provide the ability to maintain data in the system. Currently, a workaround is in place that requires IT staff to perform a monthly download of the data and store it on a CD. This historical data is only extant back to October 2006. In order to perform an audit of Rental Tax filers, 36 months of data is needed. The future state must allow for at least 36 months of Rental Tax data to be stored and accessible for audit purposes.

The session ended at 4:45 p.m.

Plans for Next Workshop:

Currently, another work session is not planned. However, after examining MCAMS and refining the information gathered is complete, another session may be warranted.

Homework for Next Workshop:

- Steve to provide a copy of each of the Audit Templates.
- CSI Team to incorporate MCAMS functionality into the requirements and use cases.