

NCDOR

**NORTH
CAROLINA
DEPARTMENT
OF REVENUE**

NCDOR / GDAC Partnership

March 8, 2016

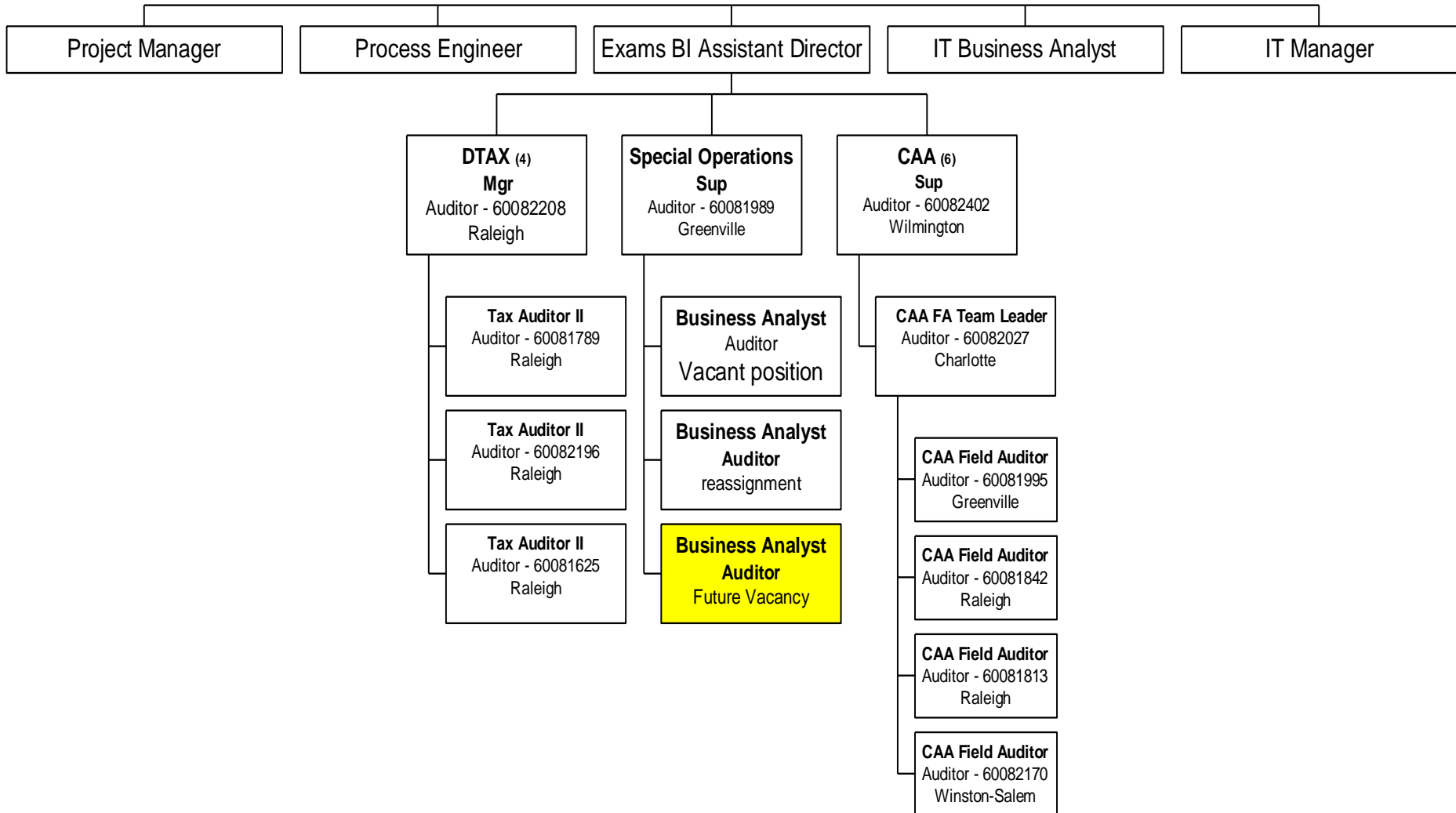
Problem

- Old technology
- Manual efforts for research and data entry
- Perpetual staff vacancies
- Under-experienced workforce
- Growing areas of non-compliance

Five Prong Objective

1. Enhanced refund fraud and identify theft programs
2. Streamline audit process and enhance efficiency through automation
3. Improve audit candidate selection and allocation of resources through implementation of data analytics and audit modeling
4. Identification of new areas of non-compliance through securing multiple information reporting data sources and data analytics
5. Partnership with GDAC and 3rd party vendor

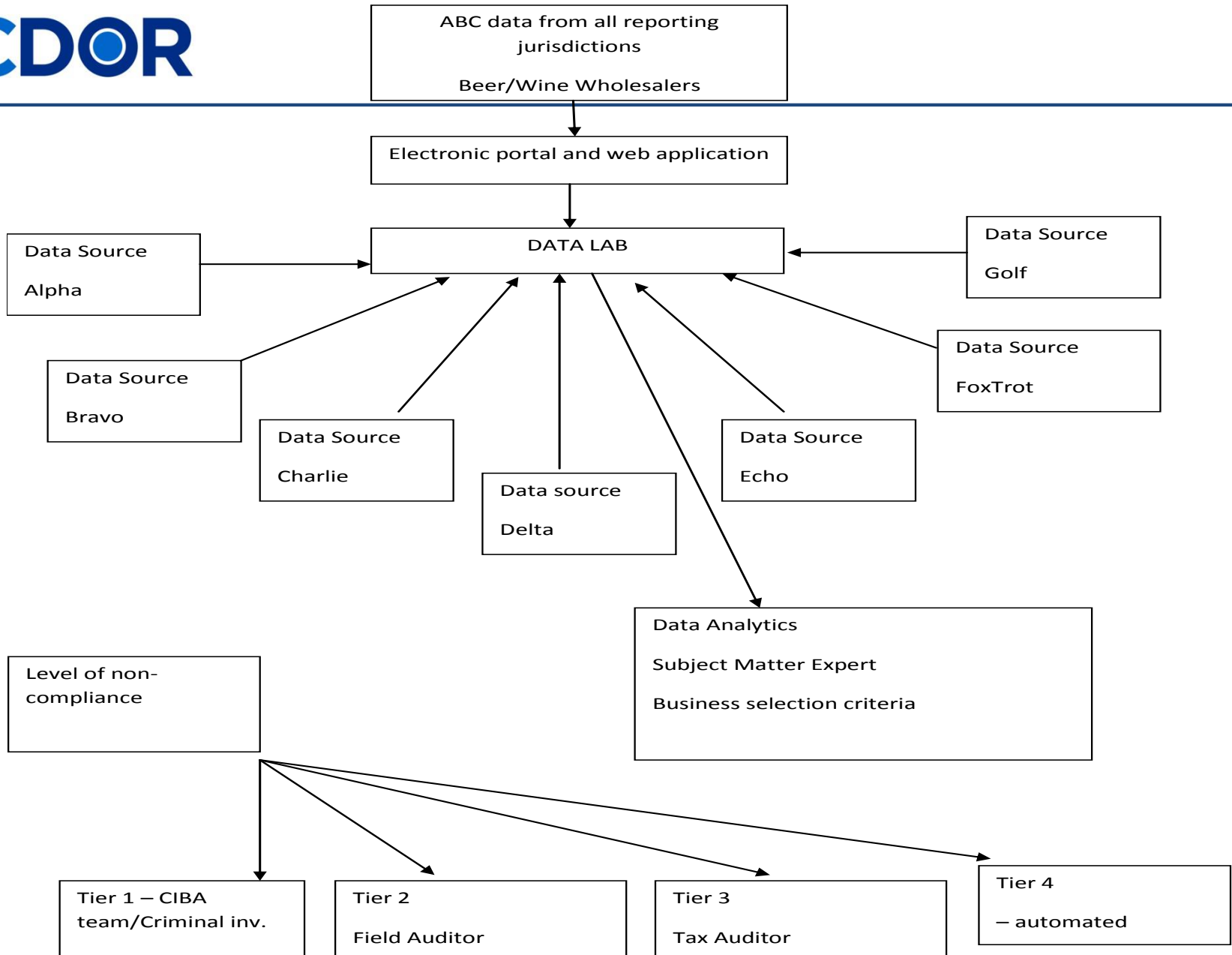
Business Intelligence Structure



Completed

- Enhanced Refund Fraud Program
 - Deceased Master Matching (DMM)
 - Identity Theft Analysis (ITA)
 - Address and Neighborhood Analysis (ANA)
- Automated Sales/Use Tax Audit Recap
 - Live Production November 2015
 - **Efficiency gains - \$440,000 per month/ \$5.3 million annualized**
 - Reallocated 5,721 hours to available direct audit hours
- 1099K Business Entity Recognition (BER)
 - Total cases in progress – 17 assignments for Pilot initiative
 - Cases involve unreported cash

- S.L. 2015-259 Required Information Reporting
- Notification letter sent January 2016 to impacted taxpayers
- Meetings held with ABC commission, Beer/Wine Wholesalers, Breweries
 - Defined data fields and file layout presentation
 - Testing will begin for data submission with sample population of impacted taxpayers



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