Overview

Data and audit operations

• Volumes and results
• Desk audit and field audit
• Selection
• Management
• Adjustments
## Audit Division

<table>
<thead>
<tr>
<th>Bureau</th>
<th>Staff</th>
<th>Number of Audits</th>
<th>Collections* ($000)</th>
</tr>
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<tbody>
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<tr>
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* FY’19
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Audit selection

Case Identification and Selection System (CISS)

- Business rules
- Predictive models
Earned Income Tax Credit/Dependent Care Credit model

- Used in CISS rules to select prior to refund being issued
- Detects questionable returns and assigns a score
- Looks at many factors:
  - Type of income
  - Dependents
  - Dependent relationships
  - Preparer information
  - Past filings
  - Audit history
Aggregate model

• Uses cluster analysis and over 60 metrics to detect unusual or hidden patterns compared to all other clusters
• Generates weekly reports for the Fraud Analysis and Selection Team (FAST) and the Identity Verification Unit (IVU)
• FAST and IVU detect schemes quickly and prevent loss
• Results are used to refine reports and business rules
Inventory management

Peak processing planning
  • Risk
  • Staff hours
  • Projected response rates
  • Completion time
Inventory management

Peak processing monitoring

• Letters sent
• Responses received
• Aging
Inventory management

Planning for next year

• Evaluate audit results
• Edit business rules
• Refine predictive model scoring
• Legislative changes
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Audit selection

Selection criteria applied to processed returns

- Reviewed manually by experienced staff
- Recommendations reviewed by managers
- Cases created and assigned
- Candidates not selected available for further screening
Return on resources

Collections

Time/Resources
Return on resources

Collections

Time/Resources

- Green region: Star (3)
- Green region: Star
- Green region: Star
- Red region: No symbol
Understanding results

Applying analytics to improve selection
  • Resources committed to achieve results
  • Repeating successes, not mistakes
  • Identifying compliance is a good thing
Operational data

Applying analytics to improve performance

• Optimal interactions
  – Field time / Block scheduling
  – Elevation
  – Agreeing to disagree

• Balancing staff
Work in progress

- Refining candidate scoring
- Concluding lower-value audits
- Impact on other Divisions
- Impact on taxpayers
  - Certainty
  - Consistency/Fairness
Department of Taxation and Finance

Efficiency • Integrity • Fairness