

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 61

Topic: Audit teams – experience and qualifications

Hansard Page: 117

Senator Bushby asked:

Senator BUSHBY: People who might go out and audit large, small or other businesses. What is the degree to which we can have confidence that they are appropriately experienced and qualified to be able to do that job? So that is their seniority, education, any minimum professional requirements and what else you might look at to ensure that those people are the appropriate people to be doing that job. In doing so, do you have any industry exchange programs to skill your auditors? How many ATO officers participate in those sort of programs? What do you do to ensure that they are appropriately qualified and skilled?

Mr Quigley: Yes. We will be able to provide that to you, Senator.

Answer:

The ATO is committed to developing and training its staff and maintaining a highly professional workforce. Staff are encouraged, but currently not required, to record their qualifications on ATO corporate systems. The ATO is currently actively encouraging all staff to update their qualifications on internal human resource systems.

A result of this exercise is that as at 30 June 2011, the ATO can confirm that approximately 50% of its active compliance staff have disclosed that they have one or more university qualifications. The ATO is currently analysing this data.

In May 2011, 6,477 full time equivalent officers were involved in active compliance activities across the ATO. Currently:

- 2,588 (40%) have disclosed information stating they possess a bachelor degree or higher qualification with the most common fields of study being accountancy (814) and business (487), legal (262) and economics (242)
- 503 (7.7%) have disclosed information stating they possess a post-graduate diploma with the most common fields of study being legal (151) and accountancy (118) and business (57)

- 524 (8.1%) have disclosed information stating that they possess a masters with the most common fields of study being accountancy (147), legal (140) and business (83)
- 21 (0.3%) have disclosed information stating they possess a doctorate with the most common fields of study being economics (4), accountancy (4) and arts (3), and
- 834 (12.9%) have disclosed information stating that they hold multiple degrees and/or post graduate qualifications.

A total of 3,192 employees (involved in active compliance activities) disclosed information stating they possess a total of 4,932 formal certificates and qualifications. These are:

Qualification	Employees	Qualifications
Basic Vocational	85	92
Skilled Vocational	357	414
Associate Diploma	507	555
Undergraduate Diploma	241	263
Bachelor Degree	2,286	2,461
Postgraduate Diploma	503	555
Masters	524	570
Doctorate	21	22
Total	4,524*	4,932

* Note: This represents 3,192 individual employees who have one or more qualifications.

In addition, 645 employees possess formal qualifications which have been assessed and validated in-house. These are:

Internal Qualification	Employees
Cert IV in Financial Services (Super)	2
Cert IV in Government (Fraud Control)	2
Cert IV in Government (Investigation)	64
Cert IV in Government Project Management	330
Cert IV in Govt (Statutory Compliance)	161
Certificate III in Financial Services	17
Certificate III in Government	1
Certificate IV in Government	27
Certificate IV in Training & Assessment	3
Diploma of Government	27
Diploma of Government (Investigation)	11
Total	645

For ATO employees in audit-related roles, the focus on capability commences at recruitment. Recruitment documentation for all technical positions states that formal qualifications relevant to the position are highly desirable. For auditors, the preferred and most relevant qualifications are commerce, auditing and law.

While many ATO employees involved in auditing activities join the ATO as graduates and grow through the organisation, the ATO also recruits many people from different sectors of the community, including people with private sector experience. A number of employees have joined the ATO after working in legal or accounting firms, financial institutions or other large corporations. A significant number of staff study for university qualifications each year with the support of the ATO. For example, 122 officers in the ATO's Small and Medium Enterprises business line are currently supported to study a range of relevant qualifications for audit activities (e.g. accounting, taxation and law).

The ATO aims to provide new audit officers with tax technical training. At present, all auditors that are either new to the ATO or new to a technical role are required to undertake the mandatory Technical Workforce Induction course within three months of commencing in their role. ATO employees involved in auditing activities also receive ongoing learning and development that is aimed at building the right skills, for each person, relative to their role and stage of development. All ATO officers have a performance development agreement which reflects the duties of their role and their performance in the role. Learning and development opportunities are then managed by their team manager working with the employee to ensure any learning gap is addressed. Learning programs are developed for each staff member and recorded in their performance and development agreement to ensure appropriate training occurs for the role undertaken. In addition, a specific compliance curriculum exists for all officers undertaking compliance work, which provides foundation, intermediate and advanced topics available to support their learning.

An Integrated Quality Framework (IQF) is embedded into the ATO's case management processes and quality checks occur on a sampling basis, during and after audits and risk reviews. These quality reviews include undertaking full quality assessments of sampled ongoing and finalised cases, each month. In addition, twice yearly reviews of finalised cases are undertaken jointly by both senior ATO officers and independent external experts.

These checks inform audit staff and management of case quality across nine criteria: administrative soundness, integrity, correctness, appropriateness to the taxpayers' requirements and circumstances, effectiveness, transparency, consistency, timeliness and efficiency.

The ATO also conducts an annual professionalism survey, and as an organisation it reflects on the results. In addition, questionnaires are issued to taxpayers at the end of the more significant audit activities. When the ATO receives feedback from these audited taxpayers, it takes that into account as necessary as part of its focus on

continuous improvement. These surveys and questionnaires inform the learning and development work program.

The ATO does not have any formal industry exchange programs. However, the ATO does have a focus on developing commercial understanding. The ATO has many externally developed and delivered training programs that convey an understanding of commercial and industry reality. These include the Compliance Officer Advanced Audit and Accounting Program, the Fundamentals of Audit Program, Advanced Audit Techniques Programs and the Complex Compliance Curriculum program.

In addition, the ATO offers staff a range of specialised learning programs focusing on topics such as banking and finance; principles of United States of America tax law and the differences between the tax systems in the United States of America and Australia; oil and gas, covering mineral development, financial arrangements, contracting and how it applies to the Australian Taxation system. Many of these programs are intentionally delivered by externals to the ATO in order that an external, commercial view is presented. ATO employees also attend industry conferences and forums to gain an understanding of and keep up to date with industry patterns, trends and issues. This information is then shared within teams.

The ATO has a significant number of consultation and advisory processes to engage with the community. The ATO's corporate values include the need for consultation, collaboration and co-design. The National Tax Liaison Group and its various sub-committees and the market forums provide valuable feedback and encourages discourse on tax and industry issues so the ATO keeps pace and remains connected with industry and market events.