



## **Computer assisted verification: e-Audit and risk assessment**

Learn how we audit your electronic financial records (e-Audit) using computer verification and risk assessment tools.

**Last updated** 9 June 2023

## **Benefits of computer assisted verification (e-Audit)**

The benefits of using computer assisted verification (CAV) in audits and other compliance activities include:

- being cheaper and more efficient to provide information electronically
- fewer requests to supply paper copies of transactions and reports
- providing electronic information reduces the time we spend on your premises, minimising disruption to your regular business activities.

A tax officer skilled in e-Audit will also be able to analyse your electronic information more efficiently, accurately and thoroughly than if they had used manual processes.

## **The e-Audit process**

The following describes how we work with you when conducting an e-Audit.

### **Accessing your records**

Using formal access powers we are permitted full and free access to documents required for the purposes of the Acts we administer. Documents include electronically stored information.

We will usually seek access to your information through a cooperative approach, and we will consult with you on the records required.

## **Supplying electronic information**

When we identify a need for electronic information to be provided, we will schedule a meeting to obtain that information. We will always discuss this with you beforehand to develop an understanding of your system and identify what information we may need to collect.

We seek to understand:

- the accounting systems you use
- your system architecture and how the data flows through your system or systems
- the format and extent of your electronic records
- the documentation available to assist in our analysis – for example, your chart of accounts, reference tables or data dictionary.

We are flexible when organising a meeting time in which your tax adviser and information technology specialist are available to attend to gain the most benefit out of the meeting.

During the meeting, we may request that you download a copy of the mutually agreed electronic information from your system to any of the following:

- a tax officer's secure biometric thumb drive
- a secure drop box via SIGBOX
- any other agreed medium.

We recommend you keep a copy of the electronic information you supply to us for your own records.

### **Where we have provided you with a request for data**

If we have made a request for data, you can save time by having the following information ready. Generally, you will need to provide us with:

- names and versions of all the point of sale, accounting, payroll, financial management system, enterprise reporting system (ERP) or any other software and systems used in the course of meeting your tax obligations, including manual processes
- contact details of the accountant or accounts manager who prepares your business activity statements (BAS) or financial records
- information such as system support documentation which can include a system architecture diagram, data dictionary, BAS preparation papers and other working papers.

If you are unable to provide any of the above, we will assist you as much as possible. We may visit your business premises again to obtain the data we require to carry out our analysis. This could include bank records and copies of back up data for the period included in our enquires.

## **Data review and analysis**

We use specialised software to verify that the data that you provide is accurate and complete. We then conduct a series of tests on your data to ensure you comply with tax

laws. We conduct these tests in accordance with the nature of the compliance activity we are undertaking.

Our specialised software allows us to perform tests on the data without altering the data itself, so the integrity of your data is protected.

### **There is no risk to your computer system**

During the e-Audit process, you provide us with a copy of the required data from your systems. We will not operate your computer system.

### **When the compliance activity is completed**

The data that you provide us will be stored as part of a case file kept as a record of the compliance activity.

### **Your information is secure**

Electronic and paper records you provide for the compliance activity are protected by law. Your information is maintained in accordance with both:

- secrecy provisions contained in the
  - *Taxation Administration Act 1953*
  - *Income Tax Assessment Act 1936*
- Australian Privacy PrinciplesExternal Link (APPs) contained in the Privacy Act 1988External Link that protect your personal information.

For more information, see [Your privacy](#).

## **Your rights**

It is important that you are aware of your rights and obligations when dealing with us. If we advise you that we intend to undertake compliance activities in relation to your tax affairs, we will tell you about your relevant rights and obligations as set out in the Taxpayers' Charter.

In addition to *Taxpayers' charter – what you need to know* (NAT 2548), which sets out your rights and obligations, the charter booklet *If you're subject to review or audit* (NAT 2558) tells you what you can expect if you're subject to a face-to-face enquiry or audit from us.

## **More information**

To obtain more information, you can:

- see Taxpayers' Charter – what you need to know
- phone us on **13 28 66**
- write to us at  
**PO Box 3524**  
**ALBURY NSW 2640**

If you do not speak English well and need help from us, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone us through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on [relayservice.com.au](https://relayservice.com.au)<sup>External Link</sup> and ask for the ATO number you need.

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## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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