MAP 28
WORKING PAPER PROCEDURES

28.1 INTRODUCTION

28.2 NAMING PASS CASES

28.2.1 Personal Income Tax

28.2.2 Business Entities, Pass-Through Entities, and Team Audits

28.2.3 Claims and RARs for Personal Income Tax

28.2.4 Claims and RARs for Business Entities, Pass-Through Entities, and Team Audits

28.3 NAMING PASS CASE UNITS

28.3.1 Personal Income Tax

28.3.2 Business Entities

28.3.3 Pass-Through Entities

28.3.3.1 PTE Primary Case Unit
28.3.3.2 Member Primary Case Unit
28.3.3.3 PTE Non-Primary Case Unit
28.3.3.4 Member Non-Primary Case Unit

28.3.4 Team Audits

28.3.4.1 Primary Case Unit
28.3.4.2 Team Member Case Unit
28.3.4.3 Dummy Team Member Case Unit
28.3.4.4 Unused Non-Primary Case Unit

28.3.5 Claims and RARs for Personal Income Tax

28.3.6 Claims and RARs for Business Entities, Pass-Through Entities, and Team Audits

28.3.6.1 Business Entities

28.3.6.2 Pass-Through Entities

28.3.6.3 Team Audits

28.4 NAMING PASS FOLDERS

28.4.1 Naming Static Folders

28.4.2 Naming Issue Folders

28.4.3 Naming Issue Folders for Team Audits

28.4.3.1 Issue Folders for Team Audits - Primary Case Unit

28.4.3.2 Issue Folders for Team Audits - Team Member Case Unit

28.5 NAMING PASS DOCUMENTS

28.5.1 Naming Non-Correspondence Documents

28.5.2 Naming Draft Correspondence Documents

28.5.2.1 Letter

28.5.2.2 Information Document Requests (IDR)

28.5.2.3 Audit Issue Presentation Sheet (AIPS)

28.5.2.4 Waivers

28.5.2.5 Power of Attorney Declaration

28.5.3 Naming Received Correspondence Documents

28.6 RECORDING RECEIVED CORRESPONDENCE IN PASS

28.6.1 Correspondence Received in Physical Form

28.6.2 Correspondence Received via Email, Fax, or Electronic Storage Device

28.6.2.1 Correspondence Received via Email

28.6.2.2 Correspondence Received via Fax

28.6.2.3 Correspondence Received via Electronic Storage Device

28.6.3 Correspondence Received via CM

28.6.4 Correspondence Received via MyFTB

28.7 RECORDING FEDERAL TAX INFORMATION IN PASS

28.8 RECORDING PRIVILEGED INFORMATION IN PASS

28.8.1 Communication Between Audit and Legal

28.8.2 Third Party Information

28.9 CROSS REFERENCING CORRESPONDENCE, DOCUMENTS, AND RETURNS

28.9.1 Cross Referencing Correspondence Documents

28.9.2 Cross Referencing Physical Correspondence

28.9.3 Cross Referencing Non-Correspondence Documents

28.9.4 Cross Referencing Returns

28.10 INDEX TO AUDIT FILE (9923)

28.10.1 Index to Audit File

28.10.2 007 - Received Correspondence

28.10.3 Information Document Request Log

28.10.4 Audit Issue Presentation Sheet Log

28.11 COMMON DOCUMENTS IN PASS FOLDERS

28.11.1 Common Documents in Static Folders

28.11.2 Common Documents in Non-Static Folders

28.12 WORKING PAPER PROCEDURES FOR PROTESTED CASES

28.12.1 Creating Protest Workpaper Files

28.12.2 Naming Protest Issue Folders

28.12.3 Naming Protest Documents

28.12.4 Instructions for Index to Protest File (Form 9923)

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

MAP 28
WORKING PAPER PROCEDURES

Rev. 7/17

28.1 INTRODUCTION

The Working Paper Procedures (WPP) establishes a standardized method for auditors to name files, record received correspondence, and cross reference documents in audit working papers.

All audit working papers are created, recorded and stored in PASS.

Rev. 7/17

28.2 Naming PASS Cases

Each PASS case name should include the taxpayer's name and year(s) under audit. Use the appropriate upper and lower case letters when naming PASS cases. **DO NOT USE ALL CAPITALS.**

The PASS application automatically names a case based upon the information that is entered into the new candidate window. To comply with the standardized naming conventions, cases must be re-named. For instructions, refer to MAP 25.2.6 Re-naming a Case.

The naming convention of a case will vary depending on the entity and type of audit.

MAP 28.2.1	Personal Income Tax
MAP 28.2.2	Business Entities, Pass-Through Entities, and Team Audits
MAP 28.2.3	Claims and RARs for Personal Income Tax
MAP 28.2.4	Claims and RARs for Business Entities, Pass-Through Entities, and Team Audits

NAMING CONVENTION MATRIX

Category		Naming Convention	Example
Case[1] MAP 28.2	PIT - Audit	Last Name, First Name - (Audit Cycle)	Smith, Joseph - (2015-2016)
	PIT - Claim	Last Name, First Name - Claim (Audit Cycle)	Smith, Joseph - Claim (2015-2016)
	PIT - RAR	Last Name, First Name - RAR (Audit Cycle)	Smith, Joseph - RAR (2015-2016)
	BE / PTE / Team - Audit	Company Name - (Audit Cycle)	P Company - (10/16-10/17)
	BE / PTE / Team - Claim	Company Name - Claim (Audit Cycle)	P Company - Claim (10/16-10/17)
	BE / PTE / Team - RAR	Company Name - RAR (Audit Cycle)	P Company - RAR (10/16-10/17)

(Click on the image to access a PDF version of the Naming Convention Matrix that can be printed for auditor reference.)

Rev. 7/17

28.2.1 Personal Income Tax

The format for naming a personal income tax (PIT) case is as follows:

Married / RDP Filing Joint:

- Last Name, First Name of Taxpayer & First Name of Spouse/RDP followed by a hyphen (if same last name)
- Last Name, First Name of Taxpayer & Last Name, First Name of Spouse/RDP followed by a hyphen (if different last name)
- Audit Cycle in parenthesis (use 4-digit tax year format)

Examples:

Smith, Murray & Michelle – (2015)

Smith, Murray & Michelle – (2015-2016)

Smith, Murray & Jones, Michelle – (2015)

Smith, Murray & Jones, Michelle – (2015-2016)

Single / Head of Household / Married - RDP Filing Separate / Qualifying Widow:

- Last Name, First Name followed by a hyphen
- Audit Cycle in parenthesis (use 4-digit tax year format)

Examples:

Smith, Murray – (2015)

Smith, Murray – (2015-2016)

NOTE: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters.

Refer to MAP 28.2.3 Claims and RARs for Personal Income Tax for naming PIT claim for refund and RAR cases.

	Rev. 7/17
28.2.2 Business Entities, Pass-Through Entities, and Team Audits	The format for naming a business entity (BE), pass-through entity (PTE), or a team audit case, is as follows: • Company Name (should match the name on the entity's Taxpayer Folder), followed by a hyphen • Audit Cycle as 2-digit month/2-digit fiscal year-end, in parenthesis **Examples:** P Company – (10/16-10/17) Company LLC – (12/16-12/17) Refer to MAP 28.2.4 Claims and RARs for Business Entities, Pass-Through Entities, and Team Audits for naming BE, PTE, and Team Audit claims refund and RAR cases. Rev. 7/17
28.2.3 Claims and RARs for Personal Income Tax	When a personal income tax (PIT) audit originates from a claim for refund or an RAR, the case is named as follows: **Married / RDP Filing Joint:** • Last Name, First Name of Taxpayer & First Name of Spouse/RDP followed by a hyphen (if same last name) • Last Name, First Name of Taxpayer & Last Name, First Name of Spouse/RDP followed by a hyphen (if different last name) • Type of audit (e.g. Claim, RAR) • Audit Cycle in parenthesis (use 4-digit tax year format) **Examples:** Smith, Murray - Claim (2015-2016)

	Smith, Murray - RAR (2015-2016) Smith, Murray & Michelle - Claim (2015-2016) Smith, Murray & Michelle - RAR (2015-2016) Smith, Murray & Jones, Michelle - Claim (2015-2016) Smith, Murray & Jones, Michelle - RAR (2015-2016) **Single / Head of Household / Married - RDP Filing Separate / Qualifying Widow:** • Last Name, First Name followed by a hyphen • Audit Cycle in parenthesis (use 4-digit tax year format) **Examples:** Smith, Murray - Claim (2015-2016) Smith, Murray - RAR (2015-2016) **NOTE**: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters. Rev. 7/17
28.2.4 Claims and RARs for Business Entities, Pass-Through Entities and Team Audits	When a business entity (BE), pass-through entity (PTE), or a team audit originates from a claim for refund or an RAR, the case is named as follows: • Company Name (should match the name on the entity's Taxpayer Folder), followed by a hyphen • Type of audit (e.g., Claim, RAR)

	• Audit Cycle as 2-digit month/2-digit fiscal year-end, in parenthesis **Examples:** P Company – Claim (10/16-10/17) P Company – RAR (10/16-10/17) Company LLC – Claim (12/16-12/17) Company LLC – RAR (12/16-12/17) Rev. 7/17
28.3 NAMING PASS CASE UNITS	Case units are set up for each tax year scoped or under audit. PASS automatically assigns the first case unit created as the primary case unit (PCU). For years with multiple case units, the PCU should be the latest tax year in the audit cycle. Use the appropriate upper and lower case letters when naming PASS case units. **DO NOT USE ALL CAPITALS.** The PASS application automatically names a case unit based upon the information that is entered into the new candidate window. To comply with the standardized naming conventions, case units must be re-named. Re-naming the PASS case does not re-name the case unit. For instructions on how to rename a case, refer to MAP 25.2.6 Re-naming a Case. MAP 28.3.1 Personal Income Tax MAP 28.3.2 Business Entities MAP 28.3.3 Pass-Through Entities MAP 28.3.4 Team Audits MAP 28.3.5 Claims and RARs for Personal Income Tax MAP 28.3.6 Claims and RARs for Business Entities, Pass-Through Entities, and Team Audits

NAMING CONVENTION MATRIX			
Category		**Naming Convention**	**Example**
Case Unit[1] MAP 28.3	PIT - Audit	Last Name, First Name - (Tax Year)	Smith, Joseph - (2015) Smith, Joseph - (2016)
	PIT - Claim	Last Name, First Name - Claim (Tax Year)	Smith, Joseph - Claim (2015) Smith, Joseph - Claim (2016)
	PIT - RAR	Last Name, First Name - RAR (Tax Year)	Smith, Joseph - RAR (2015) Smith, Joseph - RAR (2016)
	BE - Audit	Company Name - (Fiscal Year)	P Company - (10/16) P Company - (10/17)
	BE - Claim	Company Name - Claim (Fiscal Year)	P Company - Claim (10/16) P Company - Claim (10/17)
	BE - RAR	Company Name - RAR (Fiscal Year)	P Company - RAR (10/16) P Company - RAR (10/17)
	Pass-Through Entity - Audit		
	PTE Primary Case Unit	Company Name - Fiscal Year (I)	P Company - 10/17 (I)
	Member Primary Case Unit	Member's Name - Tax Year (II, III, etc.)	Smith, Joseph - 2016 (II)
	PTE Non-Primary Case Unit	Company Name - Fiscal Year	P Company - 10/16
	Member Non-Primary Case Unit	Member's Name - Tax Year	Smith, Joseph - 2015
	Team Audit - Audit		
	Team Primary Case Unit	Company Name - Fiscal Year (I)	P Company - 10/17 (I)
	Team Member Non-Primary Case Unit	Company Name - Fiscal Year (II, III, etc. - Auditor's Initials)	P Company - 10/16 (II-AB)
	Dummy Team Member Non-Primary Case Unit	Company Name - (II, III, etc - Auditor's Initials)	P Company - (III-YZ)
	Unused Non-Primary Case Unit	Company Name - Fiscal Year	P Company - 10/15

(Click on the image to access a PDF version of the Naming Convention Matrix that can be printed for auditor reference.)

Rev. 7/17

28.3.1 Personal Income Tax

The format for naming a personal income tax (PIT) case unit is as follows:

Married / RDP Filing Joint:

- Last Name, First Name of Taxpayer & First Name of Spouse/RDP followed by a hyphen (if same last name)
- Last Name, First Name of Taxpayer & Last Name, First Name of Spouse/RDP followed by a hyphen (if different last name)
- 4-digit Tax Year, in parenthesis

Examples:

Smith, Murray & Michelle – (2016)

Smith, Murray & Jones, Michelle – (2016)

Single / Head of Household / Married - RDP Filing Separate / Qualifying Widow:

- Last Name, First Name followed by a hyphen
- 4-digit Tax Year, in parenthesis

Example:

Smith, Murray – (2016)

NOTE: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters.

Refer to MAP 28.3.5 Claims and RARs for Personal Income Tax for naming PIT claim for refund and RAR case units.

Rev. 7/17

28.3.2 Business Entities

The format for naming a business entity (BE) case unit is as follows:

- Company Name (should match the name on the entity's Taxpayer Folder) followed by a hyphen
- 2-digit month/2-digit fiscal year-end, in parenthesis

Examples:

Company P - (10/17)

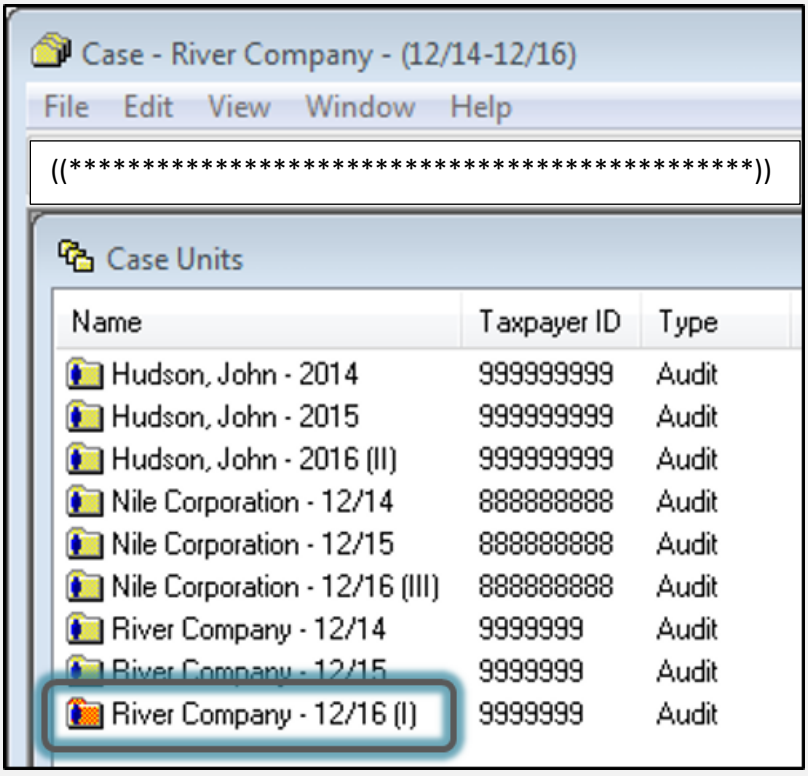
Company L – (12/17)

	Refer to MAP 28.3.3 Pass-Through Entities for naming Pass-Through Entities (PTE) case units. Refer to MAP 28.3.4 Team Audits for naming team audit case units. Refer to MAP 28.3.6 Claims and RARs for Business Entities, Pass-Through Entities and Team Audits for naming BE, PTE, and team audit claim for refund and RAR case units. Rev. 7/17
28.3.3 Pass-Through Entities	There are four types of case units used in pass-through entity (PTE) audits: MAP 28.3.3.1 PTE Primary Case Unit MAP 28.3.3.2 Member Primary Case Unit MAP 28.3.3.3 PTE Non-Primary Case Unit MAP 28.3.3.4 Member Non-Primary Case Unit The audit analysis (working papers) is located in the PTE primary case unit (PCU), as well as in the member's PCU. For purposes of these procedures, the term "members" refers to members, shareholders, and partners of the pass-through entity. Non-primary case units exist for both the PTE and the members when there are multiple years in the audit cycle. Rev. 7/17
28.3.3.1 PTE Primary Case Unit	The PTE PCU is where the working papers for the pass-through entity are located. For audits with multiple tax years, the PCU should be the latest year in the audit cycle. The PTE PCU is designated with Roman numeral (I) at the end of the case unit name. The format for naming a PTE primary case unit is as follows:

- PTE Name, followed by a hyphen
- 2-digit month/2-digit Fiscal Year-end
- Roman numeral I, in parenthesis

Example:

River Company – 12/16 (I)



Rev. 7/17

28.3.3.2 Member Primary Case Unit	Member primary case units are where the working papers for the members of the pass-through entity are located. For purposes of this section, the term "member" refers to the shareholders, members and partners of the pass-through entity. Each member must have a PCU, which should be

the latest year in that member's audit cycle. The member PCU are designated with Roman numerals II, III, etc. The format for naming a member PCU is as follows:

- Member Name (use appropriate format depending whether PIT or BE)
- Year (formatting dependent on whether PIT or BE)
- Roman numeral II, III, etc. in parenthesis

Examples:

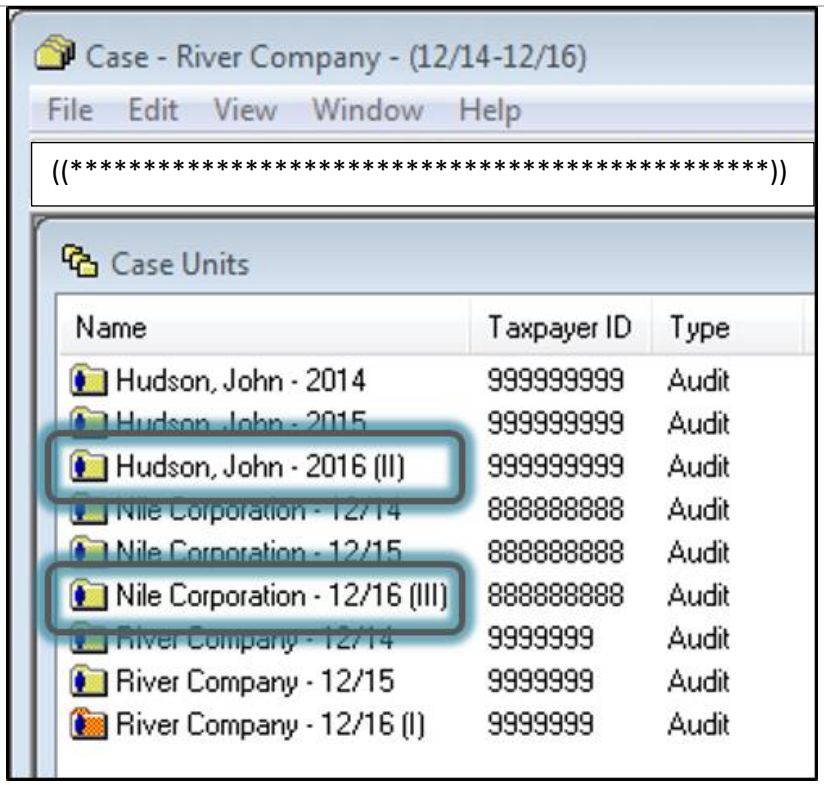
Hudson, John – 2016 (II)

Nile Corporation – 12/16 (III)

Alternate Examples for members who are MFJ or RDP:

Hudson, John & Julie – 2016 (II)

Hudson, John & Taylor, Julie – 2016 (II)



NOTE: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters.

Rev. 7/17

28.3.3.3 PTE Non-Primary Case Unit

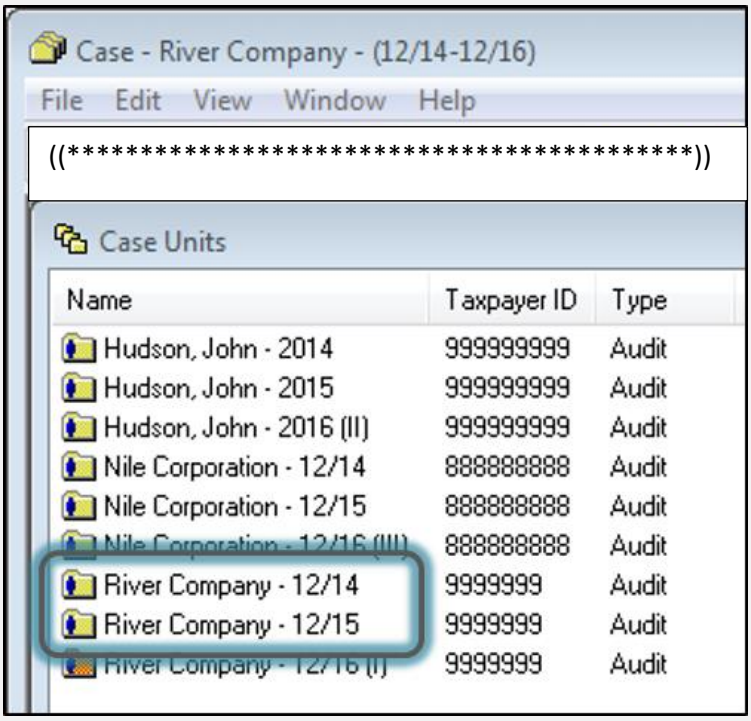
PTE non-primary case units are all other PTE case units in the audit cycle other than the primary. These case units do not contain working papers and are not assigned Roman numerals. The format for naming a PTE non-PCU is as follows:

- PTE Name, followed by a hyphen
- 2-digit month/2-digit Fiscal Year-end

Examples:

River Company - 12/04

River Company - 12/05



Rev. 7/17

28.3.3.4 Member Non-Primary Case Unit

Member non-primary case units are all other member case units in the audit cycle other than the primary. These case units do not contain working papers and are not assigned Roman numerals. The format for naming a member non-PCU is as follows:

- Member Name (use appropriate format depending whether PIT or BE)
- Year (formatting dependent on whether PIT or BE)

Examples:

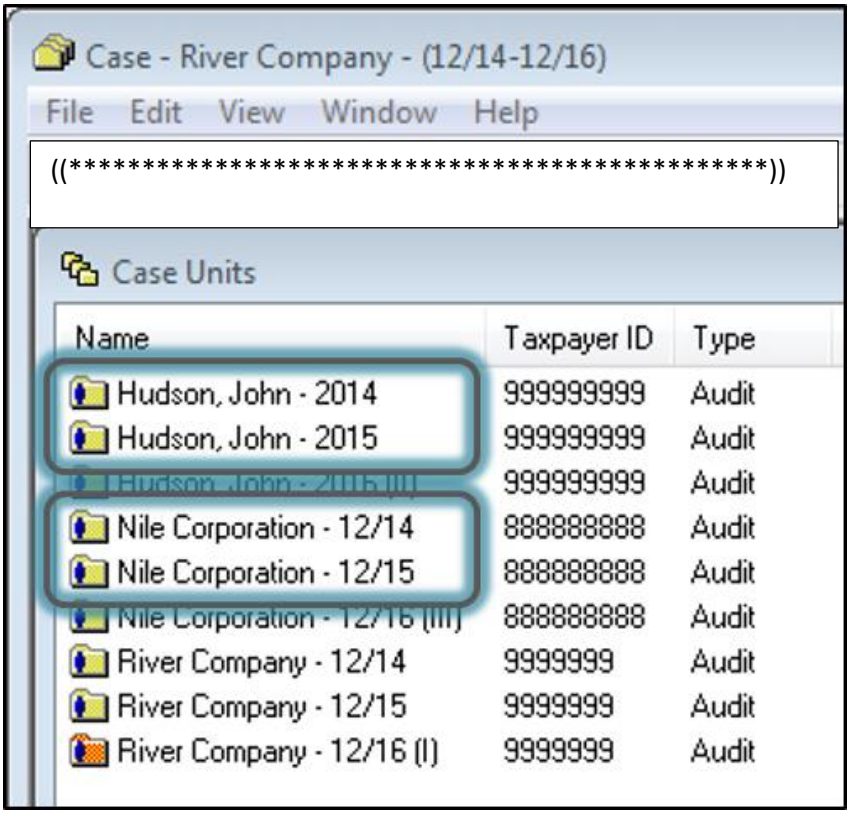
Hudson, John – 2014

Nile Corporation – 12/15

Alternate Examples for members who are MFJ or RDP:

Hudson, John & Julie – 2014

Hudson, John & Taylor, Julie – 2014



NOTE: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters.

28.3.4 Team Audits

In team audits, the audit analysis is located in multiple case units. Roman numerals and auditor initials are added onto the end of the case unit name to identify where the working papers are located and the team member assigned to that case unit.

There are four case units types used in team audits:

MAP 28.3.4.1 Primary Case Unit
MAP 28.3.4.2 Team Member Case Unit
MAP 28.3.4.3 Dummy Team Member Case Unit
MAP 28.3.4.4 Unused Non-Primary Case Unit

Rev. 7/17

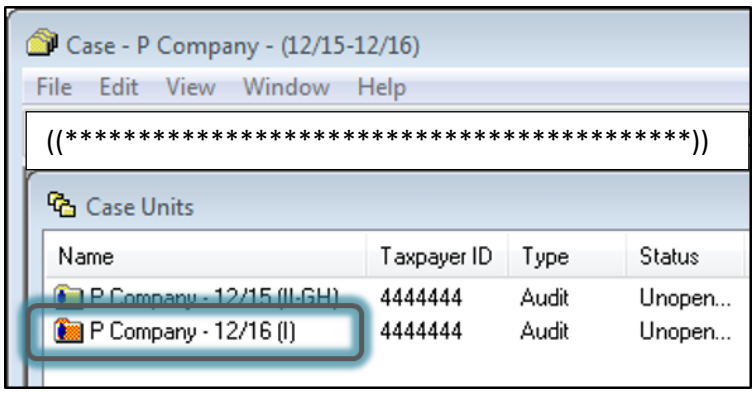
28.3.4.1 Primary Case Unit

The primary case unit (PCU) in a team audit is always assigned Roman numeral (I). The format for naming a team PCU is as follows:

- Company Name, followed by a hyphen
- 2-digit month/2-digit Fiscal Year-end
- Roman numeral I, in parenthesis

Example:

P Company – 12/16 (I)



Rev. 7/17

28.3.4.2 Team Member Case Unit

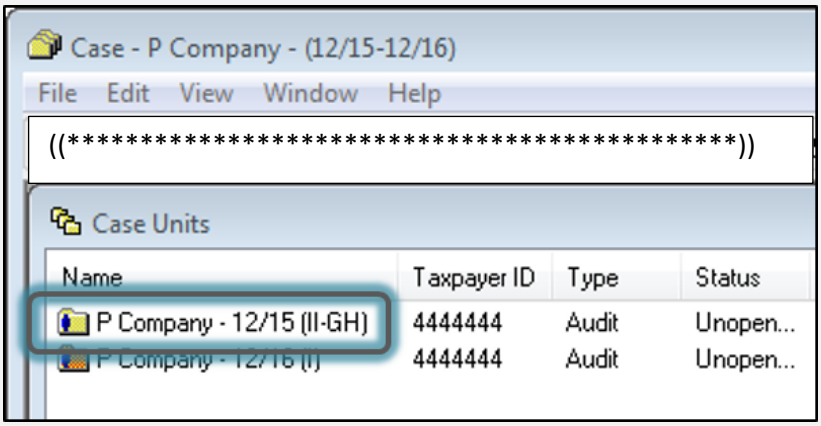
Team member case units are the non-PCUs assigned to each team member.

Team member case units are assigned a sequential Roman numerals starting with II and forward (e.g., II, III, IV…). To identify the team member assigned to a case unit, the initials of the assigned auditor are placed after the Roman numeral of the respective case unit. The format for naming a team member case unit is as follows:

- Company Name, followed by a hyphen
- 2-digit month/2-digit Fiscal Year-end
- Roman numeral II, III, IV, etc. – auditor's initials, in parenthesis

Example:

P Company – 12/15 (II-GH)



When all the existing case units have been assigned and there are more team members than case units available, a dummy case unit is created for each team member not already assigned to a case. Refer to MAP 28.3.4.3 Dummy Team Member Case Unit.

When there are more case units than team members, these case units are unassigned but must be named, refer to MAP 28.3.4.4 Unused Non-Primary Case Unit.

28.3.4.3 Dummy Team Member Case Unit

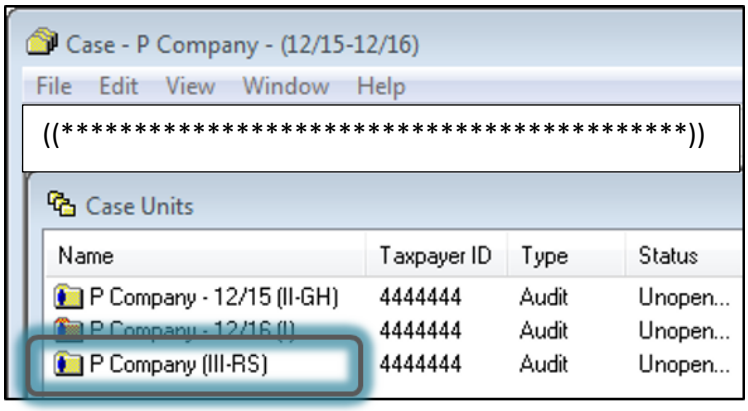
A dummy team member case unit is created when all the existing case units have been assigned to team members, but there are still remaining team members who do not have a case unit assigned. This occurs when the number of team members assigned to the audit exceeds the number of tax years under examination. The format for naming a dummy team member case unit is as follows:

- Company Name
- Roman numeral II, III, IV, etc. – auditor's initials, in parenthesis

Example:

P Company (III-RS)

Note that a dummy case unit does not contain a tax year within the name



Rev. 7/17

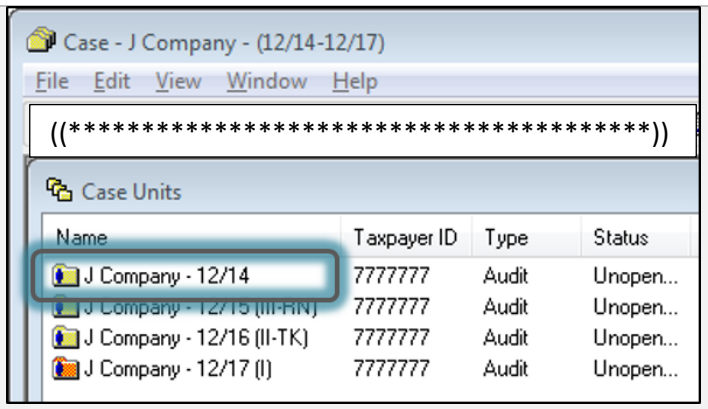
28.3.4.4 Unused Non-Primary Case Unit

Unused non-primary case units exist when there are more case units than team members. These unused cases are not assigned, but still must be named using the following format:

- Company Name, followed by a hyphen
- 2-digit month/2-digit Fiscal Year

Example:

J Company – 12/14



Rev. 7/17

28.3.5 Claims and RARs - Personal Income Tax

When a personal income tax (PIT) audit originates from a claim for refund or a RAR, the case unit is named as follows:

Married / RDP Filing Joint:

- Last Name, First Name of Taxpayer & First Name of Spouse/RDP followed by a hyphen (if same last name)
- Last Name, First Name of Taxpayer & Last Name, First Name of Spouse/RDP followed by a hyphen (if different last name)
- Type of audit (e.g., Claim, RAR)
- Year in parenthesis

Examples:

Smith, Murray & Michelle - Claim (2016)

Smith, Murray & Michelle - RAR (2016)

Smith, Murray & Jones, Michelle - Claim (2016)

Smith, Murray & Jones, Michelle - RAR (2016)

Single / Head of Household / Married - RDP Filing Separate / Qualifying Widow:

- Last Name, First Name followed by a hyphen
- Audit Cycle in parenthesis (use 4-digit tax year format)

Examples:

Smith, Murray - Claim (2016)

Smith, Murray - RAR (2016)

NOTE: It is important that the PASS Address Book be updated to include both the name of the Taxpayer and Spouse/RDP filed on the joint return. This ensures that both taxpayers' names are included on all sent correspondence, statute of limitations (SOL) waivers, and position letters.

Rev. 7/17

28.3.6 Claims and RARs - Business Entities, Pass-Through Entities, and Team Audits

MAP 28.3.6.1 Business Entities
MAP 28.3.6.2 Pass-Through Entities
MAP 28.3.6.3 Team Audits

Rev. 7/17

28.3.6.1 Business Entities

When a business entity (BE) audit originates from a claim for refund or a RAR, the case unit is named as follows:

- Company Name (should match the name on the entity's Taxpayer Folder), followed by a hyphen
- Type of audit (e.g. Claim, RAR)
- Year as 2-digit month/2-digit fiscal year-end in parenthesis

	Examples: P Company – Claim (10/16) P Company – RAR (10/16) Rev. 7/17
28.3.6.2 Pass-Through Entities	When a pass-through entity (PTE) audit originates from a claim for refund or a RAR, the case unit is named as follows: **PTE Primary Case Unit:** • PTE Name, followed by a hyphen • Type of audit (e.g. Claim, RAR) • 2-digit month/2-digit Fiscal Year-end • Roman numeral I, in parenthesis **PTE Non-Primary Case Unit:** • PTE Name, followed by a hyphen • Type of audit (e.g. Claim, RAR) • 2-digit month/2-digit Fiscal Year-end **Member Primary Case Unit:** • Member Name (use appropriate format depending whether PIT or BE), followed by a hyphen • Type of audit (e.g. Claim, RAR) • Year (formatting dependent on whether PIT or BE) • Roman numeral II, III, etc. in parenthesis **Member Non-Primary Case Unit:** • Member Name (use appropriate format depending whether PIT or BE), followed by a hyphen • Type of audit (e.g. Claim, RAR)

	• Year (formatting dependent on whether PIT or BE) **Examples:** P Company – RAR 10/17 (I) P Company – RAR 10/16 Smith, Murray – RAR 2016 (II) Smith, Murray – RAR 2015 **Examples for members who are MFJ or RDP filing:** P Company – Claim 10/17 (I) P Company – Claim 10/16 Hudson, John & Julie – Claim 2016 (II) Hudson, John & Julie – Claim 2015 Rev. 7/17
28.3.6.3 Team Audits	When a team audit originates from a claim for refund or an RAR, the case unit is named as follows: • Company Name (should match the name on the entity's Taxpayer Folder), followed by a hyphen • Type of audit (e.g. Claim, RAR) • Year as 2-digit month/2-digit fiscal year-end • Roman numeral I in parenthesis for primary case unit • Roman numeral II, III, etc. and auditor's initial in parenthesis for non-primary case units

Examples:

P Company – Claim 10/17 (I)

P Company – Claim 10/16 (II-AB)

Rev. 7/17

28.4 NAMING PASS FOLDERS

Each case unit contains a workpaper file. The workpaper file consists of two types of folders: static and non-static. Non-static folders are more commonly referred as issue folders.

MAP 28.4.1 Naming Static Folders
MAP 28.4.2 Naming Issue Folders
MAP 28.4.3 Naming Issue Folders for Team Audits

NAMING CONVENTION MATRIX			
Category		Naming Convention	Example
Issue Folder MAP 28.4	Tier 1 or Tier 2 Issue	Issue Code and Issue Name	2520 Basis

(Click on the image to access a PDF version of the Naming Convention Matrix that can be printed for auditor reference.)

Rev. 7/17

28.4.1 Naming Static Folders

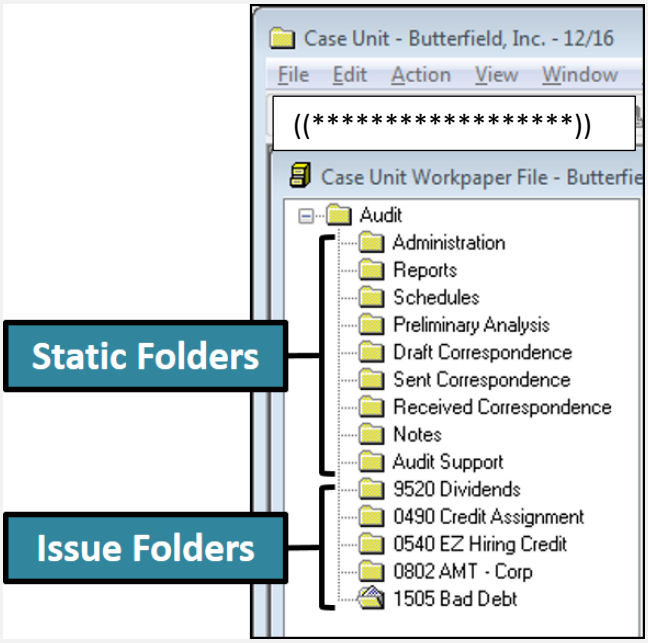
Ten static folders are automatically created within each case unit. The static folders are numbered 001-010 (Administration to FTI) and cannot be deleted or renamed.

For more information, refer to MAP 28.11.1 Common Documents in Static Folders.

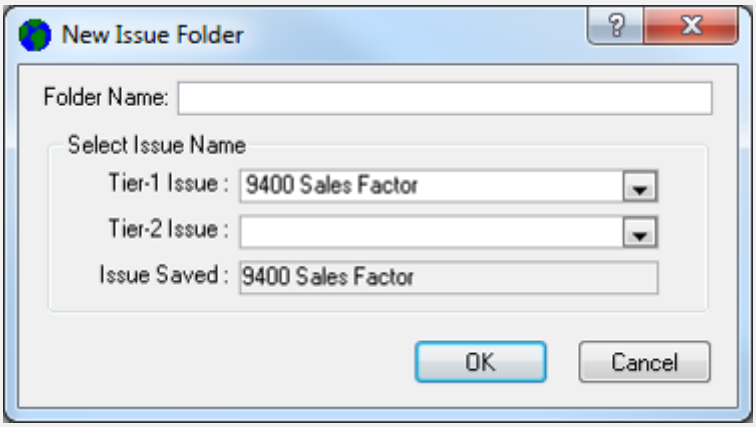
Rev. 9/17

28.4.2 Naming Issue Folders

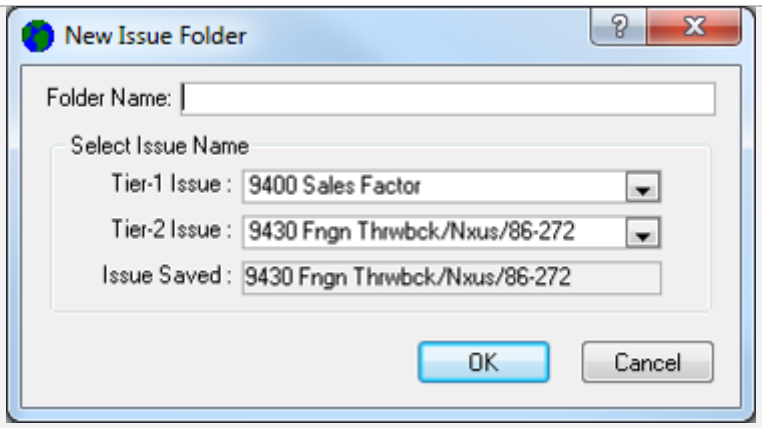
Issue folders are created by PASS users to represent the audit issues under examination. Issue folders are named according to the issue selected from the Tier 1 or Tier 2 Issue field. These folders can be deleted and/or renamed.



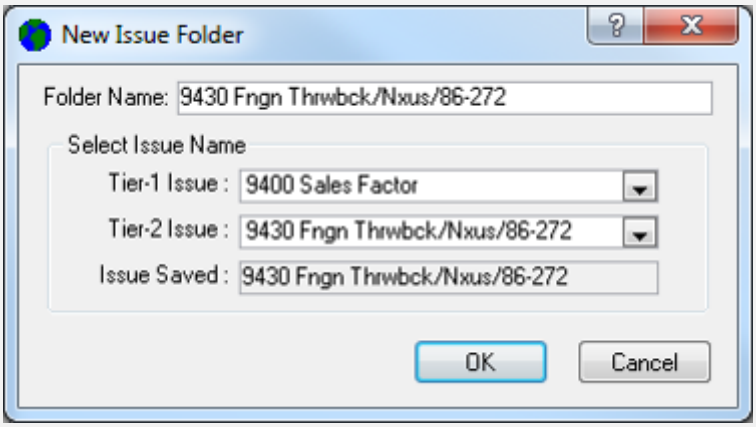
Step 1 – Right click on the case unit Workpaper File and select the "New Issue Folder" option. When the New Issue Folder dialog box displays, select the appropriate Tier 1 issue:



Step 2– Select the appropriate Tier 2 issue, if available:



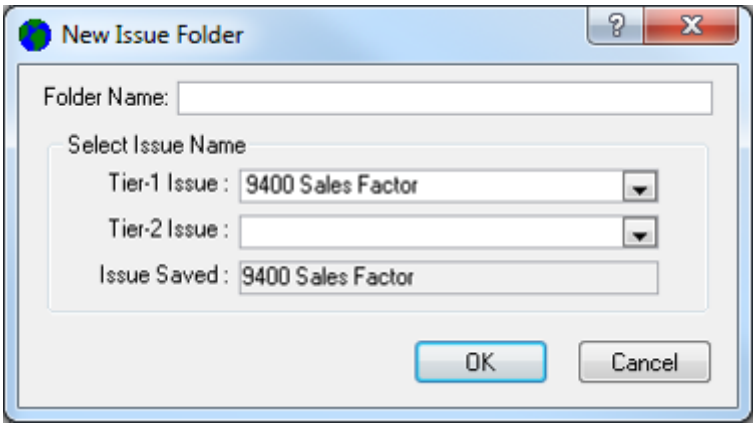
Step 3 – Complete the Folder Name field with the name of the issue selected (if there is no Tier 2 issue, the Folder Name field must reflect the Tier 1 issue). Select OK to close the window and create the issue folder:

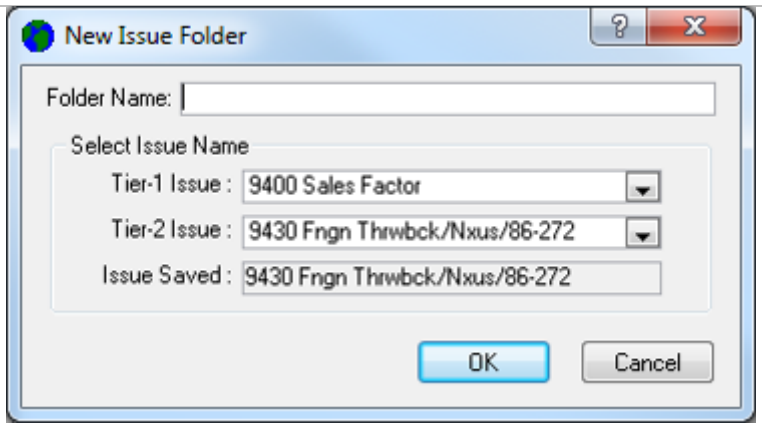


For a complete listing of Tier 1 and Tier 2 Issue Codes available in PASS for each program area, click on the program area link below.

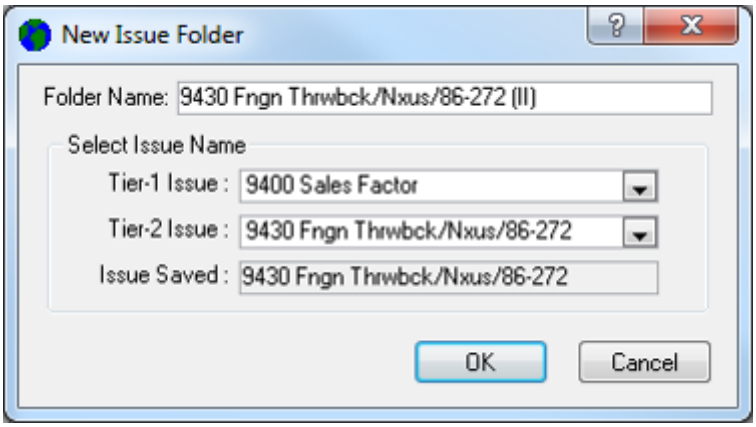
- MSA
- GTA
- Legal
- Exempt Organizations
- Master listing

For audits when the options for Tier 1 or Tier 2 issue codes do not address the audit issue under examination, contact the Working Paper Team.

	Special procedures exist for the issue folders when the audit is conducted as a team. Refer to MAP 28.4.3 Naming Issue Folders for Team Audits when creating issue folders for team audits. Rev. 7/17
28.4.3 Issue Folders for Team Audits	MAP 28.4.3.1 Issue Folders for Team Audits – Primary Case Unit MAP 28.4.3.2 Issue Folders for Team Audits – Team Member Case Unit Issue folders are created by PASS users to represent the audit issues under examination. These folders can be deleted or renamed. Issue folders are named according to the issue selected from the Tier 1 or Tier 2 Issue field and followed by the Roman numeral of the team member's case unit. **Step 1 –** Right click on the case unit Workpaper File and select the "New Issue Folder" option. When the New Issue Folder dialog box opens, select the appropriate Tier 1 issue:  **Step 2–** Select the appropriate Tier 2 issue, if available:



Step 3 – Complete the Folder Name field with the name of the issue selected (if there is no Tier 2 issue, the Folder Name field must reflect the Tier 1 issue) and the Roman numeral of the team member's case unit. Select OK to close the window and create the issue folder:

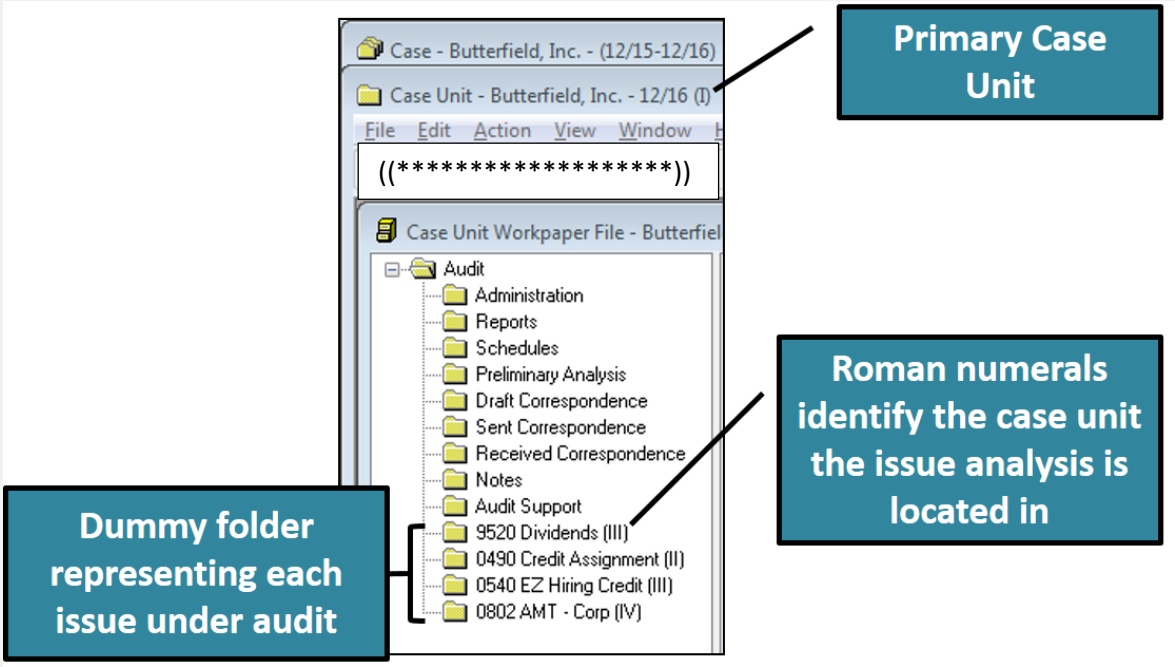


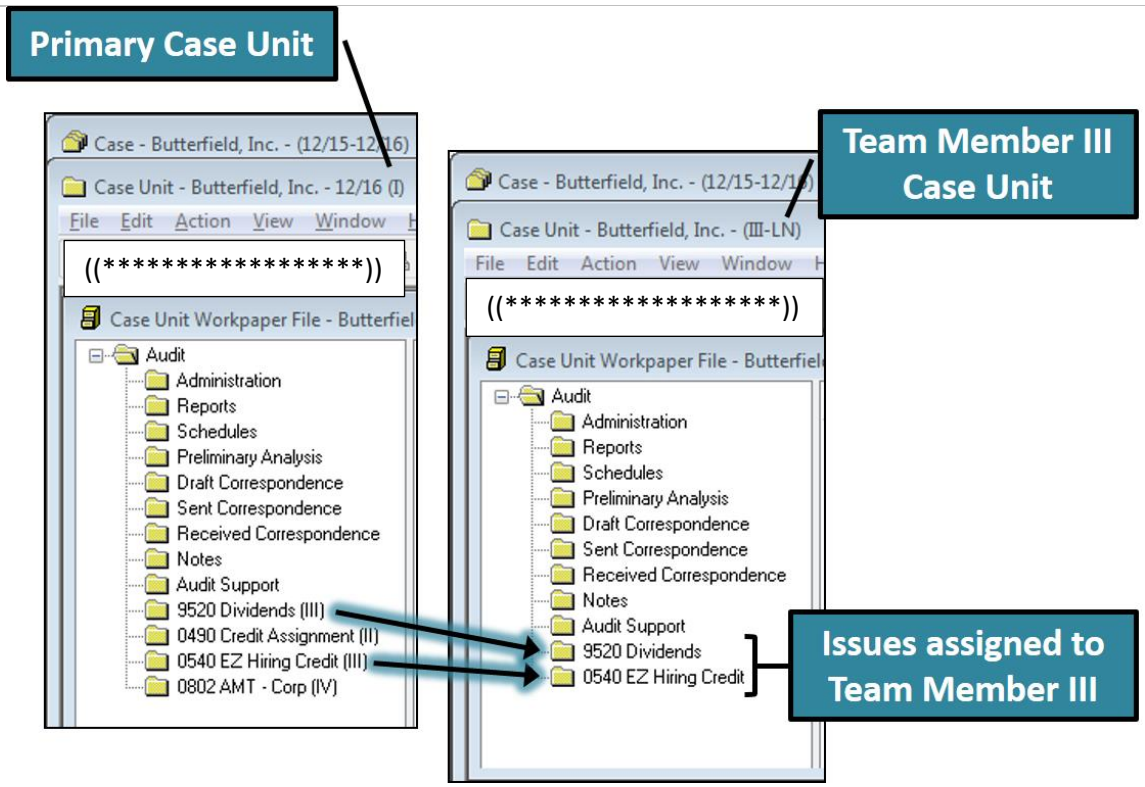
For a complete listing of Tier 1 and Tier 2 Issue Codes available in PASS for each program area, click on the program area link below.

- MSA
- GTA
- Legal
- Exempt Organizations
- Master listing

For audits when the options for Tier 1 or Tier 2 issue codes do not address the audit issue under examination, Contact the Working Paper Team.

Rev. 7/17

28.4.3.1 Issue Folders for Team Audits - Primary Case Unit	The primary case units include issue folders for each audit issue. Generally, the folders in the primary case unit do not contain documents, as the audit analysis is maintained in the team member case units. For this reason, the issue folders in the primary case unit are referred to as "dummy" folders. They provide the issue codes for purposes of the PASS notice window, as well as the location of the working papers for each issue under examination. When creating the issue folders, name the issue folders according to the Issue Code from Tier 1 or Tier 2. In addition, include the Roman numeral of the team member case unit where the analysis is located.  **NOTE:** If a team audit case is protested, the assigned hearing officer must create the Protest Workpaper File in the team audit's primary case unit. Within the Protest Workpaper File, issue folders are created for each issue examined during the protest, to maintain the protest analysis. Rev. 7/17
28.4.3.2 Issue Folders for Team Audits - Team Member Case Units	Each team member's case unit will contain issue folders representing the audit issues assigned to the respective team member. When creating the issue folders, name the issue folders according to the Tier 1 or Tier 2 issue selected.



Rev. 7/17

28.5 NAMING PASS DOCUMENTS

Using a standard naming convention will increase the efficiency of locating documents in PASS.

The term "document" refers to Word documents or Excel workbooks.

MAP 28.5.1 Naming Non-Correspondence Documents
MAP 28.5.2 Naming Draft Correspondence Documents
MAP 28.5.3 Naming Received Correspondence Documents

NAMING CONVENTION MATRIX

Category		Naming Convention	Example
Non-Correspondence Document MAP 28.5.1	Word Document	Document Number - Description	001 - AIS Basis
	Excel Workbook	Document (Workbook) Number - Description Worksheet Number - Description	002 - Basis Computation Schedules 1 - TY 2015 Basis Computation 2 - TY 2016 Basis Computation
Draft Correspondence MAP 28.5.2	Letter	LTR ### - Description LTR ### (Corrected) LTR ### (2nd, 3rd, etc. Request) LTR ### - Extension for LTR ### LTR ### - Extension for IDR ###	LTR 001 - Initial Contact Letter LTR 001 (Corrected) LTR 001 (2nd Request) LTR 002 - Extension for LTR 001 LTR 003 - Extension for IDRs 004-006
	IDR	IDR ### - Description IDR ### (Corrected) IDR ### (2nd, 3rd, etc. Request) IDR ### (Formal Demand)	IDR 001 - Capital Gain Computation IDR 001 (Corrected) IDR 001 (2nd Request) IDR 001 (Formal Demand)
	AIPS	AIPS ### - Description AIPS ### (Corrected) AIPS ### (Rev1, 2, etc.)	AIPS 001 - Capital Gain AIPS 001 (Corrected) AIPS 001 (Rev1)
	Waiver	WAV - Extension to MM-DD-YY	WAV - Extension to 10-17-16 WAV (Corrected)
	POA Declaration	POA ###	POA 001

(Click on the image to access a PDF version of the Naming Convention Matrix that can be printed for auditor reference.)

Rev. 7/17

28.5.1 Naming Non-Correspondence Documents

Regardless of document type (Word or Excel), all non-correspondence documents created within a folder must follow an identical naming convention. This includes documents created in the static and issue folders (excluding the documents in Draft Correspondence).

All documents within a folder are numbered consecutively using the following format:

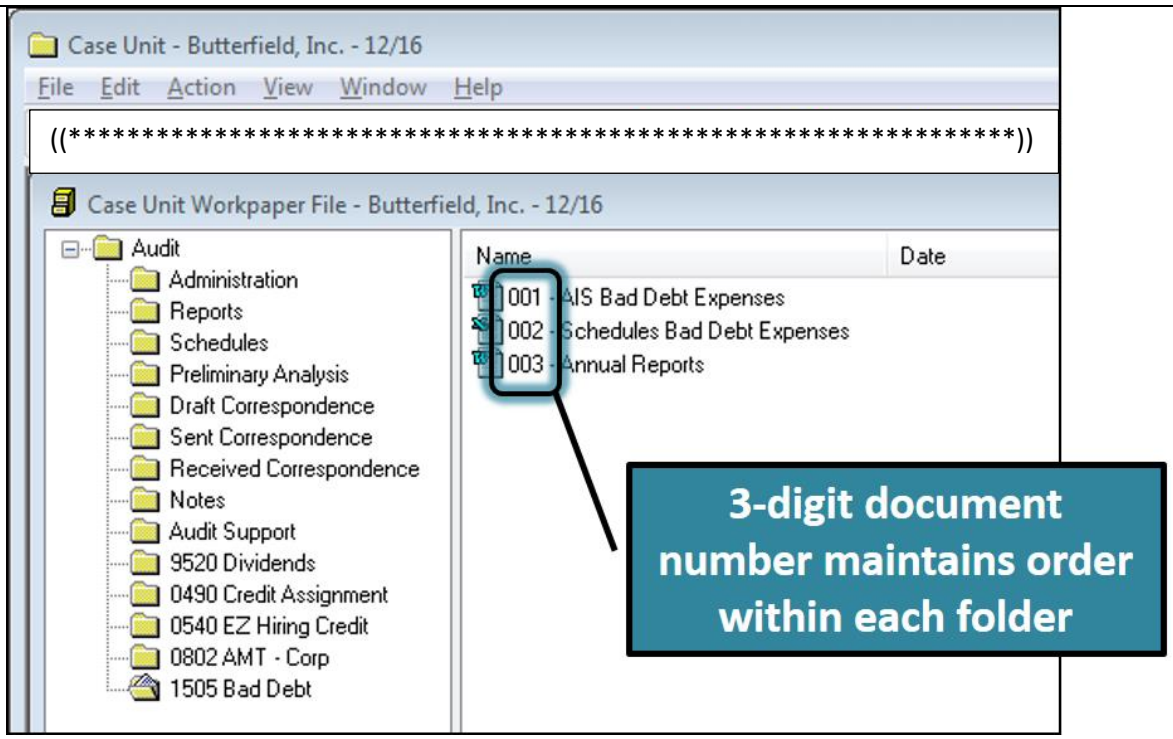
- 3-digit document number followed by a hyphen
- Document description

Examples:

001 – AIS bad debt expense

002 – Schedules of bad debt expense

PASS automatically sorts a folder's contents by the document name. The use of the 3-digit document number maintains document order within each folder.



Excel workbooks require an additional naming convention for the worksheets.

Naming Excel Worksheets

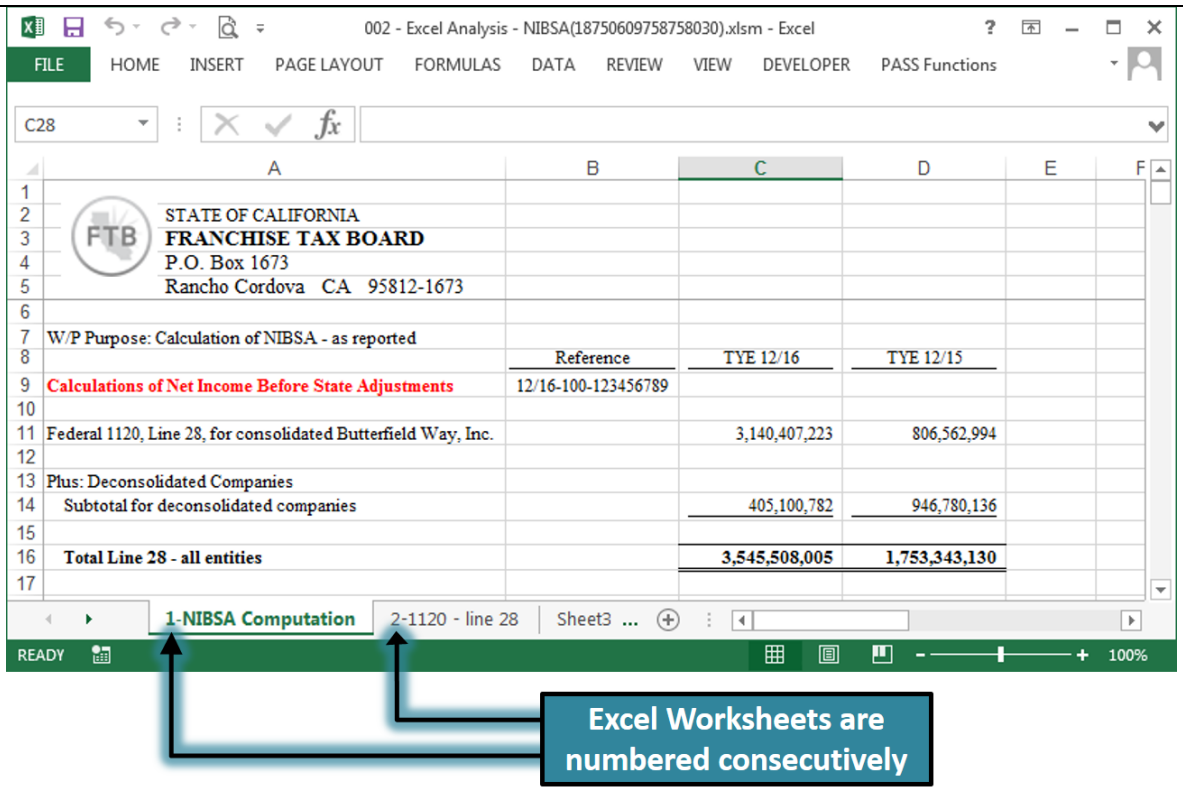
An Excel file is referred to as a workbook and each tab within an Excel workbook is a worksheet. The worksheets within an Excel workbook are numbered consecutively as follows:

- Worksheet number followed by a hyphen
- Worksheet description

Examples:

1 – NIBSA Computation

2 – 1120 – line 28



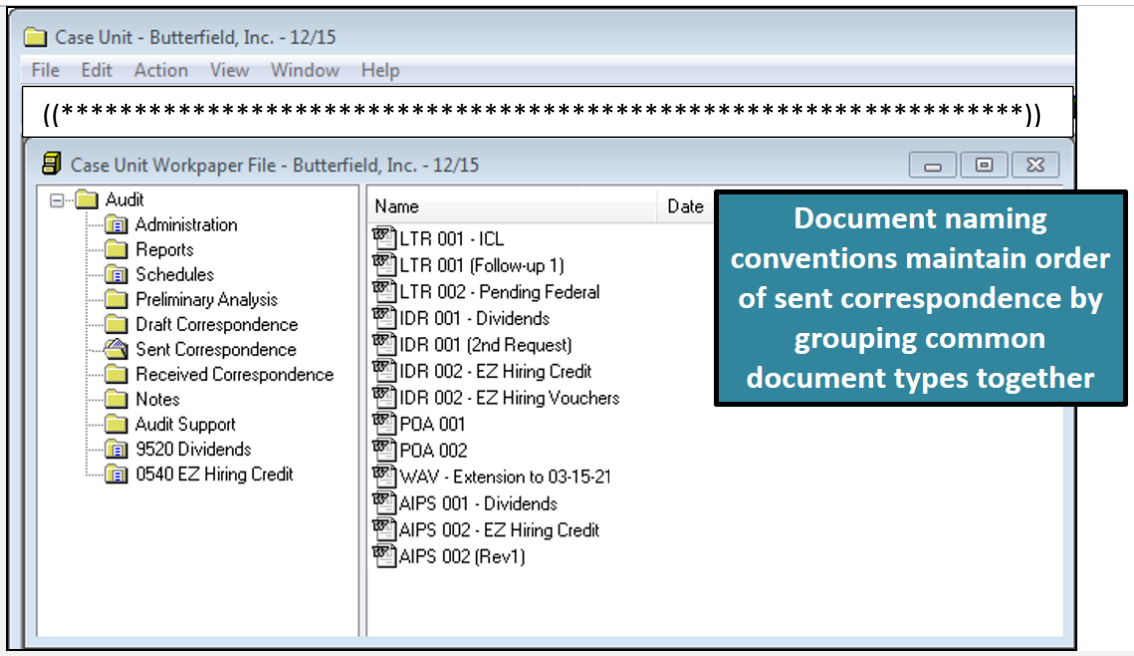
Rev. 7/17

28.5.2 Naming Draft Correspondence Documents

All documents intended to be sent to the taxpayer must be created in the Draft Correspondence folder. Once the PASS Send action is complete, the document automatically moves from the Draft Correspondence to the Sent Correspondence folder.

CAUTION: Confirm the name of the document is correct in the Draft Correspondence folder, before completing the PASS Send action. Once the document is sent, the document is read-only.

Following the standard naming convention for documents in the Draft Correspondence folder, will group the documents with the same alpha characters together in the Sent Correspondence folder (for instance, all IDRs will group together, all letters will group together, etc.)



The naming convention of each document created in the Draft Correspondence folder will vary depending on the type of correspondence the document contains. The naming conventions for each of the following correspondence types are discussed in the referenced sections:

MAP 28.5.2.1 Letter
MAP 28.5.2.2 Information Document Request (IDR)
MAP 28.5.2.3 Audit Issue Presentation Sheet (AIPS)
MAP 28.5.2.4 Waiver
MAP 28.5.2.5 Power of Attorney Declaration

Rev. 7/17

28.5.2.1 Letter

Letters are named as follows:

- "LTR"
- 3-digit LTR number, followed by a hyphen
- Document description

Examples:

LTR 001 – Initial Contact Letter

LTR 002 – Extension for IDRs in LTR 001

LTR 003 – Position Letter

Errors in Letters (Before Mailed to the Taxpayer):

For errors discovered in a letter **after** it has been moved from the Draft Correspondence to the Sent Correspondence folder, **but before** the letter is mailed to the taxpayer, use the re-send feature of PASS (MAP 25.2.7 Re-sending Correspondence). The re-send feature places a copy of the selected document in the draft correspondence folder, but before doing so, PASS will prompt the user to name the resent document. The resent copy must be named using the following format:

- "LTR"
- 3-digit LTR number (same as original letter)
- Word "Corrected" in parenthesis

Example:

LTR 001 (Corrected)

Follow-ups to Letters:

In some situations, follow-ups to letters may be necessary. The purpose of a letter may vary depending on the audit program. For instance, if a letter contains an information document request, the resent version must include a phrase such as "2nd Request" or "Formal Demand." If the letter is an initial contact letter, a phrase such as "Follow-up 1" may be more suitable. These additional versions of letters can be created using the PASS re-send feature (MAP 25.2.7 Re-sending Correspondence). The re-send feature places a copy of the selected document in the draft correspondence folder, but before doing so, PASS will prompt the user to name the resent document. The resent copy must be named using the following format:

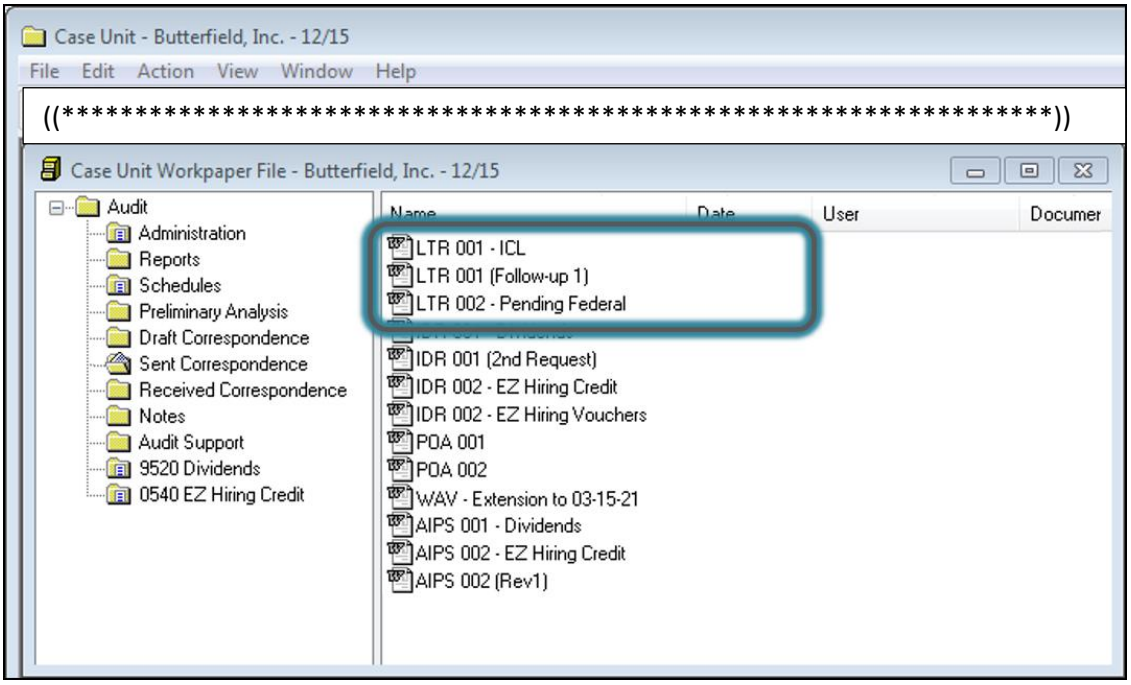
- "LTR"
- 3-digit LTR number (same as original letter)
- Phrase "2nd Request", "3rd Request", "Formal Demand", "Follow-up 1", "Follow-up 2", etc., in parenthesis (phrase should suit the content/purpose of the letter)

Examples:

LTR 001 (Follow-up 1)

LTR 001 (2nd Request)

LTR 001 (Formal Demand)



28.5.2.2 Information Document Requests (IDR)	IDRs are named using the following format: • "IDR" • 3-digit IDR number, followed by a hyphen • Document content description **Example:** IDR 001 - Capital Gains For team audits, all IDRs can be issued from the team member's case unit. **<u>Errors in IDRs (Before Mailed to the Taxpayer):</u>** For errors discovered in an IDR **after** it has been moved from the Draft to the Sent Correspondence folder, **but before** the IDR is mailed to the taxpayer, use the re-send feature of PASS (MAP 25.2.7 Re-sending Correspondence). The re-send feature places a copy of the selected document in the draft correspondence folder, but before doing so, PASS will prompt the user to name the resent document. The resent copy must be named using the following format: • "IDR" • 3-digit IDR number (same as original IDR) • Word "Corrected" in parenthesis **Example:** IDR 001 (Corrected)

Follow-up Requests:

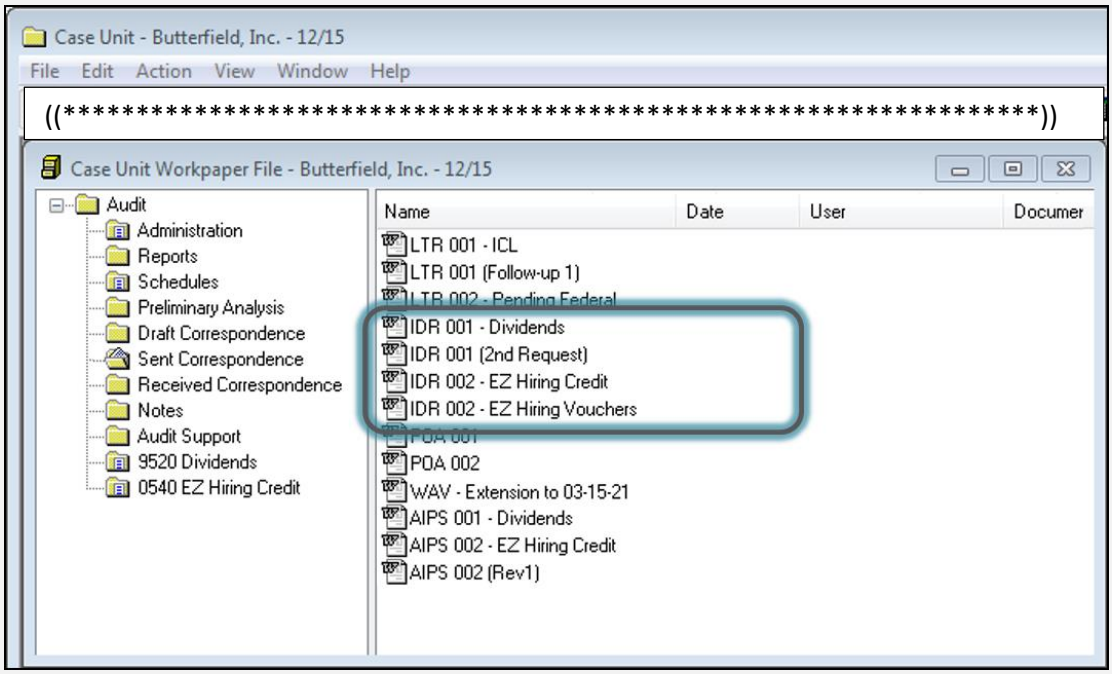
When a follow-up request for an outstanding IDR is needed, auditors will often times create a second or third version of the IDR. These additional versions must be named using the following format:

- "IDR"
- 3-digit IDR number (same as original IDR)
- Phrase "2nd Request", "3rd Request", or "Formal Demand", in parenthesis

Examples:

IDR 001 (2nd Request)

IDR 001 (Formal Demand)



In some instances auditors may use the re-send feature of PASS to create the additional version of the IDR. Refer to MAP 25.2.7 Re-sending Correspondence.

Rev. 7/17

28.5.2.3 Audit Issue Presentation Sheet (AIPS)

AIPS documents are named using the following format:

- "AIPS"
- 3-digit AIPS number, followed by a hyphen
- Document description

Example:

AIPS 001 - Capital Gains

Errors in AIPS (Before Mailed to Taxpayer)

For errors discovered in an AIPS **after** it has been moved from the Draft to the Sent Correspondence Folder, **but before** the AIPS is mailed to the taxpayer, use the re-send feature of PASS (MAP 25.2.7 Re-sending Correspondence). The re-send feature places a copy of the selected document in the draft correspondence folder. Before doing so, PASS will prompt the user to name the resent document. The resent copy is named using the following format:

- "AIPS"
- 3-digit AIPS number (same as original AIPS)
- Word "Corrected" in parenthesis

Example:

AIPS 001 (Corrected)

Revisions to AIPS (After Mailed to Taxpayer)

When it is necessary to revise and reissue an AIPS, use the re-send feature of PASS (MAP 25.2.7 Re-sending Correspondence). The re-send feature places a copy of the selected document in the draft

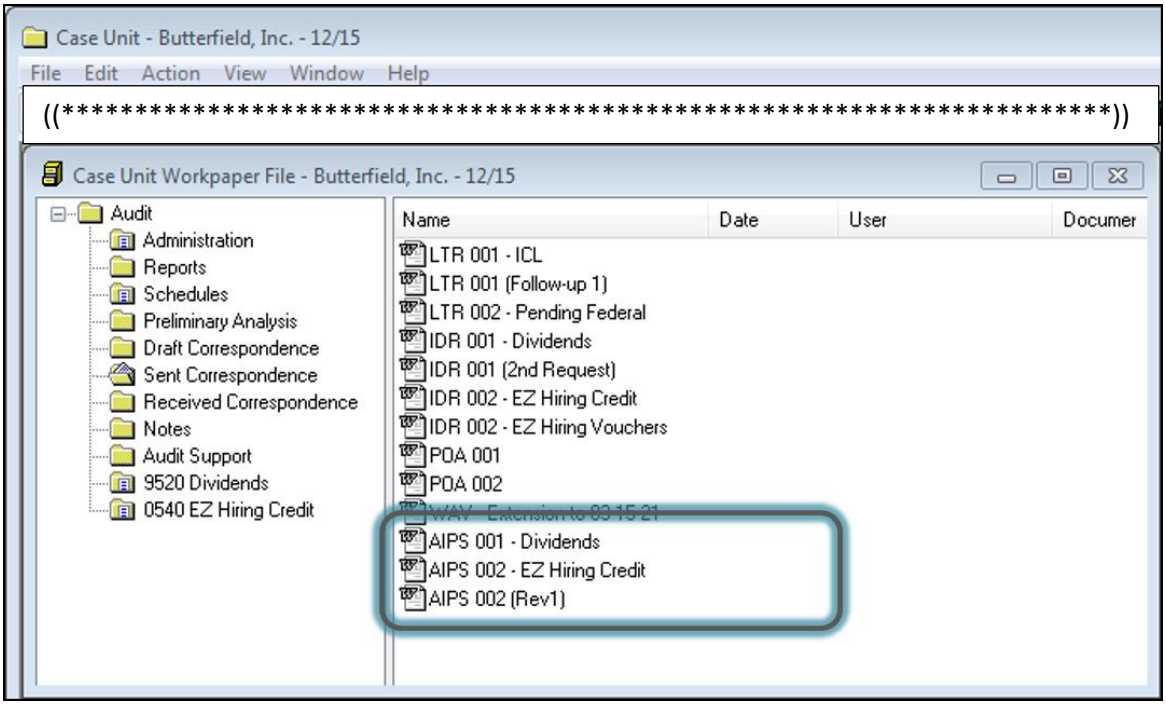
correspondence folder, but before doing so, PASS will prompt the user to name the resent document. The resent copy must be named using the following format:

- "AIPS"
- 3-digit AIPS number (same as original AIPS)
- Word "Rev1" in parenthesis

Example:

AIPS 001 (Rev1)

If additional revisions to the AIPS are needed, the same procedure (as described directly above) is followed and the "Rev" indicator is updated to reflect the next consecutive revision number (e.g. Rev2, Rev3, Rev4, etc).



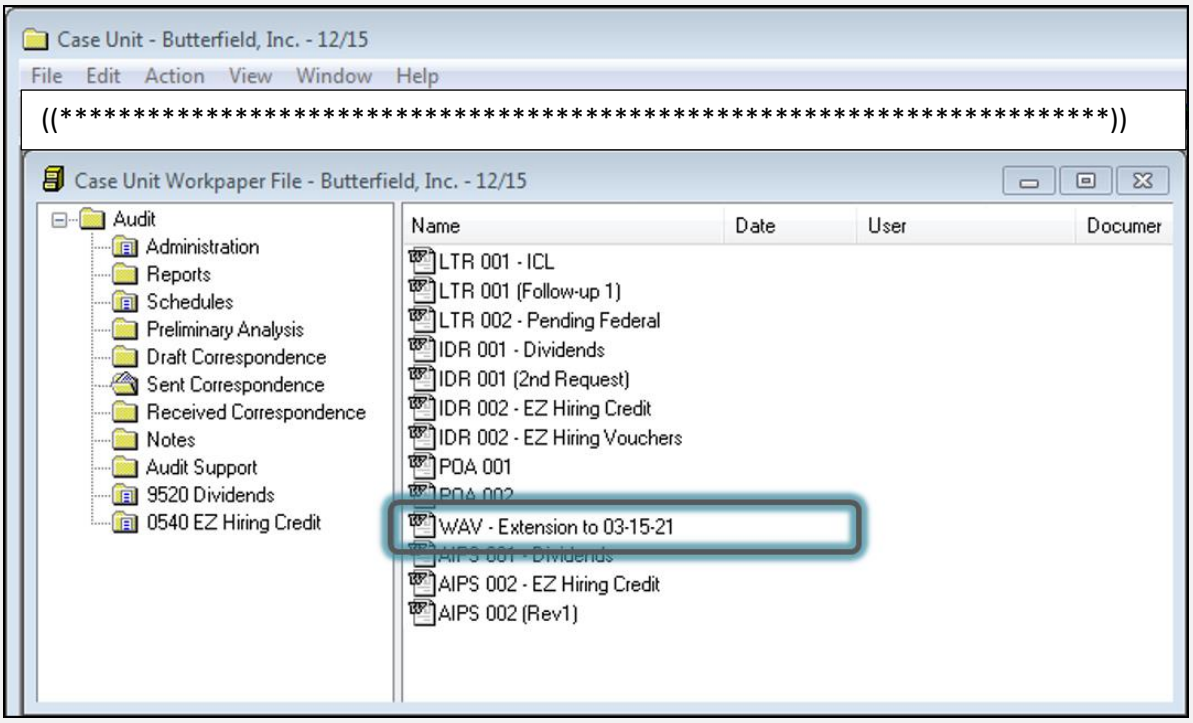
28.5.2.4 Waivers

Waivers are named as follows:

- "WAV" followed by a hyphen
- "Extension to" followed by extended statute date (MM-DD-YY)

Example:

WAV - Extension to 03-15-21



Rev. 7/17

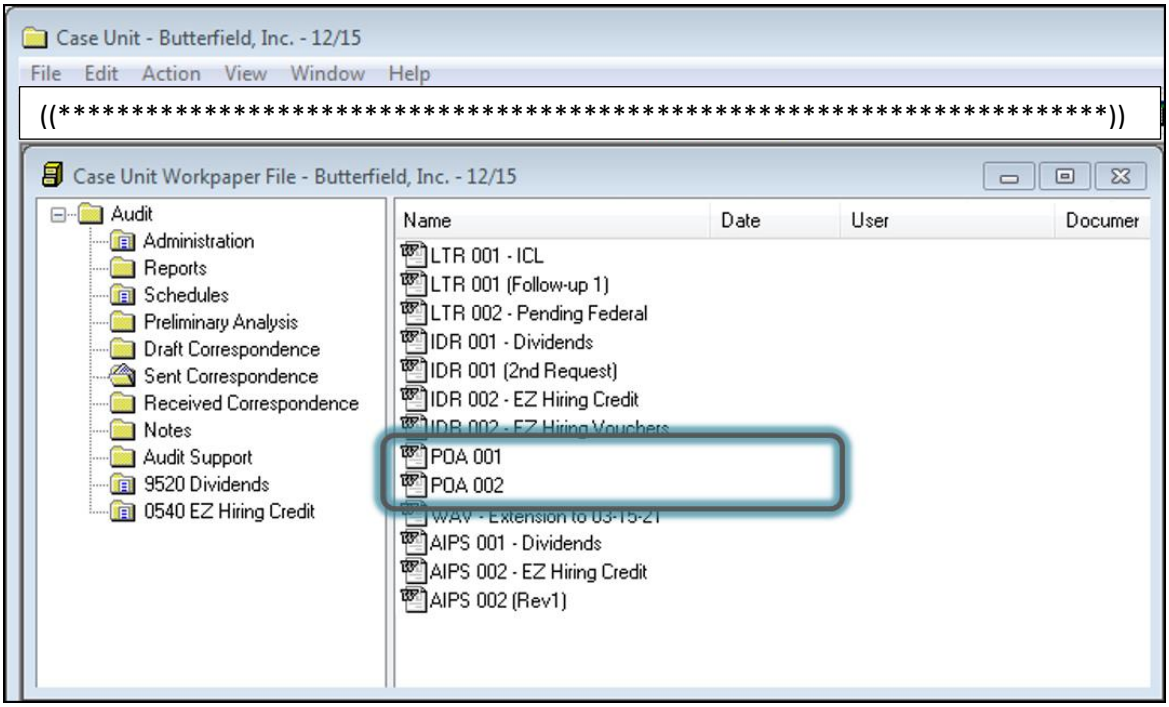
28.5.2.5 Power of Attorney Declaration

Power of Attorney declarations are named as follows:

- "POA" followed by
- 3-digit POA number

Example:

POA 001



Rev. 7/17

28.5.3 Naming Received Correspondence Documents

All correspondence received must be properly documented in PASS.

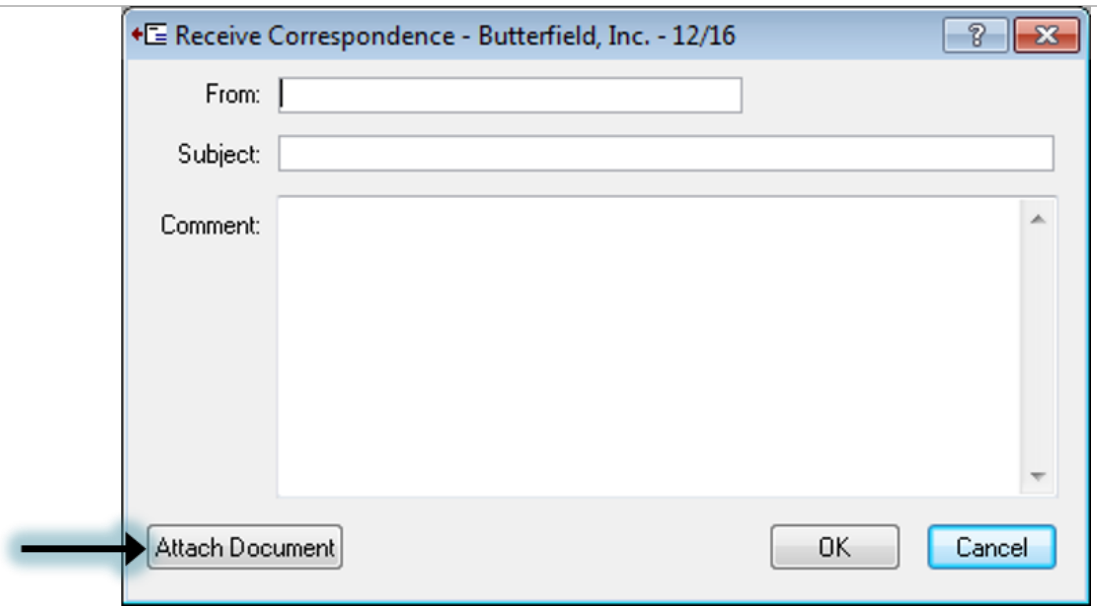
Refer to MAP 28.6 Recording Received Correspondence in PASS for correspondence received from the taxpayer.

Refer to MAP 28.7 Recording Federal Tax Information in PASS for correspondence received from the Internal Revenue Service.

Refer to MAP 28.8 Recording Third Party Information in PASS for correspondence received from third parties.

Rev. 7/17

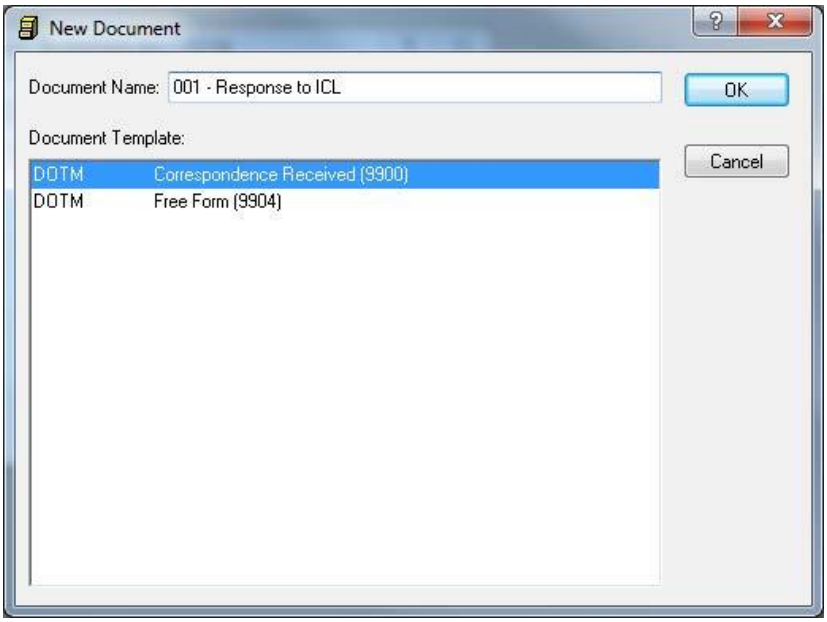
28.6 RECORDING RECEIVED CORRESPONDENCE IN PASS	Correspondence received from the taxpayer must be recorded and stored to the PASS Received Correspondence folder. The PASS Received Correspondence folder is read-only. Once documents are created within this folder, they cannot be changed or deleted. For each correspondence received from the taxpayer, do the following: **STEP 1:** The method the correspondence was received will determine the necessary steps to prepare the correspondence to be recorded in PASS. Refer to the sections below before proceeding to Step 2: MAP 28.6.1 Correspondence Received in Physical Form MAP 28.6.2 Correspondence Received via Email, Fax, or Electronic Storage Device MAP 28.6.3 Correspondence Received via CM MAP 28.6.4 Correspondence Received via MyFTB **STEP 2:** Record a Receive Correspondence event log item in PASS: • Record receipt of incoming correspondence using the **Receive Correspondence** toolbar button. Complete the fields of the dialog box and select **Attach Document**. A New Document window will display.



NOTE: For team and pass-through entity audits, correspondence must be recorded in the Correspondence Folder of the primary case unit.

STEP 3:

Select **DOTM Correspondence Received (9900).**



STEP 4:

- Complete the **Document Name** field for Form 9900 Correspondence Received using the following naming convention:

- 3-digit document number (consecutively assigned) followed by a hyphen
- Document description

Examples:

001 – Response to ICL

002 – POA declaration received

003 – Response to IDRs 001-006

004 – Financial Statements

- Select **OK**

PASS automatically sorts a folder's contents by the document name. The use of the 3-digit document number maintains document order within each folder.

STEP 5:

Complete the following fields in the Form 9900 Correspondence Received:

- **Taxable Year(s)** - Enter the tax years in the audit cycle.
- **Actual Date Received** - Enter the date the correspondence was received.
- **File #** - Enter consecutive numbers (e.g. 1, 2, 3...).
    - For correspondence files that are not scannable, enter "P" before the file number. Refer to MAP 28.6.1 Correspondence Received in Physical Form.
- **File** - Insert file using the *Insert Object* feature. Refer to the Insert Object Instructions, as needed.

- **DO NOT** check the "Link to File" checkbox when inserting the file, as this will make the file unreadable.
- **DO NOT** "drag and drop" or "copy and paste" to insert files. These functions may not properly insert the files for other PASS users to access.
- No more than 512MB of information can be inserted into one document.
- For correspondence files that are not scannable, enter "Physical File". Refer to MAP 28.6.1 Correspondence Received in Physical Form.
- **NEW!** To insert several files into Form 9900 at once, the AUD 9900 Macro may be used. Refer to the How-To Guide for instructions.
  NOTE: When using this macro, do not import more than ((*******)) worth of files into a single Form 9900; errors will result when trying to save.

- **Issue Code(s)** - Enter issue code for the file.
  - MSA
  - GTA
  - Legal
  - Exempt Organizations
  - Master listing

- **Working Paper Reference** - Enter the naming convention. Refer to MAP 28.9 Cross Referencing Correspondence, Documents, and Returns.
  - The page number component of the naming convention is not required on Form 9900 Correspondence Received.

- **Description** - Enter the description of the file.

CORRESPONDENCE RECEIVED

Taxpayer:

Taxpayer ID: **Created By:**

Taxable Year(s): 12/15-12/16 **Last Modified Date:**

Actual Date Received: 12/15/17

FILE #	FILE	ISSUE CODE(S)	WORKING PAPER REFERENCE	DESCRIPTION
1	Adobe Acrobat Document	0410	007-001-1	Qualified Research Activity Journals
2	Adobe Acrobat Document	0410, 0415	007-001-2	Qualified Project Costs
3	Excel.xlsx	0410, 0416	007-001-3	Qualified Research Computation
4	PowerPoint.pptx	0410	007-001-4	Qualified Research Activity - CEO

STEP 6:

BEFORE SAVING AND CLOSING the Form 9900 Correspondence Received, review the following:

- The Actual Date Received field is entered.
- Ensure all files received in the correspondence are properly inserted.
- The working paper references are correctly entered.

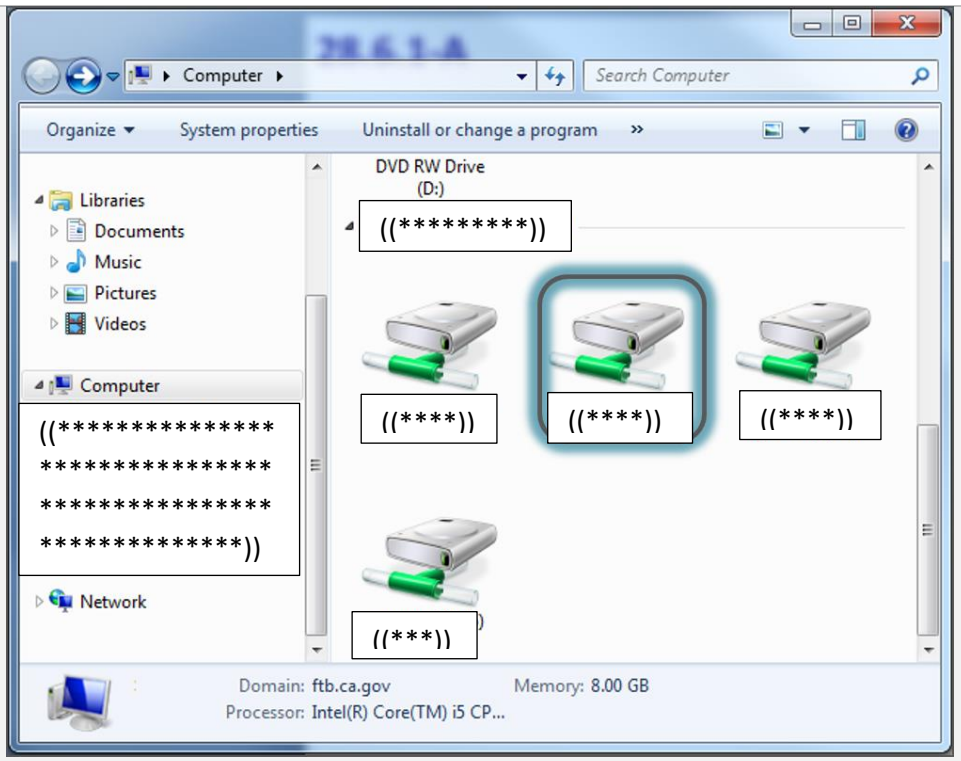
STEP 7:

Select the **OK** button from the Received Correspondence window.

Refer to MAP 4.13 Recording Receipt of Waivers for additional actions to be completed when a waiver is received.

Refer to MAP 3.5 POA Declaration Processing Procedures for additional actions to be completed when a POA declaration is received.

	When a response to an IDR is received, update the IDR Log accordingly. For more information, refer to MAP 28.10.3 Information Document Request Log. When a response to an AIPS is received, update the AIPS Log accordingly. For more information, refer to MAP 28.10.4 Audit Issue Presentation Sheet Log. Rev. 8/18
28.6.1 Correspondence Received in Physical Form	**Scannable Correspondence Received** Correspondence received in paper form must be converted to a PDF and saved to the ((**)) drive before it can be stored in PASS. To convert the paper form correspondence, auditors can use the multifunction copier machine and send the scanned correspondence to the auditor's FTB email address. After the correspondence is converted to a PDF, the correspondence must be saved to the ((**)) drive.



NOTE: Files saved on the ((**)) drive will be purged on a regular basis.

Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to upload the correspondence.

Non-Scannable Correspondence Received

Correspondence received that cannot be scanned (e.g., blueprints, brochures, oversized items, etc.) must be documented and retained as part of the audit files throughout the audit process.

Similar to other correspondence received, receipt of non-scannable correspondence files, must be recorded on the Form 9900 Correspondence Received. All fields in the form are completed as instructed in Step 5 of MAP 28.6 Recording Received Correspondence in PASS, with the exception of the following two fields:

- **File #** – Enter "P" followed by the file number
- **File** – Enter "Physical File"

Example of completed Form 9900 Correspondence Received for scannable and non-scannable correspondence:

CORRESPONDENCE RECEIVED

Taxpayer:

Taxpayer ID: **Created By:**

Taxable Year(s): 12/15-12/16 **Last Modified Date:**

Actual Date Received: 12/15/17

FILE #	FILE	ISSUE CODE(S)	WORKING PAPER REFERENCE	DESCRIPTION
1	Adobe Acrobat Document	0410	007-001-1	Qualified Research Activity Journals
2	Adobe Acrobat Document	0410, 0415	007-001-2	Qualified Project Costs
3	Excel.xlsx	0410, 0416	007-001-3	Qualified Research Computation
P4	Physical File	0410	007-001-P4	Video Game Prototype
5	PowerPoint.pptx	0410	007-001-5	Qualified Research Activity - CEO
P6	Physical File	0410	007-001-P6	Video Game Action Figures

If applicable, non-scannable correspondence files should be numbered for purposes of cross referencing in working papers. Refer to MAP 28.9.2 Cross Referencing Physical Correspondence.

Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to upload the correspondence.

Rev. 7/17

28.6.2 Correspondence Received via Email, Fax, or Electronic Storage Device

MAP 28.6.2.1 Correspondence Received via Email
MAP 28.6.2.2 Correspondence Received via Fax
MAP 28.6.2.3 Correspondence Received via Electronic Storage Device

Rev. 7/17

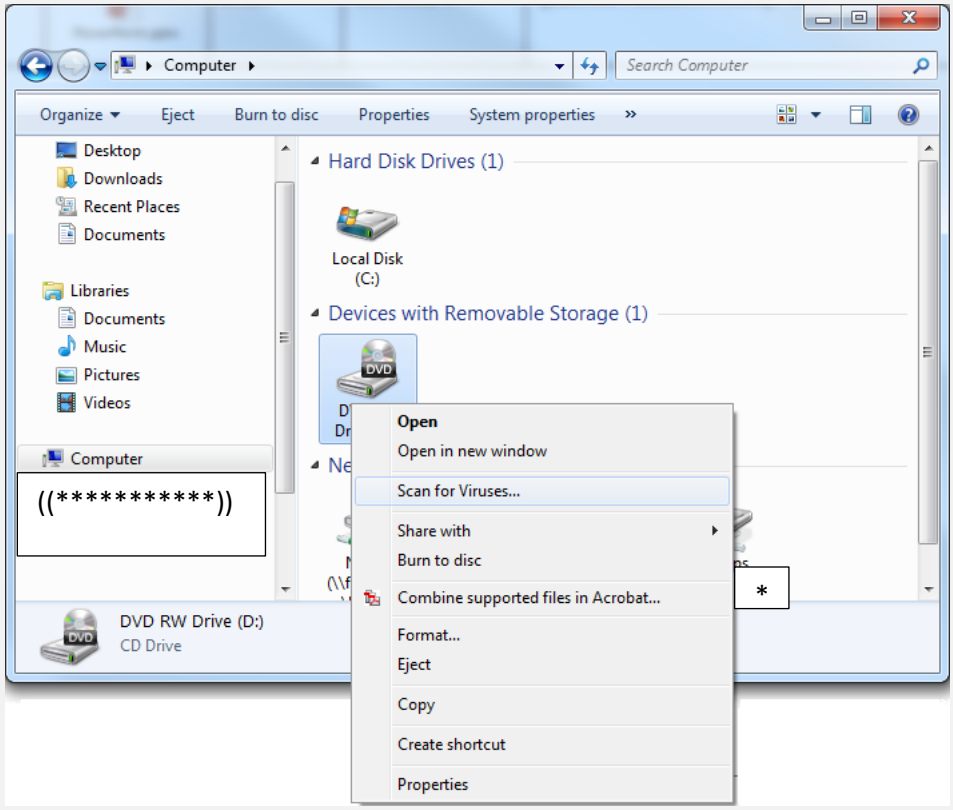
28.6.2.1 Correspondence Received via Email

Emails providing information on an audit issue are considered received correspondence and must be recorded and stored to the PASS Received Correspondence folder.

	To prepare the email and any attachments to be stored in PASS, do the following:
	
	• The email message (.msg) must be printed as a PDF and saved to the ((**)) drive
	
	• Save any attachments to the ((**)) drive
	
	  o Remove any passwords and/or encryptions
	
	  o Attached files with extension .tif or .msg must be converted to a PDF
	
	  o All zipped files should be unzipped and listed separately on the Form 9900 Received Correspondence, to allow cross referencing to each specific file. Files within a zip file cannot be cross referenced in audit working papers.
	
	NOTE: If the email message does not contain information regarding an audit issue (e.g., field audit scheduling, general information, etc.), the information in the message is alternatively recorded in PASS by using the Record Public Contact toolbar button.
	
	Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to record the email.
	
	Rev. 7/17

28.6.2.2 Correspondence Received via Fax	All correspondence received via fax must be recorded and stored to the PASS Received Correspondence folder. To prepare the file to be stored in PASS, print the .tif file as a PDF and save the file to the ((**)) drive. Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to upload the correspondence. Rev. 7/17
28.6.2.3 Correspondence Received via Electronic Storage Device	All electronic storage devices (e.g., CDs, external hard drives, etc.) must be scanned for viruses prior to recording the included files in the PASS Received Correspondence folder. To prepare the files to be stored in PASS, do the following:

- Scan the electronic storage device by right clicking on the electronic storage device icon and selecting "Scan for viruses..."



CAUTION: If a virus is detected, do not open or save the files. Call the IT Help Desk 916.845.((****)) for assistance.

- Remove any passwords and/or encryptions.
- Files with extension of .tif or .msg, must be printed as a PDF and saved to the ((**)) drive.
- All zipped files should be unzipped and listed separately on the Form 9900 Received Correspondence, to allow cross referencing to each specific file. Files within a zip file cannot be cross referenced in audit working papers.
- Secure the electronic storage device within the audit file.

Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to record the electronic files.

	Rev. 4/19
28.6.3 Correspondence Received via CM	When a correspondence is received via CM, the CORR case must be completed in CM, and the correspondence must be recorded and stored in PASS. To complete the CORR case in CM and properly record and store the correspondence in PASS, do the following: • Complete the respective CORR case assignments in CM (see MAP 29.4.2 Correspondence Received via CM). • Download a copy of the documents attached to the CORR case to the U: drive. • Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to record the correspondence. Rev. 7/17
28.6.4 Correspondence Received via MyFTB	For each MyFTB Message received, the respective CORR case must be completed in CM. All MyFTB Messages must also be recorded in PASS. Follow the applicable procedures listed below. **NOTE:** If a correspondence was received via MyFTB and the respective CORR case is not on the auditor's Worklist, refer to MAP 29.7.4 MyFTB Message not received in Worklist before referring to the procedures listed below. **MyFTB Message Received – Not Audit Issue Specific** The auditor may receive a MyFTB message without attachments, and containing no information related to a specific audit issue (i.e., field audit scheduling, general information, etc.). To complete the CORR case in CM and properly record and store the MyFTB Message in PASS, do the following:

- Complete the respective CORR case assignments in CM (refer to MAP 29.7.3 Receive MyFTB Message).
- In the applicable primary case unit, complete the Public Contact window as follows:
  - **Contact Type**: Select "MyFTB Received".
  - **Subject**: Enter "Received MyFTB Message".
  - **Comment**: Copy and paste the following information from the Document Details page:
    - Taxpayer's message
    - DLN
  - Select **OK** to save the Public Contact to the event log.

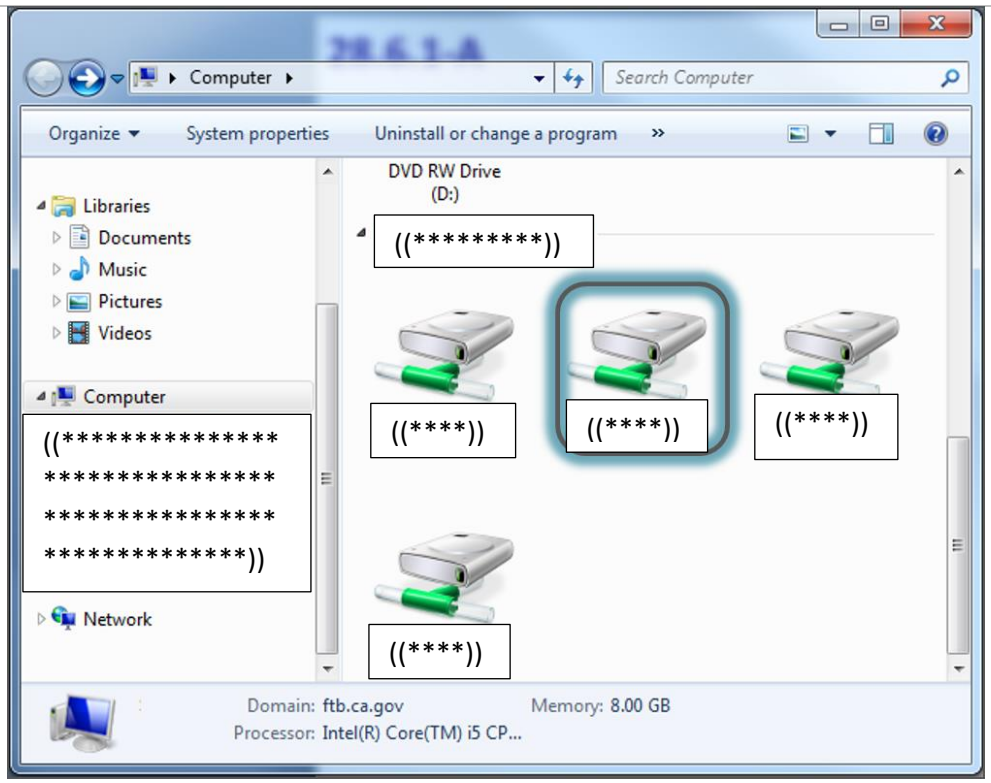
MyFTB Message Received – Audit Issue Related

The auditor may receive a MyFTB Message (with or without attachments) containing information related to audit issues.

To complete the CORR case in CM and properly record and store the MyFTB Message (and any attachments) in PASS, do the following:

- Complete the respective CORR case assignments in CM (see MAP 29.7.3 Receive MyFTB Message).
- If there is text in the Message field on the Document Details page, do the following:
  - Create a blank Word document
  - Copy and paste the following information in the Word document:
    - Taxpayer's message
    - DLN
  - Save the Word document to the U: drive
- Save any documents attached to the MyFTB Message to the U: drive.

	• Proceed to Step 2 of MAP 28.6 Recording Received Correspondence in PASS for the remaining instructions to record the MyFTB Message. Rev. 7/17
28.7 RECORDING FEDERAL TAX INFORMATION IN PASS	**For PASS Users:** All Federal Tax Information (FTI) documents pertaining to an audit issue must be recorded and stored in PASS. **For Non-PASS Users Only:** FTI can be recorded and stored in Taxpayer Folder. The Enterprise Procedure Manual (EPM) contains Federal Tax Information (FTI) Tracking procedures that are required when storing FTI in TPF. Federal information received *from the taxpayer*, it is not considered FTI and is treated as correspondence received from the taxpayer. Refer to MAP 28.6 Recording Received Correspondence in PASS. Appropriate measures are required to safeguard and protect FTI. In doing so, it is imperative that FTI documents are kept together in a designated issue folder in PASS. The following are the procedures to record and store FTI documents in PASS: **STEP 1:** If the FTI document received is in paper format: • Scan the paper correspondence using the multifunction copier machine. • Send scanned correspondence to your email address. • Handle the original hard copy document(s) according to unit procedures. If the FTI document received is in an electronic format (Word, PDF, etc.) proceed to Step 2. **STEP 2:** Save the file on the ((**)) drive:



NOTE: Files saved on the ((**)) drive will be purged on a regular basis.

STEP 3:

If an FTI static folder already exists in the case unit, proceed to Step 4. Otherwise, create a new issue folder:

- **Folder Name** – Enter "FTI Folder"
- **Tier-1 Issue** – Select FTI Folder

STEP 4:

Within the FTI folder, create the following documents in the order below:

- **DOTM FTI (7805)** – The Confidential Cover Sheet
- **XLTM IRS Requests Log** – The IRS Log is used to log the following FTI activities:
    - The taxpayer's name and identification number (SSN or FEIN)

- The tax years of the FTI documents
- The dates the auditor received the FTI documents
- The dates the paper and/or electronic file of the FTI documents were destroyed/deleted (if applicable)

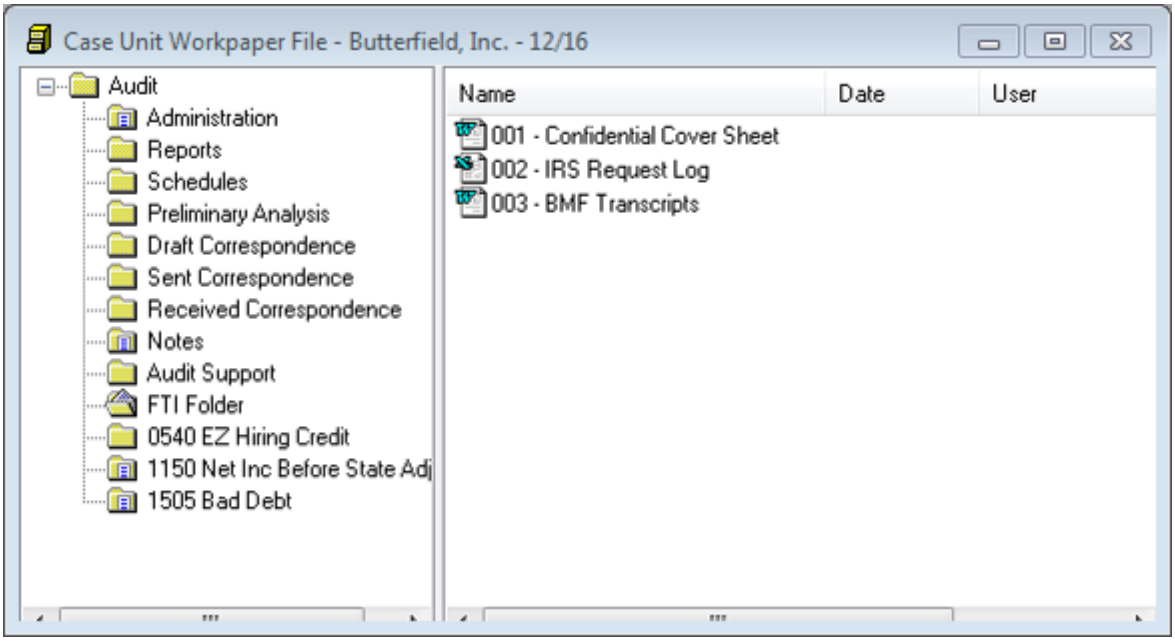
These documents are only required to be created the first time an FTI document is recorded in PASS. When subsequent FTI documents are received, skip this step.

STEP 5:

To save the FTI document(s), create **DOTM Free Form (9904)** within the FTI folder.

Within the DOTM Free Form (9904):

- Insert the FTI document from the U: drive as an object. From the Insert tab, select Object from the Text group. DO NOT "drag and drop" or "copy and paste" to insert files. These functions may not properly insert the files for other PASS users to access.



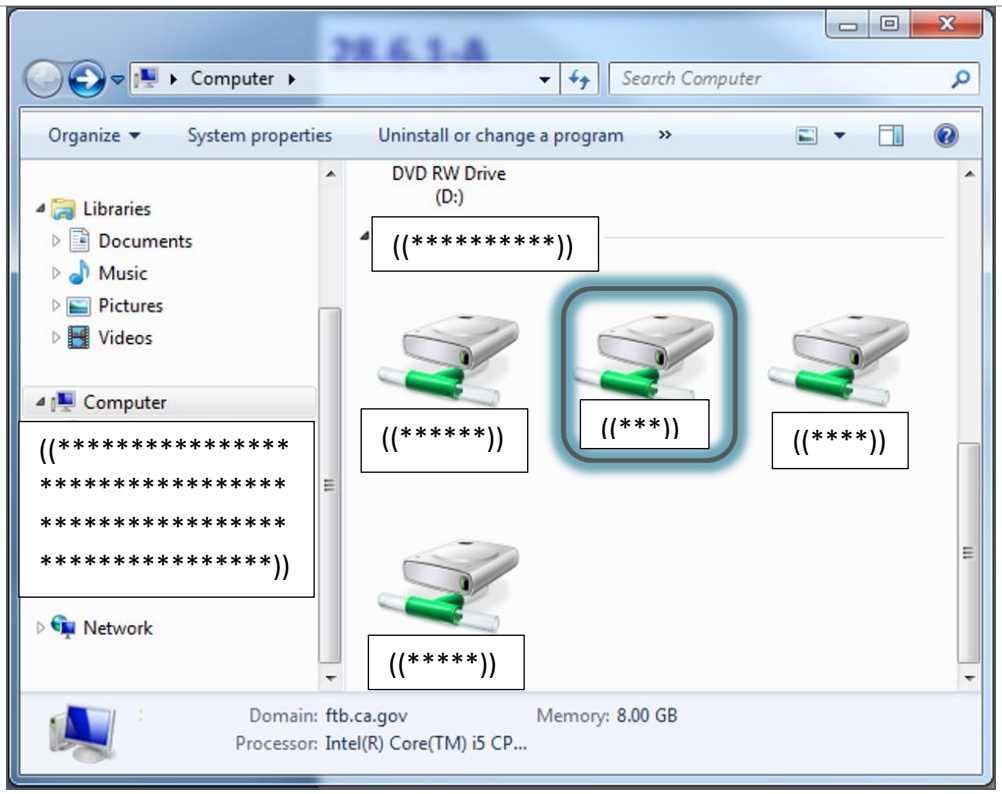
STEP 6:

Update the XLTM IRS Requests Log as required by MAP 16.2.6 Safeguarding Federal Tax Information.

	Rev. 1/19
28.8 RECORDING PRIVILEGED INFORMATION IN PASS	MAP 28.8.1 Communication Between Audit and Legal MAP 28.8.2 Third Party Information Rev. 10/18
28.8.1 Communication Between Audit and Legal	All communication between Audit and Legal that pertains to an audit issue must be recorded and stored in PASS. These types of communication must not be uploaded or associated to an entity's Taxpayer Folder. Examples include, but are not limited to the following: • Minutes from meetings (office or phone conferences) • Emails • Research documents • Verbal and written advice • Examples of write ups of issues Communication between Audit and Legal, during the audit/protest case proceedings, is protected under attorney-client privilege. Such privileged information must be restricted to the parties involved in the case. This privilege is deemed waived if anyone not involved in the case accesses the privileged information, or if a party involved in the case intentionally (or inadvertently) discloses the privileged information. Waiver of the attorney-client privilege can be detrimental to FTB's position and is not in the best interest of the State. To avoid waiver of the attorney-client privilege, DO NOT do any of the following: • Access the information in the "Privileged Communication" folder if you are not part of the attorney-client relationship. • Include the attorney's name or communication shared in PASS work papers (e.g., AIS, AIPS, HOR, and etc.) • Create a comment in TPF or Record Public Contact in PASS with the attorney's name or specifics of the discussion between Audit and Legal staff. • Share privileged information with parties not involved in the audit/protest case proceedings. • Share privileged information or the attorney's name with the taxpayer or taxpayer's representative.

MAP 28
WORKING PAPER PROCEDURES

	Following are the procedures to record and store privileged information in PASS: **STEP 1:** If the communication is in paper format: • Scan the paper correspondence using the multifunction copier machine. • Send scanned correspondence to your email address. If the communication received from Legal is in an electronic format (Word, PDF, etc.), proceed to Step 2. If the communication with Legal is verbal, and you would like to store your notes from the verbal communication, proceed to Step 3. **STEP 2:** Save the file on the ((**)) drive:



NOTE: Files saved on the ((**)) drive will be purged on a regular basis.

STEP 3:

Create a new issue folder:

- **Folder Name** – Enter "013 Privileged Communication"
- **Tier-1 Issue** – Select 013 Privileged Communication

STEP 4:

Within the 013 Privileged Communication folder, create the **XLTM Privileged Communication Log** document. The Privileged Communication Log document is used to log the following:

- Date the auditor received the privileged information
- Type of privileged information received
- Description of privileged information received
- Attorney's full name. This information is needed in case the Disclosure analyst needs to contact the attorney for questions.

	Create the log upon recording the initial privileged communication in PASS. The log should then be updated for subsequent privileged communications. **STEP 5:** To save the privileged documents, create **DOTM Free Form (9904)** within the Privileged Communication folder. Within the DOTM Free Form (9904): • Insert the document from the ((**)) drive as an object. From the Insert tab, select Object from the Text group. DO NOT "drag and drop" or "copy and paste" to insert files. These functions may not properly insert the files for other PASS users to access. If the communication is verbal, use the Free Form document (or a preferred PASS template) to record your notes. **STEP 6:** Record an event in the PASS Event Log: **Subject** – Enter "Privileged Communication" **Comment** – Enter "Requested advice from Legal. Information received is privileged." **DO NOT** include the specifics of the information received or the name of the attorney in the Subject or Comment field. Entering this information may risk waiving the attorney-client privilege. **Litigated Cases** If the case is litigated by Legal, the documents saved in the 013 Privileged Communication folder will be removed from the Audit/Protest PASS Workpaper files and relocated to the Legal PASS Workpaper files. Rev. 10/18
28.8.2 Third Party Information	All third party information pertaining to an audit issue must be recorded and stored in PASS. Third party information must not be uploaded or associated to the entity's Taxpayer Folder.

Appropriate measures are required to safeguard and protect third party information. In doing so, it is imperative that third party documents are kept together in a designated issue folder in PASS. Refer to MAP 6.11 Third Party Contact for more information.

The following are the procedures to record and store third party documents in PASS:

STEP 1:

If the third party document received is in paper format:

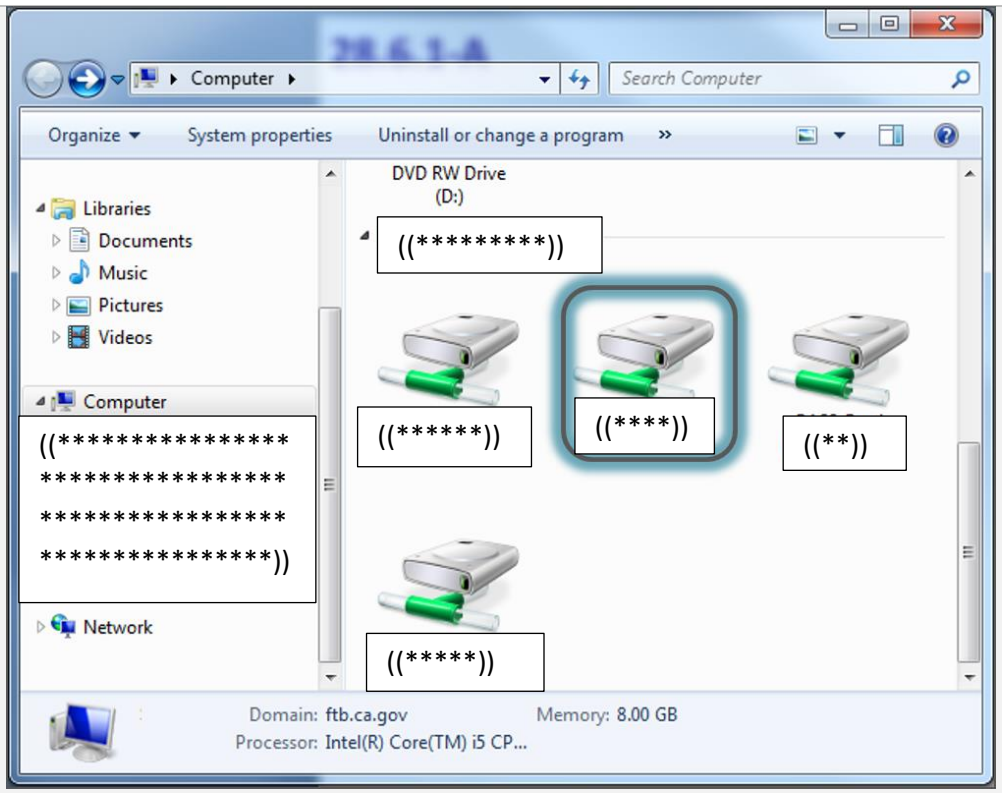
- Scan the paper correspondence using the multifunction copier machine.
- Send scanned correspondence to your email address.

If the third party document was received via CM, the case assignments must be completed. Refer to MAP 29.4.2 Correspondence received via CM.

If the third party document received is in an electronic format (Word, PDF, etc.) proceed to Step 2.

STEP 2:

Save the file on the ((**)) drive:



NOTE: Files saved on the ((**)) drive will be purged on a regular basis.

STEP 3:

Create a new issue folder:

- **Folder Name** – Enter "3897 Third Party Contact"
- **Tier-1 Issue** – Select 3895 Internal use
- **Tier-2 Issue** – Select 3897 Third Party Contact

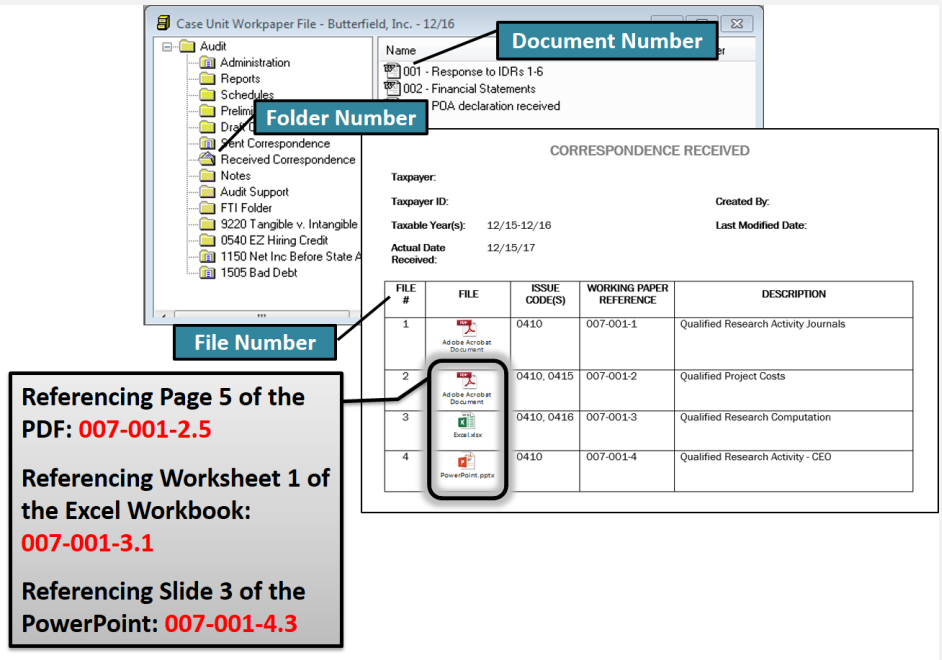
STEP 4:

Within the issue folder create a DOTM Free Form (9904) and insert the third party document from the ((**)) drive as an object. From the Insert tab, select Object from the Text group.

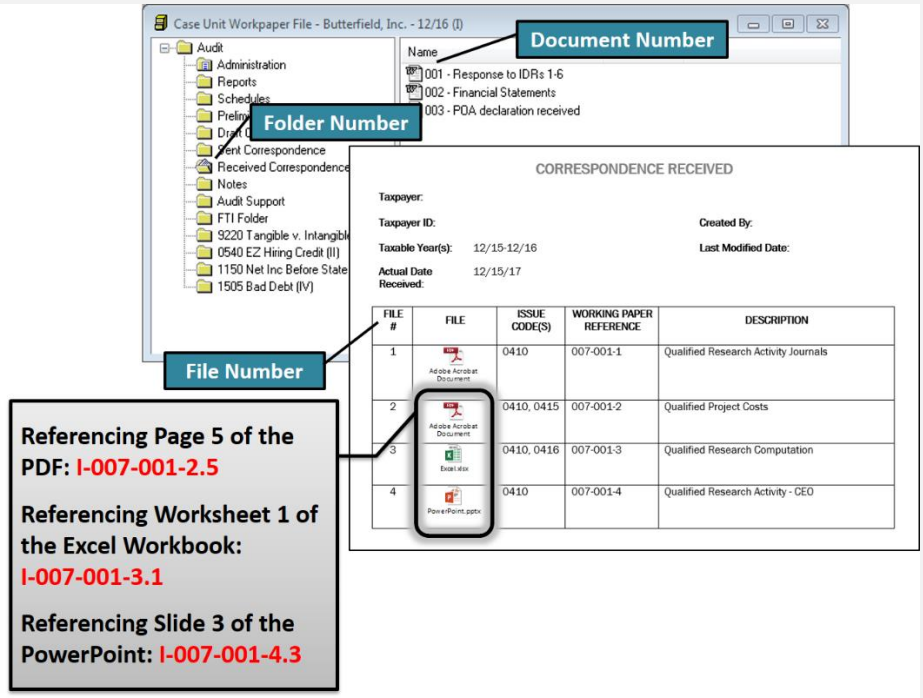
NOTE: DO NOT "drag and drop" or "copy and paste" to insert files. These functions may not properly insert the files for other PASS users to access.

28.9 CROSS REFERENCING CORRESPONDENCE, DOCUMENTS, AND RETURNS	All working paper cross references must be in the body of the working paper or as footnotes. The method used to cross reference documents in the working papers depends on the type of documents. MAP 28.9.1 Cross Referencing Correspondence Documents MAP 28.9.2 Cross Referencing Physical Correspondence MAP 28.9.3 Cross Referencing Non-Correspondence Documents MAP 28.9.4 Cross Referencing Returns Rev. 7/17
28.9.1 Cross Referencing Correspondence Documents	All correspondence received are located in the PASS Received Correspondence folder. Copies of received correspondence can be duplicated in the other folders for the auditor's use. However, all working paper references <u>must</u> cross referenced to the original correspondence received located in the PASS Received Correspondence folder. **NOTE**: If an auditor makes a copy of an Excel workbook to an issue folder, and used the Excel workbook as a working document for the auditor's analysis (i.e., filter data, sort fields, and/or added additional data based on auditor's research), the document is considered a "new" document and can be cross referenced to in the working papers. However, the auditor must indicate on the new document, the source of the Excel workbook (e.g., "The original Excel workbook is located at 007-001-1"). When cross referencing correspondence documents, use the working paper cross referencing format as follows: **CASE UNIT LOCATION** – **007** – **DOCUMENT NUMBER** – **FILE NUMBER** . **PAGE NUMBER** Team and PTE audits only - (identified by the Roman numeral) Case unit location of the document PASS Received Correspondence folder The 3-digit sequentially assigned document number of the applicable Form 9900 The sequential file number assigned to the applicable file The page number of a Word or PDF, PPT slide, or the worksheet number of the applicable file (Click on the image to access a PDF version of the Working Paper Cross Referencing Formats document that can be printed for auditor reference.)

Example of cross referencing correspondence documents:



Example of cross referencing correspondence documents for a team audit:



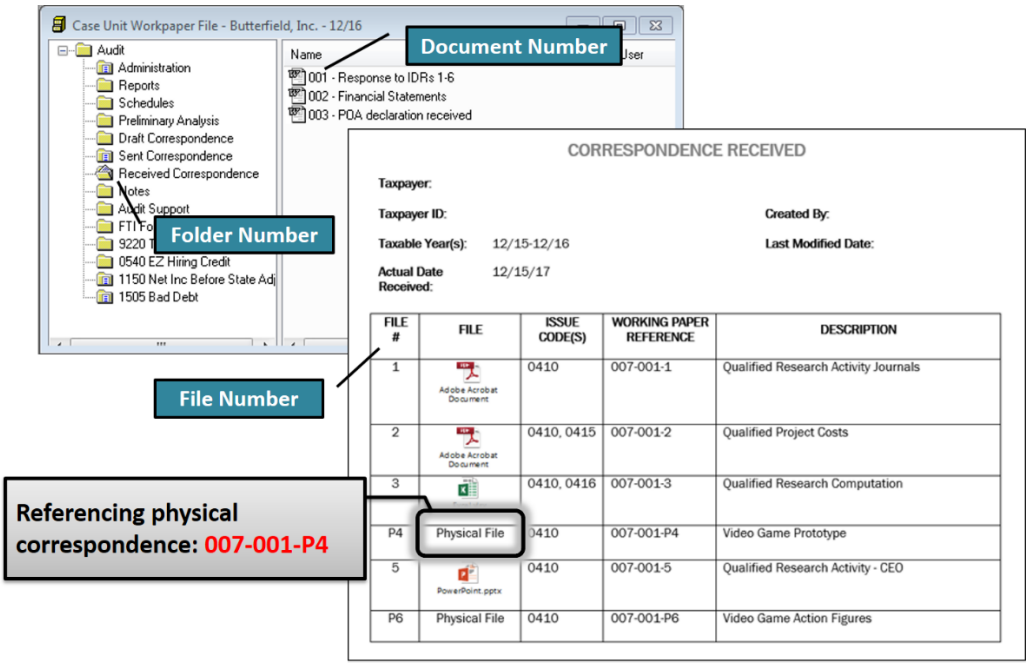
28.9.2 Cross Referencing Physical Correspondence

When cross referencing physical correspondence documents that cannot be scanned, use the working paper cross referencing format as follows:

CASE UNIT LOCATION	–	007	–	DOCUMENT NUMBER	–	P[FILE NUMBER]	.	PAGE NUMBER
Team and PTE audits only - (identified by the Roman numeral) Case unit location of the document		PASS Received Correspondence folder		The 3-digit sequentially assigned document number of the applicable Form 9900		The sequential file number assigned to the applicable physical file		If applicable

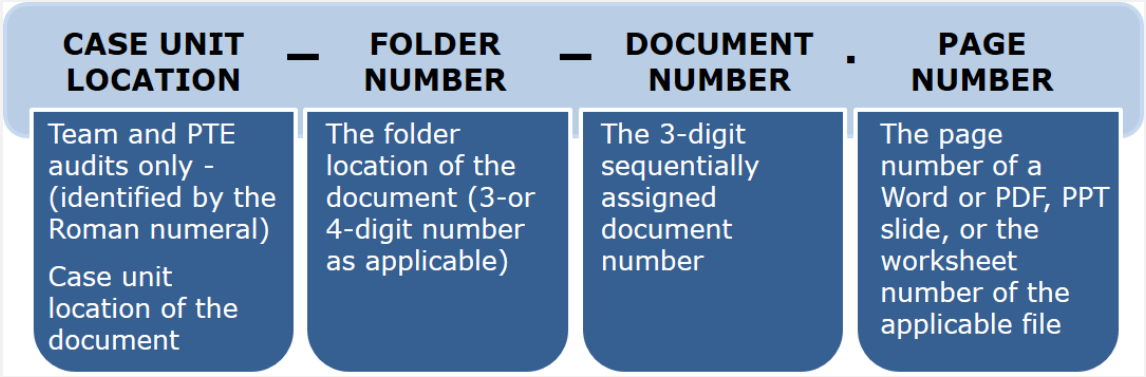
(Click on the image to access a PDF version of the Working Paper Cross Referencing Formats document that can be printed for auditor reference.)

Example of cross referencing physical correspondence:



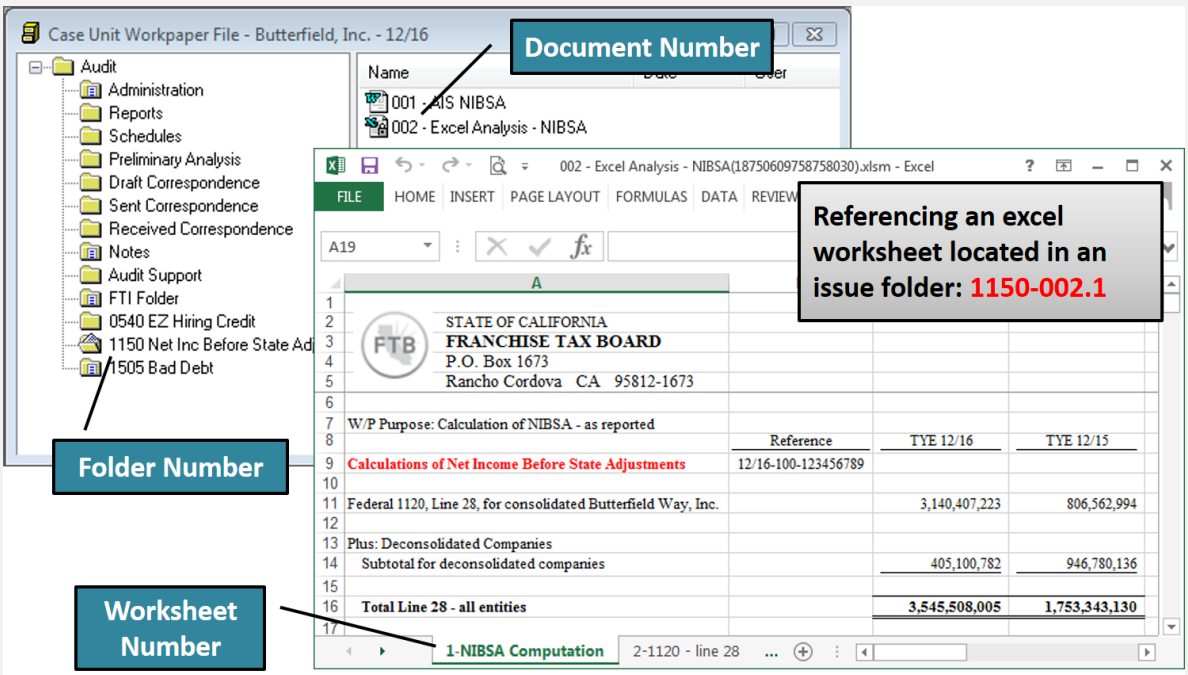
28.9.3 Cross Referencing Non-Corresponding Documents

When cross referencing non-correspondence documents from folders (other than the Received Correspondence/Sent folders), use the working paper cross referencing format as follows:

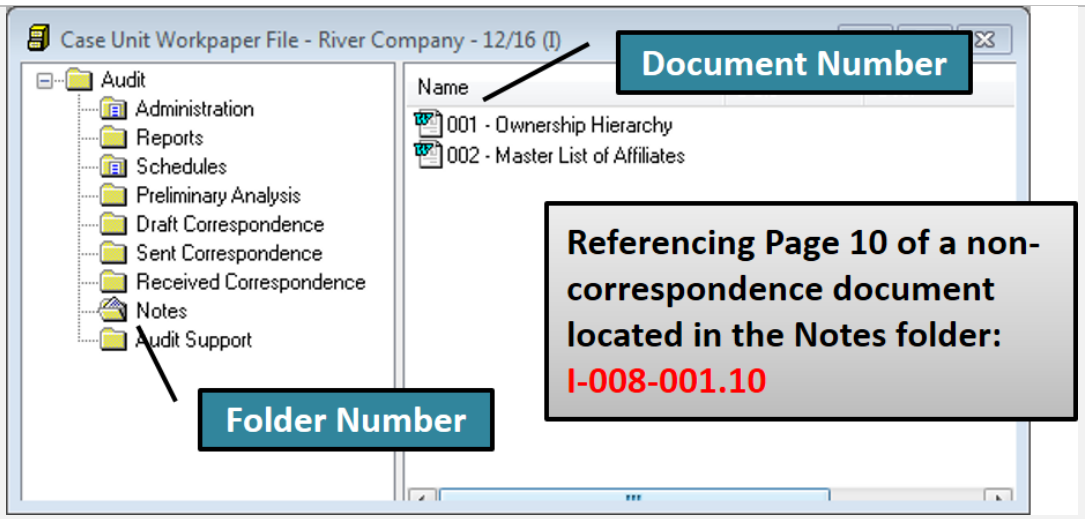


(Click on the image to access a PDF version of the Working Paper Cross Referencing Formats document that can be printed for auditor reference.)

Example of cross referencing an Excel workbook:



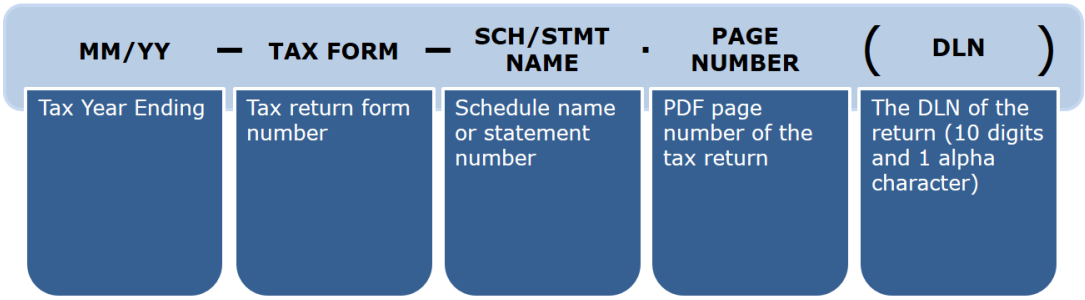
Example of cross referencing a Word document for a pass-through entity audit:



Rev. 7/17

28.9.4 Cross Referencing Returns

When cross referencing returns, use the working paper cross referencing format as follows:



(Click on the image to access a PDF version of the Working Paper Cross Referencing Formats document that can be printed for auditor reference.)

Examples:

12/16–1120–Sch M3.112 (DLN 1234567890Z)

12/16-100-Sch F.3 (DLN 2345678901Z)

12/16–540–Sch A.10 (DLN 3456789012E)

12/16–100X–Statement 1.15 (DLN 4567890123Z)

Rev. 10/18

28.10 INDEX TO AUDIT FILE (9923)

The Index to Audit File (9923) is created and maintained in the PASS Administration folder of the primary case unit (PCU).

- Team audits - This form is maintained in the PCU designated by Roman numeral I.
- Pass-through entities audits - This form is maintained in the PCU of the business entity designated by Roman numeral I.

The Index to Audit File template contains 4 worksheets to be used by audit staff, as applicable:

MAP 28.10.1 Index to Audit File
MAP 28.10.2 007 - Correspondence Received
MAP 28.10.3 Information Document Request Log
MAP 28.10.4 Audit Issue Presentation Sheet Log

Rev. 6/18

28.10.1 Index to Audit File

The Index to Audit File document is the first worksheet within the Index to Audit File (9923) template. This document:

- Is used to list the contents of an audit file and its location.
- Must be maintained for <u>each entity</u> under audit. For pass-through entity audits, an Index to Audit File document must be created for the entity and each shareholder/member, as applicable.
- May be used in conjunction with, or as an alternative to, the second worksheet in the template (007 - Received Correspondence). Refer to unit procedures.
- Only requires that the *007-Received Correspondence* section be completed. All other sections of the index may or may not be required; refer to unit procedures.
- The Index to Audit File should not reference documents from the Privileged Communication folder.

Complete the 007-Received Correspondence section as follows:

Column Name	Instructions
Date	Enter the received date for each document.
Auditor Initials	Enter team member's initials *(team audits only)*.
Folder Contents	Enter a <u>detailed</u> description of each correspondence document received from the taxpayer or representative.

Issue Codes	Enter the applicable Tier 1 or Tier 2 Issue Codes for each document. *This column can be used to sort/filter documents for specific issues.*
Working Paper Reference	Enter the working paper reference for each document. Refer to MAP 28.9 Cross Referencing Correspondence, Documents, and Returns for working paper references.

Example of a completed Index to Audit File.

Unit procedures permitting, an alternative to completing the 007-Received Correspondence section in this document is to complete the second worksheet of the Index to Audit File (9923) template. Refer to MAP 28.10.2 007 - Received Correspondence.

Rev. 6/18

28.10.2 007 - Received Correspondence

The 007-Received Correspondence document is the second worksheet of the Index to Audit File (9923) template.

This document can be used in conjunction with, or as an alternative to, the first worksheet in the template (Index to Audit File). Refer to unit procedures.

Complete the 007-Received Correspondence document as follows:

Column Name	Instructions
Date Received	Enter the received date for each document.
Auditor Initials	Enter team member's initials *(team audits only)*.
Form 9900 Document Name	Enter the name of each Form 9900 document as it appears in the PASS Received Correspondence folder.
Contents of Received Correspondence	Enter a detailed description of each correspondence document received from the taxpayer or representative.
Issue Codes	Enter the applicable Tier 1 or Tier 2 Issue Codes for each document. *This column can be used to sort/filter documents for specific issues.*
Working Paper Reference	Enter the working paper reference for each document. Refer to MAP 28.9 Cross Referencing Correspondence, Documents, and Returns for working paper references.

Example of a completed 007-Received Correspondence Document.

Rev. 6/18

28.10.3 Information Document Request Log

The Information Document Request (IDR) Log is the third worksheet of the Index to Audit File (9923) template. The IDR Log:

- Provides key information regarding the information requests issued to the taxpayer.
- The IDR Log template can be sorted by certain characteristics, such as open, closed, and by issue.
- Is required for some programs/audits, but not for all. Refer to unit procedures.

Complete the IDR Log as follows:

Column Name	Instructions
IDR No.	Enter the assigned IDR number
Description	Enter the name of the IDR as it appears in the Sent Correspondence folder
Case Unit Location	Enter Roman numerals *(Team and PTE audits only)*
Issue Number	Enter the Tier 1 or Tier 2 Issue Codes_that pertains to the IDR
Date Issued	Enter the date issued from PASS
Original Due Date	Enter the due date of the IDR
2nd Request Issued	Enter the due date of the second request
Formal Demand Issued	Enter the due date of the formal demand
Date Received	Enter the date the taxpayer's response was received
Rec'd Corr. Working Paper Reference	Enter the working paper reference for the taxpayer's response. Reference should include the folder number and the document number (file number is not necessary). Refer to MAP 28.9 Cross Referencing Correspondence, Documents, and Returns for working paper references.
IDR Open or Closed	Enter status of IDR: "Open" or "Closed"
Comments	Enter comments, if applicable

Example of a completed IDR Log.

Rev. 6/18

28.10.4 Audit Issue Presentation Sheet Log

The Audit Issue Presentation Sheet (AIPS) Log is the fourth worksheet in the Index to Audit File (9923) template. The AIPS Log:

- Provides key information regarding the audit issue presentation sheets issued to the taxpayer.

- Can be sorted by certain criteria, such as issue codes, taxpayer's position (agreed, disagreed, or withheld statement).

- Is required for some programs/audits but not for all. Refer to unit procedures.

Complete the AIPS Log as follows:

Column Name	Instructions
AIPS No.	Enter the assigned AIPS number
Description	Enter the name of the AIPS as it appears in the Sent Correspondence folder
Case Unit Location	Enter Roman numerals *(Team and PTE audits only)*
Issue Number	Enter the Tier 1 or Tier 2 Issue Codes_that pertains to the AIPS
Date Issued	Enter the date issued from PASS
Date Received	Enter the date the taxpayer's response was received
Rec'd Corr. Working Paper Reference	Enter the working paper reference for the taxpayer's response. Reference should include the folder number and the document number (file number is not necessary). Refer to MAP 28.9 Cross Referencing Correspondence, Documents, and Returns for working paper references.
Estimated Tax Effect	Enter estimated tax effect of adjustments in AIPS
Taxpayer's Position	Enter taxpayer's position: • Agreed • Disagreed • Withheld statement
Comments	Enter comments, if applicable

Example of a completed AIPS Log.

Rev. 6/18

28.11 COMMON DOCUMENTS IN PASS FOLDERS

Certain documents must be maintained in specific PASS folders. The required contents of each folder are discussed in the following sections:

MAP 28.11.1 Common Documents in Static Folders
MAP 28.11.2 Common Documents in Non-Static Folders

Rev. 7/17

28.11.1 Common Documents in Static Folders

The primary case unit is used to maintain administrative and concluding documents associated with the audit. Common administrative and concluding documents includes but are not limited to the following:

Folder #	Folder Name	Working Papers Description
001	Administration	Index to Audit File (Form 9923) IDR Log (Form 9924) AIPS Log (Form 9925) Audit Report (Form 6430) BCT NPA Worksheet Audit (Form 6830) Auditor's Recommendation – Formal Claim (Form 6638) Authorization for Single Notices (Form 4523B) Request for Federal Tax Information (Form 8796-A)
002	Reports	Narrative
003	Schedules	MSA Principal Schedules (As Reported and Per Audit) Generally, all schedules for GTA audits
004	Preliminary Analysis	Scope Scoping Documentation
005	Draft Correspondence	**ALL** correspondence to the taxpayer must be drafted within this folder. At end of the audit, this folder must be empty with the exception of the following: • NPACA • No Change • Claim denials
006	Sent Correspondence	Outgoing correspondence – letters, IDRs, AIPS, etc. *For team audits, IDRs are issued from the team member's case unit and are located in the Sent Correspondence folder of the respective case unit.*
007	Received Correspondence	Documents received from the taxpayer

008	Notes	Public Contact Memo (Form 6622) - Notes on meetings with taxpayer TRS's supporting review notes Supervisor's review notes Ownership Hierarchy Master List of Affiliates Copies of Annual Reports, 10-Ks, etc. All other research materials
009	Audit Support	SOL waivers

Rev. 7/17

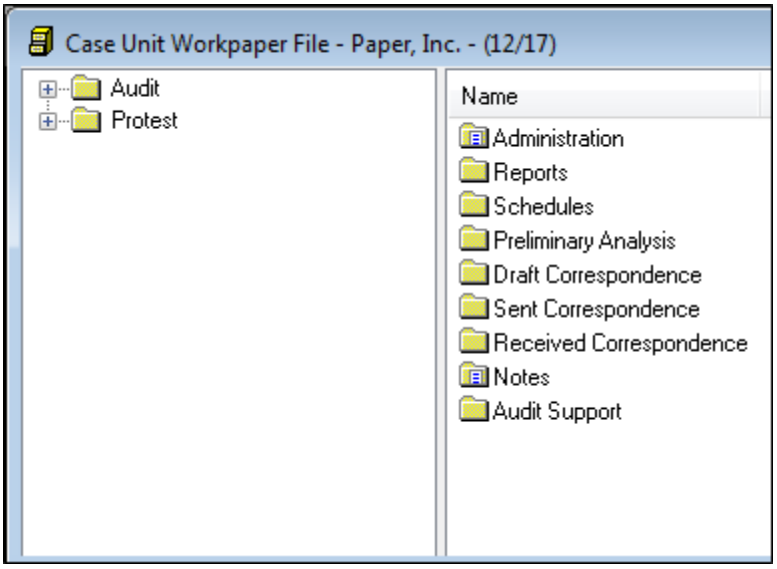
28.11.2 Common Documents in Issue Folders

The issue folders contain the analysis of the audit issues. For team audits, the team member's case unit contains the audit analysis prepared by the respective team member. The analysis is located in the issue folders of the case unit.

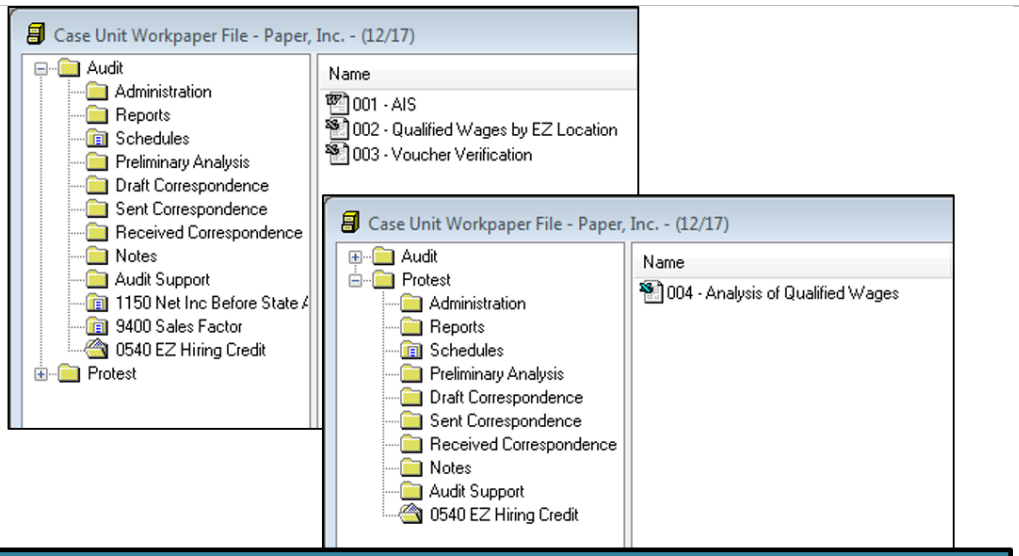
Common documents in issue folders include but are not limited to the following:

- Audit Issue Section (Form 6870B)
- Audit Issue Verification (Form 9910)
- Research Information (Form 9901)
- Free Form (Form 9904)
- Blank Excel Document

Rev. 7/17

28.12 WORKING PAPER PROCEDURES FOR PROTESTED CASES	Auditors have prepared the audit files in accordance to the following working paper procedure sections: MAP 28.2 Naming PASS Cases MAP 28.3 Naming PASS Case Units MAP 28.4 Naming PASS Folders MAP 28.5 Naming PASS Documents MAP 28.6 Recording Received Correspondence in PASS MAP 28.9 Cross Referencing Correspondence, Documents, and Returns To ensure consistency, the hearing officer must prepare protest files in the same manner when working protested cases. MAP 28.12.1 Creating Protest Workpaper Files MAP 28.12.2 Naming Protest Issue Folders MAP 28.12.3 Naming Protest Documents Rev. 7/17
28.12.1 Creating Protest Workpaper Files	When a case is protested, the hearing officer must create the Protest Workpaper File for each case unit protested. All protest analysis will be maintain in the Protest Workpaper File of the primary case unit.  Rev. 7/17

28.12.2 Naming Protest Issue Folders	Within the Protest Workpaper File of the primary case unit (PCU), the hearing officer will create issue folders for each issue examined during the protest. Issues include protested issues, new issues identified by the hearing officer and/or new issues raised by the taxpayer during the course of the protest proceedings. All protest analysis are maintained in the PCU. For team audits, the PCU is designated by the Roman numeral I in the case unit name. Refer to MAP 28.4.2 Naming Issue Folders for instructions on creating and naming issue folders. Rev. 7/17
28.12.3 Naming Protest Documents	All protest analysis are maintained in the Protest Workpaper File of the primary case unit (PCU). When creating a document to a particular folder or drafting a document in the Draft Correspondence folder, the hearing officer must check the corresponding folder in the Audit Workpaper File to identify the last 3-digit number used by the auditor in that folder. The hearing officer must continue with the numbering sequence established by the auditor to ensure consistency. For team audits, all non-correspondence documents in the Audit Workpaper File are located in the team member's case unit. Generally, issue folders in the Audit Workpaper File of the PCU, do not contain any documents. This is due to the fact the audit analysis are typically be located in the team member case units. Accordingly, the first document created in an issue folder in the Protest Working Paper File will likely start with the number "001." Refer to MAP 28.5 Naming PASS Documents for instructions on naming non-correspondence documents and draft correspondence.



The hearing officer needs create a document in the 0540 EZ Hiring Credit issue folder. The 0540 EZ Hiring Credit issue folder from the Audit Workpaper File contains three files. The first document created in the 0540 EZ Hiring Credit issue folder of the Protest Workpaper File will begin with "004."

The working paper reference for this document will be 0540-004 with 004 representing the fourth document in that folder.

Rev. 7/17

28.12.4 Instructions for Index to Protest File (Form 9923P)

The Audit Workpaper File includes an "Index to Audit File" listing all of the correspondence documents received during the examination. This index is located in the Administration folder of the primary case unit.

A separate index is needed to document all the documents received during the protest proceedings. To create an index for protest, do the following:

- In the Administration folder of the Protest Workpaper File, right click and select New Document.
- In the Document Name field, enter "Index to Protest File"
    - It is important that the name of the file is different from the name of the index used during audit.

- Select XLTM Index to Protest File (9923P)
- Select the OK button

The procedures used by auditors recording received correspondence are discussed in MAP 28.6 Recording Received Correspondence in PASS. The hearing officer must use these same procedures in recording correspondence received during the protest proceedings. The hearing officer must continue with the consecutive number sequence of the documents established by the auditor in the audit files.

Example:

If the last document recorded in the PASS Received Correspondence folder of the Audit Workpaper File is "007-050 Response to Position letter", then the hearing officer would incorporate the first document received from the taxpayer as "007-051" followed by the description of the correspondence received.

The Index to Protest File should not reference documents from the Privileged Communication folder.