



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

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February 26, 2018

Senator Bert Stedman, Chair
Legislative Budget & Audit Joint Committee
State Capitol Room 30
Juneau, AK 99801

Dear Senator Stedman:

The Division of Legislative Audit (DLA) conducted a special audit of the Tax Division, Oil and Gas Production Tax Audit Group (OGP) and issued its report June 20, 2014. The Legislative Budget & Audit Joint Committee recently requested follow up information regarding the current level of backlog for tax return audits and credit audits; the status of related appeals cases; and the success of the tax revenue management system (TRMS) in addressing issues identified in DLA's June 20, 2014 report.

We appreciate the opportunity to respond to the Committee's questions. To assist in gathering and presenting data, the Legislative Auditor provided tables for the DOR to provide information. For several of the tables, DOR added columns and modified column headings. These edits are explained in the notes for each table.

Information for 2006 through 2008 was time-consuming to gather because it spans several legacy systems. When the tax division's comprehensive tax software system, known as the Tax Revenue Management System (TRMS) was implemented for the Production Audit group, the 2008 audits were being finalized. Those audits were the first posted in the new system in March 2015. Information prior to 2009 was not converted into TRMS and is not in a reportable format: it was gleaned from spreadsheets and audit assessment letters. Data that is native in the system is easily reported and accurate.

We believe we have addressed all of the questions you asked. If you or the Committee have additional comments or questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Alper".

Ken Alper
Director