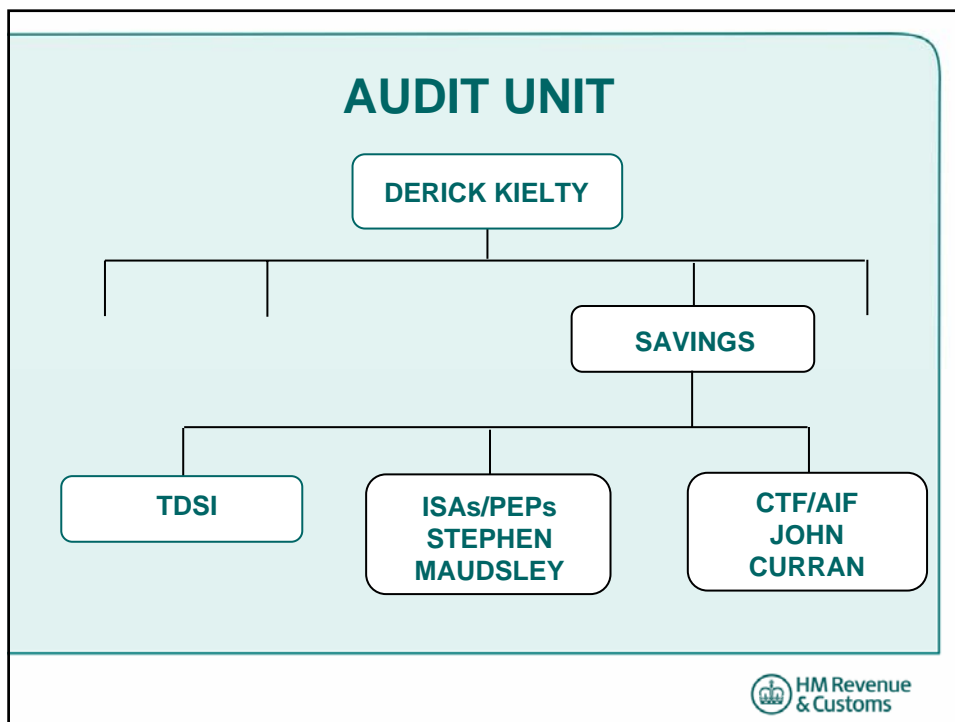


**HM Revenue
& Customs**

AUDIT UNIT

CHARITIES, ASSETS AND RESIDENCE



RISK ASSESSMENT (Stage 1)

Various factors

- Size
- Growth
- 3rd Party information
- Previous compliance history
- Information return inconsistencies

RISK ASSESSMENT (Stage 2)

PRE AUDIT MEETING/TELEPHONE CONVERSATION

- Changes in compliance personnel
- Changes to computer systems
- Changes to business – not in writing
- Previous audit issues

CONCLUSION

- Full audit
- Partial audit
- No audit

CONCLUSION

- Size of sample
- Confidence levels
- Targeted samples

AUDIT RESULTS

PROBLEMS DISCOVERED

STATISTICS SAMPLE

- Extrapolate across the total population
- Extend size of sample
- Full review

OFFER SIMPLIFIED VOIDING IF APPROPRIATE

AUDIT RESULTS

PROBLEMS COVERED

TARGETED SAMPLE

- Full review of target cases
- Statistical based sample selection

OFFER SIMPLIFIED VOIDING IF APPROPRIATE

PROBLEM AREAS

Missing documentation

Breaks in subscriptions

Gaps