MAP 25
PASS

25.1   PASS INTRODUCTION

    25.1.1   General Information

    25.1.2   PAR Team and Change Requests

25.2   PASS FEATURES

    25.2.1   PASS Bottom Drawer

    25.2.2   Event Log

    25.2.3   Personal PASS Paragraph

    25.2.4   Check In and Check Out

    25.2.5   MI Reports

    25.2.6   Re-naming a Case

    25.2.7   Re-sending a Correspondence

    25.2.8   Sorting Folders

25.3   PRE-AUDIT PROCEDURES

    25.3.1   Creating Case Units

    25.3.2   Cases Created in Error

    25.3.3   Requesting Returns

    25.3.4   PASS Working Paper Structure

    25.3.5   Creating Working Papers for Multiple Year or Multiple Entity Audits

    25.3.6   PASS Working Paper Location for Flow Through Audits

    25.3.7   General Information Window

        25.3.7.1   Current Summary Tab

        25.3.7.2   Audit Tab

        25.3.7.3   Protest Tab

MAP 25
PASS

MAP 25
PASS

NOTE: ((***)) = Indicates confidential and/or proprietary information has been deleted. **Rev. 7/17**

25.1 INTRODUCTION	MAP 25.1.1 General Information MAP 25.1.2 PAR Team and Change Requests
	Rev. 7/17
25.1.1 General Information	PASS, the Professional Audit Support System, is the software system used by the audit division to aid in the management of income tax examinations. This software is proprietary to FTB and may not be re-distributed without FTB's prior written consent.

MAP 25
PASS

	The procedures detailed in this section constitute management's requirements and the minimum standards of how to conduct day-to-day audit activities when using the procedures associated with PASS. Use this as a reference tool.
	This section should not be used as a step-by-step guide. A variety of How To resources such as the PASS Desktop Help functionality, the PASS Application Help Desk and the PASS Support are available for step-by-step instructions.
	Rev. 7/17
25.1.2 PAR Team and Change Requests	Each Program Office has a PAR team member that can assist with PASS related questions. The PAR member may be contacted for the following reasons:

Each Program Office has a PAR team member that can assist with PASS related questions. The PAR member may be contacted for the following reasons:

1. Suggestions for enhancing the PASS system. Suggestions should be provided in written form, detailing the enhancement and what areas of the PASS system it affects. Then this should be sent electronically through Outlook to their program office's PAR member.

2. In addition to calling the help desk, defects found within the PASS system should also be routed to the PAR member. Please detail the defect and the problems that it causing. It is preferred that this is done electronically through Outlook.

3. Template Change Requests (TCR). The procedure for requesting a template change is as follows:

   o   Fill out the TCR Form located in Public Folders\PASS.

   o   Mail the form via Outlook to the appropriate PAR Member.

When a PAR member receives any of the above, the PAR member will place the item on the PAR team's agenda for consideration.

Rev. 7/17

MAP 25
PASS

25.2 PASS FEATURES	MAP 25.2.1 PASS Bottom Drawer MAP 25.2.2 Event Log MAP 25.2.3 Personal PASS Paragraphs MAP 25.2.4 Check In and Check Out MAP 25.2.5 MI Reports MAP 25.2.6 Re-naming a Case MAP 25.2.7 Re-sending Correspondence MAP 25.2.8 Sorting Folders Rev. 7/17
25.2.1 PASS Bottom Drawer	The PASS Bottom Drawer is available on PASS to store personal templates, schedules, and research material. Additionally, the Bottom Drawer feature provides the user with a search function enabling the retrieval of stored research information. Only the owner can access this file. For additional information about the Bottom Drawer features, see PASS Help. Rev. 7/17
25.2.2 Event Log	The Event Log is used to record progress and events throughout the course of the audit. Some entries in the Event Log are user generated and others are automatically generated by actions implemented on the system. For example, the summary entry of the event log would show that you discussed an issue with the taxpayer or that correspondence was sent. The associated Comment Window would provide the specific details of the conversation or the subject of the correspondence. Summary entries should be as descriptive as possible in consideration of space limitations. Use the Comment Window to log your detailed comments. The entries must have sufficient detail to give readers a full understanding of what took place.

MAP 25
PASS

	Use the Public Contact function when recording field activities such as field visits, issuing IDRs, and logging conversations with taxpayers in the field. Do this until the time PASS is enhanced to recognized field activities as public contacts.
	In the Event Log, note the following:
	• Changes in the Responsible Owner and why.
	• The reason for a priority case, if one.
	• Any change in statute and why.
	• If we received a waiver, and whether for state or federal.
	• Why a case was put into Suspense, if applicable.
	• If the taxpayer has bankruptcy status.
	Rev. 7/17
25.2.3 Personal PASS Paragraphs	You can insert PASS paragraphs into Word documents (even those created outside of PASS), but you cannot insert them into a protected PASS template. PASS paragraphs consist of commonly used FTB Standard Paragraphs, and personal paragraphs that you create. Standard Paragraphs are named C (for corporation), or P (for PIT) followed by the FTB paragraph number.
	You can create personal PASS paragraphs. Once you have done this, you can later insert them into any Word document. You cannot use PASS paragraphs in protected PASS templates.
	To Create A Personal PASS Paragraph:
	1. Select the text you want to save as a PASS paragraph.
	2. Click the PASS Paragraphs toolbar button.

MAP 25
PASS

3. Type a name for the paragraph in the Name field. The name will default to the first few words of the selected text.

4. Click the Add button.

Since PASS paragraphs can be used in any Word document, even those created outside of PASS. You must be careful not to store sensitive information as a PASS paragraph. Disclosure could be an issue.

Tip: Since PASS paragraphs are listed in alphabetical order, give your personal paragraphs names that start with **A** or a number. This way they will appear at the top of the list.

To Insert A PASS Paragraph Into A PASS Document:

1. Place the cursor where you want to insert the paragraph.

2. Click the PASS Paragraphs toolbar button in Word.

3. Select a paragraph from the drop down list.

4. Click the Insert button.

If you cannot see the PASS Paragraphs toolbar button in Word:

1. Select View, Toolbars.

2. Check the box for PASS Paragraphs.

MAP 25
PASS

3. Click OK.

You can modify or delete personal PASS paragraphs that no longer meet your needs. Changes to Standard Paragraphs must be submitted through normal departmental channels. You cannot change or delete them through Word.

To Modify A Personal PASS Paragraph In Word:

1. Highlight the new version of the paragraph.

2. Click the PASS Paragraphs toolbar button.

3. Select the name of the paragraph you want to change.

4. Click the Add button.

5. Click Yes to confirm redefining the AutoText.

Rev. 7/17

25.2.4 Check In and Check Out	Checking out cases is reserved for instances whereby you or the supervisor needs to work on the case at a remote location (e.g., taxpayer's office, telecommuting). Follow the procedures below. When working in the office, you should work on-line and be connected to Outlook at all times. It is important that you be connected to Outlook so that critical PASS messages will be received timely. For example, messages may be received informing all users to exit PASS immediately.

MAP 25
PASS

You should plan their time before going to the field to allow PASS to download their case units to the briefcase.

While working in the field, check in case units using the synchronization feature at least once a week to prevent potential data loss. The exception to this requirement is when you have been out in the field for an entire week then the check in may be made on the first workday back in the office after the weekend. For example, if you were out in the field on a Monday through Friday engagement, when you return to the office on your next regularly scheduled workday the case units will be checked in at that time.

Upon returning to the office all checked out case units must be checked in or synchronized into the PASS system. If your bottom drawer and non-PASS Time were checked out it must be checked back into PASS. Please keep in mind the posting of non-PASS Time must be done via checking these items in. This cannot be achieved by synchronization.

To ensure accuracy and completeness of the PASS Management Reports including: auditor monthly time report, synchronization or checking in of all cases units, the bottom drawer and non- Pass time must be performed by the end of the day (6 PM PST) on the last day of the pay period. It is recommended that staff that plan to be out of the office on the last day of the pay period fill out their time in the monthly report before going out in the field, vacation, etc. This step will mitigate check-in/synchronization problems.

Rev. 7/17

| **25.2.5 MI Reports** | PASS provides standard reports that are designed to meet various users' needs. Some reports are available to supervisors and program managers, while others are also available to staff for managing their PASS workloads. These reports provide statistical information on PASS audit workloads. The accuracy of the reports is dependent on the information recorded in case units when the reports are run. If case units are not checked-in when reports are run, they will not be in the reports. It is critical to check in all case units and record all time before the scheduled monthly run, which is typically the last day of the state pay period.

Rev. 7/17 |

MAP 25
PASS

25.2.6 Re-naming a Case	The PASS default for a case name does not include tax years under audit. Use the Re-name function to change the PASS case name to the correct format. To do this, create the case as normal in the work area, drag and drop to your inventory. Select the PASS case to be re-named, right-click, select re-name. Change the case name to the appropriate naming convention for your case type (see MAP 28.2 Naming PASS Cases) and select OK.
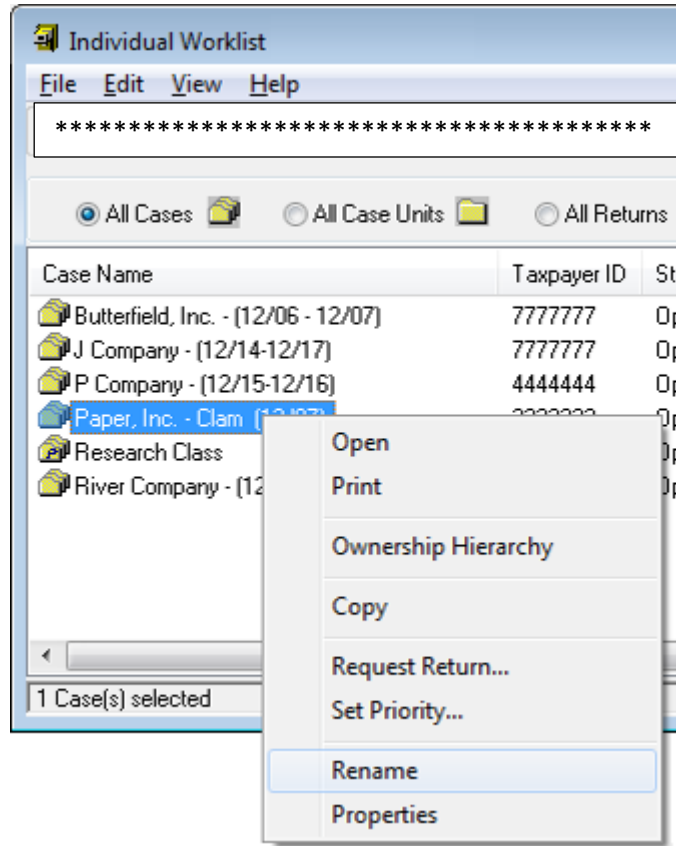
MAP 25
PASS
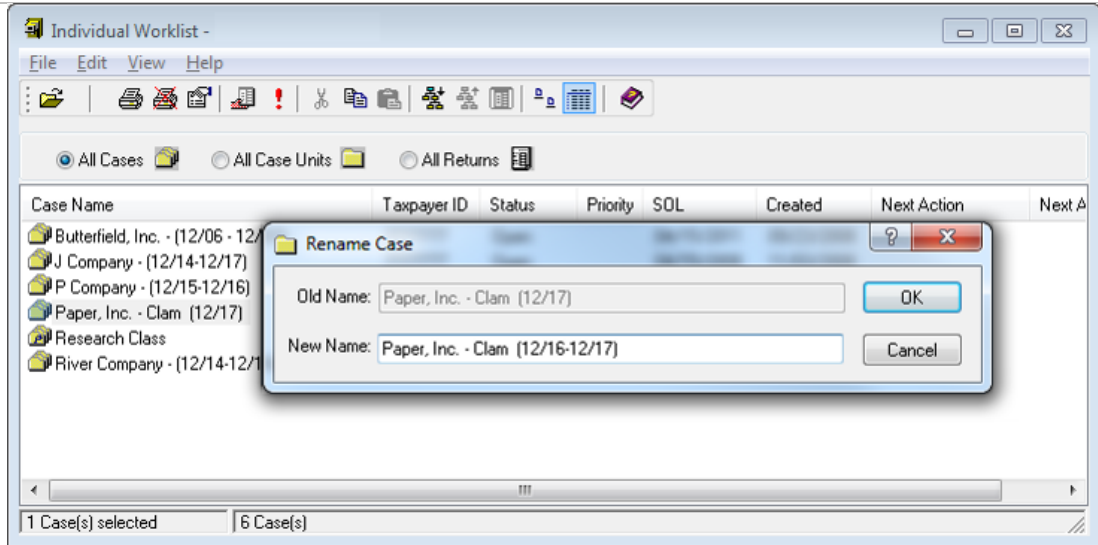
The case will now appear in the inventory window under the new name.

Re-naming the PASS case name does NOT re-name the related case units. Case units must be re-named individually. Refer to MAP 28.3 Naming PASS Case Units for the case unit naming convention.

Rev. 7/17

25.2.7 Re-sending a Correspondence	After a document has been sent from the Draft Correspondence folder to the Sent Correspondence folder, it cannot be changed or deleted.
	In the event a document in the Sent Correspondence folder needs to be changed or revised, the re-send feature in PASS can be used.
	The re-send feature places a copy of the selected document (in the Sent Correspondence folder) into the draft correspondence folder, but before doing so, PASS will prompt the user to name the resent document.
	To re-send a correspondence, do the following:
	• In the Sent Folder, right click on the correspondence and select ******.

MAP 25
PASS
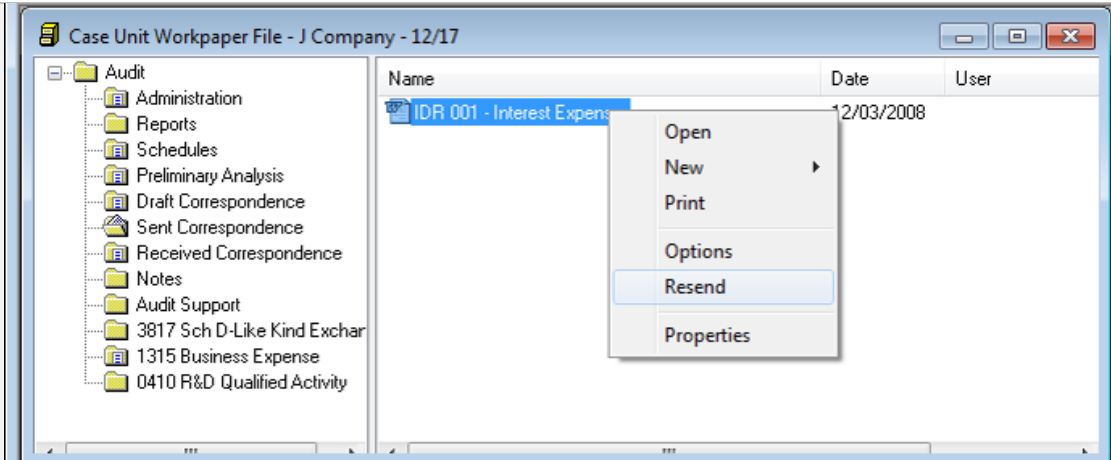
- In the New Name field, enter the new document name using the appropriate naming convention (see MAP 28.5.2 Naming Draft Correspondence Documents).

- Select OK.

The new document is located in the Draft Correspondence folder and any necessary changes/revisions can be made to the document.

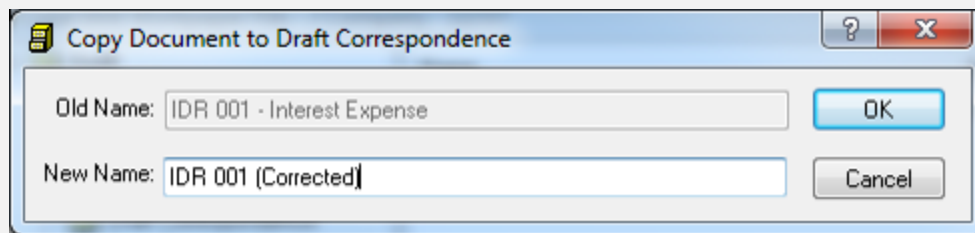Rev. 7/17

25.2.8 Sorting Folders	The workpaper file of a PASS case unit displays the issue folders in the order that they are created. PASS does not allow the user to re-arrange the order of these folders. Since issue folders are not always created in sequential numeric order, locating a particular issue folder within a case unit can be difficult, especially when the case unit contains several folders. The PASS feature described below provides an alternate way to view the folders within a case unit, making the search for a particular issue folder much easier.

MAP 25
PASS

The following screen print depicts how a PASS case unit window initially displays the folders:
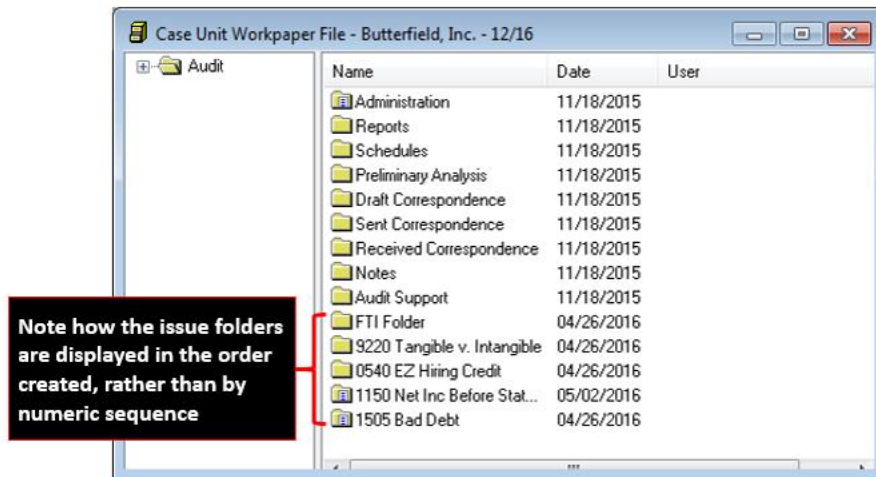
To sort the folders in numeric sequential order, select the "Name" column.

The following screen print illustrates how the non-static folders are now sorted numerically:

MAP 25
PASS

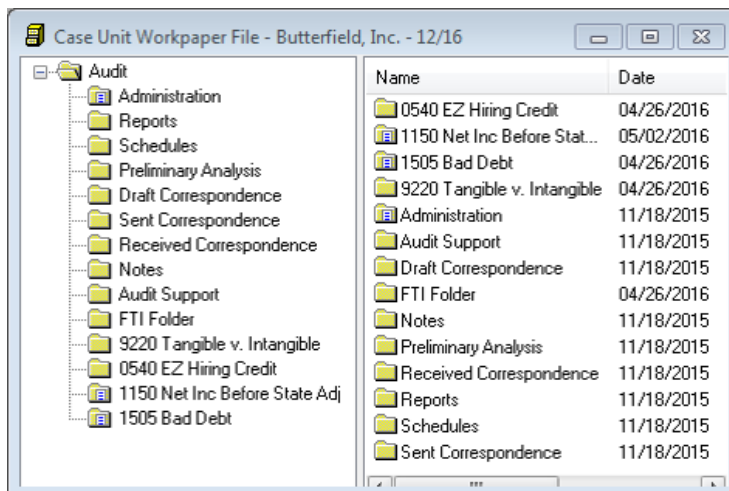| 25.3 PRE-AUDIT PROCEDURES	 Rev. 7/17
25.3.1 Creating Case Units	When creating case units, it is important that the inputted information is accurate because the information will be used to populate the GI window and certain audit schedules. **Instructions:** Click on the ***** ******* ******** on the **** **** & select ***** ***********. Update The *** ********* Window with the appropriate Information: • Enter DLN of the return you are working on - The 10 digit DLN will consist of: o 2 digit process year / 0 as a place holder and 7 digit DLN number on the upper right hand corner of the return. (i.e.: 96-02999999). • Enter Taxpayer ID Type (i.e.: FEIN, CCN, SSA, SSN). • Enter Taxpayer ID. • Enter Entity Type. (i.e.: C Corp, S Corp, Partnership). • Enter Taxable year (Enter the BEGINNING fiscal or taxable year - as reflected on the upper left hand corner of the return).

MAP 25
PASS

- Enter Form. (e.g., 100, 100S, 100W, 540).

- Enter SOL Date - Audits (Enter the normal 4 year SOL or extended SOL).

- Claims - If the SOL has expired – enter zeros.

- Enter Name - Input the Taxpayer's Name (Verify the Taxpayer's name on BETS or TI and type the exact name of the Taxpayer). Follow the naming conventions provided in MAP 28.2 Naming PASS Case Units.   For Married/RDP Filing Joint returns, "Name" must reflect **both** taxpayers. (Note: After the case unit is created, you will need to modify the Taxpayer's name in the address book to ensure the mailing format is correct for purposed of populating correspondence, SOL waivers, and NPAs. See MAP 25.3.10.)

- Enter Address on the primary case unit (Verify current address on BETS or TI).

- If you are creating your first case and case unit - Drag and Drop the candidate into your inventory window.

- If you are creating a second or subsequent related case unit – Open the case & Drag and Drop the new candidate into the Case/Case Unit Window.

WARNING: If you create a second **Case Unit** in error, it cannot be deleted. Follow procedures for **CASES CREATED IN ERROR**. However, an image of that case unit will continue to appear in your Case window. If there are other case units associated with your case, but not assigned to you, the case units will show up in your inventory as a phantom account.

Changing the Primary Case Unit After Work Has Begun on the Case

Case level MI Reports pull key date information from the current primary case unit by case unit type. If the primary case unit is changed a user should review the MI key dates for the newly created primary case unit and add or modify the MI key dates to reflect correct values for the entire case.

Primary Case Unit Designation and Case Unit Type Changes

The primary case unit may be different for each case unit type. If the case unit type is changed, the primary case unit should be changed to reflect the correct primary case unit for the new case unit type. For example, if a claim type case has three case units for 2000, 2001 and 2002 with 2000 designated as primary and the 2001 and 2002 case units are appealed, a new primary case unit will need to be set when the case units are changed to the appeal type.

MAP 25
PASS

25.3.2 Cases Created in Error	For those instances where a case is erroneously created, it is required that audit staff transfers the case to the Group Worklist – Cases Created in Error. However, the use of this procedure should be limited since users can rename the case unit name and change the identification number. ***Only*** <u>entire cases</u> should be transferred to the Group Worklist – Cases Created in Error. The semi-annual purge of this Group Worklist is designed to purge ***entire cases***. If your ***case*** contains erroneous ***case units***, those case units must stay with the ***case***; single case units transferred to the Group Worklist - Cases Created in Error will not purge. They will thus remain in PASS indefinitely. In the event it is necessary to transfer a ***case*** to Cases Created in Error, you must follow the steps listed below for all case units within the case that is going to be transferred: 1. Document in the event log the reason the case was created in error 2. Change the name of the case to **CASES Created in Error** 3. Remove the DLN number 4. Remove the SOL date 5. Deactivate the BETS Notification Flag 6. Change the status to Closed or Survey

MAP 25
PASS

	7. Transfer the Case to the CASES CREATED IN ERROR Group Worklist (Responsible Owner is Admin Proj) For those instances where a PASS case contains multiple case units where one or more were created in error, DO NOT transfer the erroneous case units to the Cases Created in Error group work list. Instead, leave them with the case and follow the steps listed above except for Step 7. In some circumstances, a case unit is created with one DLN and subsequently another case unit is created with a different DLN for the same taxpayer and taxable year. This is common with modeling. What results are two unique case units for the same taxpayer and tax year. One or both may have hours and events logged to them. In this situation where worked is logged in case unit with an incorrect DLN, they should **NOT** be transferred to the Cases Created in Error Group Worklist. The incorrect case unit should be closed without a notice and cross-reference it to the other or duplicate case that will include a notice. Rev. 7/17
25.3.3 Requesting Returns	**Requesting Returns Associated With Assigned Cases** When returns are being requested that are associated with assigned cases follow these steps: • The responsible owner of the case will request the returns using PASS and name themselves as the responsible owner of the electronic returns. • On the same date that the returns are requested, the responsible owner will create a manual event in the event log noting which returns was requested and who was designated as the recipient. • Upon receipt of the paper tax returns, the responsible owner of the case will acknowledge receipt of the return icons and document receipt of the returns in a manual event in the appropriate case unit.

MAP 25
PASS

	Requesting Returns for the Unassigned Inventory When requesting returns for the Program Office's Unassigned Inventory, follow these: • The responsible owner will request the returns via the work area. Do not create case units. • When the returns are received, perform a limited/restricted review to determine if it requires further analysis. Once a determination is made to retain the returns for a detailed scope, create a case unit for the Unassigned Inventory. • For the surveyed returns that are being sent back to files, create a separate case unit note in the event log the reason for doing so. This is necessary in order to create a record of the audit history for the taxpayer. **Example:** Taxable years 2005-2006 were requested via the work area for ABC Corp. Upon receipt a limited review is conducted and it is decided to return taxable year 2005 to files and keep taxable years 2005-2006. A case will be created to include only a case unit for taxable year 2005. A note in either the event log or on a sticky note will be recorded to explain why the case is being returned to files. Upon completing the limited review, the physical return will be returned to the Receiving and Data Storage Section. Another case will be created which will include case units for taxable years 2005-2006. This will be added to the Program Office's appropriate Unassigned Group Work list. Rev. 7/17
25.3.4 PASS Working Paper Structure	Folders #1-10 below (**Administration** through **FTI**) are **static** folders, which means that these folders are permanently fixed. You cannot change the sequence of these folders. All cases are structured in this order. Also, you may add additional folders for the audit issues under examination. To ensure consistency and maintain one Audit structure, the working paper file on the PASS system is structured in the following folders:

MAP 25
PASS

1. **Administration** stores our forms used for procedural purposes such as processing completed cases (e.g., routing information and worksheets for NPA/OA inputs).

2. **Reports** stores standard working papers discussing the case unit as a whole, such as the Narrative Report and Hearing Officer Report.

3. **Schedules** contains the schedules for all final adjustments.

4. **Preliminary Analysis** stores documents developed during the planning stages of the audit, including scope sheets, research templates, and notes.

5. **Draft Correspondence** contains correspondence documents that have been created but not sent. Correspondence documents can be created in the Draft Correspondence folder.

6. **Sent Correspondence** contains copies of correspondence documents sent through PASS, via the Draft Correspondence folder. Documents in this folder are read-only.

7. **Received Correspondence** contains correspondence documents for correspondence recorded in the Event Log. This includes copies of any faxes received.

8. **Notes** stores additional information about the case or case unit such as the details from the first interview with the taxpayer or representative, public contacts, and ownership information (i.e., Public Contact Memos, research templates, and notes).

9. **Audit Support** contains documents created by Audit Business Support staff while processing completed cases. Copies of waivers are also saved in this folder for Audit Business Support.

MAP 25
PASS

	10. **FTI** contains federal tax information correspondence received from the IRS.
	11. **Issue Folders** contains documentation of the facts, law, analysis, conclusion, and determination for each audit issue. You can create issue folders as needed to fit the audit. See MAP 28.4 Naming PASS Folders.
	Rev. 7/17
25.3.5 Creating Working Papers for Multiple Year or Multiple Entity Audits	When you examine an audit concerning multiple years or a flow-through entity, complete one set of working papers and save them in the primary case unit. If you audit more than one year, the primary case unit is the latest year under examination.
	You or your supervisor decides which case is the primary case unit. You should also decide if there is more than one primary case unit. If there are entity and owner issues, you may select a primary case unit for each.
	Record the location of the complete audit file in the Event Log of the nonprimary case units. A complete audit file is comprised of the primary case unit and the physical audit file. Include the entity name, year, and Document Locator Number. Refer in the primary case unit's Event Log to all other entities and tax years associated with the case. Do not use a sticky note for this purpose.
	PASS is flexible. You may use different organization strategies for different circumstances. For example, you may select a Pass Through Entity for examination, but later decide to limit the examination to an issue only at the shareholder/partner level, i.e., shareholder/partner basis. In this situation, you may choose to treat each shareholder/partner as a separate case, especially if you need to close the Pass Through Entity case or case unit.
	Rev. 7/17
25.3.6 PASS Working Paper Location for Flow Through Audits	**Entity Audits:**
	If the audit issue is an entity level only issue, keep the complete working paper file in the primary case unit. Refer to the complete working paper file in any related case units.

MAP 25
PASS

	Entity Flow Through Adjustments to Owners: When examining a flow-through entity, you must consider both the entity and the owners. • If you conduct the examination at the entity level and adjust the owner level only because of the flow-through, keep the complete entity level working paper file in the entity's primary case unit and refer to it in the owners' case units. • When performing a partnership audit that results in flow-through adjustments to the individual partners, record the results from the flow-through adjustment in the partnership's Event Log. Refer to the individual partners where the actual adjustment is. Include schedules of adjustment in both the partnership's working papers and the partners' working papers. • When performing an S corporation audit that results in flow-through adjustments to the shareholders, enter comments in both the S Corporation and shareholder Event Logs. For the S Corporation, record the results of the adjustment, to both the corporation and the shareholders, in the Event Log. • If you discover owner-only issues in addition to the entity level issues, establish working papers as in situation #1 above. Create an additional Issue folder at the owner level. • If the only issues are at the owner level, complete the working paper package and attach it to the primary case unit of each owner. • Note the location of the complete working paper file in each of the other files examined, including the owner files. Rev. 7/17
25.3.7 General Information Window	It is essential that audit staff update and verify the appropriate tabs within the **General Information Window** for each case unit. Verify that the information is pre-filled and complete all other fields not automatically filled.

MAP 25
PASS

	MAP 25.3.7.1 Current Summary Tab MAP 25.3.7.2 Audit Tab MAP 25.3.7.3 Protest Tab MAP 25.3.7.4 Claim Tab MAP 25.3.7.5 Other Tabs Rev. 7/17
25.3.7.1 Current Summary Tab	The Current Summary tab gives the user a general overview of the case unit. Some of the fields are discussed below. **Responsible Owner** - Every case and case unit must have a Responsible Owner who is in charge of the case unit. Each case unit can have only one Responsible Owner. The Responsible Owner of the primary case unit is the Responsible Owner for the case. In a team audit, team members consist of the Responsible Owner and one or more team members. **ID Number** - A number that identifies taxpayers, such as the - FEIN (Federal Employer Identification Number) - CCN (California Corporation Number) - SSN (Social Security Number) **Taxpayer ID Type** – The type of taxpayer identification associated with the taxpayer. The possible types are - FEIN (Federal Employer Identification Number) - CCN (California Corporation Number) - SSN (Social Security Number) - Unknown

MAP 25
PASS

Case Unit Creation Date - The date the case unit was created, either manually or automatically. We use it to measure the audit's effectiveness.

Case Unit Type - The classification of the current examination (Audit, Protest, Untimely Protest, or Claim).

Case Unit Status - The current phase in the examination process (e.g., pre-audit, work in progress, review, etc.).

Fiscal Year – This is the Taxable Year End for the entity. If the entity has calendar year 2006, the date entered is **12/31/2006**. Update this information on all case units. Audit Support uses this data during the case unit closure process.

Bankruptcy Indicator - Indicates if this taxpayer is in bankruptcy status. If so, change the Statute of Limitations date to reflect the Bar Date.

Priority Case Indicator - Indicates if this case is a priority.

Workload Category - Enter for all case units. Do not charge time to a case unit that does not have a valid workload code. You should have one workload code through the life of the audit. For example, if a case goes through the audit cycle, is subsequently protested, and then goes through the appeals cycle, the workload code should remain the same. See your supervisor or lead for appropriate workloads. Also, see MAP 13.4.10 Revenue Codes.

Next Action - The next action and the associated next action date information are displayed. Only the most current next action is displayed at a time, unless the tickler becomes overdue.

IRS Audit Flag - Mark the box if you get information about an ongoing IRS audit. If you know the IRS Audit Date, complete this field.

MAP 25
PASS

Entity Type – The taxpayer's form of business. Entity types include C-corporation, S-corporation, Partnership, Estate/Trust, Individual, IRA/Keogh/SEP, Limited Liability Company, Limited Liability Partnership, and Other.

DLN – Document Locator Number. See MAP 9.2 Document Locator Number (DLN), for additional information.

Statute of Limitations Date - The Statute date for the case unit. This information is pre-filled, so you must confirm this information. Update this field as changes are made to the Statute during the course of the examination.

If the taxpayer is in bankruptcy, the Statute should refer to the Bar Date as the statute date.

Suspense Release Date - If the case is in suspense, enter the date that it is due for release. Record in the Event Log. Although the suspense date puts the case on hold for a period, it is still viewable.

Case Unit Type Date - The date the case unit was changed to the current type. This helps us measure our timeliness.

Case Unit Status Date – The date the case unit was changed to its current status.

E-Pay Indicator – Indicates if the taxpayer is required to make electronic payments. Verify in TI whether the taxpayer is subject to mandatory e-pay before checking this box. Note: The indicator will only be available on the Current Summary tab for Audit case unit types wherein the Entity type is Individual, and the Tax Year is greater than 2008.

Waiver Indicator - Indicates if we received an acceptable waiver for this case unit. Follow usual waiver rules about attaching original copies to the returns and making the appropriate cross-reference notes. See MAP 4.9 Waivers, for additional information.

MAP 25
PASS

Amended Return Indicator - See the following examples of when to check and not to check the Amended Return Indicator:

- Amended returns become a part of the case unit already established for the filer. If you are working an **Audit** type case, and an amended return (nonclaim) is filed during, or before the audit process, check the **Amended Return Indicator** box, indicating that an amended return was filed for the current case unit. Do not create any new case units for the amended return.

- If you receive the amended return (nonclaim) to be worked as an audit, and there is no case or case unit already established for the tax year in question, the amended return is the current case unit. Do not check the **Amended Return Indicator** box.

- If an amended return that is a claim for refund is received, the amended return is the current case unit. You do not need to check the **Amended Return Indicator** box.

Litigation Potential Indicator – Indicates if the case unit has litigation potential.

Next Action Date – Date next action is required.

IRS Audit Date – Date of the IRS audit (if applicable).

Location – Where we conducted the audit, in the field or through correspondence (desk).

Rev. 7/17

25.3.7.2 Audit Tab	The Audit tab provides general information about work performed during the audit cycle. It includes the following fields:

MAP 25
PASS

Complexity - The complexity codes indicate the examination's complexity and the level of review to complete on the case. The Unit Supervisor determines which codes to assign. The complexity codes are High, Medium, Low, and None.

Notice Agreement - The box is checked if the taxpayer agrees with the proposed adjustment.

Notice Type/Notice Amount - These fields display the most recent amount. For example, if a Notice of Proposed Assessment was created in the Notice window for $50,000 on February 1, 2006, and a subsequent Notice of Proposed Assessment for $10,000 was created on February 15, 2006, only the more recent notice for $10,000 displays.

Primary Issue – This issue field identifies the primary issue with the highest tax potential under examination. You must create an issue folder and select an issue code before this field is populated. See MAP 28.4 Naming PASS Folders.

NPA Jeopardy Flag - Check this box if a Notice of Proposed Assessment Jeopardy assessment will be or has been issued.

Total Tax Potential is the estimated revenue expected from an audit. This field is view-only, and reflects the amount entered in the Tax Potential Issues Window, Audit Tab, Total Tax Potential field.

Total Actual Hours are the cumulative hours charged in the Task Plan to date.

Total Estimated Hours are the cumulative hours estimated when completing the Task Plan.

Primary Staff/Assigned Date - Select the primary staff and the date the case was assigned to an auditor. It is crucial to complete the Primary Staff. When cases are transferred to another staff, update the primary staff field with the new assigned staff. Keep the original assigned date!

MAP 25
PASS

Org Group is the organizational group that is assigned based on FTB organizational charts. This information is used for supervisory reports and upper level management. All users should verify this information is correct and update with any changes.

The primary staff is the individual who actually works and resolves the audit. The primary staff is responsible for completing the audit. While the responsible owner can change as the case unit is transferred from individual or group, the primary staff was designed to remain constant, unless the case is reassigned to a new staff to complete. When working team audits, the team lead of the audit is the primary staff.

A primary staff is selected for each type the case unit is worked in. It is crucial to complete the primary staff and the associated assigned date fields. It is the staff's responsibility to update this field. Supervisors should verify that staff completes this information. Unlike the responsible owner, we should keep this field current as the case unit is reassigned.

Rev. 7/17

25.3.7.3 Protest Tab	The Protest Tab provides general information about work performed during the protest cycle. It includes these fields:
	Complexity - The complexity codes indicate the examination's complexity and the level of review to complete on the case. The Unit Supervisor determines these codes. The complexity codes are: High, Medium, Low, and None.
	Protest Name – The name of the protest case. If cases are consolidated, this may differ from the PASS case name.
	Notice Agreement - At the end of the protest, check this box if the taxpayer agrees at protest to all open issues.

MAP 25
PASS

Notice Type/Notice Amount - If multiple notices are entered in the current type, PASS displays the last notice and notice amount.

Primary Issue is the primary issue that the user selects.

Date Hearing Held - This is the date that the protest hearing was held, if applicable.

Bill of Rights Date is 18 months from the date the protest was filed with Franchise Tax Board, not date received in Audit.

Protest Amount is the tax and penalty that the taxpayer protests.

Total Tax Potential - The tax potential at protest is the total tax assessed on the issue being protested.

Total Actual Hours are the hours charged during the protest.

Total Estimated Hours are the hours estimated when completing the Task Plan.

Primary Staff/Assigned Date – You must select the primary staff. The date should reflect when the case was assigned to an auditor. It is crucial to complete the Primary Staff. We use this information to determine the unit's production statistics. When you transfer a case to another staff, update the Primary Staff field.

Hearing Requested Date - If the taxpayer requests a hearing, check this box.

MAP 25
PASS

	Date Protest Filed - Update this field. This is the date the taxpayer filed the protest with the department, not the date the protest was received in a particular unit. It is crucial to complete this information. Update the Bill of Rights date for each case unit.

Hearing Location – Update this field with the location of the hearing.

Rev. 7/17 |
| **25.3.7.4 Claim Tab** | The Claim Tab provides general information about the work performed during the claim cycle. It includes the following fields:

Complexity - The complexity codes indicate the examination's complexity and the level of review to complete on the case. The Unit Supervisor determines which codes to assign. The complexity codes are: High, Medium, Low, and None.

Notice Agreement - At the end of the audit, check this box if the taxpayer agrees to the determination.

Notice Type - You will issue either a denial letter (full or partial), allow the claim, or issue an assessment. This field is automatically updated.

Notice Amount - This field is automatically updated.

Primary Issue - This field identifies the primary issue under examination at the claim level. If the claim is filed in response to a notice or is a paid protest, the issues should be the same as during the audit process. If the taxpayer initiated the claim, the issues may vary. See MAP 25.4.1 Issue Folders. |

MAP 25
PASS

Claim Filed Date is the date the Department received the claim, not the date a particular unit received the claim. This date should be updated for all claim case units. It is crucial to complete this information. Update the Bill of Rights Date for each case unit.

Amount of Claim – How much the taxpayer requests. If the taxpayer files an amended return requesting a refund, the amount of the amended tax return is entered in this field. When the taxpayer has paid a Notice of Proposed Assessment to stop accruing any additional interest, include the amount the taxpayer is requesting (i.e. the tax amount the taxpayer paid) in the Amount of Claim field.

Amount Denied is the amount of the requested refund that is denied. If the taxpayer requests $50,000 (reduction in tax only) and it is determined that the taxpayer's overpayment is $30,000, then $20,000 will be the amount denied and the amount in the Notice window.

Claim Number - Enter the claim number, if available. Not all claims will have a claim number that we track. The Claims Desk assigns the Claim Number that is on the amended tax return.

Total Tax Potential - This field shows the estimated tax potential if denying any part of the claim. The tax potential may differ from the claim amount. This field is view-only, and reflects the amount entered in the Tax Potential Issues Window, Claim Tab, Total Tax Potential field. See MAP 25.4.10 Tax Potential Issues Window.

Total Actual Hours shows the hours charged to the claim. This field is automatically updated.

Total Estimated Hours shows the cumulative hours estimated when completing the Task Plan.

Primary Staff/Assigned Date - You must select the primary staff. The date should reflect when the case was assigned to an auditor. It is crucial to complete the Primary Staff field. We use this information to determine the unit's production statistics. When you transfer cases to other staff, update the primary staff field.

MAP 25
PASS

	Bill of Rights Date - In accordance with CCR §19032, you can modify this date by entering directly in the field.
	Paid Protest Date is the date the Notice of Proposed Assessment is paid, while working a protest audit. Once the protest is paid, the case is deemed a claim. The user must change the type of the case unit from Protest to Claim. A claim is deemed denied if not worked within six months, and the taxpayer has the right to file an appeal with the Office of Tax Appeals. Incorrect information on the system may lead to erroneous decisions.
	Hearing Requested Date - This is the date the taxpayer requested a hearing. Taxpayers may request a hearing in their original protest letter or later. Update this information in the General Information window.
	Hearing Held Date - This is the date the hearing is actually held. Update this field after the completion of the hearing.
	In all cases, it is important to coordinate audit cycles, protest cycles, and appeal cycles for the same taxpayer. You should always check the BETS/TI systems to identify if prior years are under protest or appeal.
	Rev. 11/17
25.3.7.5 Other Tabs	There are various other tabs available in the General Information Window as described below. Auditors will typically not have the need to access these tabs as they are intended for use by other areas of the department.
	Docketed Protest/Claims Tab
	The Docketed Protest/Claim Tab provides information about the case unit when it was in the Docketed Protest/Claim Type. A docketed case unit has been determined to have significant legal issues requiring the Legal department's consideration. You cannot view this tab unless you have proper authorization.

MAP 25
PASS

Appeals Tab

The Appeals Tab provides information about the case unit when it was in the Appeals Type. You cannot view this tab unless you have proper authorization.

Litigation Tab

The Litigation Tab provides information about the case unit when it was in the Litigation Type. You cannot view this tab unless you have proper authorization.

Settlement & Settlement Amounts Tabs

The Settlement and Settlement Amount Tabs provide information about the case unit when it was in the Settlement Type. You cannot view this tab unless you have proper authorization.

Rev. 7/17

25.3.8 Task Plans	The Task Plan is your strategy to complete an audit, the start and end dates for each task, and the estimated hours per task, you expect to incur over the course of the audit. The Task Plan helps you to complete the case in a targeted fashion and within the estimated hours.
	MAP 25.3.8.1 Task Plan for PIT and Non-Apportioning Corporations MAP 25.3.8.2 Task Plan for Apportioning Corporations
	Rev. 7/17
25.3.8.1 Task Plan for PIT and Non-Apportioning Corporations	Create one Task Plan for each case unit. If a case has more than one case unit, maintain the Task Plan in the Primary Case Unit. All case unit Task Plans associated with one case accumulate to create the Case Task Plan. You must create at least one Task Plan for each case, in the working case unit where actions are documented.

MAP 25
PASS

Task Plans for Multiple Entities

If one case has case units comprised of different entities, you must establish a Task Plan for each different entity, since the tasks required at each level may differ. For example, if you are examining one year of a partnership, and are looking at the same year of three of its partners, you have four case units under one case: one partnership and three owners. Establish a Task Plan to show the audit plan for the partnership and the audit plan for each partner if you will complete additional work at the partner level. Also, see MAP 25.3.5 Creating Workpapers for Multiple Year or Multiple Entity Audits.

Baselining

In general, we expect to complete audits requiring fieldwork within one year. We should complete correspondence (desk) audits within six months. We use baselining to measure planned versus actual completion dates. It permanently records a task's planned end date. The audit supervisor makes the determination to **baseline** a case or task. Baselining will not prevent you from progressing on the case if you exceed the established date. However, you cannot modify the planned end date once you have established it.

Rev. 7/17

25.3.8.2 Task Plan for Apportioning Corporations	In order for an auditor to charge time to a case unit, the activity task has to be established in the task plan. While the PASS Operating System provides for at least 10 separate tasks, in order to promote consistency and clarity, Multistate Audit Staff will only use the three tasks outlined in the chart below.
	The tasks, as well as the associated estimated date and hours, may be set during the course of an audit or they may be developed at the beginning of the audit.
	Create a task to reflect pre-audit work (Pre-Audit Analysis) to be performed (this allows time for scoping the case).
	After the scope is reviewed and approved by the supervisor, create tasks for the remaining work to be performed on the audit. All time worked on the case is generally recorded on the primary

MAP 25
PASS

case unit. However, this procedure may vary for team audits where each auditor is assigned a case unit and the auditors records their time in their own respective case unit.

The table below provides the 3 activities that Multistate Audit will use to record the most appropriate task available in PASS:

TASK NAME	RELATED ACTIVITY
Pre-Audit Analysis	Time spent completing Pre-Audit steps including but not limited to: • Scoping • Preparing schedules to calculate tax potential • Gathering and reviewing third party information from various sources such as Lexis/Nexus and Moody's • Requesting & reviewing pre-audit scope information from the taxpayer However, if any of this activity is performed in the field then the Field/Appointment Task Name will be used.
Analyze/Review Documentation	Used to designate time spent on the following functions such as, but not limited to: • Review correspondence and documents received from a taxpayer. • Time spent creating Issue folders as well as time spent updating the workpapers. • Drafting and printing IDRs. • Analyze documents provided • Review books and records • Time updating the workpapers • Time spent preparing or updating schedules during the course of the audit • Obtaining third party information
Fieldwork/Appointment	For all field activities conducted while on an audit appointment.

 Audit staff should close out **all** tasks by completing the Actual End Date fields before forwarding a case to TRS.

Rev. 7/17

MAP 25
PASS

25.3.9 Time Reporting	To ensure accuracy of the MI Reports, all personnel (auditors, administrative support, supervisors and programs managers) must record their time each month on the Monthly Hours Report. All time must be entered by the end of the day on payday. Since the reports also rely on user information being correct, please ensure your PUC and program are correct. In accordance with the MI Procedures, in the event an adjustment is made to your recorded time please notify your supervisor or audit support person so the adjustment can be recorded. Currently this is being done manually until a permanent fix is established in PASS.
	The Monthly Hours Report shows the hours you have recorded for each day of the month. Direct hours are accounted for in the case unit, and Non-PASS Time is broken down by task. You can run this report for any month, including the current month. If you run it for the current month it will show all hours you have recorded as of the time you run the report.
	Helpful Hints for Auditors • All PASS users must record all hours worked during the month on PASS by the end of the pay period. • Each user is responsible for recording their time worked and paid absences. • To the extent possible, please record time on a daily basis. • Please keep in mind there could be differences between your Monthly Hours Report and the actual hours in the month due to such items as excess and deficit hours, overtime or ATO. • Please do not enter time on holidays, unless you actually worked that day. • On the monthly report, you can verify the hours recorded for PASS and NonPASS time by day. Changes still need to be made within the cases or the NonPASS time window. • Remember to change the current date to the date the user would like to have the time recorded. • All audit hours must be put into PASS Case Units. • Make sure you are recording your hours in the tasks marked with an **A** for audit. • Report any adjustments made to your time after the end of the pay period to your supervisor or Office Timekeeper.

MAP 25
PASS

If you have questions on the appropriate use of any of the indirect workload categories in Non-PASS Time, please consult with your supervisor or Program Manager.

Helpful Hints for Supervisors and Managers

1. Recording your Time.

   o All PASS users must record all hours worked during the month on PASS.

   o Each user is responsible for recording their time worked and paid absences.

   o To extent possible, record time on a daily basis.

   o All time will be recorded in Non-PASS Time. The only categories that will be used are Supervision (for Supervisors), Administrative (for Program Managers), and Absence. Time will not be charged to actual case units.

   o Please do not enter time for holidays.

2. Reviewing your Team's Time

   o Prior to end of the month follow up on any discrepancies noted by your Office Timekeeper.

   o Review Month End Report on payday prior to reports being run to ensure that the time being recorded is under the appropriate task name and workload categories. To ensure accuracy of the MI Reports, all personnel (auditors, administrative support, supervisors and programs managers) must record their time each month on the Monthly Hours Report. All time must be entered by the end of the day on **payday**. Since the reports also rely on user information being correct, please ensure your PUC and program are correct. In accordance with the MI Procedures, in the event an adjustment is made to your recorded time please notify your supervisor or audit support person so the adjustment can be recorded. Currently this is being done manually until a permanent fix is established in PASS.

The Monthly Hours Report shows the hours you have recorded for each day of the month. Direct hours are accounted for in the case unit, and Non-PASS Time is broken down by task. You can run this report for any month, including the current month. If you run it for the current month it will show all hours you have recorded as of the time you run the report.

Rev. 7/17

MAP 25
PASS

25.3.10 Address Book	The Address Book stores the contact information for all parties involved in the audit. Upon creation of a PASS case, a default entry is automatically generated in the Address Book for the taxpayer. Entries for other contacts involved in the audit (e.g., representatives) must be manually added by the auditor.
	The Address Book must be maintained for accuracy during the course of the audit. When updating the Address Book consider the following:
	• When adding new contact entries, make sure to select the appropriate title in the **Role** field. There must only be <u>one</u> Address Book entry with the "Taxpayer" role selected. All other entries must have an alternate role selected (e.g., Tax Rep, CFO, etc.).
	• For individuals, it is important that the default entry correctly includes the name of the taxpayer and spouse / RDP as filed on the joint return, as applicable. This ensures that the taxpayer or taxpayer and spouse/RDPs' names are included on outgoing correspondence (e.g., ICL, statute of limitations (SOL) waivers, and position letters).
	• The **POA** checkbox (of a Tax Rep, or other representative-type entry) must only be checked <u>after</u> the POA Declaration has been validated (refer to MAP 3.3.2 How to Validate a POA Declaration). Additionally, the POA Declaration Number and Expiration Date must be entered in the **Comments** field of the respective representative's Address Book entry.
	• For situations where correspondence will be addressed and sent directly to a representative during the course of an audit, rather than the taxpayer, the **Primary** checkbox can be selected on the representative's Address Book entry. The **Role** field should not be changed!
	• If a taxpayer's name or contact information is updated in the PASS Address Book, the TPF system must also be updated (refer to MAP 29.3.3 Add or Edit Contact Information). Changes to the contact information made in the PASS Address Book only updates the address for correspondence generated by PASS.
	Rev. 5/18
25.3.11 Notification Flags on PASS	PASS generated notifications will be sent to your PASS Inbox. These notifications will be kept for 6 months within the PASS system. When a notification is 6 months old, it is removed through a nightly batch process. There are five types of notifications:
	Model Run notifications will be sent to you when the model run you requested is completed.

MAP 25
PASS

Transfer notifications will be sent to you any time a case/case unit is transferred to you. This includes any time you drag a case/case unit from a group worklist, or assign a candidate to a group worklist (the owner of the group worklist will receive the notification)

Tickler notifications will be sent to you on the action date (unless the case unit is checked out). If you set a notification tickler, the message you specified will be sent. If you set a document tickler, a notification reminding you to send the specified follow-up letter will be sent. Tickler notifications become overdue at midnight on the date they are due.

Review notifications may be sent to a reviewer or multiple reviewers. These notifications will appear in the Inbox when they are sent.

External System notifications will be sent from BETS and TI.

1. TI Notification will be sent to the Responsible Owner when certain TI Account changes occur. For more information, see help topic TI Notification.

2. TI Flag (data retention) notifications will be sent when you:
    o   Change status to Open or Close.

    o   Select HRA Work Category in the GI window and the prior year's case unit is not in PASS (If the prior year's case unit is in PASS, the user must set the flag for the prior year case unit).

    o   Update TPID or APE information in the Taxpayer Information Access window.

    See MAP 25.3.12 Activating the TI Notification Flag for additional information.

3. BETS notifications are sent whenever there are account or entity changes. This will include changes to the BETS ID, name, address, account detail, relationship, business detail, accounting information or activation/inactivation of PASS Case Units. To receive BETS notifications the Case Unit ID must be activated. See MAP 25.3.13 BETS Notification Flag.

MAP 25
PASS

25.3.12 **Activating the TI** **Notification Flag**	PASS will send a notification of TI Account changes to the Responsible Owner's Inbox. The Responsible Owner must manually set the TI Notification and the case unit must be in Work in Progress (not closed or surveyed) Status. TI notification will automatically be disabled when the case unit is changed to closed status. **TI Changes that will be sent to PASS Inbox:** These are the TI changes that may cause you to receive a Notification in your Inbox: Entity, Name, Address, Social Security Numbers, Bankruptcy, Deceased, Tax Protester, Investigation, PDT, Special Procedures, LIEN, Tax Liability, New Return, Status, New Assessment, and Jeopardy date. **TI Notification Procedure:** 1. Open Case Unit 2. Open General Information Window 3. Verify status is in Work in Progress 4. Verify the Fiscal Year Box contains a value (calendar or fiscal year) 5. If no value is present, input value 6. Closed the General Information Window 7. Open Taxpayer's Information Window (TIA)

MAP 25
PASS

	8. Under Form/Source, select **TI Sel Tax Year**.
	9. Enter values for APE (mmyy) and TI TPID (9-digit) and Save.
	The notification will only be sent if there is a match against TI files and the PASS case unit for TPID and APE.
	Rev. 7/17
25.3.13 Activating the BETS Notification Flag	PASS can receive notifications from BETS and TI when activity occurs on the taxpayer's account. For BETS, you must activate the PASS Case Unit ID (PCU) for the notification process to work. This notification will flag the auditor of account transactions, name changes, address changes, account detail changes, relationship changes, business detail changes, and accounting information changes. When you activate the PCU it will also place a flag on BETS indicating that there is an active case unit in PASS.
	Case Units created after 10/04 will automatically set the BETS Notification flag. However, if a PASS error message is received, indicating that the automated activation process has failed, then you still must follow the manual activation process as explained below
	BETS will send the user a message in their PASS IN-BOX of any BETS activities if the BETS notification flag has been activated. Statutory cases and surveys **do not** need to have the BETS account activated. Remember upon completion of the audit the BETS notification needs to be de-activated.
	To manually activate the PCU:
	Method 1:
	1. From the **** **** ******, click on the *** ****.

MAP 25
PASS

2.   Under ********* **, double click on the *** *.

3.   Right click on **** *** ***** **** **, select ****.

4.   Right click on ** ******** *** and select ****.

5.   Close the ******** **** ******.

6.   Click on the ******* ******.

7.   Click ********.

8.   There are three ID values that need to be completed:

9.   ***** ***** on the ***********, select ****, in the *** ******, take the ****** to the ** ***** ***** and **** *****, select *****, and click OK.

10.   ***** ***** on the **** *****, select ****, and enter the Income Year Beginning Date. The format of the date will always work using the YYYY-MM-DD. Sometimes the activating will not work when you use the MM-DD-YYYY format. After entering the date, click OK.

11.   ***** ***** on the **** ***, Select ****, enter the Income Year Ending Date. Use the same format. Click OK.

MAP 25
PASS

12. From the **** ***, select ****, and select ******* *******.

13. A message appears **Activate ...command executed successfully**.

14. Click OK and close window.

Method 2: If return information is not available in the TIA Window

1. From the **** **** ******, click on the *** ******.

2. Select **** ***** ******** **.

3. Add, ID Type, Account Type, and Entity ID to the ******** ** **** *****. Or if the DLN is available, add the DLN to the ******** ** **** *****.

4. ***** ***** on **** ***** ******** **, select ****.

5. A new window called, ******** **** opens. In this window, you need to open the **** **** *** folder and select *********** ****. (Click on the * next to ******** **** folder, then click on the * next to **** ***** ***, folder).

6. ***** ***** on ** ******** *********** and select ****.

7. Close the ******** **** ****** by clicking the *****.

8. You are back to the *** ******. Select the ******** ***** ******.

MAP 25
PASS

9. Select ********.

10. There are three ID values that need to be completed:

    o ***** ***** on the ***********, select ****, in the *** ******, take the ****** to the ** ***** ***** and right click, select *****, and click OK.

    o ***** ***** on the **** *****, select ****, and enter the Income Year Beginning Date. The format of the date can be either YYYY-MM-DD or MM-DD-YYYY. After entering the date, click OK.

    o ***** ***** on the **** ***, Select ****, enter the Income Year Ending Date. Use the same format. Click OK.

11. From the **** ***, select ****, and select ******* *******.

12. A message appears **Activate command executed successfully**.

13. Click OK and close window, the command will be executed in an overnight batch run.

14. Note in the Event Log that the case unit has been activated.

Rev. 7/17

25.4 IN PROGRESS PROCEDURES	MAP 25.4.2	Case Unit-Key Dates
	MAP 25.4.3	Working Team Audits
	MAP 25.4.4	Outgoing Correspondence
	MAP 25.4.5	Issuing AIPS From Draft Correspondence Folder or Audit Issue Folder
	MAP 25.4.6	Incoming Correspondence
	MAP 25.4.7	Fax Correspondence
	MAP 25.4.8	Ticklers
	MAP 25.4.9	Claim Filed Subsequent to Audit in Progress
	MAP 25.4.10	Tax Potential Issues Window

MAP 25
PASS

	MAP 25.4.11 Archiving Excel Documents MAP 25.4.12 Saving Outgoing Correspondence as PDF Rev. 7/17
25.4.1 Issue Folders	Issue Folders provide a location to organize PASS documents related to a specific Audit Issue. You can create as many Issue Folders as you need in the Workpaper File. An Issue Folder serves as the record of the audit process for each issue under examination. Give each audit issue its own Issue Folder. The folders are named as provided in MAP 28.4 Naming PASS Folders. The documents contained in this folder should document your audit process and generally include: • Description of the audit issue, as reported on the tax return. • Document research performed. • Explanation of documents reviewed. • Document the analysis of the documentation received and the applicable law. The documents commonly found in an Issue Folder are: 1. Audit Issue Section or Audit Issue Verification Sheet 2. Schedules related to the particular issue **Creating & Naming the Issue Folder** The New Issue Folder window allows you to create a new issue folder and assign a Tier 1 Issue and Tier 2 Issue for the folder. The requirements for naming Issue Folders are located in MAP 28.4 Naming PASS Folders. For a complete listing of Tier 1 and Tier 2 Issue Codes available for each program area, click on the appropriate program area link below. A Master listing of all Tier 1 and Tier 2 Issue Codes is also available. • MSA
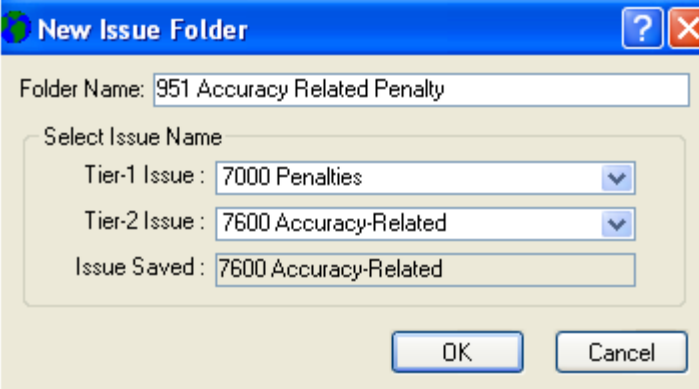
MAP 25
PASS

- GTA
- Legal
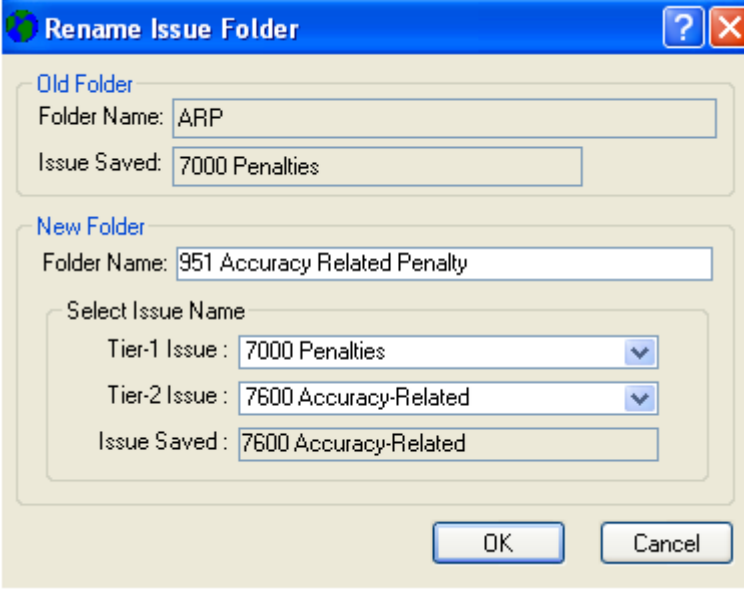- Exempt Organizations
- Master listing

The following are examples of how to create a new Issue Folder and how to rename an Issue Folder:

Example 1 – New Issue Folder for the Accuracy Related Penalty Audit Issue

Example 2 – Rename Issue Folder for the Accuracy Related Penalty Issue Folder

MAP 25
PASS

	Contents of the Issue Folder
	The Issue folder contains the audit files commonly used during the examination. Follow the numbering conventions provided in MAP 28.5 Naming PASS Documents.
	Rev. 7/17
25.4.2 Case Unit-Key Dates	The Case Unit Key Dates window displays key dates for each case unit type. It is essential once the case is started the **key dates** in the Case Unit Window are accurate. These dates will be used in MI reports to monitor the life cycle of a case unit. The dates are populated when auditors record key events in the event log.
	The two dates you must maintain are the Audit first Contact Date and the Date the Audit was completed by the Primary Staff. The key dates are automatically populated by PASS when certain events occur. For example, PASS will record a first contact date when there is correspondence or public contact is recorded. For Field Auditors, first contact is defined as the first day of fieldwork. Therefore, it will be necessary for you to change the date entered by PASS to record the correct date. The **Case Unit Key Dates** window may be accessed via the view menu option in the Case Unit Window or via the **Case Unit Key Date** icon on the toolbar. You can correct any date by selecting it and right clicking. For a list of available key dates, see the Key Date Default List.
	Deferral Period and Reason
	There are two distinct deferral period procedures for Management Information (MI) Reporting. There are procedures for a deferral period with a deferral reason for Audit and a deferral period without a deferral reason for TRS and Support. Both options are used to exclude case/case unit lag time from MI reports, but for different purposes.
	MAP 25.4.2.1 Audit Resolution Deferral MAP 25.4.2.2 TRS Deferral
	Rev. 7/17

MAP 25
PASS

25.4.2.1 Audit Resolution Deferral	For Audit resolution, the Audit, Claim, Protest, Docketed Protest, and Appeal type Deferral Begin and End Key Dates can be set in conjunction with selecting a Deferral Reason in the GI window. This option is used for long-term holds on a case/case unit like Pending Federal or Bankruptcy (see Deferral Reasons by CU Type in the GI Window). **Steps:** 1. Select the (Case Unit Type) Deferral Begin Date in the Key Dates Window and change case status to "Suspend/Hold". This will start the deferral period. 2. Open the GI Window and then select a reason from the Deferral Reason drop down box. 3. To end a deferral period, select the (Case Unit Type) Deferral End Date from the Key Dates Window and enter a date in the New Report Date field. After the weekly MI Report update, deferral dates and reasons will be available to view either by selecting reports displaying deferral information or by adding deferral data elements to a report via a pick-list. After a deferral reason is selected, and the deferral period ends, the deferral reason should never be modified or removed (except for multiple deferrals as described below). MI Reports will only maintain the latest deferral reason per CU Type. Any change to the deferral reason after the deferral period ends, will delete historical information. **Multiple Deferrals Within the Same CU Type** There is only one set of Deferral dates, and only one Deferral Reason per CU Type. There may be circumstances in which a case unit is deferred more than once, for different reasons. When this occurs: • Select the deferral reason **multiple** for Audit, Claim, and Protest CU Types or leave the latest deferral reason for Docketed Protest and Appeal CU Types. • Adjust the (case unit type) Deferral Begin Date to reflect the overall deferral period. **Example:** Audit deferral required for the period of 12/01/2006-12/20/2006, Reason= Bankruptcy.

MAP 25
PASS

Audit deferral required for the period of 11/01/2006-11/20/2006, Reason= Pending Federal.

When the second deferral starts:

- In the GI window, Audit tab change the Deferral Reason from **Pending Federal** to **Multiple**.

- In the Key Dates Window, change the Audit Deferral Begin Date from 11/01/2006 to 11/10/2006 and reset the Audit Deferral End Date to 00/00/0000.

It is important to adjust the Deferral Begin Date so that reports will be calculated correcting during the second deferral period, as well as after it is completed.

When the Bankruptcy deferral period ends, enter the correct final Audit Deferral End Date of 12/20/2006.

This procedure will enable the reports calculate the correct TOTAL NUMBER OF DAYS the case unit was deferred.

Reasons Available by CU Type in the GI Window:

CU Type	Deferral Reason	Definition of Use
Audit, Claim and Protest	Bankruptcy	Deferred pending a bankruptcy court action for the same or another case unit
	Docketed Protest	Not Applicable
	Investigations	Referred to the Special Investigation Section
	Multiple	Deferred for multiple reasons
	Pending Federal	Deferred Pending Federal Action
	Protective Claim	Claim filed to protect statute for a pending court decision
	Return to Audit	Returned to Audit for factual development
	Settlement	Referred to Legal for Settlement

Rev. 7/17

25.4.2.2 TRS Deferral	The TRS Deferral Begin and End Key Dates are available for all case unit types, however they are used without selecting a reason. These deferral periods were specifically developed for TRS and Support to provide the ability to exclude lag time on reports for case/case units returned to other areas for correction or analysis. Notes regarding the deferral should be entered as an event in the event log or attached to the case unit as a sticky note.

MAP 25
PASS

<table>
<tr>
<td></td>
<td>

TRS Procedure:

- Select the (Case Unit Type) TRS Deferral Begin Date in the Key Dates Window and enter a New Report Date. This will start the deferral period.

- Do not enter a deferral reason in the GI Window.

- To end a deferral period, select the (case unit type) TRS Deferral End Date from the Key Dates Window and enter a date in the New Report Date field. This will end the deferral period.

Rev. 7/17

</td>
</tr>
<tr>
<td>

25.4.3 Working Team Audits

</td>
<td>

The objectives of the procedures for working team audits is to assist team members to effectively operate in the PASS. The team leaders are allowed some discretion in setting up team audits as long as the objective is met.

The designation of each team member controls what you can do in each case unit. There are two designations for each member: Responsible Owner and Team Member.

Responsible Owner

Responsible Owner access is designated at the case unit level. It allows you to create, update, and delete items in all components of that case unit. This includes the ability to edit comments in the Event Log, and remove the baseline from a task. The RO role also allows you to transfer the case unit, check the case in and out, add and delete team members to the case unit, add tasks to the Task Plan, and change the status/type of the case unit. The RO of the Primary Case Unit is the RO of the Case.

Team Member

Team member access is designated at the case unit level. It allows you to create, update, and delete addresses, working papers, and ticklers. Team members can create events, issue folders, and check the case unit in and out. They cannot transfer the case unit, assign team members, create/update tasks in the Task Plan or edit the comments in the Event Log. When a Case Unit is transferred, all team members are deleted.

</td>
</tr>
</table>

MAP 25
PASS

Working team audits require more PASS planning from the onset than does an individual case assignment. Once the case has been determined to be field audit worthy the following steps must be completed prior to commencing any additional audit activity:

Procedures for Team Audits

- Set up the PASS case units and files in accordance with MAP 28.3.4 Team Audits.

- For each case unit, go to the General Information window and change the Primary staff to the name of the team leader.

- The Responsible Owner (RO) must create tasks in the Task Plan for each active case unit so that hours can be recorded.

Working Team Audits in the Field:

Follow these procedures when in the field on a team audit:

- Each team member will check out their assigned Case Unit to their briefcase.

- Each team member should check out his/her own Bottom Drawer and Non PASS Time.

- As an option the other team members' Case Units may be checked out in a read only format.

Team members will electronically notify the rest of the audit team when they have taken action on an issue outside of their own responsible Case Unit.

In the past, some team audit leads may have checked out the entire case to their Briefcase while the team members would work on the case in their Bottom Drawer. This method should no longer be followed. It is more time consuming and could possibly result in the loss of data. In addition, this method makes it extremely difficult to account for the daily time spent working on the case.

MAP 25
PASS

25.4.4 Outgoing Correspondence	Outgoing correspondence consists of letters, waivers, IDRs, AIPS, etc. The outgoing correspondence is created in the Draft Correspondence folder of PASS. When the document is ready to be distributed to the taxpayer, the PASS Send option is used. The Send option moves the document from the Draft Correspondence folder to the Sent Correspondence folder and creates an event in the event log.

Note: A document containing Track Changes cannot be sent using the PASS Send or Fax feature. A message will be generated stating that the document will need to be corrected. All changes in the document must accepted or rejected, and all comments, versions, and ink annotations must be removed before the document can be successfully sent using the PASS Send or Fax feature.

Electronic schedules or documents sent to a taxpayer as part of the audit process must be sent in a read-only format such as PDF. Copies in read-write format cannot be sent to taxpayers due to the proprietary nature of our schedules and documents. This assures consistent treatment by Audit staff.

Refer to MAP 25.4.12 Saving Outgoing Correspondence as PDF for more information on how to save PASS documents as PDFs.

PASS Excel-type documents cannot be sent to and retained in the Sent Correspondence folder. Alternately, the Archive a Copy feature can be used to retain a read-only copy of the Excel document in the PASS Workpaper File. Refer to MAP 25.4.11 for more information.

Create a tickler (reminder) to send out a follow-up letter. Once the tickler prompts you, send the follow-up letter. See MAP 25.4.8 Ticklers, for additional information.

MAP 28.5.2 Naming Draft Correspondence Documents provides instructions to be followed in creating/naming the outgoing correspondence files.

<div align="right">Rev. 7/17</div> |
| **25.4.5 Issuing AIPS From Draft Correspondence** | Audit Issue Presentation Sheets (AIPS) are to be created in the Draft Correspondence folder. See MAP 6.10.6 Audit Issue Presentation Sheet (AIPS) for information regarding the contents included in AIPS and MAP 28.5.2 Naming Draft Correspondence Documents for examples how AIPS are named in PASS.

<div align="right">Rev. 10/18</div> |
| **25.4.6 Incoming Correspondence** | The PASS application for the Received Correspondence Folder does not permit the creation of documents in the same manner as the other folders (i.e., the below window is necessary along with a saved attached document in order to create a received correspondence event log and be able to document received correspondence). Thus, the only way to create a document within this folder is through the Receive Correspondence toolbar button. The only document that will be created in Received Correspondence will be DOTM Correspondence Received 9900 template, |

MAP 25
PASS

	this is a received correspondence logging template. It allows the auditor to describe the documents received along with page numbers.
	When incoming correspondence is recorded in the Event Log, the date that the event is recorded is the controlling date. The auditor is not provided an opportunity to change this date to reflect instances when the correspondence was entered into PASS on a day other than the date received.
	To ensure that the PASS system reflects the actual date that the correspondence was received, follow these:
	• Record an event for the incoming correspondence. For specific instructions on how to record and cross-reference received correspondence, see MAP 28.6 Recording Received Correspondence in PASS.
	• If you are recording incoming correspondence on PASS on a date other than the date received, note in the subject/description field the actual date received. Record the actual date in the description field rather than the comments field so that the actual date received will be visible in the event log.
	Rev. 7/17
25.4.7 FAX Correspondence	The PASS Desktop lets you exchange documents between with taxpayers by facsimile (Fax). You can exchange faxes through the PASS Desktop two ways:
	• When working on a laptop, you can send faxes.
	• When connected to the PASS Desktop network, you can send and receive faxes using the PASS FAX server.
	Sending:
	When connected to the network, you can send faxes through your PASS Laptops and Desktops. When faxing confidential information using the PASS system, follow the Security and Disclosure procedures. Use our standard cover sheet, because it has appropriate disclosure information. State law protects confidential taxpayer information including, but not limited to, social security numbers, telephone numbers, and credit card numbers. When faxing correspondence, use a cover sheet to protect confidential information.

MAP 25
PASS

Because information sent over the Internet may be intercepted, do not send faxes over the Internet via Microsoft Outlook email exchange.

Receiving:

We treat faxes received by a unit machine instead of a PC as regular correspondence. Photocopy any faxes printed on thermal fax paper, because it will fade and become illegible. Include the photocopy of the fax with received correspondence. Our Taxpayer Signature and Authentication Policy - FTB Policy, File 9140 addresses the acceptability of faxed documents. This policy gives internal guidance on the level of authentication we need for specific documents, including whether we accept a photocopy or facsimile of a document.

Faxed or photocopied waivers are evidence that a taxpayer agrees to extend the statute of limitations. However, unless you receive the original document, a faxed copy is not accepted as anything other than evidence of intent, see MAP 4.9 Waivers.

When connected to the network, you can send and receive faxes. You will receive an email message via Microsoft Outlook with the received fax attached.

Rev. 7/17

25.4.8 Ticklers	You can use **ticklers** to remind you to perform basic tasks. There are two types of ticklers: • **Notification Ticklers** trigger a future notification. When the trigger date arrives, a notification will be sent to your PASS inbox. The notification will include any comments you made when creating the Tickler reminder. • **Document Ticklers** remind you to send correspondence. This reminder will include the name of the letter template, if selected when the Tickler was created. For example, you may create a reminder to send a demand letter if a response is not received by June 1, 2006. On June 2, 2006, you will receive the reminder telling you to send the demand letter.

MAP 25
PASS

Once you have created a tickler, it stays in the Ticklers window until you delete it. You can use ticklers to note the next action on a case unit.

Updating Ticklers

At any time, you may view and edit the list of outstanding Ticklers for one case unit. When you no longer need a Tickler, you should cancel it.

Tickler Status

There are three statuses for ticklers:

- Active

- Completed

- Overdue

25.4.9 Claim Filed Subsequent to Audit in Progress	Audit Staff will have cases with different types of case units when they have claims for refund and original returns to audit for the same taxpayer. Since changing the status from audit to claim locks up the workpaper file, it is necessary to create a separate nonprimary claim case unit. Although it is required that a nonprimary claim case unit be created to capture the claim information, you can determine whether to document and record the audit process in the primary case unit or the claim case unit. Please be consistent by including the necessary information other than the claim information in the claim tab in the claim case unit or the primary case unit.
	If there is a claim as part of the current audit cycle and assuming the audit work is documented in a primary case unit, create a nonprimary case unit as the claim case unit.
	Follow these steps:

MAP 25
PASS

	• Update the claim information in the corresponding tab of the General Information Window.
	• Establish the tasks necessary to resolve the claim issues in the claim case unit or in the primary case unit.
	• Documentation of the claim issue can be done either in the claim case unit or in named claim issues folders in the primary case unit.
	• Post time resolving the claim issue in either the claim case unit or in the primary case unit.
	• To distinguish between claims for refund and amended returns for additional tax it is suggested to use a code such as **X** or **A** when naming the case. An example would be:

Amended Return for additional Tax:	ABC Company 2006A
Claim for Refund	ABC Company 2006X

The SOL for overassessments should be used, as this will serve to protect the taxpayer. Even though once filed within the statutory period, the claim does not have a statute of limitation (SOL), the auditor must protect the state's interest by keeping the SOL open by obtaining waivers. The auditor must make every attempt to resolve the claim within the timeframes prescribed by the Taxpayer's Bill of Rights.

Protest Claim:

A paid protest is treated as a claim and you should treat it as a claim case unit in the PASS Desktop. Complete all information on the Claim General Information Tab, including the Paid Protest Date field. There are different limitation dates, such as the Taxpayer's Bill of Rights for claims and protests and the SOL for an Audit type case. See MAP 4.2 Statute of Limitations.

Rev. 7/17

25.4.10 Tax Potential Issues Window	Once it has been determined that a PASS case will be opened for audit, the auditor must update the Tax Potential Issues Window of the primary case unit. The Total Tax Potential fields in the Audit and Claim tabs of the General Information window are view-only, displaying the amounts entered into the respective tabs of the Tax Potential Issues Window. Auditors are still required

MAP 25
PASS

	to re-evaluate tax potential throughout the audit and make changes as needed to the Tax Potential Issues Window. MAP 25.4.10.1 Audit Tab MAP 25.4.10.2 Claim Tab MAP 25.4.10.3 Additional Resources Rev. 7/17
25.4.10.1 Audit Tab	The Audit tab of the Tax Potential Issues Window will enable PASS to track potential revenue by issue for "Audit" type case units. It includes these fields: - Total Tax Potential – The total tax that could be generated if all audit issues are adjusted (this does not include credit/loss carryover amounts). This amount must be input manually—it is NOT an auto-calculated sum of the tax potential, per issue, entered in this tab. (For example, an auditor may have multiple issues and only choose to list the top three individually, by issue.) The amount entered in this field will be automatically reflected in the Total Tax Potential field of the Audit Tab in the General Information window. - Issue – Audit issues are listed individually in order to report the portion of the total tax potential associated with each. Use the "Add" button to create a field for each desired issue. If more than four issues are added, a scroll bar will appear. Use the "Remove" button to delete a selected issue field. (Warning: If a particular issue field is not selected before clicking the "Remove" button, the bottom issue will be deleted by default.) The options for issue names will appear in the drop-down menu of each issue field. The options are predetermined based on the Tier 1 and Tier 2 data entered for each of the issue folder created in the PASS Workpaper file. For example, Tier 2 issue codes should be selected when applicable within each of the issue folder. For example, cases involving the accuracy related penalty should have Tier 2 issue code "7600 Accuracy-Related" selected rather than Tier 1 "7000 Penalties." See screen print below.

MAP 25
PASS

	• Tax Potential – Projected revenue for each issue based on the amount of estimated additional tax assessments.
	• Credit C/O Amount – Projected revenue for each issue based on the amount of credit carryover estimated to be disallowed.
	• Loss C/O Amount – Projected revenue for each issue based on the amount of loss carryover estimated to be disallowed.
	• Total – Total amount of Tax Potential, Credit C/O and/or Loss C/O for all issues listed. Note that the amounts reflected here may or may NOT match the Total Tax Potential Field of this tab, as the auditor may not choose to list ALL audit issues individually.
	Rev. 7/17
25.4.10.2 Claim Tab	The Claim tab of the Tax Potential Issues Window will enable PASS to track potential revenue by issue for "Claim" type case units. The fields included in the Claim tab are identical to the fields included in the Audit Tab. See MAP 25.4.10.1 Audit Tab, for explanations of each field. However, note that that the amount entered in the Total Tax Potential field of the Claim tab will be automatically reflected in the Claim Tab of the General Information window (as opposed to the Audit Tab mentioned in MAP 25.4.10.1 Audit Tab)
	Rev. 7/17
25.4.10.3 Additional Resources	For additional information on the PASS Tax Potential Issues Window, please refer to the following resources:
	• Tutorials and Quick Reference Guides available at: ***
	• PASS Desktop Help feature
	Rev. 7/17

MAP 25
PASS

|	

25.4.11
Archiving Excel
Documents
	Unlike Word documents (created in the Draft Correspondence folder), Excel documents cannot be retained (in a read-only format) in the Sent Correspondence folder using the **PASS Send** feature.
	
	Nonetheless, it is necessary for record-keeping purposes, to retain read-only copies of Excel documents that are sent to the taxpayer. This can be accomplished by using the **Archive a Copy** feature.
	
	The following steps show how to **Archive a Copy** of an Excel document in PASS:
	
	    1. Right-click on the Excel document and select **Archive a Copy**.
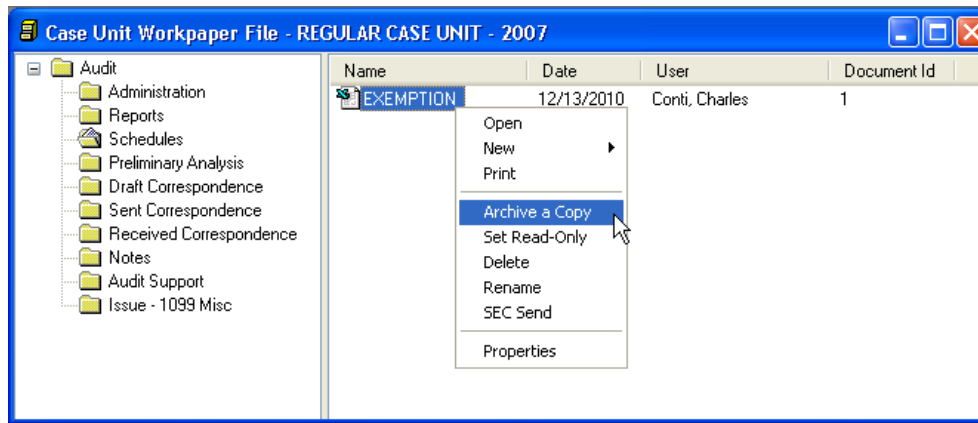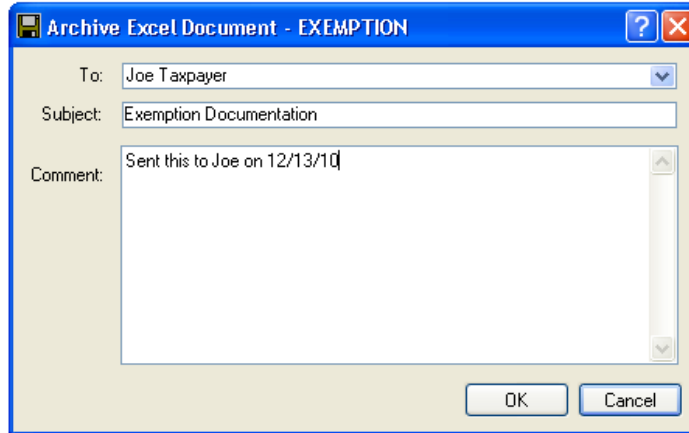	
	    2. The archived copy can be renamed by completing the **New Name** field of the **Archive Word/Excel Document** dialog box.
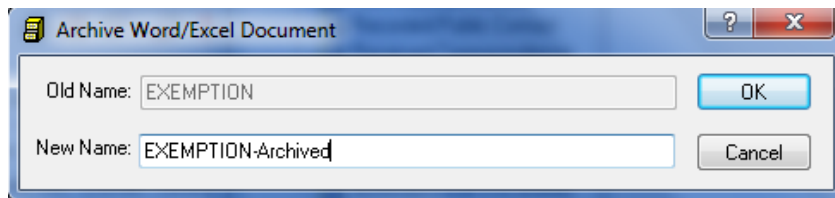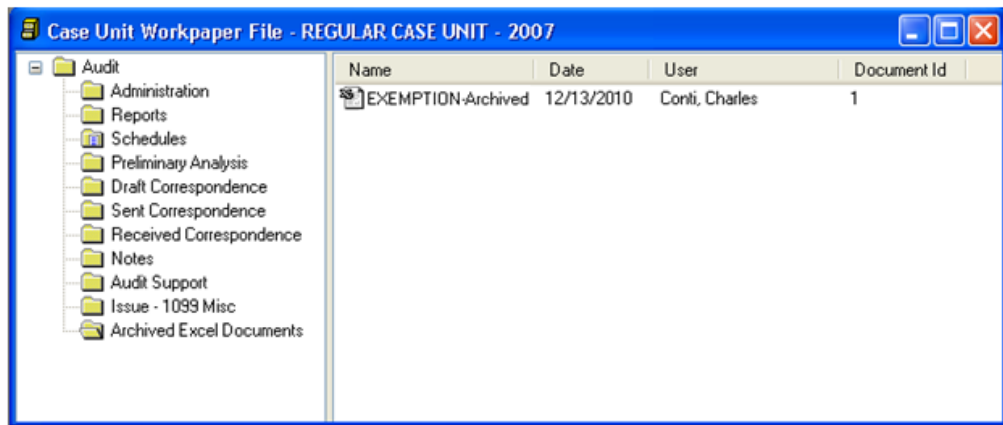	
	    3. Input is required in all three fields of the **Archive Excel Document** dialog box.

MAP 25
PASS

4. A new static **Archived Excel Documents** folder will appear under the last Issue Folder created. The newly archived Excel document will be retained in this folder, in a read-only format.
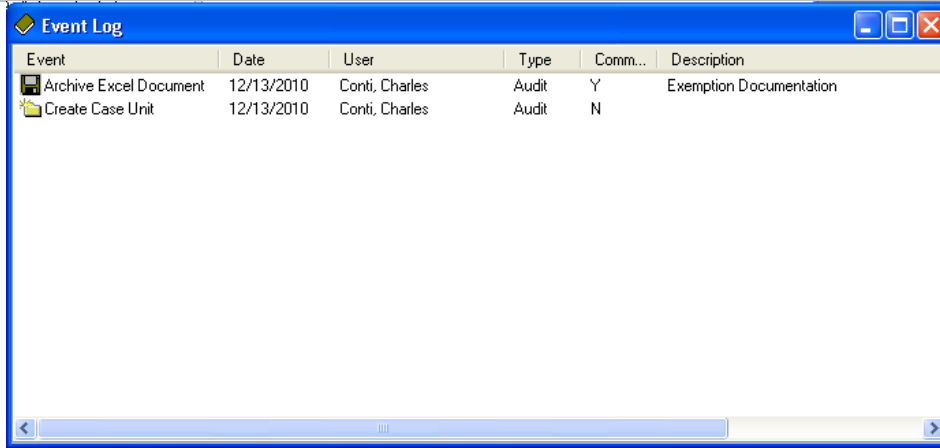

5. An **Archive Excel Document** event will appear in the **Event Log**.

MAP 25
PASS

|	
	Rev. 7/17
25.4.12 Saving Outgoing Correspondence as PDF	If sending PASS documents via secure email outside of PASS, the PASS documents must first be converted to PDF (read-only format) and saved outside of PASS. The PDF-conversion process varies depending on where the original document is located within PASS: MAP 25.4.12.1 Documents in the Draft Correspondence Folder MAP 25.4.12.2 Documents in an Issue Folder Other than Draft Correspondence Rev. 7/17
25.4.12.1 Documents in the Draft Correspondence Folder	Documents created in the Draft Correspondence folder can be saved as a PDF-type file. The PDF conversion process will still send a read-only copy of the document to the Sent Correspondence folder. The purpose of the **Save PDF** feature is to allow documents to be saved outside of PASS in a read-only format. Such documents can then be attached to secure emails and sent to the taxpayer.

MAP 25
PASS

The following steps explain how to save an outgoing correspondence in the Draft Correspondence folder as a PDF:

1. Open the **Send Options** window and select the recipients.

2. Check the **Save PDF** box and select **Send**. (Make sure to select the proper send option for any cc recipient(s) as well)
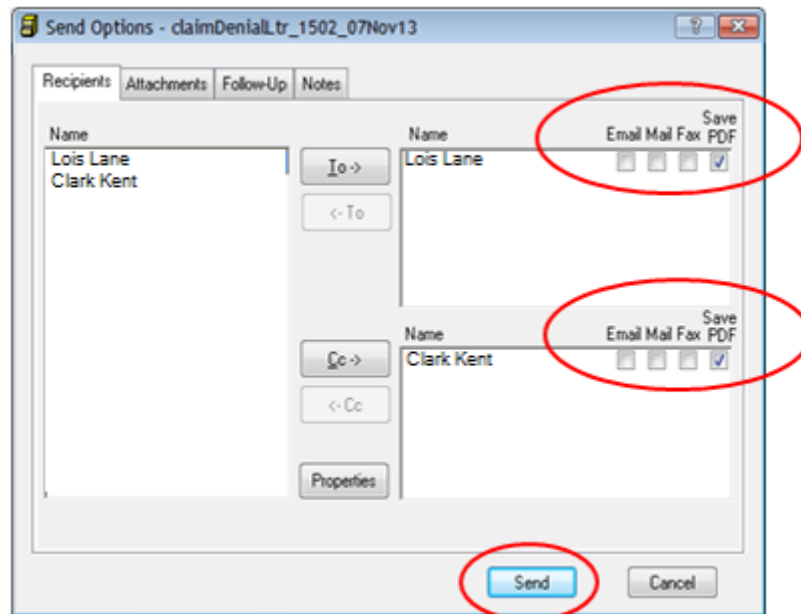
3. The **Save As PDF** dialog box will display. Select a preferred location, enter a name, and select **Save**.
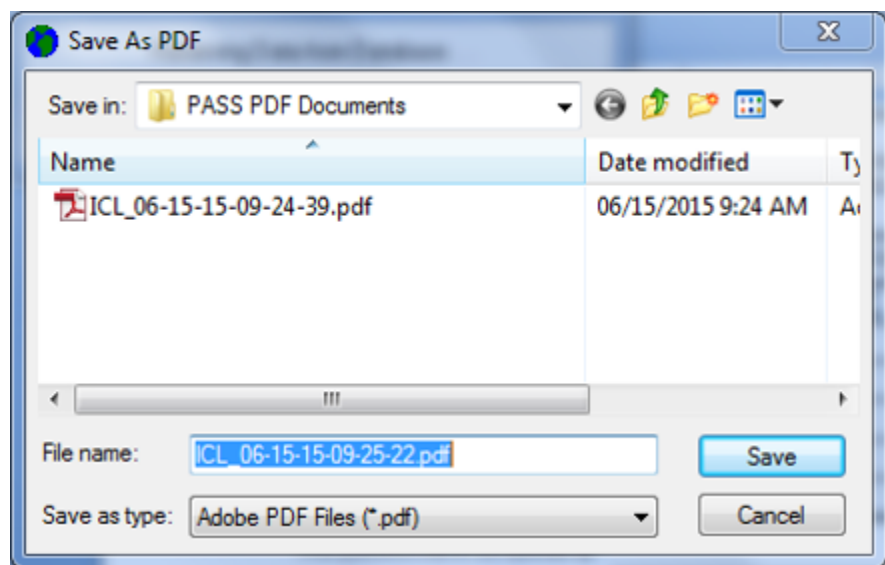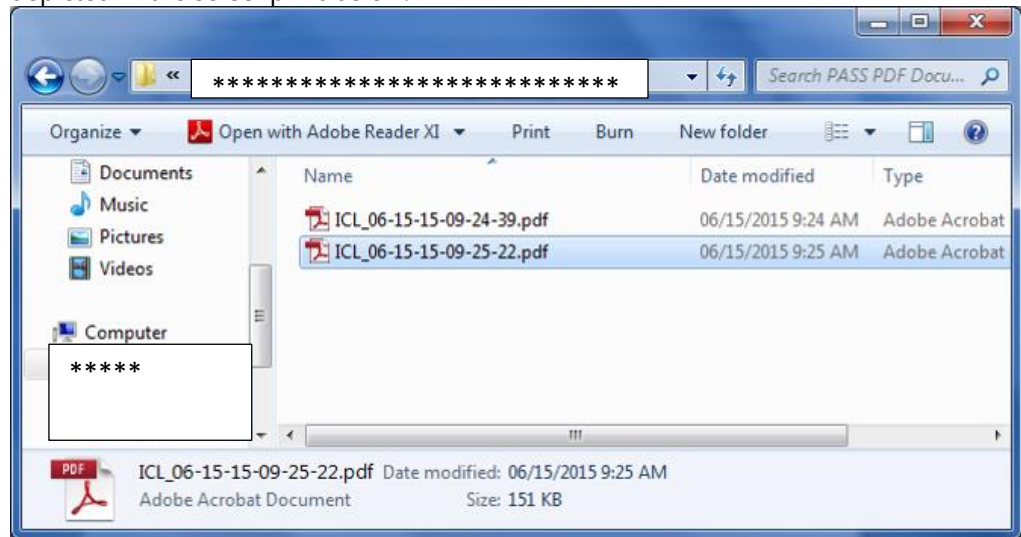
MAP 25
PASS

<table>
<tr><td></td><td>

The default setting for document location and name are as follows:

- Folder location: *****************************

- Document Name: <PASS Document Name>_mm-dd-yy-mm-ss.pdf

4. To access the saved PDF document outside of PASS, open the location that the document was saved to in step 3. The default location (*****************************) is depicted in the screenprint below.

<div align="right">Rev. 7/17</div>

</td></tr>
<tr>
<td>

25.4.12.2 Documents in an Issue Folder Other than Draft Correspondence

</td>
<td>

Documents created in a PASS Issue Folder other than the Draft Correspondence folder can be saved as a PDF-type file (outside of PASS) using the **PDF Creator** software. Such documents can then be attached to secure emails and sent to the taxpayer.

The following steps explain how to save an outgoing correspondence located in any PASS Issue Folder other than the Draft Correspondence folder, as a PDF outside of PASS:

1. Set your default printer to **PDF Creator**.

</td>
</tr>
</table>

MAP 25
PASS

	2. Right-click on the PASS document that is to be saved as a PDF.
	3. Click **Print**.
	4. The PDF Creator window will pop up. Edit the **Document Title** field as needed.
	5. Select **Save**.
	6. The **Save As** window will pop up. Select the desired file location on the computer for the PDF to be saved to.
	Specific tips for converting MSA Audit Schedules to a PDF document are available on the MAST website.
	Rev. 7/17
25.5 CLOSING PROCEDURES	MAP 25.5.1 Notice Window MAP 25.5.2 Closing Cases on PASS MAP 25.5.3 Follow-up Flag Procedures MAP 25.5.4 Printing MAP 25.5.5 Transferring Case Units Between PUCs Rev. 7/17
25.5.1 Notice Window	The actual notice that FTB sends to the taxpayer is created in BETS or TI or manually processed. You need to create notices in PASS for MI reports. Unless you are surveying a case, you should create at least one notice for every closed case unit to record how you resolved the case. In the PASS Notice Window, enter data in the Notice Detail Section and the Issues Section.

MAP 25
PASS

Notice Detail Section

Update these fields:

- **Name** - NPA, O/A, etc.

- **Notice status** - Pending Release

- **Tax** – Enter all tax amounts (or denied portion of claim amounts) as positive values

- **Penalty** - Input penalty figure

- **Interest** – Leave this field blank

Central Office Multistate audit staff should also complete the Notice ID field. Take the eight-digit NPA number directly from the BETS/TI notice.

Note: For No Change or No Determination notices, in the **Notice Status** enter Released and in the **Mail Date** enter the date the No Change or No Determination letter was sent. For more information, refer to MAP 7.15.2 No Determination Standardized Language.

Issues Section

The issues section tracks the issues you are adjusting for audit and claim case unit types. It is the responsibility of the auditor or supervisor to enter this information. **The issue section is only required in the Primary Case Unit**.

Issue –Select the issue(s) you are adjusting from the drop down list. Include at a minimum the top three major issues. If there is no selection on the drop down list, you need to set-up the issues in your workpaper file

Issue Tax Amount – The issue tax amount entered is the calculation of the **tax** for the selected issue. This is not the amount of the adjustment. Enter as positive or negative values based on the adjustments in the notice. Refer to MAP 25.4.1 Issue Folders.

MAP 25
PASS

MSA: Net the total adjustments for the audit cycle in the primary case unit. For example, assume an auditor is working a two-year cycle and recommends the following MIC adjustments:

TYE 12/X1 - $20,000

TYE 12/X2 - $30,000

In the above example, the auditor would select the MIC category in the issue section and input $50,000 in the issue tax amount for TYE 12/X2. There is no need for the issue section of the notice window to tie into the tax portion of the window. Each case unit must have the notice detail completed. However, complete the issue section only in the primary case unit.

Credit C/O Amount

The credit C/O amount is the amount of the disallowed credit carryover associated with the selected issue. Enter as positive values. For more information, see MAP 7.7 NPACA (Notice of Proposed Adjustment Carryover Amounts).

Loss C/O Amount

The loss C/O amount is the amount of the disallowed loss carryover or deductions associated with the selected issue. Enter as positive values. For more information, see MAP 7.7 NPACA (Notice of Proposed Adjustment Carryover Amounts).

For a listing of the available notice types, description, and the expected entry amount, see link below: ***

Rev. 7/17

25.5.2 Closing Cases on PASS	It is imperative the following procedures be closely followed as the audit program must rely on the accuracy of data entered on the PASS cases for all Management Information Reporting and corresponding budgetary purposes.

MAP 25
PASS

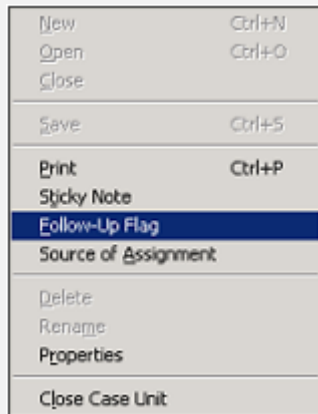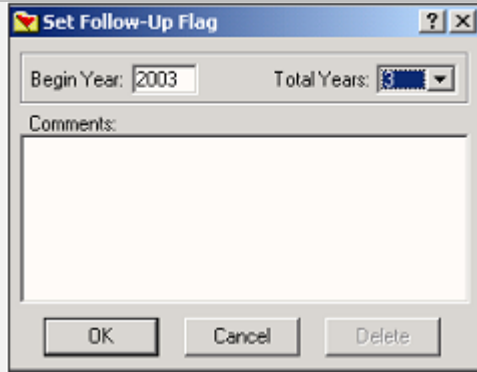|	
	Cases Ready for Supervisor Review: When the audit is completed and ready for supervisor review the auditor will: Request an informal review using the toolbar button to notify the supervisor that the case is ready for review. This is for surveys, completed audits and any In Progress Reviews. This also applies to reviewing correspondence. Using the toolbar will put an event in the event log and send the supervisor a message in their PASS inbox. Please check with your supervisor if he or she would also like a message sent via outlook. Do **not** transfer the case or returns for the initial review by the supervisor. Wait until the case is ready to be shipped to Central Office. See MAP 25.5.5 Transferring Case Units Between PUCs for additional information. Rev. 7/17
25.5.3 Follow-Up Procedures	PASS system functionality has been developed to accommodate the need to flag case units for future year follow-up. Auditors can simply specify the follow-up year under each case unit, by accessing the follow-up flag option from the file menu of any open case unit window. After selecting the Follow-Up flag option, the Set Follow-Up Flag window will open. Enter the **begin** year, the **total** number of **years** to follow-up, and a description or reason for follow-up in the **Comments** field. Select the **OK** button. The flag is set until another user modifies it. You can set a flag to identify follow up activity for a single year or for multiple years.

MAP 25
PASS

Next Year Follow-up:

- When opening the Update Follow-Up Flag window for the first time, the default display for the begin year will always be the year subsequent to the CU tax year with the total years set to one.

- Enter reason for follow-up in the comments field and click OK.

- If Cancel is selected, the record will not be saved.

- If OK is selected in error, the user should re-access the window and select the Delete button to remove the record from reports.

Multiple Year Follow-ups:

- Select the number of future years follow-up activity is needed for the taxpayer from the total years drop down list.

- Enter the reason or reasons for follow-up in the comments field and click OK.

Example of Multiple CU Follow-up Years and Reasons:

You discover the need to set a follow-up flag for both the MIC credit from the ***** **** of 2003 to 2010, and for Loans to Shareholders from the begin year 2002 to 2005. When this occurs, follow these steps:

1. Set the ***** **** in the Set follow-up Flag Window to 2002 (earliest year).

MAP 25
PASS

	2. The time from the earliest begin year to the latest follow-up year should be calculated and entered as the total years. For this example, the total years would be nine.
	3. Enter a detailed comment regarding the MIC credit and its reason for follow-up in 2010.
	4. In addition to the MIC credit comment, a very descriptive comment including the begin year 2003 and follow-up year of 2005, for the Loans to shareholder, should be entered in the same comment box.
	An example of a Follow-Up Flag would be if there were schedules created on prior audit cycles that track carryover values.
	The Follow-Up Flag should not be confused with tickler functionality. Individual users will not be dynamically notified in PASS once the Follow-Up period has expired. Follow-Up information can only be viewed on certain MI Reports. The comment information must be descriptive enough to determine specific reasons for follow-up.
	Rev. 4/19
25.5.4 Printing	The goal of the PASS system is to be paperless. However, there are times when it may be necessary to print certain documents. Printed documents should contain the necessary working paper numbers and cross-references.
	You can print an entire case unit from PASS. The files will print in the following order:
	• Index • General Information • Notice List • Team Members • Address Book • Task Plan • Event Log • Sent Correspondence • Workpaper File • Administration • Reports • Schedules • Preliminary Analysis

MAP 25
PASS

	• Draft Correspondence (generally, nothing should be in this folder) • Sent Correspondence • Received Correspondence • Notes • Audit Support • Issue folders Rev. 7/17
25.5.5 Transferring Case Units Between PUCs	The Payroll Unit Code, PUC, is a three-digit code assigned to each program at Franchise Tax Board. **California Program Offices:** The General Information Window contains a field for PUC. As a result, if a case is being transferred from the Unassigned Inventory to an auditor that is not located in the Office where the Unassigned Inventory is located it is necessary to change the PUC. The Administrative Support Staff transferring the case is responsible for changing the PUC. If someone else transfers the case, that person is responsible for changing the PUC. **Transferring Case Units to Your Supervisor:** All reviews by a Field Supervisor or Lead will be treated as an Informal Review. This includes review of completed cases, surveys, and cases in progress including correspondence. **Transferring Case Units to Technical Resource Section:** Once you are ready to send the case to Technical Resource Section, follow these: • Change the case status to **Review** • Transfer the PASS case units to: ○ **Apportioning Corporations**- PUC 346, Technical Resource Group Worklist, - MSA TRS New Incoming Review Cases

MAP 25
PASS

> - **PIT, PTE and Non Apportioning C-corporations**- PUC 346 GTA TRS Incoming Review Cases

- Send the physical file, tax returns, a printed copy of Form 6430, and a printed copy of the Index to the PASS and Paper Workpaper File to Technical Resource Section.

For GTA Cases, use the address available at the link below:

GTA Review

For MSA Cases, use the address available at the link below:

MSA Review

Transferring Surveys:

Upon completion of a case approved as a survey, you should:

1. Change the Status of the Case Units in the Case.

    - If the current status is "Audit - Work In Progress," return the status to the previous type of "Audit Unopened." Then from "Audit – Unopened" change the status to "Survey."

    - If the current status is "Audit – Unopened" change the status to "Survey"

3. Transfer the case units to the Program Office's Group Worklist for Surveys.

Transferring Case Units to Another Program Office:

Once you determine that you need to transfer a case unit to another Program Office, follow these steps:

1. Supervisor will review the case to ensure it is current before sending the case on to another unit.

2. Document in the Event Log why the case is being transferred and to which Program Office.

MAP 25
PASS

3. The electronic file will be transferred to the receiving Program Office's Unassigned Group Worklist and the electronic returns to the responsible owner of the Group Worklist.

4. Send an Outlook message to the new responsible owner to inform them of the transfer. This is preferred even though there will be a message in their Inbox in PASS.

5. Send the paper file and actual returns to the receiving Program Office.

The PUC will change to reflect the PUC of the Program Office the case is being transferred to.

Rev. 11/18