

AUDIT DIVISION

The Audit Division began operating on July 1, 2001 as a direct result of one of many objectives that were born from the department's Strategic Planning retreat in January 2000. The vision behind the establishment of the Audit Division was to create a tax auditor agent series that would allow employees with the education, experience, and proficiency in auditing the major Ohio business taxes (sales and use tax, personal property tax, corporation franchise tax, pass-through entity tax, and employer withholding tax) the opportunity to devote most of their time to "field" auditing.

The emphasis on field auditing accomplishes three objectives which align themselves with the department's goals of "enhancing taxpayer services and taxpayer compliance with Ohio tax law" and "modernizing Ohio tax laws and the department's operations." One, it re-establishes a greater face-to-face contact with the taxpayers that this department serves. Second, it enhances the ability to educate these taxpayers on the ever-changing revisions to the Ohio statutes. Third, it educates the department on critical tax issues that will help improve how it administers the Ohio tax law.

In order to accomplish these objectives, the Audit Division has placed a special emphasis on the following initiatives:

- Create and use audit project plans for each audit assignment that guide auditors to better plan the scope of an audit, establish a timeline of deliverables to move the audit efficiently to a conclusion, and project and track the number of hours used to complete such assignments.
- Permit auditors to share their preliminary proposed audit findings prior to a formal review by the audit review staff, to encourage an interaction between auditor and taxpayer on the exact nature of audit issues.
- Enhance the use of a resolution process to address audit issues more quickly and efficiently in order to avoid lengthy and costly litigation.
- Increase the use of electronic downloads of taxpayer data in order to move audits to a quicker completion with more accurate results, and with fewer hours expended by all parties. This enables the department to more efficiently use its audit hours and thereby provides an opportunity to expand the audit base. A Computer Audit Assistance Group has also been created that helps auditors and taxpayers through these types of audits.
- Create basic and advanced tax-type courses and auditing courses to help auditors identify substantive audit issues and cross-tax initiatives. Every auditor is required to have knowledge in all business tax-types outside their previous tax expertise area.
- Create and implement a new audit template for each of the business taxes that the division audits.
- Enhance the division's audit selection capabilities to encourage auditing of a larger percentage of businesses.
- Create an audit program to use in conducting commercial activity tax (CAT) field audits.

As of June 30, 2006, the Audit Division included 303 employees who completed

the following types of audits:

Tax Type	Total Audits
Sales and Use	1,218
Personal Property	1,248
Corporation Franchise	1,212
Pass-Through Entity	99
Employer Withholding	76
Commercial Activity	1
Other	3
Totals	3,857

During the 2007 fiscal year, the Audit Division will work to develop a paperless audit file for each business tax-type and create a secure file transfer system to be able to share the entire audit file with our taxpayers/customers.

BUDGET AND FISCAL DIVISION

The Budget and Fiscal Division is comprised of three sections with the responsibilities of managing the department's fiscal operations, facilities, and reconciling and distributing tax revenue. The Budget and Fiscal sections are: Budget and Accounts Payable, Facilities Management, and Revenue Accounting.

Budget and Accounts Payable

This section prepares and monitors the department's operating budget with primary responsibilities that include centralized purchasing, processing payment of invoices, and travel expense reimbursement. This section also administers the department's payment cards, travel Visa program, petty cash funds, and contracts.

Facilities Management

This section is responsible for managing, equipping, and maintaining the department's office facilities, including safety and security. This section also administers the mail operations, inventory of all fixed assets, central supply services, and the vehicle fleet program.

Revenue Accounting

This section reconciles all tax revenue receipts and makes distributions to the state and local governments. The unit also works with bad check processing and resolution (see separate section on **Revenue Accounting** for additional information).

The Budget and Fiscal Division performs varied internal financial, accounting, and facilities management functions that help the department run its day-to-day operations while fulfilling the essential function of providing operating funds for both state and local governments.

COMMUNICATIONS OFFICE

The Communications Office of the Department of Taxation serves to convey ODT's policies and procedures to the news media and the general public while providing news and information to department staff about job-related topics and the people employed in the department. The office issues news releases to state

and local media to highlight significant events and policy changes, arranges news conferences or events to spotlight major issues, and is the first line of contact in responding to media questions and requests for interviews.

A wealth of general public information about ODT and the taxes it administers, including the latest tax news and information releases, frequently-asked-questions, contact information, and historical statistics, is available on the department's Web site, tax.ohio.gov. The content of this increasingly important resource is managed by the Communications Office, with the support of liaisons in every division who provide updates in their specific areas. The Web site registers over five million visits annually. An internal Intranet site, TAXI, provides a database of department and job-related information, while at the same time serving as an electronic bulletin board of upcoming events.

The Communications Office, in partnership with Information Services Division, launched a major new public outreach in Fiscal Year 2006 with the OHTAX-Alert e-mail notice system. This feature allows taxpayers to subscribe to either a tax-specific or a general tax list and receive the latest updates as well as news and information releases related to their topics of interest. More than 14,000 taxpayers subscribed to this service during the fiscal year.

Several publications coordinated and prepared by the Communications Office provide specific tax and statistical information to both the public and private sectors. These publications include the yearly **Annual Report and Ohio's Taxes: A Brief Summary of State and Local Taxes in Ohio** as well as the quarterly **Ohio's State Tax Report**, periodic **Business Tax Guide**, and several other informational brochures and papers.

Communications publishes a monthly newsletter, **The Collector**, in both a print and an electronic version. This publication serves the department's employees by reporting significant professional and personal milestones, updates on new procedures or procedural changes, and articles on departmental programs. The TAXI Intranet site also contains a weekly feature story on people and events within the department.

As of June 30, 2006, five full-time employees worked in the Communications Office.

The Communications Office uses news releases, media events, the Internet and Intranet, and publications to support the primary ODT mission of providing quality service through the timely delivery of information to both external and internal audiences that helps everyone understand their responsibilities and comply with the tax law.

OFFICE OF CHIEF COUNSEL

The Office of Chief Counsel is responsible for the tax legal affairs of the Department of Taxation. It is divided into five areas: the Problem Resolution Office, Appeals Management Division, Bankruptcy Division, and the Tax Appeals Division, as well as Legal Counsels that provide assistance with specific taxes. The Office of Chief Counsel is also responsible for enacting, amending or rescinding rules promulgated by the Tax Commissioner (see **Rule Review**

chapter) and shares responsibility for the issuance of information releases with other divisions of the department.

Appeals Management Division

The Appeals Management Division serves as liaison with the Attorney General's office for all litigation that involves the department, except personnel actions. Much of the work of the division involves the mediation of appeals at the Board of Tax Appeals and Ohio Supreme Court. In April 2005, the Resolution Unit was added to the division to work with the Offers in Compromise program and settlements concerning assessments certified to the Attorney General's Office. The Appeals Management Division had nine employees as of June 30, 2006.

Note: all case information shown below is on a calendar year basis.

Tax Appeals Cases

Bd. of Tax Appeals	Courts of Appeals	Ohio Sup.Ct.
Cases on appeal beyond Taxation		
as of 12/31/05:		
397	1	32
as of 12/31/04:		
323	0	32

Bankruptcy Division

The Bankruptcy Division handles the filing of the department's Proofs of Claims with various Bankruptcy Courts throughout the country. The Bankruptcy Division had eleven employees as of June 30, 2006.

Bankruptcy Proofs of Claims Handled by Bankruptcy Division

Cal.Yr. Filed	Total Notices Received	Total Proofs Processed	Total Amount Filed
Jan. — June 2006	4,633	2,384	\$98,181,434
2005	15,129	3,832	\$52,352,527

Problem Resolution Officer

The Problem Resolution Officer (PRO), assigned to the Office of Chief Counsel, is a special resource for taxpayers. This individual serves as a liaison between the Ohio Department of Taxation and taxpayers when the normal lines of communication break down. The PRO is authorized by Ohio Revised Code section 5703.52, which states that the PRO or additional persons designated for this office "shall receive and review inquiries and complaints concerning matters that have been pending before the department for an unreasonable length of time or matters to which a taxpayer has been unable to obtain a satisfactory response after several attempts to communicate with the employee of the department assigned to the taxpayer's case or the employee's immediate supervisor."

The PRO works with the appropriate employees and the taxpayer to determine the precise circumstances of the contested issue and to arrive at the appropriate