
Navigating Audits from Both Sides

Audit Stages

- **Scheduling**
- **Audit**
- **Requesting and Receiving Information**
- **Work Paper Review**
- **Informal Hearing**

I. Scheduling

- **Audit Selection**
- **Auditor Reviews Available Information**
- **Contacts Taxpayer**

II. Audit

- **Desk Audit**
- **Field Audit**
 - **Day one**
 - **Exit Conference**

III. Requesting and Receiving Information

- **Information Document Request**

- **Related Party Transactions**

- Identify parties to controlled transactions (org chart and description of functions performed, assets employed, and risks assumed by party and counter parties).
- Obtain tax filings for audit years and for two prior years, including M or equivalent schedules.
- Obtain GAAP financials of tested party, including P&L and balance sheet.
- Obtain intercompany agreements supporting related party transactions.

IV. Work Paper Review

- **Tax schedules for discussion purposes only.**
- **Preliminary work papers**
- **Final work papers**

V. Informal Hearing

- **Timing**
- **Requesting**
- **Next Step**

Questions

