Computer-assisted audits

What it means for you

Introduction

Inland Revenue recognises the challenges associated with auditing accounting systems and records kept on computers. We have a specialist computer team which works alongside the investigations team during a customer audit.

Computer-assisted auditing is a very efficient way of auditing your records because we don't need hard copy reports of information and we can do more work off-site. This means:

- less disruption to your business
- fewer demands on your staff - investigators keep a copy of your accounting data
- reduced costs - fewer requests from investigators, no printouts
- you'll receive an overview on how your accounting system works.

A member of the investigating team will make the first contact between the computer team and the customer.

www.ird.govt.nz

Go to our website for information and to use our services and tools.

How to get our forms and guides

You can get copies of all our forms and guides by going to **www.ird.govt.nz** and entering the shoulder number in the search box. You can also order copies by calling 0800 257 773.

Contents

Types of computer-assisted audits

Systems audit

This is a detailed analysis and evaluation of a complete accounts computer system - from data entry through to posting in the financial accounts.

We'll talk to the members of your staff who have a day-to-day understanding of the computer programs and their operations, and we'll also consult with your accounts people. We don't need to operate your computer system.

After documenting the system, we evaluate controls and weaknesses and discuss our findings with you. We'll usually request data to test some of the findings. We may be on site with you for up to a week for an average of three hours a day. We may need the use of a meeting room and a photocopier but we aim to cause you as little disruption as possible.

Data download

We'll analyse your electronically stored accounting data using commercially available software.

Data analysis varies with every audit but common procedures are:

- getting a data profile, ie, working out the size, number and distribution of transactions in a file
- sorting, extracting and listing records based on certain criteria
- sampling.

We'll keep any information or data you give us confidential and secure.

Keeping computer records

You must keep your business records for seven years. They can be either paper or stored on electronic media. Your records must:

- contain enough information to meet legal requirements
- be in English, unless we've approved another language.
- be stored in New Zealand unless approval has been given to store them elsewhere.

Read our factsheet *Record keeping (IR323)* for more details.

If you aren't already keeping your records electronically (eg, disk, tape) we strongly suggest you consider it.

What to keep

As well as your business records, you must also keep these specific records for computer-assisted audits.

- Accounting or transaction level records, including the general ledger and other journals and subsidiary accounts books in electronic format.
- Charts and accounts codes, accounting instruction manuals, and system and program documents which describe the accounting system.
- Layouts of all retained files if your systems have been modified. Keep old and new records.

Legal definitions

- "Records" includes account books and accounts stored in an electronic format.
- "Documents" includes electronic data, computer programs, computer tapes and disks.

Technological specifications

During an audit we'll help you work out the most practical format to extract data from your system.

You can give us your electronic data on portable media, eg, CD Rom, DVD or USB memory sticks.

We'll advise on secure modes of transport of data.

Upgrading your computer system

When you're installing or upgrading a computerised accounting system, keep these important points in mind:

- Can the new system retrieve and read data from the old system? If not, can the data from the old system be converted?
- If it's too expensive or not feasible to convert data, do you want a third party to maintain your old data or would you prefer to print hard copies?

Your electronic data must be retrievable and readable at all times. You'll need to follow appropriate back-up procedures and install a regular maintenance programme to stop your electronic media deteriorating.

Confidentiality

Inland Revenue takes data security very seriously. We work under strict secrecy obligations and constantly review new security products. Please read our guide *Inland Revenue audits (IR297)* for more details.

Other systems reviews

- The specialist computer team periodically reviews commercial accounting and payroll software for its tax usability. We'll suggest any improvements to the software providers.
- The team also reviews PAYE intermediary software to ensure the information technology and administration systems can support our compliance requirements.

Need to know more?

If you have any questions about the specialist computer team please go to **www.ird.govt.nz** or email **cta@ird.govt.nz**

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your liabilities or your entitlements under the Acts we administer. We may charge penalties if you don't.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them
- Statistics New Zealand (for statistical purposes only).

If you ask for the personal information we hold about you, we'll give it to you and correct any errors, unless we have a lawful reason not to. Call us on 0800 775 247 for more information. For full details of our privacy policy go to **www.ird.govt.nz** (search keyword: privacy).

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

For more information, go to **www.ird.govt.nz** (search keyword: complaints) or call us on 0800 274 138 between 8am and 5pm weekdays.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process. For more information, go to **www.ird.govt.nz** (search keyword: disputes).

0800 self-service numbers

This service is available to callers seven days a week except between 5am and 6am each day. Just make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN. Registering for voice ID is easy and only takes a few minutes. Call 0800 257 843 to enrol.

Order forms and publications	0800 257 773
All other services	0800 257 777

When you call, just confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.