OECD

INFORMATION NOTE

Strengthening Tax Audit Capabilities: Auditor Workforce Management— Survey Findings and Observations

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Compliance Sub-group

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CTPA

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ABOUT THIS DOCUMENT

Purpose

The purpose of this note is to report the findings, observations and international comparisons derived from a survey of audit workforce management approaches adopted in selected OECD countries. The survey explored a range of matters, including: 1) identifying the required capabilities of auditors and audit managers; 2) assessing capability; 3) improving capability; and 4) cost-benefit analysis of capability improvement programs.

Background

Since its establishment in July 2002, the Forum on Tax Administration (FTA), a subsidiary body of the OECD's Committee on Fiscal Affairs (CFA), has operated with the broadly stated mandate ... to develop effective responses to current administrative issues in a collaborative way, and engage in exploratory dialogue on the strategic issues that may emerge in the medium to long term. To carry out this mandate, the Forum's work is directly supported by two specialist Sub-groups: Compliance and Taxpayer Services (previously e-services)—that each carry out a program of work agreed by member countries.

The Compliance Sub-group exists to provide a forum for members to share experiences and knowledge of compliance approaches in OECD member countries to progress good practice in compliance activities and administration, both domestically and internationally. Specifically, the Sub-group is expected to: 1) periodically monitor and report on trends in compliance approaches, strategies and activities; 2) consider and compare member compliance objectives, the strategies to achieve those objectives and the underlying behavioural compliance models and assumptions being used; 3) consider and compare member compliance structures, systems and management and staff skills and training; and 4) create and maintain best practice papers and discussion papers on emerging trends and innovative approaches. This document is a by-product of the Sub-group's work.

Caveat

National revenue bodies face a varied environment within which administers their taxation system. Jurisdictions differ in respect of their policy and legislative environment and their administrative practices and culture. As such, a standard approach to tax administration may be neither practical nor desirable in a particular instance.

The documents forming the OECD tax guidance series need to be interpreted with this in mind. Care should always be taken when considering a country's practices to fully appreciate the complex factors that have shaped a particular approach.

Inquiries and further information

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SUMMARY

1.   The taxpayer audit function plays a critical role in the administration of tax laws in all member countries. In addition to their primary role of detecting and deterring non-compliance, tax auditors are often required to interpret complex laws, carry out intensive examinations of taxpayers' books and records, while through their numerous interactions with taxpayers operating very much as the "public face" of a revenue body. These factors, as well as the sheer size of the audit function in most revenues bodies, provide a strong case for all revenue bodies paying close attention to the overall management of the tax audit function and, in particular, to the strategies and methods used for recruiting, developing and managing individual audit staff.

2.   This note summarizes the results of a survey of revenue bodies in selected OECD countries to ascertain individual countries approaches to important aspects of auditor workforce management, in particular approaches for: 1) identifying the required capabilities of auditors and audit managers; 2) assessing capability; 3) improving capability; and 4) cost-benefit analysis of capability improvement programs.

3.   Common observations from respondents indicate that their experiences and current processes to identify the required capabilities for audit roles have:

- assisted to identify and resolve capability gaps and/or problems
- increased succession planning by identifying capability risks and assisting the development of suitable development programs
- helped to simplify and build a core framework to meet the agency's objectives; and
- assisted to develop agency wide training frameworks to develop staff to successfully perform more complex work.

4.   Concerning the assessment of capabilities, respondents indicated that the use of the following tools has worked well in their current processes: 1) national annual training plan; 2) quality management activities and systems, and other capability assurance processes to identify potential capability gaps and/or areas for improvement; 3) assessment centres to find future managers; and 4) training and meetings with managers to improve consistency in approach and understanding. Common items that respondents indicated have not worked well included: 1) engagement of all business areas and staff (e.g. mature staff and team leaders) to participate and support the relevant capability programs; and 2) uniform assessment of competencies by managers or other staff (although it was also stated that training of such managers has helped in this regard).

5.   Responding bodies have generally ensured that capability improvement is integrated into normal business activities, and not seen by staff as an extra task by the use of varied methods. The common methods included: 1) building expectations regarding capability improvement, and learning and development into the performance management system (often including annual and/or biannual reviews) and an individual's performance agreement / job description; 2) making staff and managers mutually accountable to ensure development needs are met; 3) including time for training and other capability improvement activities in budgets and plans; 4) allowing work time to be allocated to these activities; 5) funding training and development courses; and 6) offering a range of capability improvement activities to ensure they are easily integrated into the normal course of duties (e.g. self paced packages, on-line learning, mentoring and coaching, on-the-job training, case and issue debriefs, and formal skilling and induction courses).

6.   Finally concerning cost-benefit analysis, the majority of responding bodies have not performed a cost-benefit analysis of their respective capability improvement activities. One revenue body has performed a detailed evaluation of the effectiveness of their training framework, identifying a number of key learnings/issues for the future.

7.   The report includes extensive detail from revenue bodies' responses that may assist in elaborating many of the points summarized in the foregoing paragraphs.

INTRODUCTION

8. The purpose of this document is to report the findings, observations and international comparisons derived from the 'Audit workforce management' survey.

9. The 'Audit workforce management' survey explored a range of matters, including:

    - identifying the required capabilities of auditors and audit managers;
    - assessing capability;
    - improving capability; and
    - cost-benefit analysis of capability improvement programs.

10. A copy of the survey questionnaire is provided as Attachment 21.

Background

11. At the Forum on Tax Administration Compliance Sub-Group (FTA CSG) meeting in Budapest, Hungary (26-28 April 2005) the discussion of the agenda item 'Strengthening audit capabilities' concluded with a general agreement that further work should focus identifying successful strategies for developing auditor capabilities. It was agreed that this work should also extend to identifying the capabilities of a good audit manager and how these can be enhanced.

12. It was decided that Australia would lead a task group consisting of Denmark, France and New Zealand to scope this further work.

13. The task group scoped potential issues and topics for inclusion, upon which a survey was designed and developed. Member countries were requested to respond to this survey, sharing their experiences on audit workforce management. Responses were analysed and used to prepare the 'Audit workforce management survey preliminary findings' paper. The preliminary findings were presented and discussed at the FTA CSG meeting in Copenhagen, Denmark (3-5 April 2006) where it was agreed that a final report was to be prepared including: a) feedback received on the preliminary report; b) practical country examples; c) excerpts from survey responses, and d) identification of common auditor traits (where possible).

Responding countries

14. The following countries provided responses to the 'Audit workforce management' survey[1]: Australia, Austria, Denmark, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Spain and Sweden.

15. These responses have formed the basis of this report. A breakdown of the size and some of the characteristics of the respective countries' audit workforces is provided as context in Attachment 1.

16. A summary and analysis of the information provided by the respondents follows. Many terms used in this paper are defined in the survey glossary (see Attachment 21).

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[1] Nil responses were received from France and Switzerland. Capability model information was provided separately by Canada and examples included in this report where relevant.

SUMMARY OF CAPABILITY IMPROVEMENT INITIATIVES

Satisfaction with capability initiatives and staff capabilities

17. Countries provided answers to questions regarding their satisfaction with their current capability improvement processes; if current auditors, audit managers and directors have the required capabilities to perform their respective role; and if overall, the capability level of their agency's audit workforce to perform audits is declining, stable or increasing. The six questions asked and results are shown in the following table.

Concluding statements:	Strongly disagree	Disagree	Agree	Strongly agree
We are satisfied with our current capability improvement process	-	9%	91%	-
We have a diverse range of capability improvement programs in place	-	18%	64%	18%
Our current auditors have the required capabilities to perform their role	-	-	91%	9%
Our current audit managers have the required capabilities to perform their role	-	-	90%	10%
Our current audit directors have the required capabilities to perform their role	-	-	80%	20%

	Declining	Stable	Increasing
Overall, the capability of our agency's audit workforce to perform audits is	-	45%	55%

18. Responses indicate the majority of responding countries (91%) are satisfied with their capability improvement processes. Similarly most countries are satisfied that their current auditors, audit managers and directors have the required capabilities to perform their respective roles.

19. It should however be noted that a number of countries, while indicating they are satisfied, are seeking to further develop, strengthen, improve and enhance their capability improvement programs and processes, and are similarly seeking to further increase the capabilities of their audit workforce.

20. Close to half of respondents indicated that the capability of their agency's audit workforce to perform audits is stable. This may be an indicator of the interest and desire to do 'more' in this field.

CAPABILITY MODELS

Existence, nature and use of capability models

21. The majority of respondents have a system of capability / competency models in place that describes the skills, knowledge and abilities of auditors, audit managers and audit directors to perform and manage audit work.

22. The capability / competency models generally contain job descriptions, functional descriptions and/or competency profiles using task related competencies. Some countries rely on entry exams as a means of ensuring auditors have the required capabilities.

23. These models are typically supported by training, exams, and educational requirements to ensure and/or build capability.

Example

In New Zealand, a competency framework exists across the audit function. It contains:

- Series of job expectations – these clearly define the requirements of respective jobs of investigators (auditors), Team Leaders and Investigations Managers in terms of deliverables, core competencies and tax technical/commercial knowledge.

- Each position (except for managers) have a set of specific tax technical competencies together with supporting training products to provide a training platform based on which these competencies can be developed and enhanced.

- For investigators, there is also a training framework that aligns the learning requirement from entry over a 3 year horizon and links training to the type of work that would be expected of an investigator with 3 months, 6 months, 12 months, 18 months experience etc.

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24. The capability / competency models used in the majority of countries provide a basis for managing performance, training, staff development and recruitment.

25. Country responses indicate a trend to extend the use of such capability models, to ensure that human resource management processes across the organisation, such as hiring, training, evaluation, certification, performance assessment, staff and career development, workforce planning etc are based on competencies.

Examples

In Mexico, a competency model has been developed to provide a solid basis for successful career development. The model includes three types of competencies:

1. *Basic:* Generic (IQ, personality, achievement orientation, honesty) and Managerial (strategic thinking, communication, problem analysis and decision-making, leadership and organization).

2. *Organizational*: Generic (teamwork, communication, service attitude, result orientation, institutional principles (respect, responsibility, professionalism)) and Managerial (systemic approach, change management, negotiation, personal impact).

3. *Technical*: Generic (legal, office software, legal framework for the public service) and Specialty (tax, foreign trade, information technology and resources management).

Under the new scheme of resources management, every process dealing with human resources management such as hiring, training, evaluation, certification, performance assessment, staff and career development etc must be based on competencies.

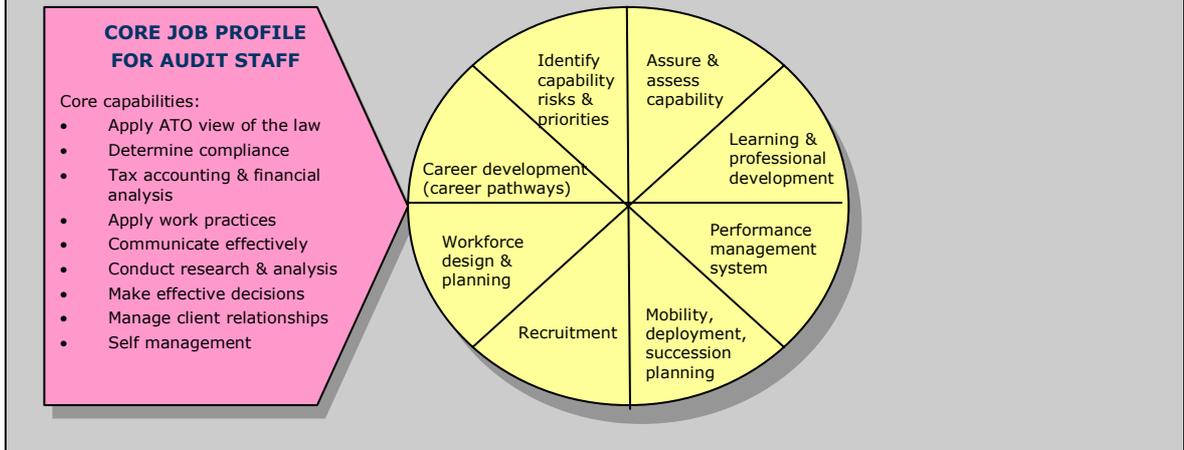Australia has identified nine core capabilities required of audit staff. It has commenced using its' capability model (including a capability dictionary and capability profiles) to provide a standard

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and consistent frame of reference for a number of activities across its people system, as outlined in the wheel below.

CORE JOB PROFILE FOR AUDIT STAFF

Core capabilities:
- Apply ATO view of the law
- Determine compliance
- Tax accounting & financial analysis
- Apply work practices
- Communicate effectively
- Conduct research & analysis
- Make effective decisions
- Manage client relationships
- Self management

Wheel segments:
- Identify capability risks & priorities
- Assure & assess capability
- Learning & professional development
- Performance management system
- Mobility, deployment, succession planning
- Recruitment
- Workforce design & planning
- Career development (career pathways)

26. Excerpts from several country survey responses on descriptions and use of capability / competency models are included in Attachment 3.

Communication of capability models

27. Capability / competency models (and the required capabilities) are typically documented, communicated and made available to staff on agencies respective intranet site.

28. Job and function descriptions are also used to communicate this material internally. Information on the required capabilities may be included in job descriptions and job vacancy advertisements and are therefore available externally.

29. One revenue body performs training for its managers on this material.

IDENTIFYING THE REQUIRED CAPABILITIES

Identifying required capabilities

30. The required capabilities of auditors were generally identified by analysing the activities required to perform particular audit tasks, and through practice and experience. They were often based on the notion that auditors are generalists, who may subsequently develop into specialists to meet organisational needs.

31. The required capabilities of audit managers and directors were typically identified and based on the notion that they were to be both people leaders and tax technical leaders. Coaching, communication, and leadership skills are seen by many as important capabilities.

32. Experienced personnel (who have proven and demonstrated abilities to perform audit work) generally identify the required capabilities to perform audit work. Specialist qualifications and skills were not cited as important factors in determining who is to identify the required capabilities. The majority of responses identified senior management, team leaders and experienced audit staff as the people who identified the required capabilities. This was often done jointly or in consultation with human resource stakeholders, training departments and head office.

Ranking capabilities

33. The majority of country responses indicate that the required capabilities are not ranked or weighted in importance. The identified capabilities are recognised as the critical capabilities expected of any staff member to be competent at a baseline level, ie they must be observed to a minimum standard.

34. Excerpts from country survey responses on the issue of ranking capabilities are included in Attachment 4.

Capabilities for auditors

35. The required capabilities for audit staff in responding countries using competency models were similar to those listed below:
    - conduct investigations;
    - determine compliance;
    - tax accounting and financial analysis;
    - conduct research and analysis;
    - apply the law (technical expertise);
    - make effective decisions;
    - communicate effectively;
    - apply work processes and procedures;
    - manage own work;
    - achieve results; and
    - manage relationships.

36. In addition to the required core capabilities, country responses indicate an emerging view that greater attention and emphasis is needed on 'soft skills' and other attributes, for example:

- behavioural and motivational competencies;
- personal attributes such as passion for work and integrity;
- feeling for the detection of fraud and irregularities; and
- observes and detects relevant indicators in surroundings, identifies patterns and describes their significance to the situation, effective observational skills etc

37. Knowledge of basic accounting, book keeping, and business and industry practices is generally expected for all staff, and appears to not always be documented as a required capability.

Capabilities for audit managers and directors

38. The required capabilities for audit managers and audit directors often focused on the following themes:
    - leadership and management skills;
    - technical expertise;
    - advanced audit skills;
    - achievement orientation;
    - ability to develop and coach others;
    - high level communication skills; and
    - ability to make strategic decisions.

Capabilities for particular work types

39. Over half of the responding countries identified and/or recognised that different capabilities are required for work performed in different market segments, or work performed on clients exhibiting different behaviours towards tax compliance. Typical points of difference were made for:
    - clients exhibiting different behaviours towards tax compliance e.g. non-compliant aggressive clients;
    - audit work with large businesses (staff were generally expected to have deeper and more specialised knowledge about specific regulations for this segment);
    - performing system and electronic data base audits; and
    - conducting criminal and fraud cases.

40. Whether different capabilities are identified and/or recognised, seems to be influenced by the:
    - structure of tax agency and allocation of work ie different capabilities are more likely to be identified and recognised where staff and/or work is divided into market segments (e.g. large segment) and/or work types (fraud, non-compliant, aggressive clients); and
    - design of competency / capability model. For example, many models identify the core capabilities (minimum standard) required. This promotes consistency, a flexible workforce and the allocation of resources to the greatest risk and/or priority work. It is however often recognised in these models that 'extra' or 'higher level' capabilities are required for some roles and/or work. Flexibility exists for the relevant business areas to determine, identify and apply these on a needs basis.

> **Example**
>
> In Australia, the Tax Office's set of core capability profiles outlines the generalist skills required of all auditors. It is expected that differing complexities of work in various roles would require additional and a greater depth of competencies to be applied to particular roles. The model allows for business areas to identify and apply additional capabilities where necessary.
>
> Adopting a generalist approach allows the Tax Office to have a flexible audit workforce, enabling the movement of staff across the organisation to the greatest risk and/or priority work.

41. Excerpts from several country survey responses on capabilities for particular work types are included in Attachment 5.

Common observations

42. Common observations from respondents indicate that their experiences and current processes to identify the required capabilities for audit roles has:

- assisted to identify and resolve capability gaps and/or problems
- increased succession planning by identifying capability risks and assisting the development of suitable development programs
- helped to simplify and build a core framework to meet the agency's objectives; and
- assisted to develop agency wide training frameworks to develop staff to successfully perform more complex work.

43. Excerpts from several country survey responses on observations and reflections on their activities to identify the required capabilities are included in Attachment 7.

CAPABILITY ASSESSMENT

Assessing capabilities

44. The capabilities of auditors, audit managers and audit directors are assessed in some way by the majority of all responding agencies as follows:

    - auditors' capabilities are formally assessed by the majority of responding countries; and
    - approximately half of responding countries formally assess the capabilities of audit managers and directors, with the remainder conducting informal assessments.

45. Individual country responses concerning the use of formal and informal assessment methods are included in Attachment 2.

46. Annual and bi-annual performance appraisals are commonly used to evaluate a staff member's capabilities, and are often performed by their direct manager.

47. Other responses on the methods used to assess capabilities varied and included:

    - knowledge based assessments administered via an on-line assessment tool;
    - performance of capability assessments integrated into learning and development strategies;
    - formal testing and exams to attain a recognised qualification;
    - a tutor is used to support and assess newly hired staff on 2 year training and work contracts;
    - peer reviews; and
    - assessment centres, including psychometric and technical evaluations.

48. Excerpts from selected country survey responses on how capabilities are assessed are included in Attachment 8.

Influence of employment laws

49. A revenue body's employment conditions and/or country's employment laws do not generally prevent the use of capability assessments. Many of the laws relate to the entitlements and/or rights of staff members, and therefore indirectly influence how capability assessments are performed e.g. equality, equal opportunity considerations in staff recruitment. In several countries, revenue bodies are obliged by law to assess the staff member's capabilities and performance for the purpose of increasing the efficiency of government work, and/or certifying the professional capabilities of staff.

Who performs capability assessments?

50. The majority of respondents stated that annual and bi-annual assessment processes are typically performed by the staff member and their team leader. Training for managers is often provided and access to human resource specialists provided if required. Special qualifications are not deemed necessary for the team leader to perform this role.

51. Assessments performed as part of recruitment processes are often performed by external specialists, human resource departments and/or panels of internal subject matter experts. External parties (e.g. universities) are also used to assess capabilities through formal study

programs, where recognised qualifications are awarded to staff upon successful completion of the program.

When is capability assessments performed?

52. Most respondents perform capability assessments during recruitment and promotion processes and on an annual or bi-annual basis for those staff maintaining current positions.

53. Other events that trigger capability assessments were:
    - prior to performing a new type of work;
    - prior to starting a new role (e.g. change of position); and
    - on-going informal self-assessments and learning and development activities.

Recording and use of skills and expertise information

54. Responses regarding the recording of skills (including qualifications) and areas of expertise of individual staff, and the use and disclosure of this information across the relevant agency provided the following:
    - the majority of respondents record qualifications attained and training / programs completed by individual staff, demonstrating a strong focus on the recording of activities performed;
    - most countries do not share or make this information on qualifications and training completed available across their agency. It is primarily used for strategic and management reporting purposes, including broad reporting to government on organisational capability;
    - other responses regarding the use and disclosure of this information were varied; and
    - specialist skills and/or areas of expertise are not commonly recorded and/or shared with others across the relevant agency (a couple of countries are however an exception).

> **Examples**
>
> In Italy, the Revenue Agency records the skills and areas of expertise of its individual staff using specific software. These details are recorded and made available for use by others across the Agency, e.g. to boost tax investigations.
>
> In Korea, the personnel management team records each auditors' career paths including prior experiences such as large taxpayer audit, individual audit, property related tax audit. It also records education and training history and certificate holdings of each individual.

55. Several excerpts from country survey responses on the recording and use of skills and expertise information are included in Attachment 9.

Measuring and tracking workforce capability levels

56. Two countries have implemented processes to regularly measure and track the capability level of their audit workforce. Another is currently piloting a 'capability maturity model' to do the same. In these processes an individual's knowledge, skill and ability for each core competency is rated, using a rating scale. A summary of these individual ratings provide a measure across the whole workforce.

57. The majority of responding countries indirectly attain a measure of the capability level of their audit workforce by considering: key performance indicators and results, quality assurance results, quantity of audits performed, training course and other assessment results etc.

> **Example**
>
> In New Zealand, the Inland Revenue Department tracks from an individual through to an organisational level the following details, therefore providing a measure of capabilities across the whole audit workforce:
>
> - Corporate core competencies of: customer focus, achievement focus, analysis and decision making, communication, self management, strategic responsibility and management via a rating system that reflects the following rating levels; (1) Not Yet Met, (2) Partially Met, (3) Met, (4) Exceeded and (5) Consistently Exceeded.
>
> - For tax technical competencies, we also track from an individual through to an organisational level the tax technical knowledge of staff at 3 levels: Fundamental, Applied and Advanced. We are able to set targets, monitor and report on using a percentage basis the level at which staff are at by location, function and ultimately at an organisational level, i.e. we can report on how many people are a 100% competent, 80% competent, 60% competent etc.
>
> A critical component to the assessment of competence for each individual is the provision of evidence. This is because we define competence as an ability to do things. It is one thing to know something, but something else to actually do it. It's the ability to put knowledge into practice which really counts. So the most important type of evidence is work samples because they show how individuals apply their knowledge by doing something, not just knowing something.
>
> In addition to above, the IRD is able to monitor and report on the progress being made from an individual through to an organisational level on the delivery of the Training Framework. The training framework is a 3 year structured learning and development program.

58. Excerpts from several country survey responses on measuring capability levels are included in Attachment 10.

Common observations

59. Respondents indicated that the use of the following tools has worked well in their current processes to assess capability:
    - national annual training plan;
    - quality management activities and systems, and other capability assurance processes to identify potential capability gaps and/or areas for improvement;
    - assessment centres to find future managers; and
    - training and meetings with managers to improve consistency in approach and understanding.

60. Common items that respondents indicated have not worked well included:
    - engagement of all business areas and staff (e.g. mature staff and team leaders) to participate and support the relevant capability programs; and
    - uniform assessment of competencies by managers or other staff (although it was also stated that training of such managers has helped in this regard).

61. Excerpts from several country survey responses on their observations / reflections on activities to assess capability are included in Attachment 11.

IMPROVING CAPABILITY

Improving capability and addressing capability gaps

62. Responsibility and accountability for improving auditors, audit managers and audit directors commonly lies with the staff member in question and their direct manager and/or local management team. Responsibility and accountability appears to be influenced by the organisational structure. Human resource departments (where applicable) often have joint responsibility and/or are significant contributors to this process, together with tax auditing / training departments.

63. Responding countries have ensured capability improvement is integrated into normal business activities, and not seen by staff as an extra task by the use of varied methods. The common methods included:

    - building expectations regarding capability improvement, and learning and development into the performance management system (often including annual and/or biannual reviews) and an individual's performance agreement / job description;
    - making staff and managers mutually accountable to ensure development needs are met;
    - including time for training and other capability improvement activities in budgets and plans;
    - allowing work time to be allocated to these activities;
    - funding training and development courses; and
    - offering a range of capability improvement activities to ensure they are easily integrated into the normal course of duties (e.g. self paced packages, on-line learning, mentoring and coaching, on-the-job training, case and issue debriefs, and formal skilling and induction courses).

64. Excerpts from several country survey responses on integrating capability improvement into business as usual are included in Attachment 12.

65. Feedback and observations regarding capability gaps and issues is typically gathered from the following sources, considered at a corporate level, and used to improve training and development activities and capability programs:

    - results from quality assurance and other quality management systems;
    - results from performance system interviews (often performed annually or biannually);
    - client professionalism, satisfaction and other similar surveys; and
    - training and skilling program evaluations.

66. Agency's address capability gaps in a number of ways including: formal development programs, mentoring and coaching programs, accreditation models, job rotation and/or placement programs, career paths, knowledge sharing initiatives, knowledge tests and other activities.

Formal development programs

67. Responses highlighted a range of formal development programs and initiatives used for developing staff. These included:

    - university and summer courses;

- internal development programs (e.g. graduate, cadet, base level auditor and serious non-compliance development programs);
- self-paced and on-line learning packages;
- facilitated workshops and discussion forums;
- external courses (where internal courses are not available or not cost efficient);
- manager training courses (e.g. coaching, feedback, leadership topics);
- continuing professional development;
- on-the-job training;
- coaching and mentoring (e.g. one country has a structured mentor program over 2 years);
- specialised and advanced training programs (on needs basis) e.g. computer audit technologies;
- structured training at set career points (e.g. 10, 17 and 24 years employment); and
- virtual university and learning tools (including distance learning, virtual chat rooms, and discussion forums).

68. Excerpts from several country survey responses providing examples of formal development programs are included in Attachment 13.

Mentoring and coaching programs

69. Mentoring, buddying and/or coaching programs are used across all countries. Typically new or less experienced auditors receive such mentoring. In a number of countries, coaching and mentoring support is also made available to existing staff where required. The formality and structure of these arrangements does however vary.

70. Specialised coaching and mentoring services are made available to new and existing audit managers and directors, if desired, in a number of countries.

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Examples

In Australia, successful participants of the intermediate audit and accounting training program are required to coach and mentor less experienced audit staff. This enables the agency to develop audit skills at lower levels and achieve exponential improvement in audit capability. The coaching process also acts as a mechanism to ensure program participants reinforce and transfer their skills in the workplace.

In Sweden, a program for developing new tax auditors includes allocating a buddy/tutor. The buddy is an experienced auditor specially chosen for this kind of assignment. There is a short education program to become a buddy, after which they are responsible for training the auditor during the first 2-3 years. The topics dealt with by the buddy are in line with planned education program.

Neighbour training (structured technical coaching) is performed in another country. As part of this process a competence development plan based on an agreement comprising the aim of the training, duration and expected results is documented. An experienced colleague will perform this training

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Accreditation models

71. Responses show that the majority of countries use accreditation models and/or processes. The processes and circumstances in which they are used vary, for example:
- several countries make it mandatory to pass examinations and other practical components prior to performing audit work or commencing work at a higher level;

- it is mandatory and an employment condition to obtain a Diploma in Government in Fraud & Investigation for its senior investigators in one country. For appropriate audit staff it has training and assessment tools that allow it to formally certify staff into nationally recognised audit and accounting qualifications. It is to pilot an accreditation process for officers approving audit cases;

- a 'Technical Competency Certification Program' is used in one country. Performance, product, and knowledge evidence (e.g. practical cases, knowledge exams, critical incident interviews) is gathered, assessed and, if satisfactory, 'certification' awarded. Candidates not certified receive further training; and

- one country has no such model.

72. Excerpts from several country survey responses on accreditation models are included in .

Job rotation and/or placement programs

73. The majority of responses indicated that some form of job rotation and/or placement programs is used. Two countries perform regular personal reshuffles with staff transferring to a new post every 3 years (on average). One country ensures that staff change positions on a horizontal level every 5 years. One country's development programs e.g. graduate, cadet and serious non-compliance development programs include formal placements in different work areas. Several respondents indicated that while no formal job rotation / placement programs exist, rotations and movement occurs on an ad-hoc / needs basis. One country has no such programs. No country has rotations and/or placements with industry bodies and/or private businesses.

74. Respondents indicated that job rotation and/or placement programs help to: achieve workforce shifts, provide development opportunities, prevent inappropriate relationships with clients developing, raise staff morale, and encourage staff to improve their abilities.

Examples
In Japan, a regular personnel reshuffle is carried out every year in July. Personnel are transferred to a new post on average every 3 years to prevent them from developing inappropriate relationships with taxpayers, to raise staff morale, and to optimise the NTA's human resources. Promotions and transfers to other posts are performed after considering the staff members abilities and aptitudes.
In the Netherlands, the Dutch Tax Administration has a general policy that staff must change positions on a horizontal level every 5 years unless appointments are made for a shorter period.
In Australia, the base level auditor development program includes 3 work rotations, exposing staff to audit, law and client contact work.

75. Excerpts from several country survey responses on job rotation and/or placement programs are included in .

Career paths

76. Most countries do not have formal career paths developed and/or implemented. Several countries described the career paths that informally exist and are typically taken by staff. The following themes were common across many of these e.g. a progression from: simple to complex work, dealing with small to large businesses, regional / local to national team based work (where relevant), and generalist roles to specialist and/or leadership roles.

77. Two countries (i.e. Australia and Spain) are developing formal career path models for audit staff. One has developed a concept model which sees staff entering the audit workforce at the base level, then gaining breadth of knowledge and experience at the intermediate levels, then

developing depth of technical knowledge at the senior levels (where they may specialise and/or move into leadership).

Examples

Australia is in the early stages of articulating and identifying career paths for audit staff. A concept model has been developed which sees staff entering the audit workforce at the APS 3 (base level), then gaining breadth of knowledge and experience in the APS 4-6 levels , then developing depth of technical knowledge at the APS 6 and EL1 levels (senior auditor levels).

In Spain, the common career path for an 'A' auditor from beginning to retirement is as follows:

- Unit Deputy Leader (1.5 years).

- Unit Leader (directing 2 'B' deputy auditors and 1 Tax agent). Normally devoted to audit taxpayers with an annual turnover of less than €6 million and professionals. In this level it is possible to belong to a National Team.

- Regional Unit Leader (directing 2 'B' deputy auditors and 1 Tax agent). Normally devoted to audit taxpayers with an annual turnover of less than €60 million). It is also possible to work inside a National Team.

- Regional Team Leader (directing 3 'B' deputy auditors and 1 Tax agent). Normally devoted to audit complex and large taxpayers international taxation, consolidated taxation and economic groups.

- National Team Deputy Leader. Second Chief of a National Team (directing 2 'A' auditors *(1), two 'B' deputy auditors, and 2 Tax agent). Normally devoted to audit taxpayers with an annual turnover of more than €60 million.

Every step of this career involves higher wages.

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78. Excerpts from several country survey responses on measuring capability levels are included in <u>Attachment 16</u>.

Knowledge sharing initiatives

79. All respondents use knowledge sharing initiatives. They are believed to help increase the capability of staff through the sharing of best practice, techniques, learnings and experiences.

80. The knowledge sharing methods and tools used are wide and varied. Examples include: workshops, case debriefs, technical discussion forums, communities of interest, action learning sets (facilitated discussion on a particular topic), knowledge databases, intranet based knowledge sharing tools (e.g. chat rooms, virtual conferences), and conferences.

Knowledge tests

81. Knowledge tests and assessments are used by approximately half the responding countries in their training and development programs, certification processes and/or competency models. In several countries, training on particular topics (e.g. corporate policy programs on topics such as fraud prevention) is compulsory across the audit workforce. Such assessments provide assurance that critical knowledge areas are learnt and understood. Ongoing, periodic knowledge tests and assessments are generally not used.

Incentives to encourage participation in capability programs

82. Many incentives and rewards are used to encourage staff to self-develop and participate in the capability programs. It is recognised that participation in such activities increases performance. Monetary bonuses and rewards are directly linked to performance for the majority of responses, particularly at the audit manager and director levels.

83. Other common incentives used include:
    - ability to attain certification and/or work towards recognised qualifications e.g. Diploma or Certificate. These are often awarded in a ceremony;
    - opportunity to change roles, including performance of new, more complex work;
    - option to seek out training and other development opportunities;
    - enhanced promotional prospects; and
    - recognition by managers and local management teams.

84. Disagreements on the capability assessment process and results are commonly managed and resolved by:
    - early discussions between the staff member and manager, where the majority of cases are resolved. This is commonly used when disagreements on the staff member's performance and appraisal interviews occur. Human resource department and/or union representatives may be invited to participate;
    - escalation to a panel or board of staff members. This is typically used where disagreements relate to the certification, exam results and/or other tests where formal qualification may be awarded; and
    - use of internal advocates and/or mediation.

85. The majority of respondents have performance management processes to manage staff that fail to meet required capability levels and/or are disengaged. They typically include: identifying why the person fails to meet the capability standard, applying learning interventions and additional training (including mentoring if appropriate). Pay freezes, re-deployment to a more suitable role and/or dismissal of the officer may occur where the above is ineffective. One country has no such strategies.

86. Excerpts from several country survey responses on incentives to encourage participation in capability programs are included in Attachment 18.

Common observations

87. Several countries provided stories and tales of their experiences in implementing capability improvement programs and creating a learning and development culture. Common themes include recognition of the benefits of:
    - structured training programs / frameworks (including the administration of these);
    - evaluating capabilities to identify and act upon gaps; and
    - more flexible and agile audit training programs and tools.

88. Excerpts from several country survey responses on measuring capability levels are included in Attachment 17.

COST-BENEFIT ANALYSIS OF CAPABILITY IMPROVEMENT PROGRAMS

Measuring cost-benefits

89. Approaches to measuring capability improvement program costs vary across countries. Two countries do not measure or analyse costs in a systematic way. Other responses indicate that travel, external courses, and trainer salary costs are recorded. Two countries also record the cost of time applied to attend training and the development of training products. Three countries measure capability improvement costs by reference to their allocated education budget.

90. Respondents' approaches and measures of the capability improvements impact on business outcomes varies. One country does not perform such measures. Another is currently establishing an impact measurement system on training activities. Business excellence model (review of results achieved and evaluating how they were achieved) and quality assurance results are used as indicators of capability improvements in several countries. Two countries indirectly measure the impact of capability improvement activities on audit outcomes through various indicators e.g. the ratio of lost cases in court, tax revenue, number and duration of audits etc.

91. The ability to measure benefits from capability improvement activities appears to be correlated to the level of capability / competency assessment performed.

92. The majority of responding countries have not performed a cost-benefit analysis of their respective capability improvement activities. One country has performed a detailed evaluation of the effectiveness of their training framework, identifying a number of key learnings/issues for the future.

93. Excerpts from several country survey responses on measuring capability levels are included in Attachment 19.

Conclusions

94. For the countries surveyed a number of approaches have been identified regarding the strengthening of tax audit capabilities. Responses indicate that a strong majority of responding countries are satisfied with their capability improvement processes. Similarly most countries believe that their current auditors, audit managers and directors have the required capabilities to perform their respective roles.

95. A number of countries, while indicating they are satisfied, are seeking to further develop, strengthen, improve and enhance their capability improvement programs and processes, and are similarly seeking to further increase the capabilities of their audit workforce.

96. The majority of respondents have a system of capability / competency models in place that describes the skills, knowledge and abilities of auditors, audit managers and audit directors to perform and manage audit work.

97. The capabilities of auditors, audit managers and audit directors are assessed in some way by the majority of all responding agencies, either through a formal assessment or through more informal assessment systems.

98. The majority of countries have not performed a cost-benefit analysis of their respective capability improvement activities.

CASE STUDY

Practical examples and case studies

99. Excerpts from several country survey responses providing case studies and practical examples describing how their capability program operates for an individual auditor are included in Attachment 20.

1.ATTACHMENTS (SURVEY & EXCERPTS FROM COUNTRY RESPONSES)

Resource data

	Australia	Austria	Denmark	Italy	Japan	Korea
Approx. no. of full-time audit staff, including managers for all taxes & taxpayer types (measured as FTE)[2]	5,284	1,813	Approx. 3,000	13,000	Approx. 38,000[3]	4,362 HQ (1): 117 Regional offices (6): 1,469 District offices (104): 2,776
Approx. no. of full-time staff in audit support roles in the categories indicated: 1. Staff organising, delivering &/or developing skilling / training activities	Approx. 35 (auditors are often required to deliver training on an ad hoc / needs basis, in addition to those FTE listed above)	130	Approx. 45	21%	N/A	8 Tax audit planning div: 2 Tax intelligence div: 2 Audit for international transactions div: 2
2. Staff developing & maintaining capability initiatives, including audit manuals & work practices	Approx. 60	46	Approx. 50	130	N/A	15 Tax audit planning div: 15

	Mexico	Netherlands	New Zealand	Spain	Sweden
Approx. no. of full-time audit staff, including managers for all taxes & taxpayer types (measured as FTE)	3,708	Approx. 10,000	900 Auditors focused on SME segment = 740 Corporate segment (annual T/O > $100m) = 160	5,000	1,000
Approx. no. of full-time staff in audit support roles in the categories indicated: 1. Staff organising, delivering &/or developing skilling / training activities	34 (considering only formal institutional training programs)	Approx. 50	15 Training product design & capability initiatives incl. manual maintenance & best practice development = 15 Corporate segment = 6	No data (some audit staff deliver training courses on their respective specialities to other colleagues)	120
2. Staff developing & maintaining capability initiatives, including audit manuals & work practices	N/A	Approx. 50	21	250-300 (mainly working at the central level)	20

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[2] FTE = equivalent number of staff working full time for a normal year

[3] Includes a number of staff who are in charge of both audit and other business (eg back office operations, legal affairs etc).

Assessing capability

Summary of responses to the survey question 'Are the capabilities of auditors, audit managers and audit directors assessed in your agency?'

Capabilities are formally assessed (Yes/No):

	Australia	Austria	Denmark	Italy	Japan	Korea	Mexico	Netherlands	New Zealand	Spain	Sweden
Auditors	Yes[4]	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes[5]	No
Audit manager	No	Yes	No	Yes	Yes	No	Yes	N/A	Yes	No	Yes
Audit director	No	Yes	No	Yes	Yes	No	Yes	N/A	Yes	No	Yes

Capabilities are informally assessed (Yes/No):

	Australia	Austria	Denmark	Italy	Japan	Korea	Mexico	Netherlands	New Zealand	Spain	Sweden
Auditors	Yes	-	No	Yes	-	Yes	-	-	-	No	Yes
Audit manager	Yes	-	Yes	No	-	Yes	-	-	-	Yes	Yes
Audit director	Yes	-	Yes	No	-	Yes	-	-	-	Yes	Yes

Capabilities are not assessed (Yes /No):

	Australia	Austria	Denmark	Italy	Japan	Korea	Mexico	Netherlands	New Zealand	Spain	Sweden
Auditors	No	-	No	No	-	No	-	-	-	No	-
Audit manager	No	-	No	No	-	No	-	-	-	No	-
Audit director	No	-	No	No	-	No	-	-	-	No	-

[4] This occurs in the serious non-compliance area (Australia)
[5] Auditors are objectively and subjectively assessed by their managers when applying to certain positions of higher level (Spain)

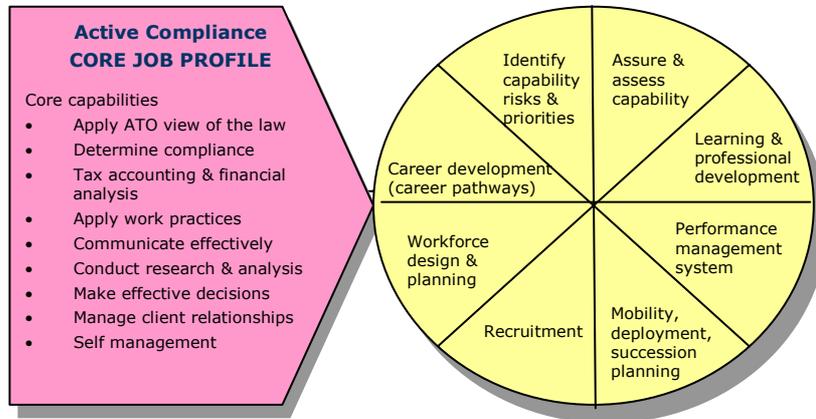# Descriptions and use of capability / competency models

Excerpts from selected country responses to Question 1, of Section 3 of the survey, '…does your agency have a system of capability / competency models…..give a description of the system in place and how it is used.'

	Description
Australia	Yes. The Tax Office has a corporately endorsed capability model. The capability model is used across the active compliance (audit) professional stream. At a high level, the Tax Office uses the following conceptual framework to manage capability: Figure 1: Phases of the ongoing shaping of capability The capability model is built on some key supporting processes. These include: • a capability dictionary which a provides a common framework and language to describe the set of skills, knowledge and attributes required by jobs in the Tax Office • capability profiles which list the essential capabilities applicable to particular roles, and • a risk based assurance framework which is used to ensure capability risks are identified and if necessary appropriate assurance methods implemented across our audit stream. **Capability dictionary** The capability dictionary is a tool that sets out most people capabilities required by jobs in the Tax Office. By using the capabilities in the dictionary, jobs in the Tax Office can be described consistently in capability terms. The dictionary lists 30 capabilities (see Appendix 1). For each capability it documents the title, descriptor, capability intent, proficiency elements, and performance indicators. Figure 2: Excerpt from Capability No. 3 'Conduct Investigation' of the Capability Dictionary The capabilities in the dictionary are clustered into four broad categories: tax technical, generic, leadership and management capabilities. The capability dictionary has initially focused on five professional streams: • active compliance (audit) • advice (law) • information technology • debt and lodgment, and • management / leadership. **Capability profiles for auditors** A capability profile is a list of essential capabilities that are applicable to a particular role. A profile does not capture every capability but describes the key capabilities essential for the delivery of work. Business areas have used the capability dictionary to develop capability profiles, describing the required knowledge, skills and attributes for audit and investigation roles in their area. The Tax Office has rationalised and consolidated the capability profiles for audit roles into one agreed set of core capability requirements (see Figure 3). Using these core capability requirements, detailed capability profiles for 'audit' and 'investigation' roles for base to senior auditor levels have been developed and are provided in Appendix 2. Information in the capability profiles is used in Tax Office wide recruitment activities (eg to develop one set of selection criteria for recruitment exercises across all audit areas, and assess applicants for the required core capabilities) and learning and development activities (eg to develop skilling packages and courses that align to the required capabilities).

Many business areas currently have different maturity levels and arrangements in place in relation to their capability management processes. The Tax Office is increasingly taking a 'whole of active compliance (audit)' approach that will integrate business area specific efforts on the use of the capability profiles.

It is envisaged that in a mature system, such a capability model (dictionary and profiles) will provide a standard and consistent frame of reference for a number activities in our people system, as outlined in the wheel of Figure 3 below.

Figure 3: Core job profile provides a framework
for Professional Streams Work Program

Active Compliance CORE JOB PROFILE

Core capabilities
- Apply ATO view of the law
- Determine compliance
- Tax accounting & financial analysis
- Apply work practices
- Communicate effectively
- Conduct research & analysis
- Make effective decisions
- Manage client relationships
- Self management

(Wheel segments: Identify capability risks & priorities; Assure & assess capability; Learning & professional development; Performance management system; Mobility, deployment, succession planning; Recruitment; Workforce design & planning; Career development (career pathways))

Capability profiles for audit managers and directors

The Australian Public Service Senior Executive Capability Leadership Framework (SECLF) is used to profile the capabilities required of audit managers and audit directors. The framework includes the following capabilities:
- shapes strategic thinking
- achieves results
- cultivates productive working relationships
- exemplifies personal drive and integrity
- communicates with influence, and
- self management and balance.

In addition, five manager capabilities have been identified as priorities for Tax Office managers. These include managers' capacity to:
- manage relationships
- manage people
- manage work
- manage resources, and
- manage governance and integrity.

These leadership frameworks underpin the performance appraisal, performance and development agreement (P&DA), multi-source feedback (MSF), performance pay, and learning and development plan processes for managers and directors (Senior Executive Service and Executive Level 2 officers).

The leadership frameworks outlining the required capabilities are general models used across all leadership roles in the Tax Office. They are not tailored or unique to audit managers or audit directors.

Expectations for audit managers and directors concerning their audit leadership and management roles, performance and planned business outcomes are generally discussed with their supervisor, agreed to and documented in their P&DA. This is reviewed formally at least twice a year.

Risk based assurance framework

A risk based assurance (RBA) framework is used to ensure staff capability risks are identified and if necessary appropriate assurance methods implemented. This allows resources to be allocated to the greatest capability development need / priority and risk to business outcomes.

The RBA framework is summarised in Figure 4. It guides stakeholders through a process when considering the capability assurance approach for audit staff.

Risks have been identified from quality processes, individual and team feedback, business events and other capability activities. Using the framework, these risks have been rated as low to severe risks, and appropriate assurance methods implemented.

For example, fraud / investigation capability was rated as a severe risk and a professional accreditation and mandatory skilling / qualifications process has been implemented for staff performing this role.

21 risk areas have been identified around staff capability (refer to Appendix 3), with the following priority capability risk areas included in the assurance plan for 2005-6:
- fraud and investigation capability
- audit, accounting and compliance capabilities of auditors
- job ready skills (includes tax law knowledge, systems, procedures, and work practices and processes)

	- quality of technical information - application of penalty - audit decision making, and - a number of tax technical and revenue product knowledge areas. Risk-based prioritising means that some capabilities (eg audit and accounting) will receive more focus (for learning and development and skilling activities). Figure 4: Overview of the Risk Based Assurance Framework process | Element	Stage of process
Risk identification	1. Identify risk (identify list of outputs and work roles associated with the work of the audit stream, and identify risk for each of these outputs)
Apply ATO risk matrix	2. Assess the impact of the risk and assign a risk rating 3. Assess mitigation factors (eg work processes, system etc) 4. Re-assess impact to determine actual risk 5. Conduct cross stream validation

Options / Responses to risk & potential capability assessment process	6. Design an assessment &/or assurance response
	   - Identify risk critical capabilities for high risk roles
	   - Match critical capabilities to appropriate response for high risk roles
	   - Match non-critical capabilities to core common specific capabilities
	   - Select appropriate assessment from options (see Figure 5)
	7. Use capability intelligence for feedback analysis and risk review |
	
	Figure 5: Potential capability Assessment Processes
	
	| Assessed level of risk
		Potential Capability Assessment Processes

Low	Capability needs analysis discussion (CNA); Performance management & development system (PM&DS) etc
Medium	Workplace assessor facilitated CNA; knowledge assessments; structured behavioural interviews; workplace simulations (eg role plays) etc.
High	On-the-job assessment by an independent assessor; multi-source feedback; accessing quality review results etc.
Very High	Use of assessment centre methodology including holistic capability assessment, multi-source feedback, work-based evidence etc. For example, the external Career Development Assessment Centre (CDAC).
Extreme	Professional Accreditation as outlined in the Agency Agreement.	
Austria	Competences of auditors (incl. managers, directors) are defined in the job descriptions, they contain special technical skills as well as social and management skills. The auditors are trained according to the requirement of the job descriptions.
Canada	The Canada Customs & Revenue Agency (CCRA) uses a competency-based human resources management system (CBHRM). This means that the following human resource applications: - resourcing and recruitment - human resources planning - performance management - career management - training and learning will use CCRA specific competencies, the job competency profiles and the employee competency profile. CBHRM is based on the principle that organisational performance will result from having the right people, in the right jobs, with the right skills and abilities. A CBHRM system is simple, focused and cost-effective, because one set of common criteria – job related competencies – is used in a number of human resource activities. The CCRA Competency Catalogue is the organisation's official list of competencies and levels that are required by the agency to deliver service to Canadians. It contains three categories of competencies: - organisational (based on key values & principles of the organisation) - behavioural (key interpersonal and personal skills & abilities) and - technical (technical knowledge, skills and abilities) competencies. A job competency profile is a set of predefined 'key' competencies and levels required to perform successfully in a specific job. The job competency profile contains two target levels for each competency. The first is the threshold (required) level. The second is the stretch (optimum) level. An employee competency profile is the set of competencies that an individual has demonstrated, as assessed through the corporate standardised assessment tools or methods.
Denmark	Appraisal interviews, profiles describing necessary competences for processes. Internal bachelor level vocational training, training demands on recruitment. Salary and capability model are not directly linked, but performance is a natural part of evaluation appraisals.

	...the technical competence profile audit of accounts describes the way in which we will establish the level of required competences for performing specific processes. These profiles will be used for settling the competences available in the organisation for specific technical areas, as well as a basis for recruitment. The technical competence profile includes: description of tasks, personal requirements, doorstep competencies, basic competencies, skilled competencies (once performing independently) and expert worker competencies (among the best in class).
Italy	...a system of capability / competency model in place that describes the skills, knowledge and abilities of our managers, both audit managers and other managers.... It focuses not only on assessing managers according to the standard output quantity targets, but also on planning targets that are linked to the specific local setting of the Office (bottom-up approach). This system, moreover, introduces the assessment of the organizational competencies – the set of skills, knowledge and motivation which are appropriate to describe the style of a manager – which strongly determine the progress of the office. In this way, the assessment system is mixed: on the one hand, the assessment of the results (achievement of the assigned targets), on the other hand, the assessment of the organizational competencies (individual qualities). As far as the audit staff is concerned, we are also developing a competency model to evaluate the job performance outcomes of our auditors, based on behaviour actions.
Japan	Our agency doesn't have any capability/competency models. We encourage staff member to acquire the knowledge and skills required for audits through on-the-job training and other training programs for who are assigned to auditing divisions.
Korea	Our agency requires every auditor to a pass qualification exam that tests his or her overall knowledge and capability regarding major tax laws and practices. For specialized audit fields such as international taxation and electronic tax audit, the person that holds a certificate for the above-mentioned fields is preferred. For the director and manager levels, no specific qualifications are required.
Mexico	Since 2001 a competency model is being developed at SAT. The main purpose of this model is to develop every task-related competency of the staff, providing solid basis for a successful career development within the organization. Under this model, a competency is defined as a set of knowledge, interdependent skills, and attitudes derived from the tasks performed by the personnel, oriented to the development of each individual and to fully accomplish institutional objectives. The model includes three types of competencies: 1. Basic (DNA): Generic (IQ, personality, achievement orientation, honesty) and Managerial (strategic thinking, communication, problem analysis and decision-making, leadership and organization). 2. Organizational: Generic (teamwork, communication, service attitude, result orientation, institutional principles (respect, responsibility, professionalism)) and Managerial (systemic approach, change management, negotiation, personal impact). 3. Technical: Generic (legal, office software, legal framework for the public service) and Specialty (tax, foreign trade, information technology and resources management). Under the new scheme of resources management which has been just launched, every process dealing with human resources management such as hiring, training, evaluation, certification, performance assessment, staff and career development, etc must be based on competencies.
Netherlands	We have function descriptions for audit staff. Dutch Tax has no specialized management in the field of audit. The descriptions are available for 3 levels: low middle level, high middle level and high level. The highest level is especially for chartered accountants with an academic education.
New Zealand	Yes, a system is in place. This currently consists of a framework of: • Series of job expectations – these clearly define the requirements of respective jobs of investigators (auditors), Team Leaders and Investigations Managers in terms of deliverables, core competencies and tax technical/commercial knowledge. • Each position (except for managers) have a set of specific tax technical competencies together with supporting training products to provide a training platform based on which these competencies can be developed and enhanced. • For investigators, there is also a training framework that aligns the learning requirement from entry over a 3 year horizon and links training to the type of work that would be expected of an investigator with 3 months, 6 months 12 months, 18 months experience etc. We have also been undertaking a fundamental review of Inland Revenue's audit function. This project has a work stream focusing on People Capability. This work is designed to develop clear, practical, sustainable frameworks and processes that allow for the continued development of people capability across and within all audit business areas and includes: • clarifying the roles and organisational expectations of people within our audit areas: including reviewing and aligning our roles, job expectations and performance measures. • developing consistent competency frameworks and training programmes for the range of roles within our audit areas covering tax technical skills and personal competencies. • developing a career enrichment model for audit and aligning this with other areas of Inland Revenue's business. • aligning these frameworks with our HR Corporate frameworks.

	This is currently work in progress.
Spain	The system to join Public Administration and the access system to different positions include all the specific skills to carry out the audit work. The initial selection of the auditing staff means to pass several strict examinations. The number of subjects and the level of difficulty varies from one level to the other. Level A = Auditor. It is compulsory to have a University superior degree. There are 6 entrance exams (on economics and law, accountancy and mathematics, practical test, foreign language test, and two oral exams on taxes and procedures). Those who pass all the tests attend to a specific course of 9 months in the Institute for Fiscal Studies (IEF) - which is a body of the Ministry of Finance (but it is not part of the Tax Agency). Level B = Deputy Auditor. It is compulsory to have a University medium degree or at least 3 years of a superior degree. There are 4 entrance exams (economics and law, accountancy, mathematics, taxes procedures) Those who pass all the tests attend to a specific course of 4 months in the IEF. Level C = Tax Agent. It is compulsory to have a High School certificate. There are 2 entrance exams. This objective process guarantees impartiality and gives high standards of general capabilities within the officials. The above-mentioned exams are settled for the entrance of new staff. There is also a mechanism to facilitate the internal promotion between levels
Sweden	Tax audit profile is a system that describes skills needed to become a tax auditor. Here you can find personal attributes as well as education that is needed. The purpose is to guarantee a certain level of capability to become a tax auditor. The auditor should be able to perform an audit of a medium sized company. To fulfil the need of skilled auditors the agency arranges internal education with tests during a period of about three years. This is a career for those with an academic degree. In order to be responsible for an audit when there are more auditors involved you have to be a tax auditor. The classification is used among managers and audit directors since it makes it easier for instance when deciding who is to conduct an audit.

Ranking capabilities

Excerpts from selected country responses to Question 3, Section 3: 'Are some capabilities more important than others?'

	Description
Australia	The Tax Office has identified and documented core capability profiles for staff performing audit and investigation roles (Appendix 2 contains the detailed capability profiles).
	The capability profiles do not include all the capabilities that an auditor and investigator require to perform their job. The core profiles are themselves, recognised as the 'critical' capabilities expected of any auditor / investigator at a baseline. As such the capabilities in the profiles are not ranked in importance.
	Business areas may identify additional capabilities required for work in their area and/or decide to place a higher focus / importance on particular capabilities. Identifying additional and/or priority capabilities is largely informed by the area's delivery plan, business goals and priorities.
Italy	Our approach draws on our deep understanding of competencies to identify high performers. Selecting managers and executives for key roles on the basis of technical skills or experience alone often yields poor results. Knowledge and skills are basic prerequisites for success, but the most powerful differentiators are behavioural and motivational competencies. Auditors require the same capabilities even if team work and cooperation are very important.
Korea	A standardized qualification exam verifies the required knowledge and skill sets of auditors. Therefore an individual auditor's personal attributes such as passion for work and integrity are valued more.
Mexico	Relative importance of the capabilities is directly associated to the role of the staff. For example technical capabilities are more important for auditors and managers than for directors whereas basic managerial competencies are more important for a director than for a manager or an auditor. However we try to make sure that our managers are technical leaders before they are entitled with a higher level within the organization.
Netherlands	Overall important for audit functions is a good feeling for the detection of fraud and irregularities. This skill can be developed but in practice we see that some people have a better feeling for this than others. In the selection process we try to discover this feeling for fraud detection.
New Zealand	We are coming to the conclusion that while we can buy from the market directly skills and knowledge such as qualifications and commercial understanding, we have to build internally other skills such as the knowledge around tax technical specialisation, interviewing skills and effective investigative process knowledge.
	We are also looking at how we can better evaluate the softer skills around such areas as how to identify the observable and measurable behaviours which effectively assist in identifying an 'auditor with an enquiring mind & professionalism'. We believe that a better level of insight in areas such as this will enable more accurate recruitment, easier reinforcement of desirable behaviours, make it easier to coach desirable behaviours and that desirable behaviours will be more transparent to Team Leaders & staff.
	While at an entry level, we see qualifications, commercial/industry knowledge as a minimum threshold, along with a common set of core competencies, we also are increasingly forming a view that a number of softer skills may soon take as high priority in areas such as: observes and detects relevant indicators in surroundings, identities patterns and describes their significance to the situation, identifies exceptions to patterns and describes hypothesis, effective observational skills, potential to be effective leaders for tomorrow. See Appendix B which outlines the ranking of a number of these emerging attributes.
	These skills need to be balanced and all must be observable to a minimum standard.

Capabilities for particular work types

Excerpts from selected country responses to Question 6, Section 3: 'Outline if your agency requires auditors to have different capabilities (knowledge, skills and attributes) for work performed in different market segments, or work performed on clients exhibiting different behaviours towards tax compliance.'

	Description
Australia	The Tax Office's set of core capability profiles outlines the generalist skills required of auditors. It is expected that differing complexity of work in various roles would require additional and greater depth of capabilities to be applied to particular roles. Business areas may identify and apply additional capabilities where necessary. Adopting a generalist approach allows the Tax Office to have a flexible audit workforce, enabling the movement of staff to the greatest risk and/or priority work.
Italy	Different capabilities are required from auditors working with micro-businesses, compared to medium-sized enterprises. The Agenzia delle Entrate is creating a personnel management system allowing to: • "form a picture" at macro level of the organizational scenario, identifying the activities peculiar to each macro-process and consequently defining professional areas; • highlight which organizational behaviours enable people to reach excellent results. The project will be developed in two directions: the establishment of the "professional families" and the definition of the "competency model". The term "professional family" means a set of roles which are transversal throughout the organization and uniform in some organizational features (for example, activity, skills, background, etc.). Professional families define the main - mission and support – processes of an organization and, in the case of the Agenzia, the processes of control, services to the taxpayer, etc. Such approach is based on the concept of "Role", which takes into account not only the requirements of the organization, but also the person who will fulfil them, and, consequently, the features that the person must have in terms of knowledge, ability and skills to effectively take such role. The technique used is that of the expert panels, i.e. groups of persons who meet to supply some information through a guided discussion on a specific professional competence. They are officials, clerks, and persons in charge of local, regional and central offices, who, through the description of significant working events, aided by experts, actually identify the activities defined in general in the declaratory judgments, as well as the set of knowledge and abilities requested by the role to best perform one's job. The role blue prints, which are one of the results of these meetings, are organizational description sheets. They include in a single page all the elements describing the role: what is expected in terms of activity, what one should know and do to try and get the desired outcome and which behaviours can lead to excellence.
Mexico	SAT has central and local (across the country) offices; it also has a dedicated unit for large taxpayers (taxpayers with income greater than 500 million pesos). There exist minor differences in required capabilities and knowledge level, especially in the case of auditors. Usually, higher levels are required for auditors working at the central offices and/or with large taxpayers. This is documented in the profile description for an auditor position. It is worth noticing that in the case of staff performing verification and compliance activities in the large taxpayers segment, there exists a clear division according to the market segment and/or industry. This issue makes it necessary for auditors, managers, and director to have deeper and more specialized knowledge about specific regulations for their assigned segment (financial sector, government, etc.), even when audit related capabilities are similar.
Sweden	Yes. Auditors require different skills depending on different market segments and different clients. Auditors develop skills in accordance to this need both from experience and from education arranged by the agency. For example the agency and the regulations require special skilled auditors to do EDB-audits. There are special training and education in order to become an EDB-auditor. There is also special education how to deal with non-compliant aggressive taxpayers. In many of these cases there is cooperation between the Tax agency, police and prosecutor witch require an auditor with certain capabilities. The audit of large firms also requires auditors with certain skills. Auditors have to be able to meet and analyse many different kind of people and act in a suitable way in order to achieve the purpose of the audit. Therefore auditors for large firms are carefully selected.

Future plans to implement capability models or other initiatives

Excerpts from selected country responses to Question 8a, Section 3: 'Please explain if your agency is likely to implement a capability model in the near future (include reasons why &/or why not).'

	Description
Korea	Currently we are working on the development of a 'systematic capability improvement model' that includes management of the audit force, education and performance evaluation with a view of improving overall audit capability.
Mexico	It is worth noticing that we at SAT are going through a transition process starting with the resources (human, material, and financial) management. The basis for the implementation are set, however, there is still a lot of work to do updating job descriptions, training programs, promotion schemes, assessment and certification mechanisms to make sure that the competencies identified are at the very basis of every human resource related task at SAT.

Excerpts from selected country responses to Question 8b, Section 3: 'Please outline and describe any other development models used by your agency.'

	Description
Australia	A 'capability maturity model' is currently being piloted in one of our larger business areas. It is expected to provide some measures of capability levels across the audit workforce.
New Zealand	In additional to the tools commented on already, within the last 18 months we have introduced a training framework which is a three year training programme that includes all the training necessary for a new Investigator to become fully competent. The key objectives for introducing the framework were; to create a nationally consistent approach to audit training content and delivery, capture the minimum audit training requirements necessary to have all new and existing Investigators competent within 3 years, ensure that sufficient audit training is provided across all areas of our audit activity which will enable a new recruit to undertake a wide range of auditing activity within a short period of time, align outputs and deliverables to audit training delivered and technical competencies which would be expected to be achieved in that period and finally ensure that case selection is driven by the need to address the risk to the revenue rather than a lack of individual capability. (A copy of the training framework is contained in Attachment 20).

Observations on processes to identify capabilities

Excerpts from selected country responses to Question 9, Section 3: 'Could you please explain what has worked well and not so well with your current processes to identify the required capabilities for the audit roles in your agency?'

	Description

Australia	**Worked well**
	 • the core capability profile design has worked because:
	  - external competency standards articulated within the Australian qualifications framework were integrated into the capability dictionary and used as a basis
	  - they are relatively simple to understand and easy to grasp
	 • the process to build core capability profiles was effective because:
	  - stakeholders were engaged in the build and sign off phases
	  - stakeholders understood the drivers and purpose behind it, eg the use of standard profiles to recruit and develop staff would create a more flexible audit workforce
	  - business areas are able to add additional specialist capabilities if required
	 • the identification of core investigation capabilities has boosted succession planning by identifying capability risks and assisting in the development of the SNC Officer Development Program
	
	 Challenges
	 The following challenges and difficulties were experienced when identifying core capabilities and developing the capability profiles:
	 • maintaining stakeholder engagement. Business areas often focused on how different they are from each other rather than what is common and core. This was overcome by senior executive sponsorship and support, and focusing on what is common to all
	 • determining the appropriate profile design eg to profile by role or officer level? We profiled for officer level and broadly for role
	 • attributing common proficiency and performance levels where there is inconsistency in the work and varying degrees of complexity across officer levels and business areas. Stakeholders were engaged to ensure decisions were relevant and reflected the capabilities required for the majority of work types and levels, and
	 • dictionary changes fundamentally change the frame of reference for profiling exercises.

Austria	The duration of the qualification period is a long term training, we have not yet discovered a short oder middle term alternative.
Denmark	Good – having a flexible attitude towards the changing needs for training in various fields or topics.
Italy	To identify the required capabilities for the audit roles in our Agency, during the Expert Panel (See Q6) we conducted the Behavioural Event Interview, a crucial technique involving detailed questions that enable you to accurately evaluate an individual's performance potential in job–related situations. We asked the staff to identify and describe the most critical situations they have encountered on their jobs. The interviewer asks what the situations or task was, who was involved, what the interviewee did, and what the result or outcome was. This enables interviewers to measure competencies such as achievement motivation or logical ways of thinking and solving problems.
Japan	As stated in our response to question 2, our agency doesn't have a capability/competency model or a formal process to identify the required capabilities. However, this is not considered an issue that must be worked out, because the required capabilities, such as basic capabilities and additional specialized skills, are commonly recognized among our staff members as explained above.
Korea	From the year 1999, our agency has cultivated a special team of auditors to address international tax issues. This year our agency performed a couple of audits on funds and special purpose vehicles that have been proven to have purposely evaded tax and abused the treaty.
Mexico	The process has provided useful information for the simplification of the organizational structure. There has been some discussion between those methodology-specialists and the functional-specialists regarding the definition and simplification of audit positions and functions. This discussion has slowed down the transition to a fully competency based human resource management approach.
Netherlands	Good co-operation between an audit technical department an audit experts in the field.
New Zealand	Some auditors show a reluctance to engage in more demanding work such as full investigation of the business and private affairs of taxpayers, and complex evasion, tax avoidance and/or fraud cases. In particular we are using the training framework to 'pull people through' in greater numbers to being able to successfully undertake more complex work. • Case selection limited to single revenues. As above, we are using the new training framework to assist in increasing the numbers of people who can undertake multi revenue cases. • A lack of connectivity between past training programmes to case work – in other words, ensuring that once

	trained there is an express requirement to imbed the learning via the selection of appropriate cases. As above, the training framework is designed to deal with this – see outputs and deliverables for months 19 to 36 in respect of the Training Framework.
Sweden	The personal attributes that are needed are some times hard to identify and to evaluate. The tax audit profile has been in use for the last seven or eight years. It is mainly the personal characteristics as for example good judgement, ability to cooperate, create confidence, ability to precent views and take full responsibility and educational ability. There is also ability to analyse, the ability to observe details as well as the over all picture, well structured, methodical, persistent, initiative, imaginative and thorough. During the years we have improved the selection of suitable persons by talking about the problems and make those who do the selection more observant of the problems. Still there are more to do in the future. The education can also develop in order to reduce the lack of skill in some of the areas.

How capabilities are assessed

Excerpts from selected country responses to Question 2, Section 4: 'Please explain how the capabilities are assessed in your agency.'

	Description

Australia	**Formal assessment**
	The majority of auditors are not currently subject to formal capability assessments.
	
	Some high-risk roles have accreditation and mandatory qualifications that have to be achieved by staff. Currently in our audit areas, the only formal accreditation required is in the serious non-compliance business area for investigations officers. It is mandatory and an employment condition to obtain a Diploma of Government in Fraud & Investigations (for senior investigators at the EL1 level and team leaders) and a Certificate IV of Government in Fraud & Investigations (for intermediate investigators at the APS 5 & 6 levels), in this business area due to the nature of the work performed.
	
	Tax Office staff may enrol with the partner university (University of NSW) to conduct and work towards a Bachelor degree and/or other awards. Formal knowledge assessments including exams are performed, contributing to the assessment of the staff member's capabilities in that field.
	
	Audit managers and directors are not currently subject to formal capability assessments. The Tax Office is however about to pilot a specialised accreditation process for staff performing the authorising officer role.
	
	Informal assessments
	Team leaders conduct performance and capability reviews of their staff as part of the Tax Office performance system process. The Tax Office performance system process includes:
	• development of a team plan
	• a performance and development agreement (P&DA) for each staff member
	• mid-year and annual reviews of a staff member's performance against their P&DA (looking at what they have achieved, and how they achieved the outcomes) and an assessment of their learning and development needs is undertaken to identify capability gaps in conjunction with their manager. A self-assessment against the job requirements is also performed as part of this (not currently linked to capability profiles across all audit areas), and
	• regular informal feedback is provided by their team leader during the year.
	
	360 degree multi source feedback (MSF) is used for audit managers and directors to obtain feedback on their leadership behaviours. Feedback is anonymous and is typically provided by the audit managers' supervisor, peers, clients and staff (includes a self-assessment). Feedback providers complete an online questionnaire, including questions based on the five capabilities in the APS senior executive leadership capability framework. These are:
	• exemplifies personal drive and integrity
	• communicates with influence
	• shapes strategic thinking
	• cultivates productive working relationships, and
	• achieves results.
	
	The results of the MSF questionnaire are discussed at the mid-year review and help identify leadership behaviours that require development. Leadership strengths and development areas are typically identified and discussed. Strategies on how leadership behaviours will be improved before the annual appraisal are agreed to with the staff member and their manager, and documented in the learning and development plan. Close to all senior Tax Officers participate in the MSF process, eg in the 2004-05 year, 100% of SES and 99% of EL2 employees participated.
	
	A number of informal capability assessments and other activities that provide an indication of the capability levels are performed. These are not conducted for all staff, for example:
	• a range of knowledge based assessments, administered on-line via the Tax Office's electronic assessment tool called iKnow
	• review of case work in quality control, assurance and review processes. Case approving officers who carry out quality assurance activities and reviews are generally a pool of identified team leaders with a technical background
	• capability assessments are integrated into some of the audit learning and development strategies to provide assurance of knowledge acquisition and to some degree, application in a simulated environment
	• knowledge pre-testing of base level audit and accounting knowledge prior to enrolment in an intermediate audit and accounting course (Compliance Officer Applied Accounting & Auditing Program (COAAAP))
	• post-program assurance process ensures COAAAP course learnings are applied (as well as leading to formal course recognition). This includes the following activities:
	   - work based evidence (reviewed by qualified panel of assessors)
	   - review of case work by quality panels (assessed by approving officers)
	   - preparation and submission of assessments (these are set and marked by the partner University to ensure they meet external benchmarks). This includes formal assessments simulating audit case work
	   - coaching and mentoring (coaches are also assessed on their performance through self assessment, feedback from the coaching recipient and team leader), and
	   - work performance assessed by team leader.
	
	These activities are used together as evidence for certification to Diploma of Government which are reviewed by a panel of certified assessors.

	Broad assessments across workforce (risk based assurance framework) The Tax Office uses a risk based assurance framework at a broad workforce level to identify capability risks and implement assurance methods to ensure these risks are addressed and/or mitigated (see Section 3, Q1.). Assessments take place for high risk areas. Rigour of assessment increases with risk. The higher the risk, the more comprehensive, formal and rigorous the assessments and/or assurance activities are. These assurance activities provide a general and global assessment of capability across the Tax Office (refer to Appendix 3). **Future -** The Tax Office is looking to further develop and expand the above assurance activities to enable us to assure and assess beyond acquisition of knowledge. Items in development / planning include: • assessment and work based evidence gathering for certification of auditors upon completion of the Active Compliance Job Ready Program (ACJRP) (an audit induction course) • improved knowledge assessments as part of job ready and intermediate curricula • recognition of prior learning process (RPL) that provides exemption from the COAAAP through evidence of experience / knowledge or through exemption assessment process, and • a pilot accreditation process for approving officers in audit areas.
Italy	In our Agency the capabilities are assessed in the office. Assessment centers are not used. The capabilities are assessed by skilled and trained staff. Having realized that the old system was not suitable to identify the skills of auditors/investigators, we have introduced a tutor to support newly-hired staff with training-and-work 2-year contracts or having finished the training period. At present we do not have a formal assessment system for our staff, the assessment is done informally according to reports that the tutor drafts according to the performance given (both in terms of quality and quantity) and to the compliance to organizational behaviours.
Japan	Managers trained in assessment techniques assess the capabilities, aptitudes, and performance of the auditors under his/her direct supervision. The assessment proceeds impartially and faithfully based on his/her daily observation of the auditors under his/her supervision. Those being assessed are not required to make self-assessments under our assessment system. .....our agency is obliged by law to assess the staff member's capabilities, aptitudes, and their performance for the purpose of increasing the efficiency of government work. Assessments are performed once a year by a number of direct superiors so as to prevent arbitrary assessments. As for an audit manager at a local tax office, firstly the distinct director at the tax office assesses, secondly the assistant commissioner at the regional taxation bureau does, and finally the commissioner at the regional taxation bureau does. As for an audit director at a regional taxation bureau, the first assessment is given by the assistant commissioner at the regional taxation bureau, the second assessment by the commissioner at the regional taxation bureau, and the final assessment by the commissioner at national tax agency.
Korea	Individual auditor capabilities are assessed indirectly via performance evaluation against each audit team. It is performed by the HQ following a unified standard set out in advance. For personnel movement decisions, peer reviews are also taken into account. An audit director's capability is not assessed on an individual director level, but assessed based on the collective performance of his or her team.
Mexico	There are many ways to assess capabilities of audit staff at SAT: • A major evaluation to identify capability gaps among personnel was carried out in 2004. An assessment center was used. The process consisted in two parts: a psychometric and a technical evaluation, similar to the one an employee has to go through when he enters the institution. Training internal experts conducted the whole process. • At the audit division of SAT, an annual goal for the quantity of audits is set for each local office. The level of compliance with this goal is tracked and considered to build more comprehensive performance evaluation mechanisms. The single measure of the quantity of audits made in a year against the goal can be considered as a way, although a very indirect one, to evaluate the technical capabilities of the whole audit workforce for each local office. • There is another way to assess the performance of auditors. The immediate supervisor evaluates the achievement of specific objectives set at the beginning of the evaluation period. This achievement of goals is measured in terms of the quality (good, average or deficient) of outcomes, and also in terms of the time they took to be completed (before the time limit, on time, after the time limit). Finally other factors such as the technique and organization of the work, need for supervision, observed improvement derived from training, collaborative attitude, responsibility, teamwork, interpersonal relationships, ongoing improvement, leadership, incidence of mistakes, and collaboration are also assessed. For audit directors and managers a similar evaluation is done. It is also performed by the immediate supervisor but only the degree of compliance with specific objectives and the application of skills and knowledge derived from capability activities are considered. The degree of accuracy in the measurement process is higher for these positions since a specific quantitative goal is set. • There is another evaluation process which is part of the Technical Competency Certification Program but has only been completed for a limited group of the staff, people in charge of the registration, control, and evaluation of the activity of Certified Public Accountants (a Certified Public Accountant is an agent with authority to give a valid judgment on a taxpayer's fiscal situation). The aim of this evaluation process is to collect knowledge, performance, and product evidence in order to determine whether a candidate is *competent* or *latent*, that is, he or she needs further training to become competent. For the Technical Competency Certification Program, evaluation process and instruments are different according to the

	kind of evidence to be gathered:
	• For knowledge evidence, live and online evaluations were used. For performance and product evidence, the candidate is asked to develop a task in order to obtain a specific product, replicating a daily relevant operation of his or her work; assessment is performed at the office under the direct supervision of an expert from the area. This expert has been trained in interviewing techniques, information skills, and evaluation instruments.
New Zealand	Assessment of performance is achieved through a formal performance management process that brings together an evaluation of outputs and deliverables, core competencies and technical competencies as reflected in the position Job Expectation. Our Performance Management System is designed to provide all employees with a Performance Agreement and Development Plan that identifies: • the person's role in achieving the organisation's and business unit's goals • it explains what the employee is expected to achieve and to what standard • what assistance the department will give the employee to achieve your performance plan; and • feedback on the employees performance from their immediate manager. The Performance Management System includes: • The Job Expectation (JE) • An Opening Performance Discussion to prepare a Performance Agreement which sets out goals based on the JEs; Outputs and Deliverables, Core Competencies & Technical Competencies, together with preparation of a Development Plan; that supports the achievement of the Performance Agreement and supports the employees career goals. • Regular feedback and coaching (informal and formal) throughout the performance cycle. • An Interim Performance Discussion that provides the opportunity to review how the employee is going against agreed goals, re-prioritise where necessary, identify more or different goals as necessary, areas for further development, and the recognition of achievements and successes. • A Closing Performance Discussion (sometimes called a roll-up) that summarises the achievements and successes for the performance cycle, and where there are no surprises. • A link to reward and remuneration.
Spain	To join Public Administration auditors must pass the exams (prepared and corrected by a Board of Examiners made up with different experts of the Ministry of Finance and the University) On the first level (auditors), the decisions on capability assessment are regulated and settled in each competition. A Tribunal (made up with Tax Agency own staff) studies every application to every position taking into account seniority, knowledge, courses, skills and, in some cases, the subjective evaluation of former bosses. This process is under vigilance of the Unions. Audit managers are elected by Direction with regard to special skills informally evaluated (by Directors). Directors are elected by the Secretary of State for Finance (acting as President of the Tax Agency) with regard to special skills informally evaluated.
Sweden	The capability to become an auditor is not formally assessed. It is possible to apply or you can be chosen informally by a manager. The assessment is then done by this manager or by the manager who will be in charge. Auditors are assessed at different occasions. When selected to be a tax auditor and in connection with negotiating about the salary. In both these cases the assessment usually is made by the head of section. Auditors can also be assessed when applying for different kind of management. Assessment centres are used to identify audit managers and audit directors. Capabilities are formally assessed by trained staff. There are off course different kind of criteria selecting a manager compared to selecting an auditor or tax auditor. The assessment of managers is more thorough and takes more time.

Recording and use of skills and expertise information

Selected excerpts from country responses to Question 8, Section 4: 'Record skills and areas of expertise.'

	Description
Italy	The Revenue Agency records the skills and areas of expertise of its individual staff though a specific software. These details are recorded and made available for use by others across the Agency, for instance to boost tax investigations.
Japan	The qualifications and skills of staff members are recorded both by supervisors and staff members themselves, and the recorded information is shared throughout the agency.
Korea	Our personnel management team records each auditors' career paths including prior experiences such as large taxpayer audit, individual audit, property related tax audit. It also records education and training history, and certificate holdings of each individual.
Mexico	Yes, at SAT different records of the skills of the staff are maintained. Employees can share details of their personal qualifications and areas of expertise in the Human Resources Inventory, which is managed by the Human Resources Division, and can be shared with other areas under their request. Employees can add information on their job related experience and education background under their own responsibility. There is also a record that concentrates the results of the major evaluation to identify needed capabilities performed in 2004 for the whole institution. Every employee can access his individual record and that of his subordinates.

Measure and track capability level

Excerpts of country responses to Question 9, Section 4: 'Measure and track capability level.'

	Description
Australia	No, not currently. However work it underway to build and pilot a 'capability maturity model'. It is expected to provide some measures of capability levels across the workforce. Some ad-hoc data exists (eg quality results, client / professionalism surveys, iLearn results, induction course assessment results, management reporting on the health of the system assessments, capability assurance activities and assessment results) providing indicators of capability levels. It does not however provide a total picture of the workforce capability.
Korea	It is measured indirectly by taking into account a number of factors including the taxable amount determined per field audit by the auditor, final court rulings on appeals and the number of appeals lost.
Netherlands	We have a special program called Fix for measuring the quality of all kinds of activities. With special questionnaires we measure the quality of individual activities (for example an audit). For audits we use the audit reports and audit files of individual audits. In this way we can compare for example the audit quality of units, regional offices etc. A low score is an indication for the management to investigate and improve the capability, skills etc of the staff of a certain unit or regional office. The management will then make plans for improvement.
New Zealand	Yes – We track from an individual through to an organisational level the following: Corporate core competencies of; Customer Focus, Achievement Focus, Analysis and Decision Making, Communication, Self Management, Strategic Responsibility and Management via a rating system that reflects the following rating levels; (1) Not Yet Met, (2) Partially Met, (3) Met, (4) Exceeded and (5) Consistently Exceeded. For tax technical competencies, we also track from an individual through to an organisational level the tax technical knowledge of staff at 3 levels, Fundamental, Applied and Advanced. We are able to set targets, monitor and report on using a percentage basis the level at which staff are at by location, function and ultimately at an organisational level, i.e. we can report on how many people are a 100% competent, 80% competent, 60% competent etc. A critical component to the assessment of competence for each individual is the provision of evidence. This is because we define competence as an ability to do things. It is one thing to know something, but something else to actually do it. It's the ability to put knowledge into practice which really counts. So the most important type of evidence is work samples because they show how individuals apply their knowledge by doing something, not just knowing something. Finally, we are able to monitor and report on the progress being made from an individual through to an organisational level on the delivery of the Training Framework... (NB. the training framework is included in Attachment 20)

Observations on activities to assess capability

Excerpts from country responses to Question 11, Section 4: 'Explain what has worked well and not so well with your current processes to assess capability.'

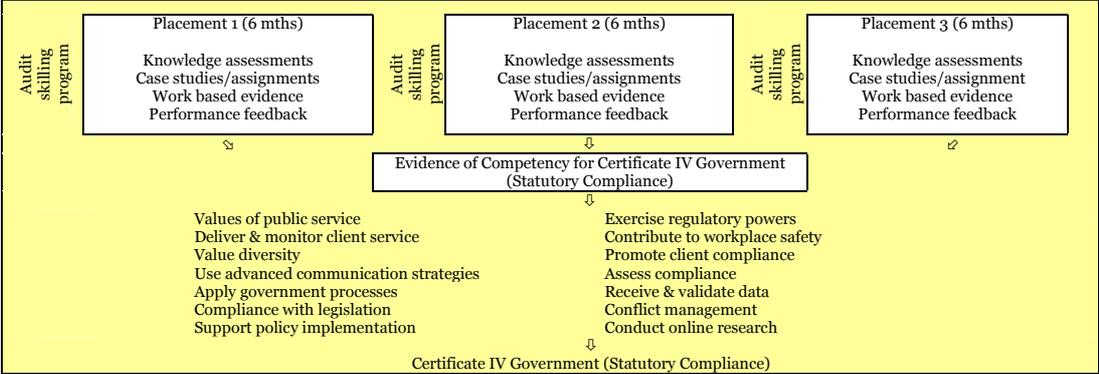|	Description
Australia	The following aspects of our current processes to assess capability have worked well: • the integration of assessments into various skilling programs (eg the Active Compliance Job Ready Program (ACJRP) induction course, Compliance Officer Applied Accounting & Audit Program (COAAAP) intermediate auditor learning program) has provided some measure and assurance that the relevant knowledge was acquired • the co-design of products with external service providers (academia and practitioners) enabled the Tax Office to utilise specialist external skills, while maintaining input / control • the alignment of the assessment process to the Australian Qualifications framework, created an added incentive for staff to participate eg as they obtain formal recognition as a by-product of their successful participation in development and assessment processes • tapping into 'business as usual' activities (eg quality assurance processes) provided a mechanism for capability assessment, without the need to develop new processes • use of on-line knowledge assessments (via iKnow) provided ease of administration, reporting and basic assurance that the required knowledge is acquired • adopting a risk based assurance framework, enabled us to build in appropriate rigour and effort in the right places, and • senior executive sponsorship and endorsement provided a good profile for capability improvement activities. The following challenges were encountered with our current processes to assess capability: • the different levels of staff readiness to participate in assessments • assessment tools that are currently available are generally geared towards knowledge assessment and need to be supplemented with assessments that measure application and transfer of knowledge to the workplace • managers and staff found that the workload associated with assessment and evidence gathering was onerous (in a trial to perform individual assessments of all capabilities) • capability requirements and assessment guidelines needed more streamlining • the timely delivery of training to meet the needs of business areas, and • the design of generic selection processes and assessment tools that are appropriate for all skills levels and business areas.
Austria	Because of the restriction of assessment for recruiting and promoting there is no standardised assessment process existing.
Denmark	Use of EFQM has proven to have an impact on priorities made and identifying possible gabs or areas for improvement.
Mexico	In the case of the major evaluation to identify the needed capabilities among personnel carried out in 2004, the main benefit was the identification of opportunity areas. The main problem has been the lack of further follow up especially among new staff. Regarding the Technical Competency Certification Program, it is worth noticing the high levels of involvement and participation of local (across the country) offices. The low number of functional areas involved in the process at the central offices can be pointed out as the main obstacle.
Netherlands	The Dutch Tax Administration is very satisfied about the Fix program especially in the audit field.
New Zealand	The biggest issue for us has been the lack of engagement of some more mature staff and Team Leaders in using the full Training Framework and all the components of the competency assessment system. For some in this category, career prospects can be limited and the incentives at an individual level to fully engage with development initiatives can be a challenge.
Spain	The National Annual Training Plan (since 2000) has been a big success. Before this, courses were not previously planned and results were rather poor.
Sweden	Assessment centres using professionals in order to find future managers have worked rather well. Assessment by managers on different level for example when deciding who is to become an auditor or a tax auditor has not been working so well. A uniform assessment is hard to get since many managers are involved. In order to overcome this difficulty or in order to at least improve the situation the tax audit profile was created. The agency also arranges yearly meetings with managers in order to inform and discuss how to improve this area. We still have a lot to do. The fact that all offices in Sweden since 2004 is one agency is a circumstance that helps in this work.

Integrating capability improvement into business as normal

Excerpts from country responses to Question 2, Section 5: 'How has your agency ensured that capability improvement is integrated into your normal business activities, and is not seen by staff as an extra task?'

	Description
Australia	The compliance priority statements and Commissioner's imperatives articulate the expectation that capability improvements and establishing bench-strength are critical to fostering community confidence. This positions capability improvement efforts alongside the business priorities of the Tax Office. For example, the Commissioner late last year announced a commitment to and focus on the following capability related audit issues: • active case management (greater efficiencies and use of project management methodologies in audit case work) • audit case leadership (senior staff available to mentor and 'trouble shoot' in aged and/or complex cases) • audit case call-overs / debriefs (learning and knowledge sharing to build capability) • expert subject matter panels etc. The expectation is also set and articulated for staff in the Tax Office agency agreement. Capability improvement for the individual is built into the performance management system. Staff and managers are mutually accountable to ensure development needs are met. This helps to foster an attitude that taking responsibility for their own development is an integral part of their day to day responsibilities. The Tax Office agency agreement provides incentive in the form of granting leave to undertake approved study and/or paying for study fees where certain conditions are met (see Section 4 Q6.) Each month and at the end of the year, capability improvement activities are reported on. This helps to reinforce that improvement efforts are measured as part of business outcomes. Some lines allow for training time in their business plans and in measuring productivity. The Tax Office invariably uses blended approaches to deliver capability improvement activities to ensure they are easily integrated into the normal course of duties. These include the use of: • self paced packages • on-line learning • simulation tools (eg field audit simulation tool) • buddying in the field allowing for real time feedback • action learning sets • coaching and mentoring • phone tutorials, and • formal skilling and induction courses / programs. The authorisation processes and quality assurance reviews for audits allows for timely feedback to be received by individuals to ensure they continue to improve their audit and case management capability.
Mexico	The only way to address this issue has been to increase as much as possible the precision in the definition of competencies. The more accurate these definitions are, the more useful the capability improvement programs will be perceived by the staff. As a result, involvement in capability improvement programs will be in the best interest of the staff, which will see these programs as a real support to become more competent in daily work.
Spain	Every year, Training activities are planned by Tax Auditing Department. The courses can be voluntary or compulsory depending on their strategic importance. Anyhow, learning is very well accepted by auditors. They normally like very much to attend to these courses. The quality standards of the learning actions are quite high (from the point of view of auditors).

Examples of formal development activities

Excerpts from selected country responses to Question 4, Section 5: 'Describe what formal development and capability improvement programs your agency has in place to develop your audit staff (auditors, audit managers and audit directors).'

	Description
Australia	The Tax Office has a range of development and capability improvement programs. These are explained further below and include: • base level and/or programs for staff new to the audit function • development programs • intermediate accounting and auditing program • up-skilling learning programs • specialist skilling, and • audit manager and director skilling. **Base level and/or programs for staff new to the audit function** A new, Tax Office wide Active Compliance Job Ready (Induction) Program exists to assure the core skills of staff new to audit work. Containing 114 topics, the program covers core capability areas (eg audit, accounting, tax law, work practices, systems, business context and audit leadership) but also differentiates for market, revenue product, business area and job level needs. In addition the following courses are also available to build accounting and audit capabilities: • Internal base level accounting course covering basic accounting, accounting for business, and financial statement analysis • Basics of audit (BAP) course – an introduction to audit concepts and issues (in pilot stage designed and delivered by the Tax Office), and • Fundamentals of audit program (FAP) - a single semester, undergraduate auditing subject, delivered by a University as an intensive course. Includes 2 assignments & 3 hr exam. **Development programs** The Tax Office has a number of development programs, including: • Graduate program (graduates perform formal technical and other training and have placements in different work areas including audit) • Cadet program (for school leavers) • Serious non-compliance development program for APS 5 (for investigations staff) • Active compliance development program for base level audit staff (APS 3) Figure 6: Active compliance development program for base level audit staff Intermediate COAAAP (Compliance officer applied audit & accounting program) is an intermediate level program generally for APS 6 & EL 1 auditors who need to be prepared for more complex work (see Figure 6). Figure 6: Compliance Officer Applied Audit & Accounting Program (COAAAP) The program includes a cascade strategy that requires program participants to coach/buddy 4-5 less experienced staff

after the program. This promotes exponential audit capability improvements in the workforce whilst ensuring COAAAP participants enforce learning's by teaching others.

Up-skilling
A range of up-skilling learning programs (via workshop, self paced, on-line or external training) are available to:
- build on induction knowledge of tax law, work practices and industry issues. A few examples are thin capitalisation, risk management, consolidations, penalties, petroleum industry, sampling methods, proceeds of crime act, and simplified reporting.
- enhance technical and audit skills via workshopping of audit case issues / topics and conducting technical discussion groups
- support Tax Office compliance challenge and focus areas eg international taxation, aggressive tax planning, capital gains tax curriculum, and risk management, and
- provide training on Tax Office and public service policies and procedures eg fraud awareness, security and privacy, OH&S, diversity etc).

These include:
- a diverse range of self-paced modules on the Tax Office's intranet tool called 'i-Learn'
- self-paced assessments on the Tax Office's intranet tool called 'i-Know'
- e-learning product on Field Audit Simulation Tool (i-learn FAST)
- structured and facilitated workshops and discussion forums
- continuing professional development (CPD) activities sponsored by the Tax Office. These are tax update information sessions, delivered by an external provided (Webb Martin), and
- other externally provided courses.

Business lines also have specific Job Ready and up-skilling learning events to supplement Active Compliance wide initiatives. Often the skilling is around specialised industry and technical topics or around their local procedures, practices and systems. The need to for line based training is reducing as the Tax Office moves into an enterprise wide approach in relation to its system, process and tools.

Specialist topics
Training is performed, when required on:
- computer assisted verification (CAV) techniques - develop fundamental skills in the use of CAV techniques. The Tax Office co-designed this program and it is delivered by our partner university, and
- IDEA software training (for CAV data analysts).

Audit manager & director skilling
A new suite of workshop products are available for new audit managers to support their role in leading compliance work/function. These are part of the job ready program for new EL1s and include:
- audit project leadership
- leading others to make sustainable compliance decisions
- representing the Commissioner, and
- systemic, critical and analytical thinking (a comprehensive program in place for large segment audit managers).

All audit managers and directors undergo a program (Managing for Success) that covers a range of topics to support them in managing staff, work and environment (eg ensuring governance, OH&S, fraud, managing workloads etc). This is provided to all Tax Office leaders, including non-audit staff.

Audit directors and senior executives – participate in quarterly dialogue days that facilitate their engagement in corporate strategic issues and decisions that impact the Tax Office.

A cohesive approach to the professional development of more advanced, executive levels across audit is yet to be developed.

Future
The Tax Office is introducing an enterprise wide case management system as part of its overall corporate strategy to improve services that will make it easier, cheaper and more personalised for our clients to interact with us. It will also make it easier for our staff to manage cases under one system. The preparation entails rationalising all audit products, tools, templates, roles and business processes across all business areas into an enterprise wide system. This is bringing about new staff capability requirements as these practices, QA standards, tools, processes are consolidated across areas. It is also reducing the need for line based training, as we move to an enterprise wide approach.

A large scale capability improvement initiative is being progressed to prepare staff to be business ready for the system deployment.

We aim to broaden the use of recognised CPD sessions and the use of external training providers to cover areas other than tax updates s (such as compliance management, industry, audit or accounting related sessions) whilst getting recognition from professional bodies.

Trial of external base level accounting training products from university and vocational education training sector (VET) that can be delivered on-line or by distance education. These allow us to tap into training and assessment products that provide a pathway for our staff to gain formal recognition of accounting knowledge. This also enables the Tax Office to be assured that its' staff are benchmarked against external and industry standards of accounting knowledge.

A more condensed, introductory version of the workshop products for new managers is yet to be developed for induction.

Denmark	Additional training is offered – internally as well as externally – for both short term and long term activities. Internal training in general is offered on a needs basis and is available for all employees at all levels for technical areas –

	such as Customs, VAT and Excises, Taxation, Audit etc. Furthermore training for personal development is available. Managers are offered training in Management in general, specific topics such as Coaching, Feed-back, Group development and Leadership theories. External training is used whenever the organisation is not able to provide the training requested or gives better cost-benefit than internal training.
Mexico	The main tools for the delivery of capability improvement programs are: • Virtual University of Taxes and Foreign Trade (VUTFT). An institution that promotes the professionalism and development of the staff by operating a center for distance learning. There are two types of comprehensive programs: training (120 to 350 hours) and specialization (over 350 hours). The topics of the current programs at the VUTFT are: Executive Management, Managerial Skills, and Management Modernization. • Virtual Space of Collaborative Learning (VSCL) Online space for collaborative and individual activities, evaluations, chat rooms, and discussion forums. Only training programs (120 to 350 hours) are delivered through this tool. • TVSAT. A space to hold interactive videoconferences on relevant current tax issues. • Scholarships for external institutions, either professional or educative institutions in the country and abroad. • Live and distance courses on tax technical topics and regulatory changes, requested by each functional area. • Senior auditors from central offices conduct live tax topical workshops that constitute co-workers cooperative training programs. Usually new approaches, strategies, and new audit programs, are presented. Only audit directors from local offices across the country assist to these workshops and they are responsible for the diffusion of the contents among audit directors and auditors at the local level. • Manuals and other documents are also developed at the central offices as a support for the audit activities at the local level. These manuals are meant to be self-learning tools for auditors, no formal evaluation is held; however failure to meet specifications contained in these manuals while developing audit operations can be a motive for sanctions.
New Zealand	As above. In addition to the corporate training frame, each individual has his or her own development plan that can include training initiatives to gain a tertiary level qualification or undertake any other relevant externally provided training activity. Therefore all the above examples can apply. But by way of further example, the New Zealand Inland Revenue Department is an Approved Training Organisation (ATO) which is an organisation that has been approved by the Institute of Chartered Accountants (ICANZ) as capable of offering the type of work experience that fulfils the practical experience requirements for admission to the Chartered Accountants (CA) College. The ATO system ensures that practical experience is planned, supervised, relevant, and gained in a quality environment with high ethical and professional standards. The ATO's function is to provide an environment in which a trainee can develop the necessary skills and attributes to become a competent CA. Linked to this ATO system is a Mentoring system. Mentors are responsible for: • Monitoring, supervising and reporting on the trainee's practical experience • Helping the trainee to register and prepare for PCE 1, PAS and PCE 2 • Ensuring that the trainee's Log Book is maintained and updated regularly (six monthly). This verifies the accuracy of the training record • Checking that the practical experience being obtained by the trainee meets the stated requirements of the Institute • Undertaking a personal interview at the end of the practical experience, and • Completing a Final Report for submission with the trainee's application for membership. The mentor arrangement is for at least two years.

Accreditation models

Excerpts from selected country responses to Question 6, Section 5: 'Describe any accreditation models and/or processes used by your agency.'

	Description
Australia	The Tax Office is moving more towards accreditation processes and providing staff with externally recognised qualifications. This is evidenced by the following: **Investigations** The Tax Office Serious Non-Compliance area is the only area that mandates accreditation at a Diploma level across the audit workforce. Investigation officers are expected to successfully complete a Diploma in Government (Fraud Control and Investigation). **Registered training organisation** The Tax Office is a registered training organisation (RTO) that enables it to build and/or and deliver nationally recognised training and assessment tools and formally certify people into nationally recognised qualifications. The Tax Office uses this external accreditation model to certify its graduates, trainers and audit staff at intermediate levels. For example, this approach is used for the: • COAAAP program, including post course activities leads to a Diploma in Government (refer to Section 5, Q4.) • Base level auditor (APS 3) Development Program leads to Certificate IV in Government (Statutory Compliance) (see Section 5, Q4.), and • Graduate Program for graduates who are placed in audit areas leads to a Certificate IV in Government (Statutory Compliance). **Future** The Tax Office administers an internal professional accreditation system for case approving officers in the Provision of Written Advice (POWA) stream. This has been operating for a while. It is currently not applied to the equivalent audit roles. A pilot in the near future will look at a process to provide accreditation of approving officers of audit cases. The COAAAP program, assessment and certification are being considered as a pre-requisite to accrediting case approving officers.
Mexico	At SAT there is a Technical Competency Certification Program which consists in: • Identification of competences • Design of a competencies catalogue • Assessment instruments design. Different tools are used to gather performance, product, and knowledge evidence. These tools include practical cases, knowledge exams, critical incident interviews, etc. • Training of the personnel responsible for the assessment. • Assessment process. • Evidence integration. • Certification. A competent candidate is certified, candidates who are not certified receive further training.

Job rotation &/or placement programs

Excerpts of selected country responses to Question 7, Section 5: 'Describe any job rotation and/or placement programs used by your agency to develop audit staff (auditors, audit managers and audit directors). This may include placements with external parties eg businesses, industry bodies and other organisations.'

	Description
Australia	The following development programs include job rotation / placements: • Base level auditor (APS 3) development program (3 work rotations, exposing them to: active compliance (audit), advice (law) and client contact work) • Serious non-compliance development program (2 x 14 week rotations) • Graduate program – is designed to build the Tax Office's future management and leadership capability (includes 3 placements in different lines in the first year), and • Cadet program (includes a number of placements in one line). Placements with external agencies such as Australian Crime Commission and Australian Federal Police occur from time to time for investigators in SNC. Local arrangements in various business areas exist to rotate staff in to work in different teams and areas. Rotations and placements are ad-hoc and used generally to achieve a workforce shift rather than a purposeful development program. Most movement across the audit workforce is achieved by promotion and transfers at level from internally advertised job vacancies. **Future** A Tax Office wide Mobility Strategy aimed to provide staff with opportunities to develop breadth and depth of audit experience across business lines is under consideration.
Japan	Our agency carries out a regular personnel reshuffle (in July every year), and personnel are transferred to new post on average every 3 years to prevent them from developing inappropriate relationships with taxpayers, to raise staff morale, and to optimize the NTA's human resources. All staff members understand the purpose of this regular personnel reshuffle system. The NTA promotes staff to higher posts or reassigns staff members to more appropriate posts after having fully considered their abilities and aptitudes, etc. We view this reshuffle as a good opportunity to encourage staff members to improve their abilities and raise employee morale. In addition, staff exchange among Regional Taxation Bureaus and among different types of tax administrative affairs (e.g. from tax collection division to corporate tax division) are implemented rather frequently. As for job rotation and/or placement programs, there is no specific logical sequence. As capabilities and knowledge required for auditors differ depending on the audited taxpayers' business type and behaviour towards tax compliance, our agency carries out a personnel reshuffle carefully considering the staff's capabilities and the balance of our resource (refer to our answer for Q8.1).
Korea	During regular personnel shuffling, we place a certain cap on the number of years of service. For example, no one can work in the same audit position for more than three years at the regional office's audit team. However, we do not set a specific career path.
Netherlands	The general policy of the Dutch Tax Administration is that members of the staff must change positions on a horizontal level every 5 years unless appointments are made about a shorter period. Besides we stimulate people to develop themselves with consequences for their current job.
Sweden	Job rotation is used to develop auditors and will be done in different kind of projects. It is also possible to move from one area to another within the agency. The new knowledge will improve the quality of audit when the auditor goes back to auditing.

Career paths / professional streams

Excerpts of country responses to Question 8, Section 5: 'Describe any career paths / professional streams that your agency has implemented for audit staff.'

	Description
Australia	**Professional streams** The Tax Office uses professional streams to segment its' workforce for the purposes of capability planning, development and management. In total 15 Professional Streams currently exist across the Tax Office. There is currently a particular emphasis on the following 5: • Management / leadership • Active compliance (audit) • Advice (law) • IT, and • Debt and lodgement. **Career paths** We are in the early stages of articulating and identifying career paths for audit staff. A concept model has been developed which sees staff entering the audit workforce at the APS 3 level (base level), then gaining breadth of knowledge and experience in the APS 4-5 levels, then developing depth of technical knowledge at the APS 6 and EL1 levels. Generally, audit staff progress from one area of the agency to another through selection processes as their capabilities increase. Some audit areas have lower level staff where the basics are gained prior to staff being recruited to other parts of the agency. Opportunities may arise through the 'higher duties' process where staff may act in another area for a specified period. There are also projects and taskforces that auditors are seconded to for a period. Generic recruitment processes have been introduced for auditors at various levels in both operational and managerial roles across the Tax Office. The generic process promotes mobility and provides opportunities for auditors to broaden their experience in both technical skills and leadership. There are various parameters that auditors can gain experience in as they progress to become an experienced senior auditor: • market segment (individual, micro, small to medium enterprise, large, govt non-profit) • revenue product (Excise, Income tax, GST, Superannuation) • audit product (eg advisory, review, issue audit, comprehensive audit, investigation) • channel (office based audit, field work, outbound calls) • role (operative, coach, technical leader, team leader, director), and • client's compliance level – those with advisory requirements versus egregious clients and those involved in serious non compliance or fraud. As mentioned above, senior operative roles are expected to have developed a depth of knowledge and experience within a combination of the above parameters. The way the workforce is divided into business lines (refer to Section 2) provides and indication where the above areas of experience can be obtained. Generally, people get grounding in either income tax or GST at the individual and micro segments and progress into larger market segment or into higher level audit work.
Netherlands	Career path chartered accountant: • A junior auditor is studying for chartered accountant (academic level) • After passing his examination he will become auditor of the highest level • To reach a higher level he can choose for the management line (general), the project line (managing large projects) or the technical line (high level specialist in the field of auditing). This is the career path for the academic skilled auditor.
Spain	In Tax audit Area this is the common career path for an "A" Auditor from the beginning to the retirement: • Unit Deputy leader (just one year and a half). • Unit leader (directing 2 "B" deputy auditors and 1 Tax agent). Normally devoted to audit taxpayers with an annual turnover of less than €6 million and professionals. In this level it is possible to belong to a National Team. *(1). • Regional Unit Leader (directing 2 "B" deputy auditors and 1 Tax agent) . Normally devoted to audit taxpayers with an annual turnover of less than €60 million). It is also possible to work inside a National Team. • Regional Team Leader (directing 3 "B" deputy auditors and 1 Tax agent) Normally devoted to audit complex and large taxpayers International Taxation, Consolidated Taxation and Economic Groups. • National Team Deputy leader. Second Chief of a National Team (directing 2 "A" auditors *(1), two "B" deputy auditors, and 2 Tax agent). Normally devoted to audit taxpayers with an annual turnover of more than €60 million. Every step of this career involves higher wages. The career of "B" deputy auditors is set in the same units (as member of a Unit, a Regional Unit or a National Team). In some cases they could lead one small unit (less than €6 million and professionals) as their higher stage.

Observations on activities to improve capabilities

Excerpts from selected country responses to Question 12, Section 5: 'Please explain what has worked well and not so well with your current processes and activities to improve auditors, audit managers and audit directors capabilities.'

	Description
Australia	**Worked well** • technical discussions, case call overs, action learning sets and involvement of subject matter experts have worked well in the large segment • ongoing tangible support from compliance executives and Second Commissioner for Tax Office wide capability improvement and development programs • partnership between Tax Office, university and practitioners in the design, build and delivery of audit and accounting programs • overall design / strategy for the audit and accounting program – ie it targeted intermediate level first (COAAAP) then cascade down to lower levels through coaching and mentoring. This fosters exponential improvements and reinforces the expectation that senior auditors have a role in developing others whilst reinforcing their own learning • curriculum design for Job Ready/Induction program & COAAAP. It provided both the common baseline for all staff, whilst differentiating for revenue, market segment and business area • blended learning approach for some programs eg self paced, face to face or phone tutorials • mapping learning, assessment and work based evidence to nationally recognised qualifications, enabled participants to be measured against Tax Office /external benchmarks • use of external, nationally recognised and accredited training and assessment program • establishing a core and common program that is applicable across all business areas (COAAAP & Job Ready Induction Program). This reduced duplication of skilling effort, increased consistency and enabled portability of training. Participants from across lines attending together benefited from the networking opportunities and exposure to work that people from other lines undertake • introduction of assessments to assure learning and application (albeit simulated case studies are used) • online case simulation 'i-Learn FAST' (Field Audit Simulation Tool) reinforces audit procedures • integrated solutions for learning and assessment/assurance of capability in one strategy • risk based approach to implementing capability improvement. We cannot train and assess everybody in everything. This helped focus our efforts and gain quick wins (we targeted audit and accounting for APS 6/EL1s' in cash economy segment first for COAAAP), and • use of electronic tools for training administration (eg electronic nomination process and product distribution). **Challenges** • managing stakeholder expectations when building common programs that apply across all business areas. There is ongoing pressure to 'tailor' to their business areas from both the participants and team leaders • inappropriate nominations into the core programs. Team leaders have often nominated people who are either too advanced, or who do not possess pre-requisites or have performance issues. Pre-testing and nomination process needs to be refined • participant readiness and willingness to engage in skilling programs – felt overtrained • communication and support tools and process need further refinement • participant preference for face to face, traditional, classroom based learning is strong in some areas. Some are reluctant to use self paced, electronic, distance learning channels • internal capability for developing training and assessment products needs to mature • BAU and workloads clash with learning activities and need to be better balanced to allow space for undertaking learning, assessment and consolidate / apply what they have learnt • skilling support structure is still line based and does not match our current terms of reference ie need to increasingly move towards Tax Office audit wide approaches and less line based approaches to improving capability. There are still multiple and inconsistent skilling practices, standards and products. These legacies often get in the way of progressing common and core programs, and • lack of opportunities provided in the workplace to apply learning eg complex case work allocation after the COAAAP program is essential to sustain learnings. This was a criterion that team leaders were asked to confirm. Despite this, in some cases, participants are allocated work or roles that limit the opportunity to practise their learning.
Denmark	Promoting the use of IT-tools in the audit process has proven successful, establishing a uniform reporting and documentation set-up. Keeping focus at all areas, upholding development of competences at a reasonable level is difficult and has not always been maintained.
Japan	In our agency, capabilities are improved mainly through on-the-job training and other training programs provided by managers, etc. These training programs have been modified as necessary according to the changes in the social environment so that we can improve the ability of our staffs appropriately. Our problem is the shortage of experienced auditors who can coach the less experienced, which is due to the change in staff composition as the number of auditors with little experience are increasing. Our agency has developed practical training programs for new recruits so that, after they are assigned to tax offices, OJT would be conducted effectively and efficiently. We are now examining how we can rebuild our organizational structure which enables us to provide coaching more systematically without depending solely on specific coaching staff (e.g. all experienced auditors in the division will coach auditors with little experience).

Mexico	There has been some delay in the delivery of capability programs for the personnel due to the transformation process that is taking place within SAT. Regular training programs are being adapted to this process, and the priorities have been switched to the familiarization of all staff with the new systems and methods that will be introduced.
Spain	In the managers and audit director sector, we realize that it is necessary to improve our leadership training. Normally "A" level auditors are both auditors and managers, and even they can become senior audit managers and directors. Specific training must be done.

Incentives to participate in capability programs

Excerpts from selected country responses to Question 1, Section 6: 'Can you please describe how you motivate and engage audit staff to participate in capability improvements programs (including mentors, coaches and audit managers)?'

	Description

Australia	The following help to motivate and engage staff in capability improvement programs:
	
	• links to external qualifications and recognition
	• tangible and visible support of senior executives. Communication tools are issued from the senior executive sponsor. Local senior executives are used to address the opening and closing of the programs and to ensure compliance with assessment requirements
	• the completion of the COAAAP and eventually the Diploma in Government involves a formal graduation in University grounds and attended by the university Chancellor, the Capability Leader and Second Commissioner.
	• programs are reported on in monthly heartbeat and annual reports to the Compliance Executive and the Second Commissioner and is built into the range of accountabilities for managers and staff
	• improvement activities are included in the performance agreements, process and individual learning plans
	• cost of delivering the program and associated travel expenses is incurred by the Tax Office. Programs are conducted during work hours. Performance assessments resulting in satisfactory rating secures pay increment (refer also to Section 4, Q6.)
	• invariably, people who demonstrate capability are identified to participate in special projects
	• clear link to the Tax Office Compliance Program to ensure they understand the context of the study to the Tax Office work.
	• informal on the job mentoring and coaching is used. Some auditors are included in complex case workshopping where they have the opportunity to learn from the highest level of expertise
	• Agency Agreement:
	   - clear provision and expectation that skilling and development is a critical element of their employment condition
	   - incentive in the form of granting leave to undertake approved study, payment of study fees etc (study fees reimbursement only applies to students enrolled prior to 1996 and who are still enrolled)
	   - costs for attending the required CPD activities are borne by the Tax Office. Approval may be given for employees to undertake up to 40 hours CPD per year during work time where this is consistent with an agreed learning plan
	• audit directors are under a performance pay system as part of their performance management process.

Japan	Our agency promotes staff to higher posts or reassigns staff members to more appropriate posts after having fully considered their abilities and aptitudes, etc., in the yearly staff reshuffling. We view this as a good opportunity to encourage staff members to improve their abilities and to raise employee morale. We also remind the coach the importance of coaching audit staff members. Moreover, we conduct training for management staff members and specialists in international taxation. To take these training courses, the trainee must pass an examination. Our agency implements a selection examination to pick out appropriate trainees for two training courses which are aimed to nurture future core staff members ('advanced course 1') and develop staff members into specialists in such as international taxation ('International tax seminars (basic course)'). Applicants with certain years of work experience can take these examinations, and we select the trainees based on the result of the examination. The subjects of the examination for 'advanced course 1' are general education and specific tax law, and those for 'International tax seminars (basic course)' are specific tax law and English (refer to our website above 'National Tax College Japan').

Cost-benefits of capability improvement

Excerpts from selected country responses to Question 2, Section 7: 'Please explain how your agency measures the impact of capability improvements on its business outcomes.

	Description
Australia	There are different practices and levels of evaluation undertaken for the various programs delivered by skilling areas. The program evaluation methods that are generally used across the board measure participant's reaction to the materials, the presentation and content (level 1 evaluation). Increasingly, measuring knowledge acquisition (level 2 evaluation) is becoming inherent in technical training. Some programs measure application of learning (level 3 evaluation) but there is limited use of this across the board. Measuring and analysing impacts on productivity, cycle times and other business outcomes (level 4 evaluation) is rarely undertaken. Often, this is due to the costs associated with this level of evaluation and the lack of skilling resources. For the core audit and accounting programs, the following performance indicators are used to measure impacts: • participant reaction and perception • knowledge shifts before and after the program • reported shifts in confidence • participant reports of what they do differently in their case work as a result of the learning program (eg they plan and execute cases in a more targeted way, more efficient in gathering evidence, analyse and act on risks better) • success rates in quality assurance (QA) process (eg COAAAP graduates pass QA at a higher rate than their non-COAAAP peers) • number of people that are allocated more complex case work who have previously not been able to be allocated this type of work • success rates in recruitment exercises • evidence of learning partnerships and continued networking, and • evidence of COAAAP graduates being used in other capability improvement initiatives (QA panel members, product rationalisation project, developing base level audit learning products, coaching and mentoring activity). Common, Tax Office audit wide benchmarks have recently been established for audit work as a basis for measuring productivity improvements. The time spent on training is a parameter measured in this process so that is accounted for in validating productivity levels. However, the process of measuring the direct impact of skilling interventions on productivity improvements is based on qualitative and anecdotal reports. As the benchmarks bed down we will also explore the nature and extent of the impact of capability improvement interventions on overall productivity improvements.
Denmark	Using Business Excellence and self-assessment capability improvements activities are evaluated and impact estimated. Business Excellence is a management model, approaching the scope of tasks in 9 sections, organised in 2 blocks – effort and results. A review of the results achieved and evaluating the way they were achieved is supposed to create first reflection and then innovation – a circular movement of development. Please follow the links below for more detailed information on the model. http://www.efqm.org/ http://www.quality-foundation.co.uk/ http://www.qualityscotland.co.uk/

Excerpts from selected country responses to Question 3, Section 7: 'If your agency has conducted a cost-benefit analysis of your capability improvement activities, please explain what the results were.'

	Description
New Zealand	An example of a recent evaluation of the effectiveness of our training framework is provided at Appendix E. This identifies a number of key learnings/issues for the future. These were: • The need for a dedicated resource in each Service Centre to monitor, plan and report on progress. • Sharing of "best practices" for running Aspire package sessions efficiently from the Liaison Team. • Identify that delivery time for training is an additional 10% of time resource, but does not include time of non investigations facilitators. • Difficulty in getting facilitators for all packages, particularly the higher level ones. We thank Tax Law Services (TLS) for its support so far but indicate that we will need ongoing support from TLS and Corporate Division in facilitation of higher level packages. • Need for facilitation skills training as many technical skilled staff have little or no experience in facilitation. • Accuracy of time recording by staff. • Impact of travel time for South Island and Hamilton Service Centres. • Availability of suitable training venues which can mean additional costs in hiring external venues, particularly in Auckland North and possibly South Island with a shift to a new office with smaller training rooms. Need for further understanding of training needs analysis (TNA) by Team Leaders.

Practical examples / case studies

Excerpts from selected country responses to Question 1, Section 8: 'Provide a brief case study outlining how your agency's capability program works for an individual auditor.'

	Description
Australia	**Recruitment and initial training** Ben is recruited into an APS 4 (base level) active compliance (audit) position as part of a generic active compliance Tax Office wide selection process. He is successful in securing a field auditor position in GST. He possesses Certificate IV level accounting knowledge but has limited experience in revenue law and audit environment. Ben is introduced to general concepts, GST fundamental, basics of tax law, procedures, company structures, basic accounting and audit process via the Active Compliance Job Ready Program (ACJRP). Part of his role is to perform integrated field work (look at many tax roles e.g. GST and income tax) and also undertakes training in income tax. He also receives training on corporate policy issues such as secrecy, security and fraud etc. These are self-paced modules on an online learning system (i-Learn). **On-the-job program** He commences on less complex on-the-job program, designed to give him incremental development. He learns the team's business specific procedures, processes and situations where issues need to be referred to a higher level. He initially undertakes field advisory visits; review and verification work in the micro/cash economy segment. **Upskilling** The team leader as part of the performance management system reviews him and his ongoing learning needs are identified on a 6-monthly basis. In the course of this, he participates in a range of up-skilling programs to obtain greater depth or breadth in the relevant tax law. **Change in role/movement** As he transfers from one area to another, training is provided on local processes, procedures and work practices. On-the-job development, buddying and team leader case reviews are provided. He develops broader tax knowledge and understands a range of specific technical issues against a revenue product with understanding of interaction with other revenue products. He is either a member of an audit team performing a case or undertakes specific issue audits individually. He gets involved in the simpler tax agent interaction and engages in limited negotiations with tax agents. A range of self-paced learning is undertaken to supplement the job ready program. More practical audit and accounting knowledge are developed on-the-job and through self paced learning and procedures training. He may start to take undertake higher duties or is promoted to an APS 5 (base-intermediate level). **Fundamentals of audit program (university)** He enrols in the Fundamentals of Audit Program (FAP), a single subject accredited course at University. He successfully completes the program requirements and assessment. He is introduced to moderately complex fieldwork for development and starts to develop more industry or market knowledge and deeper revenue knowledge. He has responsibility for high volume/low value case management and will rotate into various areas and business line based on available opportunities. He may transfer across, to small medium enterprises or large business segment and work as an operative providing analysis. At one point, he is transferred to work in employer obligations work. There, he received specific job ready program and only focused the on relevant tax law he needed e.g Pay-as-you-go (PAYG) tax instalment, work-related expenses, fringe benefits tax (FBT) as he has already completed the foundational ACJRP. He starts to get involved in lower to mid tax agent negotiations. **Gains experience** He applies the FAP learning in his casework. Buddying, coaching and case reviews are still provided. As he progresses into more mid range complex audit work and gains experience in specific issue audit or assists with comprehensive audit he may transfer or progress into higher level case work. **Active Compliance Job Ready** As a transferee or promotee, he participates in more relevant topics from the Active Compliance Job Ready Program that are specific to the new level or new area that he is working in (eg new to APS 6 topics or new to revenue topics). He may progress into case work in a new market segment or broaden out to do more specific issue audit/comprehensive review and verification work within the same segment which will deepen his experience in that market segment. His practical knowledge of company structures, the compliance model, audit, accounting techniques and factors that influence taxpayers' behaviour heighten. His cases are quality assured and feedback provided. Team leaders continue to review and assess his performance and address learning needs as they apply to the role. **COAAAP** After significant audit work experience, he enrols in COAAAP. He successfully completes the assignments and practical work based evidence to earn himself a Diploma of Government. He becomes responsible for more complex cases and eventually may lead an audit team (if not already). He develops and manages case plans for audit products or undertakes complex, comprehensive audits. He learns higher-level audit and accounting techniques. He is chosen to be a panel member to quality assures cases. He provides mentoring and coaching to junior auditors. He specialises in an industry, market or revenue or becomes involved in investigative work involving serious non-compliance or egregious clients. He may undertake specialist projects. **Leadership capabilities** He would enrol in various topics from the Managing for Success program as his management responsibilities increase. **Specialise** Peer reviews, technical discussion groups, case debrief, case feedback are used to continuously improve audit skills. Ben participates in these. Casework becomes increasingly complex and greater depth of knowledge is developed in industry,

	market segment, revenue, audit product areas and he will start to specialise in these areas and lead audits. He enrols in specialist training that is relevant to the area such as aggressive tax planning conference.
Italy	Development plans of a junior auditor from induction through the capability model and development processes to an experienced senior auditor are in progress.
Japan	Our agency provides a training program of basic audit skills for newly recruited auditors. After they start their audit work, the NTA continues to encourage them to improve their skills through on-the-job training and other specialized training programs over time. We also provide more advanced programs such as international taxation and IT-related audits for some staff members to develop them into specialists. Basically we assign staff members with less experience in the small business segment, and then based on their abilities and aptitudes, have them advance to work concerning larger taxpayers, more complex work, or work in the international section. In this way, we improve staff members' capabilities gradually and develop them into specialists.
Korea	When first sworn into the job, a government tax official is deployed in non-taxation areas such as general administration. He/she then moves on to revenue source management before going on to audit. An intermediate accounting certificate and an audit qualification certificate are required for him/her to start working for the audit department. While serving for the function that manages tax revenue sources, the tax official must gain experience in a wide range of tax areas including individual income tax, property-related tax, management of corporate tax filing and business registration management. One's experience and skill-sets in corporate tax revenue management is a vital criteria in promoting a candidate to the audit team, as well as peer and senior colleague reviews, for teamwork is considered an essential asset to the audit team. Once starting out as an auditor at the district tax office, the newcomer is teamed with an experienced senior auditor. The junior – the mentee – and the senior – the mentor – form a two-person team. Besides the on-the-job training, the tax auditor may choose to receive formal education offered by the National Tax Official Education Center. Practical industry-oriented courses are offered (e.g., financial services, construction) as well as highly specialized courses (e.g., computer and technology audit, international audit, tax criminal investigation). After accumulating audit experience with small-amount, individual taxpayers at the district tax office, the official then advances to the Investigation Bureau at the regional tax office and engages in auditing large-amount and complex taxation cases. Five or six auditors make up an audit team at the regional office. When first deployed to the team, the new member starts out by undertaking relatively simple tasks such as withholding and tax invoice cross-checking before taking on increasingly complex cases. The educational opportunity mentioned above is extended to the regional office as well. A senior auditor may provide internal training on recent trends in tax evasion or frequently-dealt issues at the regional or district offices. Auditor performance is evaluated as a team on a quarterly to semi-annual basis, on such criteria as average assessed tax amount per case, collection rate and the number of appeals passed in court. After gaining a broad range of real-life experience and proving competency at the regional and district tax offices, the tax officer is given the opportunity to advance to the main office to take on audit planning or audit adjustment roles. A huge workload awaits the planning team at the main office, but is compensated through rewards and promotions.
Mexico	In 1997 a new auditor joined SAT; he worked at the office doing paperwork supporting the job of an audit team. A year later, after this on-the-job training, he was assigned as a supervisor of people doing his former job and he also authorized to undertake verification actions in the field. In this period it was particularly important the access to training programs, specially those dealing with actualization of the regulatory framework of audit activity as well as new procedures. Because of the nature of audit work, the exchange of experiences among co workers in offices across the country, using interactive chat rooms or videoconferences was valuable for the development of his career. In 2000 he became an audit director, in charge of a team of new auditors performing only office audits in rather small cases generally for individual taxpayer cases. He says, now he is a senior auditor, he has the opportunity to better appreciate the way his former supervisors made sure he got the right training. Committees for outcome assessment, performance assessments, and the evaluations to identify capability gaps are the means he thinks of when remembering how his development as an auditor was supported by training programs. Now he says it was because of these kind of feedback mechanisms that the right training was delivered to him and his co-workers when he was a junior auditor. Later in 2002 he became an audit director in charge not only of office audits, but also of field audits. Now he performs assessments and is responsible for requesting training programs for his people. His background as an auditor is important for him to recognize the relevance of making sure the right training is delivered according to a impartial evaluation of the performance of his subordinates. From 2004 he is in charge of a team of 4 audit directors within the Central Administration of Strategic Inspection.
Netherlands	See above mentioned example of a career path of an academic educated auditor.
New Zealand	**Training Framework** **0-5 MONTHS** *Total training days (including induction) for period = 26.5*

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Coach assigned. Attend interviews with an Investigator Introduction to the Risk Analysis (RA) template – awareness/identification Understanding of Audit Customer Profile (ACP) report and GST Refund Audit Selection System (GRASS) Identify all risks, with coach assistance, in GST refund checks and All Risk Audits Completing GST refund checks with coach assistance Complete audit activity with guidance and complete reports in TACTICS.	**Knows and understands:** 8. The delegated authority for decision making 33. The provisions of the Tax Administration Act 1994, Official Information Act 1982 and the Privacy Act 1993 that apply when responding to requests for information. 34. How Inland Revenue maintains security of information in accordance with statutory provisions *Total technical Competency (Applied) = 6.5%*	Induction Programme **Block training** *Foundation Learning, including:* - Using resources 110 - Statutory Interpretation 102 - Security and Release of Information 176 - Delegations and Powers 104 - Concepts of Entities 128 *Revenue Learning, including:* - GST 150 - Income 120 - Deductions121 *Accounting Learning, including:* - Accounting concepts 177 - Accounting 270 *Audit Learning, including:* - Auditing 275 Compliance & Penalties 160 *Aspire Training = 16 days*	Induction Programme *Training = 5 days*	Induction Programme – including Judge For Yourself Microsoft applications (Word, Excel, Access) (Learning Link) *Training = 5.5 days*

6 – 10 MONTHS *Total training days for period = 16*

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Competent in the completion GST refund check tasks Completing All Risk Audits with coach assistance Commencing use of the RA template, Specific Issue Audits (SIA) and Voluntary Disclosures Participate in a Taxpayer interview with coach assistance All tasks completed to the QMP standards	**Knows and understands** 1. The rules of statutory interpretation 3. The purpose of tax treaties 7. The role of subject experts available 23. Legal procedures available under the Revenue Acts and civil law for collection of debt 31. The reasons behind business decisions made and the impact of these on day to day management of business 32. Impacts of compliance on businesses 44. The methods used for recording business transactions **Ability to** 35. Apply section 81 of the Tax Administration Act 1994 *Total technical Competency (Applied) = 23.9%*	Case Law 103 Technical Decision Making 111 PAYE 136 FBT 137 External Information sources 210 *Aspire Training = 7 days*	Investigative Interviewing 273 Business Environment 171 *Aspire Training = 4 day*	Rights and Powers 204 Disputes Process 261 Business Writing 174 Shortfall Penalties 260

11-18 MONTHS *Total training days for period = 21*

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Competent in the completion of the RA template and SIA's and Voluntary Disclosures Completion of All Risk Audits covering a range of issues, including some complex issues Commencing Coverage and Leverage tasks Take a leading role in Taxpayer interviews. Where possible, assist in the preparations of a NOPA and attend a Disputes interview with an Investigator. All tasks completed to the QMP standards Consider - Tax cases: Landmark cases: Grieve, Coveney, Newman , Inglis	**Knows and understands** 6. The provisions of the TAA that govern the rights and powers of IR and taxpayers and how these are used. 15. Entity types 24. The applicable tests required for the consideration of penalties for abusive tax position and evasion 42. Accounting principles 43. Types of accounting records **Ability to** 4. Elicit meaning from legislation and apply principles of case law 5. Consider and apply policy 9. Use a range of resources to assist technical decision making 10. Use a range of internal and external resources to obtain information 11. Elicit information to assist in correctly applying the law to issues raised 18. Determine the tax consequences of transactions 19. Analyse and resolve income recognition issues 20. Analyse and resolve deduction issues 21. Analyse and resolve issues related to timing of income and deductions	Interpreting law 201 Companies 130 Companies 230 Partnerships 131 Trusts 132 Capital/Revenue 222 Qualifying Companies 231 GST 250 Employers 236 *Aspire Training = 15 days*	Evidence 212 Data Analysis 213 *Aspire Training = 2 days*	Influencing Techniques 272 Legal Writing 274 *Aspire Training = 4 days*

	40. Use auditing techniques
	Total technical Competency (Applied) = 56.5%

19-27 MONTHS *Total training days for period = 17*

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Completing All Risk Audits with little/no assistance Commence Evasion or ATI audits as part of a team. Commence use of the private affairs analysis tool All tasks completed to the QMP standards	**Knows and understands** 25. The conference/disclosure process of disputes resolution 28. Legal consequences of non-compliance 29. Requirements for Court proceedings 30. The agencies that IR has relationships with and how these are managed 36. Tax strategies employed by taxpayers 37. Risk indicators for evasion of tax 45. How finical statements and/or accounts are developed **Ability to** 13. Identify and compile evidence to support adjustments 17. Determine residence status of taxpayers 22. Evaluate risk of issues and/or adjustments identified 26. Identify and consider the penal procedures available for non-compliance 38. Identify potential risk areas in financial accounts 39. Identify internal controls and risk areas within the accounting system 41. Consider costs vs. benefits when making decisions 46. Analysis accounting adjustments *Total technical Competency (Applied) = 89.1%*	Financial Analysis of Debtors 170 Financial arrangements - Accruals 220 Trading Stock 221 Property transactions 232 Associated persons 233 Civil Remedies 277 Trusts 235 *Aspire Training = 12 days*	Auditing 375 (Adv) Management accounting 371 (Adv) *Aspire Training = 5 days*	Computer Tax Auditing

28-36 MONTHS *Total training days for period* = 15-18 days (depending on stream taken)

Output and deliverables	Technical competencies	Technical	Investigative skills	Core skills systems & procedural
Investigator completing RA Template and All Risk Audits or Evasion or ATI without assistance All tasks completed to the QMP standards	**Knows and understands** 2. Legal principles of landmark cases 16. The effect and taxation implications of financial arrangements **Ability to** 12. Use sections 16 and 17 of the Tax Administration Act 1994 14. Compile a sound argument consistent with IR policy, substantiated by reference to sections of the Act and tax principles from landmark cases 27. Determine IR position where the implications are in dispute *Total technical Competency (Applied) = 100%*	Income determination 376 (Adv) Tax avoidance 380 (Adv) (to be developed) Tax strategies 280 (to be developed) Concepts of international tax rules 226 Controlled Foreign Companies 326 (Adv) Foreign Investment Funds 327 (Adv) Transfer pricing 328 (Adv) (to be developed) Prebble Tax Law Course - Concepts of Tax Law 203 *Aspire Training = 13 days*	Appearing as a Witness 278 Financial Accounting 370 (Adv) ATI Course Evasion Seminar Private Affairs Analysis Tool *Training (incl Aspire) = 2-5 days per stream*	Self-development as identified by Performance Management process.

Sweden		

Year	Activity
1	Introduction as a junior auditor. Experience from other work in the agency or external work is needed apart from formal education in economic or law. During this first year there are introduction courses 1 and 2 and experience of work.
2	Course 3 is conducted and thereafter a written test. An evaluation is done in order to decide if the junior auditor will be recommended to continue the education. During the year there is more experience The year does also involve work.
3	Courses 4 and 5. Experience of more qualified work.
4	Courses 6 and 7. More experience of complex work. A second test. When passing test and assessed as recommendable the auditor will be able to become a tax auditor

After becoming a tax auditor more experience is needed and specialisation to develop new skills in order to conduct complex work and further on work as a team leader.

Auditor workforce management survey

Background information

Section 1   Country identification information

Country	
Name of revenue body	
Contact details of person preparing this response	

Section 2   Resource data

Measure	Number
Approximate number of full-time audit staff, including managers for all taxes and taxpayer types (please measure as Full Time Equivalents).	
Approximate number of full-time staff in audit support roles in the categories indicated (please measure as Full Time Equivalents) 1. Staff organising, delivering and/or developing skilling / training activities	
2. Staff developing and maintaining capability initiatives, including audit manuals and work practices	

NB. FTEs= equivalent number of staff working full time for a normal year.

Identifying the required capabilities

The 'Exploratory survey – strengthening tax audit capabilities' identified that most countries have a system of capability / competency models in place that describes the knowledge, skills and attributes required to undertake audit work.

The purpose of this section is to identify and examine how a tax administration effectively and efficiently identifies the required competencies and/or capabilities for an individual to perform: tax audits eg what does a good auditor look like…, the role of 'audit manager', and the role of 'audit director'.

Note: the terms 'capability / competency model', 'audit manager' and 'audit director' are explained in the glossary.

Section 3   Identifying the required capabilities

Q1. Does your agency have a system of capability / competency models in place that describes the skills, knowledge and abilities your auditors, audit managers, and audit directors need to perform and manage audit work? If so, please give a description of the system in place and how it is used.

Q2. Describe how your agency identified the required capabilities for the positions of auditor, audit manager, and audit director.

When answering this question, discuss any assumptions or strategic decisions your agency made regarding the make-up of your audit workforce when performing this task.

For example: are auditors required to be generalists (having a balanced, rounded knowledge of all topics to enable them to individually perform all audit tasks, or specialists (having specialised knowledge in one or a couple of areas eg tax technical knowledge, accounting, computer assisted auditing, negotiation, interviewing skills etc, where they may perform audit work in a team)?

For example: are audit managers and directors required to be people leaders, tax technical leaders, or a mixture of both?

Q3. Has your agency determined that some capabilities (knowledge, skills and attributes) are more important than others? If so, what are they and how are they ranked in importance?

Q4. Provide an example of the capabilities required for a specific: audit position, audit manager position, and audit director position.

Separately attach a copy or electronic file of the capabilities required for these positions if convenient.

Q5. Explain who identified the required capabilities for the positions of auditor, audit manager and audit director, and if specialist qualifications and skills were required?

Q6. Outline if your agency requires auditors to have different capabilities (knowledge, skills and attributes) for work performed in different market segments, or work performed on clients exhibiting different behaviours towards tax compliance.

For example, are different capabilities required for:

- work with micro-businesses (eg a taxpayer with an annual turnover of $1 million) compared to medium sized enterprises (eg a taxpayer with an annual turnover of $12 million), or
- work performed on clients exhibiting different behaviours towards tax compliance eg cooperative and self-regulating clients compared to non-compliant, aggressive taxpayers.

Q7. In Question 1 we asked if your agency has a system of capability/competency models in place, could you please outline how these competency/capability models (and the required capabilities) are documented and communicated to staff.

For example, agencies may use: competency models, capability dictionaries, and job descriptions including duty statements.

Q8. If your agency does not have a system of competency/capability models in place:

a) Please explain if your agency is likely to implement a capability model in the near future (include reasons why and/or why not)

b) Please outline and describe any other development models used by your agency

Q9. Could you please explain what has worked well and not so well with your current processes to identify the required capabilities for the audit roles in your agency?

Please include details of any previous problems or issues and how these were overcome.

Assessing capability

While many countries have competency / capability models, limited information was provided in the 'Exploring survey – strengthening tax audit capabilities' to determine if and how auditors are assessed against such models.

The purpose of the following section is to identify and examine in greater detail if and how auditors, audit managers and audit directors are assessed against such models.

Section 4   Assessing capability

Q1. Are the capabilities of auditors, audit managers and audit directors assessed in your agency?

	Capabilities are formally assessed (Yes / No)	Capabilities are informally assessed (Yes / No)	Capabilities are not assessed (Yes / No)
Auditors			
Audit manager			
Audit director			

Q2. Please explain how the capabilities are assessed in your agency.

For example: is this performed in the office and/or field? Are assessment centres used? Are capabilities formally assessed by skilled and trained staff in assessment techniques? Do audit staff perform informal self-assessments of themselves against the required capabilities?

Q3. Does your agency's employment conditions and/or country's employment laws impact on or allow for the use of capability assessments? If so, please describe.

Q4. Please provide details of who performs capability assessments and if particular qualifications, training or accreditation of those persons performing the assessments has shown to be necessary to ensure success.

For example: assessments of staff capabilities may be performed by external parties, direct supervisors, specialists or a panel of staff?

Q5. Please explain when capability assessments are performed.

For example: capability assessments of staff may be performed during induction, periodically (eg annually), before conducting a new type of work and/or when receiving a promotion.

Q6. What incentives are provided to auditors, audit managers and audit directors to self-develop and participate in the capability assessment process?

For example, are the capability model and their assessments linked to audit staff's performance agreements, learning plan, duty statement, bonuses / pay increments, and/or other reward schemes?

Q7. Please provide details of how disagreements on the assessment process and results are managed and resolved.

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Q8. Does your agency records the skills (including qualifications) and areas of expertise of its individual staff? Please explain if these details are centrally recorded and made available for use by others across your agency.

For example: does your agency centrally record who has qualifications in accountancy or law, or experience in the use and application of computer auditing techniques.

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Q9. Does your agency measure and track the capability level of its whole audit workforce? If so, please provide details on how this is done.

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Q10. Please explain if and how client feedback surveys and other feedback mechanisms are linked to learning and development plans and/or capability programs.

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Q11. Explain what has worked well and not so well with your current processes to assess capability.

Please include details of any previous problems or issues and how these were overcome.

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Improving capability

The responses received from the 'Exploratory survey – strengthening tax audit capabilities' identified that audit staff in many countries use the requirements of capability/competency models as a basis for designing their individual learning plans. Staff can then undertake a range of on-the-job or classroom training to develop the required competencies. Conversely, some countries indicated that they have no structured career development.

The purpose of section 5 is to identify and examine the strategies, programs and other initiatives that have successfully increased the audit capabilities of member countries' auditors, audit managers and audit directors.

The use of such strategies may help fast-track the development of audit staff. Incentives to participate in capability improvement programs are surveyed in section 6.

Section 5   Improving capability and addressing capability gaps

Q1. Who is responsible and accountable for improving auditors, audit managers and audit directors capabilities?

Q2. How has your agency ensured that capability improvement is integrated into your normal business activities, and is not seen by staff as an extra task?

Q3. Are capability gaps identified in quality reviews and other quality assurance processes? If so, please explain, if and how such capability gaps are acted upon, and how your agency's capability improvement processes are linked to or integrated with quality control and assurance processes.

Formal development programs

Q4. Describe what formal development and capability improvement programs your agency has in place to develop your audit staff (auditors, audit managers and audit directors).

Examples may include:

- learning and development frameworks, including structured skilling courses provided by your agency and/or external providers
- continuing professional development (CPD) activities, including those provided by professional accounting bodies and other organisations, and
- on-line and self-paced learning options, including case studies.

Mentoring & coaching programs

Q5. Describe any mentoring, buddying and/or coaching programs your agency has in place to assist with the development of your audit staff (auditors, audit managers and audit directors).

Examples may include:

- a mentor and/or buddy may be allocated to new or less experienced audit staff to each and guide them while performing work on-the-job
- experienced and/or ageing staff may be used to mentors others (impart their experience)
- panels of internal and external specialists may be used to provide guidance and leadership to audit staff, and
- experienced senior executive managers may be placed in operational audit case roles to provide direction and guidance on complex cases (used in case leadership roles)

Accreditation models

Q6. Describe any accreditation models and/or processes used by your agency.

The term 'accreditation model' is explained further in the glossary.

Job rotation and/or placement programs

Q7. Describe any job rotation and/or placement programs used by your agency to develop audit staff (auditors, audit managers and audit directors). This may include placements with external parties eg businesses, industry bodies and other organisations.

The glossary includes an explanation of the term 'job rotation'.

Career paths and professional streams

Q8. Describe any career paths / professional streams that your agency has implemented for audit staff.

Career paths and professional streams typically outline the opportunities and advancement an auditor may take through a number of audit departments in an organisation over time eg from induction through to becoming an experienced senior auditor.

Knowledge sharing initiatives

Q9. Describe any knowledge sharing systems and activities that your agency has implemented for audit staff.

The sharing of knowledge and learning from others experiences is seen as one way to fast-track the development of audit staff.

Activities may include, for example: case call-overs, audit debriefs, team debriefs, action learning sets, online 'chat' rooms, and communities of interest (meetings of groups of people with common interests to resolve problems and share best practice). These terms are explained in the glossary.

Ongoing knowledge tests

Q10. Describe any knowledge tests and/or assessments that are used on an ongoing basis for all staff. These tests may be used as a tool to ensure staff are made aware of and understand new developments and important aspects of their role.

Examples may include: online tests and quizzes. The tests may be on a new tax law, technical topic or administrative issues eg application of penalties.

Include information on how these tests are best conducted, eg are they performed online, are they optional or compulsory, are they linked to staff performance agreements?

Other initiatives

Q11. Please describe any other initiatives or activities used by your agency to improve the capability (and address capability gaps) of your auditors, audit managers and audit directors.

Q12. Please explain what has worked well and not so well with your current processes and activities to improve auditors, audit managers and audit directors capabilities.

Please include details of any previous problems or issues and how these were overcome.

Section 6   Incentives to participate in capability programs

Q1. Can you please describe how you motivate and engage audit staff to participate in capability improvements programs (including mentors, coaches and audit managers)?

Consider if this changes at various stages of an auditors / managers career.

Q2. Please provide details of strategies that your agency has identified to best manage audit staff that fail to meet required capability levels and/or are disengaged.

Q3. Outline how your agency rewards and/or recognises those staff who successfully participates in capability improvement programs.

Q4. Provide any stories or tales of your agency's experiences in implementing such capability improvement programs and creating a learning and development culture.

Please include: details of any previous problems or issues and how these were overcome, and any changes to your approach over time.

Cost-benefit analysis of capability improvement initiatives

Section 7   Measuring the cost and benefits of capability improvements

Q1. Please provide details of how your agency measures the costs of capability improvement programs.

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Q2. Please explain how your agency measures the impact of capability improvements on its business outcomes.

Include details of any key performance indicators or other measures used.

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Q3. If your agency has conducted a cost-benefit analysis of your capability improvement activities, please explain what the results were.

Include details of any changes made to your capability model / capability improvement initiatives from this analysis.

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Case study

Section 8   Practical example

Q1. Provide a brief case study outlining how your agency's capability program works for an individual auditor.

The case study may, for example illustrate the growth and development of a junior auditor, from induction through the capability model and development processes to an experienced senior auditor. This may include: a transition from conducting work in the micro-business segment to work with larger clients; a change from performing simple audit work to complex work; and the participation in a mix of development and learning programs (formal and informal).

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Concluding Statements

Section 9

For each of the following statements, please record if you agree or disagree.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Q1. We are satisfied with our current capability improvement processes				
Q2. We have a diverse range of capability improvement programs in place				
Q3. Our current auditors have the required capabilities to perform their role				
Q4. Our current audit managers have the required capabilities to perform their role				
Q5. Our current audit directors have the required capabilities to perform their role				

	Declining	Stable	Increasing
Q6. Overall, the capability of our agency's audit workforce to perform audits is			

Glossary

Accreditation models and processes - accreditation models may include formal components (theoretical study / learning) and/or practical components (eg demonstration of skills and know how in the workplace). Successful completion of such processes typically results in that staff member being 'accredited' to perform a particular role or type of work. Some processes may accredit a staff member based on evidence of their past experiences and work history (recognised prior learning) and/or require staff to complete an assessment or practical test.

Action learning – is a flexible learning strategy (not formal training) that aims to increase your auditing knowledge and skills by bringing together small groups of participants and discussing real issues through sharing your experiences (good or bad) to explore solutions.

Audit – a tax audit is an examination of whether the taxpayer has correctly assessed and reported tax liability and fulfilled other obligations. For the purposes of this survey, the term audit refers to the full range of audit types, including full audits and issue audits. Audits may be conducted in different locations eg at the taxpayer's business premises, or from the agency's office.

Audit director – an 'audit director' is typically the second level of management, with a number of audit teams under his/her control.

Audit manager – an 'audit manager' is considered to be the first level of management, with a team of approximately 8-12 auditors under his/her control.

Capabilities – are the skills, knowledge and attributes / abilities necessary to carry out a range of duties / tasks that form jobs in an agency.

Case call over – the informal discussion of a case by a small group. The discussion typically identifies what worked well and not so well and key learnings and experiences that may be applied to other cases. This concept is similar in nature to action learning.

Competency / capability models - the terms 'capability or competency models' refers to a formal specification of the skills (including knowledge) that are required to perform a specific job in a competent (ie efficient and effective) manner.

Job rotations and/or placements – the movement of staff from one area to another to gain valuable knowledge and new skills (this may include external placements with taxpayers or other organisations). Incentives or rewards may be received after the successful completion of each placement, rotation or module.

Questions

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