



# Auditing in an Electronic Environment (e-Auditing)

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## What is e-Auditing?

Electronic auditing, or e-Auditing, is computer-assisted auditing that uses electronic records to complete all or part of the audit. If you use a computer to record your business activity and maintain this data electronically, you are a candidate for an electronic audit.

## Electronic Audit Techniques

We use a combination of purchased and custom-designed software to perform electronic data conversion and analysis. E-Auditing uses various audit techniques, including electronic detail auditing and sampling.

It is common to use more than one technique in the same audit. For example, sales and purchases of fixed assets could be audited using the electronic detail technique, while expenses could be audited using a sampling method.

## Electronic Detail Audit

When performing an electronic audit, it may be possible to review every transaction in a file, eliminating the need for sampling. If we can perform a detail audit within the same amount of time as a sample, a detail audit will be performed.

## Sampling

Sampling involves taking a segment of a much larger group or population and making a conclusion about the population based on the sample results. Generally, a sample can be conducted much faster than a detail audit and is, therefore, less costly for both you and the Department.

Under Florida Statutes (F.S.), any taxpayer paying sales and use tax to the Department and filing returns must keep records and other information that will allow us to determine the correct amount of tax due. Section 212.12(6)(c), F.S., states that the Department may sample your records, when the records are adequate, but voluminous.

According to s. 212.12(6)(b), F.S., if you do not have adequate records of sales or purchases, the Department may project a deficiency from a sample of your available records. There is no provision in s. 212.12(6)(b), F.S., to project an overpayment for taxpayers who do not have adequate records.

## Frequently Asked Questions

### **If I maintain my data electronically, am I a candidate for an electronic audit?**

Yes. If electronic data is available in any form, it may be used. Section 213.35, Florida Statutes, states:

*Each person required by law to perform any act in the administration of any tax enumerated in s. 72.011 shall keep suitable books and records relating to that tax, such as invoices, bills of lading, and other pertinent records and papers, and shall preserve such books and records until expiration of the time within which the Department may make an assessment with respect to that tax pursuant to s. 95.091(3).*

## **Will the Department keep my data confidential?**

The confidentiality of all taxpayer information, whether on paper or electronic medium, is ensured by s. 213.053, F.S. Any violation of confidentiality by any Department employee is a misdemeanor of the first degree.

## **Reference Material**

**Tax Laws** - Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Section 213.34, Florida Statutes, Authority to Audit; Section 213.35, F.S., Books and Records; and Rule 12-24.023, Florida Administrative Code, Recordkeeping Requirements - General.

**Brochures** - Download these brochures from our "Forms and Publications" page:

- What to Expect from a Florida Tax Audit
- What to Expect from a Florida Unemployment Tax Audit
- Sampling and Your Audit

## **For Information and Forms**

If you have questions about electronic auditing or would like to receive a booklet with additional information, contact your local service center.

Information and forms are available on our Internet site at: [www.myflorida.com/dor](http://www.myflorida.com/dor)

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a written reply to tax questions, write:

Taxpayer Services  
Florida Department of Revenue  
5050 W Tennessee St Bldg L  
Tallahassee FL 32399-0112

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