

**AGENDA**  
**RULE DEVELOPMENT HEARING**  
***(If Requested in Writing)***

Hearing Material Available on the web at:  
<http://www.floridarevenue.com/rules>

**10:00 a.m., February 27, 2019**

**Contacts:**     **Danielle Boudreaux, Revenue Program Administrator I, (850) 717-7082**  
                  **Tammy Miller, Deputy Director, (850) 617-8346**

**ROOM 1221, BLDG ONE**  
**2450 SHUMARD OAK BLVD**  
**TALLAHASSEE, FLORIDA**

**THIS MEETING IS OPEN TO THE PUBLIC**

**1. Call to Order:**

- (a) Introduction of Department of Revenue Staff
- (b) Opening Remarks by Department of Revenue

**2. Business: Presentation and discussion of the proposed changes to the following rule sections of the Florida Administrative Code (F.A.C.):**

**ADMINISTRATIVE**

- |                   |   |
|-------------------|---|
| 12-25.031, F.A.C. | Definitions   |
| 12-25.033, F.A.C. | Eligibility and Qualifications  |
| 12-25.035, F.A.C. | Responsibility for Program Training, Certification Procedures, and Program Availability |
| 12-25.037, F.A.C. | Applying for Participation in the Program   |
| 12-25.047, F.A.C. | Development of Agreed Upon Procedures   |
| 12-25.048, F.A.C. | Submission of the Certified Audit Report  |

**3. Closing Comments**

STATE OF FLORIDA  
DEPARTMENT OF REVENUE  
CHAPTER 12-25, FLORIDA ADMINISTRATIVE CODE

ADMINISTRATIVE

AMENDING RULES 12-25.031, 12-25.033, 12-25.035, 12-25.037, 12-25.047, AND 12-25.048

SUMMARY OF PROPOSED RULES

The proposed amendments to Rule 12-25.031, F.A.C., clarify two definitions. The proposed amendments to Rule 12-25.033, F.A.C., remove an obsolete provision and incorporate a referenced material in accordance with statutory requirements. The proposed amendments to Rule 12-25.035, F.A.C., remove obsolete provisions and update the rule with current procedures. The proposed amendments to Rule 12-25.037, F.A.C., incorporate a referenced material in accordance with statutory requirements and remove an unclear provision. The proposed amendments to Rule 12-25.047, F.A.C., remove an unnecessary provision, incorporate a referenced material in accordance with statutory requirements, and provide a cross-reference for an incorporated form. The proposed amendments to Rule 12-25.048, F.A.C., remove an unnecessary provision.

FACTS AND CIRCUMSTANCES JUSTIFYING PROPOSED RULES

Changes to Rules 12-25.031, 12-25.033, 12-25.035, 12-25.037, 12-25.047, and 12-25.048, F.A.C., are necessary to bring the rules into compliance with current administrative procedure law and Department practices.

FEDERAL COMPARISON STATEMENT

The provisions contained in these rules do not conflict with comparable federal laws, policies, or standards.

SUMMARY OF RULE DEVELOPMENT WORKSHOP

NOVEMBER 7, 2018

A Notice of Proposed Rule Development was published in the Florida Administrative Register on October 24, 2018 (Vol. 44, No. 208, p. 4891), to advise the public of the proposed repeal of Rule 12-25.0305, F.A.C., and the proposed changes to Rules 12-25.031, 12-25.033, 12-25.035, 12-25.037, 12-25.047, and 12-25.048, F.A.C., and to

provide that, if requested in writing, a rule development workshop would be held on November 7, 2018. A request was received, and a workshop was held on November 7, 2018. Comments were received from members of the public at the workshop, and changes were made to Rule 12-25.035 in response to those comments. In addition, the proposed repeal of Rule 12-25.0305 was withdrawn at the request of interested parties at the workshop. No written comments were received by the Department.

#### SUMMARY OF PUBLIC MEETING

##### DECEMBER 4, 2018

The Governor and Cabinet, sitting as head of the Department of Revenue, met on December 4, 2018, and approved the publication of the Notice of Proposed Rule for the proposed changes to Rules 12-25.031, 12-25.033, 12-25.035, 12-25.037, 12-25.047, and 12-25.048, F.A.C. A notice for the public meeting was published in the Florida Administrative Register on November 20, 2018 (Vol. 44, No. 226, pp. 5300-5301).

## Notice of Proposed Rule

### DEPARTMENT OF REVENUE

RULE NO.:      RULE TITLE:

12-25.031	Definitions
12-25.033	Eligibility and Qualifications
12-25.035	Responsibility for Program Training, Certification Procedures, and Program Availability
12-25.037	Applying for Participation in the Program
12-25.047	Development of Agreed Upon Procedures
12-25.048	Submission of the Certified Audit Report

**PURPOSE AND EFFECT:** The purpose of these amendments is to update rules related to certified audits for consistency with administrative procedures, current statutory requirements for incorporation of materials, and to remove obsolete references. The effect of the amendments is to ensure rules are consistent with current law and procedures, and to remove unnecessary or obsolete provisions.

**SUMMARY:** The proposed amendments to Rule 12-25.031, F.A.C., make administrative changes to two definitions. The proposed amendments to Rule 12-25.033, F.A.C., remove obsolete provisions and incorporate a referenced material in accordance with statutory requirements. The proposed amendments to Rule 12-25.035, F.A.C., remove obsolete provisions and update the rule with current procedures. The proposed amendments to Rule 12-25.037, F.A.C., incorporate a referenced material in accordance with statutory requirements and remove an unclear provision. The proposed amendments to Rule 12-25.047, F.A.C., remove an unnecessary provision, incorporate a referenced material in accordance with statutory requirements, and provide a cross-reference for an incorporated form. The proposed amendments to Rule 12-25.048, F.A.C., remove an unnecessary provision.

### SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: 1) no requirement for the Statement of Economic Regulatory Costs (SERC) was triggered under subsection 120.541(1), F.S.; and 2) based on past experiences regarding rules of this nature, the adverse impact or regulatory cost, if any, do not exceed nor would exceed any one of the economic analysis criteria in a SERC, as set forth in paragraph 120.541(2)(a), F.S.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

**RULEMAKING AUTHORITY:** 213.06(1), 213.285(7), FS.

**LAW IMPLEMENTED:** 213.285, FS.

**IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):**

**DATE AND TIME:** February 27, 2019; 10:00 a.m.

**PLACE:** 2450 Shumard Oak Boulevard, Building One, Room 1221, Tallahassee, Florida

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 48 hours before the workshop/meeting by contacting: Danielle Boudreaux at (850)717-7082.. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

**THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:** Tammy Miller, Technical Assistance and Dispute Resolution, Department of Revenue, P.O. Box 7443, Tallahassee, Florida 32314-7443, telephone (850)617-8346.

**THE FULL TEXT OF THE PROPOSED RULE IS:**

12-25.031 Definitions.

The following definitions shall apply to this Part:

(1) "Board" means the State of Florida Board of Accountancy, ~~as provided in Chapter 473, F.S.~~

(2) "Certified Public Accountant" shall have the same meaning as the term is defined in Section Chapter 473.302(4), F.S.

(3) through (11) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, Amended \_\_\_\_\_.

#### 12-25.033 Eligibility and Qualifications.

(1)(a) No change.

(b) Any practitioner employed by the qualified audit firm who performs audit analysis, makes auditing decisions on source documents, taxpayer data or sales transactions, or who performs agreed-upon procedures, except for the gathering of information for the planning work discussed in subparagraphs 12-25.047(1)(b)1., 2., 4., 5., 6. and 7., F.A.C., scheduling, or reconciling, must successfully complete a training course approved by the Department prior to their initial performance of the subject activities. ~~The Department will approve the training, including instructional curriculum and materials, and testing, administered and delivered by the contract provider, if the provider meets all the conditions contained in pages 20 through 23 of the contract required to be established by both parties pursuant to Section 213.285(1), F.S., and Section 4 of Chapter 98-95, Laws of Florida. This contract is adopted and incorporated by reference. However, the Department shall grant a waiver of this requirement for a specific certified audit in circumstances where a practitioner working on the subject audit can not complete his or her work due to a documented medical reason, a documented family emergency, or the practitioner has left the employment of the firm.~~ The training course will, at a minimum, teach the basics of Florida Sales and Use tax law, and will include a required examination. The Department will be the final authority on the content of the training course and the nature, number, and type of questions on the examination. "Successfully complete" means the participant has met all the requirements for the course and achieved a scaled score of 70 percent. Further, any practitioner performing the subject activities shall be supervised by a qualified practitioner. The subject qualified practitioner will be physically on-site where the activities are performed.

(c) through (e) No change.

(2) To be eligible to provide a certified audit service to a taxpayer, the qualified audit firm must be independent with respect to that taxpayer, pursuant to the guidelines established by Form DR-343000, Certified Audit Program Independence Issues, effective XX/XX (<http://www.flrules.org/Gateway/reference.asp?No=Ref->\_\_\_\_\_), ~~Florida Board of Accountancy Advisory Opinions issued on certified audit independence questions~~, which are hereby adopted and incorporated by reference. The Department will determine if the circumstances and facts of the particular situation are materially the same as situations for which guidelines were previously issued. If the facts and circumstances are unique or if the qualified audit firm believes there are differences between their situation(s) and the situation(s) previously addressed by the Board that were the basis for the Department to deny participation, then the qualified audit firm can request an Advisory Opinion from the Board on the particular situation(s). The Department shall then decide based on the guidelines in the Board's response to that request ~~and based on General Standard No. 2 (Independence), Generally Accepted Auditing Standards, which are adopted and incorporated by reference.~~ If the qualified audit firm does not agree with the Department's decision, it can request a Declaratory Statement from the Board, which determination will be final.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, Amended \_\_\_\_\_.

#### 12-25.035 Responsibility for Program Training, Certification Procedures, and Program Availability.

(1) The Department or the Florida Institute of Certified Public Accounts (FICPA) will provide the instructional curriculum and materials for the certified audit program and deliver this curriculum in a training context. If the FICPA is responsible for these services, they will receive the Department's review and approval before distributing materials or performing the training.

~~(1) Subject to the Department's supervision and approval, the Florida Institute of Certified Public Accounts (FICPA) shall:~~

- ~~(a) Develop the instructional curriculum and materials for the certified audit program;~~
- ~~(b) Deliver this curriculum in a training context;~~
- ~~(c) Test qualified practitioners and practitioners who have participated in such training; and,~~
- ~~(d) Administer the training and testing process.~~

(2) Subject to the Department's supervision and approval, the FICPA will:

- (a) Oversee registration of eligible training participants for the certified audit program; and
- (b) Test eligible training participants who have participated in such training.

~~(2) The Department will approve the training, including instructional curriculum and materials, and testing administered and provided by the FICPA, if the FICPA meets all the conditions contained in the contract which must be established by both parties pursuant to Section 213.285(1), F.S., and Section 4 of Chapter 98-95, Laws of Florida.~~

(3) through (4) No change.

(5) Continuing professional education is required for practitioners and qualified practitioners as part of the training required pursuant to the directives in Section 213.285(1)(a), F.S., and Section 4 of Chapter 98-95, L.O.F. These laws require the training to be developed and delivered by the FICPA and approved by the Department pursuant to the contract signed by the Department and the FICPA. The Department shall approve the continuing professional education program if it meets all the criteria established in the contract.

(a) Practitioners must complete a continuing professional education program which will not exceed eight hours every two years.

(b) A qualified practitioner must complete a continuing professional education program which will not exceed sixteen hours every two years.

(6) through (8) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, Amended\_\_\_\_\_.

#### 12-25.037 Applying for Participation in the Program.

(1) The following public use form is employed by the Department of Revenue in its dealings with the public, and is hereby incorporated in this rule by reference. Copies of this form are available, without cost, by one or more of the following methods: 1) writing the Florida Department of Revenue, Taxpayer Services, Mail Stop 3-2000, 5050 West Tennessee Street, Tallahassee, Florida 32399-0112; or, 2) visiting any local Department of Revenue Service Center to personally obtain a copy; or, 3) calling the Forms Request Line during regular office hours at (850)488-6800; or, 4) downloading selected forms from the Department's website at [www.floridarevenue.com/forms](http://www.floridarevenue.com/forms). Persons with hearing or speech impairments may call the Florida Relay Service at 1(800)955-8770 (Voice) and 1(800)955-8771 (TTY). When a qualified practitioner has a client who agrees to participate in the program, the qualified practitioner must complete a Request to Participate in the Certified Audit program (form DR-342000), which includes a Power of Attorney and Declaration of Representative (form DR-835, incorporated by reference in Rule 12-6.0015, F.A.C.), and submit the Request to Participate, including any required supporting information to the Department.

Form Number	Title	Effective Date
DR-342000	Request to Participate in the Certified Audit Program <del>(N. 8/99)</del> ( <a href="http://www.flrules.org/Gateway/reference.asp?No=Ref-_____">http://www.flrules.org/Gateway/reference.asp?No=Ref-_____</a> )	<del>XX/XX 8/99</del>

(2) No change.

~~(3) As a condition of acceptance in the Certified Audit program, a taxpayer will have to sign a statement declaring that he or she agrees to pay the audit assessment within 60 days of:~~

- ~~(a) The date the audit has been agreed to; or~~
- ~~(b) The date the taxpayer's protest and appeal rights have expired.~~

~~However, if the Certified Audit results in the taxpayer entering into a stipulated payment agreement, interest would accrue from the date to which the stipulated payment agreement is mutually agreed. If payment has not been received within the 60 days stipulated, and a stipulated payment agreement has not been entered into, interest will accrue back to the date of the Notice of Proposed Assessment, and continue to accrue through the date of payment in~~

full.

(4) renumbered (3) No change.

~~(4)(5)~~ A qualified practitioner may submit a written request to the Department for a 15-day extension of the 30-day time period discussed in subsection ~~(3)(4)~~ of this rule. The Department will not accept more than two consecutive written requests for a 15-day extension for the same Request To Participate.

(6)(a) renumbered (5)(a) No change.

(b) Denying the Request to Participate, unless the provisions of subsection ~~(3)(4)~~ apply.

(7) through (9) renumbered (6) through (8) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History–New 8-23-99, Amended\_\_\_\_\_.

#### 12-25.047 Development of Agreed Upon Procedures.

~~(1)(a) Certified Audits conducted pursuant to the authority of Section 213.285, F.S., are attestation engagements that are conducted under Statements on Standards for Attestation Engagements #4. Agreed Upon Procedures, which are adopted and incorporated by reference.~~

~~(b)~~ Subsequent to the Department's approval of the Request to Participate, and prior to the qualified practitioner submitting the Audit Plan, the qualified practitioner will perform required planning work. The planning work performed will include:

1. through 5. redesignated (a) through (e) No change.

~~(f)6-~~ The Form DR-15 Sales and Use Tax Return, incorporated in Rule 12A-1.097, F.A.C., download print-out from the Department's audit software;

~~(g)7-~~ Performance of and reporting on steps AP.001 through AP.300 of the Standard Audit Program Form DR-344000, Certified Audit Standard Audit Program, effective XX/XX (<http://www.flrules.org/Gateway/reference.asp?No=Ref->\_\_\_\_\_), which ~~is~~ are adopted and ~~hereby~~ incorporated by reference.

8. redesignated (h) No change.

a. through g. renumbered 1. through 7. No change.

9. through 10. redesignated (i) through (j) No change.

(2) through (5) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History–New 8-23-99, Amended\_\_\_\_\_.

#### 12-25.048 Submission of the Certified Audit Report.

The qualified practitioner will submit the certified audit report and required attachments to the Department for review and approval.

~~(1) The certified audit report must meet all the requirements established by Statements on Standards for Attestation Engagements #4.~~

(2) through (5) renumbered (1) through (4) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History–New 8-23-99, Amended\_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Tammy Miller

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Governor and Cabinet

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: December 4, 2018

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: October 24, 2018



## Certified Audit Program Independence Issues

DR-343000  
Effective XX/XX  
Rule 12-25.033, F.A.C.  
Page 1 of 5

The Department of Revenue submitted 21 hypothetical client relationship scenarios to the Florida Board of Accountancy (the Board). These hypothetical scenarios attempt to represent the more common types of relationships that CPAs have with clients relating to Florida Sales and Use Tax. The Board has ruled on each of the hypothetical scenarios as indicated.

Professional standards require that a CPA must be independent to perform Agreed-Upon Procedures. The following rulings are intended to be used as a guide pursuant to the requirements of proposed rule 12-25.033(2) Eligibility and Qualifications for the Certified Audit Program which read, "To be eligible to provide a certified audit service to a taxpayer, the qualified audit firm must be independent with respect to that taxpayer, pursuant to the guidelines established by the Florida Board of Accountancy Advisory opinions issued on certified audit independence questions.

The Department will determine if the circumstances and facts of the particular situation are materially the same as situations for which guidelines were previously issued. If the facts and circumstances are unique or if the qualified audit firm believes there are differences between their situation(s) and the situation(s) previously addressed by the Board that were the basis for the Department to deny participation, then the qualified audit firm can request an Advisory Opinion or a Declaratory Statement from the Board on the particular situation. The Department shall be guided by the Board's response to that request."

### Situation #1

A CPA prepares Florida sales and use tax returns for a client from 1993 to the present. The CPA prepares the returns based on numbers provided by the client. The CPA only evaluates the numbers for "reasonableness" and, accordingly, does not take responsibility for their accuracy. The CPA signs the returns as preparer.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review the prepared returns for compliance with Florida Sales and Use Tax laws and rules. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

### Situation #2

The same as #1, except the CPA does not sign the return.

**Conclusion:** Independence is not impaired.

### Situation #3

The same as #1, except the CPA performs sufficient review to provide assurance the numbers are materially accurate.

**Conclusion:** Independence is impaired.

### Situation #4(A)

The CPA provides ongoing compilation and corporate tax return services for a client. In 1994, the client requests, in writing, an interpretation on the taxability of certain sales transactions under Florida sales and use tax laws. The relevant tax law is subject to several different interpretations.



The CPA advises in writing that the subject transactions are exempt from Florida Sales Tax.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that were prepared by the client based on the CPA's interpretation of sales and use tax laws for compliance with Florida sales and use tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### **Situation #4(B)**

The same as 4(a), except the CPA advises the client orally.

**Conclusion:** Independence is not impaired.

#### **Situation #5**

The same as #4, except the CPA response is based on a Department Technical Assistance Advisement (TAA).

A TAA is provided by the Department upon the request of a taxpayer or taxpayer representative. A TAA states the Department opinion on a specific set of facts. A TAA is binding on the Department for that taxpayer within that specific set of facts.

**Conclusion:** Independence is not impaired.

#### **Situation #6**

The same as #5 except the CPA response is based on a Department Letter of Technical Advisement (LTA).

An LTA is non-binding on the Department.

**Conclusion:** Independence is not impaired.

#### **Situation #7**

The same as #4, except the request is for an interpretation of taxability of certain sales transactions under the sales and use tax laws of states other than Florida.

**Conclusion:** Independence is not impaired.

#### **Situation #8**

The same as #4, except the request is for an interpretation of the taxability of one specific transaction under Florida sales and use tax.

The CPA performs the certified audit on all transactions except the subject transaction. The CPA fully discloses the facts regarding that single transaction and its tax treatment in the report. The Department then determines the taxability of that specific transaction.

**Conclusion:** Independence is not impaired.

#### **Situation #9**

The CPA performs a management consulting service for a client. The service is to design an accounting system. The accounting system generates the numbers that the client uses to prepare

their Florida sales and use tax returns.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review returns that were based on numbers generated by the accounting system for compliance with Florida sales and use tax laws. The CPA then makes an assertion on the completion of the agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### **Situation #10**

The CPA performs an Internal Accounting Control review engagement for a client. The engagement is to render an opinion on the adequacy of the internal accounting controls for the accounting system. The accounting system generates the numbers that the client uses to prepare their Florida sales and use tax returns.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review returns that were based on numbers generated by the accounting system for compliance with Florida Sales Tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### **Situation #11**

The CPA reviews the accounting system as part of a financial statement audit. The accounting system generates numbers that are used by the client to prepare their Florida sales and use tax returns. A recommendation for an improvement to the accounting system is made in the Management Letter Comments that is part of the audit report.

**Conclusion:** Independence is not impaired.

#### **Situation #12**

The CPA participates as a contract auditor for the FDOR under section 213.28, Florida Statutes, and Rule 12-25, F.A.C. The CPA uses the training and experience obtained as a contract auditor to provide a Florida sales and use tax self-audit service to a client. The client engages the CPA to use the Department audit procedures and training to review tax returns for the period 1993 to 1997. The CPA determines the subject returns are correct.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that were previously reviewed in the self audit for compliance with Florida sales and use tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### **Situation #13**

The same as #12, except the CPA determines there is a material tax liability in the reviewed returns. The CPA reports this to the client. The client elects not to amend the subject returns.

**Conclusion:** Independence is not impaired.

#### Situation #14

In 1998, the CPA successfully completes the certification program. The CPA has a client that is interested in participating, but first asks the CPA to perform a pre-certified review. The CPA does, without Department involvement, and provides the results to the client. Based on the results provided by the CPA, the client elects to participate.

The CPA is retained by the subject client to perform a certified audit for the subject tax period. Performing the certified audit requires the CPA to review the returns that were previously reviewed in the pre-certified review.

**Conclusion:** Independence is not impaired.

#### Situation #15

The CPA provides financial statement attestation services for a client for 1993 to 1997. The sales and use tax expense and related transactions are material to the financial statements.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that, if determined to include significant errors, could materially impact the 1993 to 1997 financial statements for compliance with Florida sales and use tax laws. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### Situation #16

The same situation as #15, but the sales and use tax expense and related transactions are immaterial to the financial statements.

**Conclusion:** Independence is not impaired.

#### Situation #17

The CPA prepares Federal tax returns for a client for 1993 to 1997. The CPA does not provide any other services to the client.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

#### Situation #18

The CPA performs a valuation of stocks service for a client in 1995. The CPA does not provide any other services to the client.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

### Situation #19

The CPA provides an expert testimony service for a client in 1995. The expert testimony involves sales and use tax issues.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is not impaired.

### Situation #20

Same as #19, except the expert testimony does not involve sales and use tax issues.

**Conclusion:** Independence is not impaired.

### Situation #21

The CPA has a proprietary interest in a client. The services the CPA provides do not violate professional standards.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

**Conclusion:** Independence is impaired.



## Request to Participate in the Certified Audit Program

DR-342000  
Effective XX/XX  
Rule 12-25.037, F.A.C.  
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1. Taxpayer Name:		
2. Telephone No.:	3. FAX No.:	
4. Taxpayer Mailing Address: Street or PO Box: City: State: ZIP:		
5. Taxpayer Business Address: Street or PO Box: City: State: ZIP:		
6. Taxpayer Federal Employer Identification Number (FEIN):		
7. Organization Type: (Check the appropriate box) <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Trust <input type="checkbox"/> S Corporation <input type="checkbox"/> Professional Association <input type="checkbox"/> Other (Specify) _____		
8. North American Industry Classification Code (NAICS Code):		
9. Gross Receipts: (Provide the taxpayer's gross receipts for the last fiscal year of the proposed audit period.) Year End: Gross Receipts: \$		

10. List all business names and registration numbers that were assigned and/or used by the taxpayer to report and remit sales and use tax within the last three (3) years of the proposed audit period.

Business Name	Sales Tax Certificate Number

11. CPA Firm Name:	
12. CPA Firm Florida Practice Unit CPA Certificate Number:	
13. CPA Firm FEIN:	
14. CPA Firm Mailing Address: Street or PO Box: City: State: ZIP:	
15. CPA Firm Telephone No.:	16. CPA Firm FAX No.:
17. CPA Firm Email Address:	

18. Provide the names and certification numbers of all CPA staff members who will be involved in the certified audit. Also, provide the names of all non-CPA staff members who will be involved in the certified audit.

Name	CPA Certification Number	Department of Revenue Certification Number	Role on Engagement

19. Is this request to participate in the Certified Audit Program so a refund can be requested using a sampling method to establish the refund amount?  
☐ Yes ☐ No If yes, attach Forms DR-26S and DR-370060 along with the information required by the forms.

20. Provide the tax and audit period to be included in the certified audit. The tax and audit period are subject to approval by the Department of Revenue.

Tax:	Audit Period:
------	---------------

21. Attach a comprehensive, detailed list of all services your firm has provided the taxpayer.
22. Attach a copy of your firm's most recent *System Review (On-Site Peer Review)*. Rule 12-25.033, F.A.C., states in part...“the qualified audit firm must have received a timely on-site peer (system) review dated prior to the date of the Request to Participate and must have received an “Unqualified (Unmodified) Opinion” on such on-site peer (system) review.”
23. Provide the following information for each tax listed.

Florida Tax	Business Name	Identification Number	Dates Returns Filed
Communication Services			
Corporate Income			
Documentary Stamp			
Gross Receipts			
Insurance Premium			
Motor Fuel			
Reemployment			

**Complete the following questions in sections 23a. through 23g. below for any taxes in which the taxpayer does not file a return. (Check the Yes or No box next to each question.)**

**23a. Communications Services Tax (Chapter 202, F.S., *Florida Communications Services Tax Return*, Form DR-700016):**

Yes No

- ☐ ☐ Does the entity sell long distance or toll telephone services (not coin operated) that originate and terminate in Florida, or originate or terminate in Florida and are billed to a service address in Florida?
- ☐ ☐ Does the entity sell video services?
- ☐ ☐ Does the entity sell pay-per-view movies?
- ☐ ☐ Does the entity sell direct-to-home satellite services?
- ☐ ☐ Does the entity sell mobile communications services?
- ☐ ☐ Does the entity sell pager, beeper, or cell phone services?
- ☐ ☐ Does the entity sell FAX services that are **not** provided in the course of professional or advertising services?
- ☐ ☐ Does the entity sell telex, telegram, or teletype services?  
If yes, please specify. \_\_\_\_\_
- ☐ ☐ Does the entity use a private communications system?  
If yes, please specify. \_\_\_\_\_
- ☐ ☐ Has the entity purchased, installed, rented, or leased for his or her own use, a substitute communications system?  
If yes, please specify. \_\_\_\_\_

Yes No

☐ ☐ Does the entity sell bundled communication services?  
If yes, what services are bundled? \_\_\_\_\_

☐ ☐ Has the entity made retail purchases of taxable communications services from a seller outside the state?  
If yes, they must report and remit communications services tax, **unless** the seller is registered as a dealer in this state and collects the taxes.

**23b. Corporate Income Tax (Chapter 220, F.S., Florida Corporate Income/Franchise Tax Return, Form F-1120):**

Yes No

☐ ☐ Is your entity incorporated?

☐ ☐ If you answered yes, are you a Florida corporation?  
If no, under which state are you incorporated? \_\_\_\_\_

☐ ☐ If your entity is incorporated, has it elected to be taxed as an S Corporation  
(Sections 1361 - 1379 of the Internal Revenue Code)?

☐ ☐ Is your company a member of a joint venture, syndicate or a partnership doing business in Florida?  
If yes, list separately the name(s) and FEI number(s) of any other corporate partner(s). \_\_\_\_\_

☐ ☐ Does the entity maintain a place of business, whether owned or rented, factory, retail store, sales office or inventory in Florida?  
If yes, please specify. \_\_\_\_\_

☐ ☐ Does the entity perform any service, conduct seminars, or provide consulting services for intangible assets, within the state?

Since you are registered to collect Florida sales and use tax, please provide an explanation of why you are a non-filer for corporate income tax.

**23c. Documentary Stamp Tax (Chapter 201, F.S., Refer to Rule 12B-4.003, F.A.C., for appropriate form):**

Yes No

☐ ☐ Does the entity loan customers money and have them sign a document stating the specific amount that they owe?

☐ ☐ Does the entity provide financing for customers and have them sign a written financial agreement?

☐ ☐ Does the entity engage in sales finalized by written agreements that do not require recording by the clerk of the court?

☐ ☐ Does the entity have 5 (five) or more of these sales per month?

☐ ☐ Does the entity engage in selling real property in the state of Florida under an agreement or contract for deed?

☐ ☐ If yes, are these contracts recorded at the courthouse?

☐ ☐ Is the entity a lessor of tangible property in the state of Florida where the lessee fully owns the tangible property at the end of the lease?

☐ ☐ Is the entity a lessor of tangible property using a written agreement containing an unconditional obligation to pay money?

**23d. Gross Receipts Tax (Chapter 203, F.S., *Gross Receipts Tax Return DR-133*):**

Yes No

- ☐ ☐ Do you sell, deliver or transport electricity and/or natural or manufactured gas (except liquefied petroleum (L.P.) gas) in Florida?
- ☐ ☐ Do you own or operate an electric, a natural or a manufactured gas distribution facility in Florida that transmits, delivers, or sells electricity and/or natural or manufactured gas?
- ☐ ☐ Are you a natural gas transmission company that is subject to the jurisdiction of the Federal Energy Regulatory Commission?
- ☐ ☐ Do you import utility services into Florida for your own use?
- ☐ ☐ Do you provide the wholesale sale of electric transmission services?
- ☐ ☐ Are you eligible for an exemption under the industrial classifications listed in Section 212.08(7)(ff)2., F.S., for use as an energy source or a raw material?
- ☐ ☐ Do you use natural gas in the production of oil or gas or consume natural or manufacturing gas while transporting natural or manufactured gas services?

**23e. Insurance Premium Tax (Chapter 624, F.S., *Insurance Premium Taxes and Fees Return, Form DR-908*):**

Yes No

- ☐ ☐ Is the entity a surplus lines agent writing surplus lines property insurance?
- ☐ ☐ Does the entity write insurance policies or contracts covering property, subjects, or risks located, resident, or to be performed in Florida, excluding warranty premiums?
- ☐ ☐ Does the entity have receipts on annuity policies or contracts paid by holders in Florida?
- ☐ ☐ Is the entity licensed to write insurance policies?
- ☐ ☐ Is the entity a Risk Retention Group domiciled in Florida and registered with the Florida Office of Insurance Regulation?
- ☐ ☐ Is the entity a commercial, group pooling, or medical malpractice self insurer?
- ☐ ☐ Is the entity an assessable mutual insurer?
- ☐ ☐ Is the entity a fraternal benefit society?
- ☐ ☐ Is the entity a Joint Underwriting Association?
- ☐ ☐ Is the entity an industrial captive insurer?
- ☐ ☐ Is the entity a legal domicile of the State of Florida?

**23f. Motor Fuel Tax (Chapter 206, F.S., Refer to Rule 12B-5.150, F.A.C., for appropriate form):**

Yes No

- ☐ ☐ Does the entity sell motor fuel, diesel fuel or aviation fuel in Florida at wholesale?
- ☐ ☐ Does the entity sell motor fuel, diesel fuel or aviation fuel in Florida at retail?
- ☐ ☐ Does the entity operate any delivery vehicles carrying fuel for sale or as delivery for others?
- ☐ ☐ Does the entity purchase or use any fuels for highway purposes on which Florida's highway tax has not been paid to the supplier?
- ☐ ☐ Does the entity sell or import any motor oils or solvent fuels into Florida?  
If yes, list product types. \_\_\_\_\_



Yes No

☐☐

Does the entity buy fuel in bulk quantities for his/her own use? If yes, what types of fuel?

Check all that apply. ☐ Gasoline ☐ Undyed Diesel ☐ Dyed Diesel ☐ Other \_\_\_\_\_

**23g. Reemployment Tax (Section 443.1215, F.S., Chapter 73B-10, F.A.C., Form RT-6):**

Yes No

☐☐

Is your entity incorporated?

☐☐

Do you have any employees?

☐☐

Have you paid \$1,500 in wages in a calendar quarter?

☐☐

Have you employed 1 or more persons for any portion of a day in 20 different weeks during the calendar year?

☐☐

Are you liable for Federal Unemployment Tax (FUTA) because of employment in another state for the current or proceeding year?

☐☐

Are any corporate officers performing services?

☐☐

Are dividends paid to an employee of a subchapter S Corporation?

☐☐

Are you a governmental entity?

☐☐

Are you a nonprofit who has a 501(c)(3) exemption and have 4 or more workers for 20 different weeks in a calendar year?

☐☐

Are you an agricultural employer who has paid cash wages of \$10,000 or more in a calendar quarter or has had five or more employees for 20 different weeks in a calendar year?

☐☐

Have you acquired a business that was liable for reemployment tax?

24. Attach a list of any outstanding liens, warrants, or *Notices of Tax Action* filed against the taxpayer for any tax type by the Florida Department of Revenue.

25. Attach a *Power of Attorney* (Form DR-835) for the qualified practitioner.

**Applicant Signature: (The application cannot be processed unless signed by the taxpayer and the qualified practitioner.)**

I declare that I have read the foregoing application and the facts stated in it are true.

\_\_\_\_\_  
Taxpayer Signature

\_\_\_\_\_  
Print Taxpayer Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Qualified Practitioner Signature

\_\_\_\_\_  
Print Qualified Practitioner Name and Title

\_\_\_\_\_  
Date

Please mail the completed application to the following address:

Program Manager  
Florida Department of Revenue  
Certified Audit  
PO Box 5139  
Tallahassee, FL 32314-5139

If the request is approved, the Department will provide the following:

- A confirmation letter to the CPA firm
- A DR-15 download (SUT filing history) for use in planning work
- A 30-day window to submit *Proposed Agreed Upon Procedures* tailored to the client
- An electronic copy of the *Standard Audit Program*
- An electronic copy of the shell *Proposed Agreed Upon Procedures*

If you have any questions or need assistance in completing your application, please call the Certified Audit Program Office at (850) 617-8578.

## References

*The following documents were mentioned in this form and is incorporated by reference in the rules indicated below.  
The forms are available online at [floridarevenue.com/forms](http://floridarevenue.com/forms).*

Form DR-133	Gross Receipts Tax Return	Rule 12B-6.005, F.A.C.
Form DR-26S	Application for Refund – Sales and Use Tax	Rule 12-26.008, F.A.C.
Form DR-700016	Communications Services Tax Return	Rule 12A-19.100, F.A.C.
Form DR-835	Power of Attorney	Rule 12-6.0015, F.A.C.
Form DR-908	Insurance Premium Taxes and Fees Return	Rule 12B-8.003, F.A.C.
Form F-1120	Florida Corporate Income/Franchise Tax Return	Rule 12C-1.051, F.A.C.
Form RT-6	Employer's Quarterly Report	Rule 73B-10.037, F.A.C.



# Certified Audit Standard Audit Program

DR-344000  
Effective XX/X  
Rule 12-25.047, F.A.C.  
Page 1 of 16

The audit guidelines described in the Certified Audit Standard Audit Program (CASAP) are part of the information that, along with results of planning work performed and taxpayer profile information, will be the starting point for development of the Agreed Upon Procedures for the subject Certified Audit.

- AP.010 Index
- AP.100 Taxpayer Information
- Pre-Audit Analysis
- AP.200 Pre-Audit Analysis
- AP.201 Audit Entrance Interview
- AP.202 Understanding Operations and Accounting System
- AP.203 Client's Records
- AP.204 Analysis of Client's Sales and Use Tax Returns
- AP.210 Assess Control Risk
- AP.211 Determine Availability of Records
- Analysis of Sales/Revenue Accounts
- AP.220 Analysis of Revenue Accounts
- AP.221 Analysis of Revenue Accounts for Rent, Lease, or License to Use Real Property
- AP.222 Analysis of Revenue Accounts for Rent, Lease, or License to Use Tangible Personal Property
- AP.223 Analysis of Revenue Accounts for the Sale of Assets
- AP.224 Analysis of Revenue Accounts for Vending Machines
- AP.225 Analysis of Revenue Accounts for Fees
- AP.226 Analysis of Revenue Accounts for Services
- AP.227 Analysis of Revenue Accounts for Miscellaneous Revenue
- Analysis of Expense Accounts
- AP.241 Analysis of Expense Accounts for Purchases
- AP.242 Analysis of Expense Accounts for Rent, Lease, or License to Use Real Property
- AP.243 Analysis of Expense Accounts for Rent, Lease, or License to Use Tangible Personal Property
- AP.244 Analysis of Expense Accounts for Fees
- AP.245 Analysis of Expense Accounts for Services
- Audit Completion
- AP.300 Complete Proposed Agreed Upon Procedures
- AP.301 Compliance Testing
- AP.310 Performance of Agreed Upon Procedures
- AP.500 Specific Industries
- AP.510 Industry Specific Program
- AP.600 Exit Interview
- AP.700 Certified Audit Report
- AP.701 Required Attachments from the FMT Program
- AP.702 Completed, Signed and Dated, Agreed Upon Procedures
- AP.703 Audit Result Information
- AP.710 Audit Workpapers

## AP.100 Taxpayer Information

Taxpayer social information to be used in the preparation of the Request to Participate (RTP).

### Pre-Audit Analysis

#### AP.200 Pre-Audit Analysis

**Objective:** Gather information used to identify audit scope.

- |          |  |       |
|----------|--|-------|
| AP.200.1 | Review internet for client website.  | _____ |
| AP.200.2 | Review technical pronouncements referred to in Standard Industry Guide   | _____ |
| AP.200.3 | Search Tax Law Library and inquire of Certified Audit Staff for any additional references which may be applicable. | _____ |

**Comments:**

#### AP.201 Audit Entrance Interview

- |          |                         |       |
|----------|-------------------------|-------|
| AP.201.1 | Provide Taxpayer Rights | _____ |
| AP.201.2 | Tour Facilities         | _____ |

**Comments:**

#### AP.202 Understanding Operations

**Objective:** To gain an understanding of the operations, the following questions are relevant. If Yes, Provide relevant explanations in the comments section.

- |           |  |       |
|-----------|--|-------|
| AP.202.1  | Does the client sell tangible personal property, rent tangible personal property and/or real property? | _____ |
| AP.202.2  | Does the client perform any services?  | _____ |
| AP.202.3  | Are there cash sales?  | _____ |
| AP.202.4  | Are there credit sales?  | _____ |
| AP.202.5  | Are sales made to out-of-state buyers?   | _____ |
| AP.202.6  | Is there a source of other income?   | _____ |
| AP.202.7  | Are all purchases paid for by check?   | _____ |
| AP.202.8  | Are there merchandise, goods, or services that are paid for which are not invoiced?                    | _____ |
| AP.202.9  | Does the client fabricate tangible personal property for themselves or for others?                     | _____ |
| AP.202.10 | What is the allowable purchase amount for petty cash?  | _____ |

**Comments (Narrative of Operation):**

## AP.203 Client's Records

### AP.203.1 General

What software applications are used?

Electronic records?

Are records Adequate but Voluminous as defined in Rule 12-3.0012(3) and (4), F.A.C.? If so, describe sampling methods and techniques being proposed in the

section below.

comment

### AP.203.2 Federal Tax Returns

Does your client file a consolidated return?

Did they claim bad debts on their returns?

Do they claim rental income or rental expense?

Are they parent or subsidiary to others?

### AP.203.3 Sales and Use Tax Returns

Who is responsible for preparing the SUT returns?

Where/how is supporting documentation filed?

Is the client a member of a consolidated group?

Who is responsible for the filing of the returns: parent or sub-locations?

Does the client file a consolidated SUT return?

Comments:

## AP.204 Analysis of the Client's Sales and Use Tax Returns

AP.204.1 Follow a sample of SUT returns through the accounting process. Walk through the entire accounting process from the source documents (e.g., invoices) through to the sales and use tax return.

AP.204.2 Is sales and use tax being recorded to a separate account?  
Is use tax being accrued?  
Is there a separate account for accrued use tax?

AP.204.3 How is the sales tax due transferred to the return?  
From source documents?  
From summary documents?  
From sales reports?  
From general ledger accounts?

AP.204.4 Does the client take line six credits for:  
Bad debt?  
Returned merchandise?  
Repossessions?

AP.204.5 Does the client's business require reporting at an effective tax collection rate? Flat rate?

AP.204.6 Does sales tax due versus sales tax collected equal each other?

AP.204.7 Does the client's business consist of any items not required to be reported; e.g., gasoline sales? \_\_\_\_\_

AP.204.8 Does the client report on the accrual or cash basis? \_\_\_\_\_

**Comments:**

## AP.210 Assess Control Risk

AP.210.1a Has there been any turnover of personnel in key positions? \_\_\_\_\_

AP.210.1b Are new employees provided correct sales tax-related training? \_\_\_\_\_

AP.210.1c Are records kept in a secure area? \_\_\_\_\_

**Comments:**

### Sales Related Controls

AP.210.1d Are sales documents (e.g., invoice, sales slip, cash registered tape, etc.) readily available? \_\_\_\_\_

AP.210.1e Are source documents numbered sequentially or otherwise? \_\_\_\_\_

AP.210.1f How are sales recorded?

To a sales journal \_\_\_\_\_

On cash register tapes \_\_\_\_\_

Daily sales reports \_\_\_\_\_

Invoices \_\_\_\_\_

Other \_\_\_\_\_

AP.210.1g Is sales tax recorded in a "sales tax accrual" or "sales tax payable" account? \_\_\_\_\_

AP.210.1h Does the client have exempt sales? \_\_\_\_\_

How are exempt sales identified, documented, and recorded? \_\_\_\_\_

Are employees properly trained to identify and document these types of sales? \_\_\_\_\_

Can exempt sales be extracted from the computer system? \_\_\_\_\_

AP.210.1i How are the payments that are received recorded? \_\_\_\_\_

Is there cash received that is not recorded? \_\_\_\_\_

**Comments:**

**Purchase Related Controls**

AP.210.1j Are the purchase documents readily available; e.g., invoice, bills of lading, receiving documents, purchase orders, purchase requisitions, payment vouchers, check register, etc.?

Are source documents numbered sequentially or otherwise?

How are they filed?

Are key areas clearly identified; e.g., the vendor, ship to address, mode of shipment, FOB point, etc.?

AP.210.1k How are purchases recorded?

To a purchase journal

Check register

Depreciation schedules

Acquisition report

Other

AP.210.1l Are there exempt purchases?

Are employees properly trained to identify and document these type purchases?

Can exempt purchases be extracted from the computer system?

AP.210.1m Is use tax recorded in a "sales tax accrual" or "sales tax payable" account?

AP.210.1n Is the accrued tax marked on the purchase invoices as being accrued?

AP.210.1o Can controls be overridden – how, by whom?

**Comments:****AP.210.2 Identifying Controls**

AP.210.2a Sales source documents

How are they filed?

by month

by week

by number

by customer

other?

**Comments:**

AP.210.2b Exempt sales supporting documents

Does the client have the documentation to support exempt sales?

Exemption certificates

Resale cards

Exportation documents

Other

AP.210.2c Which of the following documents are included in the client's accounting system?

Sales Journal  
Bank deposit records  
Cash reconciliation sheets  
Sales tax reconciliation  
Sales Tax schedules  
Bank deposits

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**Comments:**

AP.210.3 Purchases Source Documents

AP.210.3a General expenses:  
How are they filed?  
by month  
by week  
by number  
by vendor  
other?

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AP.210.3b Are they coded for inventory or expense?

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**Comments:**

AP.210.3d Which of the following documents are included in the client's accounting system?

Purchases journal  
Bank statements and check register  
Cash reconciliation sheets  
Use tax reconciliation  
Use Tax schedules  
"Sales tax accrual" or "Sales tax payable" account

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**Comments:**

AP.210.3e Fixed Asset Acquisitions

Does the client have the supporting invoices?  
How and where filed are they filed?  
At what amount are they capitalized?

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**Comments:**

AP.210.3f Which of the following documents are included in the client's accounting system?

Fixed asset schedule – additions/deletion schedule  
Depreciation schedules  
Acquisition records

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Capital and operating lease agreements

**Comments:**

- AP.210.4 Rental agreements for Tangible Personal Property, Real Property, or Both  
Determine if the lease is for TPP, RP or both?  
If TPP, is it capital lease or operating?  
Are there leasehold improvements?

**Comments:**

- AP.210.5 Job cost records (for fabrication for own use)  
How are they filed?  
direct or indirect labor costs: calculations available  
direct or indirect materials: costs

**Comments:**

**AP.211 Determine Availability of Records**

- AP.211.1 Which of the following records are available?  
Bank Statements  
Subsidiary Ledgers  
Financial Statements  
Acquisition reports  
Depreciation schedules  
Accounts Receivable and Payable Journals  
General ledger  
Invoices  
Vouchers  
Purchase Orders  
Check register  
Sales reports  
Shipping and receiving documents  
Leases – real property and tangible personal property  
**List all other accounting records in comments section.**

**Comments:**

## Analysis of Sales/Revenue Accounts

### AP.220 Analysis of Revenue Accounts

AP.220.1 Sales

AP.220.1a Admissions

Determine if any of the reported sales result from charges of admissions.

\_\_\_\_\_

**Comments:**

AP.220.1b Exempt Sales

Are any of the sales untaxed?

\_\_\_\_\_

Statutorily exempt?

\_\_\_\_\_

For resale?

\_\_\_\_\_

**Comments:**

AP.220.1c Exported Sales

Are exempt sales for export?

\_\_\_\_\_

**Comments:**

AP.220.1d Exemption Certificates

Are exempt sales supported by Consumer Certificate of Exemption?

\_\_\_\_\_

**Comments:**

AP.220.2 Tax Reported

AP.220.2a Reported Tax Rate

Is the sales tax reported at a flat rate?

\_\_\_\_\_

Is the sales tax reported at an effective rate?

\_\_\_\_\_

**Comments:**

AP.220.2b Local Option Taxes

Are sales subject to less than or greater than 6%?

\_\_\_\_\_

**Comments:**

## AP.221 Analysis of Revenue Accounts for Rent, Lease, or License to Use Real Property

*The \$5,000.00 limit does not apply to commercial rents as it relates to Discretionary Sales Surtax. The sales tax on the rent, lease, or license of real property becomes due and payable as the tenant makes each rental payment to the landlord.*

AP.221.1	Are any reported sales the result of the rental, leasing or licensing of real property?	_____
	Determine if any of the following items are applicable:	
AP221.1a	Commercial buildings or realty?	_____
AP221.1b	Booths?	_____
AP221.1c	Concessions?	_____
AP221.1d	Bill Boards?	_____
AP221.1e	Lease or license for the placement of phone, amusement machines, vending machine, other?	_____
AP221.1f	Submerged land?	_____
AP221.1g	Docking, Parking, and Storage?	_____

### Comments:

AP.221.2	Do any of the reported sales result from sub-leasing?	_____
AP.221.3a	Is tax being pyramided or inverse pyramided?	_____
AP.221.3b	In addition to base rent, are there any of the following considerations:	
AP.221.3b1	Percentage of sales?	_____
AP.221.3b2	Arms-length transactions between related entities?	_____
AP.221.3b3	Leasehold improvements?	_____
AP.221.3b4	Management fees?	_____
AP.221.3b5	Insurance protecting the landlord?	_____
AP.221.3b6	Ad Valorem taxes paid on owner's behalf?	_____
AP.221.3b7	Are there any other considerations required to be paid for the right to occupy; e.g., Common Area Maintenance, mark-ups for utilities, repairs, waste collection, security services, and other pass-throughs?	_____

### Comments:

## AP.222 Analysis of Revenue Accounts for Rent, Lease, or License to use Tangible Personal Property

AP.222.1	Do any of the reported sales result from the following:	
AP.222.1a	Tangible personal property in general?	_____
AP.222.1b	Vending machines or amusement machines?	_____
AP.222.1c	Trucks weighing in excess of 10,000 lbs.?	_____
AP.222.1d	Equipment as bare rental?	_____
AP.222.1e	Equipment with operator?	_____

AP.222.1f Bill boards and signs? \_\_\_\_\_

AP.222.2 In addition to base rent, are there any of the following additional considerations:

AP.222.2a Tangible Personal Property taxes paid on owner's behalf? \_\_\_\_\_

AP.222.2b Any other considerations required to be paid for the right to use; e.g., insurance, repairs, etc.? \_\_\_\_\_

**Comments:**

### AP.223 Analysis of Revenue Accounts for the Sale of Assets

AP.223.1 Do any of the sales result from the sale of assets? \_\_\_\_\_

AP.223.2 Are the sales isolated or occasional? \_\_\_\_\_

AP.223.3 Are the sales due to sale of motor vehicles? \_\_\_\_\_

AP.223.4 Are the sales due to the sale of business? \_\_\_\_\_

**Comments:**

### AP.224 Analysis of Revenue Accounts for Vending Machines

AP.224.1 Are any sales made through vending machines? \_\_\_\_\_

AP.224.2 Terms of the Agreement

Is the agreement for a license to use real property? \_\_\_\_\_

Is the agreement for a license to use tangible personal property? \_\_\_\_\_

AP.224.3 Operators and Owners

Is the lessee the operator of the machine? \_\_\_\_\_

Is the lessor the operator of the machine? \_\_\_\_\_

**Comments:**

### AP.225 Analysis of Revenue Accounts for Fees

AP.225.1 Do any of the sales result from any of the following fees?

AP.225.1a Admissions? \_\_\_\_\_

AP.225.1b Greens fees? \_\_\_\_\_

AP.225.1c Participation fees? \_\_\_\_\_

AP.225.1d Management fees? \_\_\_\_\_

AP.225.1e Late fees? \_\_\_\_\_

AP.225.1f Handling fees? \_\_\_\_\_

AP.225.1g Restocking fees? \_\_\_\_\_

AP.225.1h Delivery fees? \_\_\_\_\_

AP.225.1i Service fees? \_\_\_\_\_

AP.225.1j Notary Fees  
AP.225.1k License fees?

\_\_\_\_\_  
\_\_\_\_\_

Comments:

## AP.226 Analysis of Revenue Accounts for Services

AP.226.1 Do any of the sales result from the following sales of taxable services:  
AP.226.1a Protective services?  
AP.226.1b Non-residential pest control services?  
AP.226.1c Non-residential cleaning services?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Comments:

## AP.227 Analysis of Miscellaneous Revenue

AP.227.1 Are any of the sales generated from any of the following:  
AP.227.1a Commissions?  
AP.227.1b Barter Transactions?  
AP.227.1c Sales to Employees? Other miscellaneous income?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Comments:

## Analysis of Expense Accounts

### AP.241 Analysis of Expense Accounts for Purchases

AP.241.1 Do any of the exempt purchases result from any of the following:  
AP.241.1a Promotional items?  
AP.241.1b Giveaways?  
AP.241.1c Advertising? Direct Mail?  
AP.241.1d Packaging?  
AP.241.1e Administrative costs?  
AP.241.1f Office Supplies?  
AP.241.1h Management fees paid?  
AP.241.1i Shop Supplies?  
AP.241.1j Consumable or expendable items?  
AP.241.1k Items from inventory for own use and not resold?  
AP.241.1l In-house fabrication for own use – cost price?  
AP.241.1m In-house printing?  
AP.241.1n Imported items for use – no tax paid to the vendor?  
AP.241.1o Third party drop shipments?  
AP.241.1p Employee benefits?  
AP.241.1q Awards?  
AP.241.1r Uniforms?

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AP.241.1s	Purchases of materials and supplies made by a contractor for use in real property improvement contracts?	_____
AP.241.1t	Purchases made from out of state unregistered vendors?	_____
AP.241.1u	Items taken out of "tax-free" inventory for own use?	_____
AP.241.1v	Shop fabrication for own use?	_____
AP.241.1w	Job-site fabrication for own use?	_____
AP.241.1x	Repairs and Maintenance-	_____
AP.241.1y	Vehicle upkeep?	_____
AP.241.1z	Real property repair or tangible personal property repair?	_____
AP.241.1aa	Service warranties?	_____
AP.241.1bb	Vehicles?	_____
AP.241.1cc	Equipment?	_____
AP.241.1dd	Components of real property?	_____
AP.241.1ee	Landscape (interior and exterior) and lawn maintenance?	_____

**Comments:**

## AP.242 Analysis of Expense Accounts for Rent, Lease, or License to Use Real Property

AP.242.1	Are there any payments for the rent, lease or license of any of the following:	
AP.242.1a	Commercial buildings or realty?	_____
AP.242.1b	Booths?	_____
AP.242.1c	Concession stands?	_____
AP.242.1d	Bill boards or the land on which it is located?	_____
AP.242.1e	Lease or license for the placement of phone, amusement machines, vending machines, other?	_____
AP.242.1f	Submerged land?	_____
AP.242.1g	Docking, Parking, and Storage?	_____

**Comments:**

AP.242.2	In addition to base rent, are any of the following considerations given:	
AP.242.2a	Percentage of sales?	_____
AP.242.2b	Arms-length transactions between related entities?	_____
AP.242.2c	Leasehold improvements?	_____
AP.242.2d	Insurance protecting the landlord?	_____
AP.242.2e	Management fees?	_____
AP.242.2f	Allocated lease of unimproved real property and payments thereof at other than fair market value?	_____
AP.242.2g	Ad Valorem taxes paid on owner's behalf?	_____
AP.242.2h	Any other considerations required to be paid for the right to occupy; e.g., Common Area Maintenance, mark-ups for utilities, repairs, waste collection, security services, and other pass-throughs?	_____

**Comments:**

## AP.243 Analysis of Expense Accounts for Rent, Lease, or License to Use Tangible Personal Property

AP.243.1 Are any of the purchases for the rent, lease or license of the following:

AP.243.1a Tangible personal property in general? \_\_\_\_\_

AP.243.1b Vending machines or amusement machines? \_\_\_\_\_

AP.243.1c Trucks weighing in excess of 10,000 lbs.? \_\_\_\_\_

AP.243.1d Equipment as bare rental? \_\_\_\_\_

AP.243.1e Equipment with operator? \_\_\_\_\_

AP.243.1f Signs? \_\_\_\_\_

**Comments:**

AP.243.2 In addition to base rent, are there any additional considerations, such as:

AP.243.2a Ad Valorem taxes paid on owner's behalf? \_\_\_\_\_

AP.243.2b Any other considerations required to be paid for the right to use; e.g., insurance, repairs, etc.? \_\_\_\_\_

**Comments:**

## AP.244 Analysis of Expense Accounts for Fees

AP.244.1 Are there any purchases for any of the following fees:

AP.244.1a Admissions? \_\_\_\_\_

AP.244.1b Greens fees? \_\_\_\_\_

AP.244.1c Participation fees? \_\_\_\_\_

AP.244.1d Management fees? \_\_\_\_\_

AP.244.1e Late fees? \_\_\_\_\_

AP.244.1f Handling fees? \_\_\_\_\_

AP.244.1g Restocking fees? \_\_\_\_\_

AP.244.1h Delivery fees? \_\_\_\_\_

AP.244.1i Service fees? \_\_\_\_\_

AP.244.1j Notary fees? \_\_\_\_\_

AP.244.1k License fees? \_\_\_\_\_

**Comments:**

## AP.245 Analysis of Expense Account for Services

AP.245.1 Are there any purchases for any of the following services:

AP.245.1a Protective services? \_\_\_\_\_

AP.245.1b Non-residential pest control services? \_\_\_\_\_

AP.245.1c Non-residential cleaning services? \_\_\_\_\_

**Comments:**

## **Audit Completion**

### **AP.300 Complete Proposed Agreed Upon Procedures**

**Objective:** All identified audit risks will be addressed by specific audit procedures in the proposed agreed upon procedures.

**Comments:** The proposed agreed upon procedures are developed from the planning steps, the taxpayer's exposure issues and profile, any applicable standard industry guides, and any other procedures the specified user may request.

AP.300.1 Prepare the proposed agreed upon procedures documentation.

The documentation required with the audit plan includes:

1. A written reconciliation of the Florida sales reported on the taxpayer's federal income tax returns to Florida sales reported on the taxpayer's Florida sales and use tax returns;
2. Identification and documentation of all revenue sources;
3. A comprehensive written narrative of the taxpayer's operations;
4. A current chart of accounts and the year-to-date general ledger activity for the last year in the audit period;
5. Copies of the Federal income tax returns for the audit period;
6. Performance of and reporting on steps AP.001 through AP .300 of the Standard Audit Program.
8. Identification and disclosure of any known tax issues where the tax returns subject to the certified audit reflect an interpretation of applicable Florida Statutes and rules that is different from an interpretation presented in a previously published:
  - a. Technical Assistance Advisement;
  - b. Attorney General Opinion;
  - c. Declaratory Statement;
  - d. Tax Information Publication;
  - e. Training Update Bulletin;
  - f. Internal Technical Advisement; or,
  - g. General Tax Administration Bulletin.

AP.300.2 Submit the Audit Plan to the Certified Audit Section of the Florida Department of Revenue

### **AP.310 Performance of Agreed Upon Procedures**

**Objective:** This procedure provides steps used for conducting the audit in the four broad categories which are reviewed in every sales and use tax audit: sales; purchases; commercial rental; and, return/filing issues. Any adjustments are detailed in workpapers produced in the FMT formats, are summarized in the explanation of items by general categories, and become the basis for review of the audit results with the client.

AP.310.1 Sales

AP.310.1a Unreported sales. Prepare schedules of unreported sales.  
Apply the correct tax rate to calculate tax due.

AP.310.1b Missing invoices. Prepare schedules of missing invoices.  
Apply the correct tax rate to calculate tax due.

AP.310.1c Undocumented exempt sales. Prepare schedules of undocumented exempt sales.  
Apply the correct tax rate to calculate tax due.



AP.310.1d Any other sales issues. Any other exceptions relating to sales scheduled.

**Comments:**

AP.310.2 Purchases  
AP.310.2a Untaxed purchases. Prepare schedules of all untaxed purchases, or purchase for which the taxpayer is unable to document that tax was paid, by month. Apply the correct tax rate to calculate tax due.  
AP.310.2b Untaxed Fixed Assets. Prepare schedules of all incorrectly untaxed fixed assets. Apply the correct tax rate to calculate tax due.  
AP.310.2c Missing invoices. Prepare schedules of missing invoices. Apply the correct tax rate to calculate tax due.  
AP.310.2d Any other purchases issues. Any other exceptions relating to purchases scheduled.

**Comments:**

AP.310.3 Commercial Rentals, includes rent, lease, or license to use real property.  
AP.310.3a Untaxed rentals. Prepare schedules of all untaxed rentals. Apply the correct tax rate to calculate tax due.  
AP.310.3b Untaxed components of rentals. Prepare schedules of all untaxed components of rentals, by component. Apply the correct tax rate to calculate tax due.

**Comments:**

AP.310.4 Tax Return  
AP.310.4a Tax Collected vs. Tax Remitted. Verify that these two Amounts are equal. If not, verify and prepare a detailed schedule of discrepancies.

**AP.600 Exit Interview**

AP.600.1 Date of meeting  
AP.600.2 Persons in attendance  
AP.600.3 Explain Audit results  
AP.600.3a Schedules  
AP.600.3b Issues  
AP.600.3c Explanation of Items  
AP.600.3d Notice of Proposed assessment  
AP.600.3e Agree/Disagree  
AP.600.3f Payment  
AP.600.3g Appeals Process

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## AP.700 Certified Audit Report

**Objective:** The qualified practitioner will submit the certified audit report and required attachments to the Department for review and approval. The certified audit report must meet all the requirements established by Statements on Standards for Attestation Engagements #10 and amendments to Statements on Standards for Attestation Engagements #10.

Required attachments to the certified audit report include a schedule listing any adjustments made to the subject tax accounts. The schedule will reflect the detail for any adjustments made, including the following schedules from the WINFMT Program

### AP.701 Required Attachments from the FMT Program

AP.701.1	Explanation of items.
AP.701.2	Additional tax due per exhibit
AP.701.3	Summary of Exhibits
AP.701.4	Tax, penalty, and interest
AP.701.5	Summary Total
AP.701.6	CD of WINFMT audit

### AP.702 Completed, Signed and Dated, Agreed Upon Procedures

#### AP.703 Audit Result Information

AP.703.1	Total Payments made to date.	_____
AP.703.2	Is your client in agreement with the audit findings? If no attach a detailed explanation of the issues in dispute.	_____
AP.703.3	Name of the Schedule from the WINFMT program and amount of any tax which was collected and not remitted.	_____

### AP.710 Audit Workpapers

The audit workpapers should be sufficient to support the results of the individual agreed upon procedures and the results of the audit.