

What to Expect During a Borough Audit

“Audit Objectives”

- ⇒ To check the correctness of the Borough’s records on the business;
- ⇒ To determine the accuracy of the business’s reported guide and/or bed tax against their own accounting and federal income tax records;
- ⇒ To answer any questions the business may have regarding proper accounting for guide and /or bed tax code.

“Audit Procedure”

- ⇒ Initial Written Contact
- ⇒ Auditor’s Visit
- ⇒ Written Follow-up

The Auditor is available to work with the seller and answer questions. Assisting the Auditor aids with accurate and timely audit results.

“Written Notification”

- ⇒ *Outlines the years which are being covered by the audit*

Three prior years to CURRENT

- ⇒ *Establishes the Date, Time, and Place the audit will be held*

Other arrangements may be made by contacting the Borough’s Finance Officer

- ⇒ *Identifies books, files, and records regarding gross sales that may be reviewed during the audit*

The accounting records made available should include, but are not limited to: sales invoices, daily cash register tapes, sales journals/summary, general ledgers, and bank statements. Copies of the seller’s federal income tax returns will also be requested.

Alaska Big Game Commercial services board Guide-Outfitter Contracts, Fish and Game Fresh Water Sport Fish Guide Logbooks, National Park CUA Reports, Big Game Hunt Reports.

The records are reviewed to determine if the number of clients, per the seller’s books and records, as well as those reported to the IRS, are consistent with the amounts reported to the borough.

“ Auditor’s Visit”

⇒ Introduction

The Auditor explains how the business was selected for the audit and why the audit is being performed.

The Auditor gains background knowledge of the seller’s business through a series of basic questions and highlights portions of the LPB code that apply to the seller’s business.

The audit provides the seller the opportunity to ask questions.

⇒ Review of Accounting Practices Used

Review of various exemptions allowed under the LPB Code and Explanations of how they are verified.

Review of how the seller’s business accounts for various exemptions allowed under LPB Code.

⇒ Review of Seller’s Records

Guide and Lodge Tax– the Seller’s Accounting records and federal income tax statements are examined to determine if the tax liability the seller reported on filed tax forms is consistent with the seller’s accounting and income tax records

“Post Audit”

A written determination will be mailed to the business upon completion of the audit.

⇒ Guide and/or Bed Tax

No Change—Indicates the auditor determined the seller’s filed tax forms are reflective of the business activity recorded in the seller’s business records.

Incorrect Filing of Returns—indicates the filed tax forms did not accurately reflect the business activity reviewed by the Auditor. An estimation of the amount of tax discrepancy will be included in the correspondence. If taxes have been under reported the tax estimate may also include penalties, interest, fees, and other associated costs. If Taxes have been over paid a credit balance will be applied to the seller’s account or refunded to the seller.

(If the seller does not agree with the estimate, a protest may be filled.)

“Your Rights”

If the seller disagrees with the Borough’s final audit result, estimate result, exemption determination, or other tax determination, the seller has the right to appeal the final determination to Superior Court in Anchorage, Alaska. If the seller disagrees with the written determination of the borough Auditor, a protest may be filed with the Finance Officer. The Finance Officer will review the methods used, documents presented, and results of the audit or estimate. The finance Officer will issue a written decision regarding the validity of the audit or estimate. If the seller disagrees with the Finance Officer final written decision, the decision, the decision may be appealed within 30 days of the distribution to the Superior Court in Anchorage, Alaska.