City and County of Denver
Audit Statement of Understanding
Tax Compliance Audit Unit

The purpose of this Statement is to clarify mutual expectations between the City and the taxpayers during the audit process and to provide an understanding of the work to be done during the audit:

- The auditor has discussed the objective, scope, and approach of the audit work with you.
  - Wherever appropriate, we prefer to analyze the ledgers or journals for the audit period to determine the best and most efficient way to conduct the audit. These methods include Stratified random statistical sampling; block sampling; and/or actual review. We want to ensure the samples are representative and the best use of time whatever method is determined after initial analysis.
- The auditor explained the “Consent Fixing Period of Limitation”.
- If necessary, the auditor requested and received a signed Power of Attorney form from you.
- Confidentiality will be maintained at all times per the DRMC.
- The auditor explained what documents and records will be required during the audit and you have agreed to supply all of these records, to the extent that they exist.
  - The Denver Revised Municipal Code (DRMC) 53-1 includes the requirement to maintain and make available records as requested by the Manager or any person authorized by him/her.
- The auditor has been informed of all current or past bankruptcy proceedings, mergers, reorganizations, etc. that could have an effect on the audit.
- It is our policy to audit all subsidiaries, divisions, and related entities that conduct business activities in the City. Therefore, the auditor has been made aware of all such entities related to your business.
- The auditor has informed you about the timeline to conduct your audit, which assumes all requested records are provided in a timely manner. The auditor has explained that the audit scope may be expanded during the audit and additional records or time may be required.
- The auditor has discussed the composition of the audit team and related workspace requirements.
- Audits, inspections of records and meetings will be conducted at a reasonable time and place that has suitable space and working conditions. Out-of-state taxpayers may need to enter into an agreement to reimburse the City for its travel costs if records cannot be made available locally, as authorized by the DRMC. If necessary, the audits can be conducted via correspondence as long as all records requested are provided in a usable and prompt manner.
- Information requests will be relevant, reasonable and necessary.
- Auditors’ responses to questions, information requests, and all other tax issues will be properly documented and returned within the agreed upon timeline.
- Taxpayer’s responses to audit work papers will be properly documented and within the agreed upon time limit.
- Communication will be prompt, courteous, accurate and professional between both the City and the taxpayer.
- Audit findings and adjustments will be properly documented and explained, prior to assessment.
- You may qualify for the program of coordinated audits with other cities.
- Employees are not allowed to accept gifts, meals, gratuities, tickets to entertainment events, advertising, or promotional materials.

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