

The Auditor-General
Audit Report No.7 2004–05
Performance Audit

Administration of Taxation Rulings Follow-up Audit

Australian Taxation Office

Australian National Audit Office

© Commonwealth
of Australia 2004

ISSN 1036-7632

ISBN 0 642 80802 3

COPYRIGHT INFORMATION

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from the Department of Communications, Information Technology and the Arts.

Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Intellectual Property Branch, Department of Communications, Information Technology and the Arts,
GPO Box 2154
Canberra ACT 2601 or posted at

<http://www.dcita.gov.au/cca>



Canberra ACT
9 August 2004

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Australian Taxation Office in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Administration of Taxation Rulings Follow-up Audit*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett', is positioned above the printed name.

P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:

The Publications Manager
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Telephone: (02) 6203 7505

Fax: (02) 6203 7519

Email: webmaster@anao.gov.au

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

Audit Team

Andrew Huey

Peter White

Contents

Abbreviations	6
Summary and Recommendations	7
Summary	9
Background	9
Audit objective	10
Audit conclusion	10
Agency's response	12
Report structure.....	12
Audit Findings and Conclusions	13
1. Background	15
Introduction.....	15
Previous audit coverage and recent reviews	16
Audit objective and methodology	17
Summary of significant changes since the previous audit	17
2. The Rulings Production Process.....	19
Prioritisation of public rulings topics	19
Operation of the public rulings panels.....	22
The relevance, clarity and timeliness of public rulings	25
3. Management of the Rulings Process	29
Private binding rulings information system.....	29
Procedural guidance to staff drafting taxation rulings	31
Private binding rulings data security	33
Fraud control planning.....	36
4. Measuring Performance and Outcomes	39
Taxpayers' Charter standards.....	39
Public rulings system performance measurement	42
Private binding rulings system performance measurement.....	44
Impact of taxation rulings including revenue effect	47
Compliance management of rulings.....	49
Index	52
Series Titles	53
Better Practice Guides.....	54

Abbreviations

ANAO	Australian National Audit Office
ATO	Australian Taxation Office
ATOAM	ATO Advice Manual
ATOUCA	Australian Taxation Office Unit Cost Analysis
DCTC	Deputy Chief Tax Counsel
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
IT	Information Technology
ITAM	Income Tax Advice Manual
JCPAA	Joint Committee of Public Accounts and Audit
LAPS	Law Administration Practice Statement
LB&I	Large Business and International Business Line
NTLG	National Tax Liaison Group
OCTC	Office of the Chief Tax Counsel
ORCLA	Online Resource Centre for Law Administration
PBR	Private Binding Ruling
PoA	Provision of Advice
PTax	Personal Tax Business Line
PTI	Priority Technical Issues
RAB	Revenue Analysis Branch
SB	Small Business Line
TDMS	Technical Decision Making System
TRU	Taxation Rulings Unit

Summary and Recommendations

Summary

Background

1. A significant element of the Australian Taxation Office's (ATO's) administration of the taxation law is the provision of interpretative advice to taxpayers on taxation issues. The provision of taxation advice is particularly important because of Australia's self assessment taxation system. The system relies heavily upon taxpayers having a good understanding of taxation law in order to fulfil their taxation obligations.
2. A key mechanism used by the ATO to disseminate the Commissioner of Taxation's (the Commissioner's) interpretative advice on taxation law is taxation rulings. Broadly, a taxation ruling is the Commissioner's interpretation of how the taxation law is applied to a taxpayer or group of taxpayers' circumstances. In general, the advice addresses the extent of the taxpayer's liability.
3. Taxation rulings can be grouped into four broad categories: public rulings, private rulings, oral rulings and taxation rulings. The latter generally refers to rulings published before 1 July 1992. Depending upon the nature of the ruling and when the ruling was issued, these may be either legally and/or administratively binding on the Commissioner.

Previous audit

4. The Australian National Audit Office (ANAO) completed a performance audit of the ATO's administration of taxation rulings in July 2001, titled *The Australian Taxation Office's Administration of Taxation Rulings* (later referred to as Report No.3 of 2001–2002).
5. In summary, we concluded that the processes for the production of public rulings of high technical quality operated effectively overall; but the collection, analysis and use of performance information could have been enhanced in some areas. We also considered that the mechanisms in place for public rulings substantially provided for consistent and fair treatment for taxpayers. This positive assessment for public rulings contrasted with the situation for private rulings.
6. With regard to private rulings we found that the administrative processes had operated poorly in many respects. We also found that the lack of integration of systems and inadequate systems controls undermined certainty, fairness and consistency of treatment for taxpayers. Although the ATO was taking steps to address these deficiencies as part of the Provision of Advice (PoA) Project, we considered that the ultimate test would be in the results achieved. The ANAO made 12 recommendations aimed at improving the

ATO's administration of taxations rulings. The ATO agreed to all of the recommendations.

Joint Committee of Public Accounts and Audit review

7. The Joint Committee of Public Accounts and Audit (JCPAA) reviewed Report No.3 of 2001-2002 and published its findings in Report No. 390, *Review of Auditor-General's Reports 2001-2002: First, Second and Third Quarters*. The Committee did not make any recommendations, but suggested that the ATO improve its processes to enhance the clarity and content of public rulings. The Committee also noted the ANAO's comments about the need to articulate the ATO's approach to prioritising public rulings and recommendations aimed at improving the management of the private rulings system.

Audit objective

8. The objective of the follow-up audit was to assess how well the ATO has implemented the recommendations of Audit Report No.3 of 2001-2002, *The Australian Taxation Office's Administration of Taxation Rulings*.

9. As part of the audit, we also considered the ATO's progress in addressing the JCPAA's suggestions resulting from its review of Report No.3 of 2001-2002.

10. The audit was undertaken in conformance with ANAO auditing standards and cost \$120 862.

Audit conclusion

11. The ANAO concluded that the ATO has fully implemented the 12 recommendations of Report No.3 of 2001-2002. We noted that, since the previous audit, the ATO has also undertaken a number of initiatives to improve its rulings systems. The main initiatives have included the following:

- improving the integrity and transparency of the processes surrounding the provision of written binding advice;
- redeveloping information technology systems supporting the issuing of private binding rulings;
- enhancing monitoring and reporting of performance; consolidating procedural guidance to staff through the implementation of an on-line resource manual;
- developing a comprehensive approach to setting internal taxation law precedent; and
- introducing a Priority Technical Issues process, to support the management of strategic risks.

12. Table 1 as follows, provides a summary of the 12 recommendations of Report No.3 of 2001–2002.

Table 1

Summary of the recommendations of Report No.3 of 2001–2002

Rec.	Summary of recommendation	Paragraphs
1	Articulate the approach to prioritising public rulings, and document how the ATO has applied that approach.	2.1–2.13
2	Consider enhanced processes in the operation of the public rulings panels and ways to further improve the content or expression of public rulings to improve their clarity.	2.14–2.25
3	Regularly monitor and report on private rulings information technology system response times and system down-times and failure rates, so that problems can be quickly identified and corrected.	3.1–3.9
4	Ensure that the ATO Advice Manual, which the ATO intends to implement, is easily accessible to staff and can be readily modified and updated.	3.10–3.17
5	Assess periodically, the timeliness, relevance, logic and clarity of expression of public rulings, after they have been issued.	2.26–2.38
6	Align taxpayer data security for private and product rulings with policy requirements.	3.18–3.29
7	Amend the ATO Fraud Control Plan, where necessary, to take account of the changes made to the private rulings system. The ATO business lines report on relevant fraud risks and other process control matters.	3.30–3.39
8	Review the Taxpayers' Charter standards and consider supplementary internal performance standards.	4.1–4.11
9	Adopt a holistic approach to performance information and reporting for the production of public rulings.	4.12–4.22
10	Adopt a holistic approach to performance information and reporting for the production of private rulings.	4.23–4.32
11	Analyse the impact of taxation rulings on the Australian taxation system, including the potential revenue effect of significant taxation rulings.	4.33–4.41
12	Apply documented and structured approaches to identify, assess, prioritise and treat identified compliance risks for private and public rulings, including product rulings, after issue.	4.42–4.52

Source: ANAO analysis

Note 1: The ANAO concluded that the ATO has fully implemented all 12 recommendations of Report No.3 of 2001–2002.

Note 2: The full wording of each recommendation, the ATO's response and the findings of our follow-up audit are presented in the relevant sections of this report as outlined above.

Agency's response

13. We welcome the ANAO findings that all 12 recommendations have been fully implemented. This reflects well on our efforts to improve our ability to administer the taxation rulings system for the benefit of the community.

14. The gains made as a result of the recommendations have enhanced Australia's public and binding and reviewable private ruling systems, which are world's best in design and application. The gains have also provided a sound basis for the initiatives we are pursuing to make further improvements.

Report structure

15. This audit report presents each recommendation in full together with the ATO's response, a brief background of the previous audit's findings, and the findings of our follow-up work. To assist the reader, the recommendations have been grouped into four themes, reflected in the four chapters of this report:

- chapter 1—introduces the audit;
- chapter 2—outlines our findings against recommendations one, two and five. Those recommendations related to the production of taxation rulings;
- chapter 3—presents our findings against recommendations three, four, six and seven. Those recommendations related to the administrative processes supporting the provision of advice function and fraud control planning; and
- chapter 4—discusses our findings against recommendation eight through 12. Themes discussed include: monitoring and reporting of performance; assessing the revenue effect of significant taxation rulings; and identifying and treating compliance risks.

Audit Findings and Conclusions

1. Background

This chapter provides an overview of the audit, and outlines the audit objective and methodology.

Introduction

1.1 A significant element of the Australian Taxation Office’s (ATO’s) administration of the taxation law is the provision of interpretative advice to taxpayers on taxation issues. The provision of taxation advice is particularly important because of Australia’s self assessment taxation system. The system relies heavily upon taxpayers having a good understanding of taxation law in order to fulfil their taxation obligations.

1.2 A key mechanism used by the ATO to disseminate the Commissioner of Taxation’s (the Commissioner’s) interpretative advice on taxation law is taxation rulings. Broadly, a taxation ruling is the Commissioner’s interpretation of how the taxation law is applied to a taxpayer or group of taxpayers’ circumstances. In general, the advice addresses the extent of the taxpayer’s liability.

1.3 Taxation rulings can be grouped into four broad categories: public rulings, private rulings, oral rulings and taxation rulings. The latter generally refers to rulings published before 1 July 1992. Depending upon the nature of the ruling, and when the ruling was issued, these may be either legally and/or administratively binding on the Commissioner. Figure 1 lists the categories of taxation rulings that can be issued by the ATO.

Figure 1
Categories of taxation rulings

Public Rulings (Legally Binding)	Private Rulings (Legally Binding)	Oral Rulings (Legally Binding)	Taxation Rulings (Administratively Binding)
<ul style="list-style-type: none">• Taxation Rulings• Taxation Determinations• Product Rulings• Class Rulings• Goods and Services Tax Public Rulings	<ul style="list-style-type: none">• Private Binding Rulings• Indirect/Goods and Services Tax Private Rulings	<ul style="list-style-type: none">• Oral Binding Rulings for taxpayers with simple taxation matters.	<ul style="list-style-type: none">• Taxation rulings published before 1 July 1992.• Published rulings on procedural, administrative or tax collection matters.• Rulings on liability issues under a law other than a tax law as defined by part IVAAA of the <i>Taxation Administration Act 1953</i>.

Source: ANAO analysis of ATO information

1.4 The categories of taxation rulings issued by the ATO are discussed in the ATO's Law Administration Practice Statement (LAPS), PS LA 2001/4, available at <<http://law.ato.gov.au/atolaw/index.htm>>.

Previous audit coverage and recent reviews

1.5 The Australian National Audit Office (ANAO) completed a performance audit of the ATO's administration of taxation rulings in July 2001, titled *The Australian Taxation Office's Administration of Taxation Rulings* (later referred to as Report No.3 of 2001–2002).

1.6 In summary, we concluded that the processes for the production of public rulings of high technical quality operated effectively overall; but the collection, analysis and use of performance information could have been enhanced in some areas. We also considered that the mechanisms in place for public rulings substantially provided for consistent and fair treatment for taxpayers. This positive assessment for public rulings contrasted with the situation for private rulings. With regard to private rulings, we found that the administrative processes had operated poorly in many respects. We also found that the lack of integration of systems and inadequate systems controls undermined certainty, fairness and consistency of treatment for taxpayers. Although the ATO was taking steps to address these deficiencies as part of the Provision of Advice (PoA) Project, we considered that the ultimate test would be in the results achieved.

1.7 The Joint Committee of Public Accounts and Audit reviewed Report No.3 of 2001–2002 and published its findings in Report No.390, *Review of Auditor-General's Reports 2001–2002: First, Second and Third Quarters*. The JCPAA did not make any recommendations, but suggested that the ATO improve its processes to enhance the clarity and content of public rulings. The JCPAA also noted the ANAO's comments about the need to articulate the ATO's approach to prioritising public rulings and recommendations aimed at improving management of the private rulings system.

1.8 In November 2003, the Treasurer announced the conduct of a *Review of Aspects of Income Tax Self Assessment*. The Review is examining, among other things, six aspects of Australia's current income tax self assessment system. A particular focus is the level of reliance that taxpayers can and should be able to place on ATO advice, such as taxation rulings. In relation to this matter the review is considering a number of sub-issues. These include:

- accessibility—advice is available to taxpayers to assist them in meeting their obligations;
- timeliness—advice is provided in a timely manner to meet the needs of taxpayers;

- accuracy—taxpayers and practitioners receive accurate advice from the ATO; and
- reliability—relates to the binding nature of advice and the application of the advice whether or not it is legally binding.¹

1.9 Due to the timing of the Review, its impact, if any, on the taxation rulings system is unknown at this stage.

Audit objective and methodology

1.10 The objective of the follow-up audit was to assess how well the ATO has implemented the recommendations of Audit Report No.3 of 2001–2002, *The Australian Taxation Office's Administration of Taxation Rulings*.

1.11 The ANAO wrote to the ATO at the commencement of the audit to request information on the implementation of the recommendations from the previous audit. Following receipt of the ATO's comprehensive response, the ANAO interviewed a number of ATO officers, and met with members of the Public Rulings Panel and ATO's Contact Advisory Group. The ANAO also reviewed relevant ATO files and documents.

Summary of significant changes since the previous audit

1.12 The ATO has advised that, since the previous audit, it has instituted a number of changes and improvements in several strategic areas of rulings' administration. These initiatives have included:

- improving the integrity and transparency of the processes surrounding the provision of written binding advice;
- redeveloping information technology (IT) systems so that written binding advice cases are managed on one IT system. This also supports the improved monitoring and reporting of performance;
- consolidating procedural guidance to staff and implementation of an on-line resource manual to support the drafting of written binding advice;
- developing a more comprehensive approach to setting internal precedent to ensure more accurate and consistent interpretation of the taxation law by ATO staff; and
- resolving priority technical issues through an integrated approach of risk assessment and project management. This is known as the Priority Technical Issues (PTI) process. This process supports the identification

¹ The Treasury, *Review of Aspects of Income Tax Self Assessment, Discussion Paper March 2004*.

of strategic risks in relation to technical issues and their resolution through comprehensive risk mitigation strategies. These strategies may include clarification of the taxation law through the issuing of a public ruling.

2. The Rulings Production Process

This chapter presents the ANAO's findings against recommendations one, two and five of Report No.3 of 2001–2002. Those recommendations related to the production of taxation rulings, in particular, the prioritisation of issues to be considered within the public rulings system, operation of the public rulings panels and the post issue assessment of the timeliness, relevance and clarity of expression, of public rulings.

Prioritisation of public rulings topics

Recommendation No. 1

The ANAO recommends that the ATO more clearly articulate the approach it uses to prioritise public rulings, and document how it has applied that approach to determine the priority of topics identified for its public rulings program.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

2.1 As part of the previous audit, we found that business lines were responsible for identifying and prioritising the majority of taxation rulings and taxation determination topics. Public rulings topics were also identified through a number of consultative groups and forums. Ultimately, it was the responsibility of the Taxation Rulings Unit (TRU) and the National Tax Liaison Group (NTLG)² to manage and prioritise public rulings topics.

2.2 Although the TRU had processes that specify who prioritises public rulings topics, the ATO had not specified the methodology or criteria it used to prioritise them. The ANAO considered that, to have an efficient and effective public rulings system, which addressed the most pressing matters first, the ATO needed to clearly articulate its methodology and the criteria it used to prioritise these topics. The ANAO also considered that clearly articulating its approach would allow the ATO to more readily assess its efficiency, and support a better understanding of the reasoning behind its selection of public rulings topics. The JCPAA also noted that the ATO had agreed to this recommendation.

² The NTLG is the peak consultative forum between the tax, accounting and legal professions and the ATO. The forum deals with technical and administrative issues related to the various Acts (particularly the Income Tax Assessment Acts) administered by the ATO. Membership includes specialist member representatives from tax, accounting and legal professional associations.

Findings of the follow-up audit

2.3 The ATO released, in December 2002, a Law Administration Practice Statement (LAPS) in relation to the prioritisation of public rulings topics. In part, the purpose of the LAPS was to introduce consistency into how public rulings topics are prioritised.

2.4 The LAPS stated that the major driver for the preparation and issue of a public ruling is compliance management. It further stated that the priority of a public rulings topic is the result of two variables:

- first, the risk rating associated with the compliance issue the public ruling is proposed to address; and
- second, the importance of the ruling as part of an integrated compliance strategy designed to address the compliance risk.

2.5 Under this model, public rulings topics were risk rated and added to the Public Rulings Program following the completion of a strategic statement. A strategic statement is a document prepared by the business line risk owner.³ It details the background to the risk, the risk rating, the risk owner, and the risk mitigation strategy.

Introduction of the Priority Technical Issues process

2.6 The approach outlined in the December 2002 practice statement,⁴ was a precursor to the broader framework for managing PTI. The ATO has defined PTI 'as those technical issues, which are determined as priority because of their association with higher-level risks'.⁵ PTI are prioritised on the basis of how important resolving the technical issue is to reducing the risk. The PTI approach was introduced in late 2003 following an extensive awareness program. LAPS PS LA 2003/10 governs the management of PTI.

2.7 The ANAO found that, through operation of the PTI process, the ATO aims to identify and manage the highest-level risks. The risk mitigation strategy may identify a need to clarify a technical issue and provide guidance to taxpayers, which in turn, may involve the drafting and issuing of a public ruling. In this case, the priority of the ruling derives from the priority of the underlying risk.

³ The risk owner is the ATO officer who has responsibility for management of the identified and rated risk.

⁴ Australian Taxation Office, *Law Administration Practice Statement 2002/20*.

⁵ Australian Taxation Office, *Priority Technical Issues summary available from ATOCConnect (ATO's Intranet)*.

2.8 The ANAO noted that all PTI are risk assessed and higher priority PTI are added to the PTI Register,⁶ following the preparation of a PTI Proposal. The proposal is to detail the risk, risk ranking, revenue at risk and mitigation strategy. Senior ATO officers are required to sign off the PTI Proposal. This assists in allocating tax technical resources to high priority issues.

2.9 At the time of fieldwork for the audit, the ANAO noted that there were 249 issues listed on the PTI Register. Of these, 85 had a ruling, and/or determination, identified as part of the recommended treatment strategy.

2.10 We found that proposed rulings are added to the Public Rulings Program, after the author/s submit a strategic statement to the Public Rulings Program Coordinator. Once a ruling has been added to the program, resources are allocated, and drafting of the ruling is managed, in accordance with the requirements of the Public Rulings Manual.

2.11 The ANAO was advised that LAPS PS LA 2002/20, which discusses the resolution of PTI through the issue of a public ruling, was updated to reflect changes made with the introduction of the PTI process. The ANAO further observed that the Public Rulings Program is published on the ATO website and is periodically updated.

2.12 The ANAO examined a sample of public rulings case files. In examining the files, we found that compliance with the recently introduced LAPS for the prioritisation of public rulings topics was sound. However, we consider that the ATO needs to review its processes for maintaining the PTI Register and Public Rulings Program. Both systems should be updated in parallel, to ensure the currency and accuracy of information recorded. The ANAO noted that the ATO is considering the integration of the PTI Register and Public Ruling Database into one management system as part of the ATO's Change Program.

Conclusion

2.13 The ANAO considers that the ATO has fully implemented this recommendation. The prioritisation of PTI and subsequent public rulings is clearly documented in LAPS. These documents are available to taxpayers from the ATO website. A version of the Public Rulings Program is also published on the ATO website for taxpayers' information.

⁶ The PTI Register is a database of all priority technical issues. The database is used to capture a broad range of information including the PTI owner, risk rating and status of the PTI.

Operation of the public rulings panels

Recommendation No. 2

The ANAO recommends that, to improve the certainty of public rulings, the ATO consider:

- enhanced processes in the operation of the public rulings panels to increase their efficiency and effectiveness; and
- ways to further improve the content or expression of public rulings to improve their clarity

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

2.14 As part of the previous audit, we reviewed the operation of the ATO's public rulings panels (panels). The ATO had three panels; these are the Public Rulings Panel, International Tax Rulings Panel, and Indirect Tax Rulings Panel. It was suggested in the report that a range of alterations could be made to the panels. These changes could increase their efficiency and effectiveness, and the public's awareness of the ATO's role and activities. These alterations included:

- formalising the operations of the panels by defining their role and procedures;
- incorporating information on their procedures and operations more fully into the Public Rulings Manual;
- including more material about the panels on the ATO's website and making this material more accessible;
- specifying the basis for identifying, assessing and prioritising public rulings issues; then involving the panels in specifying the basis on which draft rulings are submitted to the panels, their priority, and determining which public rulings should come before the panels;
- considering having external representatives as the chairs of panels, with some responsibility for the operation of the panels, as a way to allow a greater focus on operational issues; and
- creating processes for tracking panel performance, for example, by making assessments of the technical quality, cost and timeliness of the panels' work on public rulings.

2.15 We also recommended that the ATO consider ways to further improve the content or expression of public rulings to improve their clarity. Similarly, the JCPAA encouraged the ATO to continue to improve its processes to enhance the clarity and content of its public rulings.

Findings of the follow-up audit

2.16 The follow-up audit looked at how the ATO has addressed each of the preceding points. The ATO advised that it has reviewed the operation of the panels with the aim of improving their efficiency and effectiveness. The ATO also advised that further reviews will be carried out on a periodic basis.

2.17 The ANAO found that the ATO has now clearly defined the roles and responsibilities of the panels. This is documented in the Public Rulings Manual, which is available to all ATO staff from the ATO's Intranet. The manual defines the role of the panels, the circumstances in which draft and final public rulings must be referred to the panels, and the format in which the rulings are to be presented. Similar information is also available to the public from the ATO's website.

2.18 The ANAO also found that authors must prepare an executive summary when submitting a proposed public ruling to a panel for consideration. The executive summary provides a synopsis of the public ruling as well as outlining issues on which the panel's involvement is being sought. The authors are also actively involved in the panel meetings at which their proposed public rulings are being discussed. This assists the author/s in identifying areas where further work is required. In addition, the panels provide feedback to the authors through a designated form.

2.19 Although the panels do play a role in the prioritisation of public rulings and determinations, this is not the main focus of their role. The ANAO observed that the panels review the Public Rulings Program at their meetings. The ATO advised that any comments made by panel members are considered in reviewing the priority of the PTI, to which the public ruling or determination relates.

2.20 The ATO advised that it considered the option of having external representatives as potential chairpersons for the public rulings panels. The ATO further advised that it consulted with the panels on this matter. The panel members did not see that role as appropriate. The role of the panels is to advise the ATO's Chief Tax Counsel on public rulings. The ATO supported this view. As well, the ATO's Chief Tax Counsel chairs the panels.

2.21 The ANAO observed that the panels play an important role in the drafting of public rulings. The ATO now tracks the cost and performance of the panels. Since June 2003, the ATO has captured data on each panel member's time. This includes time at panel meetings and also time spent

reviewing and/or researching an individual ruling out of session. Similar cost data is also collected for internal panel members.

2.22 The ANAO found that the ATO had intended to review the impact of the panels' involvement on the timeliness of rulings. Through the review, the ATO was aiming to assess whether the panels' processes had resulted in or contributed to any delays in the issuing of public rulings. The ATO broadened the scope of the review to focus on assessing the timeliness of a sample of public rulings finalised in 2003–2004. As part of the review, the ATO examined 21 public rulings and/or determinations. During the period the ATO issued a total of 84 public rulings and/or determinations. This included 15 annual products,⁷ which were excluded from the sample. The review identified a number of areas for potential improvement in the public rulings production process. The ATO advised that the review recommendations are being submitted to the PTI Management Committee for consideration.

Initiatives to improve the content, expression and clarity of public rulings

2.23 As part of the public rulings panels' processes, the ATO has implemented several initiatives to improve the content, expression and clarity of public rulings. For example, a strategic statement guides the writing of each ruling added to the Public Rulings Program. This document sets out the purpose of the ruling and helps the author/s and reviewers to focus on the public ruling's intent. For each public ruling, the Public Rulings Branch also appoints an adviser to oversee development of the public ruling. The role of the adviser is to give advice on the process, structure, expression and content of the public ruling.

2.24 The Public Rulings Branch has also delivered a public rulings training program to officers involved in the preparation of public rulings and determinations. The program includes information on the use of plain English, relevant examples, and objective tests. The ANAO examined the evaluation forms completed by participants. From these, we noted that the training program was well received by the participants.

Conclusion

2.25 The ANAO concluded that the ATO has implemented processes to enhance the operation of the public rulings panels. The operation of the panels has been reviewed, details of their operations have been included in the Public Rulings Manual and similar details are also available from the ATO website. The ANAO found that a number of initiatives had also been implemented to improve the content and expression of public rulings in order to improve their

⁷ Annual rulings and/or determinations are issued periodically. These are not issued as a draft or subject to Panel review.

clarity. Accordingly, we consider that the ATO has fully implemented this recommendation.

The relevance, clarity and timeliness of public rulings

Recommendation No. 5

To support the ATO's continuous improvement in the process of producing public rulings, the ANAO recommends that the ATO assess periodically, the timeliness, relevance, logic and clarity of expression of its Income Tax, Fringe Benefits Tax, and Goods and Services Tax public rulings, after they have been issued.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

2.26 The ANAO found, in the previous audit, that the ATO did not have a formal QA process by which it assessed public rulings after they had been issued. However, taxpayers could provide comment to the ATO through its website or directly, on matters such as a public ruling's relevance, accuracy, the reasoning and expression used. Such issues could also be canvassed in the ATO's consultative groups, such as the NTLG.

2.27 Although these sources of feedback are very useful, we considered that there would be merit in the ATO assessing periodically the administrative effectiveness of its processes in producing Income Tax, Fringe Benefits Tax and Goods and Services Tax (GST) public rulings. By assessing selected public rulings after their issue, with input from within the ATO and external stakeholders, the ATO could focus on the production process and the effect this process has had on the timeliness, relevance, logic and clarity of expression of these rulings. This would contribute to continuous improvement in the ATO's public rulings system.

Findings of the follow-up audit

2.28 The ANAO found that the ATO has implemented several strategies to address this recommendation. In late 2003, the ATO sought comments from the NTLG⁸ on the timeliness, relevance, logic and clarity of expression of public rulings. The ATO now proposes to survey NTLG members quarterly. The survey will focus on public rulings and determinations issued in the previous

⁸ The NTLG exists to raise for discussion and resolution broad issues of procedure and policy in tax administration, and through its sub-committees, examine particular issues in more detail.

three to six months. The ANAO was advised that, in seeking the NTLG's comments, the ATO is aiming to obtain feedback from the users of public rulings, as well as experts who have had input into their drafting.

2.29 The ATO has also enhanced its internal review processes for public rulings and determinations. Previously, published rulings and determinations were reviewed by a Deputy Chief Tax Counsel (DCTC) and comment was provided to the author/s. This process has been enhanced and now several senior ATO officers provide comment. The process considers:

- the time taken to complete the ruling and/or determination;
- what contribution the various parties involved in drafting the ruling made; and
- the reasons for any delays.

2.30 The ATO advised that these reviews have recently been expanded to include consideration of the relevance, logic and clarity of the public ruling and/or determination.

2.31 The ANAO noted that ATO public rulings and/or determinations are often referred to in daily newspapers, professional magazines and journals. This information is collected by the ATO, along with judicial comments and comments made in seminars and other forums. The ATO categorises comments about the timeliness and clarity, etc⁹ as being either favourable or unfavourable. This supports the analysis of community feedback and implementation of corrective action where required. The ATO advised that this information is to be included in its Compliance Heartbeat Reports¹⁰ bi-annually.

2.32 The ANAO noted that the ATO, as part of its approach to continuous improvement, commissioned a review of the timeliness of public rulings. The review was undertaken in June and July 2004. The review aimed to identify any weaknesses in the current production system, with the eventual outcome being more timely public rulings. As noted earlier, the review recommendations are being submitted to the PTI Management Committee for consideration.

2.33 The ANAO reviewed the age of proposed public rulings and determinations recorded on the Public Rulings Program as at 4 June 2004. We noted that the ATO was reporting as delayed, 46 per cent (31 of 68) of these rulings and/or determinations. The ATO advised in July 2004 that the

⁹ The Public Rulings Branch analyses available information and maintains a summary spreadsheet.

¹⁰ The Compliance Heartbeat Reports are the main vehicle for reporting monthly on the performance of the public and private rulings systems.

percentage delayed is now 17 per cent (20 of 118). The ATO further advised, that the number of proposed public rulings and/or determinations on the Program has increased significantly in recent weeks as a result of an intensive effort to provide guidance on issues concerning the taxation law in relation to the consolidation of wholly owned corporate groups.

2.34 Public rulings and/or determinations are considered delayed when they are outside the ATO's timeliness standards. The standards state that draft public rulings are to be issued within six months from the date of notification to the Public Rulings Branch for inclusion on the Public Rulings Program. Further, the final public ruling is to be issued within six months of the draft public ruling being issued. Similarly, draft determinations are to be issued within three months of the date of notification, and final determinations within three months of the determination being issued in draft form.¹¹

2.35 The ANAO was advised that causes of delays for public rulings and determinations include: the need to seek policy clarification from other agencies; stakeholder requests to extend consultation periods; the need for detailed consideration by the panels due to the complexity of the issues covered, or issues raised through the consultation process; awaiting passage of legislation that may affect the ATO's interpretation of the taxation law; and resolution of issues that require legislative solutions.

2.36 The ATO advised that, in addition to post issue review activities, it has implemented several process enhancements aimed at improving the relevance, logic, clarity, and timeliness of its public rulings and determinations. The ATO further advised that it is too early to determine the degree to which these significant changes will improve the timeliness of public rulings. However, it has put in place a management committee, which in part is responsible for monitoring the progress of topics on the Public Rulings Program. The status of rulings is also reported to ATO senior management through the monthly Compliance Heartbeat Reports.

2.37 As discussed in our findings relating to Recommendation No.1, the most significant change the ATO has introduced to the prioritisation management of public rulings is the PTI process. As noted earlier, through application of the PTI process, a priority rating is allocated to an identified risk and the associated public ruling. This priority rating assists the ATO in allocating its most experienced technical resources to its highest-level risks. In addition to allocating the drafting of public rulings and/or determinations to its most experienced technical resources, the ATO has also moved the

¹¹ Australian Taxation Office, *Public Rulings Manual*, p. 53.

authorship of public rulings and determinations to its Centres of Expertise (CoE).¹²

Conclusion

2.38 The ANAO found that, as part of its continuous improvement processes, the ATO has reviewed the timeliness, relevance, logic and clarity of its public rulings after they have been issued. Processes have also been developed to support further ongoing and/or periodic reviews. The ANAO considers that the ATO has fully implemented this recommendation.

¹² The Centres of Expertise (COE) were established to improve consistency in technical decision-making by taking a corporate approach to the creation of ATO precedent. The ATO has established 10 CoE. Six of these are dedicated CoE and located in the Office of the Chief Tax Counsel Business Line; and four are located within the other business lines.

3. Management of the Rulings Process

This chapter presents the ANAO's findings against recommendations three, four, six and seven of Report No.3 of 2001–2002. Those recommendations related to administrative processes supporting the provision of advice function and fraud control planning.

Private binding rulings information system

Recommendation No. 3

The ANAO recommends that the ATO regularly monitor and report to senior management: private rulings information technology system response times and system down-times and failure rates, so that problems with the private rulings case management systems and the Case Reporting System can be quickly identified and corrected.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

3.1 During the previous audit we found that the ATO used a number of systems and production procedures to produce private binding rulings (PBR). The use of these systems and procedures differed between business lines. We further found that there were process controls common to all PBR production processes, but that each business line had independently developed a PBR production process tailored to its requirements. The ANAO noted that, having reliable systems and production procedures that are integrated, is an important aspect of efficiently and effectively producing PBR.

3.2 The ATO's PBR IT systems are an essential element in ensuring the efficient production of PBR, and also in ensuring that PBR reflect accurately the Commissioner's interpretation of the tax law. The ATO had four IT systems for managing and monitoring PBR work flow, and one IT system used to draft and issue PBR.¹³

3.3 Ideally, a single production process, which used one IT system for the production of all PBR would eliminate inefficiencies. The ATO advised that through its PoA Project it had developed comprehensive policies to produce

¹³ For further details refer to Report No.3 of 2001–2002, pages 102-112.

PBR and had implemented a fully integrated PBR monitoring and production system.

3.4 As the ATO is reliant, almost entirely, on its IT systems for the production of PBR, it was vital that these IT systems had fast response times, and were operational when staff required them. During the previous audit, we requested that the ATO provide statistics on the responsiveness and downtime of each critical PBR IT system. The ATO advised that such performance statistics were not regularly collected for individual databases. However, some data was available on the performance of computer servers, upon which the rulings databases were stored.

3.5 The ATO advised the ANAO in May 2001 that it had implemented sophisticated software that can be used to monitor system performance. The ANAO considered that the ATO should regularly monitor system performance. This would assist the ATO with the early identification of problems and allow it to take corrective action in a timely way.

Findings of the follow-up audit

3.6 The ANAO found that the IT systems in place at the time of the previous audit have now been replaced by the Technical Decision Making System (TDMS), the ATO's PoA case management system. TDMS system performance is monitored and reported weekly and monthly to ATO management. This information is also regularly reported to the TDMS Steering Committee, which oversees development of the system.

3.7 Performance information is drawn from server system performance reports, the Helpdesk management system, and through user monitoring of selected TDMS functions. The performance reports cover:

- TDMS system problems (eg. dropouts/slow response times) reported by users to the TDMS Helpdesk and the status of these issues;
- Helpdesk call enquires by category or subject; and
- server performance by core TDMS functions.

3.8 A Service Level Agreement has been established between Information Communication and Technology and the Office of the Chief Tax Counsel (OCTC) Business Line in relation to server performance and the associated impact on the functioning of TDMS. Performance is measured against the standards on a monthly basis. If it is found to be deteriorating, agreed escalation processes are put in place. We noted that the ATO is considering the future implementation of a comprehensive monitoring tool. This would assist in the early identification of problems as well as support problem analysis and resolution.

Conclusion

3.9 The ANAO found the ATO has fully implemented this recommendation. Adequate processes have been established to monitor and report on the performance of TDMS, the ATO's PoA case management system. Implementation of an automated comprehensive monitoring tool is being considered as part of the ATO's Change Program. This tool will extend across a range of systems operated by the ATO.

Procedural guidance to staff drafting taxation rulings

Recommendation No. 4

The ANAO recommends that the ATO Advice Manual, which it intends to introduce as the consolidated source of procedural guidance for staff on the provision of interpretative advice, is easily accessible to staff and is able to be readily modified and updated.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

3.10 Procedure manuals, specific technical instructions in the form of practice statements, and procedural checklists, served as sources of procedural advice for staff working on rulings. In the previous audit, we found that the information sources were, in some instances, incomplete and the manuals were out of date. Both the Income Tax Advice Manual (ITAM)¹⁴ and the Public Rulings Manual required updating. The ITAM was last issued in 1996 and the Public Rulings Manual was last revised in 1998. This meant that the procedure guides did not accurately reflect the current organisation and systems, the current risk environment, fraud controls and tax reforms in operation at the time.

3.11 The ANAO acknowledged that staff had sources of guidance other than outdated procedure manuals. Practice statements, on the job training and procedural checklists, are all important. However, we considered that staff needs could be better met by the ATO having a readily accessible, complete, comprehensive, and up to date guide.

¹⁴ ITAM was an internal ATO document designed to guide officers providing technical advice (including public and private rulings) on the procedures and considerations relevant to that work.

Findings of the follow-up audit

3.12 In October 2001, the ATO published an updated version of the ITAM, as the ATO Advice Manual (ATOAM). This manual documented the procedures for private rulings, including the newly developed PoA processes, and widened the scope of the earlier ITAM to include other forms of advice recognised in LAPS PS LA 2001/4.¹⁵ The ATOAM was published on the ATO's Intranet so that all staff could readily access the relevant procedures. In addition, the Public Rulings Manual was significantly redesigned and rewritten in late 2002.

3.13 In September 2003, as a continuous improvement initiative, the ATO implemented a system referred to as the Online Resource Centre for Law Administration (ORCLA). ORCLA is an on-line manual of policies and procedures and other instructions, for staff who make technical decisions in respect of the administration of taxation laws. The ANAO noted that ORCLA has been introduced to replace the ATOAM and to enhance the quality, integrity and consistency of written binding advice. ORCLA is a structured reference source that is easily searchable. It is available to all staff through a link on the ATO's Intranet homepage.

3.14 The ANAO found that ORCLA has been structured to support the completion of PoA cases and is a useful reference for staff. Information sessions on ORCLA were provided to relevant staff shortly after implementation. We observed that awareness, acceptance and use of ORCLA by ATO officers is high. The ORCLA Team has regularly monitored the use of ORCLA since implementation. Usage statistics indicate high levels of user acceptance.

3.15 The ATO has established user feedback processes to support ongoing development of the system. Users can provide feedback either electronically or directly by email or telephone. To be kept informed of changes and enhancements to the system, users can subscribe to an email alert service or access the ORCLA 'What's New' page.

3.16 The ANAO noted that the ATO's vision is for ORCLA to become a one-stop-shop for practices and processes for technical decision-making. The ATO is planning to expand ORCLA to include processes and procedural documentation for disputes/objections and other technical work types. The Public Rulings Manual, which supports the drafting and publication of public rulings, is available through ORCLA as an Intranet hyper-link. The Manual is a searchable document, which can be downloaded to the users' desktop computer.

¹⁵ This includes rulings relating to the GST.

Conclusion

3.17 The ANAO concluded that the ATO has fully implemented this recommendation. The ATO's new on-line manual of policies and procedures, ORCLA, is a user-friendly system that supports staff in their role of providing advice to taxpayers. There are processes and procedures in place to keep the material in ORCLA current, and to develop and expand the system.

Private binding rulings data security

Recommendation No. 6

The ANAO recommends that, to improve the security of taxpayer data relating to private rulings and product rulings prior to issues, the ATO align its taxpayer data security for private and product rulings with its policy requirements to protect information according to its degree of sensitivity.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

3.18 In the previous audit we noted that the ATO has a legislative requirement to protect taxpayer data to safeguard taxpayer privacy. It was also ATO policy that information held by the ATO must be protected according to its degree of sensitivity. The ATO classified its sensitive taxpayer information in three categories (IN-CONFIDENCE, PROTECTED and HIGHLY PROTECTED) and provided guidance to staff as to the correct classification of information.

3.19 We found during the previous audit that the IT systems supporting private and product rulings administration, contained sensitive taxpayer information. On the basis of the *ATO Guide to Information Security* (published in 1994), we considered that the nature of the private rulings data and product rulings data before the ruling is made public on the IT systems, should be classified, at a minimum, as PROTECTED.

3.20 It was ATO policy that data classified above the IN-CONFIDENCE level must be stored only within the ATO mainframe system. This was because, with few exceptions, it was the only IT platform in the ATO secure enough to satisfy the various ATO policy requirements. The ATO Information Security Guide noted in particular that HIGHLY PROTECTED and PROTECTED information should not be kept on the ATO's wide area network, referred to as TAXLAN.

3.21 At the time of the previous audit, all rulings databases were located on TAXLAN, which was contrary to the Information Security Guide. Consequently, we recommended that the ATO needed to align its data security practice with its policy requirements.

Findings of the follow-up audit

3.22 As noted earlier, the ATO has implemented a new IT system (TDMS) for the management of the PoA cases, including private binding rulings. The ATO advised that the system is protected by appropriate access levels for staff and by the use of passwords. This means that various system controls limit access to and the transportability of the whole record set. TDMS is rated at the level IN-CONFIDENCE. The ATO further advised that the compilation of PBR data on TDMS does not collectively require a classification higher than IN-CONFIDENCE.

3.23 The ATO's Guide to Information Security, published in September 2003, states that 'all taxpayer/client data falls within this security classification [IN-CONFIDENCE] and must be kept secure'.¹⁶ Accordingly, the classification of TDMS aligns with the ATO Guide to Information Security.

3.24 Information security experts have completed two reviews of TDMS and associated application and network controls. The reviews found that the controls were sufficient to support the storage of IN-CONFIDENCE data. However, enhancement of the controls was required for the ATO to store PROTECTED or HIGHLY PROTECTED data on the system.¹⁷

3.25 The ANAO noted that, at the time of fieldwork for the audit, TDMS was being used to hold records classified as PROTECTED and HIGHLY PROTECTED. The ATO advised that controls existed within the system to prevent access to these records by unauthorised ATO staff. The ATO further advised that it commissioned a review of these records to ascertain if they had been correctly classified. As at the end of April 2004, there was a small number of PROTECTED (86) and HIGHLY PROTECTED (4) PBR stored on TDMS. The ANAO noted that TDMS was also being used to store cases relating to other work types classified as either PROTECTED or HIGHLY PROTECTED. Accordingly, we consider that the ATO should undertake a similar review of these cases.

3.26 The ANAO was advised in July 2004 that the ATO has removed PROTECTED and HIGHLY PROTECTED cases from TDMS. PROTECTED

¹⁶ Australian Taxation Office, *Guide to Information Security*, p. 5.

¹⁷ Australian Taxation Office, *TDMS Threat and Risk Assessment—ATO Protect Project*, December 2003.

PBR are now stored on a more highly secure system, ATO Protect.¹⁸ PBR with the classification of HIGHLY PROTECTED have been removed and stored on a CD, which is stored in an appropriately secure environment. All HIGHLY PROTECTED PBR cases will now be processed on stand-alone computers, with the data stored on removable storage media. This media will be secured in a Class B security container when not in use. Processes have also been implemented to identify and remove future private rulings with classifications above IN-CONFIDENCE.

3.27 The ANAO observed that the ATO issued a LAPS in 2002, relating to the management and security of taxpayer data. Its introduction was supported by internal communication and marketing strategies. In addition, information sessions were provided nationally to relevant staff in 2003–2004.

3.28 The LAPS stated that records properly classified as IN-CONFIDENCE or PROTECTED could be stored on TAXLAN¹⁹ IT systems subject to specified conditions regarding access to data records.²⁰ A TDMS Quick Reference Guide issued to staff also provided instruction to staff on how to manage PROTECTED level cases on TDMS. The ANAO observed that the LAPS was reissued in July 2004. The LAPS addresses the new procedures and processes for the handling of PBR cases in TDMS classified above the level IN-CONFIDENCE. The TDMS Quick Reference Guide has also been updated. The ANAO noted that the ATO has identified some residual risks. These risks are being considered and managed as part of its revised business processes.

Conclusion

3.29 The ANAO found that the ATO finalised its new procedures for managing PBR classified above IN-CONFIDENCE, in July 2004. The ATO also removed PROTECTED and HIGHLY PROTECTED case details from TDMS. In completing this work, the ATO has aligned its policy and practices for the management of PBR with its *Guide to Information Security*. Accordingly, we consider that the ATO has now fully implemented this recommendation.

¹⁸ ATO Protect was implemented in January 2004 to cater for PROTECTED information. ATO Protect is an environment which has been established to allow business lines to store and access PROTECTED data. ATO Protect supports the storage of data in a way that complies with the Commonwealth Protective Security Manual and the ATO's policy for handling PROTECTED information.

¹⁹ TAXLAN has now been replaced by ATOnet, which has been designed to store information classified up to IN-CONFIDENCE.

²⁰ Australian Taxation Office, *Law Administration Practice Statement PS LA 2002/19*, p. 2.

Fraud control planning

Recommendation No. 7

The ANAO recommends that:

- the fraud risks identified in the ATO Fraud Control Plan are amended, where necessary, to take account of the changes made to private rulings systems including changes resulting from the Provision of Advice project; and
- for better management and accountability of the private rulings system, all relevant ATO business and service lines expand their internal reporting regimes for private rulings to include relevant fraud risks and other process control matters, identified either in the ATO Fraud Control Plan, or other fraud risk assessment mechanisms.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

3.30 In the previous audit, we noted that, as part of its 1999–2001 Fraud Control Planning process, the ATO undertook a comprehensive risk assessment of all aspects of its operations. The principal focus of this risk assessment was the risk of fraud occurring in its systems. Two business lines, Large Business and International (LB&I) and Small Business (SB) identified inherent risks associated with their 'advising' functions (which incorporated the private rulings systems). During 1999–2000, LB&I re-evaluated its processes and systems with regard to private rulings.

3.31 The ANAO considered that the ATO's fraud control plan was an effective method to identify and monitor fraud risks associated with the ATO's private rulings system. We recognised that no planning and control framework (nor indeed staff integrity checking procedures) could remove the possibility of fraud occurring. The objective of the fraud control plan was to minimise the risk by putting in place appropriate procedures, checks and balances. We considered that the fraud planning approach was sound, but that improvements could be made in the information provided to the ATO Executive. More comprehensive risk information could better support the corporate governance principles of 'integrity' and 'accountability'. We also considered that business lines should monitor and report on relevant fraud risks in their regular corporate governance reporting on private rulings.

Findings of the follow-up audit

3.32 The ATO Audit Committee signed off the PoA chapter of the ATO Fraud Control Plan in February 2003. The Plan was drafted following a control review, which was completed in October 2001. As part of the control review, a sample of cases were selected and operation of key controls in the system tested. This approach was adopted due to the inherent high risk of the function.

3.33 We noted that the Plan made nine recommendations and contained an action plan supporting their implementation. The final plan also included a status report on the implementation of the recommendations. This information included details of changes made to the PBR system as a result of the PoA Project. We further noted that progress in implementing the recommendations is regularly reported to the ATO's Fraud Prevention and Control section.

3.34 The ATO advised that the PoA chapter of the Fraud Control Plan is to be reviewed in 2004–2005 as part of its rolling program of updates. The existing plan may be maintained in its current form or integrated into the business line fraud control plans. The ANAO considers the review is appropriately timed and presents an opportunity for the ATO to reflect fully in the revised Plan, the supporting systems, processes and controls.

Provision of Advice Project

3.35 The ATO's PoA Project has resulted in numerous changes to systems and processes supporting the drafting and issuing of PBR. This has included the introduction of TDMS, its associated controls and enhancement of the pre and post issue technical and quality assurance processes. Processes introduced as part of the PoA Project have strengthened the control structure. These controls are designed to ensure that only technically correct and appropriately approved PBR are issued by the ATO.

3.36 Officers approving PBR are either SES Officers with specific delegation from the Commissioner to authorise written binding advice, or officers who are professionally accredited and hold the appropriate authority under an instrument of authorisation. The ANAO found that the ATO has implemented comprehensive accreditation processes for ATO officers approving the issuing of PBR. The professional accreditation program focuses on assessing an officer's capability in performing technical work. Approving officers are required to be re-accredited regularly through an ongoing assessment of their capabilities. We noted that, PBR are assessed prior to issue for technical correctness and quality. Once approved, rulings are system generated from the information recorded and approved in TDMS.

3.37 PBR issued are allocated a unique number. By using this number, a taxpayer can confirm the content of a ruling issued with the details recorded in

the Register of Private Binding Rulings. The Register is available from the ATO's website. Other requirements, such as the need to rely on ATO precedent²¹ and the 'locking' of cases,²² have also strengthened the control framework around the drafting and issuing of PBR.

3.38 Another important aspect of the control framework is the Technical Quality Review process. Through this process, a random sample of cases is selected for review by panels of both ATO officers and external representatives. Cases are reviewed for their conformance with ATO practice statements, technical correctness and clarity. At the completion of this process, a Certificate of Assurance is prepared and forwarded to the ATO's Integrity Adviser. The Certificate of Assurance mainly covers conformance with the LAPS, dealing with the application of PoA controls. The ATO advised that where systemic issues are identified remedial action is implemented.

Conclusion

3.39 The ANAO considers that the ATO has fully implemented this recommendation. The PoA Project has resulted in several significant changes to the systems and process supporting the administration of PBR. These changes have been reflected in updates to, and reporting against, the PoA Fraud Control Plan. The ATO intends to review the PoA chapter of its Fraud Control Plan in 2004-2005. This will be completed as part of the ATO's two-year rolling program of fraud control plan updates.

²¹ In resolving technical interpretative issues, ATO officers are required to identify and follow relevant ATO precedent. If no ATO view is available, the case must be escalated so an ATO precedent can be created. An ATO precedent, is the settled ATO view of the law in relation to a particular interpretative issue.

²² Case details are locked on TDMS once a case has been approved; this prevents changes being made to the ruling.

4. Measuring Performance and Outcomes

This chapter presents the ANAO's findings against recommendations eight to twelve of Report No.3 of 2001–2002. Issues discussed include the monitoring and reporting of performance, assessment of revenue effect, and identification and treatment of compliance risks arising from public and private rulings.

Taxpayers' Charter standards

Recommendation No. 8

The ANAO recommends that:

- for improved performance monitoring and enhanced public credibility of the process, the ATO review the Taxpayers' Charter standards in respect of responses to private rulings requests; and
- for improved internal performance monitoring of private rulings, consider supplementary existing internal performance standards (for example, the timing standard that includes the negotiated extension of the deadline) with a standard reflecting the total elapsed time taken to issue private rulings.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–02

4.1 The Taxpayers' Charter outlined taxpayers' legal rights and the standards they can expect from the ATO. In the Charter, the ATO had undertaken to:

- treat taxpayers fairly and reasonably;
- be accountable;
- act consistently;
- offer professional services and assistance to help taxpayers understand and meet their obligations;
- give advice that the taxpayer can rely on; and
- help minimise costs in complying with the tax laws.

4.2 The ANAO noted, in the previous audit, that one way the ATO attempted to achieve these goals was to provide benchmarks and service

standards. The performance standard for private rulings specified that the ATO would finalise private rulings applications within 28 days of receiving all information. If the ATO could not meet this deadline, the Charter allowed the ATO to negotiate with the taxpayer to extend the deadline.

4.3 The ANAO noted that the Charter standard for the timing on private rulings had little relationship with the elapsed times taken to complete many private rulings (particularly the ATO's complex private rulings). A more detailed analysis at that time showed that some 13 per cent of the private rulings, finalised in the period in the Large Business and International Business Line, took longer than one year to complete. Of these, approximately 20 per cent took over 977 days (two years and eight months) to complete. In the Small Business Line, five per cent of the private rulings finalised in the period took longer than one year to complete.

4.4 Given the probable long lead-time between receipt of some private ruling applications and the ATO's response, the ANAO considered that there might be merit in the ATO reviewing the Charter standard, and specifying a more realistic target for complex private rulings.

Findings of the follow-up audit

4.5 The ANAO found that the ATO completed a review of the PoA timeliness standards of the Taxpayers' Charter in September 2002. The review concluded that :

the results do not support changes to the current standards for written binding advice and objections to private rulings. However there is an ongoing need to continuously improve systems and processes to enable staff to meet clients' needs.²³

4.6 Other findings included that:

- 77 per cent of advice recipients were satisfied with the timeliness of written binding advice;
- advice recipients valued timeliness. However, they preferred certainty (accuracy and consistency) over a reduced timeliness standard; and
- although different standards based on complexity were considered attractive, by both advice recipients and ATO officers, it would be impractical to try to develop and implement them.

4.7 Based on the findings of the review, the ATO considered that the existing Taxpayers' Charter Service Standards for PoA cases were acceptable.

²³ Australian Taxation Office, *A Review of Timeliness Standards for Written Binding Advice, September 2002*, p. 6.

The service standards are reflected in the Taxpayers' Charter booklet, *Our Service Standards*. In summary, the timeliness standards are that, if a taxpayer requests private binding advice (such as a PBR), the ATO will aim to:

- provide that advice within 28 days of receiving all necessary information;
- request further information where required within 14 days of receipt of the original request; and
- negotiate, within 14 days of receiving all information, an extended reply date where the issues raised are particularly complex.

4.8 The ANAO noted that the ATO has also implemented a number of internal benchmarks against which achievement is also monitored. The benchmark for 2003-2004 was that 80 per cent of PoA cases must be completed within the Taxpayers' Charter Standards. In addition, a standard measure of elapsed time has also been implemented. The target is for 100 per cent of PoA cases to be completed within 90 days of receipt.

4.9 To monitor these standards the ATO has implemented a comprehensive reporting tool. The ANAO found that the ATO is conscientious in using the reports produced, to reduce the number of old cases and time taken to complete cases generally. Between February 2003 and January 2004, the total number of cases on hand was reduced by 55 per cent and the number of over 90 days cases was reduced by 60 per cent.²⁴ The ATO also reports achievements against the Taxpayers' Charter Standards in its annual reports.

4.10 The ATO advised that it is continuing to review the processes and practices surrounding the PoA function. One of the main aims is to improve clients' experiences with the function. In particular, the ATO is looking for ways to improve the timeliness of advice, the way tax agents forward requests to the ATO, and how they classify the requests once they are received.

Conclusion

4.11 The ANAO concluded that the ATO has fully implemented this recommendation. The ATO has reviewed the Taxpayers' Charter Standards and supplemented them with additional measures aimed at reducing the time taken to complete cases. The monitoring and reporting of results is comprehensive and this has led to a reduction in the number of aged cases. The ANAO also noted a commitment by the ATO to achieving ongoing productivity and timeliness gains, through further analysis of practices and processes surrounding PoA.

²⁴ Australian Taxation Office, *Compliance Heartbeat Reports for February 2003 and January 2004*.

Public rulings system performance measurement

Recommendation No. 9

The ANAO recommends that, to improve the management of the public rulings system, including product rulings, the ATO take a holistic approach to its performance information and reporting regime for the production of public rulings by developing appropriate standards and monitoring performance, taking due account of the trade-offs between: timeliness; cost; quantity and quality.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

4.12 The ANAO considered that, although the ATO's production system for public rulings was strong in technical terms, the ATO was not able to manage the preparation and publication of public rulings to take account of the trade-offs between timeliness, quantity, quality and cost.

4.13 We found, as part of the previous audit, that the ATO had only limited performance information on public rulings. Essentially, it tracked the number of rulings in progress and completed. The performance material we examined for public rulings did not allow the ATO to manage the taxation rulings systems in an integrated way. As a result, the ATO was unable to provide a rulings service of consistently good quality.

4.14 The ATO could not provide information about the cost of preparing public rulings or managing the public ruling system in terms of staffing allocations and other costs. We also found that the ATO had not comprehensively defined, nor did it report on, the performance of its public rulings system in its corporate governance reporting processes.

4.15 The ANAO considered that, in order for the ATO to better manage the public rulings system, it needed to specify and report more explicitly its objectives, plans, intended results, measures of performance and the data required to track such performance. To determine whether its public rulings system is operating efficiently and effectively, it needs to develop performance indicators relevant to its plans and intended results, and report upon these indicators to the ATO Executive as part of its regular corporate governance processes. The type of quantitative and qualitative information needed to determine the performance of the public rulings system could include the:

- timeliness of producing public rulings. This could include performance indicators, such as: the numbers of rulings produced and the length of

time it takes to produce them; the number of draft public rulings passed to the panels; and the duration of their involvement;

- cost of administering the public rulings system; and
- quality of public rulings produced. This could include obtaining information on the technical quality of the rulings from the rulings panels, when the rulings are being drafted, as well as receiving stakeholder feedback on the clarity of public rulings once finalised and publicly released.

Findings of the follow-up audit

4.16 The ANAO found that the ATO has introduced several measures to manage the public rulings production process better. A key feature is the timeliness standards. These standards are documented in the Public Rulings Manual. The manual states that:

Timeliness is an important aspect of the public rulings process. Every effort must be made to meet the scheduled dates for the release of draft and final rulings.²⁵

4.17 Draft public rulings are to be issued within six months from the date of notification to the Public Rulings Branch for inclusion on the Public Rulings Program. The final public ruling is to be issued within six months of the draft public ruling being issued. Similarly, draft determinations are to be issued within three months of the date of notification, and final determinations within three months of the determination being issued in draft form. The ANAO noted that DCTC approval is required to delay the release of draft and/or final public rulings and determinations.

4.18 The ANAO found that the Public Rulings Branch reports monthly to ATO management on the status of rulings on the Public Rulings Program. In summary, the reported information includes the:

- number of rulings and determinations on hand;
- number of rulings and determinations issued for the month and financial year to date;
- age of all rulings and determinations, both on-hand and issued during the period;
- explanations for delayed rulings topics; and
- any adverse comments on the ATO's interpretation of the taxation law, as expressed in a public ruling.

²⁵ Australian Taxation Office, *Public Rulings Manual*, p. 53.

4.19 Staff establishment and budgeted costs versus actual cost data is also regularly reported to the OCTC Executive. The ANAO found that the ATO is now better positioned to understand the cost of administering the Public Rulings Program.

4.20 The ANAO further found that the ATO has introduced systems to capture the direct costs associated with producing each public ruling or determination. The ANAO noted that the ATO captures data on the time and cost of panel members' involvement and the cost of staff time. This assists the ATO in determining the cost of producing a public ruling.

4.21 We noted that, at the time of fieldwork, limited information was reported on the quality of public rulings. We recognised that reporting qualitative performance information can be challenging but, at the same time, this information can be useful. We noted that the ATO seeks formal feedback from the public rulings panels and analyses the comments made in a range of publications. The ATO advised that qualitative information is now to be reported in the Compliance Heartbeat Reports on a bi-annual basis.

Conclusion

4.22 The ANAO considers that the ATO has fully implemented this recommendation. It has developed a performance information and reporting regime for the management of its public rulings system. The ATO advised that it is continuing to work on improving its reporting on the quality of public rulings.

Private binding rulings system performance measurement

Recommendation No. 10

The ANAO recommends that, to improve the management of the private rulings systems, including product rulings, the ATO take a holistic approach to its performance information and reporting regime for the production of private rulings by developing appropriate standards and monitoring performance, taking due account of the trade-offs between: timeliness; cost; quantity and quality.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

4.23 In the previous audit, the ANAO found that the ATO had only limited performance information on private rulings. The private rulings assurance and performance reporting material we examined, did not demonstrate that the ATO managed the private rulings system in an integrated way to provide a rulings service of good quality.

4.24 We found that PBR resource allocation and costing information was basic. This limited the ATO's ability to manage resources efficiently and to allocate resources to priority areas. The ATO was not able to identify, accurately, the cost of the administrative systems it operated for private rulings. Similarly, it was unable to provide information on resources that would allow the composition of a reliable cost figure for private rulings, overall. Nor was it able to identify measures of the effect of its private rulings work.

4.25 Useful information for corporate governance/performance reporting purposes would have been resource information in sufficient detail to examine the resource flows to taxation rulings. Similarly, the introduction of a time recording system that calculated the application of staff costs to rulings would be a good start in devising a system that monitors resource usage. Such a system would have been able to support useful analysis about the relative efficiencies of regions in a particular business line; help to identify better practice; and make judgements about resource allocation decisions.

4.26 The ATO indicated, in April 2001, that the reporting functions within its PoA case management systems (CWMS and DWMS)²⁶ were being addressed under the PoA Project. A range of 11 reports had been identified, with five of these being Taxpayers' Charter reports. The five Taxpayers' Charter reports had been developed, although at that time they were not being used. The ATO advised that the creation of the other identified reports would be part of Phase 2 of the PoA Project. The ATO responded, to our comments about performance information on the resource flows (especially staff costs), that Phase 2 of the PoA Project would also include the development and implementation of a corporate-wide system to track costs and time associated with private rulings.

Findings of the follow-up audit

4.27 Following the implementation of TDMS the ATO developed and implemented a management reporting capability. The ANAO found that this

²⁶ CWMS is the Correspondence Work-flow Management System and DWMS is the Duplicate Work-flow Management System.

supporting system facilitates the monitoring and reporting of performance. Various standard reports and an ad-hoc query facility have been developed.

4.28 We found that, within the ATO, the monitoring of the status PBR is undertaken at several levels. Corporate information is reported regarding the status and timeliness of cases, while at the business line and business line team leader level, case officer workloads and case status can be closely monitored. More importantly, ATO management through its Compliance Heartbeat reporting is now able to make informed decisions on its administration of the PBR system.

4.29 The ANAO noted that at the time of fieldwork, the ATO did not report on the cost of producing PBR. TDMS includes fields to record the time taken to complete PBR. However, data recording was inconsistent. In addition to time recording in TDMS, some business lines use a corporate time recording system (ATOUCAs). Where ATOUCA is used, staff costing information can be extracted and averaged across the number of rulings produced by the business lines. The ATO advised that the Compliance Heartbeat Reports have been extended to include the cost of PBR. The reports now include information from a number of business lines, where this information is captured.

4.30 The ATO also advised, in March 2004, that ATOUCA is to be extended across all compliance business lines. This will provide a single system to record the time and effort of staff in carrying out PoA activities of the Office. This information will then be applied against production data, for instance PBR in TDMS, to enable the cost of production to be calculated. ATOUCA is to be used by all compliance business lines from 1 July 2004.

4.31 The ANAO was advised that the ATO is reviewing its governance and performance reporting and is looking to enhance this capability. As a result, the ATO will be able to focus more on productivity issues and consider the redesign of business processes with the aim of improving the clients' experience with the taxation system.

Conclusion

4.32 The ANAO considers that the ATO has fully implemented this recommendation. It has developed and implemented IT systems capable of supporting the detailed monitoring, analysis and reporting of performance. The ATO is also extending its corporate time recording systems across all compliance business lines. This will assist it in determining the cost of producing PBR and identifying and promulgating better practice in the production of PBR.

Impact of taxation rulings including revenue effect

Recommendation No. 11

The ANAO recommends that, for the better management of the taxation rulings systems, the ATO analyse the impact of taxation rulings on the Australian taxation system, including the potential revenue effect of significant private and public rulings.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

4.33 During the previous audit, we sought to identify the scope and revenue significance of the rulings system. We found that the ATO had very little information on these aspects of the taxation rulings system. We further found that the ATO did not regularly undertake research, either before or after rulings were issued, to estimate the revenue effect of public rulings. For private rulings, the ATO required officers to record the estimated revenue effect. However, the available data was incomplete, which limited any meaningful analysis.

4.34 We considered that there would be value in the ATO assessing the potential revenue effect of rulings, where the revenue consequences may be potentially large. We acknowledged that the potential revenue effect of a private ruling is limited to the particular taxpayer and his/her circumstance. Nonetheless, the potential revenue effect of some private rulings could be very large. In the case of public rulings, the possible revenue or compliance effects may be very broad in scope, because that ruling could apply to a range of taxpayers with similar circumstances.

4.35 In the previous audit we acknowledged that some rulings, especially public rulings, might not have a revenue effect. We also recognised that the ATO's rulings are not creating new law—but are merely seeking to interpret and apply the existing taxation law. In response to our comments in Report No.3 of 2001–2002, the ATO advised that analysis of potential revenue implications is done for some significant public and private rulings.

Findings of the follow-up audit

4.36 The ANAO found that the ATO has implemented a sound framework for analysing the potential impact of significant taxation rulings. This is achieved through application of the PTI process, which was introduced in November 2003. The PTI process focuses on mitigating high-level risks. As

part of this process, a consequence rating is determined against any or all four of the following criteria:

- delivery to government, both budget and non-budget risks;
- maintaining community confidence;
- minimising compliance costs/improving clients' experience with the taxation system; and
- being known as an efficient and adaptive organisation.

4.37 The PTI process provides a comprehensive integrated process to risk assessment and project management. The ATO advised that the process ensures that a comprehensive risk mitigation strategy is developed including, where necessary, clarification of the law in respect of the technical issue. The ATO further advised that the process examines the impact of the entire risk management strategy on a risk.²⁷

4.38 With regard to the estimation of the potential revenue effect of significant risks associated with issues contained in public rulings, we acknowledge that it is a difficult task. This analysis may require a detailed examination of the taxpayer population to identify affected taxpayers and then determine the effect, if any, following clarification of the taxation law. Nevertheless, the ANAO considers that this is an important part of the PTI process.

4.39 The estimation of the revenue effect of significant risks associated with issues contained in public rulings has been integrated into the PTI process. We found that, in some cases, detailed information was recorded regarding the revenue effect of the associated risk. In other cases, there was no indication on the file that the revenue effect had been considered. The ATO advised that this was to be expected given that the PTI process was only recently introduced and staff are yet to be fully conversant with documented procedures. We consider that documenting consideration of the revenue effect on the PTI proposals and/or supporting files, would improve the process. The ATO also advised that it is intending to follow this matter up with relevant staff.

4.40 The ANAO also noted that processes have been established for the ATO's Revenue Analysis Branch (RAB) to be consulted on methodology and to provide assistance in estimating the revenue effect of risks identified through the PTI Process. The ANAO further noted that, for RAB to be able to model the revenue effect, it requires quite detailed information. This may include details

²⁷ The PTI process requires the assessment of all relevant risks even if the risk to revenue is not the primary risk.

of the affected taxpayer population and the potential effect of the proposed ruling.

Conclusion

4.41 The PTI process provides a comprehensive integrated approach to managing risks. The PTI process may include the drafting and issuing of a taxation ruling. The estimation of the revenue effect of risks has been integrated into the PTI process. To support the estimation of revenue effect RAB has been consulted to assist in developing methodology and also to provide assistance in estimating the revenue effect of particular risks. Accordingly, the ANAO considers that the ATO has fully implemented this recommendation.

Compliance management of rulings

Recommendation No. 12

The ANAO recommends that for improved compliance management of rulings, the ATO apply documented and structured approaches to identify, assess, prioritise and treat identified compliance risks for private and public rulings, including product rulings, after issue.

ATO's Response

Agreed.

Findings of Report No.3 of 2001–2002

4.42 In the previous audit, we reviewed how the ATO used rulings information to support compliance activity and assess compliance risks. We also considered how the ATO used private rulings as a source of intelligence.

4.43 We found that the selection of topics or areas on which to undertake compliance work is made within the business lines. This selection was based on a risk management approach, balancing the relative risk to compliance (especially revenue compliance) and resourcing available to undertake compliance work. The ANAO supported this approach because it was designed to focus effective action on the areas of highest risk. However, we considered that, for this approach to succeed, the ATO must have adequate processes to identify and assess risk areas.

4.44 The ANAO further considered that the risk management of private rulings would be improved if the ATO were to undertake a more structured approach to identifying, assessing and treating rulings compliance risks, supported by empirical information. We understood that an internal review

was being undertaken of the ATO's product rulings system to identify and examine a range of risk factors and compliance matters. We considered that this type of analysis is indicative of the kind of information collection and analysis required for private rulings.

Findings of the follow-up audit

4.45 The ANAO found the ATO has established processes to consider the compliance implications of both public and private rulings. An important part of this process has been the introduction of the PTI process, which replaced the former Significant Issues process. As part of the PTI process, the business line risk owners are required to prepare PTI proposals. These proposals include the proposed risk mitigation strategy. This strategy may involve several components, including the issuing of a public ruling and an associated compliance program. The ATO advised that, through various governance groups, such as the market segment committees, the consequential impacts and risk mitigation strategies can be addressed.

4.46 The ATO further advised that it intends to undertake data mining of its existing data holding. This will identify the topics most frequently addressed through the rulings processes and ATO legal views most commonly relied upon in issuing rulings. It is intended that the results will be used to indicate areas that may require attention. This information will also be fed into the market segment committees for their consideration in compliance planning. The ANAO observed that several of these processes were in the early stages of development during fieldwork for the audit.

4.47 To further support compliance planning and activity, several of the ATO's business lines have started to identify compliance risks arising from private rulings. These risks are generally a source of intelligence or information that is integrated into the business lines' risk management. For example, LB&I manages its risks by capturing data from a wide range of inputs including private rulings.

4.48 LB&I advised that the risks associated with the issues raised in rulings are taken into account as part of the overall risk assessment for their clients. Where a compliance risk is rated as potentially high, then it can formulate an appropriate response. This allows a more efficient allocation of resources than simply routinely following up on the implementation of all rulings.

4.49 We noted that the PTI process forms an important part of the Large Business and International Business Line's potential risk mitigation strategies. Where systemic risks are identified, these can be escalated up through the PTI process and addressed at the appropriate corporate level.

4.50 Other business lines, such as Personal Tax (PTax), have developed more direct approaches. PTax regularly assesses whether taxpayers comply

with their PBR. It tests compliance with the PBR through reviewing a sample of relevant taxpayer returns. Broader risk conclusions and risk treatment strategies are then made based on the results of the compliance reviews.

4.51 The ATO also advised that it completes a risk assessment for each product ruling issued. A risk assessment is also completed for all applications for product rulings, where the applicant withdraws the application or where the ATO refuses to rule. The ATO regularly reviews the associated projects for which product rulings have been issued and subsequently reassesses the compliance risk of these projects. The ATO's Schemes area examines a percentage of all product rulings issued, all withdrawn applications, and refusals to rule by the ATO. A subsequent decision may be made to progress to a full audit.

Conclusion

4.52 The ANAO found that the ATO has fully implemented this recommendation. The ANAO further noted the ATO plans to undertake data mining of its existing data holding. This should further assist the ATO in identifying and targeting potential non-compliance with taxation rulings, in particular, PBR.

Canberra ACT
9 August 2004



P. J. Barrett
Auditor-General

Index

C

Chief Tax Counsel, 6, 26
Compliance, 5, 11, 12, 20, 21, 26, 27,
39, 41, 44, 46–49, 50, 51
Cost, 6, 10, 22, 23, 42–46

H

Highly Protected, 33–35

I

In-Confidence, 33–35
Information Technology, 6, 18, 29, 30,
33–35, 46

J

Joint Committee of Public Accounts
and Audit, 6, 10, 20, 23

O

Online Resource Centre for Law
Administration, 6, 32, 33

P

Performance Reporting, 45, 46
Practice Statement Law
Administration, 6, 16, 20, 21, 32, 35,
38

Priority Technical Issues, 6, 18, 20, 21,
23, 24, 26, 27, 47–50

Private Binding Rulings, 6, 29, 30, 34,
35, 37, 38, 41, 45, 46, 51

Protected, 33–35

Provision of Advice, 6, 9, 16, 29,
30–32, 34, 37, 38, 40, 41, 45, 46

Provision of Advice Project, 29, 37, 38,
45

Public Rulings Branch, 24, 26, 27, 43

Public Rulings Panels, 5, 11, 19,
22–24, 27, 38, 43, 44

Public Rulings Program, 20, 21, 23, 24,
27, 43, 44

R

Revenue, 5, 6, 11, 12, 21, 39, 47, 48,
49

Revenue Analysis Branch, 6, 48, 49

S

Strategic Statement, 20, 21, 24

T

Technical Decision Making System, 6,
30, 31, 34, 35, 37, 38, 45, 46

Timeliness, 5, 11, 17, 19, 22, 24–28,
40–43, 46

Series Titles

Audit Report No.6 Performance Audit
Performance Management in the Australian Public Service

Audit Report No.5 Performance Audit
Management of the Standard Defence System Upgrade
Department of Defence

Audit Report No.4 Performance Audit
Management of Customer Debt
Centrelink

Audit Report No.3 Business Support Process Audit
Management of Internal Audit in Commonwealth Organisations

Audit Report No.2 Performance Audit
Onshore Compliance—Visa Overstayers and Non-citizens Working Illegally
Department of Immigration and Multicultural and Indigenous Affairs

Audit Report No.1 Performance Audit
Sale and Leaseback of the Australian Defence College Weston Creek
Department of Defence

Better Practice Guides

Security and Control Update for SAP R/3	Jun 2004
AMODEL Illustrative Financial Statements 2004	May 2004
Better Practice in Annual Performance Reporting	Apr 2004
Management of Scientific Research and Development Projects in Commonwealth Agencies	Dec 2003
Public Sector Governance	July 2003
Goods and Services Tax (GST) Administration	May 2003
Managing Parliamentary Workflow	Apr 2003
Building Capability—A framework for managing learning and development in the APS	Apr 2003
Internal Budgeting	Feb 2003
Administration of Grants	May 2002
Performance Information in Portfolio Budget Statements	May 2002
Life-Cycle Costing	Dec 2001
Some Better Practice Principles for Developing Policy Advice	Nov 2001
Rehabilitation: Managing Return to Work	Jun 2001
Internet Delivery Decisions	Apr 2001
Planning for the Workforce of the Future	Mar 2001
Contract Management	Feb 2001
Business Continuity Management	Jan 2000
Building a Better Financial Management Framework	Nov 1999
Building Better Financial Management Support	Nov 1999
Managing APS Staff Reductions (in Audit Report No.49 1998–99)	Jun 1999
Commonwealth Agency Energy Management	Jun 1999
Cash Management	Mar 1999
Security and Control for SAP R/3	Oct 1998
Selecting Suppliers: Managing the Risk	Oct 1998

New Directions in Internal Audit	Jul 1998
Controlling Performance and Outcomes	Dec 1997
Management of Accounts Receivable	Dec 1997
Protective Security Principles (in Audit Report No.21 1997–98)	Dec 1997
Public Sector Travel	Dec 1997
Audit Committees	Jul 1997
Management of Corporate Sponsorship	Apr 1997
Telephone Call Centres Handbook	Dec 1996
Paying Accounts	Nov 1996
Asset Management Handbook	Jun 1996