



**TAX PERFORMANCE
ENGINEERING**

Client Success Story

COMPANY BACKGROUND

A financial statement material weakness forced the tax department of a Fortune 500 company to review its entire provision process and internal controls.

Company Issue

During a prior year-end financial statement audit, the independent auditor identified a material error in the company's state tax provision. As a result, they required substantial rigor around the company's overall state tax provision process and enforced real-time apportionment calculations for each year-end close.



Because the company has operations in all 50 states, these state-by-state calculations and process mandates put significant strain on the tax department. The company was forced to rely on consultants to prepare large portions of the effective tax rate calculation.



Despite the use of a leading tax software, the "out of the box" reporting functionality was not sufficient to review a full tax account rollforward, state-by-state provision, or the effective tax rate impacts as required by the SEC. Data was extracted from the tax software and manually manipulated in Excel. This process was time consuming and unstructured, exposing the company to continued risk of error.



Furthermore, recent workforce turnover and simultaneous upgrades of the financial and tax reporting systems forced the tax department to revamp internal processes and fill knowledge gaps in short order.



BDO's Solution



BDO utilized the combined power of robotic process automation (RPA) and Alteryx to transform existing data from the tax provision software into custom state-by-state provision, effective tax rate (ETR), and tax account rollforward reports.



The state provision functionality within ONESOURCE™ Tax Provision was optimized, reducing the need for external and unstructured Excel templates to perform these calculations and create manual ad-hoc reporting by state filing.



The BDO team configured the tax journal entry functionality in ONESOURCE™ - a feature that the company was already licensing but not utilizing. BDO also created a standard template to extract journal entry data from the software and organize the data for automated import into the ERP system.



BDO helped the company document all new processes and incorporate them into the company's internal controls. The BDO team also assisted with the communication of the new processes to the independent financial statement auditor.



To further reduce tax reporting risk, global cash transactions, previously gathered and input manually, were loaded directly into the tax provision software from the consolidated ERP system, alleviating the need for manual reconciliation.

Company Benefits



BDO's state-by-state, ETR and full tax account rollforward reports could be generated in **under 15 minutes each**, a process that previously took external consultants at least 4-8 hours.



The reports were easily reconciled back to the tax software and provided greater transparency than the previously used templates. The VP of Tax finally had visibility to all tax rate impacts **on demand**, allowing more time for analysis during the close process.



Automation of the journal entry process eliminated manual efforts by both the tax and accounting functions. The structured process ensured the **accuracy** of the final amounts and a turnaround time of minutes for subsequent required entries, which previously took hours to manually reconcile and record.