

The Auditor-General  
Audit Report No.48 2009–10  
Performance Audit

# **Community Intelligence - Collecting and Processing Tip-offs**

**Australian Taxation Office**

Australian National Audit Office

© Commonwealth  
of Australia 2010

ISSN 1036-7632

ISBN 0 642 81142 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.

Requests and inquiries concerning reproduction and rights should be addressed to:

Commonwealth Copyright  
Administration  
Attorney-General's Department  
3-5 National Circuit  
Barton ACT 2600

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



Canberra ACT  
23 June 2010

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. The report is titled *Community Intelligence - Collecting and Processing Tip-offs*.

Following its presentation and receipt, 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 'Ian McPhee', is positioned above the printed name.

Ian McPhee  
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 (ANAO). 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 Australian 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](mailto: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

David Crossley  
Belinda Dennis  
Rhannon Stanley  
Danielle Wickman

# Contents

---

Abbreviations.....	7
Glossary .....	8
<b>Summary and Recommendations .....</b>	<b>9</b>
Summary .....	11
Introduction .....	11
Audit objective and scope .....	13
Conclusion .....	14
Key findings by chapter.....	16
Summary of agency response .....	20
Recommendation .....	21
<b>Audit Findings and Conclusions .....</b>	<b>23</b>
1. Introduction .....	25
The Tax Office's Compliance Program .....	25
Community intelligence at the Tax Office .....	26
Audit approach .....	31
Report structure .....	32
2. Governance Arrangements .....	33
Introduction .....	33
Organisational roles and responsibilities .....	33
Planning processes.....	35
Risk management approaches .....	40
3. Receiving Community Intelligence.....	44
Introduction .....	44
Procedures.....	45
Privacy of taxpayers and informants.....	47
Training .....	49
4. Processing and Referral.....	51
Introduction .....	51
Risk assessment.....	51
Skills and training .....	56
Intelligence sharing with Centrelink .....	58
Internal referrals .....	58
5. Evaluating Costs and Benefits .....	62
Introduction .....	62
Costs of tip-off receipt and processing.....	63
Qualitative benefits of community intelligence .....	63
Performance monitoring and reporting .....	63
Additional taxes and penalties attributable to community intelligence.....	66

<b>Appendices .....</b>	<b>69</b>
Appendix 1: Tax Office Response .....	71
Series Titles .....	72
Current Better Practice Guides .....	77

## Tables

Table 3.1	Proportion of contacts leading to allegations by channel, 2008–09 .....	47
Table 4.1	Tax evasion referrals by stakeholder 2008–09 .....	60

## Figures

Figure 1.1	The Tax Office's compliance model .....	26
Figure 1.2	Community intelligence workflow and statistics, 2008–09 .....	29
Figure 2.1	Overview of Tax Office corporate planning documents .....	36
Figure 2.2	Community intelligence in Tax Office 2009–10 planning documents .....	38
Figure 3.1	Tax evasion information requested in Tax Office forms .....	46
Figure 4.1	The Tax Office business model .....	52
Figure 4.2	TERC scoring for strength of allegations.....	54
Figure 4.3	Tax evasion activities reported to TERC in 2008–09 .....	59
Figure 5.1	Case studies .....	66

# Abbreviations

---

ANAO	Australian National Audit Office
ATOBS	Australian Taxation Office Business Solutions
CISCO	Community Information Storage, Communication and Observation
CSR	Customer Service Representative
CS&S	Customer Services and Solutions
CWC	Correspondence, work management and case management
GST	Goods and Services Tax
GST CE	GST Cash Economy
ME&I	Micro Enterprises and Individuals
ME&I EO	ME&I Employer Obligations
SGES	Superannuation Guarantee Employers Segment
Tax Office	Australian Taxation Office
TERC	Tax Evasion Referral Centre

# Glossary

---

Allegation	A contact which contains information about potential tax evasion, and as a result is recorded on Tax Office systems.
Change Program	A program to upgrade the Tax Office's organisation-wide information technology framework, which aims to improve systems, services and products.
Channel	An avenue of communication, such as by telephone, correspondence or the internet.
Contact	A communication from a member of the public, whether by telephone, web form, email, correspondence or facsimile.
Referral	An allegation which contains sufficient information to be directed to a Tax Office business line for further consideration or action.



## **Summary and Recommendations**



# Summary

---

## Introduction

1. The role of the Australian Taxation Office (the Tax Office) is to manage and shape taxation, excise and superannuation administrative systems that fund services for Australians, giving effect to social and economic policy. In fulfilling this role, the main task of the Tax Office is to administer legislation governing taxes, excise and superannuation.
2. In 2008–09 the Tax Office collected tax and excise revenues of \$264.5 billion, and provided transfers and payments of \$17 billion.<sup>1</sup> The Australian tax system is based on self assessment and places responsibility on taxpayers to declare all assessable income and claim only deductions and offsets to which they are entitled. However, a number of taxpayers deliberately abuse the tax, excise and superannuation systems to evade their obligations or otherwise attempt to defraud the Commonwealth.
3. The Tax Office has mechanisms in place to deter, detect and deal with non-compliant taxpayers. The Tax Office defines tax evasion as ‘when someone has deliberately lied to us about their activities to reduce their tax liability, or have not paid tax that is due.’<sup>2</sup>
4. The community expects the Tax Office to maintain the integrity of Australia’s taxation system. The Tax Office has stated that encouraging members of the community to report suspicions of tax evasion can both deter people from taking part in these activities and strengthen shared community support for the integrity of the tax system.<sup>3</sup>
5. While the Tax Office is increasingly using data matching as a tool for detecting tax evasion and fraud,<sup>4</sup> it also acknowledges that ‘as consumers,

---

<sup>1</sup> Australian Taxation Office, *Commissioner of Taxation Annual Report 2008–09*, Australian Taxation Office, Canberra, 2009, p. iv.

<sup>2</sup> Australian Taxation Office, *What Is Tax Evasion?* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/30331.htm&pc=001/001/008/007&mnu=48878&mfp=001&st=&cy=1>> [accessed 26 May 2010].

<sup>3</sup> Australian Taxation Office internal document, *Tax evasion, avoidance and crime communication strategy*.

<sup>4</sup> The Tax Office defines tax fraud as having a broader meaning than tax evasion. Tax fraud encompasses evading tax, contravening tax law, or obtaining without entitlement some other benefit administered by the Tax Office.

members of the community are in a good position to provide us with information about suspect interactions they may have with businesses'.<sup>5</sup> Community intelligence has been identified as one of the Tax Office's methods for selecting cases, particularly for its cash economy compliance work.<sup>6</sup>

6. To manage community intelligence ('tip-offs') received from members of the public, the Tax Office operates the Tax Evasion Referral Centre (TERC). The broader processes of receiving and acting on community intelligence are carried out in a range of Tax Office business lines, including in Customer Services and Solutions (CS&S), and in compliance areas such as Serious Non-Compliance, Small and Medium Enterprises, and Aggressive Tax Planning.

7. The Tax Office receives up to 60 000 contacts per year relating to possible tax evasion, and can accept information via telephone, email, online form, letter, facsimile and from other government agencies. The Tax Office's CS&S business line operates the Tax Evasion Hotline service—telephone number 1800 060 062—which takes calls from the public and records information for examination by TERC. Other contact channels are sent directly to TERC.

8. TERC is responsible for recording tip-off information, applying a rating, and referring reports to the relevant business line. Business lines then examine the information using a range of case selection methods to determine which referrals they will investigate further. In addition, business lines will sometimes request categories of information from TERC, such as all allegations received about an industry sector, to support particular compliance projects.

9. The Tax Office established its community intelligence hotline in 1998, to better assist members of the community to provide information about tax evasion and to assist in the management of this information. It has since made improvements to the service. These have included commissioning a purpose-built database to capture and communicate community intelligence. More recently, the Tax Office has more closely aligned the community intelligence function to other business areas by incorporating its activities into mainstream call centres and the new correspondence, work management and case management (CWC) system.

---

<sup>5</sup> Australian Taxation Office, *Frequently Asked Questions* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/30338.htm&pc=001/001/008/001&mnu=42809&mfp=001&st=&cy=1>> [accessed 26 May 2010].

<sup>6</sup> ANAO Audit Report No.30 2005–06, *The ATO's Strategies to Address the Cash Economy*, p. 54.

## Audit objective and scope

10. The objective of the audit was to assess the effectiveness of the management of community intelligence by the Tax Office.

11. The Australian National Audit Office (ANAO) identified four key areas for review. In particular, it examined whether the Tax Office had effective approaches for:

- the governance of the community intelligence function;
- maximising information quality and protecting privacy during the receipt of community intelligence;
- assessing and referring community intelligence within the Tax Office and externally; and
- monitoring and assessing the costs and benefits of community intelligence.

12. The audit focused on community intelligence received via TERC, but did not examine in detail the ways that other areas of the Tax Office conduct investigations and audits using community intelligence. The Tax Office's processes for carrying out compliance audits and fraud investigations have been recently examined in the ANAO's Report No.34 of 2008–09 *The Australian Taxation Office's Management of Serious Non-Compliance*.

13. The audit did not cover community intelligence sourced through the more recently established Tax Practitioner Integrity Service. This service has a remit to 'address industry concerns about the incidence of unregistered tax return preparers.'<sup>7</sup> The ANAO reviewed the Tax Office's relationship with tax agents in 2007. During fieldwork for this audit, it was noted that the Tax Office's Superannuation Employer Notification process is an additional source of community intelligence for the Tax Office.<sup>8</sup> This process was also outside the scope of this audit.

<sup>7</sup> Australian Taxation Office, *Working with the Tax Profession: Speech by Michael D'Ascenzo, Commissioner of Taxation, 'Tackling tax' 22nd National Convention, Taxation Institute of Australia Hobart, 15 March 2007* [Internet]. Australian Taxation Office, Canberra, 2007, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/00095120.htm>> [accessed 26 May 2010].

<sup>8</sup> The Superannuation Employer Notification process is restricted to direct reports by employees about their employers. Third party reports—that is, individuals reporting a failure to pay superannuation on behalf of others—are accepted by TERC and were included in the scope of this audit.

14. The ANAO conducted fieldwork for this audit in a number of Tax Office locations between October 2009 and February 2010. This included a review of relevant documentation, observation of staff in the TERC and CS&S areas and interviews with Tax Office staff in a range of business and service lines.

## Conclusion

15. Australia's self-assessment system of tax administration involves inherent risks of taxpayers not complying with registration, lodgement, reporting and payment obligations. The Tax Office's response involves weighing competing risks to make decisions about the best use of resources to address non-compliance. Community intelligence is just one element of the compliance framework. The Tax Office has stated that encouraging members of the community to report suspicions of tax evasion can both deter people from taking part in these activities and strengthen shared community support for the integrity of the tax system.<sup>9</sup>

16. To facilitate such reporting by the community, the Tax Office has in place a structured tip-off program for collecting and managing community intelligence. This program enabled the handling of almost 60 000 tip-offs from the community in 2008–09. These tip-offs reported suspicious activities which related to the whole range of the Tax Office's responsibilities, including dealings in the cash economy, tax return lodgement issues and unpaid tax and superannuation.

17. Information received from the community is used by areas of the Tax Office to inform compliance activities, and contributed to the collection of additional taxes, penalties and interest. In 2008–09 the Tax Office estimated this amounted to some \$13 million. The availability of the community intelligence program also assists in providing a visible deterrent to abuse of the tax system. Nevertheless, the Tax Office could more effectively manage this program by evaluating the risks and benefits of accepting community intelligence. A clearer understanding of these risks and benefits would assist the Tax Office to allocate resources to manage and use community intelligence in a manner that best matches limited resources with appropriate outcomes.

---

<sup>9</sup> Australian Taxation Office internal document, *Tax evasion, avoidance and crime communication strategy*.

18. In encouraging members of the community to report suspicions of tax evasion, the Tax Office has a responsibility to effectively and sensitively manage the information it receives from the public. It must also protect the privacy of members of the community who volunteer information, or who are the subject of allegations of tax evasion. To do otherwise would increase the risk of undermining community confidence in the Tax Office and its administration of Australia's taxation system.

19. There are a range of potential consequences and risks associated with the collection, processing, storing and use of sensitive information about businesses and individuals, which may or may not in the end be factually correct. The Tax Office needs to identify and quantify these risks to enable them to be mitigated and managed at an appropriate level within the organisation. More specifically, risks to individual privacy may be posed in the way the Tax Office elicits and retains tax evasion information.

20. TERC has in place processes for assessing community intelligence, but these are not clearly understood by other areas of the Tax Office. Because end-to-end processes are not documented, there is not a full appreciation of this information capability and hence there is no reporting system to readily identify the outcomes of community tip-off activities. In addition, TERC is not provided with appropriate feedback from other areas on how its assessments add value or produce results that satisfy end users.

21. The costs of collecting and managing this information are incurred in many parts of the organisation. For example, telephone calls reporting possible tax evasion are initially documented in CS&S, and then passed to TERC for processing. Following this, business lines may conduct further processing of allegations before a decision is made to conduct a compliance audit.

22. Similarly, the compliance benefits provided by community intelligence are accrued in relation to many different Tax Office products and business areas. The available results of audits that have investigated community tip-offs indicate that the information they provide can be an important and valuable intelligence resource for the Tax Office. However, these organisation-wide costs and benefits have not been quantified, making it difficult for the Tax Office to determine the overall costs and benefits of community information. The Tax Office could make more effective use of this resource by identifying the use of community intelligence across organisational structures and periodically assessing its costs, benefits, risks, processes and outcomes in that context.

23. The ANAO made one recommendation aimed at ensuring the Tax Office adopts a more strategic approach to the management of community intelligence by:

- assessing the risks to the Tax Office, taxpayers against whom allegations have been made, and informants arising from the community intelligence function;
- identifying and monitoring appropriate quality standards for the collection and processing of community intelligence; and
- more closely aligning the management of community intelligence across the organisation so that resources are used efficiently.

## Key findings by chapter

### Governance arrangements (Chapter 2)

24. The Tax Office has an established framework for governance of its business activities, particularly in relation to products that are managed across business lines. This governance framework incorporates organisational structures (including cross-organisation committees), planning, risk management and performance monitoring.

25. Community intelligence is a function spanning most business lines that have a compliance focus within the Tax Office.<sup>10</sup> It also relies substantially on customer contact services provided through CS&S. The role of community intelligence in the overall compliance framework is small. However community intelligence has a key role to play both in deterring taxpayers from avoiding tax and in strengthening community support for the integrity of the tax system. Conversely, poor management of community intelligence may damage such community support.

26. There is scope for greater alignment between the Tax Office's high-level plans and the operational plans for action by TERC. The Tax Office has substantially modified the role of the TERC unit in recent times by removing its responsibility for the Tax Evasion Hotline. This change has not, however, been followed by an updated statement of responsibility for the unit. As a result, performance targets for individual staff, for TERC, and for the use of

---

<sup>10</sup> The Tax Office groups its business areas according to a series of 'sub-plans', including the Compliance Sub-plan.



community intelligence organisationally, continue to reflect outdated arrangements.

27. This absence of an agreed organisational understanding for the role TERC plays in the compliance framework has made it difficult for the Tax Office to develop plans to utilise community intelligence effectively. Planning for technological and administrative changes in the unit has concentrated on business-as-usual operations, and has not successfully grasped opportunities for refocusing the operational role of the unit or making more strategic use of the intelligence it gathers and manages.

28. TERC data represents a very small proportion of the compliance cases each business line pursues. As a result, the risks presented to the Tax Office by gathering this information do not feature in organisational risk assessments. Taken as a whole, however, the gathering, processing, use and retention of tax evasion information supplied by the community is likely to present risks which are different to the normal operational risks, and which have not been assessed by the organisation.

### **Receiving community intelligence (Chapter 3)**

29. The Tax Office receives up to 60 000 tax evasion tip-offs in a year. Of these, less than half will ultimately be referred to business lines for further action. Collecting sufficient and relevant information at the initial point of tip-off recording is fundamental for the progression and outcome of a tip-off. There is, however, an inherent tension between obtaining sufficient information to pursue an allegation and maintaining the privacy of taxpayers and informants. Consequently, Tax Office Customer Service Representatives (CSRs) need to be able to identify and record the relevant information required for review and investigation purposes.

30. The Tax Office's online tax evasion reporting form encourages informants to provide as much information as possible. This could encourage informants to include allegations of behaviour that is not related to tax evasion. Recording such irrelevant personal information could put the Tax Office in conflict with Information Privacy Principle 1: 'an organisation must not collect personal information unless the information is necessary for one or more of its

functions or activities’.<sup>11</sup> Similarly, without adequate training in what behaviour constitutes tax evasion, CSRs may also elicit and record irrelevant information in conflict with information privacy principles.

31. The Tax Office does not currently delete any information from its Community Information Storage, Communication and Observation (CISCO) database. This means that allegations—including unsubstantiated allegations—against individuals from as far back as 1998 can still be retrieved and referred for investigation. The Privacy Commissioner advises that agencies should not keep personal information which they no longer need and are no longer required to retain.<sup>12</sup>

32. Some methods of receiving an allegation are more likely than others to result in an allegation being referred to compliance areas.<sup>13</sup> Greater efficiency and effectiveness in collecting and using TERC information is likely if TERC assesses the methods of receiving allegations to ensure that across communication channels, the quality of information is uniform as far as possible. Increasing the feedback from business lines would also assist in the updating of scripting, training and other guidance for tip-off line call centre operators.

## **Processing and referral (Chapter 4)**

33. The Tax Office relies on risk-based choices regarding where best to concentrate its efforts and resources.<sup>14</sup> Risk assessment is used throughout the organisation to inform management decisions and to assist in meeting business outcomes. The Tax Office has in place a policy for the effective escalation, documentation and communication of risks and issues.

---

<sup>11</sup> Office of the Privacy Commissioner, *Information Sheet (Public Sector) 1 – Information Privacy Principles under the Privacy Act 1988* [Internet]. Office of the Privacy Commissioner, Canberra, 2008, available from <<http://www.privacy.gov.au/materials/types/infosheets/view/6541>> [accessed 26 May 2010].

<sup>12</sup> Office of the Privacy Commissioner, *10 Steps Guide to Protecting Other People’s Personal Information* [Internet]. Office of the Privacy Commissioner, Canberra, 2008, available from <<http://www.privacy.gov.au/materials/types/guidelines/view/6849>> [accessed 26 May 2010].

<sup>13</sup> For example, 97 per cent of contacts received via the Tax Office’s tax evasion web form result in an allegation being recorded, compared with 52 per cent of those received by mail.

<sup>14</sup> Australian Taxation Office, *Do you see what I see? Speech by the Commissioner of Taxation to the 22nd Australasian Tax Teachers Association Conference 2010* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/00228656.htm>> [accessed 26 May 2010].

34. TERC has historically provided a 'confidence' rating to the information it receives, intended to assist business lines in making decisions about the reliability of the intelligence that is provided to them. Over time, a desire to align more clearly with the Tax Office's risk management approach has led to this rating being referred to as a 'risk rating'. This implies that the rating assesses the level of risk to revenue or community confidence in the tax system represented in the allegation. The criteria used to determine the TERC rating rely on assessing elements of both confidence and risk, with the result that it often does not reliably rate either element, and may not adequately take into account the priorities of Tax Office business lines. There are also inconsistencies in the application of existing tools used by TERC staff to determine these ratings. TERC does, however, have in place quality assurance measures designed to reduce these inconsistencies.

35. Following the introduction of the CWC system to TERC, between October 2009 and January 2010 TERC had a limited ability to refer the allegations it had processed to other parts of the Tax Office for action. This is because the CWC system was unable to retrieve data about allegations in a form that would allow business lines to make effective use of the information. An interim solution was put in place in January 2010. However, until a permanent solution is implemented the efficiency of the process for referring community intelligence to other areas of the Tax Office remains reduced.

## **Evaluation of costs and benefits (Chapter 5)**

36. TERC calls have not been included in all of the usual quality assurance processes applied in Tax Office call centres. Tracking and monitoring the level of information being recorded by tip-off line operators would help to improve consistency and increase the usefulness of community intelligence in combating tax evasion.

37. The Tax Office also does not have an organisation-wide process for assessing the contribution community intelligence might make in controlling compliance risks. However, feedback from some business lines indicates that community intelligence can lead to improved compliance and substantial returns in additional taxes, penalties and interest. The lack of an ability to report on the outcomes of TERC referrals means that the Tax Office does not have an understanding of the relationship between TERC ratings and compliance audit outcomes. The extent to which community intelligence can contribute to additional taxes and penalties raised, improved voluntary

compliance, or community confidence in the integrity of the tax system has not been analysed.

## Summary of agency response

**38.** The Tax Office welcomes the ANAO's recommendation in relation to improving the effectiveness of our community intelligence activities.

**39.** As noted in the report, community intelligence has a key role to play both in deterring taxpayers from avoiding tax and in strengthening community support for the integrity of the Tax system. The report and recommendation will assist us in our progress toward an efficient and effective community intelligence system.

**40.** The Tax Office's response is included in full in Appendix 1.

# Recommendation

---

## Recommendation No. 1

### Para 5.23

To improve the effectiveness of community intelligence activities, the ANAO recommends that the Tax Office:

- (b) assesses the risks to the Tax Office, individual taxpayers and informants arising from the community intelligence function;
- (c) identifies and monitors appropriate quality standards for the collection and processing of community intelligence; and
- (d) reduce inefficiencies by more closely aligning the management of community intelligence across the organisation.

**Tax Office response:** *Agreed.*



## **Audit Findings and Conclusions**





# 1. Introduction

---

*This chapter provides an overview of community intelligence at the Tax Office, and the Tax Office's compliance program more generally. It also provides information on the conduct of the audit.*

## The Tax Office's Compliance Program

**1.1** The Tax Office administers Australia's taxation system and in 2008–09 collected tax and excise revenues of \$264.5 billion and provided transfers and payments of \$17 billion.<sup>15</sup> The Australian tax system is based on self-assessment and places responsibility on taxpayers to declare all assessable income and claim only deductions and offsets to which they are entitled. This system has inherent risks of taxpayers not complying with registration, lodgement, reporting and payment obligations. The Tax Office aims to manage these risks through its education and compliance activities.

**1.2** A number of taxpayers deliberately abuse the tax, excise and superannuation systems to evade their obligations or otherwise attempt to defraud the Commonwealth. The Tax Office has mechanisms in place to deter, detect and deal with non-compliant taxpayers.

## Compliance Model

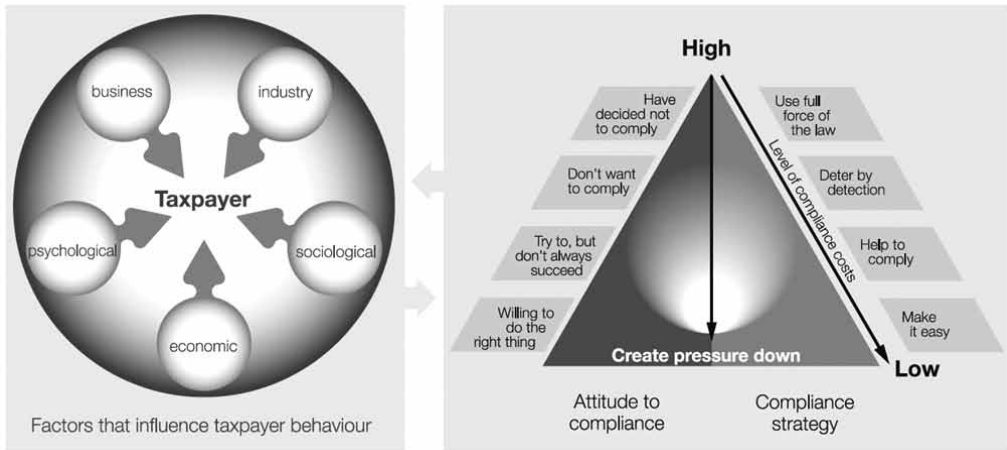
**1.3** The Tax Office publishes an annual Compliance Program that outlines its approach to managing compliance with Australia's taxation and superannuation laws. The Compliance Program is based around risk and discusses the mitigation strategies used by the Tax Office. These vary from helping taxpayers to comply with their obligations through to risk reviews, audits and prosecutions. This range of actions is informed by the Tax Office's Compliance Model, outlined in Figure 1.1, which summarises the factors that influence taxpayer behaviour, categorises attitudes to compliance, and describes the Tax Office's response to these attitudes. The Tax Office's objective is to encourage taxpayers to move from a position of 'have decided not to comply' towards 'willing to do the right thing'.

---

<sup>15</sup> Australian Taxation Office, *Commissioner of Taxation Annual Report 2008–09*, Australian Taxation Office, Canberra, 2009, p. iv.

**Figure 1.1**

## The Tax Office's Compliance Model



Source: Australian Taxation Office, *Compliance Program 2009-10*, Australian Taxation Office, Canberra, 2009, p. 5.

## Community intelligence at the Tax Office

**1.4** The Tax Office defines tax evasion as ‘when someone has deliberately lied to us about their activities to reduce their tax liability, or have not paid tax that is due.’<sup>16</sup>

**1.5** The Tax Office's Compliance Model shows that a key strategy for placing pressure on those in the community who do not want to comply with their tax obligations is to ‘deter by detection’. While the Tax Office is increasingly using data matching as a tool for detecting tax evasion and fraud,<sup>17</sup> it also acknowledges that ‘as consumers, members of the community are in a good position to provide us with information about suspect interactions they may have with businesses.’<sup>18</sup>

<sup>16</sup> Australian Taxation Office, *What Is Tax Evasion?* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/30331.htm&pc=001/001/008/007&mnu=48878&mfp=001&st=&cy=1>> [accessed 26 May 2010].

<sup>17</sup> The Tax Office defines tax fraud as having a broader meaning than tax evasion. Tax fraud encompasses evading tax, contravening tax law, or obtaining without entitlement some other benefit administered by the Tax Office.

<sup>18</sup> Australian Taxation Office, *Frequently Asked Questions* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/30338.htm&pc=001/001/008/001&mnu=42809&mfp=001&st=&cy=1>> [accessed 26 May 2010].

**1.6** To manage intelligence received from members of the public, the Tax Office operates the Tax Evasion Referral Centre (TERC). An international survey of practices for handling the cash economy identified community intelligence ‘hotlines’, as well as data matching and targeted communication campaigns, as examples of good practice.<sup>19</sup>

**1.7** A similar service, the Tax Practitioner Integrity Service, provides an avenue for tax agents and other professionals to provide information about their peers, and about compliance problems being experienced by their clients and the industry more generally. In addition, the Superannuation Business Line offers a Superannuation enquiry service, through which employees can notify the Tax Office of employers who fail to make correct superannuation payments.

## **The Tax Evasion Referral Centre**

**1.8** A dedicated ‘hotline’ for the collection of tax evasion tip-offs was established in the Tax Office in July 1998 to better assist members of the community to provide information about tax evasion. Also in 1998 the purpose-built Community Information Storage, Communication and Observation (CISCO) database was implemented, and guidelines were developed to enable better management of information provided by the community.

**1.9** TERC is a small unit of 22 positions, reporting through a Director to a Senior Assistant Commissioner. It is currently part of the Cash Economy and Micro Market branch, within the Tax Office’s Goods and Services Tax (GST) business line. Its expenditure in 2008–09 was \$1.5 million.

**1.10** TERC received 59 988 contacts for the 2008–09 year, and accepts information via telephone, online form, letter, facsimile and through inter-agency data transfers. Until May 2009 TERC maintained a specialist call centre unit which received calls about suspected tax evasion directly from the public. TERC then processed this information and referred it to the relevant business line. In May 2009 the call centre function was transferred to the general Tax Office call centre operations in the Customer Services and Solutions (CS&S) business line.

---

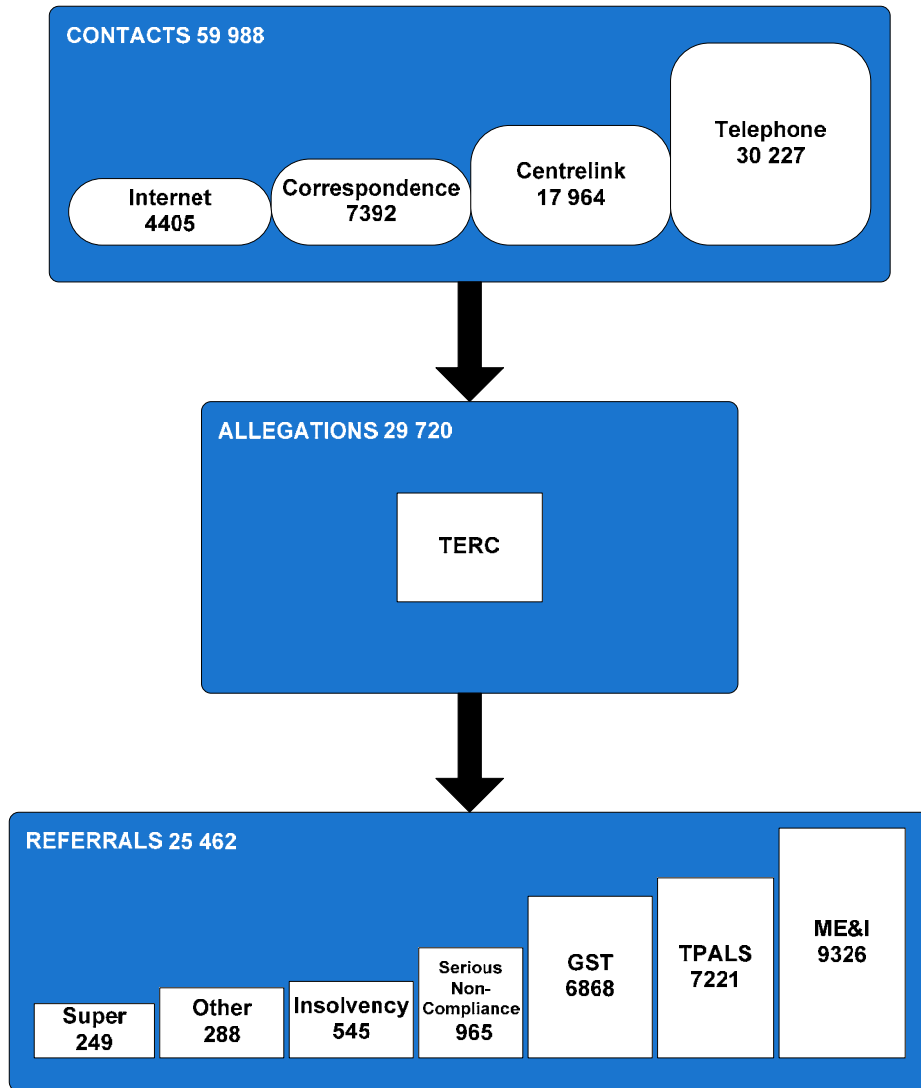
<sup>19</sup> RAND Europe and the National Audit Office, *Comparing how some tax authorities tackle the hidden economy*, National Audit Office, London, April 2008.

**1.11** In October 2009 both TERC and CS&S began using the Tax Office's correspondence, work management and case management (CWC) system to record community intelligence, replacing CISCO. Customer Service Representatives (CSRs) in CS&S call centres now receive calls from the community and record the information in templates attached to CWC. These templates are referred to TERC for processing. Contacts received through correspondence, facsimile and via the web are also provided to, and processed by, TERC.

**1.12** TERC officers assess all contacts, determine whether or not the information contains allegations about tax evasion, and, if so, apply a rating to the allegation. The TERC rating system is further explained in Chapter 4 of this report. Some contacts contain only information about behaviour which the informant believes is suspicious but does not of itself constitute tax evasion, such as paying cash wages or accepting only cash payments. As a result, not all contacts lead to the creation of allegations. Contacts that do result in allegations are referred to the relevant business line, except where the allegation has been rated with a score of zero. These allegations usually contain insufficient information regarding tax evasion risks, or the person carrying out the alleged activity cannot be identified. Referral routes are set out in a Business Rules Matrix, which is developed in consultation with the business lines.

**1.13** Following the introduction of CWC in the TERC unit in October 2009, until the implementation of an interim solution in January 2010, TERC was unable to refer the allegations it received to other areas of the Tax Office. As a result, while this audit examined current processes within TERC, only referrals made prior to this time were discussed with other business lines.

**1.14** Figure 1.2 illustrates the process of accepting, analysing and referring community intelligence, including the extent to which information is filtered through this process.

**Figure 1.2****Community intelligence workflow and statistics, 2008–09**

Source: ANAO analysis of Tax Office data.

**1.15** The number of contacts received in relation to tax evasion in 2008–09 (59 988) has increased by 24 per cent, from 48 211 contacts in 2007–08. In that year, half of all contacts resulted in allegations of tax evasion being recorded. This is a significant decline from 2007–08, when 73 per cent of contacts resulted in allegations being recorded in Tax Office systems. TERC staff reported that

this change was due to a decline in the proportion of contacts from Centrelink that contained allegations that were of use to the Tax Office.<sup>20</sup> The top three areas for referral—Micro Enterprise and Individuals (ME&I), Tax Practitioner and Lodgement Strategy, and GST—accounted for over 92 per cent of referred allegations in 2008–09.

## Relevant ANAO reports

**1.16** In 2008–09 the ANAO reviewed the administration of Centrelink’s tip-off system for managing information provided by the community about suspected fraud against the social security system. That report made six recommendations aimed at Centrelink’s: retention of tip-off information; compliance and investigation practices and measures; and capability to reliably estimate funding, costs and savings.<sup>21</sup> The Joint Committee of Public Accounts and Audit review of this report noted in particular Centrelink’s management of data regarding unsubstantiated allegations against its customers. It recommended that Centrelink fully implement the ANAO’s recommendation that tip-offs that are not used as part of an investigation be deleted after an appropriate period.<sup>22</sup>

**1.17** Also in 2008–09, the ANAO examined the administrative effectiveness of the Tax Office’s strategies to address serious non-compliance. That report made seven recommendations. These recommendations related to: the completeness and accuracy of fraud reporting data; performance measurement for strategies and business lines; coordination of intelligence information; system controls; and national consistency.<sup>23</sup>

---

<sup>20</sup> The Tax Office has an agreement in place to share relevant community intelligence with Centrelink. This arrangement is discussed in more detail in Chapter 4.

<sup>21</sup> ANAO Audit Report No.7 2008–09, *Centrelink’s Tip-off System*, p. 17.

<sup>22</sup> Joint Committee of Public Accounts and Audit, *Review of Auditor-General’s Reports tabled between September 2008 and January 2009*, Report 415, Parliament of the Commonwealth of Australia, Canberra, 2009, p. 21.

<sup>23</sup> ANAO Audit Report No.34 2008–09, *The Australian Taxation Office’s Management of Serious Non-Compliance*, pp. 24–25.

## Audit approach

### Audit objective

**1.18** The objective of the audit was to assess the effectiveness of the management of community intelligence by the Tax Office.

**1.19** The ANAO identified four key areas for review. In particular, it examined whether the Tax Office had effective approaches for:

- the governance of community intelligence;
- protecting information quality and privacy during the receipt of community intelligence;
- assessing and referring community intelligence within the Tax Office and externally; and
- the assessment of the costs and benefits and managing community intelligence.

### Scope

**1.20** The audit focused on community intelligence received via TERC. It examined the ways in which TERC and CS&S maintain the quality of data and the privacy of taxpayers and informants. It also examined how TERC refers tip-offs to other areas of the Tax Office for investigation or audit, but did not examine those activities in detail.

**1.21** The audit did not cover community intelligence sourced through the more recently established Tax Practitioner Integrity Service, which has a remit to ‘address industry concerns about the incidence of unregistered tax return preparers.’<sup>24</sup> The Employer Notification process used to investigate the non-payment of employees’ superannuation by employers was also outside the scope of this audit.<sup>25</sup>

<sup>24</sup> Australian Taxation Office, *Working with the Tax Profession: Speech by Michael D’Ascenzo, Commissioner of Taxation, ‘Tackling tax’ – 22nd National Convention, Taxation Institute of Australia Hobart, 15 March 2007* [Internet]. Australian Taxation Office, Canberra, 2007, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/00095120.htm>> [accessed 26 May 2010].

<sup>25</sup> The Superannuation Employer Notification process is restricted to direct reports by employees about their employers. Third party reports—that is, individuals reporting a failure to pay superannuation on behalf of others—are accepted by TERC and were included in the scope of this audit.

## Methodology

**1.22** The Australian tax system is based on self-assessment and places responsibility on taxpayers to declare all assessable income and claim only deductions and offsets to which they are entitled. This system has inherent risks of taxpayers not complying with registration, lodgement, reporting and payment obligations.

**1.23** Understandably, the Tax Office is not resourced to pursue every dollar of tax owed to the Commonwealth. Risk management, therefore, underpins its approach to compliance. As a result, the ANAO's examination of TERC, which is just one element of the compliance framework, focused on the ways in which the Tax Office:

- manages the privacy and reputational risks posed to taxpayers, informants and its own operations in accepting, processing and acting on community intelligence; and
- applies risk assessment methodologies to the information it receives from the community in order to make decisions on priorities and resourcing.

**1.24** These areas were reviewed by examining relevant documents, observing staff in TERC and other contact areas as they took calls from informants, as well as interviews with key staff in a number of Tax Office business lines, including CS&S, GST, Superannuation and ME&I.

**1.25** The audit was conducted in line with the ANAO's auditing standards at a cost of \$287 600.

## Report structure

**1.26** The remainder of the audit report is organised into four chapters:

- Chapter 2 examines the governance arrangements underpinning the Tax Office's administration of the community intelligence program.
- Chapter 3 examines the processes through which the Tax Office receives community intelligence and the ways that it manages data quality and privacy.
- Chapter 4 examines the processes through which the Tax Office evaluates community intelligence and refers information for action within the organisation.
- Chapter 5 examines the extent to which the Tax Office is able to assess the costs and benefits of community intelligence.



## 2. Governance Arrangements

---

*This chapter examines the governance arrangements underpinning the Tax Office's management of community intelligence.*

### Introduction

**2.1** Governance refers to the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation. The ANAO explains these issues in the Australian government context in the Better Practice Guide, *Public Sector Governance*.<sup>26</sup> The Tax Office has in place a documented governance framework which defines its organisational structure, roles and responsibilities.

**2.2** To assess the effectiveness of the governance framework for the Tax Office's community intelligence program, the ANAO examined three key issues:

- organisational roles and responsibilities for managing community intelligence;
- planning processes; and
- risk management approaches.

### Organisational roles and responsibilities

**2.3** The Tax Office is a large organisation, with a budget of \$3.1 billion and an expected average staffing level of 21 720 in 2009–10. It had a presence at over 75 locations across Australia at June 2009.<sup>27</sup>

**2.4** To assist with the management of the Tax Office, the Commissioner has adopted an integrated planning and management model. This model is framed around the Tax Office's corporate plan and five associated sub-plans. It is applied to planning arrangements, the operation of executive committees, and organisational management structures. Business and service lines are the

---

<sup>26</sup> ANAO Better Practice Guide—Public Sector Governance, July 2003, Canberra.

<sup>27</sup> Australian Taxation Office, *Corporate Plan 2009–10* [Internet]. Australian Taxation Office, Canberra, 2009, available from <[http://www.ato.gov.au/content/downloads/cor00197353\\_15929\\_2009.pdf](http://www.ato.gov.au/content/downloads/cor00197353_15929_2009.pdf)> [accessed 26 May 2010].

delivery arms of the relevant sub-plans. They plan and manage the delivery of sub-plan priorities, reflecting decisions and directions from executive bodies, and integrate market segment, revenue product and focus area perspectives in the delivery of the sub-plans.<sup>28</sup> The Compliance Sub-plan is delivered by business lines that are associated with specific market segments or Tax Office products.

**2.5** A key Tax Office objective articulated by the Compliance Sub-plan is ‘to protect Australia’s tax base by sustaining our high levels of participation in our tax and superannuation systems’. One strategy for achieving broad participation is to maintain a visible deterrent to abuse of the tax system, particularly with regard to tax havens and the cash economy.<sup>29</sup> TERC is one of the Tax Office’s tactics for delivering on this compliance aim.

## **Representation on Tax Office committees**

**2.6** The Tax Office has established a number of corporate committees which support its Executive, sub-plan executives, and business and service lines by providing a strategic focus on issues, and also by fulfilling assurance roles. The community intelligence function managed by TERC spans most business lines within the Compliance Sub-plan, and also relies on services provided through the Operations Sub-plan.

**2.7** TERC is represented on both the Compliance Executive and the Cash Economy Steering Committee by the Deputy Commissioner GST. The Compliance Executive is one of the Tax Office’s strategic management committees and is responsible for providing strategic focus based primarily around ‘whole-of-product’, supported by a ‘whole-of-market’ view, for the Compliance Sub-plan. The Cash Economy Steering Committee was established by the Commissioner to set the strategy and design of the Cash Economy program across the organisation.

**2.8** In July 2008 the Compliance Executive noted that the Tax Office needed to be more transparent in the way that it responded to information received

---

<sup>28</sup> Australian Taxation Office internal document, *Australian Taxation Office management arrangements*, 20 May 2009, p. 5.

<sup>29</sup> Australian Taxation Office, *Compliance Overview 2009–10* [Internet]. Australian Taxation Office, Canberra, 2009, available from <[http://www.ato.gov.au/content/downloads/cor0010396473054\\_compliance.pdf](http://www.ato.gov.au/content/downloads/cor0010396473054_compliance.pdf)> [accessed 26 May 2010].

from the community about possible tax evasion. In response to this concern the Tax Office proposed to:

- review and improve processes for actioning community information;
- create a shared understanding of, and assign responsibility for, community information risks; and
- expand the profile of the Tax Evasion Hotline.

**2.9** A project plan addressing these issues was proposed for submission in February 2009 to the Compliance Executive. It was not, however, completed and the Tax Office instead elected to pursue these issues by:

- improving the visibility of community intelligence on the Tax Office website;
- developing a communications plan for community intelligence; and
- consulting with internal stakeholders on designing the end-to-end process for community information using CWC.

**2.10** Despite the focus of the Compliance Executive, it has proved difficult for more operationally-focussed staff to follow through on TERC-related projects and respond to this strategic direction in the face of the competing priorities of other business areas.

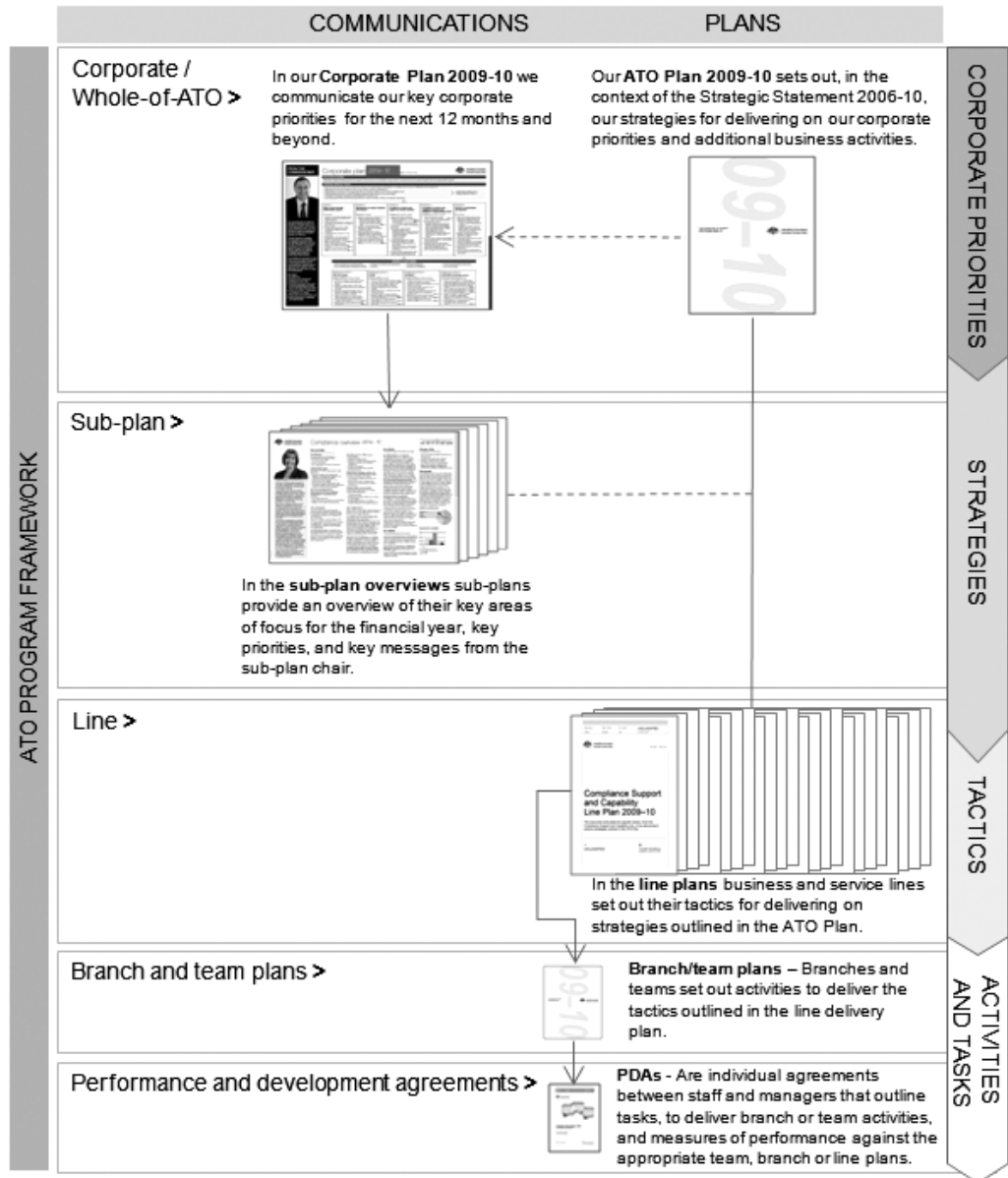
## Planning processes

**2.11** The Tax Office produces a hierarchy of plans which guides its operations and provides links from its strategic directions through to the expectations and development plans for individual staff. As illustrated in Figure 2.1:

- the Corporate Plan sets out strategies for delivering on corporate priorities and additional business activities;
- sub-plan overviews set out key areas of focus, priorities and messages;
- business line plans set out tactics for delivering on strategies outlined in the Corporate Plan and sub-plans;

**Figure 2.1**

**Overview of Tax Office corporate planning documents**



Source: Australian Taxation Office.

- branch and team plans set out activities to deliver the tactics outlined in line plans; and
- performance and development agreements set out tasks and performance measures for individual staff.

## Planning for the community intelligence function

**2.12** Incorporating outcomes, outputs and Portfolio Budget Statement performance indicators into agency planning processes and performance documentation assists in strengthening accountability for the delivery of the results for which work areas and individual agency officers, and ultimately the agency, are responsible.<sup>30</sup>

**2.13** The ANAO's 2007 report on implementing the Outcomes and Outputs framework recommended that, to enhance the integration of the Australian government's Outcomes and Programs framework into agency operations, details of outcomes, programs and Portfolio Budget Statement indicators should be incorporated into agency and work area business plans, and individual performance agreements.<sup>31</sup>

**2.14** The role of community intelligence can be linked to strategic statements in the Corporate Plan and the Compliance Sub-plan overview. These plans place emphasis on 'promoting a level playing field for business' and 'maintaining a highly-visible deterrent to abuse of the tax system, including the abusive use of tax havens and the cash economy'. However, a team plan for the TERC unit for 2009–10 has not been produced, and performance and development agreements are not in place for TERC staff. As a result, it is difficult to identify links between the Tax Office's strategic statements and the activities of TERC and its individual staff. Figure 2.2 summarises the statements relating to TERC and the community intelligence function through the hierarchy of Tax Office planning documents.

**2.15** In the absence of a 2009–10 Team Plan, TERC staff do not have clear targets, performance measures or milestones for their work. There are no documented strategies for meeting the unit's goal of increasing its intelligence analysis and reporting capacity, and no specific statement as to what constitutes good performance. This gap in the planning framework makes it difficult for staff to develop a tactical response to the strategic goals of the organisation as a whole.

<sup>30</sup> ANAO, Audit Report No.23 2006–07, *Application of the Outcomes and Outputs Framework*, p. 53.

<sup>31</sup> *Ibid.*, p. 55.

**Figure 2.2**

**Community intelligence in Tax Office 2009–10 planning documents**

Plan element	Description
<b>Corporate Plan</b>	
ATO Outcome	Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.
Program 3	Compliance assurance and support for revenue collections including: <ul style="list-style-type: none"> <li>• promoting a level playing field for business</li> <li>• maintaining a highly visible deterrent to abuse of the tax system, including the abusive use of tax havens and the cash economy.</li> </ul>
<b>Compliance Sub-plan Overview</b>	
Priorities and focus areas	Promote a level playing field for business. Maintain a highly visible deterrent to abuse of the tax system, including the abusive use of tax havens and the cash economy.
<b>GST Line Plan</b>	
Promote a level playing field for business	Undertake targeted programs of audits and reviews in the following areas: <ul style="list-style-type: none"> <li>• verifying integrity of business systems, through community referrals.</li> </ul>
Maintain a highly visible deterrent to abuse of the tax system, including the abusive use of tax havens and the cash economy	Engage the community and build a relationship with active participants in the cash economy.
<b>Cash Economy Plan</b>	
Communication	Improve the volume and quality of community information.
Help and educate	Letters will be sent to taxpayers from the following risk populations in 2009–10: <ul style="list-style-type: none"> <li>• Community information.</li> </ul>
Enforcement	Development of highly targeted case selection strategies, [such as multi-risk cases, including TERC allegations].
Supporting activity: community information	Rate and refer community information within set timelines and quality standards. Regular updates on the intranet and <i>ato.gov.au</i> . Stakeholder engagement.

Source: ANAO analysis of Tax Office information.

**2.16** TERC's operational planning has not kept pace with the changes experienced in the business unit. The 2008–09 Team Plan acknowledged the then proposed changes to telephone and database arrangements, but did not specifically address key issues such as the learning and development needs these changes would generate, both for TERC staff and for CS&S.

**2.17** TERC managers are exploring a new role for TERC staff following the transfer of the call receipt function. This would involve a greater emphasis on community information as an intelligence source, with TERC undertaking more detailed analysis of the information it manages. There is no evidence, however, that this change in direction has been planned at a strategic level, that its interaction with intelligence functions in other business lines has been examined, or that there is organisational agreement to the proposed approach.

## **Planning for change**

**2.18** In late 2007 ATO Business Solutions (ATOBS) was asked to review TERC's operations and provide recommendations on improvements. The recommendations arising from this review included moving responsibility for managing tax evasion hotline calls to CS&S (then called Client Contact), and using the new CWC system to manage the processing of tax evasion allegations. Despite the significant implications for the TERC unit, limited planning was conducted for these two major changes.

**2.19** On the basis of the ATOBS recommendations, planning for a move to CWC had commenced by August 2008. The final transfer of responsibility for the hotline occurred in May 2009.

### *Transfer to CWC*

**2.20** Following the ATOBS review, TERC line management staff began preparations to adapt existing forms and procedures to the new CWC environment. Most of these changes appear to have been relatively straightforward. However, the development of a reporting tool that allows TERC to refer cases that have been processed in CWC has still not been resolved, although an interim solution is in place. This gap has had significant implications for TERC and its ability to fulfil its function of referring tax evasion allegations for action within the Tax Office. There developed a sizeable backlog of allegations awaiting referral, some of which may be time-critical.<sup>32</sup> The referral process and the issues arising from it are discussed in Chapter 4 of this report.

**2.21** The delay in developing an adequate reporting tool was largely caused by:

---

<sup>32</sup> TERC currently has no reliable measure of the size of this backlog. TERC does, however, have a mechanism for manually referring 'hot' cases.

- a decision to categorise the change as a 'business as usual' maintenance issue, rather than as part of the Change Program;
- misunderstanding over which data should be sourced, and therefore which technological solution was most appropriate;
- resulting disagreements over which Tax Office business unit should be responsible for developing the solution; and
- a reluctance to allow a solution that was outside the normal operation of CWC work management.

### *Transfer of the hotline*

**2.22** While TERC staff worked with CS&S to develop training and revise scripting in preparation for the change of responsibility for the Tax Evasion Hotline, there was little planning for how this change would alter the role and skills requirements for TERC staff. Some work was done to estimate how this change might impact on TERC workloads and processing times, but there was little other planning for this change in responsibility.

**2.23** For TERC, this lack of planning for change has contributed to the lack of direction discussed earlier. There has been no decision-making or organisational agreement on the role of TERC now that it is no longer responsible for receiving tax evasion telephone calls. This situation contributes to the difficulty in developing team plans and assigning staff responsibility in the changed environment.

## **Risk management approaches**

**2.24** As a government agency the Tax Office complies with statutory obligations and government guidelines which call for sound risk management.<sup>33</sup> Key risks to the Tax Office and to tax administration are captured in risk and priority statements that form the basis of corporate planning.<sup>34</sup>

<sup>33</sup> See, for example, Comcover, *Risk Management*, Better Practice Guide [Internet]. Department of Finance and Deregulation, Canberra, 2008, available from <[http://www.finance.gov.au/comcover/docs/Better\\_Practice\\_Guide.pdf](http://www.finance.gov.au/comcover/docs/Better_Practice_Guide.pdf)> [accessed 25 May 2010].

<sup>34</sup> Australian Taxation Office, *Good governance and tax administration: Speech by Michael D'Ascenzo, Commissioner Australian Taxation Office to the Australian Risk Policy Institute, University of Canberra, 10 July 2008* [Internet]. Australian Taxation Office, Canberra, 2008, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/00153731.htm>>, [accessed 25 May 2010].



## Community intelligence as a control for compliance risks

**2.25** Risk management underpins the Compliance Program. The Program describes the significant tax and superannuation risks identified by the Tax Office and its strategies for addressing them, although it does not cover every aspect of compliance work.<sup>35</sup>

**2.26** The role of community intelligence in the Tax Office is comparatively small and as a result is rarely mentioned explicitly in Tax Office risk assessments. The collection of community intelligence is, however, likely to contribute—at least in small measure—to the control of a range of compliance risks across the Tax Office. Community intelligence and the hotline are mentioned in the 2009–10 *Compliance Program* in relation to individuals and tax exploitation schemes,<sup>36</sup> micro enterprises,<sup>37</sup> and tax havens.<sup>38</sup>

**2.27** The development of the Compliance Program does not involve explicit inputs from the community intelligence function, although the process of developing the Compliance Program may prompt some business lines to seek additional community intelligence data from TERC. Conversely, the focus of the Compliance Program from year-to-year does not influence the way in which TERC captures or assesses community intelligence. As a consequence, information obtained in respect of specifically identified compliance risks is not separately identified, captured or processed, and hence may not be referred to business lines addressing those compliance risks. The utilisation of the information held by TERC is therefore dependent on the business lines approaching TERC.

**2.28** The area of compliance risk to which TERC is most likely to contribute is in relation to GST and the cash economy. The GST business line, along with ME&I and Tax Practitioner and Lodgement Strategy, receives the significant majority of referrals from TERC. The Tax Office's Strategic Risk Register identifies a range of compliance risks related to non-reporting which community intelligence activities might contribute to mitigating. The Tax Office currently assesses these risks as being adequately controlled.

---

<sup>35</sup> Australian Taxation Office, *Compliance Program 2009-10*, Australian Taxation Office, Canberra, 2009, p. 5.

<sup>36</sup> *ibid.*, p. 9.

<sup>37</sup> *ibid.*, p. 14.

<sup>38</sup> *ibid.*, p. 31.

**2.29** The Tax Office uses a Health of the System Analysis to provide strategic risks overviews of the key systems and sub-systems that make up the Tax Office. TERC is located in the GST business line, making this area the primary risk owner for community intelligence. While the GST Health of the System Analysis makes little mention of community intelligence as a mitigation strategy for GST revenue product risks, there is role for TERC in mitigating many of the risks identified for the GST product.

**2.30** At the operating level, the Tax Office produces Product Diagnostics which assess the overall health of products at certain points in time, highlighting known and emerging risks. The August 2008 Cash Economy Diagnostic identified the importance of community intelligence to identifying cash economy risks and noted a potential to improve the quality of TERC information. This assessment, which was supported by TERC stakeholders, also recognises that collecting poor quality information risks making inefficient use of Tax Office resources.

## **Risks of collecting community intelligence**

**2.31** There are a range of risks to the effective collection and management of community intelligence. These include:

- inappropriately revealing the identity of a taxpayer against whom an allegation has been made, or of an informant;
- damaging community confidence in the taxation system by failing to appropriately respond to community intelligence; and
- incorrectly targeting taxpayers for compliance action based on inappropriate allegations.

**2.32** In addition, there were a range of potential risks to the Tax Office in the move of TERC operations to CWC, and in moving the hotline to CS&S. Some foreseeable risks have been realised, such as the risk of a delay in the development of a reporting tool to refer allegations following the move to CWC.

**2.33** Tax Office teams are expected to manage risks associated with their own work, or with specific events or activities, and staff are required to escalate risks which they cannot address at the individual level. Risks related to the collection of tax evasion intelligence from the community have not been systematically assessed, and risk analyses were not documented in preparation for the two significant changes made to the administration of this function. A

systematic risk assessment process conducted at the appropriate organisational level prior to the move to CWC may have identified the risk that a reporting tool would not be available, and assisted in developing appropriate priorities for action. Without a risk analysis, the Tax Office is not able to judge what ongoing or potential impact this risk event has for the organisation.

## 3. Receiving Community Intelligence

---

*This chapter examines the processes through which the Tax Office receives community intelligence and the ways that it manages data quality and privacy.*

### Introduction

**3.1** While the method by which community intelligence is provided can influence its usefulness, an objective should be to treat similar information in a consistent manner. There are inherent differences between each communication channel used to receive community intelligence, which will influence the quality of information obtained. For example, telephone tip-offs allow the informant to be questioned to elicit the most relevant information, while written tip-offs can give informants greater certainty of anonymity. Measures are required for each channel that support quality information, protect privacy, and promote consistent responses to community intelligence.

**3.2** The ANAO examined the measures the Tax Office has in place to:

- enable it to receive a sufficiently high quality of information from the public to allow appropriate audits and investigations; and
- protect the privacy of informants and taxpayers.

**3.3** In 2008–09 TERC received a total of 59 988 contacts from which it created 29 720 allegations. The difference between the number of contacts and the number of allegations is due to instances where there is insufficient information to identify the person carrying out the alleged activity, or the allegations do not relate to tax evasion.

**3.4** The most common channel for receiving tip-offs was by telephone, which provided 50 per cent of all contacts in 2008–09. Thirty per cent of 2008–09 contacts were received as referrals from Centrelink,<sup>39</sup> 12 per cent came as correspondence, and the remainder were submitted through the Tax Office's online tax evasion reporting form.

---

<sup>39</sup> Arrangements for sharing community intelligence with Centrelink are discussed further in Chapter 4 of this report.

## Procedures

**3.5** Collecting sufficient and relevant information at the initial point of tip-off recording is fundamental to the progression and outcome of a tip-off. Tax Evasion Hotline CSRs record information provided by the public so that it can be reviewed by TERC staff to identify specific allegations of tax evasion. Consequently, CSRs need to be able to identify and record information required for review and investigation purposes. The ANAO observed an inconsistent approach to collecting informant contact details and in the level of CSRs' understanding of the type of information relevant for collection.

### Telephone contacts

**3.6** TERC staff expressed concern that not all CSRs who received tax evasion calls had a sufficient understanding of the type of information required for collection of allegations. In order to assist in obtaining and recording all relevant information from callers, some tip-off line operators would benefit from additional training.

**3.7** Staff in Tax Office business lines who receive TERC data reported that in many cases the information recorded in TERC templates was inadequate to initiate an audit or investigation. This is reflected in the decision made by some business lines—discussed in more detail in Chapter 4 of this report—not to pursue audit cases on the basis of a TERC allegation alone. The scripting provided for CSRs was viewed as inadequate, and Tax Office audit staff in particular indicated an interest in contributing to the scripting process. The ANAO encourages TERC to undertake further consultation to more clearly determine information needs of the relevant business lines and to incorporate these into potential updates to the scripting.

### Promoting consistency

**3.8** Three of the channels available to record tax evasion allegations—web, telephone and in person—require use of a different form. These forms contain differences which affect the information and level of detail collected. For example, the telephone templates completed by CSRs in the call centres include more advice on prompting questions than other forms, while the online form also invites tip-offs on industry trends. Figure 3.1 describes some of the types of tax evasion information requested by the Tax Office and the key differences between the three available forms.

**Figure 3.1**

**Tax evasion information requested in Tax Office forms**

Information requested	In-person report	Telephone template	Web form
<b>Information about the taxpayer</b>			
<i><b>For individuals:</b></i>			
Australian Business Number	✓	✓	x
Other relevant number	✓	x	✓
Occupation	x	x	✓
<i><b>For businesses:</b></i>			
Tax File Number	✓	✓	x
Australian Company Number	✓	x	✓
Contact details	'Contact' name	'Owner's' name	'Managing Director's' name
Industry code	✓	'Industry Type'	'Nature of Business'
<b>Information about the informant <sup>^</sup></b>			
Source of informant's information	✓	x	x
Supporting evidence available	✓	✓	x
Other possible witnesses	✓	x	x
Best time to contact	x	x	✓

Note<sup>^</sup>: It is not necessary for informants to identify themselves when reporting possible tax evasion.

Source: ANAO analysis of Tax Office information.

**3.9** Contacts made using the website form were the most likely to result in an allegation being recorded. Table 3.1 sets out the number of contacts received through each channel and the rate of their translation into allegations. The Tax Office should consider examining the reasons for these differences and monitor the consistency of the quality of information received through each channel, to facilitate improvement to information collection systems.

**Table 3.1****Proportion of contacts leading to allegations by channel, 2008–09**

Channel	No of contacts received	No of allegations created from contacts	% of contacts that become allegations
Telephone	30 227	18 948	68
Centrelink referrals	17 964	2 638	15
Correspondence	7 392	3 852	52
Website form	4 405	4 282	97
<b>Total</b>	<b>59 988</b>	<b>29 720</b>	<b>50</b>

Source: ANAO analysis of Tax Office data.

## Privacy of taxpayers and informants

**3.10** The Tax Office is aware of its responsibility for appropriately managing sensitive personal information, and has measures in place to protect personal privacy. These measures include the restriction of access to records of high-profile taxpayers, and the monitoring of staff system access to help ensure that staff members access only information relevant to their work.

**3.11** Clear advice is provided on the Tax Office web site to informants in relation to their privacy and the *Freedom of Information Act 1982*. For callers to the Tax Evasion Hotline, CSRs read a statement at the beginning of each call which advises callers that it treats tax evasion information confidentially, including the identity of people reporting tax evasion. However, the ANAO observed cases where the wording of the privacy statement was altered by CSRs, because the official wording is sometimes not understood by the caller. This practice has the potential to distort the meaning and intention of the privacy statement.

**3.12** The Tax Office web site also provides clear advice that the Tax Office cannot, for privacy reasons, provide updates to informants on the progress of the matter they have reported. In the calls observed at call centres, similar advice was provided to callers.

**3.13** The nature of the information provided to TERC is often different to the verified and factual details about a person's tax affairs that the Tax Office more usually manages. Information held by TERC—until it is verified through an audit or other investigation—is usually unsubstantiated. It may also contain individual judgements about private behaviour that is largely unrelated to a

person's tax compliance. For example, in alleging that a taxpayer is under-reporting his or her income to reduce a liability for child support payments, an informant may say that the taxpayer neglects his or her children.

**3.14** The Tax Office's online tax evasion reporting form encourages informants to provide as much information as possible. This could encourage informants to include allegations of behaviour that is not related to tax evasion. Recording and retaining such irrelevant personal information could conflict with Information Privacy Principle 1: 'an organisation must not collect personal information unless the information is necessary for one or more of its functions or activities'.<sup>40</sup> Similarly, the lack of training for CSRs in what behaviour constitutes tax evasion may cause them to record irrelevant personal information in Tax Office systems. Because of the unusual nature of TERC information, the Tax Office needs to give particular attention to its compliance with the information privacy principles in all of its channels for receiving allegations.

**3.15** The Privacy Commissioner also advises that agencies should not keep personal information longer than required.<sup>41</sup> This may be important for protecting the privacy both of informants and of taxpayers against whom unsubstantiated allegations have been made. Similar issues arose in relation to Centrelink's tip-off system, which the ANAO reviewed in 2008. In relation to that audit, the Privacy Commissioner advised that:

retaining each piece of tip-off information indefinitely on the off-chance that it may be useful at some future date may be an interference with privacy... The Office [of the Privacy Commissioner] is also of the view that culling unnecessary information is likely to reduce the chance that personal information may be inappropriately accessed, used, modified, disclosed or otherwise misused.<sup>42</sup>

**3.16** The Tax Office should investigate the length of time for which community intelligence remains important for its compliance activities and

---

<sup>40</sup> Office of the Privacy Commissioner, *Information Sheet (Public Sector) 1 - Information Privacy Principles under the Privacy Act 1988* [Internet]. Office of the Privacy Commissioner, Canberra, 2008, available from <<http://www.privacy.gov.au/materials/types/infosheets/view/6541>> [accessed 26 May 2010].

<sup>41</sup> Office of the Privacy Commissioner, *10 Steps Guide to Protecting Other People's Personal Information* [Internet]. Office of the Privacy Commissioner, Canberra, 2008, available from <<http://www.privacy.gov.au/materials/types/guidelines/view/6849>>, [accessed 26 May 2010].

<sup>42</sup> ANAO Audit Report No.7 2008-09, *Centrelink's tip-off system*, p. 53.



consider seeking authority to delete older allegations from its systems.<sup>43</sup> While trend and industry data may be of value for a long period, allegations relating to individuals may not remain relevant for an extended time.

## Training

**3.17** The Tax Office has in place a quality framework which guides call centre CSRs on good practice and provides criteria against which their work is assessed. Call centre standards emphasise efficiency by measuring average handling times, promoting timeliness in call handling and encouraging CSRs to refer callers to self-help options. These standards also contain effectiveness measures such as the extent which CSRs are able to provide a solution to the caller's problem.

**3.18** TERC calls are different in character to most types of contacts handled by Tax Office call centres. While most calls to the Tax Office require CSRs to provide accurate information to the caller, there is also a particular need for CSRs answering Tax Evasion Hotline calls to elicit detailed, relevant information from the caller. CS&S recognised this difference when it was allocated responsibility for the Tax Evasion Hotline, and this was a factor in selecting a call centre team to take the TERC calls. These are taken by call centre teams that also handle Superannuation Employer Notifications, a service which allows employees to ask the Tax Office to pursue their employers for unpaid superannuation contributions. In addition, some staff in this area have been trained in the National Security Hotline call handling procedures.<sup>44</sup> Both of these procedures require similar skills in questioning and prompting the caller to provide relevant, detailed information.

**3.19** In February 2010, 84 tip-off line operators were taking TERC calls. Of these, 20 staff members have been trained in National Security Hotline call handling procedures. Training for CSRs taking TERC calls consists of a self-paced online learning package. The training takes approximately 30 minutes to complete. The training for the handling of National Security Hotline calls is more in-depth, taking approximately two hours, and covers topics such as

<sup>43</sup> The disposal of information in CISCO and CWC is likely to be governed by the *Archives Act 1983*, and the Tax Office may need to seek guidance from the National Archives of Australia before deleting records contained in these systems.

<sup>44</sup> The Tax Office provides a back-up service for handling calls to the National Security Hotline, run by the Attorney-General's Department.

eliciting relevant information from a caller. The quality of information received by TERC from the call centres does not consistently reflect this level of training, and TERC quality control staff expressed concerns that CSRs were not asking sufficient questions to draw relevant information from callers. CS&S could examine the scope for incorporating skills taught in the National Security Hotline training into training for all TERC tip-off line operators.

**3.20** Additional areas of training include CSR's general knowledge of tax administration, understanding of activities that constitute tax evasion, and the requirements of individuals and businesses. Tip-off line operators could also benefit from training in questioning techniques to elicit the maximum amount of relevant detail from an allegation.

## 4. Processing and Referral

---

*This chapter examines the processes through which the Tax Office evaluates community intelligence and refers information for action within the organisation.*

### Introduction

**4.1** To help ensure that the information provided by TERC meets the business needs of the Tax Office, TERC staff require operating guidelines, appropriate training and tools that can help them to apply procedures correctly and consistently and to refer resulting cases in a timely manner. Business lines within the Tax Office need to put in place processes to assess the extent to which TERC referrals meet their business needs in order to provide feedback and make the best use of the information the community volunteers to the Tax Office.

**4.2** The ANAO examined the processes through which the Tax Office:

- assesses and refers community intelligence that satisfies stakeholder needs; and
- makes timely and efficient referrals.

### Risk assessment

**4.3** In administering the tax system, the Tax Office is not resourced to pursue every dollar owed as tax revenue, and relies on risk-based choices regarding where best to concentrate its efforts and resources.<sup>45</sup> This is reflected in the Tax Office's business model, as illustrated in Figure 4.1. The Tax Office seeks to promote voluntary compliance with the self-assessment system by:

- helping taxpayers and their advisers to understand their rights and obligations;
- making it as easy as possible to comply; and
- verifying compliance using a risk management approach.

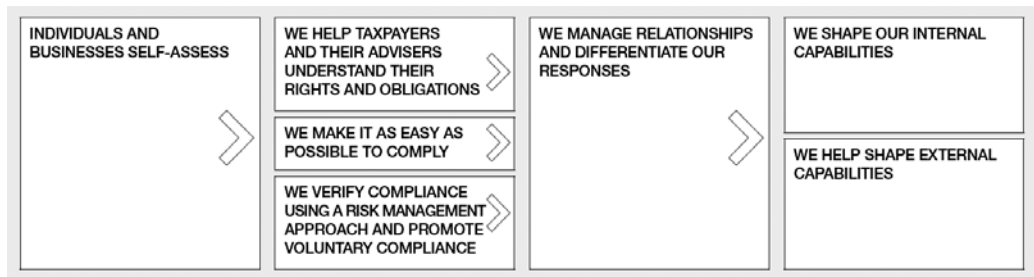
---

<sup>45</sup> Australian Taxation Office, *Do you see what I see? Speech by the Commissioner of Taxation to the 22nd Australasian Tax Teachers Association Conference 2010* [Internet]. Australian Taxation Office, Canberra, 2010, available from <<http://www.ato.gov.au/corporate/content.asp?doc=/content/00228656.htm>> [accessed 26 May 2010].

4.4 As discussed in Chapter 3, at the highest level, this risk management approach is represented in the Tax Office’s Compliance Program. This program describes the tax and superannuation risks which the Tax Office has assessed as being of greatest concern, and sets out mitigation strategies for the coming year.<sup>46</sup>

Figure 4.1

The Tax Office business model



Source: Australian Taxation Office, *Compliance Program 2009–10*, Australian Taxation Office, Canberra, 2009, p. ii.

4.5 Risk assessment is used throughout the organisation to inform management decisions and to assist in meeting business outcomes. The Tax Office has in place a policy that informs the processes for effective escalation, documentation and communication of risks and issues.

Applying risk assessments to community intelligence

4.6 A key step in TERC’s processing of community intelligence is to apply an initial rating to each tax evasion allegation received. This rating is used by some business lines to assist in decisions about whether or not an allegation should be pursued.

4.7 Some sources indicated that the rating given to allegations by TERC is a ‘risk score’ which rates the risks to tax administration or revenue presented in the allegation. Others suggest that it is a confidence rating, which can provide guidance on the reliability and hence the likely usefulness of the information contained in the allegation. These differences in terminology contribute to a lack of clarity about the purpose of TERC’s ratings, which in turn may contribute to a lack of confidence in the value of community intelligence among other areas of the Tax Office.

<sup>46</sup> Australian Taxation Office, *Compliance Program 2009-10*, Australian Taxation Office, Canberra, 2009.

## TERC allegation ratings

**4.8** In its 2007 review of TERC operations, ATOBS identified the TERC rating system as a potential problem for the Tax Office, finding that it was subjective and lacked rigour. The ANAO's observation of staff use of the rating system supported this view.

**4.9** For allegations that are to be referred to most of the Tax Office's business lines, the rating TERC applies is based on an assessment of four factors.<sup>47</sup> These are the:

- strength of the allegation;
- reliability of the informant;
- amount of detail provided; and
- extent to which the allegation is supported by Tax Office systems.

**4.10** Scores are applied against each of these criteria, which are combined to provide a final score called a risk rating. Figure 4.2 provides further details of the assessment criteria for the first of these factors.

**4.11** Only the 'strength of allegation' criterion addresses key Tax Office risks, such as to tax revenue or to community confidence in the tax system. Other factors assessed are based on:

- whether the informant has first-hand knowledge of the case;
- the level and clarity of detail which the informant is able to provide, including willingness to provide supporting documents; and
- whether information already available to the Tax Office is consistent with the allegations made.

**4.12** These factors relate more to an assessment of the Tax Office's confidence in the information supplied, rather than to the level of risk to compliance which that information may indicate. TERC managers agreed that the unit's role is to rate confidence rather than risk. Some internal stakeholders have, however, expressed an interest in more clearly aligning TERC's ratings with the Tax Office's broader conception of risk.

---

<sup>47</sup> The Micro Enterprises and Individuals business line has asked TERC to use a different rating system, described later in this Chapter.

**Figure 4.2**

**TERC scoring for strength of allegations**

Factor	Explanation	Score
Strength of Allegation	The taxpayer has no intention of complying with their tax obligations and has gone to great lengths to set up processes in order to evade the maximum tax they can. They are evading at least 75 per cent of the tax they should be paying.	Very High 5
	The tax evasion activity is on a large scale. The taxpayer has physically put processes in place to evade tax. It is premeditated and deliberate and the taxpayer is evading at least 50 per cent of the tax they should be paying.	High 4
	The tax evasion activity has become part of the taxpayers' normal business practice. The taxpayer is evading on quite a decent scale and is usually able to fund the majority of his personal life with business funds.	Medium 3
	The tax evasion has been going on for a while. The person knows what they are doing but aren't willing to push too far with their tax evasion activity.	Low 2
	The evasion taking place is on a very small scale compared with the size of the entity. This may be a once off omission. There is no indication that this has occurred more than a couple of times.	Very Low 1
	Not able to be assessed.	No Further Action 0

Source: Australian Taxation Office internal document, *TERC Job Aid 9 – TERC Risk Rating Process*, p. 5.

**4.13** Staff each bring their own judgement and experience to their assessments, and TERC has in place quality assurance processes which are designed to reduce inconsistency between the ratings assigned to allegations by individual officers. There is a single review point for cases, and quality assurance staff review work conducted both at the individual officer level and in order to identify any trends. Discussion with staff about this process illustrated that, unavoidably, in some cases variations in ratings between staff and quality assurance officers can amount to differences of opinion.

***Allegation ratings for Micro Enterprises and Individuals***

**4.14** In 2008 TERC indicated that it would seek to more closely align its rating of allegations with the risk processes used in business lines. In response, two business units within the ME&I business line identified a separate scoring system, which is more closely related to compliance risks. These allegations are given a score based on:

- estimated tax at risk;
- potential to damage community confidence in the tax system; and
- likelihood of a successful investigation.

**4.15** The GST Cash Economy (GST CE) Risk and Strategy unit has indicated that it wishes to trial another rating system in TERC. Like the ME&I ratings, it combines both risk and confidence ratings.

### **Use of TERC ratings in business lines**

**4.16** Because the risk profile for each area of Tax Office administration is different, it may be difficult for TERC to assess risks in a way that is appropriate for each business line. Returning the focus of TERC ratings to the level of confidence the Tax Office has in the information contained in each allegation may be an efficient approach. Business lines would then apply a method of risk assessment that most closely matches their own priorities.

**4.17** The ANAO examined the use of TERC ratings by units within three business lines. These were:

- GST CE;
- Superannuation Guarantee Employer Segment (SGES); and
- ME&I Employer Obligations (ME&I EO).

**4.18** Examination of the use of ratings in these areas revealed broad variations in approach, consistent with specific risks and priorities identified by different business lines and their market segments.

#### ***GST Cash Economy***

**4.19** Referrals to GST CE make up one-fifth of TERC referrals. GST CE makes a decision whether to individually investigate a tax evasion allegation independently of the rating score applied by TERC. Instead, the existence of a TERC allegation is one of nine parameters which are used by GST CE Risk and Strategy to identify a monthly case pool.

#### ***Superannuation Guarantee Employer Segment***

**4.20** SGES receives a very small number of allegations. It conducts a further assessment of all the TERC allegations it receives before they are referred to other areas of the segment for further action. Staff carrying out this assessment were unaware of the TERC rating and did not take it into account when they examined a TERC referral. Except in a very small number of cases, all

allegations assessed in SGES by TERC were passed on for further evaluation and action. The processes for examining TERC allegations in SGES are discussed further under the heading *Internal referrals* later in this chapter.

### ***Micro Enterprises and Individuals Employer Obligations***

**4.21** The ME&I EO area uses two methods for selecting cases. In the first of these, ME&I EO operates a case selection model to identify high-risk taxpayers for further investigation. An annual case pool is developed using information in Tax Office systems, and is prioritised according to factors such as the amount of revenue that might be recovered should an investigation identify non-compliance. Tax File Numbers that are the subject of TERC allegations are matched with those already in the ME&I EO case pool, and this may increase the priority placed on a case that was already identified as part of the annual pool. TERC's rating of an individual case is not relevant to ME&I EO's case pool assessment. ME&I EO also select higher-rated TERC allegations for individual assessment as 'Level Playing Field' cases.<sup>48</sup>

## **Skills and training**

**4.22** The TERC unit consists of 22 positions, reporting through a Director to a Senior Assistant Commissioner. Fifteen positions are responsible for rating and referring allegations.

### **Training**

**4.23** Training for staff who rate and refer tax evasion allegations is on-the-job, and largely systems-related. Staff have access to self-paced training modules via the Tax Office intranet, and these cover organisation-wide topics such as privacy issues or the use of CWC. There are not currently any position descriptions or performance and development agreements in place for TERC staff.

**4.24** TERC's role has changed substantially since May 2009, when responsibility for accepting Tax Evasion Hotline telephone calls was transferred to CS&S. In addition, TERC moved from processing allegations using the purpose-built CISCO database to using the CWC system in October 2009. TERC managers are yet to define the skill set that might be required to

---

<sup>48</sup> 'Level Playing Field' cases are primarily focused on education and on changing current behaviour, rather than pursuing past non-compliance.



implement a changed role for the unit. Planning for these changes was discussed in Chapter 2 of this report.

## **Staff experience and expertise**

**4.25** Good risk management is systematic, and assessments should be guided by tools and guidelines that contribute to consistent, comparable and reliable results.<sup>49</sup> TERC has in place guidelines which can assist staff in making decisions about the ratings that should be applied to tax evasion allegations, but a lack of clarity regarding the purpose of these ratings leads to inconsistencies in the way staff apply them.

**4.26** Many TERC officers bring long-term experience with the Tax Office to their work, including knowledge of Tax Office activities gained in other business lines. Staff were observed applying ratings based on their judgements of risks to revenue, often based on their knowledge of the operations of other business lines. Other information in Tax Office systems about taxpayers who are the subject of an allegation was also a key factor in ratings decisions. Other criteria defined in TERC procedures, such as the quality of information or the relationship between the taxpayer and the informant, appeared to be less important to most staff in their decision-making.

**4.27** Cases for which there had been a high number of previous allegations recorded were rated highly by some officers. TERC procedures require staff to check for previous allegations against a taxpayer and to attach these to the new CWC activity. It is important that auditors have access to all available relevant information when investigating allegations of tax evasion.

**4.28** The use of previous allegations illustrates an inherent tension between obtaining sufficient information to pursue an allegation and maintaining the privacy of taxpayers and informants. As Case Study 2 in Chapter 5 of this report illustrates, multiple tip-offs each containing a small amount of information, when considered in total, can lead to significant compliance outcomes. However, a high number of unsubstantiated allegations alone should not constitute grounds for escalation of a case, and TERC rating guidelines do not include previous allegations as a rating factor. A decision to escalate a case on the basis of multiple, unsubstantiated, and potentially dated

---

<sup>49</sup> Standards Australia, *Risk management – principles and guidelines*, AS/NZS ISO 31000:2009, Standards Australia, Sydney, 2009, p. 7.

allegations could lead to taxpayers being inappropriately selected for investigation.

## Intelligence sharing with Centrelink

**4.29** TERC is tasked with processing tax evasion allegations referred from Centrelink, and is also able to refer information about welfare fraud to Centrelink. The Tax Office is provided with information gathering powers under a range of legislation administered by the Commissioner. The *Income Tax Assessment Act 1936* allows the Tax Office to share information with Centrelink for the purpose of administering social security law. The two organisations signed a Memorandum of Understanding and developed business rules governing this exchange of information in 2000. These documents expired in June 2005 and have yet to be updated or amended.

**4.30** TERC staff have indicated that the relevance to the Tax Office of information received from Centrelink is low, and this is supported by the statistics in Chapter 3 which indicate that only 15 per cent of tip-offs received from Centrelink result in allegations being raised and referred within the Tax Office. TERC advised that it plans to review the business rules for information exchange with Centrelink to determine how the quality of this information can be improved.

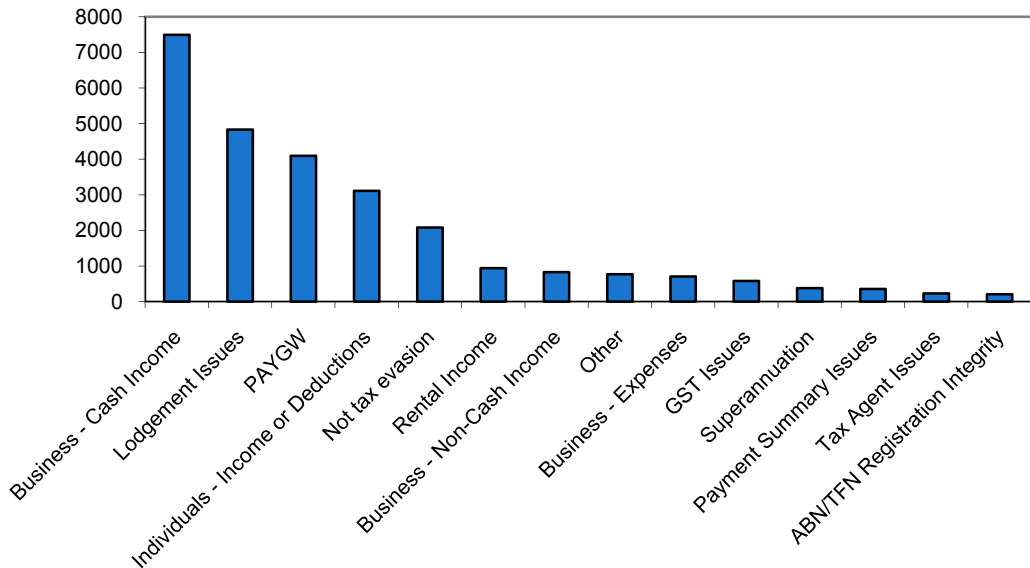
**4.31** TERC staff also report that they do not share details of allegations with Centrelink. In a separate arrangement, TERC staff interrogate Tax Office systems in response to requests from Centrelink for information about individuals. TERC advised that allegations of tax evasion are not shared as part of this process.

## Internal referrals

**4.32** If staff assess that information is related to tax evasion, a key task of the TERC unit is to identify the tax activities represented in the allegation. This determines the area of the Tax Office to which the allegation should be referred for further consideration and action. Figure 4.3 shows the types of tax activities reported in 2008–09 and their volume. In consultation with business lines, the TERC unit maintains a Business Rules Matrix which guides staff on where different types of tax evasion should be referred.

Figure 4.3

Tax evasion activities reported to TERC in 2008–09



Source: ANAO analysis of Tax Office data.

Referrals in CWC

4.33 Once the relevant Tax Office business line has been identified, allegations are referred according to an agreed referral timetable. Most referral reports are scheduled to be made weekly. However, no tool for bulk reporting of referrals was available when TERC moved to CWC in October 2009.

4.34 The possibility of processing tax evasion allegations using CWC was raised by ATOBS in late 2007, and by the end of 2008 TERC staff were discussing the need for a reporting tool that would allow TERC to continue to advise business lines of tax evasion allegations that are of interest to them.

4.35 CWC is capable of referring individual tax evasion activities to business lines. This would require business lines to individually examine each referral and update its status in CWC. As some business lines do not examine all referrals but instead load some of the information the referrals contain into their case selection models, this approach would require some business lines to examine and update thousands of activities in CWC each year, most of which they would not normally scrutinise on an individual basis. Table 4.1 shows the volume of tax evasion referrals made to areas of the Tax Office during 2008–09.

**Table 4.1****Tax evasion referrals by stakeholder 2008–09**

Stakeholder	Cases	%
Tax Practitioner and Lodgement Strategy	7221	28
GST Cash Economy	5186	20
ME&I Individuals	4076	16
ME&I Employer Obligations	3198	13
ME&I Micro	2052	8
Other GST	1596	6
Serious Non-Compliance	965	4
Insolvency	545	2
Other	374	2
Superannuation	249	1
<b>Total</b>	<b>25 462</b>	<b>100</b>

Source: ANAO analysis of Tax Office data.

**4.36** The result of this delay was that for three months TERC was unable to meet its responsibility to refer tax evasion allegations to business lines in a timely manner. This also resulted in a backlog of cases awaiting referral, some of which may have warranted timely action.<sup>50</sup> An interim tool became available in January 2010, and this enables TERC to make referrals on a monthly basis. More frequent referrals to business lines are not expected to take place until a permanent reporting tool is implemented.

### **Business line processing of allegations**

**4.37** As discussed earlier, Tax Office business lines generally conduct a further examination of community intelligence received from TERC, rather than referring it directly for investigation or audit. Each business line has developed its own criteria for assessing TERC allegations based on its business needs and experience in using this information. For example, GST CE has in the past taken highly rated TERC allegations for further examination. Results of audits on cases selected in this way showed that a TERC allegation alone was not often sufficient to warrant a full investigation. As a result, GST CE

<sup>50</sup> TERC currently has no reliable measure of the size of this backlog. TERC does, however, have a mechanism for manually referring 'hot' cases.

now uses the existence of a TERC allegation as one of nine indicators in its case selection model.

**4.38** These differences in approach are not accounted for in TERC procedures, sometimes leading to unnecessary or duplicated processing. While TERC staff apply ratings to Superannuation referrals, these ratings are not taken into account by SGES in developing its rating. The auditors who receive these allegations do not take either rating into account. They commence their own scoping processes to determine whether they will undertake an audit.

**4.39** TERC ratings are not used routinely in GST CE, which receives 20 per cent of allegations referred by TERC. However, GST CE does from time-to-time examine highly-rated TERC cases for specialised projects such as for bulk mail-outs or particular industry projects.

**4.40** As discussed earlier, restricting the TERC rating process to an assessment of the reliability of, or confidence in, the information contained in an allegation may be an efficient approach to TERC processing. Alternately, by more closely examining the different uses business lines make of the ratings TERC applies to allegations, the Tax Office may be able to reduce processing effort and costs. For example, it may be preferable for TERC to omit the rating process for allegations that will be referred to business lines that do not use the TERC risk ratings in their case selection models. By identifying the processes that are applied in different areas of the organisation, and monitoring the outcomes of TERC referrals, the Tax Office could achieve a clearer picture of which processes most reliably identify community intelligence that leads to good compliance outcomes, and the business lines best equipped to carry out those processes.

### **Timeliness of referrals**

**4.41** The difficulty in efficiently referring cases since TERC's transfer from CISCO to CWC has caused delays in passing information to business lines. Possibly unnecessary processing in TERC also increases the time between the receipt of community intelligence and its referral to a business line.

**4.42** Business lines that have used TERC data noted that timeliness was a factor in the usefulness of an allegation. For example, SGES and ME&I EO auditors were concerned that businesses may become insolvent before an allegation reaches them for investigation. Employers who are in financial difficulty may attempt to 'stay afloat' by not meeting their obligations to employees to pay superannuation or pass on withheld tax. Timely action by the Tax Office may be important in these circumstances.

## 5. Evaluating Costs and Benefits

---

*This chapter examines the extent to which the Tax Office is able to monitor and assess the costs and benefits of community intelligence.*

### Introduction

**5.1** The ANAO's Better Practice Guide on performance information provides advice on developing useful and meaningful performance measures. It suggests that performance indicators and measures should:

- provide a balanced picture of performance and reinforce appropriate behaviour; and
- be the best available in terms of accurately reflecting what is being assessed, and cost-effective to collect and report.<sup>51</sup>

**5.2** The ANAO's 2008 Better Practice Guide on internal budgeting provides advice on the importance of aligning budgets and organisational plans:

By integrating the budget setting process into the planning process, organisations are better positioned to determine budgets and allocate resources based on operational needs and consistent with approved strategies and priorities. Effective integration also promotes better understanding among managers of how their individual activities and budgets fit into organisation-wide responsibilities.<sup>52</sup>

**5.3** The goals set for a particular business activity and their priority should inform internal budget decisions. By assessing the benefits an activity is able to deliver, organisations can determine the level of quality or quantity of those benefits it requires and which it is therefore appropriate to fund.

**5.4** The ANAO examined the extent to which the Tax Office is able to recognise and measure the costs and benefits, both qualitative and quantitative, of its community intelligence activities.

---

<sup>51</sup> ANAO Better Practice Guide—Better Practice in Annual Performance Reporting, Self Assessment Tool, April 2004, Canberra, p. 2.

<sup>52</sup> ANAO Better Practice Guide—Developing and managing internal budgets, June 2008, Canberra, p. 9.

## Costs of tip-off receipt and processing

**5.5** TERC's expenditure for 2008–09 was \$1.5 million. The additional cost of operating the Tax Evasion Hotline was calculated as part of the planning to transfer this function from the GST business line to CS&S. This was estimated at \$375 700 in 2008–09 and \$655 500 for the first full year of operation in 2009–10.

**5.6** While community intelligence is a very small part of the work of most compliance areas, the aggregate costs arising from processing and investigating TERC referrals across the compliance business lines are greater than the costs of operating the TERC unit and the hotline alone.

## Qualitative benefits of community intelligence

**5.7** The benefits to the Tax Office of collecting and processing community intelligence were recognised in 1998 when a decision was made to develop a systematic approach to managing community 'tip-offs'. These included:

- protecting community confidence by showing that the Tax Office is responsive to community concerns;
- improving taxpayer morale by demonstrating that the Tax Office takes action against non-compliance; and
- tapping into a source of intelligence on both individuals and trends.

**5.8** The ANAO's discussions with business lines that use TERC data indicate that similar understandings of the importance of community intelligence continue. These types of values are recognised in strategic statements such as the Compliance Plan. They have not been articulated into a set of priorities, targets and measures for the management of community intelligence, making it difficult to determine the appropriate level of funding required to achieve desired results.

## Performance monitoring and reporting

**5.9** Performance reports provide a foundation for planning and budgeting by providing succinct information on past results as a guide to priorities and changes required for the future. Without performance reports, planners must

rely on intuition and opinions, which are likely to be less precise and more subjective than carefully designed and balanced reporting.<sup>53</sup>

## **Performance measures**

**5.10** Tax Office call centres use a set of quality benchmarking measures. Targets are in place for calls, covering average handling time, call drop out rates and time taken to answer a call. There are, however, limited mechanisms in place to assess the usefulness of tax evasion data that is being recorded. A mechanism exists to enable TERC to provide feedback to call centres, and TERC staff have begun to evaluate calls for quality indicators such as the extent to which CSRs ask appropriate questions to elicit relevant information from callers. However, with greater feedback from business lines, TERC could better advise CSRs on the types of information that would most assist auditors with their investigations.

**5.11** Quality monitoring for call centres includes a customer service survey, which gives callers the opportunity to report the general quality of, and their level of satisfaction with the handling of and response to their call. Participation in the survey is voluntary, and callers to other Tax Office services are asked if they would be willing to participate in the survey. TERC callers are not offered this option and therefore caller satisfaction with the handling of TERC calls is not recorded.

**5.12** TERC does not have a 2009–10 Team Plan, making its existing performance targets and measures out-of-date. The 2008–09 Team Plan includes measures relating to telephony performance which are no longer relevant to the unit. Performance targets for other activities within TERC will need to be revised in light of this change in responsibility.

**5.13** Few of the actions and measures previously used for TERC performance monitoring address data quality and privacy issues. The measures that are in place do not provide a means for assessing the quality of data or indicate how that quality might be improved.

**5.14** Potential measures of the quality, in terms of accuracy and completeness of TERC information, could derive from the number and results of audit cases raised in relation to community intelligence, the extent to which

---

<sup>53</sup> ANAO Better Practice Guide—Better Practice in Annual Performance Reporting, April 2004, Canberra, p. 4.



return calls to informants are needed to gather appropriate information, and the number of instances where the correct taxpayer cannot be identified. Many of these types of measures are not currently possible because of the absence of comprehensive tracking of TERC results through Tax Office business lines.

## **Referral outcomes**

**5.15** The Tax Office does not currently have a system for tracking the outcomes of cases raised as a result of community tip-offs. In the past the tracking of referrals has been hampered by the lack of coordination between the various systems used by the stakeholders who action TERC referrals. The transition to the single Tax Office CWC framework has not, however, solved this problem. Reporting and tracking of referrals that result in compliance cases is only possible if a consistent case 'source code' is used by business lines. Often this is not the case, generally because business lines create compliance cases for specific projects or use community intelligence as only one element of their case selection processes.

**5.16** The inability to track referral outcomes makes it difficult for the TERC unit to make assessments about its performance and contribution to the organisation as a whole. There is no objective way to demonstrate the correlation between a TERC rating and the audit outcome.

## **Performance reporting**

**5.17** The TERC unit has not reported against all of the measures in its 2008–09 Team Plan. Regular internal reports measure telephony performance, provide workload data, and give snapshots of the age of 'stock' (that is, allegations, complaints and representations to ministers about tax evasion allegations) on hand at the end of each month. Measures specified in the plan relating to improved quality of data and community awareness, or the overall effectiveness of the management of community intelligence, have not been reported against.

**5.18** TERC's workload measures can provide indicators of community behaviour and attitudes to tax evasion, and the Tax Office's monitoring of cash economy risks notes that an increase of 23.5 per cent in the number of allegations made to TERC in 2007–08 may have significance in the context of the financial downturn. Although other areas of the Tax Office may be making decisions based on data which TERC has reported, TERC managers were unable to identify how some of its statistical reports business lines had drawn on had been compiled, because the basis for compiling some statistics had not been documented.

**5.19** In line with the Cash Economy and (previous) TERC Team Plan aims to improve the quality of community intelligence, TERC has placed great emphasis on quality control of allegations processing following the transition to CWC. TERC line managers are aware of the importance of data quality issues and their impact on the perception of TERC within the Tax Office. TERC has put in place a range of quality assurance steps during this transition time. This includes internal review of all allegations assessed during the first weeks of CWC implementation and ongoing monitoring of and feedback to individual TERC officers. TERC processes for assessing and referring tax evasion allegations were discussed in Chapter 4 of this report.

## **Additional taxes and penalties attributable to community intelligence**

**5.20** Because it can match tax evasion tip-offs with compliance case outcomes for only some business lines, it is difficult for the Tax Office to make an accurate assessment of the direct dollar value it derives from community intelligence. Such an assessment would assist in determining the appropriate level of resourcing for community intelligence. TERC relies on business lines to provide feedback on the outcomes of community intelligence cases. The Case Studies in Figure 5.1 provide examples of the kinds of compliance outcomes to which tip-offs can contribute.

**Figure 5.1**

### **Case studies**

#### **Case study 1**

Community intelligence was provided alleging that a restaurant owner paid employees in cash, failed to fully declare income and sent the undeclared amounts to family members living overseas. Investigation revealed that the restaurant owner had also ceased lodging Business Activity Statements and income tax returns. As a result of this information, an audit was performed and the Tax Office discovered \$2.6million in undisclosed income.

Tax Office auditors established that approximately half the sales made by the restaurant were cash. They discovered that undeclared sales from the restaurant were transferred overseas to acquire property and support the lifestyle of extended family members.

The tax audit raised GST liabilities of some \$260 000, pay as you go withholding tax of some \$60 000, and income tax of nearly \$500 000. Penalties of more than \$400 000 were also imposed for intentional disregard of tax obligations.

The taxpayer was also referred for possible prosecution under the Criminal Code.

**Case study 2**

A taxpayer operating a chain of nail salons did not record any cash sales on the activity statement and income tax returns of the business. The salons paid employees in cash 'off the books' and did not provide pay slips to employees. An investigation also established that cash sales were being deposited into the bank account of an employee and transferred overseas without being reported as income.

The investigation noted in the preliminary stages that there had been 111 allegations made through TERC regarding the nail salon industry more generally. As a result of the investigation \$14 million in tax and penalties was imposed by the Tax Office on one taxpayer in 2006–07.

Source: ANAO analysis of Tax Office information.

**5.21** Of the business areas examined by the ANAO, only ME&I provided regular feedback on community intelligence outcomes. In 2008–09 TERC cases referred to ME&I EO resulted in almost \$900 000 in additional taxes, penalties and interest. TERC reported that the total from across the Tax Office in the same year was approximately \$13 million, although this was an estimate only.

**5.22** By improving its methods of assessing the contribution of community intelligence to compliance outcomes the Tax Office could potentially make more effective use of this resource. A greater focus on the uses of community intelligence across organisational structures would support improved risk management, the development of quality and quantity measures, and more efficient alignment of organisational effort and allocation of resources.

## Recommendation No.1

**5.23** To improve the effectiveness of community intelligence activities, the ANAO recommends that the Tax Office:

- (a) assesses the risks to the Tax Office, individual taxpayers and informants arising from the community intelligence function;
- (b) identifies and monitors appropriate quality standards for the collection and processing of community intelligence; and
- (c) reduce inefficiencies by more closely aligning the management of community intelligence across the organisation.

**Tax Office Response:** *Agreed.*

---



Ian McPhee  
Auditor-General

Canberra ACT  
23 June 2010

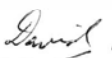
# Appendices



## Appendix 1: Tax Office Response



Mr David Crossley  
Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

  
Dear Mr Crossley,

**PERFORMANCE AUDIT: COMMUNITY INTELLIGENCE – COLLECTING AND PROCESSING TIP-OFFS**

Thank you for your letter of 7 May 2010, submitting the proposed performance audit report on the ATO's *Community Intelligence - Collecting and Processing Tip-offs*.

The ATO welcomes the Australian National Audit Office's (ANAO) recommendation in relation to improving the effectiveness of our community intelligence activities.

As noted in the report, community intelligence has a key role to play both in deterring taxpayers from avoiding tax and in strengthening community support for the integrity of the tax system. The report and recommendation will assist us in our progress toward an efficient and effective community intelligence system.

We agree with the one recommendation contained within the report.

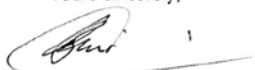
**Recommendation 1  
Paragraph 5.23**

To improve the effectiveness of community intelligence activities, the ANAO recommends that the Tax Office:

- a) assess the risks to the Tax Office, individual taxpayers and informants arising from the community intelligence function;
- b) identifies and monitors appropriate quality standards for the collection and processing of community intelligence; and
- c) reduce inefficiencies by more closely aligning the management of community intelligence across the organisation.

If there are any questions concerning our response, please contact Mr Shane Reardon on 6216 1023.

Yours sincerely,

  
Bruce Quigley  
Second Commissioner Compliance  
7 June 2010

PO BOX 900 CIVIC SQUARE ACT 2608 AUSTRALIA  
ADDRESS

+61 (0)2 6216 1111  
TELEPHONE

+61 (0)2 6216 2743  
FACSIMILE

# Series Titles

---

**ANAO Audit Report No.1 2009–10**

*Representations to the Department of the Treasury in Relation to Motor Dealer Financing Assistance*

Department of the Treasury

Department of the Prime Minister and Cabinet

**ANAO Report No.2 2009–10**

*Campaign Advertising Review 2008–09*

**ANAO Audit Report No.3 2009–10**

*Administration of Parliamentarians' Entitlements by the Department of Finance and Deregulation*

**ANAO Audit Report No.4 2009–10**

*The Management and Processing of Annual Leave*

**ANAO Audit Report No.5 2009–10**

*Protection of Residential Aged Care Bonds*

Department of Health and Ageing

**ANAO Audit Report No.6 2009–10**

*Confidentiality in Government Contracts – Senate order for Departmental and Agency Contracts (Calendar Year 2008 Compliance)*

**ANAO Audit Report No.7 2009–10**

*Administration of Grants by the National Health and Medical Research Council*

**ANAO Audit Report No.8 2009–10**

*The Australian Taxation Office's Implementation of the Change Program: a strategic overview*

**ANAO Audit Report No.9 2009–10**

*Airservices Australia's Upper Airspace Management Contracts with the Solomon Islands Government*

Airservices Australia

Department of Infrastructure, Transport, Regional Development and Local Government

**ANAO Audit Report No.10 2009–10**

*Processing of Incoming International Air Passengers*

Australian Customs and Border Protection Service



**ANAO Audit Report No.11 2009–10**

*Garrison Support Services*  
Department of Defence

**ANAO Audit Report No.12 2009–10**

*Administration of Youth Allowance*  
Department of Education, Employment and Workplace Relations  
Centrelink

**ANAO Audit Report No.13 2009–10**

*Major Projects Report 2008–09*  
Defence Materiel Organisation

**ANAO Audit Report No.14 2009–10**

*Agencies' Contract Management*  
Australian Federal Police  
Austrade  
Department of Foreign Affairs and Trade

**ANAO Audit Report No.15 2009–10**

*AusAID's Management of the Expanding Australian Aid Program*  
AusAID

**ANAO Audit Report No.16 2009–10**

*Do Not Call Register*  
Australian Communications and Media Authority

**ANAO Audit Report No.17 2009–10**

*Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2009*

**ANAO Audit Report No.18 2009–10**

*LPG Vehicle Scheme*

**ANAO Audit Report No.19 2009–10**

*Child Support Reforms: Stage One of the Child Support Scheme Reforms and Improving Compliance*

**ANAO Audit Report No.20 2009–10**

*The National Broadband Network Request for Proposal Process*  
Department of Broadband, Communications and the Digital Economy

**ANAO Audit Report No.21 2009–10**

*Administration of the Water Smart Australia Program*  
Department of the Environment, Water, Heritage and the Arts  
National Water Commission

**ANAO Audit Report No.22 2009–10**

*Geoscience Australia*

**ANAO Audit Report No.23 2009–10**

*Illegal Foreign Fishing in Australia's Northern Waters*  
Australian Customs and Border Protection Service

**ANAO Audit Report No.24 2009–10**

*Procurement of Explosive Ordnance for the Australian Defence Force*  
Department of Defence

**ANAO Audit Report No.25 2009–10**

*Security Awareness and Training*

**ANAO Audit Report No.26 2009–10**

*Administration of Climate Change Programs*  
Department of the Environment, Water, Heritage and the Arts  
Department of Climate Change and Energy Efficiency  
Department of Resources, Energy and Tourism

**ANAO Audit Report No.27 2009–10**

*Coordination and Reporting Australia's Climate Change Measures*  
Department of Climate Change and Energy Efficiency  
Department of Innovation, Industry, Science and Research

**ANAO Audit Report No.28 2009–10**

*The Australian Electoral Commission's Preparation for and Conduct of the 2007 Federal General Election*

**ANAO Audit Report No.29 2009–10**

*Attorney-General's Department Arrangements for the National Identity Security Strategy*

**ANAO Audit Report No.30 2009–10**

*Management of the Strategic Regional Program/Off-Network Program*  
Department of Infrastructure, Transport, Regional Development and Local Government

**ANAO Audit Report No.31 2009–10**

*Management of the AusLink Roads to Recovery Program*  
Department of Infrastructure, Transport, Regional Development and Local Government

**ANAO Audit Report No.32 2009–10**

*Management of the Overseas Owned Estate*  
Department of Foreign Affairs and Trade

**ANAO Audit Report No.33 2009–10**

*Building the Education Revolution—Primary Schools for the 21st Century*  
Department of Education, Employment and Workplace Relations

**ANAO Audit Report No.34 2009–10**

*The Management and Use of Double Taxation Agreement Information Collected Through Automatic Exchange*  
Australian Taxation Office

**ANAO Audit Report No.35 2009–10**

*Administration of the Superannuation Co-contribution Scheme*  
Australian Taxation Office

**ANAO Audit Report No.36 2009–10**

*Emergency Management and Community Recovery Assistance in Centrelink*  
Centrelink  
The Department of Families, Housing, Community Services and Indigenous Affairs

**ANAO Audit Report No.37 2009–10**

*Lightweight Torpedo Replacement Project*  
Department of Defence

**ANAO Report No.38 2009–10**

*Campaign Advertising Review July 2009 - March 2010*

**ANAO Audit Report No.39 2009–10**

*Medicare Australia's Administration of the Pharmaceutical Benefits Scheme*  
Medicare Australia  
Department of Health and Ageing  
Department of Human Services

**ANAO Audit Report No.40 2009–10**

*Application of the Core APS Values and Code of Conduct to Australian Government Service Providers*

**ANAO Audit Report No.41 2009–10**

*Effective Cross-Agency Agreements*

**ANAO Audit Report No.42 2009–10**

*Fraud Control in Australian Government Agencies*  
Attorney-General's Department  
Australian Institute of Criminology

**ANAO Audit Report No.43 2009–10**

*Army Individual Readiness Notice*  
Department of Defence

**ANAO Audit Report No.44 2009–10**

*Administration of the Tax Obligations of Non-Residents*  
Australian Taxation Office

**ANAO Audit Report No.45 2009–10**

*Contracting for Defence Force Recruiting Services*  
Department of Defence

**ANAO Audit Report No.46 2009–10**

*Child Support Reforms: Building a Better Child Support Agency*  
Department of Human Services

**ANAO Audit Report No.47 2009–10**

*Managing Live Animal Imports*

# Current Better Practice Guides

---

The following Better Practice Guides are available on the Australian National Audit Office website.

Planning and Approving Projects an Executive Perspective	June 2010
Innovation in the Public Sector Enabling Better Performance, Driving New Directions	Dec 2009
SAP ECC 6.0 Security and Control	June 2009
Preparation of Financial Statements by Public Sector Entities	June 2009
Business Continuity Management Building resilience in public sector entities	June 2009
Developing and Managing Internal Budgets	June 2008
Agency Management of Parliamentary Workflow	May 2008
Public Sector Internal Audit An Investment in Assurance and Business Improvement	Sep 2007
Fairness and Transparency in Purchasing Decisions Probity in Australian Government Procurement	Aug 2007
Administering Regulation	Mar 2007
Developing and Managing Contracts Getting the Right Outcome, Paying the Right Price	Feb 2007
Implementation of Programme and Policy Initiatives: Making implementation matter	Oct 2006
Legal Services Arrangements in Australian Government Agencies	Aug 2006
Administration of Fringe Benefits Tax	Feb 2006
User-Friendly Forms Key Principles and Practices to Effectively Design and Communicate Australian Government Forms	Jan 2006
Public Sector Audit Committees	Feb 2005
Fraud Control in Australian Government Agencies	Aug 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
Building Capability—A framework for managing learning and development in the APS	Apr 2003
Administration of Grants	May 2002
Performance Information in Portfolio Budget Statements	May 2002
Some Better Practice Principles for Developing Policy Advice	Nov 2001
Rehabilitation: Managing Return to Work	June 2001
Building a Better Financial Management Framework	Nov 1999
Building Better Financial Management Support	Nov 1999
Commonwealth Agency Energy Management	June 1999
Controlling Performance and Outcomes	Dec 1997
Protective Security Principles (in Audit Report No.21 1997–98)	Dec 1997