

Management of Complaints by the Australian Taxation Office

Australian Taxation Office

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Canberra ACT
5 March 2025

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Australian Taxation Office. The report is titled *Management of Complaints by the Australian Taxation Office*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Caralee'.

Dr Caralee McLiesh PSM
Auditor-General

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

AUDITING FOR AUSTRALIA

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

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Audit snapshot

Auditor-General Report No.28 2024–25

Management of Complaints by the Australian Taxation Office



Why did we do this audit?

- ▶ The effective handling of complaints is necessary for the Australian Taxation Office (ATO) to ensure its client experience and interactions are well designed, tailored, fair, and transparent.
- ▶ The volume of complaints received by the ATO has nearly doubled between 2020–21 and 2023–24.
- ▶ The audit provides assurance to Parliament on the effectiveness of the ATO's management of complaints.



What did we find?

- ▶ The ATO's management of complaints is largely effective. Effectiveness would be improved if the ATO's analysis of its complaints data also sought to identify the underlying causes of complaints and used this information to improve business processes and complaint handling.
- ▶ The ATO has developed largely effective arrangements to handle complaints.
- ▶ The ATO has largely effective monitoring, reporting, and process improvements.
- ▶ Implementation of the IGTO's six complaint handling recommendations was largely effective.



Key facts

- ▶ Income tax, superannuation, and client records are generally the three most common complaints between 2020–21 and 2023–24.
- ▶ Complaints are analysed daily to report on and address emerging trends.
- ▶ The Inspector-General of Taxation (IGTO) made six recommendations to the ATO between 2020 and 2024 to improve the handling of complaints.



What did we recommend?

- ▶ The Auditor-General made four recommendations to: better document conversations with complainants, conduct root cause analysis, enhance public reporting, and improve implementation of recommendations from the IGTO.
- ▶ The ATO agreed to all of the recommendations.

1m 34s

average time to answer inbound complaint calls in 2023–24, against its service standard of 15 minutes or less.

56.5%

of complaints across all business lines between 2020–21 and 2023–24 related to timeliness.

935%

increase in complaints about accounts where personal information had been compromised between 2020–21 and 2023–24.

Summary and recommendations

Background

1. The Australian Taxation Office (ATO) is the principal revenue collection agency of the Australian Government. Its roles and responsibilities include administering legislation governing tax, superannuation and the Australian Business Register. The ATO's corporate plan 2024–25¹ outlines a strategic objective to ensure its client experience and interactions are 'well designed, tailored, fair, transparent.' This objective includes a core priority to 'enable trust and confidence through policy, sound law design and interpretation, as well as resolving disputes'.

2. The ATO Charter (the Charter) outlines the ATO's commitments to its clients and what can be expected in interactions with the ATO.² Under the Charter, the ATO is obligated to be fair and reasonable, provide professional service, provide support and assistance, keep clients' data and privacy secure, and keep the community informed. This includes working with clients to address concerns and informing them how to make a complaint. The Charter provides 'we treat all complaints seriously and aim to resolve them quickly and fairly.'

Rationale for undertaking the audit

3. The Commonwealth Ombudsman's Better Practice Complaint Handling Guide states that 'Australian Public Service agencies and contractors must deliver high quality programs and services to the Australian community in a way that is fair, transparent, timely, respectful and effective'³, and that '[g]ood complaint handling will also help meet general principles of good administration, including fairness, transparency, accountability, accessibility and efficiency'.⁴ Between 2020–21 and 2023–24 the number of complaints received by the ATO, including those referred by the Inspector-General of Taxation and Taxation Ombudsman (IGTO), increased from 24,740 to 49,414.

4. This audit will provide assurance to Parliament of the Australian Taxation Office's effectiveness in managing complaints, including engaging with complainants, resolving complaints, and the implementation of relevant IGTO recommendations.

Audit objective and criteria

5. The audit objective was to assess the Australian Taxation Office's effectiveness in managing complaints.

6. To form a conclusion against the objective, the following criteria were adopted.

1 Australian Taxation Office, *ATO corporate plan 2024–25*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 16 December 2024].

2 Australian Taxation Office, *Our Charter*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/ato-charter/our-charter> [accessed 9 October 2024].

3 Commonwealth Ombudsman, *Better Practice Complaint Handling Guide*, 2023, p. 5, available from https://www.ombudsman.gov.au/_data/assets/pdf_file/0025/290365/Better-Practice-Complaint-Handling-Guide-February-2023.pdf [accessed 9 October 2024].

4 *ibid.*

- Does the ATO have fit-for-purpose arrangements to support the effective handling of complaints?
- Does the ATO report on complaints, effectively review its complaints management framework, and seek to improve processes and service delivery?
- Were agreed recommendations from the Inspector-General of Taxation regarding ATO complaint handling effectively implemented?

Conclusion

7. The ATO's management of complaints is largely effective. Effectiveness would be improved if the ATO's analysis of its complaints data also sought to identify the underlying causes of complaints and used this information to improve business processes and complaint handling.

8. The ATO's complaints management framework is largely aligned with the Commonwealth Ombudsman's Better Practice Complaints Handling Guide. The complaints process is accessible through multiple channels, and complaints are triaged to allocate complaints to resolvers with appropriate experience. The ATO seeks to resolve complaints at first contact. The proportion of complaints resolved at first contact has declined over the last four financial years. The ATO uses timeliness of complaint handling as its indicator for efficiency. The process is reliant on complainant feedback to improve accessibility. The ATO largely applies its framework to handle complaints, though it does not consistently document discussions with complainants to extend complaint due dates which has an impact on the accuracy of performance reporting. The ATO has also not consistently communicated taxpayer review rights to the complainant.

9. The ATO is largely effective at reporting on complaints, collecting complaint data to monitor incoming complaint volumes, categories of complaints, performance against service commitments and performance of key complaint topics. The data is used to generate internal reports based on the needs of individual business areas and bodies that meet to discuss complaint trends. Public reporting through the ATO Annual Report consists of the total number of complaints received and performance against the ATO service commitment targets. The ATO is able to determine which issue categories lead to increases in complaints but does not identify the root causes of these increases. Analysis of cross-product issues indicates that 'timeliness' is the largest complaint issue across many business lines, accounting for 56.5 per cent of all complaints from 2020–21 to 2023–24.

10. The ATO is largely effective in using a variety of sources including complaint data to identify business improvements to enhance both the complaint handling system and broader ATO processes and service delivery. It manages these through the Business Intelligence and Improvement register to iteratively improve its processes and service delivery. The ATO could strengthen its Business Intelligence and Improvements framework.

11. The ATO was largely effective in implementing the six IGTO recommendations made between 1 July 2020 and 30 July 2024 concerning the ATO's management of complaints. The ATO has guidance to assist business lines developing implementation plans for recommendations. Implementation plans for the selected recommendations were largely consistent with this guidance, with the exception that the ATO's template does not address measures of success or outcomes to be realised as required in ATO guidance. Recommendations are monitored through quarterly reporting to the ATO External Scrutineers Unit (ESU), the Audit and Risk Committee

(ARC) and the IGTO. Reporting of selected recommendations was completed for all relevant quarters, though there were inconsistencies in reporting regarding revisions to the target implementation date of one recommendation. Three of the selected recommendations were assessed by the ANAO as implemented in full, two were largely implemented, and one was assessed as partly implemented. The ATO completed closure statements with attached evidence of implementation for all selected recommendations, though these were all endorsed after the reported closure dates and the ATO did not establish if the desired outcome of the recommendation had been achieved before closure of the recommendations. Evidence gathering and finalisation of the closure statements continued after the closure date for five of the six recommendations, with two also identifying ongoing work at the time of closure.

Supporting findings

Arrangements to support the effective handling of complaints

12. The ATO's complaints management framework is largely aligned with the Commonwealth Ombudsman's Better Practice Complaint Handling Guide. Complaints are received, are categorised, and are sent to the relevant Business Service Line if they cannot be resolved at first point of contact. Resolution is through prioritisation of calls to the complaints hotline, the use of First Contact Resolution, and via complaint categorisation at the point of receipt. The ATO approach to determining efficiency focuses on timeliness and does not consider inputs and outputs. (See paragraphs 2.3 to 2.48)

13. The process to make a complaint to the ATO is clearly articulated on its website, and guidance documents provided to staff to explain the complaints process are clear. The complaints process is accessed primarily through online web form and telephone, and is largely compliant with the BPG. The ATO does not specifically survey complainants on the ATO's complaint management process, however complainants who have had an identity-verified interaction with the ATO were eligible to be randomly sampled for the ATO's broader monthly Client Experience Survey. The information on complaints obtained through this survey does not support meaningful analysis. The ATO relies on complainant feedback to identify and address accessibility issues, and does not proactively monitor and assess potential accessibility barriers. The ATO implements changes when issues are brought to its attention through this channel. (See paragraphs 2.49 to 2.61)

14. The ATO uses notes, attachments and templates in the Siebel work management system to record actions taken while resolving a complaint. The complaint capture template was consistently completed by ATO staff. The issues template was largely completed in line with ATO guidelines and use of this template increased from 2020–21 to 2023–24. Notes and attachments recorded in Siebel and analysed by the ANAO indicate the ATO actions complaints in accordance with its guidance. Regular ongoing contact was not consistently maintained with complainants in 2022–23 and 2023–24, and some complainants were not advised of their review rights when a complaint was closed. The ATO did not have a discussion with complainants before extending due dates in the majority of complaint cases. The extended due dates exceed the ATO's service commitment to resolve complaints within 15 business days. (See paragraphs 2.62 to 2.86)

Reporting, process improvement, and review

15. The ATO generates internal reports based on the needs of individual business areas and bodies that meet to discuss complaints. Public reporting through the ATO Annual Report consists of the total number of complaints received and performance against the ATO service commitment targets. The ATO is able to determine which issue categories have led to increases in complaints, but does not identify the root causes of these increases. Analysis of cross-product issues indicates that ‘timeliness’ is the largest complaint issue across many business lines, accounting for 56.5 per cent of complaints from 2020–21 to 2023–24. (See paragraphs 3.2 to paragraph 3.42)

16. The ATO uses a variety of sources including complaint data to identify opportunities to improve its complaints management framework. The ATO manages changes to its complaints management framework manually through the Business Intelligence and Improvement register. The ATO does not undertake regular evaluation of its complaint handling processes. (See paragraphs 3.43 to 3.46)

17. The complaint data collected by the ATO is used to monitor incoming complaint volumes and categories, performance against service commitments and performance of key complaint topics. The ATO also improves non-complaint handling processes and service delivery through the Business Intelligence and Improvement register. There is an opportunity for the ATO to strengthen the Business Intelligence and Improvements framework. (See paragraphs 3.47 to 3.63)

Implementation of Inspector-General of Taxation recommendations regarding complaint handling

18. The ATO has guidance for business lines developing implementation plans to address recommendations from the Inspector-General of Taxation and Taxation Ombudsman (IGTO). The ATO External Scrutineers Unit coordinates this process. Implementation plans were developed for all selected recommendations and largely reflect ATO requirements. Implementation plans are not provided to the IGTO for feedback as required and the implementation plan template does not address measures of success or outcomes to be realised as required in ATO guidance. (See paragraphs 4.3 to 4.21)

19. The implementation of recommendations from the IGTO is primarily monitored through quarterly reporting. The ATO's External Scrutineers Unit sources updates from Business Service Lines on the implementation of recommendations to produce quarterly reporting. These updates were often returned to ESU after their due date and lacked evidence of action taken. The progress of selected recommendations was reported to the IGTO and ATO Audit and Risk Committee (ARC) in all relevant quarters. The ATO classified four of the six closed recommendations as implemented by their original target date. There are inconsistencies in the reporting of revisions to the target implementation date of one recommendation to the ARC. These revisions were made after the previous target date had passed. (See paragraphs 4.22 to 4.49)

20. Three of the six closed recommendations were assessed by the ANAO as implemented in full, two were largely implemented, and one was assessed as partly implemented. The ATO completed all required closure statements, although endorsement was provided after the closure date for all recommendations, and evidence attached was not sufficient to provide assurance of implementation status without seeking documentation from additional sources. Evidence gathering and finalisation of the closure statements continued after the closure date for five

recommendations, with two also identifying ongoing work. The ATO did not establish if the desired outcome of the recommendation had been achieved before closure of the recommendations. (See paragraphs 4.50 to 4.80)

Recommendations

- Recommendation no. 1** The Australian Taxation Office:
Paragraph 2.86
- (a) conducts and documents any discussion with complainants before extending complaint due dates; and
 - (b) communicates and documents that review rights have been discussed with the complainant in accordance with its own guidance.

Australian Taxation Office response: *Agreed.*

- Recommendation no. 2** The Australian Taxation Office:
Paragraph 3.40
- (a) analyses the root causes of complaints, particularly where there has been a significant increase in volumes; and
 - (b) enhances its public reporting on complaint trends, causes, and outcomes in its Annual Report to better align with the Commonwealth Ombudsman's Better Practice Complaint Handling Guide to improve transparency to the Parliament.

Australian Taxation Office response: *Agreed.*

- Recommendation no. 3** The Australian Taxation Office shares implementation plans for agreed recommendations with the Inspector-General of Taxation.
Paragraph 4.21

Australian Taxation Office response: *Agreed.*

- Recommendation no. 4** The Australian Taxation Office gains sufficient assurance of implementation by closing recommendations only after providing:
Paragraph 4.78
- (a) the required senior executive endorsement; and
 - (b) appropriate closure statement evidence, in accordance with its guidance.

Australian Taxation Office response: *Agreed.*

Summary of entity response

21. The proposed audit report was provided to the ATO. The ATO's summary response is reproduced below and its full response is at Appendix 1. Improvements observed by the ANAO during the course of this audit are listed in Appendix 2.

The Australian Taxation Office (the ATO) welcomes the ANAO's report and finding that the ATO is largely effective in managing complaints.

Whilst complaints represent a very small portion of our interactions with taxpayers, we understand the importance of complaints in helping us to continue to improve their experience.

We are proud of the work we do to deliver for the Australian community in a manner that meets Government and community expectations. We are pleased to see the ANAO has found the ATO has developed largely effective arrangements to handle complaints and that we monitor, report and process improvements effectively. We remain committed to understanding the systemic issues that may be driving trends through complaints as it enables us to continually improve how we operate.

The ATO agrees with the four recommendations in the report. Implementation of the recommendations and opportunities for improvement identified by the ANAO will help us further strengthen our complaints processes, and ensure we continue to effectively meet our commitments to taxpayers and the Australian Government.

Key messages from this audit for all Australian Government entities

22. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Governance and risk management

- Entities should regularly monitor and analyse the complaints they receive, conducting root cause analysis to understand systemic issues that may be driving trends. This can enable entities to continuously improve products, services and program delivery.

Performance and impact measurement

- Implementing the recommendations of external scrutineers is an indication that an entity is willing to learn and improve. Active monitoring of the implementation of recommendations is essential to ensure recommendations are implemented as intended.
- When developing plans to implement recommendations, entities should consider measures of success or outcomes to be realised to determine whether the desired outcome of the recommendation has been achieved.

Audit findings

1. Background

Introduction

1.1 The Australian Taxation Office (ATO) is the principal revenue collection agency of the Australian Government. Its roles and responsibilities include administering legislation governing tax, superannuation and the Australian Business Register. The ATO's corporate plan 2024–25⁵ outlines a strategic objective to ensure its client⁶ experience and interactions are 'well designed, tailored, fair, transparent.' This objective includes a core priority to 'enable trust and confidence through policy, sound law design and interpretation, as well as resolving disputes'.

1.2 The ATO Charter (the Charter) outlines the ATO's commitments to its clients and what can be expected in interactions with the ATO.⁷ Under the Charter, the ATO is obligated to be fair and reasonable, provide professional service, provide support and assistance, keep clients' data and privacy secure, and keep the community informed. This includes working with clients to address concerns and informing them how to make a complaint. The Charter provides 'we treat all complaints seriously and aim to resolve them quickly and fairly.'

Complaints management

1.3 The ATO defines a complaint as:

An expression of dissatisfaction with an ATO process, service, action or product or the handling of a complaint where the client is expecting an individual resolution or response. It may result from the ATO not being able to meet a client's expectations, not meeting our Charter commitments or both. The client is seeking a remedy for their own or an authorised client's tax affairs.

1.4 ATO Corporate Complaints is the business area responsible for the overall management of complaints in the ATO. The ATO advised the ANAO in May 2024 that its processes for handling complaints are based on the Commonwealth Ombudsman's Better Practice Complaint Handling Guide (BPG)⁸ and the Australian and New Zealand Standard Guidelines for complaint management in organisations (AS/NZS 10002:2022).

1.5 Complaints may be received by the ATO via phone, mail or online and are directed to either the complaints hotline or Enterprise Work Management (EWM)⁹. The hotline attempts to resolve complaints at first contact. When this is not possible, complaints are directed to the relevant business lines for resolution. ATO business lines have complaints networks which liaise with ATO Corporate Complaints.

5 Australian Taxation Office, *ATO corporate plan 2024–25*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 16 December 2024].

6 Anyone who interacts with the ATO is considered a client. In this report, the term 'complainant' is used for someone making a complaint, and 'client' is used in non-complaint related contexts.

7 Australian Taxation Office, *Our Charter*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/ato-charter/our-charter> [accessed 9 October 2024].

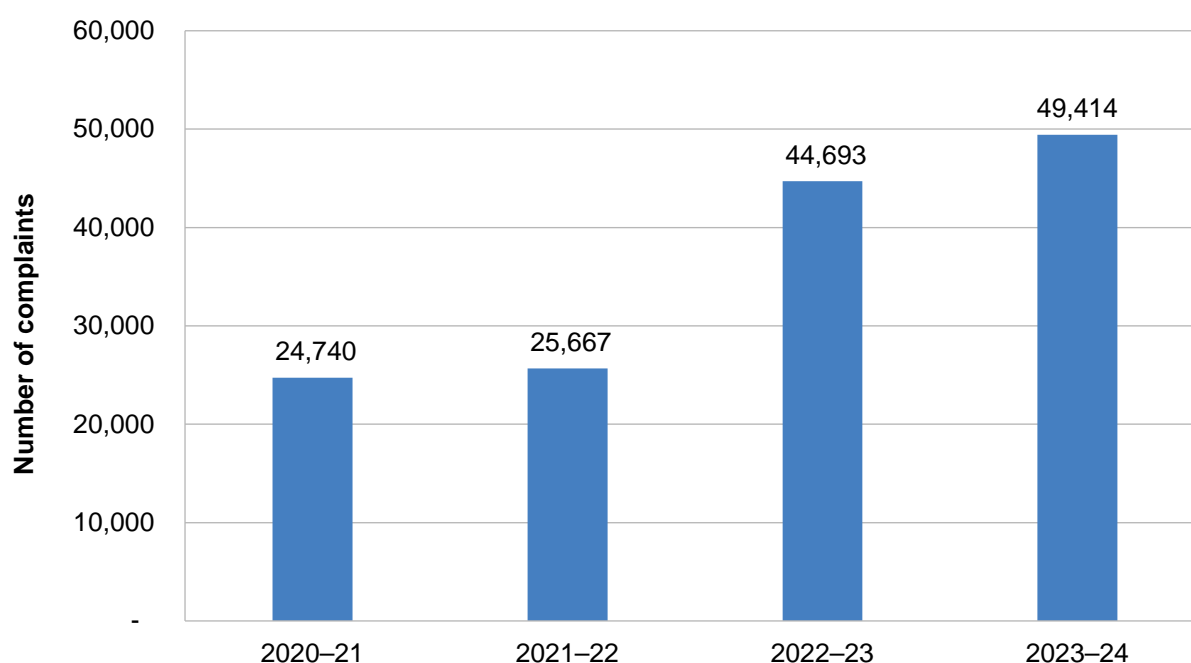
8 Commonwealth Ombudsman, *Better Practice Complaint Handling Guide*, 2023, available from https://www.ombudsman.gov.au/data/assets/pdf_file/0025/290365/Better-Practice-Complaint-Handling-Guide-February-2023.pdf [accessed 9 October 2024].

9 Enterprise Work Management is the area of the ATO that handles complaints received by mail, Online Services for Agents, or lodged online.

1.6 Complaints received by online form or mail are processed into the ATO's work management system, Siebel by EWM (no first contact resolution (see paragraph 2.16) is attempted), and then routed to the relevant business line for action.

1.7 Figure 1.1 shows the annual number of complaints received (including those referred by the IGTO, see paragraph 2.34) by the ATO from 2020–21 to 2023–24, based on figures published in ATO annual reports.

Figure 1.1: Complaints received by the ATO in 2020–21 to 2023–24



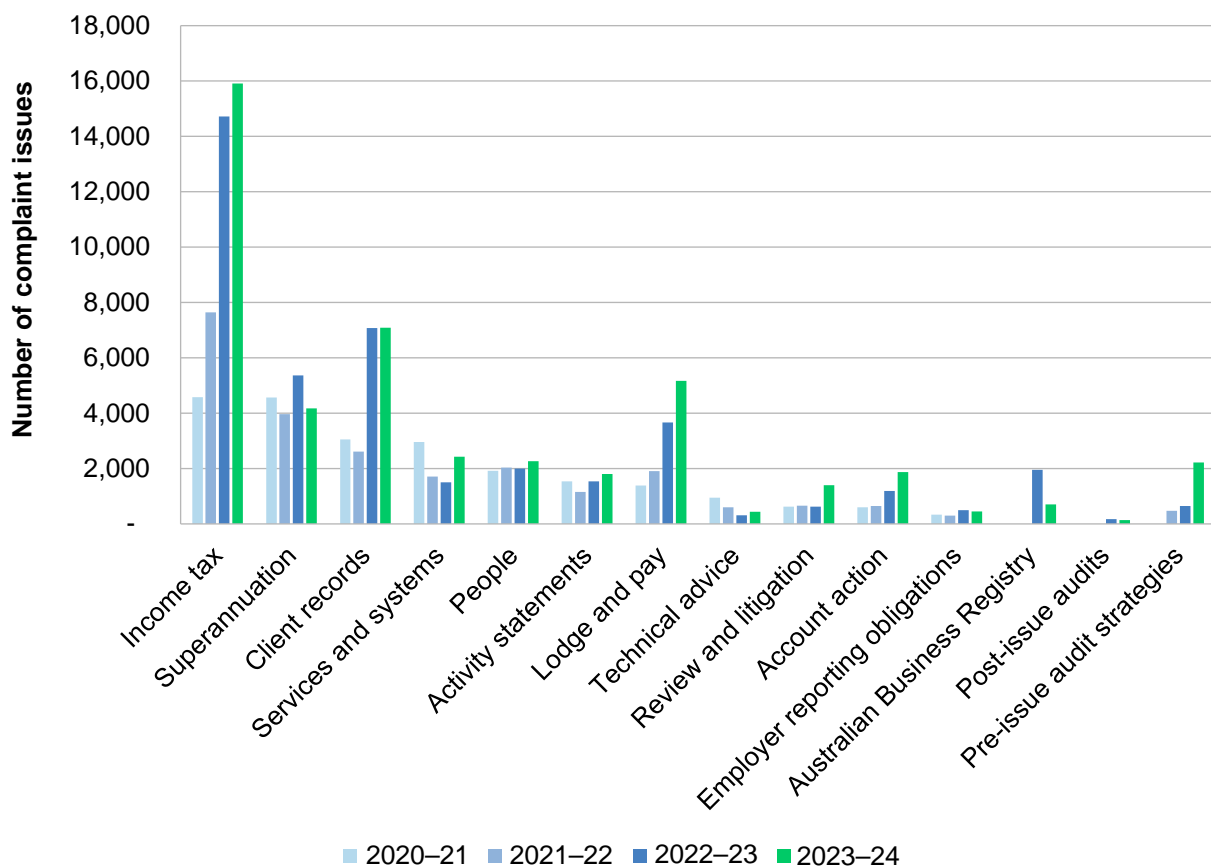
Source: ANAO analysis of ATO Annual Reports 2020–21 to 2023–24

1.8 The ATO categorises the complaints it receives by the term 'product'. Income tax has the highest number of complaint issues, increasing in volume from 4,583 complaints in 2020–21 to 15,915 in 2023–24. Superannuation and Client Records were the next top three most common complaint issues every year during this period, except in 2023–24 as Lodge and Pay¹⁰ complaints surpassed Superannuation.

1.9 Figure 1.2 shows the number of complaint issues related to each product from 2020–21 to 2023–24, as reported in ATO annual reports.

¹⁰ Lodge and pay complaints primarily relate to lodgment requirements, debt repayment, and insolvency and bankruptcy.

Figure 1.2: Complaint issues by product from 2020–21 to 2023–24^a



Note a: The number of complaint issues differs from total number of complaints as a complaint may include multiple issues and complaint issues are not captured when a complaint is resolved during the initial interaction with a client. See paragraph 3.16 for more information on increases in income tax complaints.

Source: ANAO analysis of ATO Annual Reports 2020–21 to 2023–24.

Inspector-General of Taxation and Taxation Ombudsman

1.10 The Inspector-General of Taxation is an independent Commonwealth body established through the *Inspector-General of Taxation Act 2003*. The Taxation Ombudsman function was transferred from the Commonwealth Ombudsman in 2015. This included the role of investigating unresolved ATO complaints and providing specialised tax complaints services. These two functions combined to form the Inspector-General of Taxation and Taxation Ombudsman (IGTO).

1.11 After attempting to resolve a complaint with the ATO, complainants can lodge a dispute about the ATO’s actions with the IGTO for independent investigation.¹¹ The IGTO may also refer or transfer complaints to the ATO for resolution.

1.12 In addition to its complaints function, the IGTO conducts review investigations into broader or systemic tax administrative issues, and publishes reports containing its findings and recommendations.¹² These reviews are usually initiated by the IGTO based on stakeholder

11 Inspector-General of Taxation and Taxation Ombudsman, *Lodge a dispute*, IGTO, available from <https://www.igt.gov.au/lodge-a-dispute/> [accessed 10 October 2024].

12 Inspector-General of Taxation and Taxation Ombudsman, *Our review investigations*, IGTO, available from <https://www.igt.gov.au/our-review-investigations/> [accessed 10 October 2024].

consultation, research and analysis, or ministerial referral, and aim to ensure the administration of the tax system aligns with community expectations.

Previous audits and review

1.13 Auditor-General Report No. 19 of 2013–14 *Management of Complaints and Other Feedback*¹³ found that the ATO's complaints handling framework is well designed but there are opportunities for the ATO to have a better understanding of issues which are subject to complaints (see paragraph 3.10) and the needs of complainants (see paragraph 2.52), and to better use intelligence from client feedback (see paragraph 2.59). The ANAO made three recommendations aimed at improving reporting (see paragraph 3.6) and performance measures (see paragraph 3.7), implementing a more coherent agency-wide quality assurance approach (see paragraph 2.38), and limiting sensitive information about named officer complaints being included in records (see paragraph 2.67). The ATO agreed with all three recommendations.

Rationale for undertaking the audit

1.14 The Commonwealth Ombudsman's Better Practice Complaint Handling Guide states that 'Australian Public Service agencies and contractors must deliver high quality programs and services to the Australian community in a way that is fair, transparent, timely, respectful and effective'¹⁴, and that '[g]ood complaint handling will also help meet general principles of good administration, including fairness, transparency, accountability, accessibility and efficiency'.¹⁵ Between 2020–21 and 2023–24 the number of complaints received by the ATO, including those referred by the Inspector-General of Taxation and Taxation Ombudsman (IGTO), increased from 24,740 to 49,414.

1.15 This audit will provide assurance to Parliament of the Australian Tax Office's effectiveness in managing complaints, including engaging with complainants, resolving complaints, whether complaints inform business and service improvements, and the implementation of relevant IGTO recommendations.

Audit approach

Audit objective, criteria and scope

1.16 The audit objective was to assess the Australian Taxation Office's effectiveness in managing complaints.

1.17 To form a conclusion against the objective, the following criteria were adopted.

- Does the ATO have fit-for-purpose arrangements to support the effective handling of complaints?

13 Auditor-General Report No. 19 of 2013–14, *Management of Complaints and Other Feedback*, ANAO, Canberra, 2014, available from <https://www.anao.gov.au/work/performance-audit/management-complaints-and-other-feedback> [assessed 9 October 2024].

14 Commonwealth Ombudsman, *Better Practice Complaint Handling Guide*, 2023, p. 5, available from https://www.ombudsman.gov.au/_data/assets/pdf_file/0025/290365/Better-Practice-Complaint-Handling-Guide-February-2023.pdf [accessed 9 October 2024].

15 *ibid.*

- Does the ATO report on complaints, effectively review its complaints management framework, and seek to improve processes and service delivery?
- Were agreed recommendations from the Inspector-General of Taxation regarding ATO complaint handling effectively implemented?

1.18 The audit focused on the ATO's complaints management processes and the implementation of related IGTO recommendations between 1 July 2020 and 30 June 2024.

Audit methodology

1.19 The audit methodology included:

- review of ATO documentation such as strategies, plans, risk documents, meeting papers and minutes, reporting and internal briefings;
- meetings with ATO officers; and
- walkthroughs of processes and procedures with ATO officers.

1.20 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$546,217.

1.21 The team members for this audit were Shane Armstrong, Raza Gulani, Ally Cerritelli, Renae Lowden, Taylah Morgan and David Tellis.

2. Arrangements to support the effective handling of complaints

Areas examined

This chapter examined whether the Australian Taxation Office (ATO) has fit-for-purpose arrangements to support the effective handling of complaints.

Conclusion

The ATO's complaints management framework is largely aligned with the Commonwealth Ombudsman's Better Practice Complaints Handling Guide. The complaints process is accessible through multiple channels, and complaints are triaged to allocate complaints to resolvers with appropriate experience. The ATO seeks to resolve complaints at first contact. The proportion of complaints resolved at first contact has declined over the last four financial years. The ATO uses timeliness of complaint handling as its indicator for efficiency. The process is reliant on complainant feedback to improve accessibility. The ATO largely applies its framework to handle complaints, though it does not consistently document discussions with complainants to extend complaint due dates which has an impact on the accuracy of performance reporting. The ATO has also not consistently communicated taxpayer review rights to the complainant.

Areas for improvement

The ANAO made a recommendation aimed at ensuring that the ATO has and documents discussions with complainants prior to extending complaint due dates, and documenting that a complainant has been informed of their review rights in accordance with ATO guidance.

2.1 The ATO's corporate plan 2024–25¹⁶ outlines a strategic objective to ensure its client experience and interactions are 'well designed, tailored, fair, transparent.' This objective includes a core priority to 'enable trust and confidence through policy, sound law design and interpretation, as well as resolving disputes'.

2.2 The Commonwealth Ombudsman's Better Practice Complaint Handling Guide describes a strong complaint handling system as being 'designed and delivered in a way that meets better practice principles.'¹⁷

Is there an effective complaints management framework that is also designed to support the efficient handling of complaints?

The ATO's complaints management framework is largely aligned with the Commonwealth Ombudsman's Better Practice Complaint Handling Guide. Complaints are received, are categorised, and are sent to the relevant Business Service Line if they cannot be resolved at first point of contact. Resolution is through prioritisation of calls to the complaints hotline, the

16 Australian Taxation Office, *ATO corporate plan 2024–25*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 16 December 2024].

17 Commonwealth Ombudsman, *Better Practice Complaint Handling Guide*, 2023, p. 7, available from https://www.ombudsman.gov.au/data/assets/pdf_file/0025/290365/Better-Practice-Complaint-Handling-Guide-February-2023.pdf.

use of First Contact Resolution, and via complaint categorisation at the point of receipt. The ATO approach to determining efficiency focuses on timeliness and does not consider inputs and outputs.

Foundations of the complaint handling framework

2.3 In 2009 the Office of the Commonwealth Ombudsman developed a Better Practice Complaints Handling Guide (the BPG) based on the Australia/New Zealand Standard Guidelines for complaint management in organisations. In 2022 the ANAO conducted an audit into the management of complaints by the Office of the Commonwealth Ombudsman and confirmed that the BPG aligned with the Australian Standard.¹⁸

2.4 The ATO circulated the BPG to its National Complaints Forum¹⁹ (See Appendix 3) in October 2009. From January 2011 the ATO referenced the BPG as something that guided its approach to complaints, and in February 2011 began to consider a process to assess its complaint handling framework against the BPG. In April 2013, the ATO finalised a business case to ‘enhance the ATO complaints and compliments management process.’ This process was commenced in February 2012 and completed in October 2014. It included consideration of the recommendations and findings from Auditor-General Report No. 19 of 2013–14 *Management of Complaints and Other Feedback*.

2.5 In April 2022 the ATO updated its complaint acknowledgement process and ensured it continued to remain based on the BPG. The ATO confirmed in May 2024 that its complaint handling procedure framework remained based on the BPG.

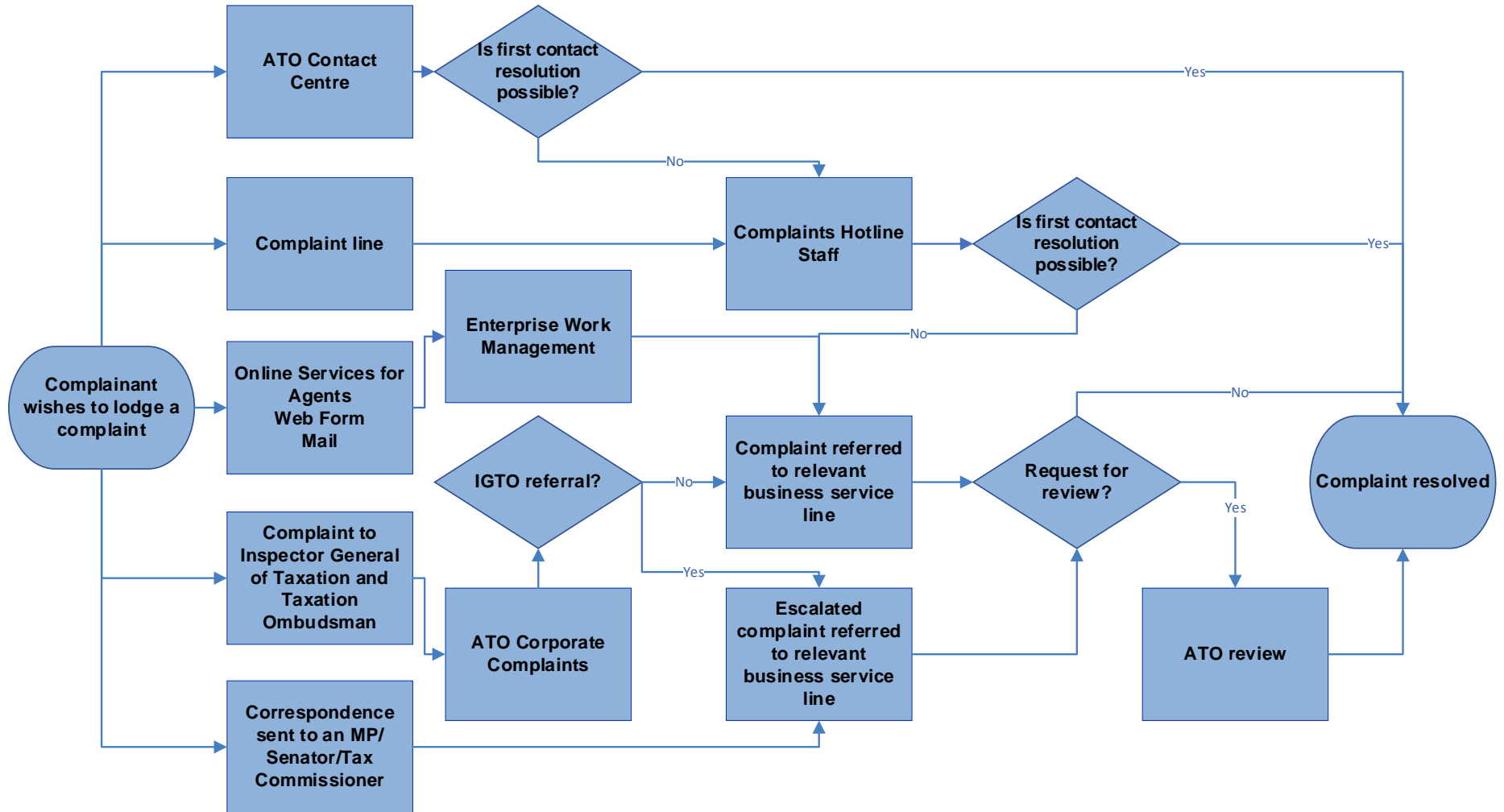
The complaint handling process

2.6 Figure 2.1 illustrates a high-level summary of the complaint handling process from receipt to closure.

18 Auditor-General Report No. 41 2021–22, *Management of Complaints by the Office of the Commonwealth Ombudsman*, ANAO, Canberra, 2022, available from <https://www.anao.gov.au/work/performance-audit/management-complaints-the-office-the-commonwealth-ombudsman>.

19 The National Complaints Forum comprises Executive Level complaints staff across all ATO business service lines.

Figure 2.1: The complaint handling process



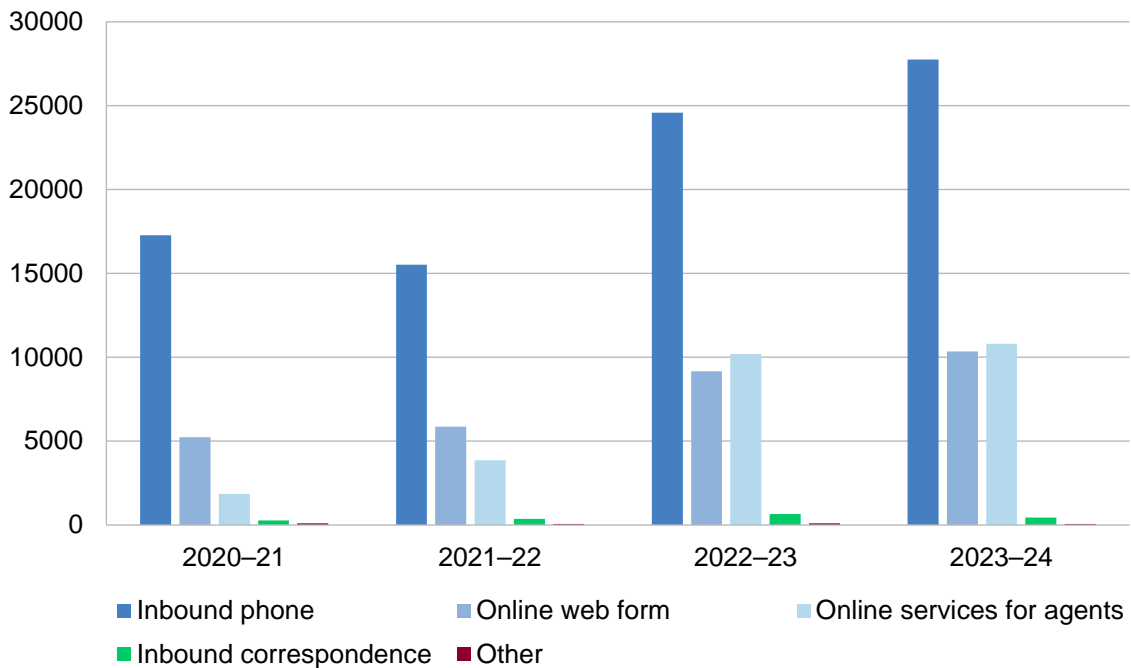
Source: ANAO analysis of ATO documentation.

Complaint receipt and categorisation

2.7 Complaints directly received from complainants generally enter the ATO via one of the following avenues — calling the ATO either via the complaints hotline or a general ATO phone number (in which the caller indicates they wish to make a complaint), completion of the complaints online web form, via email, via mail, or through Online Services for Agents (OSfA). Complaints can also be forwarded to the ATO through Inspector-General of Taxation and Taxation Ombudsman; or through correspondence sent to the ATO by a Member of Parliament, a Senator, or the Commissioner and/or the Second/Deputy Commissioners.

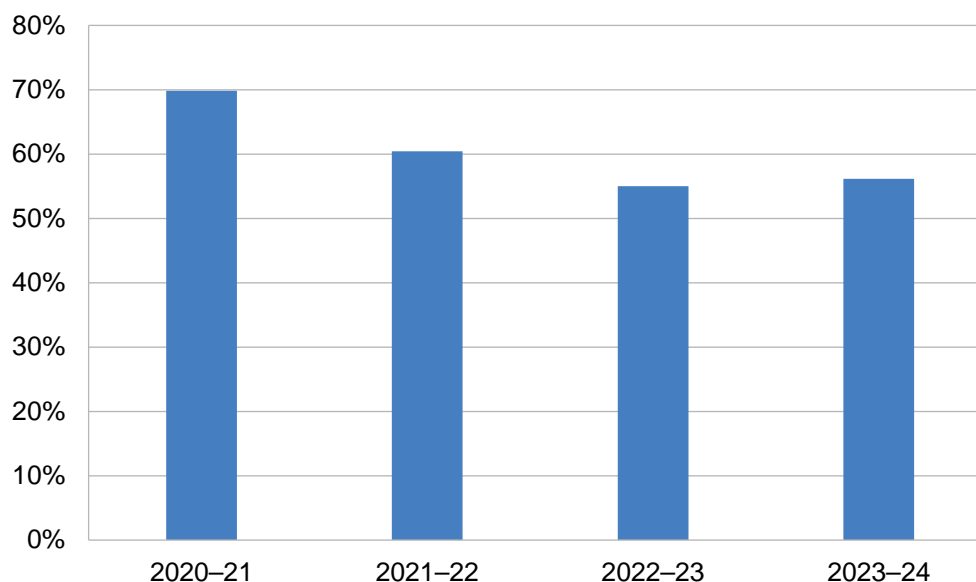
2.8 The ATO receives most of its complaints by telephone, mail, OSfA, and online web form through the ATO website. Figure 2.2 illustrates complaint volumes by channel from 2020–21 to 2023–24.

Figure 2.2: Complaint volumes by channel 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation. 'Other' includes outbound and internally transferred phone calls, fax.

2.9 Analysis of the proportions of complaints received via each channel provides an indication of trends in complainant behaviour. Figure 2.3 shows that inbound telephone calls have been in a gradual downward trend between 2020–21 and 2023–24 as more complaints were made by online web form and through OSfA.

Figure 2.3: Proportion of complaints received via inbound telephone call 2020–21 to 2023–24

Source: ANAO analysis of ATO documentation.

2.10 The ATO advised the ANAO in September 2024 that it encouraged complaints to be lodged through the telephone ‘as this is often the fastest way for complaints to be finalised and/or escalated’, and that the complaint hotline was prioritised over other queues. The ATO applies a service commitment of an average wait time for inbound general calls of less than 15 minutes, and 40 per cent of inbound tax practitioner calls answered within seven minutes.²⁰ Table 2.1 outlines ATO complaint handling telephone wait times from 2020–21 to 2023–24.

Table 2.1: Average wait time of complaint hotline queues 2020–21 to 2023–24

	Inbound or transfer ^a	2020–21 (m:ss)	2021–22 (m:ss)	2022–23 (m:ss)	2023–24 (m:ss)
General	Inbound	2:13	1:37	1:52	1:33
	Transfer	1:48	1:28	1:35	1:23
Tax Practitioner	Inbound	2:30	1:41	1:58	1:38
	Transfer	1:44	1:28	0:47	2:08
Total	Inbound	2:16	1:38	1:54	1:34
	Transfer	1:48	1:28	1:35	1:23

Note a: Inbound calls are those made directly by the complainant. A transferred call is a call transferred from another part of the ATO to complaint handling staff.

Source: ANAO analysis of ATO documentation.

20 Australian Taxation Office, *Current year commitments to service*, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/service-commitments/current-year-commitments-to-service> [accessed 5 November 2024].

The whole-of-ATO result against this metric for 2023–24 was 12 minutes, 41 seconds. Australian Taxation Office, *Service Commitments 2023-24*, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/service-commitments/previous-years-performance/service-commitments-2023-24> [accessed 7 December 2024].

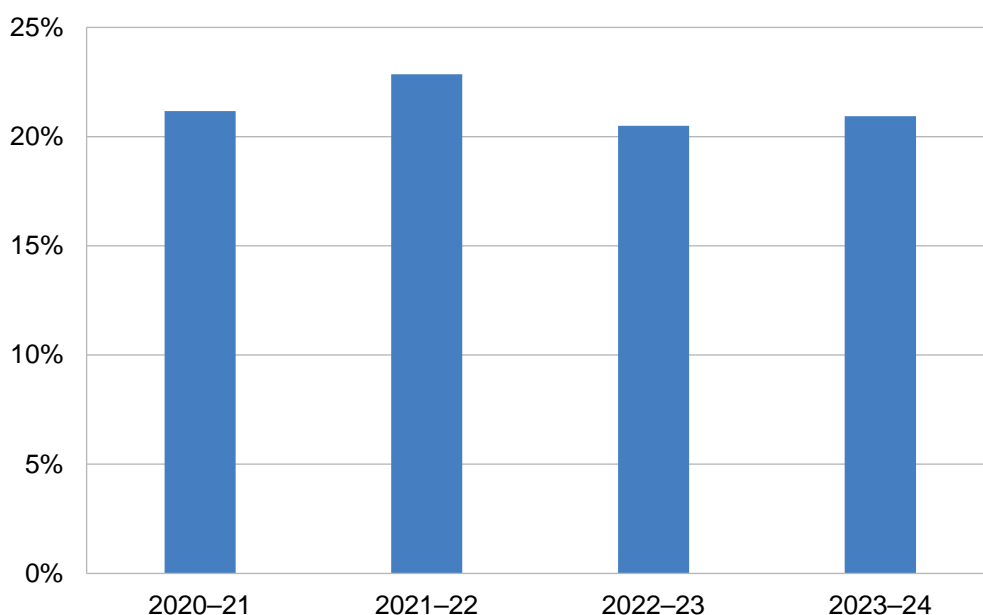
2.11 In September 2024 the ATO advised that it had 175 staff skilled to answer complaints hotline calls, with 88 skilled in business complaints, 57 skilled in individuals complaints, and 30 skilled in superannuation complaints.

2.12 The BPG states that complaint handling staff ‘must demonstrate professional, empathetic, effective complaint handling practices in accordance with internal policy and procedures and better practice guidelines’.²¹

2.13 The ANAO reviewed 20 telephone complaints received by the ATO randomly selected out of the random sample for 2023–24 (see paragraph 2.63). Staff applied appropriate complaint handling procedures in observed calls.

2.14 The ATO also accepts complaints via an online complaints form²², which then prompts ATO complaint resolvers to attempt to contact the complainant via telephone to confirm the complainant’s identity. Figure 2.4 shows that complaints received via this method increased as a proportion of all complaints in 2021–22. The ATO advised the ANAO in November 2024 that this trend was driven by complaints made by State Public Trustees relating to complaints about copies of documents, and lost member superannuation requests.

Figure 2.4: Proportion of complaints received via online web form 2020–21 to 2023–24



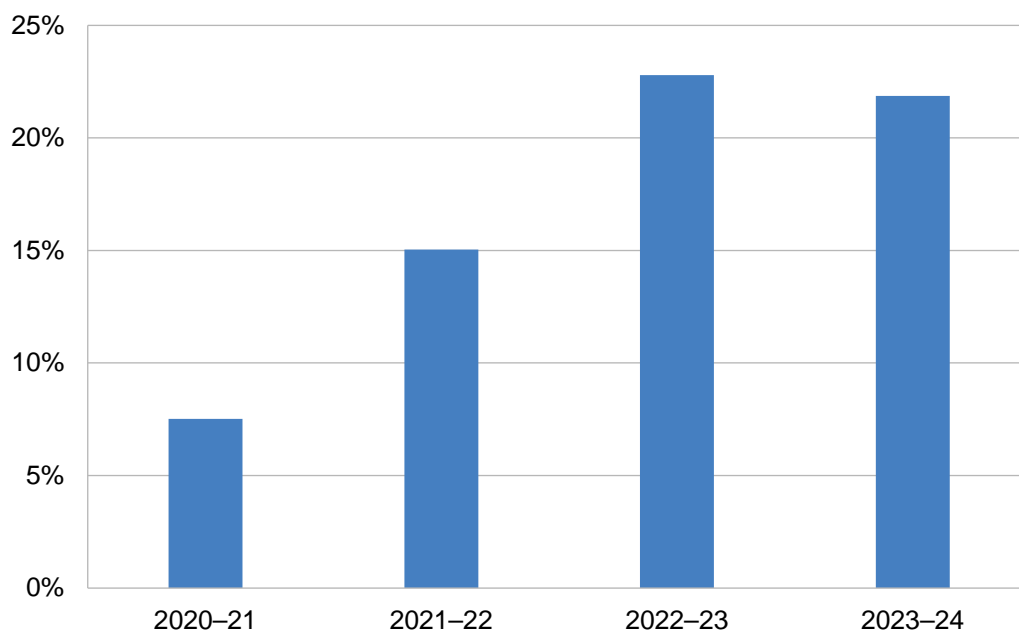
Source: ANAO analysis of ATO documentation.

2.15 Figure 2.5 indicates that complaints received through OSfA have increased significantly since 2020–21. The ATO advised the ANAO in November 2024 that it did not report on complaint channels, but advised that increased functionality and use of OSfA in 2019 had led to this increase.

21 Commonwealth Ombudsman, *Better Practice Complaint Handling Guide*, p. 10, available from https://www.ombudsman.gov.au/data/assets/pdf_file/0025/290365/Better-Practice-Complaint-Handling-Guide-February-2023.pdf [accessed 18 November 2024].

22 Australian Taxation Office, *Complaints form*, available from <https://www.ato.gov.au/ato-forms/complaints-form> [accessed 5 November 2024].

Figure 2.5: Proportion of complaints received through Online Services for Agents 2020–21 to 2023–24



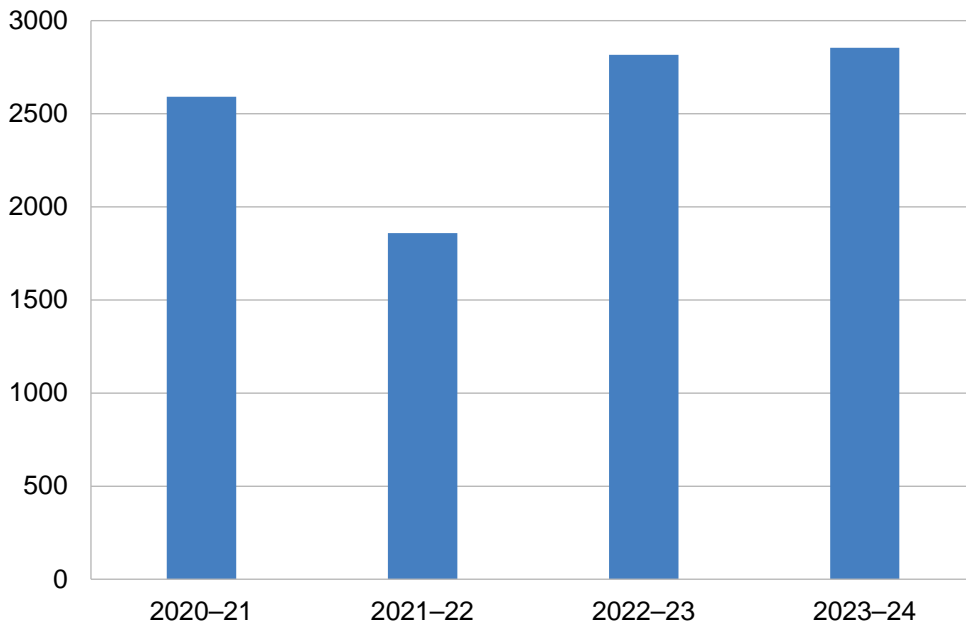
Source: ANAO analysis of ATO documentation.

2.16 Clients that contact ATO via telephony either to the ATO Contact Centre or the Complaints Hotline directly will have staff attempt First Contact Resolution (FCR) where appropriate.

- There must be no previous complaints about the same issue from the same complainant.
- The issue is not recurring.
- The complaint can be solved immediately (in real time).
- The staff member has the necessary skills to resolve the complaints.

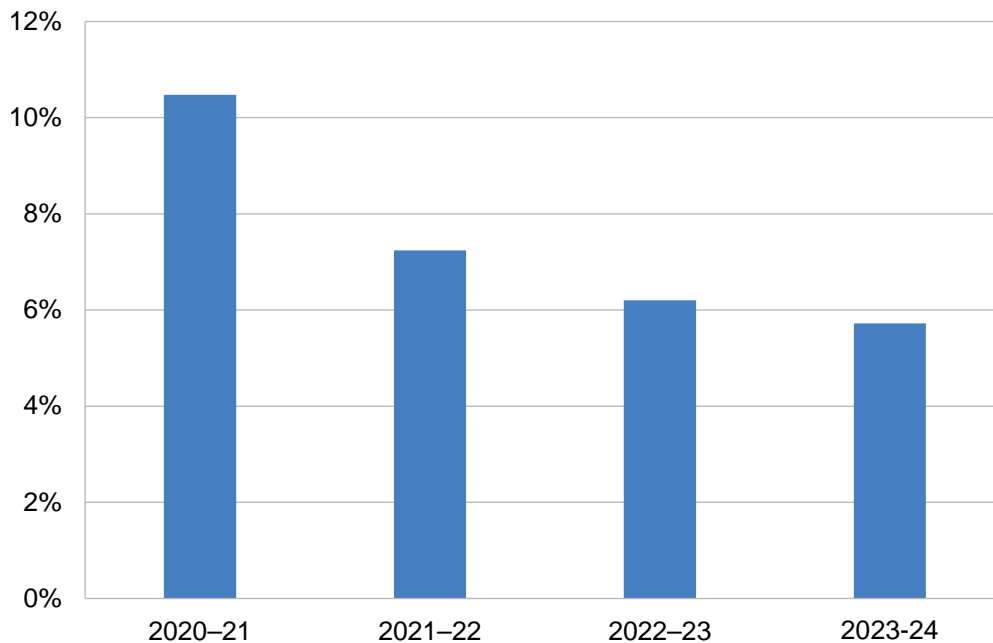
2.17 Figure 2.6 shows the annual volume of complaints resolved at first contact, and Figure 2.7 shows the proportion of complaints resolved at first contact as a percentage of total complaints resolved each year.

Figure 2.6: Annual volume of complaints resolved at first contact 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

Figure 2.7: Proportion of complaints resolved at first contact



Source: ANAO analysis of ATO documentation.

2.18 The volume of complaints resolved at first contact ranged between 1,859 and 2,854 between 2020–21 and 2023–24, but have declined as a proportion of complaints over the last four financial years. The ATO advised the ANAO in November 2024 that it did not monitor this trend at the corporate level.

2.19 Analysis of complaints resolved at first contact indicates that minimal data is collected on these complaints, and that the Complaint Categorisation Guide (see paragraph 2.23) is not applied to categorise complaints. This means that complaints resolved at first contact cannot be easily categorised for analysis.

2.20 If a complaint cannot be resolved at first contact, complaint handling staff record the details of the complaint in the ATO's work management system, Siebel, recording details about the complainant, the nature of the complaint, and then categorising the complaint using the ATO Corporate Complaints Classification Guide, and the complaint is directed to the relevant Business Service Line (BSL).

2.21 The BPG recommends triaging complaints early in the complaints capture and resolution process. The ATO's FCR methodology and criteria (see paragraph 2.16) generally aligns with the BPG's triaging guidance. The Complaints Hotline triages complaints to the appropriate BSL where a complaint cannot be resolved at first contact. Staff guidance allows for triaging of urgent and hardship (see paragraph 2.52) complaints.

2.22 Each BSL has a National Complaints Coordinator and complaints staff. If the coordinator identifies the complainant as a prior client, the complaint is reclassified and allocated to ATO Review (see paragraph 2.30).²³ Coordinators assign complaints to resolvers who become the complaint owner, ensuring that the staff have the appropriate skills and have not managed or approved the original decision or any subsequent review of the matter.

2.23 The ATO uses a Complaint Categorisation Guide to categorise complaints, enabling them to be handled by staff with sufficient experience or expertise. This approach also enables the ATO to perform a broad range of analysis of complaint data. For more information see paragraph 3.10.

2.24 Two of 11 BSLs use complexity classifications in Siebel set by Complaints Hotline staff, the remainder use knowledge of their staff's skillsets to allocate complaints for resolution. Complaints with lower complexity are sent to lower APS level staff, and higher complexity to higher APS level staff. No further complexity classifications are allocated in complaints capture or the BSLs.

2.25 Table 2.2 outlines the total number of BSL-managed complaints managed by each BSL between 2020–21 and 2023–24. The ATO identified trends across the three BSLs with the largest complaint volumes, their drivers were identified, and the trends were then reported.

Table 2.2: BSL-managed complaints by BSL 2020–21 to 2023–24

BSL	2020–21	2021–22	2022–23	2023–24
ATO Corporate	151	23	52	65
Commonwealth Business Registry Services/Australian Business Register	1,275	309	1,893	621
Economic Stimulus Branch ^a	462	N/A	N/A	N/A
Fraud and Criminal Behaviours ^b	N/A	N/A	N/A	39
Individuals and Intermediaries	1,271	1,504	1,418	3,509
International Support and Programs	36	21	46	36

²³ Prior clients are those who persistently contact ATO Complaints about the same issues (see paragraph 2.31). These clients are case managed by staff within the ATO Review team.

BSL	2020–21	2021–22	2022–23	2023–24
Private Groups and Individuals	24	16	30	37
Private Wealth	44	35	51	108
Review and Dispute Resolution/Objections and Review	500	640	582	1,305
Business Service Lead – Frontline Operations	12,770	18,224	36,004	38,338
Superannuation and Employer Obligations	3,932	2,114	1,287	1,349
Small Business	873	373	483	340

Note a: Ceased June 2021.

Note b: Commenced July 2023.

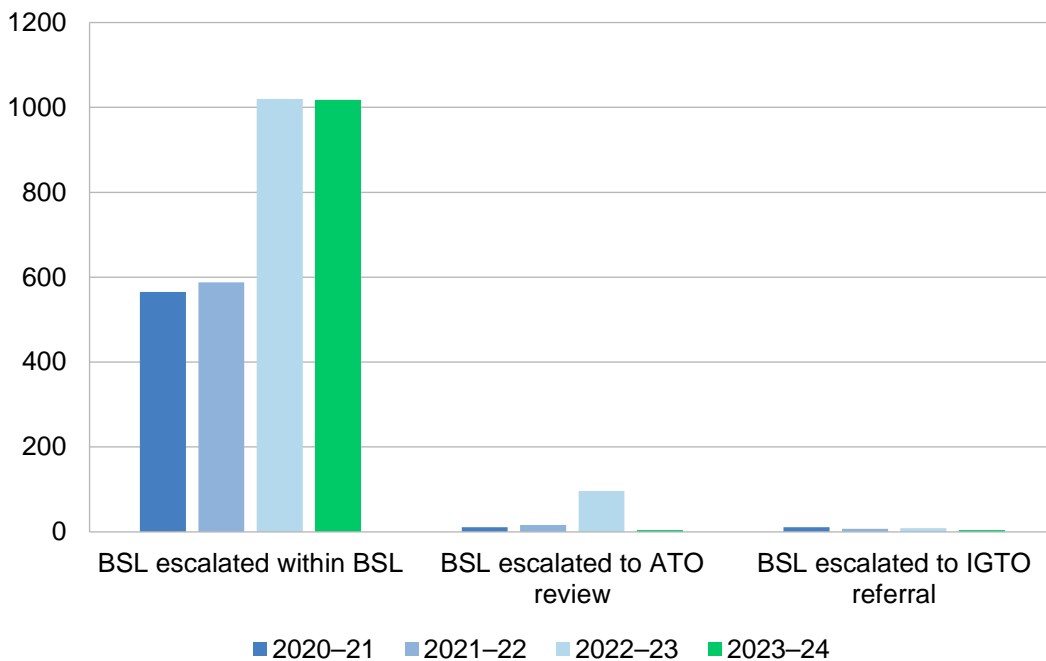
Source: ANAO analysis of ATO documentation.

Complaint escalation

2.26 If a complainant requests review or escalation of their complaint, ATO staff are required to obtain sufficient details of the client’s reasons for wanting to escalate or review. This information is captured in Siebel as a new complaint activity. If the reviewing officer requires more information upon receiving the complaint, they are required to request it.

2.27 Figure 2.8 outlines the total number of escalations across each of the three categories. BSL escalated complaints have increased by 80 per cent between 2020–21 and 2023–24. The ATO advised the ANAO in November 2024 that it did not monitor BSL escalated volumes.

Figure 2.8: Complaint escalations 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

2.28 A request for escalation can be made directly to the original resolver, who is required to bring the matter to their manager or technical advisor to ensure they have been fair and reasonable and have looked at all possible solutions within legal parameters. The complaint is then escalated

to a higher-level resolver within the BSL or considered for ATO Review. Requests for escalation can also be received and actioned via the ATO Complaints hotline. These requests are documented as an escalated complaint and actioned by a different officer to the original complaint handler. The complaint is allocated within Siebel to senior or managerial staff within the same BSL, becoming a BSL escalated complaint.

2.29 ATO Review is the highest level of complaint escalation within the ATO. Reviews are personally managed by a complaint manager in the ATO Complaints and External Review team who is responsible for independently reviewing the complaint. A complainant can request their complaint become an ATO Complaint review if it meets any of the following criteria:

- the complainant is unsatisfied with the outcome of either a BSL-managed or BSL escalated complaints;
- the problem is recurring;
- the complaints involves serious allegations of staff impropriety that may lead to legal action; or
- any other circumstances at the discretion of ATO Complaints.

2.30 Where BSLs seek for a complaint to be managed as an ATO Review there is a template for staff which states that circumstances not outlined in the ATO Review criteria are discussed with the BSL coordinator and are approved at the discretion of ATO Complaints. These circumstances may include but are not limited to:

- the complaint is about issues of a sensitive nature;
- there may be a reputational risk to the ATO;
- possible systemic issues;
- the matter is considered complex, requiring input from several BSLs; and
- where there are time sensitivities.

2.31 The ATO may refuse a request for review if the complainant is a 'Prior Client'. Prior Clients are complainants 'who persistently contact ATO complaints about issues.' and their behaviour demonstrates that they 'will not or cannot accept the ATO's decision relating to their complaint.' A complainant that is a Prior Client may still request an independent IGTO investigation of their complaint.

IGTO complaints referrals and transfers

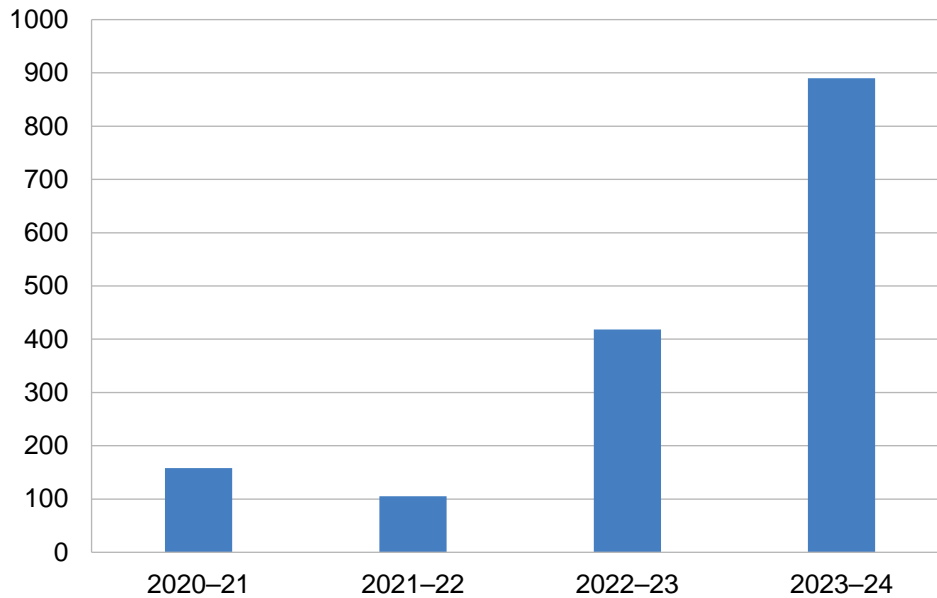
2.32 The Inspector-General of Taxation and Taxation Ombudsman (IGTO) can also submit complaints to the ATO.

2.33 Complaints transferred to the ATO ('IGTO transfers') are complaints made to the IGTO that have not been previously made to the ATO. These complaints are received from the IGTO by the ATO and treated the same way as a complaint that was made directly to the ATO.

2.34 Complaints referred by the IGTO ('IGTO referred') are complaints made to the IGTO that have previously been considered by the ATO. These complaints are prioritised and sent to the appropriate BSL mailbox for direct allocation to an officer to assist the IGTO in their complaint investigation.

2.35 Figure 2.9 outlines the volume of IGTO transfers between 2020–21 and 2023–24. There has been a 113 per cent increase in IGTO transfers between 2022–23 to 2023–24. The ATO observed these trends, and advised the ANAO in November 2024 that changes to IGTO triaging processes and complaint handling processes had driven these trends.

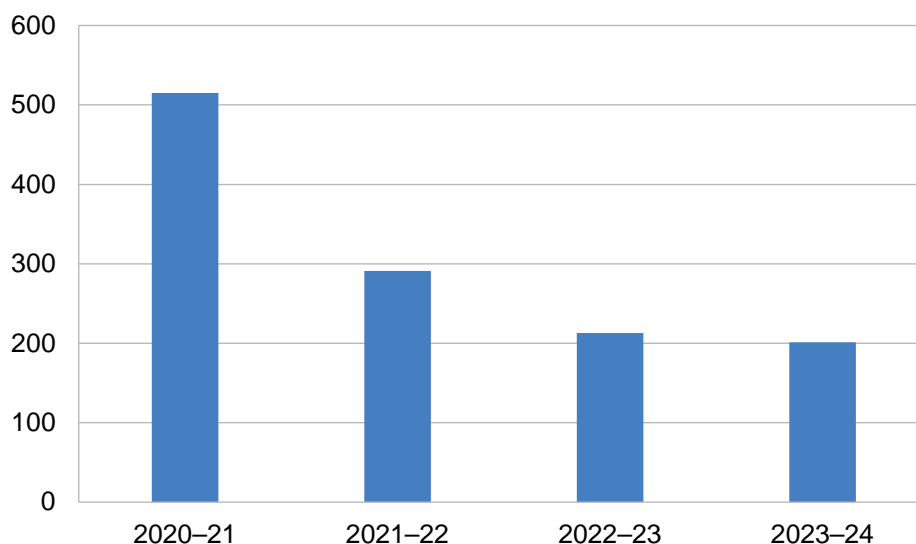
Figure 2.9: Volume of IGTO transfers 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

2.36 Figure 2.10 outlines the volume of IGTO referrals made between 2020–21 and 2023–24. It illustrates a 61 per cent reduction in IGTO referrals between 2020–21 and 2023–24. The ATO observed these trends, and advised the ANAO in November 2024 that complaints about COVID-19 stimulus measures such as JobKeeper, Cash Flow Boost, and COVID-19 Early Release of Super, had driven these trends.

Figure 2.10: Volume of IGTO referrals 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

2.37 The ATO does not refer complaints received through ATO channels to the IGTO. The ATO advises complainants that if they are dissatisfied with the outcome of their complaints they can request an independent investigation by the IGTO. Complaints received by the IGTO may be sent to the ATO via the IGTO Case Management System to undertake a 'Prior Check.' This check is to determine if the complaint has previously been lodged with the ATO, if not it is treated as an IGTO transfer, giving the ATO the first opportunity to resolve the matter. If there is a prior complaint or an exception applies, the ATO will refer the complaint back to the IGTO.

Quality assurance

2.38 The ATO advised the ANAO in November 2024 that it changed its quality assurance process for complaints in October 2024. Prior to October 2024, quality assurance assessments were conducted in each BSL that were a part of the ATO Quality Framework by a Quality Assessor from that BSL.²⁴ Frontline Operations was part of the ATO Quality Framework, and accounted for approximately 85 per cent of complaints received. Each quarter, the assessor generates a random sample of their BSL's finalised products, including any complaints handled by that BSL in that quarter. The number of complaints included in the sample is dependent on the availability of assessors familiar with the complaints process for a given quarter. The sample complaints were assessed for service, accountability, accuracy, and performance and assign each category a grade of exceed, achieved, room for improvement, or considerable room for improvement. ATO Quality reviewed each assessment after it had been submitted by the Quality Assessor. The results of the ATO's Quality Assurance process were included in internal ATO quarterly reporting provided to SES and EL2 Directors across all BSLs including Frontline Operations.

Efficiency of the complaint handling process

2.39 The Department of Finance defines efficiency as:

The extent to which an activity's inputs are minimised for a given level of activity outputs, or the extent to which outputs are maximised for a given level of inputs. Efficiency considerations must be balanced with whether the use will also be effective, economical and ethical.²⁵

2.40 The ATO takes a limited approach to determining efficiency, focusing on timeliness and not considering inputs and outputs. The ATO bases its complaints handling framework on the BPG, which uses timeliness as its primary efficiency measure. FCR supports efficiency in compliance with the BPG (see paragraph 2.16). The BPG outlines triaging complaints as an efficiency measure to allocate time and resources only where they are necessary. Complaints are triaged early into the handling process as either eligible for FCR or into the appropriate BSL. The ATO Intranet provides policy and guidance for staff when dealing with 'unreasonable complainant conduct', which is also outlined in the BPG as a measure that promotes efficiency.

2.41 The ATO's website hosts a complaints page with information for clients about the complaints process.²⁶ The ATO website states that the ATO will acknowledge a complaint within

24 Since October 2024, quality assurance assessments for complaints have been integrated into the ATO Quality team.

25 Department of Finance, *PGPA Glossary*, available from <https://www.finance.gov.au/about-us/glossary/pgpa/term-efficient> [accessed 17 December 2024].

26 Australian Taxation Office, *Complaints*, available from <https://www.ato.gov.au/about-ato/contact-us/complaints-compliments-and-feedback/complaints> [accessed 9 October 2024].

three business days of it being lodged, and that the ATO aims to resolve complaints within 15 business days.

2.42 The ATO Complaints Insights report (see Appendix 3) includes data on complaints more than 50 days old, complaints finalised within 15 days, and complaints finalised by the extended due date negotiated by ATO staff and the complainant. In the ATO's weekly review data of on-hand unresolved aged complaints and the percentage of complainants contacted within 3 days of their complaint being received are all reported. ATO Complaints also report on this data in Executive Snapshots (See paragraph 3.37 for more information on timeliness measures).

Staff training and guidance

2.43 The ATO has a 20 day mandatory training program for frontline operators. This program contains a dedicated module covering complaints. Guidance documents for complaints staff are available on the ATO intranet. The two main types of guidance documents are Job Aids and Enterprise Knowledge Management (EKM). Job Aids are typically under five pages and provide focused guidance on a specific aspect of the complaints process such as logging a multiple client complaint in Siebel. The EKM documents provide guidance on complex or multi-step processes such as how to reclassify and reallocate an activity in Siebel. These documents have multiple variables and links embedded for staff to pursue further reading on aspects of the process.

Tracking completion

2.44 Mandatory training in complaint handling is undertaken as part of the onboarding process for Frontline Operations staff. The general staff mandatory training module covers a section on the ATO Charter, with links provided for staff to read further on complaint handling. This is compliant with the BPG which suggests that all staff be made aware of the complaints handling process to provide support. The ATO has further training modules related to complaints handling; a complaints overview, complaints capture for all staff, complaints capture for hotline staff, and training on how to provide apologies to clients. These modules are not mandatory and are to be completed at the discretion of staff. ATO People Learning Development and Inclusion tracks staff completion of non-mandatory training, monitoring the number of staff that complete training per month. The ATO complaints network does not track staff completion of mandatory or non-mandatory complaints training.

2.45 Mandatory and non-mandatory training modules have been updated between March 2023 and June 2024. There is no fixed schedule for updating training materials. When an error or change is identified the training materials are updated as required.

Ongoing training

2.46 The BPG recommends that regular ongoing training be provided to staff. The ATO stated in October 2024 that refresher training is provided when a need is identified, or a system is changed. Where trends are identified staff are offered 'burst sessions'. No records of 'burst sessions' were provided for the 2021 to 2024 period. Frontline Operations Complaints resolver staff are scheduled for one hour of Learning and Development time each fortnight. Frontline Operations Complaints resolvers discuss their learning needs during coaching and check-ins. The ATO has not scheduled any refresher training.

Performance and wellbeing

2.47 The ATO monitors staff performance using the ‘Compass’²⁷ framework. Active participation is a requirement under the ATO Enterprise Agreement 2024. The Compass framework is used by an ATO employee and their manager to set performance goals and monitor performance. Compass has a tool that allows for the recording of outcomes from Compass check-ins. Check-ins must be made quarterly and are recommended to be done fortnightly. Performance data from Compass check-ins is used for staff training and guidance.

2.48 The ATO aims to conduct regular check-in conversations as part of their staff coaching program to prevent burnout. Staff are encouraged to work with their leaders where they require support, which can be in the form of additional breaks, debriefing after a call, or having some additional time off phones. Staff are rotated between telephony and processing, with complaints being a subset of their work type. For staff who are regularly facing challenging interactions the ATO has an Employee Assistance Program available. The ATO has a framework for managing inappropriate client behaviour²⁸, incidents of client aggression are noted in Siebel, and these clients may be placed on managed service plans.²⁹ Staff are asked to enter proposed leave through a preferencing process, and leave is approved ensuring the complaints hotline has sufficient coverage across the network.

Is the complaints process clear, accessible, and responsive to the public?

The process to make a complaint to the ATO is clearly articulated on its website, and guidance documents provided to staff to explain the complaints process are clear. The complaints process is accessed primarily through online web form and telephone, and is largely compliant with the BPG. The ATO does not specifically survey complainants on the ATO’s complaint management process, however complainants who have had an identity-verified interaction with the ATO were eligible to be randomly sampled for the ATO’s broader monthly Client Experience Survey. The information on complaints obtained through this survey does not support meaningful analysis. The ATO relies on complainant feedback to identify and address accessibility issues, and does not proactively monitor and assess potential accessibility barriers. The ATO implements changes when issues are brought to its attention through this channel.

Clarity of the complaints process

2.49 The BPG outlines that a complaints system should be publicised, have multiple access points, and complaints should be encouraged from clients. The ATO is largely compliant with the BPG in this regard. The ATO’s complaints system has multiple access channels and information about the complaints process and what can be expected from the ATO is available, in multiple languages.

27 Compass is a staff performance methodology supported by a software package of the same name used to track goals and check-in outcomes.

28 The ATO defines inappropriate client behaviour as: ‘any behaviour by a person which because of its nature or frequency, raised substantial health, safety, resource, or equity issues for the people involved in the complaint process.’

29 A Managed Service Plan is used by the ATO to manage access to ATO services by defining channels the client can and cannot use, and to provide an alternate means of contact to enable the client to continue to meet their tax obligations.

Complaints are encouraged, and the absence of any penalty to complainants is communicated clearly.

Accessibility of the complaints process

2.50 The ATO's accessibility measures are largely compliant with the requirements of the BPG. The process is simple, it has multiple access points, and the ATO Charter is accessible in 25 languages other than English. The ATO relies on feedback received from complainants to improve the accessibility of its complaints process and does not perform community or public outreach to identify access barriers.

2.51 The ATO has an internal digital inclusion guide which outlines key areas for the ATO's digital services to be accessible. The ATO's digital complaints services are compliant with these guidelines. The ATO migrated its digital services (ato.gov.au) to the Digital Experience Platform as of January 2024. The ATO incorporated the Digital Service Standard Version 1 into the design and is in alignment with the Standard. The ATO delivered phase one of its digital service improvements in July 2024 and is continuing to implement digital service improvements aimed at ensuring digital complaints processes are agile, user-centred, secure and accessible.

2.52 ATO call centre staff are trained to respond to questions made by complainants regarding accessibility and vulnerability issues, but are not prompted by scripting to initiate questions about accessibility or vulnerability. The Complaints Identification and Capture training module for all staff covers hardship and urgent complaints. When a client can produce evidence of serious financial hardship, they are able to be given priority processing of an income tax return with the hardship team. A complaint is considered urgent if the complainant wants to fast track an ATO action (that is not processing of an income tax return), where normal processes would fail to deliver the necessary assistance, and is experiencing exceptional circumstances such as:

- serious financial hardship without evidence; or
- suicide threats; or
- court orders or immediate legal action; or
- domestic abuse; or
- disaster (for example: bushfire or flood).

2.53 There are EKM documents for staff to use regarding vulnerable clients, hearing, speech, and vision impaired clients, and priority processing and urgent requests. A training module covers accessing and using content related to vulnerable clients, and call handling techniques for clients who are hearing impaired or have accessibility needs. For clients that are experiencing hardship or have complaints considered urgent, the 'urgent' or 'hardship' classifications are added to the complaint description field in Siebel with a note stating 'documentary evidence has been discussed' for hardship complaints. 22 complaints out of a total complaint population of 49,414 included this information in 2023–24.

2.54 The BPG states that 'outreach can improve accessibility and visibility of your agency, particularly if you provide services to vulnerable groups with significant access barriers.' To identify accessibility barriers and improve accessibility of their complaints handling services, the ATO assesses feedback from clients and makes improvements accordingly (see paragraph 2.59). The ATO

does not perform complaint-focused community outreach to support vulnerable groups with access barriers.

2.55 The ATO informs clients of their right to lodge a complaint via written correspondence when a staff member makes a decision about the client's tax affairs. All frontline operator staff are provided with overview training (see paragraph 2.43) and non-complaint handling call centre staff are to attempt FCR where a client expresses dissatisfaction. Where FCR is not possible, the client is transferred to the Complaints Hotline or is provided with alternative options to lodge a complaint if transfer is unavailable.

Responsiveness of the complaints process

2.56 The ATO has a benchmark of acknowledging a complaint within three days of the ATO receiving it, and the benchmark for average call wait time is under 15 minutes. Table 2.1 indicates that the ATO meets this benchmark for complaint related calls. The ATO prefers contact to be made by telephone as many complaints require 'proof of record ownership'. This can also be achieved via letter which requires more time than telephony. The ATO's performance against its three-day acknowledgement benchmark is monitored and reported on in the ATO's Weekly Review and Executive Snapshot (see Appendix 3).

2.57 As part of finalising a complaint, the resolver is expected to verify that the complainant is satisfied with the result of their complaint. There is guidance available to staff outlining that they must:

- advise the complainant of the outcome of all identified issues;
- explain the reasons for the decision(s) made;
- ensure the complainant is satisfied (within the limitations of that can legally and reasonably be done); and
- inform the complainant of their further rights of review.

2.58 Where the complainant receives an unfavourable outcome resolvers must send a complaint finalisation letter/email outlining their review rights. This correspondence is attached to Siebel.

Feedback on the complaints process

2.59 The BPG states:

Find out what your complainants think of your complaint handling process and what would improve the experience for them. Options include seeking feedback when complaints are finalised, periodic surveys, monitoring social media, user testing, research and focus groups.

2.60 The ATO introduced an additional question to its existing monthly survey (see paragraph 4.61), based on a recommendation from the IGTO, asking if clients were informed of their right to make a complaint regarding an outcome or advice between July 2022 to June 2023, however the question was removed from the survey in June 2023. The ATO stated to the ANAO in September 2024 that currently complainants were not specifically surveyed, noting that complainants who have had an identity-verified interaction with the ATO were eligible to be randomly sampled as one of the approximately 38,000 clients approached for the ATO's broader monthly Client Experience Survey. The ATO advised the ANAO in September 2024 that this survey had an approximately five

per cent response rate (1,800 respondents). The ATO advised the ANAO in September 2024 that it was able to identify survey respondents who had interacted with the ATO to complain, but that:

there is no methodology to sample complainants in a specific or representative way. Corporate Research receives too few such responses each year to perform any meaningful analysis. Typically, around 20 such responses are received annually.

2.61 The ATO uses unsolicited feedback to improve the complaint handling process. For example:

- The character limit in the online complaint lodging forms was increased from 500 to 1000 after receiving multiple items of feedback.
- The online form was updated to include a tailored accessibility question after receiving feedback. If 'Yes' is selected, a free text field opens for the complainant to provide details of any adjustments they may require during the complaints process.

Are complaints managed in accordance with the complaints management framework?

The ATO uses notes, attachments and templates in the Siebel work management system to record actions taken while resolving a complaint. The complaint capture template was consistently completed by ATO staff. The issues template was largely completed in line with ATO guidelines and use of this template increased from 2020–21 to 2023–24. Notes and attachments recorded in Siebel and analysed by the ANAO indicate the ATO actions complaints in accordance with its guidance. Regular ongoing contact was not consistently maintained with complainants in 2022–23 and 2023–24, and some complainants were not advised of their review rights when a complaint was closed. The ATO did not have a discussion with complainants before extending due dates in the majority of complaint cases. The extended due dates exceed the ATO's service commitment to resolve complaints within 15 business days.

Selection of complaints for testing

2.62 Complaints received by the ATO are recorded as activities within the Siebel work management system. A service request is then created in Siebel to capture the main complaint activity and any related activities which are created or linked to resolve the complaint.

2.63 A random sample of 73 complaint service requests was selected by the ANAO for each year from 2020–21 to 2023–24 to assess whether ATO complaints are managed in accordance with the complaints management framework. This resulted in a total sample of 292 complaint cases.

Siebel templates

2.64 The ATO uses 'smart scripting' work management templates in Siebel to ensure complaint data is captured correctly. These templates are added to the main complaint activity. Data from Siebel related to the selected sample of complaints was extracted into a spreadsheet, including the responses to these templates and other details added to the service request.

Complaint capture template

2.65 The complaint capture template is to be completed by frontline or EWM staff when a complaint cannot be resolved at first contact (see paragraph 2.16). The complaint capture template requires staff to identify the type of complaint, details of the complainant, the complaint background, the desired outcome, whether the complaint is about an ATO representative, and the complaint topic and sub-topic.

2.66 Responses to these fields were included in a spreadsheet of data extracted from Siebel for the random sample of 73 complaint services requests for each year from 2020–21 to 2023–24. All mandatory fields of the capture template included in the report were completed in 95 per cent or more of the examined service requests for each year from 2020–21 to 2023–24.

2.67 Responses to whether a complaint was about an ATO representatives within the main complaint activity on Siebel were analysed from the extracted sample of 292 complaints, this field was completed in 268 instances. Complaints related to ATO representatives are managed to maintain the privacy of the ATO representative and the nature of the investigation are restricted.

2.68 Optional fields in the capture template including complainant details, preferred contact number, alternative contact number, email address, preferred contact method and address do not appear in reporting generated by Siebel and were not tested.




















Complaint issues template









2.69 The first section of the complaint issues template is to be completed by the main complaint owner as soon as the complaint is received. If a complaint involves multiple issues this template should be completed for each issue.

2.70 The issues template includes categorisation of the complaint into the three tiers of the 'issues tree', product, topic and issue (see paragraph 3.10). Once the complaint outcome has been finalised, the issues template is to be revisited and completed with the complaint finalisation status, reason for escalation (if applicable), outcome of the complaint, relevant ATO Charter commitment and whether an apology was provided to the complainant.

2.71 Table 2.3 shows results from analysis of the issues template responses extracted from Siebel for the sampled complaint service requests.

Table 2.3: Assessment of the issues template responses

Template element	2020–21	2021–22	2022–23	2023–24
Product				
Topic				
Issue				
Issue escalated and substantiated (where applicable) ^a		N/A		
Outcome of complaint				

Template element	2020–21	2021–22	2022–23	2023–24
Charter commitment identified				
Apology provided or not				

Key: ○ Negligible ◐ Partially complete ◑ Half complete ◒ Mostly complete ● Complete

Note a: Within the sample of 73 from each year, issue escalation was required for two complaints in 2020–21, no complaints in 2021–22, one complaint in 2022–23 and one complaint in 2023–24.

Source: ANAO Analysis of ATO documentation.

2.72 The fields in the issues template related to the complaint product, topic and issue were completed from 2021–22 onwards, but were not completed in 10 of the 73 complaints cases analysed for 2020–21.

2.73 Fields relating to the complaint finalisation status, escalation of the issue, outcome of the complaint, related charter commitment and apologies are ‘to be completed once an Outcome has been determined.’ The complaint outcome, charter commitment and apology fields were not completed in 30 analysed cases in 2020–21 and in 27 cases in 2021–22 but were completed for 2022–23 and 2023–24.

2.74 Analysis of the issues template in Siebel indicates a finalisation status was assigned in 259 of the 292 cases tested in the sample.

Resolving complaints in Siebel

2.75 The ATO provides steps to action BSL managed complaints in a reference guide for complaint owners. The complaint owner is required to record notes against complaint activities detailing client related information, client interactions and actions taken on the complaint activity. ATO BSLs predominantly use this ATO Corporate Complaints guidance to manage complaints, with some BSLs supplementing this with additional guidance.³⁰

2.76 The reference guide provides 19 steps to action BSL managed complaints. Steps one to five address determining if the matter has been correctly classified as a complaint and allocating a service request in Siebel. If these steps were not completed, a record would not be created in Siebel. The application of the steps after this preliminary classification, steps six to 19, were analysed in the 73 sampled service requests for each year from 2020–21 to 2023–24 by considering notes and attachments on the Siebel file which detail actions taken to resolve the complaints. Table 2.4 shows the results of this analysis.

30 The Individuals and Intermediaries (IAI) BSL has additional guidance for determining complaint classifications and assigning complaints to the appropriate area. Superannuation and Employer Obligations (SEO) have guidance for Super Fund Lookup complaints and managing conflict of interests. Objections and Review (OAR) have guidance for managing complaints in objections. Frontline Compliance have specific guidance for complaints related to Australian Business Registry director IDs. The Private Wealth and Fraud and Criminal Behaviours business area has additional guidance for its triaging process.

Table 2.4: Assessment of Siebel service requests against ATO guidance

Reference guide step	2020–21	2021–22	2022–23	2023–24
Step 6 — Update summary field with main complaint owner details	●	●	●	●
Step 7 — Make contact with the complainant (where further information is required)	●	●	●	●
Step 8 — Complete the Complaint Issues template	●	●	●	●
Step 9 — Regular ongoing contact	●	●	●	●
Step 10 — Repeat contact from the complainant	●	●	●	●
Step 11 — Develop a complaint action plan, if applicable ^a	N/A	N/A	N/A	N/A
Step 12 — Seek specialist knowledge (if necessary) ^b	●	●	●	●
Step 13 — Identify related existing BAU activities in Siebel	●	●	●	●
Step 14 — Identify if linked activities are required	●	●	●	●
Step 15 — Extend the due date (if necessary)	●	●	●	●
Step 16 — Arrange for approval to close complaint (if required) ^c	●	N/A	N/A	N/A
Step 17 — Contact complainant (final contact)	●	●	●	●
Step 18 — Finalise the complaint	●	●	●	●
Step 19 — Additional contact after complaint is closed for remedy ^a	N/A	N/A	N/A	N/A

Key: ○ Negligible ◐ Partially complete ◑ Half complete ● Mostly complete ● Complete

Note a: Not all steps are applicable to all complaint matters. An assessment of N/A has been assigned where no instances in which a step was applicable were observed in the sample.

Note b: Step 12 applied to four complaints in 2020–21, three in 2021–22, one in 2022–23 and two in 2023–24.

Note c: Step 16 was completed for two cases in 2020–21. Approval to close a complaint is required by some business lines in limited circumstances, predominantly when complaints are being handled by a newly trained staff member.

Source: ANAO Analysis of ATO documentation.

2.77 The main complaint owner's details were documented in the service request summary page for 44 of the analysed complaints in 2020–21, 60 complaints in 2021–22, 43 complaints in 2022–23, and 41 complaints in 2023–24. This equates to 64.4 per cent of complaints analysed by the ANAO between 2020–21 and 2023–24.

2.78 Guidance for step nine states regular ongoing contact 'as a general guide' should be maintained with the complainant weekly unless otherwise negotiated, but may vary on a case by case basis. Regular ongoing contact with the complainant was observed in 49 service requests from 2020–21, 53 service requests from 2021–22, 29 service requests from 2022–23 and 31 from

2023–24. In many instances where regular contact was not maintained, this was due to a delay between the date the complaint arose and when the complainant was first contacted by the complaint owner. The ATO advised the ANAO in November 2024:

The delay between the date a complaint arose and the date the complainant is first contacted has increased in more recent years due to the increase in total complaints being received.

The ATO previously undertook initial contact within three days of a complaint being received. As the number of complaints increased the ability to undertake an initial contact within three days was impacted due to resource limitations.

From April to June 2022 the ATO introduced a written acknowledgment process to replace the initial contact. The ATO ensured that the acknowledgement process aligned with the Better Practice Guide (BPG).

2.79 When a due date for complaint finalisation beyond 15 business days is required, the complaint extension of due date (EDD) template is to be completed in Siebel. This relates to step 15. The EDD template is used to record the ATO’s performance against its service commitment target to ‘resolve 85% of complaints within 15 business days, or within the date negotiated with the client.’ The 15-business day service standard applies unless an extension is discussed with the complainant. ATO guidance states ‘a discussion needs to occur with the client before an extension can occur. This discussion needs to be documented in Siebel notes.’

2.80 Table 2.5 shows the ATO’s extension of complaint due dates for complaint extending beyond 15 business days for complaint finalisation.

Table 2.5: Extension of complaint due dates

	2020–21	2021–22	2022–23	2023–24	Total
EDD template completed after conversation with complainant	6	2	0	1	9
EDD template completed with no conversation with complainant	10	13	23	30	76
EDD template not completed	7	6	7	1	21
Total	23	21	30	32	106

Source: ANAO analysis of ATO data.

2.81 In the 106 complaints analysed which extended beyond 15 business days for complaint finalisation, there were 21 instances where an EDD template was not completed, and 76 instances where an EDD template was completed with a due date extension but no discussion with the complainant about this was recorded. From the 76 complaints where there was no documented discussion with the complainant, 42 had a final due date listed over three months after the date the complaint arose.

2.82 The ATO tracks and reports on the finalisation rates of complaints with extended due dates through quarterly ATO Complaints Insight reports. The reports identify the percentage of complaints finalised within 15 days, and the percentage of complaints finalised within extended due dates.

2.83 The ATO tracks complaints aged 50 days or more through weekly reports sent to the ATO Complaints Executive, and aged complaints are also reported as a percentage of the total volume of complaints currently unresolved.

2.84 A lack of supporting documentation to properly evidence that extending due dates has been discussed with complainants means the ATO does not have sufficient assurance that its reported performance against its service commitment to resolve 85 per cent of complaints within 15 business days or within the date negotiated with the client is accurate.

2.85 The instructions for step 17 concerning final contact with the complainant provide, 'In all circumstances however, review rights must be provided to the complainant when finalising a complaint, whether it's in writing or over the phone and documented appropriately in Siebel.' 126 out of 292 in the sample analysed service requests did not indicate review rights had been provided to the complainant as required when final contact was made.

Recommendation no. 1

2.86 The Australian Taxation Office:

- (a) conducts and documents any discussion with complainants before extending complaint due dates; and
- (b) communicates and documents that review rights have been discussed with the complainant in accordance with its own guidance.

Australian Taxation Office response: *Agreed.*

3. Reporting, review, and process improvement

Areas examined

This chapter examines if the ATO effectively reports on complaints, seeks to improve its processes and service delivery, and effectively reviews its complaints handling framework.

Conclusion

The ATO is largely effective at reporting on complaints, collecting complaint data to monitor incoming complaint volumes, categories of complaints, performance against service commitments and performance of key complaint topics. The data is used to generate internal reports based on the needs of individual business areas and bodies that meet to discuss complaint trends. Public reporting through the ATO Annual Report consists of the total number of complaints received and performance against the ATO service commitment targets. The ATO is able to determine which issue categories lead to increases in complaints but does not identify the root causes of these increases. Analysis of cross-product issues indicates that ‘timeliness’ is the largest complaint issue across many business lines, accounting for 56.5 per cent of all complaints from 2020–21 to 2023–24.

The ATO is largely effective in using a variety of sources including complaint data to identify business improvements to enhance both the complaint handling system and broader ATO processes and service delivery. It manages these through the Business Intelligence and Improvement register to iteratively improve its processes and service delivery. The ATO could strengthen its Business Intelligence and Improvements framework.

Areas for improvement

The ANAO made one recommendation relating to: analyse the root causes of issue categories where there has been a significant increase in complaints, enhancing its public reporting on complaint trends, causes, and outcomes in its Annual Report to better align with the Commonwealth Ombudsman’s Better Practice Complaint Handling Guide, and to improve transparency to the Parliament.

The ANAO also suggested that there is an opportunity for ATO to strengthen the Business Intelligence and Improvements framework by streamlining the process, establish prioritisation parameters, set completion targets, measure against the targets and establish a methodology of continuous review of outstanding business improvements.

3.1 The ATO’s corporate plan 2024–25³¹ outlines a strategic objective to ‘use data, information, and insights to deliver value for our clients and inform decision-making across everything we do.’ This objective includes a core priority to ‘Improve how we manage, use, and share data and analytics, to deliver better services, improve tax performance and reduce administration costs’.

31 Australian Taxation Office, *ATO corporate plan 2024–25*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 16 December 2024].

Does the ATO appropriately report on its management of complaints and complaint outcomes?

The ATO generates internal reports based on the needs of individual business areas and bodies that meet to discuss complaints. Public reporting through the ATO Annual Report consists of the total number of complaints received and performance against the ATO service commitment targets. The ATO is able to determine which issue categories have led to increases in complaints, but does not identify the root causes of these increases. Analysis of cross-product issues indicates that ‘timeliness’ is the largest complaint issue across many business lines, accounting for 56.5 per cent of complaints from 2020–21 to 2023–24.

The ATO’s internal reporting on management of complaints and outcomes

3.2 The Commonwealth Ombudsman’s Better Practice Guide for Complaint Handling states that complaint handling bodies should:

Receive regular (at least quarterly) internal reports on:

- the quality and timeliness of complaint handling
- any systemic issues identified in complaints, including how these are handled
- any media activity related to complaints received or systemic issues.

3.3 The ATO does not have any requirements for internal reporting on the management of complaints, advising the ANAO in September 2024:

[T]he ATO invests significant efforts in ensuring complaint data and intel is reported to the appropriate areas. The level of internal guidelines specifying precisely what to incorporate in complaint reports is minimal across the ATO, as this reporting is well established and entrenched into our practices and processes without the need for specific guidance.

3.4 Within the ATO, ATO Corporate is the responsible and accountable area for identifying and escalating issues that arise from a whole of system perspective. It is also responsible for collating complaint data for the ATO Annual Report. ATO Corporate’s weekly and quarterly reports are distributed to Second Commissioners, and multiple Deputy and Assistant Commissioners.

3.5 Reports are based on the needs of individual business areas and meeting groups. Appendix 3 outlines regular internal reporting that has been developed by the ATO to report on complaints, and each of the groups that meet to discuss complaints, either exclusively, or as part of a broader remit.

The ATO’s external reporting on management of complaints and outcomes

3.6 The Commonwealth Ombudsman’s Better Practice Guide for Complaint Handling states that complaint handling bodies should:

Publicly report your complaint handling data in Annual Reports and on your website. We recommend including information about total complaints, performance against benchmarks, high level trend information and your top 5 to 10 complaint issues, causes and outcomes.

3.7 The ATO publicly reports its year to date performance against its commitments to service.³² The two metrics relevant to complaints are ‘Respond to enquiries within timeframes’, in which the performance measure is for an average wait time for an inbound general call to be less than 15 minutes and 40 per cent of inbound tax practitioner calls answered within seven minutes³³ and second metric is to ‘Resolve my complaint within timeframes’, in which the metric is 85 per cent of complaints resolved within 15 business days, or within the date negotiated with the client. For analysis related to this metric, see paragraph 2.79.

3.8 The ATO Annual Report publishes the total number of complaints received, performance against its service commitment target to resolve 85 per cent of complaints within 15 business dates or within the date negotiated with the client, and the top complaint issues (for example, income tax, client records, superannuation).³⁴

3.9 The ATO Annual Report does not contain further information on complaint causes or outcomes, and it is not possible to discern trends across years by using the data contained in the ATO Annual Report.

Product level trends

3.10 The ATO uses a three level ‘issues tree’ to categorise complaints. Complaints are categorised at the product, topic and issue levels by filling out the Complaint Issues Template on Siebel. There are 14 potential products (for example, account action, client records, income tax, superannuation, (see Figure 1.2)), and each product contains potential topics, and each topic contains potential issues.

3.11 The reporting of product level trends, analysis and outcomes, including significant changes, greatly increases transparency for Parliament and the public. The ATO’s categorisation of complaints through the ‘issues tree’ enables detailed analysis to be conducted to examine trends both within and across products. ANAO analysis from Figure 3.1 to Figure 3.5 indicates products with significant increases in complaints between 2020–21 and 2023–24. The ATO is able to determine which issue categories have led to increases in complaints, but does not identify the root causes of these increases.

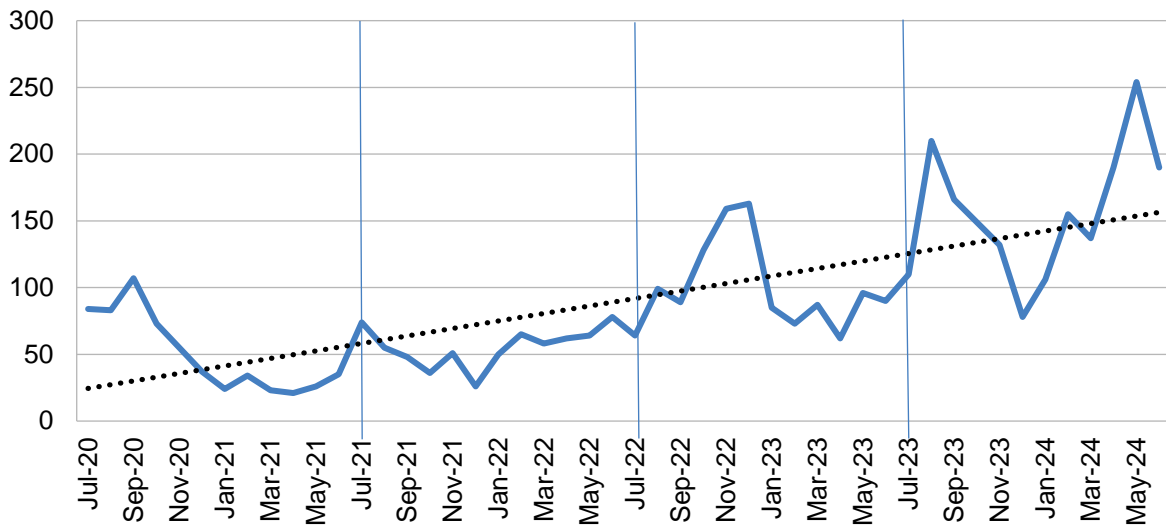
3.12 Figure 3.1 shows the number of account action complaints across the period of audit scope. There has been a general upward trend in these complaints over the last four financial years, with larger spikes in September 2020, November/December 2022, August 2023, and May 2024.

32 Australian Taxation Office, *Current Year Performance*, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/service-commitments/current-year-performance> [accessed 19 November 2024].

33 Australian Taxation Office, *Current year commitments to service*, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/service-commitments/current-year-commitments-to-service> [accessed 19 November 2024].

34 The ATO also reports on complaint data volumes that were used to conduct risk assessments on tax practitioners.

Figure 3.1: Account action complaints 2020–21 to 2023–24

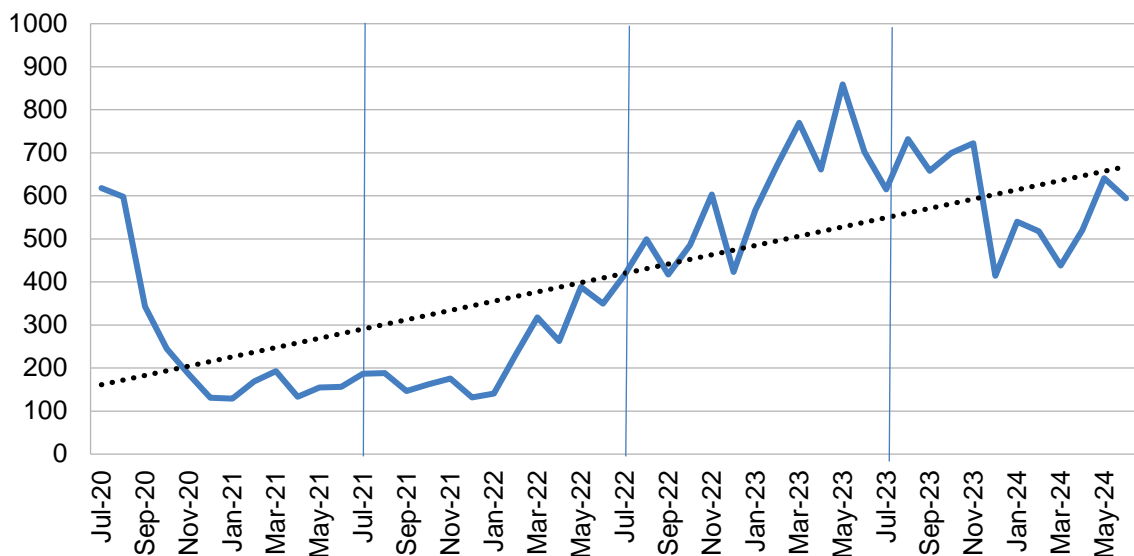


Source: ANAO analysis of ATO documentation.

3.13 The ATO monitors this category through a monthly report to SES staff of Frontline Operations and across all BSLs that presents trend analysis, key findings and observations, case studies and agent & client sentiment. The ATO advised the ANAO in November 2024 that the increases in complaints in the ‘Account Action’ category included replacement refund complaints³⁵, and complaints about payment/credit transfers offsetting.

3.14 Figure 3.2 shows the number of client record complaints across the period of audit scope. There has been a general upward trend, following a decline in 2020–21, in these complaints across the last four financial years, with the most significant increase occurring in 2022–23.

Figure 3.2: Client records complaints 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

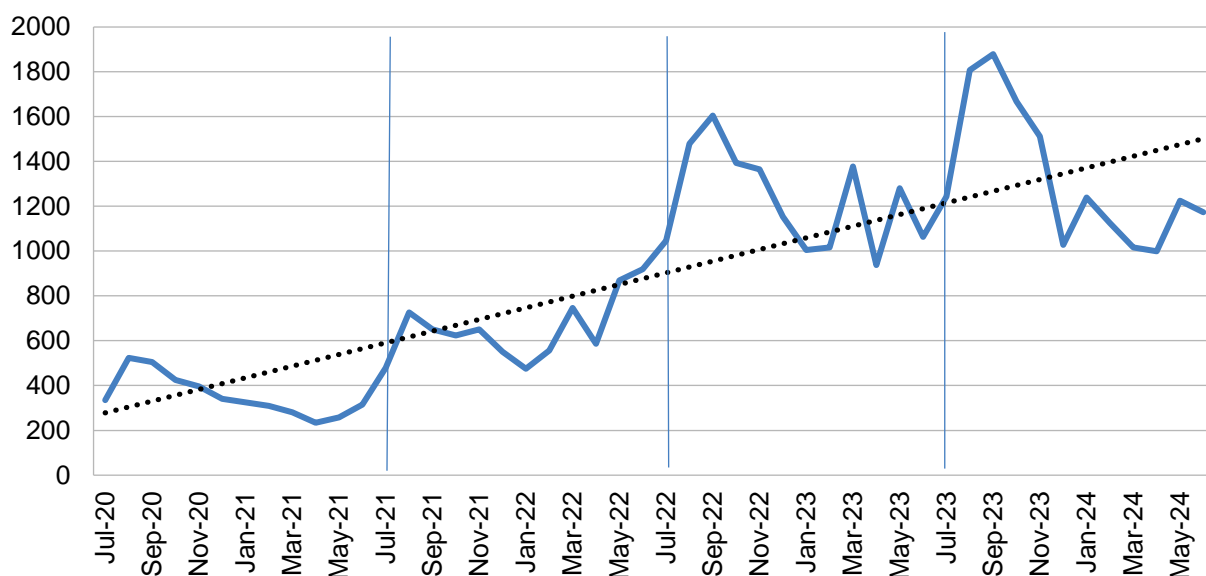
35 The ATO defines a replacement refund as when a client or Tax Agent asks for a cheque to be replaced with a refund via Electronic Funds Transfer or a second cheque.

3.15 The ATO monitors this category through quarterly reporting to SES and EL2 Directors across all BSLs, with trend analysis, key findings, observations, case study, client and agent sentiment and analysis of complaints received. The ATO advised the ANAO in November 2024 that increases in complaints in the ‘Client record’ category include:

- compromised accounts;
- GST registration/cancellation;
- updating records;
- Tax File Number registration; and
- Cancellation, reactivation, or delays in processing ABNs.

3.16 Figure 3.3 shows the number of income tax complaints across the period of audit scope. There has been a general upward trend in these complaints across the last four financial years. The increase in the number of complaints at the beginning of each financial year in 2022–23 and 2023–24 coincide with tax time.

Figure 3.3: Income tax complaints 2020–21 to 2023–24



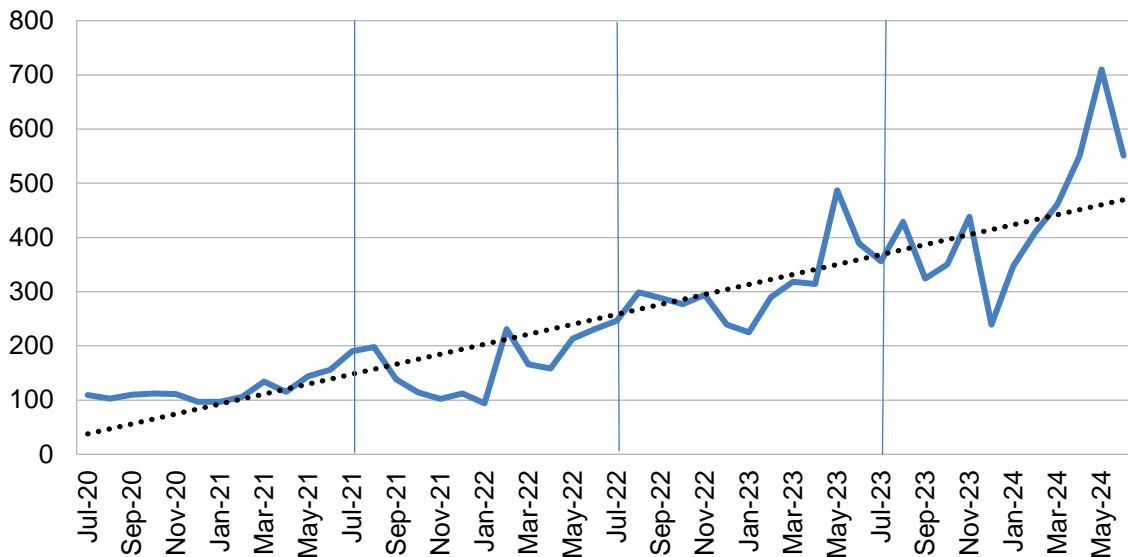
Source: ANAO analysis of ATO documentation.

3.17 The ATO monitors this category through monthly reports to SES staff of Frontline Operations and across all BSLs that present trend analysis, list top issues and when they were identified, and identify potential business improvements (see paragraph 3.43). The ATO advised the ANAO in November 2024 that increases in complaints in the income tax category include:

- tax time related complaints;
- copy of income tax documents; and
- certificate requests.

3.18 Figure 3.4 shows the number of debt and lodgment/lodge and pay (see paragraph 1.8) complaints across the period of audit scope. There has been a general upward trend in these complaints across the last four financial years.

Figure 3.4: Lodge and pay complaints 2020–21 to 2023–24

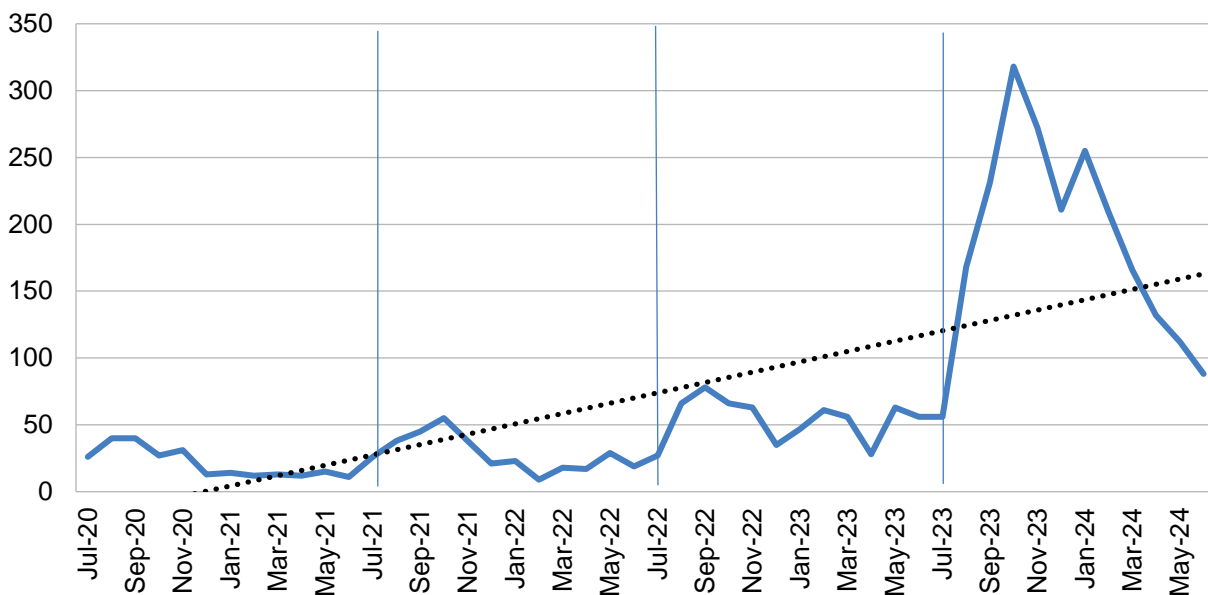


Source: ANAO analysis of ATO documentation.

3.19 The ATO monitors this category through monthly reports to SES staff of Frontline Operations and across all BSLs that present trend analysis, list top issues and when they were identified, and identify potential business improvements. The ATO advised the ANAO in November 2024 that increases in these numbers were attributable to insolvency, and penalty remission.

3.20 Figure 3.5 shows a significant increase in pre-issue audit strategies complaints (see paragraph 3.31). A significant increase in complaints occurred in 2023–24.

Figure 3.5: Pre-issue audit strategies complaints 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

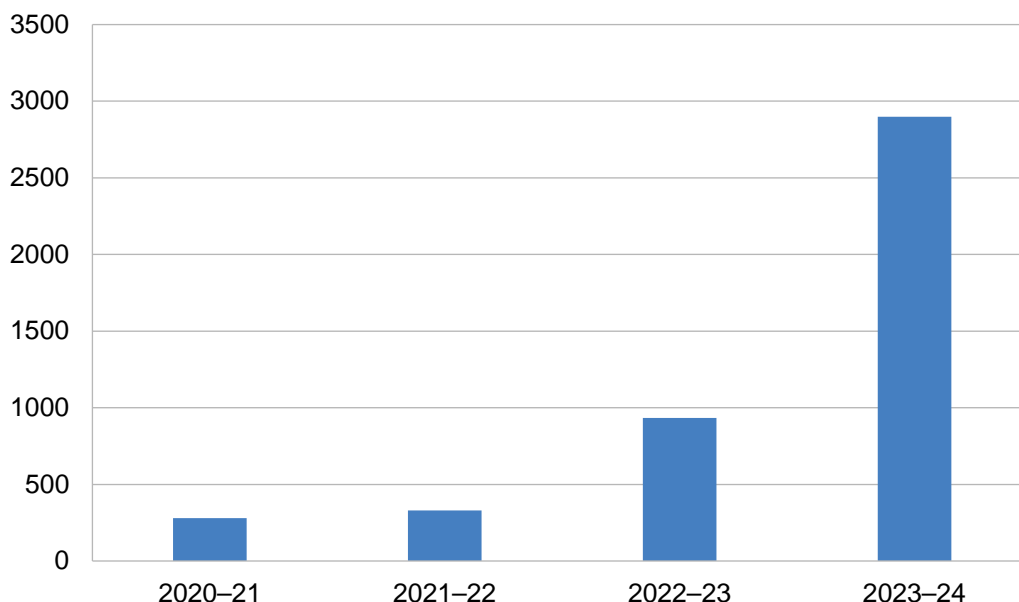
3.21 The ATO provided evidence that this trend was observed, analysed, and primarily related to timeliness.

Issue level trends

3.22 Analysis of significant changes at the issues level also provides potential valuable insights and transparency. The majority of the ATO's internal reports investigate issue-level trends to allow detailed analysis of key subcategories. Figure 3.6 to Figure 3.10 indicate issues with significant increases in complaints across the period of audit scope.

3.23 Figure 3.6 shows the annual total number of complaints relating to compromised client records between 2020–21 and 2023–24.

Figure 3.6: Compromised client record complaints 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

3.24 Data on the increase in complaints for compromised client records show a 935 per cent increase from 2020–21 to 2023–24.³⁶ The ATO advised the ANAO in September 2024 that:

These complaints generally relate to:

- Clients having to call the ATO to have their account 'unlocked' for a period of time to be able to access ATO online services.
- Delays in processing returns – often caused by manual processing of returns due to the compromised indicator.
- Time taken to complete remediation and investigation by the Client Identity Support Centre, which in turn causes delays to processing.
- Having to contact the ATO to seek removal of the compromised indicator and delays in actioning removal requests.

36 The ATO advised the ANAO on 10 February 2025 that increases in the number of compromised accounts and complaints is often based on external factors (for example wide scale data breaches). In these instances, the ATO is required to take additional protections in order to ensure client information is protected and that Government money is not being issued under fraudulent pretences (for example, through a fraudulent tax return).

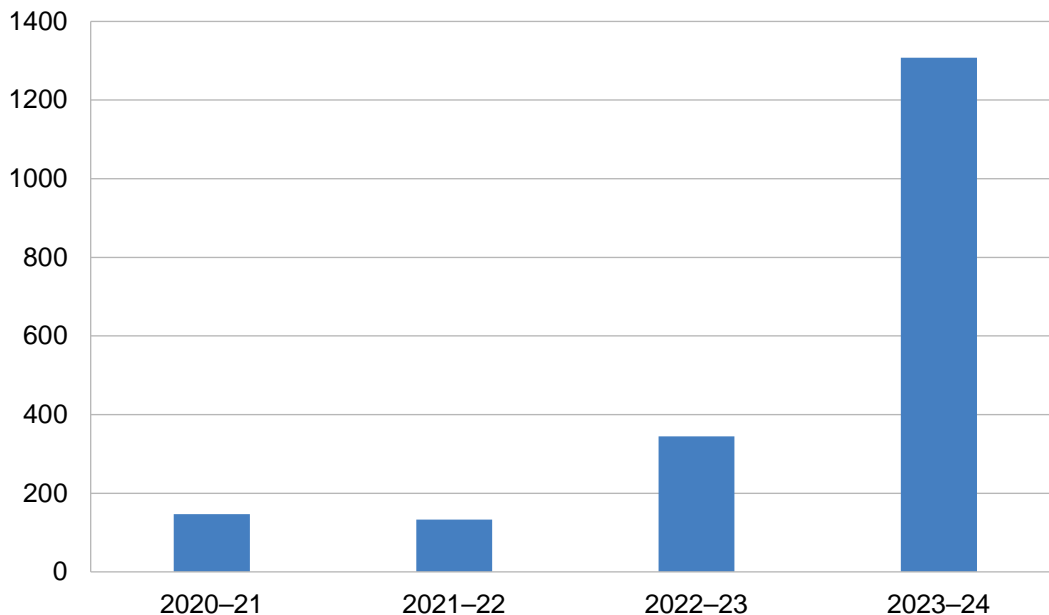
3.25 The ATO defines a compromised client record as a situation in which:

a taxpayer account has been accessed and/or transacted upon by an unauthorised third party or is at significant risk of unauthorised access due to the exposure of personal identifying information via an external data breach or cyber incident.

3.26 The ATO monitored this category as part of its Complaints Insight reporting, with reporting noting that the volumes had begun to come down across the final two quarters of 2023–24 due to the implementation of a business improvement strategy (see paragraph 3.43).

3.27 Figure 3.7 shows the annual total number of complaints relating to outstanding tax debts of insolvent or bankrupt complainants between 2020–21 and 2023–24.

Figure 3.7: Insolvency/bankruptcy complaints 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

3.28 Data on the increase in complaints for insolvency and bankruptcy show a 790 per cent increase from 2020–21 to 2023–24. The ATO advised the ANAO in September 2024 that this increase was ‘directly related to the processing backlog with timeliness being the biggest driver’, and that ‘these complaints largely related to delays experienced by insolvency practitioners when lodging Day 1 insolvency notifications and dissatisfaction when they are unable to confirm [insolvent entity] debt in a timely manner.’

3.29 One of the focus areas identified in the 2024–25 corporate plan³⁷ is ‘strengthening debt collection’ and also highlighted through the Addressing collectable tax debt – Tax Institute Tax Summit 2023³⁸ speech, the ATO is ‘re-establish[ing] the culture of paying tax on time’ and delivering

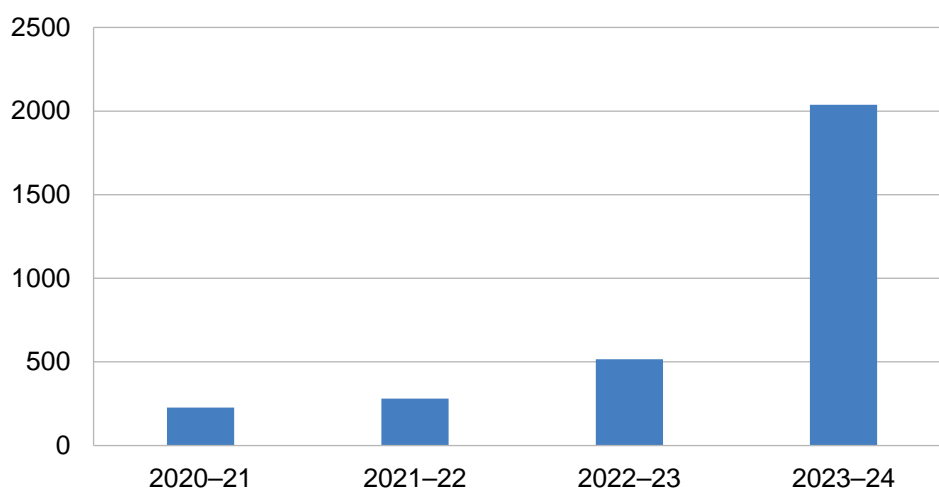
37 Australian Taxation Office, *ATO corporate plan 2024–25*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/managing-the-tax-and-super-system/in-detail/corporate-plan-current-and-previous-years/australian-taxation-office-corporate-plan-2024-25> [accessed 16 December 2024].

38 Australian Taxation Office, *Addressing collectable tax debt – Tax Institute’s Tax Summit 2023*, speech, 7 September 2023, available from <https://www.ato.gov.au/media-centre/addressing-collectable-tax-debt-tax-institute-s-tax-summit-2023> [assessed 28 November 2024].

strategies to reset a 'positive payment culture'. The ATO advised the ANAO in November 2024, that 'as the ATO adjusts the strategies to collect debt owed, we expect to see feedback from clients increase for these topics'.

3.30 Figure 3.8 shows the annual total number of complaints relating to client contact over manual reviews of pre-issue audit strategies between 2020–21 and 2023–24.

Figure 3.8: Pre-issue audit strategies — manual review, client contact complaints 2020–21 to 2023–24



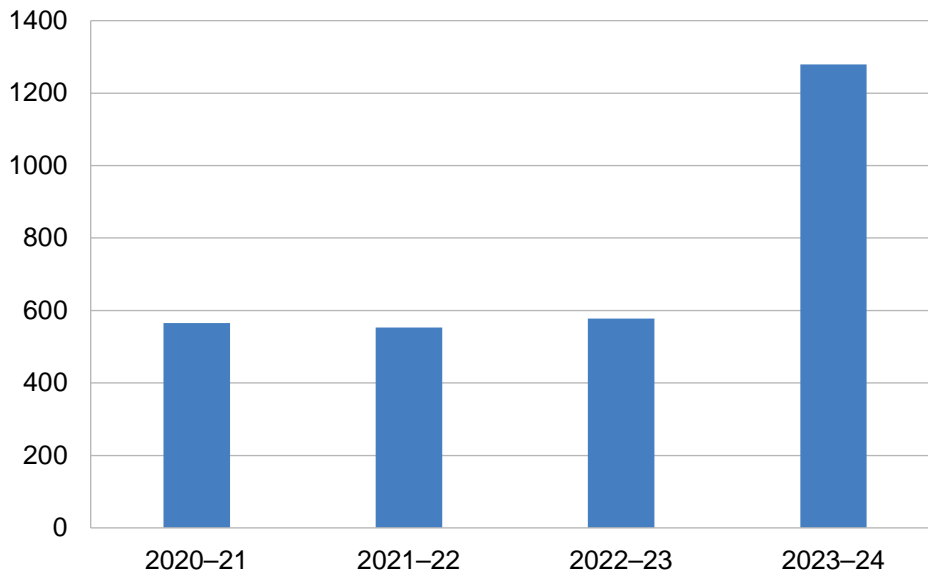
Source: ANAO analysis of ATO documentation.

3.31 Data on the increase of complaints for pre-issue audit strategies³⁹ show a 793 per cent increase from 2020–21 to 2023–24. The ATO noted the significant increase through its internal complaint quarterly and annual reports. The ATO also undertook further analysis in 2024 to identify the trends, and mitigation strategies. The ATO advised the ANAO in September 2024 that:

These complaints generally relate to delays in receiving a refund as the income tax return has been stopped as further information has been requested or the return has been amended and they are unhappy with the outcome. The increase in the 2023/24 financial year is a direct result of increases in compliance work, post the COVID period.

3.32 Figure 3.9 shows the annual total number of complaints relating to objections between 2020–21 and 2023–24.

39 Pre-issue audit strategies refer to returns that would normally process automatically that have been stopped and held for manual checking to make sure returns are processed correctly.

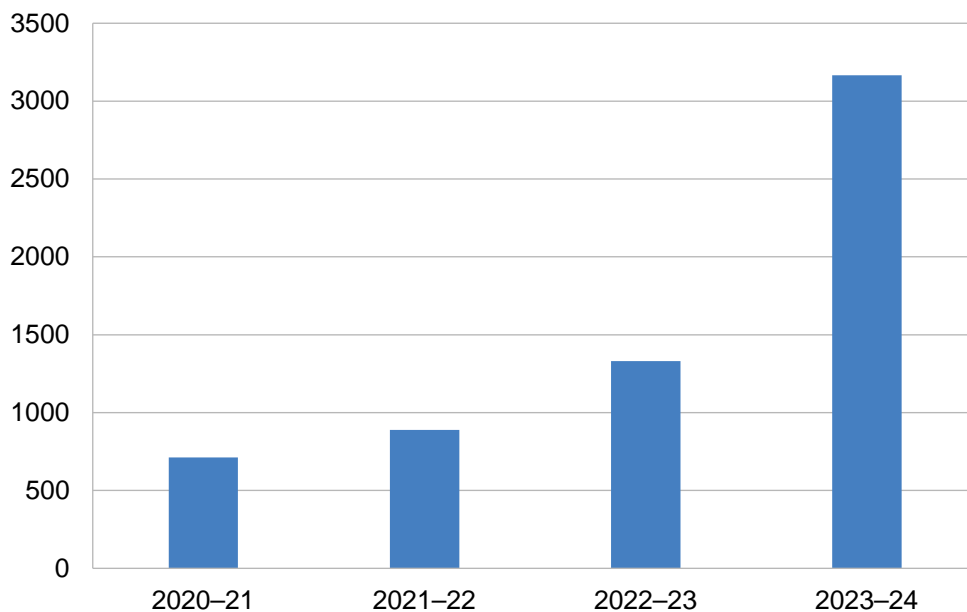
Figure 3.9: Objection complaints 2020–21 to 2023–24

Source: ANAO analysis of ATO documentation.

3.33 Data on the increase in complaints about objections show a 126 per cent increase from 2020–21 to 2023–24. The ATO advised the ANAO in September 2024 that:

This increase was directly linked to a 30 per cent increase in objections received in the same period. The surge in objections receipts created delays in allocating cases to objections officers. The majority of complaints received for the 2023/2024 financial year were due to delays in allocation of objection cases and overall timeliness in resolution.

3.34 Figure 3.10 shows the annual total number of complaints relating to income tax refunds between 2020–21 and 2023–24.

Figure 3.10: Income tax refund complaints 2020–21 to 2023–24

Source: ANAO analysis of ATO documentation.

3.35 Data on the increase in complaints for income tax refunds show a 344 per cent increase from 2020–21 to 2023–24. The ATO advised in September 2024 that:

In 2023–24, the increase in income tax: refund complaints was largely driven by timeliness with a high portion of complaints upheld. This data tells us the increase in complaints for this topic was largely due to circumstances where the ATO hasn't met the service standard, due to competing priorities and significant volumes of processing items on-hand throughout 2023–24.

3.36 The ATO publicly reports on complaint issues at the product level, (such as income tax, client records, and superannuation). It does not publicly report on complaint issues. Analysis and reporting of these broader trends improves transparency for the Parliament and the public on ATO performance.

Topic level trends

3.37 Analysis of cross-product issues indicates that 'timeliness' is the largest complaint issue across many business lines at the ATO, accounting for 56.5 per cent of complaints from 2020–21 to 2023–24. Table 3.1 outlines the top ten complaint issues across all products, these account for 81.4 per cent of all complaint issues.

Table 3.1: Top 10 issues across all topics

Issue	Percentage of all issues (%)
Timeliness	56.5
Outcome/decision	10.6
Application of law/policy	2.9
System issue	2.8
Staff attitude/behaviour	2.2
Skilling deficiency	1.4
Correspondence not received	1.4
Not actioned/unallocated ^a	1.3
Not understood or unclear	1.2
Amendment/adjustment	1.1

Note a: This issue is mainly used for Review and Litigation – Objection complaints where the complaints resolver is acknowledging that the objection submitted has either not been actioned or not yet allocated to an objections officer.

Source: ANAO analysis of ATO documentation.

3.38 Table 3.2 outlines the percentage of complaints relating to timeliness across each product.

Table 3.2: Complaints related to the issue of timeliness

Product	Percentage of complaint volume (%)
Income tax	77.0
Pre-issue audit strategies	70.5
Client record	69.3
Account action	61.6

Product	Percentage of complaint volume (%)
Activity Statement	58.5
Debt-Lodgment/Lodge and Pay ^a	53.2
Superannuation	47.5
Technical advice	44.5
Reporting obligations	40.5
Post-issue audit	26.0
Review and Litigation	24.5
Services and Systems	21.8
Australian Business Registry Services	19.8
People	1.0

Note a: The product name Debt/Lodgment changed to Lodge and Pay from 18 June 2022.

Source: ANAO analysis of ATO documentation.

3.39 In relation to ATO-wide actions to address the cross-product issue of timeliness, the ATO advised the ANAO in February 2024 of one report from October 2023. This report illustrates the ‘impact of the ATO’s processing backlog on complaints’ and the ‘key areas where the client experience has degraded significantly throughout 2022 and 2023’, including ‘increased processing delays, failure to meet service standards and issues of timeliness’.

Recommendation no. 2

3.40 The Australian Taxation Office:

- (a) analyses the root causes of complaints, particularly where there has been a significant increase in volumes; and
- (b) enhances its public reporting on complaint trends, causes, and outcomes in its Annual Report to better align with the Commonwealth Ombudsman’s Better Practice Complaint Handling Guide to improve transparency to the Parliament.

Australian Taxation Office response: *Agreed.*

3.41 The BPG encourages entities to share their insights, stating: ‘These should be shared with all areas of an agency that can influence improvement and externally where appropriate, including feedback to other areas of government.’

3.42 The ATO advised the ANAO in October 2024 that it shared some reporting or data with the IGTO, with two reports provided on a monthly basis and one provided on a weekly basis. All three of these reports concerned debt-related complaints.

Does the ATO effectively review its complaints management framework?

The ATO uses a variety of sources including complaint data to identify opportunities to improve its complaints management framework. The ATO manages changes to its complaints management framework manually through the Business Intelligence and Improvement register. The ATO does not undertake regular evaluation of its complaint handling processes.

Effectiveness of the ATO’s complaints management process

3.43 The BPG encourages implementation of a number of key design principles such as: ‘The system should have robust quality assurance and review processes’. The ATO seeks to improve its processes by developing business improvements. It sources potential business improvements (see paragraph 3.50) from a variety of different sources, including but not limited to complaint resolutions, feedback provided by clients or Tax Agents and trends observed by the complaint reporting teams. These are used to iteratively improve complaint handling processes as a result of complaints received. The ATO does not conduct regular evaluations of its complaint handling processes.

3.44 The ATO records business improvements in a Business Intelligence and Improvement Register. The purpose of the register is to drive improvements to the client experience, including improving the complaint handling process. Analysis of the register identified that 20 out of 182 or 11 per cent of businesses improvements identified between 2020–21 and 2023–24 related to improving the complaint handling processes, while the remainder related to other improvements to the client and complainant experience.

3.45 Table 3.3 presents a summary of the 20 business improvements made between 2020–21 and 2023–24 to improve the complaint handling process.

Table 3.3: Summary of business improvements made to improve complaint handling process identified between 2020–21 and 2023–24

Business Service Lead Stakeholder	Business improvement
Identity Crime Management and Support (ICMS)	Updating correspondence templates in the system to add details relating to review rights.
Outsource Management	Script and training material updates to ensure calls are transferred to a manager upon request by a complainant.
Enterprise Work Management (EWM)	Reference and contact details field updated in Siebel to include additional information.
Knowledge and Content Management (KCM)	SMART script procedure updates to add the need to tick an escalation flag where enquires are escalated.
Client Account Services (CAS)	The addition of a message to the online portal related to aged tax returns.
CAS EWM Infrastructure Management, and EWM Intelligence & Analytics	Updating Siebel routing of non-resident TFN applications to triage these matters to the appropriate team.

Business Service Lead Stakeholder	Business improvement
ATO Complaints (ATOC)	A system metadata update to include the correct details of business lines and contacts.
Debt	SMART scripting updates to improve the handling of hardship.
Siebel Hub	Updating Siebel pop-ups to include all important alerts for ATO representatives.
Client Register Integrity	Addition of credit suppression on deceased persons by updating SMART scripting procedures and adding alerts to remind ATO staff of this.
CAS Product Strategy and Management (PS&M)	Updating systems to improve the process for claims by representative of deceased person.
CAS and EWM	Updating systems to introduce automation to alert ATO representative of linked open activities when closing an action of a taxpayer.
Complaints Support	Updating systems to add finalisation code option of BSL escalated within BSL for better reporting of escalated complaints.
CAS Enterprise Register and Accounts (ERA) Refund Integrity	Updating SMART scripting to improve Electronic Funds Transfer processing.
CAS EWM Workflow Design and Implementation	Updating systems classifying and routing a database to correctly classify enquires.
CAS PS&M — Income Tax Professional (ITP)	Updating SMART scripting to consistent language between individual and Tax Agent scripting.
ATOC	Updating SMART scripting to ensure acknowledge timelines are consistent across the platform.
CAS PS&M — Income Tax Professional (ITP)	Updating SMART scripting to prevent closure of an activity if a complaint is still in progress.
Lodge and Pay (LAP) Assist	Updating SMART scripting to improve support in managing debt referrals.
Business Service Lead Stakeholder – Frontline Operations Complaints, ATO Complaints Support, Digital Communication Services (DCS), and Digital Client Interactions (DCI)	Updating systems to add pre-recorded warnings against abusive, threatening or intimidating behaviour towards ATO staff.

Source: ANAO analysis of ATO documentation.

3.46 Case study 1 provides an example of information updated on the ATO website and in smart scripting procedures based on the analysis of common causes of increased complaints related to Early Release of Superannuation Benefit (ERSB).

Case study 1. Superannuation: Early Release of Superannuation Benefit (ERSB)

Background

- Frontline Operations Complaint Reporting team actioned a complaint that highlighted conflicting content on the ATO website compared to the scripting platform^a for Early Release of Superannuation Benefit (ERSB). Frontline Operations Complaint Reporting Team reviewed the content available and compared it to the procedures available through smart scripting (see paragraph 2.64).
- The information contained on the ATO website page 'Evidence required for your application' appeared to provide advice conflicting with smart scripting procedures.
- The ATO website suggested that a medical report was required every six months, without specifying the need for a new medical report within six months of treatment for each treatment, which was in the scripting platform.
- A complainant seeking early release of their superannuation benefit had applied for further medical treatments occurring within six months of the date of the original medical report. They did not provide a new medical report, as the ATO website advised this was not required. Their subsequent application was denied.
- The ATO website under 'Medical treatment' advised: 'If you need to submit another application to pay for more medical treatments you will need new medical reports for each new application, unless the subsequent treatment is occurring within six months of the date on the original medical report. Where the treatment is occurring within six months of the medical report, you will need to provide evidence that the prior treatment was completed.'
- This above information was not replicated in smart scripting procedures.

Action

- The Frontline Operations Complaint Reporting team analysed ERSB complaint data, researched the ATO Website and compared to smart scripting procedures and put forward a suggested Business Improvement to the Super Product Strategy and Management Team. The Frontline Operations Complaint Reporting team requested they review and compare the information contained on the ATO website and smart scripting procedures to determine if updates should be made to align the advice with the procedures.

Outcome

- After reviewing the related complaint activity, the ERSB Product Team agreed the information was not consistent between the ATO website and smart scripting procedures.
- Following this feedback, Superannuation and Employer Obligations (SEO) updated the ATO Website to provide clear and consistent guidelines to clients. Smart scripting procedures were also updated to align with ATO content.
- The ATO advised the ANAO in August 2024 that improvement to the ATO website and smart scripting contributed in part to a 53 per cent reduction from FY 2022–23 to FY 2023–24 in ERSB documentation related complaints.

Note a: The ATO uses scripting, work management templates in Siebel, to capture complaint data.

Does the ATO use complaints data to improve processes and service delivery?

The complaint data collected by the ATO is used to monitor incoming complaint volumes and categories, performance against service commitments and performance of key complaint topics. The ATO also improves non-complaint handling processes and service delivery through the Business Intelligence and Improvement register. There is an opportunity for the ATO to strengthen the Business Intelligence and Improvements framework.

Performance data on complaint management

3.47 The collection of complaint data in Siebel (see paragraph 2.20) enables the ATO to use complaint data to improve processes and service delivery. Collected complaint data includes identifying information on complainants, categorisation of complaints (see paragraph 2.23), complaint receipt and finalisation dates, performance against service standards, complaint outcome, whether an apology was provided, and the relevant charter right the complaint related to. Complaint categorisation via the issues tree allows the ATO to monitor complaints at three levels: product; topic; and issue.

Monitor complaint handling processes

3.48 ATO Corporate's Weekly Snapshot (see Appendix 3) reporting indicates that the ATO monitors average daily complaint numbers (year to date), topics generating the highest numbers of complaints for both the week and the year to date, performance against service standards, and complaints finalised for the week and the year to date.

3.49 ATO Corporate's ATO Corporate (ATOC) Quarterly Insights reporting (see Appendix 3) indicates that the ATO monitors incoming complaint volumes and categories, the performance of key topics (such as refunds, client records, compromised accounts), aged complaints, performance against service commitments (see paragraph 2.10), IGTO complaints (see paragraph 2.32), and the performance of notable complaint categories. The ATO monitors complaint resolution timeframes and performance against ATO service standards.

Management of the Business Intelligence and Improvements Register

3.50 The ATO records business improvements in a Business Intelligence and Improvement Register. Frontline Operations Complaints Branch manages the register and it is maintained by one staff member, the branch does not conduct post business improvement implementation reviews. The ATO advised ANAO in November 2024, that 'all business improvements made by the ATO are not currently maintained in a formal register'.

3.51 The Frontline Operations Business Intelligence and Improvements register is managed in accordance with the Business Intelligence and Improvements framework. Its purpose is to:

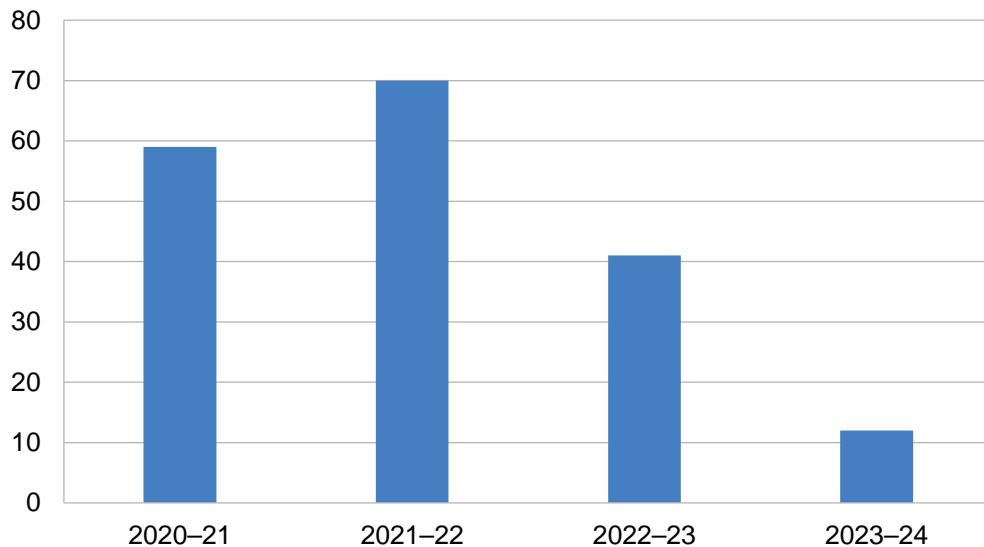
provide a better staff and client experience through process, procedural and system improvements. The focus of the framework is to provide business with timely intelligence and recommendations to resolve issues and provide a better outcome for clients while supporting [Frontline Operations] to meet the strategic goals to provide better outcomes for our clients.

3.52 The ATO advised ANAO in November 2024 that the ATO uses a range of intelligence sources to determine if a business improvement should be made, for example:

[F]eedback from taxpayers received via Social Media, Media reporting, complaints/feedback, ATO Community online feedback, Parliamentary Services (such as Minister Correspondence), Digital Chat, ATO Online services feedback, call centre trends and feedback from our Office of General Counsel (such as defective administration applications).

3.53 Figure 3.11 shows the annual total number of business improvements recorded in the register between 2020–21 and 2023–24.

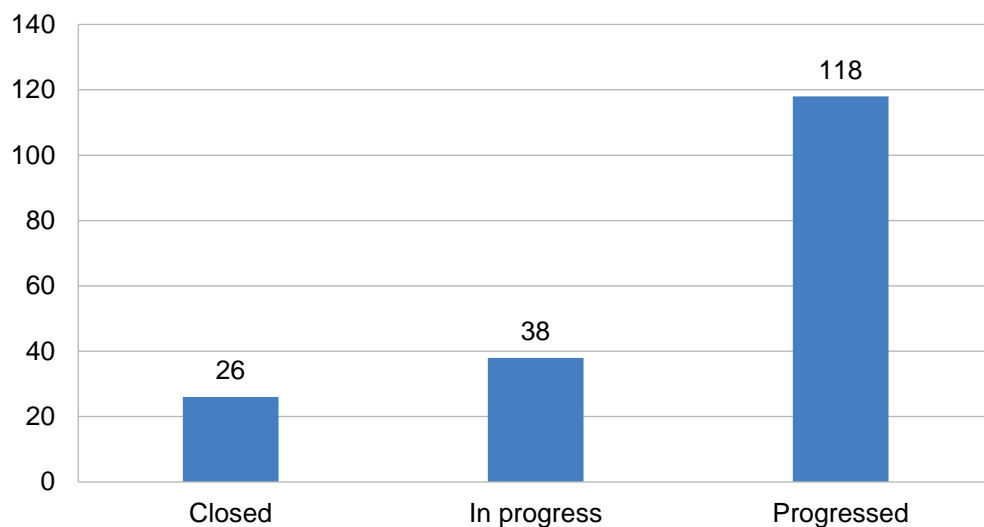
Figure 3.11: Frontline operations business improvement numbers 2020–21 to 2023–24



Source: ANAO analysis of ATO documentation.

3.54 Figure 3.12 shows the status of business improvements between 2020–21 and 2023–24.

Figure 3.12: Status of business improvements 2020–21 to 2023–24



Note: 'Closed' items are those that were not progressed after consultation with the BSL, 'In Progress' items are those that are forwarded to the relevant BSL for their consideration, and 'Progressed' items are those agreed to by the relevant BSL where appropriate actions are being taken.

Source: ANAO analysis of ATO documentation.

3.55 Out of the 182 business improvements identified in the register between 2020–21 and 2023–24, 26 were closed without any action or improvement after consultation with the BSL, as they were deemed unable to be implemented by the BSL, or a similar improvement had been implemented or was planned for implementation. Analysis of the action complete dates have identified that business improvements were closed on average in 24 days.

3.56 38 business improvements were marked ‘in progress’, these were forwarded to the relevant BSL for their consideration. ANAO analysis of the action complete dates have identified that business improvements were closed on average in 493 days.

3.57 118 business improvements deemed as ‘progressed’ are those agreed to by the relevant BSL where appropriate actions are being undertaken to implement them or the ones with completed dates have been implemented. ANAO analysis of the action complete dates have identified that business improvements were closed on average in 50 days with one business improvement taking 749 working days. The ATO advised the ANAO in September 2024 that business improvements items that are in progress are reviewed as required. The ATO further advised the ANAO in September 2024 that the Frontline Operations Complaint Reporting team follows up on an as-needed basis with the relevant BSL and delays are usually due to the resourcing demands in the complaints area.

3.58 21 business improvements were marked as ‘in progress’ however had the ‘date action completed’ populated, making it unclear if the business improvement was in progress or completed. The ATO has confirmed that the register is managed manually, and that ‘errors in data capture and recording can occur’.

3.59 Business improvements are subject to classification through a complaint minimisation and prioritisation matrix, which provides guidance to the BSL to assess and classify the priority of individual recommendations. The following matters are considered: client and staff impact, delivery of business deliverables, and impact on the reputation of the ATO. Out of 182 business improvements, 83 or 46.5 per cent of business improvements did not have any priority classification completed by the BSL that the improvement was sent to.

3.60 The framework lacks completion targets to measure and review progress of outstanding business improvements. Priorities and completion targets will assist timely intelligence to support Frontline Operations meet the strategic goals of providing better outcomes for the clients.

Opportunity for improvement

3.61 There is an opportunity for ATO to strengthen the Business Intelligence and Improvements framework by streamlining the process, implementing prioritisation matrix, setting completion targets, measuring against the targets and establishing a methodology of continuous review of outstanding business improvements.

3.62 The ATO advised the ANAO in November 2024 that it had implemented further ‘improvements to taxpayer/agents experience and time savings for the ATO’ including SMS and OSfA acknowledgement and finalisations, and regular template review every two years to improve reporting and insights.

3.63 Case study 2 provides an example of the ATO identifying an increase in complaints related to compromised accounts, and identifying an opportunity to improve processes and service delivery.

Case study 2. Compromised account complaints

Background

- As per the complaints quarterly reports and ATOC Insights Report, compromised accounts was a complaint topic that the ATO identified as one that needs to be monitored.

Action

- From November 2023 the ATO has sought to remove ‘process irritants’ for compromised clients to improve the client experience. The enhancements were announced by the ATO on 28 November 2023 media release.^a
- This has included:
 - Streamlining processes in advising clients why account protections have been applied and seeking to reduce delays and remediation of accounts where a client has been a victim of identity takeover,
 - Improved Identity Fraud risk model response to ensure timely release of genuine refunds, and
 - Online Access Strength program to assist clients with a compromised account to access their ATO online account without contacting the ATO by phone, where they can establish a ‘strong’ myGov ID.

Outcome

- The ATO has seen a decrease in compromised account complaints. In the ATO Complaints Insights report for January 2024 to March 2024 Q3, a 41 per cent decrease in compromised account complaints from October 2023 to December 2023 Q2 to January 2024 to March 2024 Q3 was reported.

Note a: Australian Taxation Office, *ATO launches new protections against rising tide of fraud*, Media Release, 28 November 2023, available from <https://www.ato.gov.au/media-centre/ato-launches-new-protections-against-rising-tide-of-fraud> [accessed 28 November 2024].

4. Implementation of Inspector-General of Taxation recommendations regarding complaint handling

Areas examined

This chapter examined whether the Australian Taxation Office (ATO) effectively implemented agreed recommendations from the Inspector-General of Taxation and Taxation Ombudsman (IGTO) regarding complaint handling.

Conclusion

The ATO was largely effective in implementing the six IGTO recommendations made between 1 July 2020 and 30 June 2024 concerning the ATO's management of complaints. The ATO has guidance to assist business lines developing implementation plans for recommendations. Implementation plans for the selected recommendations were largely consistent with this guidance, with the exception that the ATO's template does not address measures of success or outcomes to be realised as required in ATO guidance. Recommendations are monitored through quarterly reporting to the ATO External Scrutineers Unit (ESU), the Audit and Risk Committee (ARC) and the IGTO. Reporting of selected recommendations was completed for all relevant quarters, though there were inconsistencies in reporting regarding revisions to the target implementation date of one recommendation. Three of the selected recommendations were assessed by the ANAO as implemented in full, two were largely implemented, and one was assessed as partly implemented. The ATO completed closure statements with attached evidence of implementation for all selected recommendations, though these were all endorsed after the reported closure dates and the ATO did not establish if the desired outcome of the recommendation had been achieved before closure of the recommendations. Evidence gathering and finalisation of the closure statements continued after the closure date for five of the six recommendations, with two also identifying ongoing work at the time of closure.

Areas for improvement

The ANAO made two recommendations: that the ATO should share implementation plans for agreed recommendations with the IGTO, and that the ATO gain sufficient assurance of implementation by only closing recommendations after the required endorsement and evidence have been provided, consistent with its guidance.

The ANAO also suggested that the ATO could take action to consider including measures of success or outcomes to be realised in its implementation plan template, and to ensure business lines are completing quarterly reports for the External Scrutineers Unit by required due dates.

4.1 Effective and timely implementation of agreed recommendations is important to realise the full benefits of an IGTO investigation and demonstrates accountability. Recommendations can specify actions aimed at addressing risks or identify opportunities to improve public administration.

4.2 Effective implementation of recommendations is supported by:

- implementation planning;
- establishing timelines for the implementation of recommendations;

- providing assurance recommendations are implemented in full; and
- effective records management.

Were there fit-for-purpose implementation plans for each of the selected recommendations?

The ATO has guidance for business lines developing implementation plans to address recommendations from the Inspector-General of Taxation and Taxation Ombudsman (IGTO). The ATO External Scrutineers Unit coordinates this process. Implementation plans were developed for all selected recommendations and largely reflect ATO requirements. Implementation plans are not provided to the IGTO for feedback as required and the implementation plan template does not address measures of success or outcomes to be realised as required in ATO guidance.

IGTO review investigations

4.3 The IGTO performs dual roles as both the Inspector-General of Taxation and the Taxation Ombudsman.⁴⁰ The Taxation Ombudsman function was transferred to the IGTO from the Commonwealth Ombudsman in 2015. The Taxation Ombudsman:

provides independent assistance and assurance directly to taxpayers and tax professionals and investigates taxation disputes (unresolved complaints) about the actions and decisions of the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB). The Taxation Ombudsman may also self-initiate investigation of such actions and decisions.

4.4 The Inspector-General of Taxation function investigates systems established by the ATO, the Tax Practitioners Board and taxation laws, to the extent they deal with tax administration matters.

4.5 The IGTO carries out both dispute investigations arising from individual complaints, and reviews investigations concerning broader or systemic tax administration issues.⁴¹ The ANAO assessed the implementation of recommendations regarding complaint handling from IGTO review investigations published between 2020–21 and 2023–24.

4.6 As at 30 June 2024, the ATO had 13 open recommendations from the IGTO in progress. The open recommendations with the longest implementation periods were from a report published in

40 Inspector-General of Taxation and Taxation Ombudsman, *About Us*, IGTO, available from <https://www.igt.gov.au/about-us/> [accessed 1 November 2024].

41 Inspector-General of Taxation and Taxation Ombudsman, *Annual report for the financial year ended 30 June 2023*, IGTO, September 2023, available from <https://www.igt.gov.au/wp-content/uploads/2023/10/IGTO-Annual-Report-FY23.pdf> p. 8 [accessed 19 September 2024]:

The IGTO’s dual investigation roles are complementary. Both roles are designed to improve the administration of the taxation system – individually and collectively. Dispute investigations can inform review investigations and the outcomes of dispute investigations can be improved through the implementation of recommendations made as a result of review investigations.

July 2020.⁴² The ATO has recorded 109 closed IGTO recommendations, from reports published in between 24 August 2012 and 20 December 2023.⁴³

Selected recommendations

4.7 The IGTO released one report with recommendations concerning the ATO’s management of complaints in the period between 1 July 2020 and 30 June 2024. This report, ‘An Investigation into the Effectiveness of ATO Communications of Taxpayer Rights to Complain, Review and Appeal’ (the Taxpayer Rights report)⁴⁴ published in October 2021, contains six recommendations. These recommendations were selected to assess the ATO’s implementation of IGTO recommendations regarding complaint handling. This investigation was undertaken as part of the IGTO’s Inspector-General of Taxation function.

4.8 The ATO agreed to all recommendations, except Recommendation 6a to which it ‘agreed in principle’.⁴⁵ The ATO advised in July 2024 that it ‘takes the same approach’ for recommendations agreed in principle as for those agreed in full.

4.9 Table 4.1 provides the full text of recommendations contained in the Taxpayer Rights report.

Table 4.1: Recommendations from ‘An Investigation into the Effectiveness of ATO Communications of Taxpayer Rights to Complain, Review and Appeal’

Recommendation
<p>Recommendation 1</p> <p>The IGTO recommends that the ATO plays a pro-active role in informing taxpayers of their rights to review, complain and appeal decisions and develop strategies to discharge this role, including by;</p> <ul style="list-style-type: none"> a) updating the Taxpayers’ Charter to include an express right to be informed of taxpayer rights to review, complain and appeal decisions and all relevant channels to do so; and b) requiring (encourages or instructs) its Officers to communicate clearly and completely (i.e. comprehensively) information to taxpayers of their rights to review, complain and appeal the relevant administrative decisions.

42 Inspector-General of Taxation and Taxation Ombudsman, *Death and Taxes: An Investigation into Australian Taxation Office Systems and Processes for Dealing with Deceased Estates*, available from https://www.igt.gov.au/wp-content/uploads/2021/07/060_IGTO-Final-Report-Death-and-Taxes_3.pdf [accessed 18 November 2024].

43 In the ATO’s register, some recommendations have been divided into sub-parts.

44 Inspector-General of Taxation, *An Investigation into the Effectiveness of ATO Communications of Taxpayer Rights to Complain, Review and Appeal*, IGT, October 2021, available from https://www.igt.gov.au/wp-content/uploads/2021/10/IGTO-Report_ATO-communications-of-taxpayer-rights.pdf [accessed 11 September 2024].

45 The ATO response to recommendation 6a provided:

Taxpayers will continue to be informed at a relevant point in their interactions of their right to lodge a complaint with the ATO and the availability of the IGTO’s services. In addition to our correspondence and website, the ATO will consider adding messaging to our inbound call lines.

However, it is essential that through encouraging complaints, the ATO does not even implicitly direct taxpayers away from exercising appropriate statutory review rights. To do so would disadvantage taxpayers given time frames which govern such rights. Whether a complaint is the most effective or efficient mechanism to resolve a taxpayer’s issue depends on the issue.

Australian Taxation Office, *ATO response/comments regarding the preliminary draft report potential recommendations*, ATO, 12 October 2021, available from https://www.igt.gov.au/wp-content/uploads/2021/10/ATO-Response_ATO-communications-of-taxpayer-rights.pdf [accessed 11 September 2024].

Recommendation

Note clear and complete information for these purposes would include the option and right to question and challenge the ATO's actions and decisions — including details on all relevant complaint and review channels available. This may be provided in the form of a summary booklet, fact sheet or other webpage that is available electronically, in hard copy or both.

Recommendation 2

Consistent with Recommendation 1 and the premise or principle that the ATO will proactively inform taxpayers of their rights to question and challenge the ATO's actions and decisions, the IGTO recommends that the ATO:

- a) ensure all ATO Officers whose responsibilities include making decisions about taxpayers' tax affairs are aware of their obligations in this respect when engaging with taxpayers and tax practitioners; and
- b) support its Officers to understand the range of available channels to question or challenge ATO decisions and actions, including by requiring all ATO Officers to undertake relevant training courses on these matters that are refreshed on a regular basis.

Recommendation 3

The IGTO recommends that the ATO improve its data capture and reporting to measure its performance against the rights that taxpayers have under the Taxpayers' Charter. This should include:

- a) complete data in relation to compliance with the Taxpayers' Charter in respect of all complaints;
- b) whether the ATO advised the taxpayer of their right to question and right to complain; and
- c) developing public reporting on this data to assure itself and the community how it is honouring the Taxpayers' Charter.

Recommendation 4

Consistent with Recommendation 1, where the ATO does not issue written correspondence to taxpayers in relation to its actions or decisions, ATO Officers should:

- a) Ensure that taxpayers are verbally informed of their rights to formally challenge or question the ATO's decisions; and
- b) Inform taxpayers that they can request the decision also be communicated in writing.

Recommendation 5

The IGTO recommends that the ATO ensure information relating to taxpayer rights to complain, review and appeal can be easily located on the ATO's website.

Recommendation 6

The IGTO recommends that, as part of its communication to taxpayers, the ATO should ensure that taxpayers are informed about:

- a) their right to lodge a complaint with the ATO (including a formal complaint with the ATO's Complaints Unit), and encourage taxpayers to do so should they have any concerns or are dissatisfied with the ATO's actions or decisions; and
- b) the availability of the IGTO's services and how to engage with the IGTO where they have been unable to address their concerns through a complaint with the ATO.

Source: Inspector-General of Taxation, *An Investigation into the Effectiveness of ATO Communications of Taxpayer Rights to Complain, Review and Appeal*

Development of implementation plans

4.10 The External Scrutineers Unit (ESU), within the ATO Corporate business line, is responsible for coordinating the implementation of recommendations from the IGTO. ESU provides an

implementation plan⁴⁶ template to the ATO business line responsible for each recommendation.⁴⁷ This plan is to be completed and endorsed by the business line's deputy and assistant commissioners within 30 days of the IGTO report being finalised.

4.11 Table 4.2 contains an assessment of implementation plans completed for the recommendations in the Taxpayer Rights report against requirements provided by the ATO's template.⁴⁸

Table 4.2: Assessment of implementation plans developed for selected recommendations

Implementation plan element	ANAO assessment
Responsible officers <ul style="list-style-type: none"> Group, business line, deputy commissioner and responsible SES or EL2 manager 	●
Closure date	●
Recommendation details <ul style="list-style-type: none"> ATO management response and findings that led to the recommendation 	●
Risk assessment <ul style="list-style-type: none"> Implementation priority, strategic risk if recommendation not implemented, risk likelihood and risk consequence 	●
Target implementation date	●
Will implementation extend beyond 9 months? <ul style="list-style-type: none"> If yes provide the reason why and explain how risk will be mitigated 	●
Proposed deliverables <ul style="list-style-type: none"> Description, actioning officer, completion date, dependencies and evidence of agreement with the dependent area 	●
Evidence of proposed action implementation	●
Variation of implementation strategy	●
Endorsement of implementation strategy (within 30 days)	◐

46 Internal ATO guidance states:

An implementation plan is a document that sets out how the ATO will address a recommendation from an external or internal scrutineer. It covers:

- Actions we will take to address the recommendation
- Risks and dependencies
- Once implemented:
 - evidence of implementation
 - a closure statement.

47 The business lines responsible for recommendations in the Taxpayer Rights report were Objections and Review, Review and Dispute Resolution, and ATO Corporate.

48 For Recommendation 6, this analysis considered both the final endorsed version of the implementation plan and an earlier version of the plan from November 2021, as the final version did not contain the initial planning activities.

Implementation plan element	ANAO assessment
Closure statement	●
Closure endorsements	●

Key: ○ Negligible ◐ Partially complete ◑ Half complete ● Mostly complete ● Complete

Source: ANAO analysis of ATO documentation.

4.12 Implementation plans for the six recommendations largely reflect ATO guidance. Appropriate endorsement within 30 days of the report’s finalisation was evidenced for four of the six selected recommendations.

4.13 There was one recommendation where the target implementation date extended beyond nine months. This had the required explanation of how risk would be managed during this time outlined in its implementation plan. One recommendation identified a variation to the implementation strategy.⁴⁹ The current ATO implementation plan template requests evidence of SES endorsement for a variation, but this was not a requirement at the time these plans were developed. The ATO advised the ANAO in November 2024 that the current implementation plan template had been utilised since July 2023.

4.14 Despite ATO guidance requiring evidence that ‘the desired outcome has been achieved’ to close a recommendation (see paragraph 4.72), the ATO implementation plan template does not address measures of success or outcomes to be realised.

Opportunity for improvement

4.15 The Australian Taxation Office could consider including measures of success or outcomes to be realised in its implementation plan template.

4.16 Further analysis of evidence of implementation and closure statements provided in the implementation plans is included at paragraphs 4.72 to 4.78.

ESU review and consultation

4.17 ESU provides guidance to business lines developing implementation plans. ESU may review a drafted plan before endorsement to ensure proposed actions meet the intention of the recommendation. There is no established process for this review.

4.18 ESU provided comments on four of the six implementation plans analysed and received a query regarding Recommendation 3. The suggestions in these comments were incorporated into three endorsed implementation plans, but not incorporated in the fourth. ESU was not engaged to assist in the development of deliverables for Recommendation 6.

⁴⁹ Recommendation 1 was subject to a variation to extend the target implementation date twice. Recommendation 3 required a variation as additional data was to be published in the ATO’s 2022-23 annual report, rather than the 2021-22 report as initially planned.

Communication of implementation plans to the IGTO

4.19 The IGTO is a key stakeholder in the implementation of the selected recommendations. The IGTO-ATO Review Operational Guidelines in effect at the time⁵⁰ state that ‘the Assistant Commissioner, ATO Corporate, provides the IGTO SES Coordinator with the proposed implementation plans approved by the ATO SES Coordinator’.⁵¹ These guidelines also provide that the ATO may request feedback from the IGTO on proposed implementation plans and is to ‘proactively inform’ the IGTO if the ATO recalibrates planned actions. This is supported by ATO internal guidance, including instructions on the implementation plan template, the ATO’s IGTO review process map and the ESU reference manual, which establish the ATO is to provide the IGTO with implementation plans for feedback.

4.20 The ATO advised in July 2024 that implementation plans are not provided to the IGTO and this document is maintained within the ATO.

Recommendation no. 3

4.21 The Australian Taxation Office shares implementation plans for agreed recommendations with the Inspector-General of Taxation.

Australian Taxation Office response: *Agreed.*

Was each selected recommendation effectively monitored?

The implementation of recommendations from the IGTO is primarily monitored through quarterly reporting. The ATO's External Scrutineers Unit sources updates from Business Service Lines on the implementation of recommendations to produce quarterly reporting. These updates were often returned to ESU after their due date and lacked evidence of action taken. The progress of selected recommendations was reported to the IGTO and ATO Audit and Risk Committee (ARC) in all relevant quarters. The ATO classified four of the six closed recommendations as implemented by their original target date. There are inconsistencies in the reporting of revisions to the target implementation date of one recommendation to the ARC. These revisions were made after the previous target date had passed.

Quarterly reporting

4.22 ESU oversees monitoring and reporting during the implementation of IGTO recommendations. Each quarter, ESU is required to obtain an update from the business lines responsible for open recommendations. ESU uses these updates to produce quarterly reporting for the ATO’s Audit and Risk Committee (ARC) and the IGTO.

50 Inspector-General of Taxation and Taxation Ombudsman, and Australian Taxation Office, *IGTO-ATO Review Operational Guidelines*, available from https://www.igt.gov.au/wp-content/uploads/2019/09/IGTO-ATO-Review-Operational-Guidelines_updated.pdf [accessed 15 July 2024].

51 The ATO advised in October 2024 that the IGTO are working on a new draft IGTO-ATO Review Operational Guideline.

4.23 Reporting on recommendations from the Taxpayer Rights report occurred from the December 2021 quarter, when the report was first released, until the final recommendation was closed in June 2023.

Reporting from business lines to ESU

4.24 ESU provides business lines with a template for quarterly progress updates. This template requires details regarding steps taken, evidence of actions, next steps, delays, and closure of the recommendation when implementation is complete.

4.25 If a recommendation is on track the quarterly update requires endorsement from an assistant commissioner. If the recommendation is overdue or soon to be overdue, being placed on hold or being marked as closed, the update requires endorsement from both a deputy commissioner and assistant commissioner.

4.26 Across the six recommendations from the Taxpayer Rights report, there were 20 quarterly reports required to capture every quarter each recommendation was open.⁵² Table 4.3 sets out an assessment of quarterly reports provided by business lines to ESU for the Taxpayer Rights report recommendations.

Table 4.3: Assessment of quarterly reporting to ESU

	Quarterly update completed	Update appropriately endorsed	Update returned to ESU by the due date	Evidence of steps taken attached
Number of quarterly reports	20	19	8	14
Action met (%) ^a	100	95	40	70

Note a: All percentages are calculated from a possible total of 20 quarterly updates.

Source: ANAO analysis of ATO documentation.

4.27 ESU includes a due date in its requests for quarterly reporting, providing business lines with approximately three weeks to respond. This due date was met in 40 per cent of assessed quarterly reports.

Opportunity for improvement

4.28 The Australian Taxation Office could take action to ensure business lines are completing quarterly reports for the External Scrutineers Unit by required due dates.

4.29 The reporting to ESU identified that deliverable one of Recommendation 1 was on hold in the March 2022 quarter as an external consultation process contributing to implementation was paused during the caretaker period preceding the 2022 federal election. The responsible business line provided an explanation that the caretaker period constituted factors beyond the ATO's control requiring deliverable one of recommendation 1 to be placed on hold, consistent with ATO guidance.

52 Recommendation 1 was open for seven quarters from December 2021 to June 2023. Recommendations 2, 3, 4 and 6 were open for three quarters from December 2021 to June 2022. Recommendation 5 was open for two quarters from December 2021 to March 2022. ESU did not require a quarterly report for Recommendation 4 in its final quarter as the completed closure report provided sufficient information, resulting in a total of 20 required quarterly reports.

4.30 Reporting to ESU regarding Recommendation 1 also identified revisions to the target implementation date in the June 2022 and December 2022 quarters. The other five recommendations remained on track through all quarterly reports.

Reporting to the ATO Audit and Risk Committee

4.31 The ARC provides independent advice on ATO financial and performance reporting, systems of risk oversight and management, and internal controls. The Committee is to review and provide advice on the appropriateness of the ATO's external reviews by ensuring the appropriate mechanisms are followed and implemented, including any resultant recommendations.⁵³ Reports to the ARC are to include details on recommendations overdue by three months or more, recommendations on hold and recommendations which the ATO has not agreed to.

4.32 All ARC meeting papers between the December 2021 and June 2023 quarters included an attachment on the 'Status of External Scrutineer Recommendations.' These reports were endorsed in writing by an assistant commissioner in six of the seven applicable quarters.⁵⁴ There were some inconsistencies in reporting to the ARC (see paragraph 4.42).

4.33 ARC meeting minutes from the December 2021 to June 2023 quarters do not indicate the Taxpayer Rights report recommendations were discussed.

4.34 Recommendation 1 was reported as overdue 'rated red (>3 months)' in ARC papers for the September 2022 quarter, with the initial implementation date of 30 June 2022 revised to 1 December 2022. In ARC papers for the March and June 2023 quarters, Recommendation 1 remained overdue, with a further revised implementation date of 30 June 2023 listed. The ARC reporting does not note that part of this recommendation was placed on hold in the March 2022 quarter as provided by the reporting to ESU.

4.35 The closure of Recommendation 5 by 31 March 2022 and Recommendations 2, 3, 4 and 6 as at 30 June 2022 were reported to the ARC. ESU stopped reporting detailed information on the closure of external scrutineer recommendations to the ARC from September 2022.⁵⁵ Recommendation 1 of the Taxpayer Rights report closed after this date, so was not reported.

Reporting to the IGTO

4.36 Once ARC reporting is finalised, ESU is required to develop a high-level report for the IGTO. The IGTO requested quarterly status updates in October 2019, seeking information on:

- whether the agreed recommendations have been implemented;
- planned implementation date and whether they are on track for implementation; and
- any recommendations that are unable to be implemented and any reasons for this.

53 Australian Taxation Office, *Audit and Risk Committee Charter*, available from <https://www.ato.gov.au/about-ato/who-we-are/in-detail/audit-and-risk-committee-charter> [accessed 19 September 2024].

54 An email from November 2022 notes that verbal endorsement was obtained for the remaining quarterly update.

55 The ARC recommended in meeting minutes from 24 November 2022 that a summary of closed internal audit recommendations was no longer required. ESU applied this advice to the reporting of all scrutineer recommendations.

4.37 Reporting consistent with the IGTO's requirements was provided in every quarter from December 2021 to June 2023, when the Taxpayer Rights report recommendations were being implemented.

4.38 Prior to March 2023 these reports did not require endorsement. Assessed reports following this date received endorsement from the ESU director.

ESU tracking systems

4.39 ESU use a tracking spreadsheet and the Protecht administrative system to record the progress of open recommendations, based on information provided by the business lines. ESU also track their correspondence with business lines during the implementation of recommendations. These tracking documents captured all recommendations from the Taxpayer Rights report and covered all relevant quarters.

4.40 Protecht reports for the selected recommendations reflect information provided in completed implementation plans. Entries in the correspondence tracker related to the Taxpayer Rights report recommendations include ESU following up with business lines for overdue quarterly updates and providing advice on closure statement requirements.

Update to the National Tax Liaison Group

4.41 ESU provided an update on the implementation of recommendations from the Taxpayer Rights report to the National Tax Liaison Group (NTLG)⁵⁶ on 15 June 2022, after members of the group added it as a proposed agenda item. The update to the NTLG summarised actions taken towards implementation of recommendations and stated the ATO was 'on track' to implement five of the six recommendations by 30 June 2022.⁵⁷ Key messages from NTLG meetings are published on the ATO website.⁵⁸

Inconsistencies in reporting

4.42 There are inconsistencies in the reporting of the revised implementation dates for Recommendation 1. Further, the update from the business line to ESU is the only reporting which identifies that deliverable one of this recommendation was on hold during the March 2022 quarter.

4.43 Reporting for the June 2022 quarter to ESU and the IGTO includes the first revision to the Recommendation 1 implementation date, from 30 June 2022 to 1 December 2022. This is consistent with updates in ESU's tracking spreadsheet. Reporting to the ARC includes this update in the September 2022 quarter. The ATO advised the ANAO in August 2024 that the September 2022

56 The NTLG is a stewardship group operated by the ATO to have strategic discussions and improve the client experience and administration of Australia's taxation, superannuation and registry system. It includes members from the ATO, Chartered Accountants Australia and New Zealand, Corporate Tax Association, CPA Australia, Institute of Public Accountants, Law Council of Australia, The Tax Institute and Treasury.

57 Australian Taxation Office, *National Tax Liaison Group key messages 15 June 2022*, ATO, 2022, available from <https://www.ato.gov.au/about-ato/consultation/in-detail/stewardship-groups-key-messages/national-tax-liaison-group/national-tax-liaison-group-key-messages-15-june-2022#ato-IGTOinvestigationontaxpayersrights> [accessed 22 July 2024].

58 Australian Taxation Office, *National Tax Liaison Group*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/consultation/consultation-groups/stewardship-groups/national-tax-liaison-group> [accessed 22 July 2024].

quarter was the first instance this revision was reported as ESU is only required to update the ARC on recommendations that are overdue by three months or more.

4.44 The Recommendation 1 implementation date was later extended to 30 June 2023. This update was provided in reporting for the September 2022 quarter to the IGTO and in December 2022 reporting to ESU and the ARC. The tracking spreadsheet includes this revised implementation date in updates from the March 2023 quarter.

Timeliness of implementation

4.45 Table 4.4 outlines the target implementation date and ATO closure date for each recommendation, based on the dates provided in endorsed implementation plans.

Table 4.4: Timeliness of implementation of recommendations from the Taxpayer Rights report

Recommendation	Target implementation date	ATO closure date	Closed by original target date
Recommendation 1	Original: 30/06/2022 Revised: 1/12/2022 Further revised: 30/06/2023	26/06/2023	✘
Recommendation 2	30/06/2022	19/07/2022	✘
Recommendation 3	31/10/2022	30/06/2022	✓
Recommendation 4	30/06/2022	27/06/2022	✓
Recommendation 5	30/06/2022	31/03/2022	✓
Recommendation 6	30/06/2022	29/06/2022	✓

Source: ANAO analysis of ATO documentation.

4.46 Recommendations 3 to 6 were closed by the ATO before their target implementation date.

4.47 The target implementation date for Recommendation 1 was revised twice. The first extension was approved by the relevant deputy commissioner on 29 July 2022, after the original target implementation date had passed. The revised target date of 1 December 2022 was further extended to 30 June 2023. Internal email correspondence from the ATO shows discussion of this extension on 9 February 2023. The recommendation was closed by the second revised target date on 26 June 2023.

4.48 The recommendation's implementation plan states the closure date was 19 July 2022. ANAO analysis of all sources of quarterly reporting indicate Recommendation 2 was closed in the June 2022 quarter, to meet its target implementation date of 30 June 2022

4.49 Implementation of Recommendation 1 and 2 extended beyond 9 months from the report publication date on 14 October 2021. In these cases, a mitigation strategy is required to manage risks in the interim. Quarterly reporting to ESU for the June 2022 and December 2022 quarters identified the risk level and consequence of delaying implementation of Recommendation 1. This interim mitigation strategy was reflected in the ESU Protecht register (see paragraph 4.39) within

the quarterly update section as required. A risk mitigation strategy was not completed for Recommendation 2.

Were the selected recommendations implemented in full and closed in accordance with requirements?

Three of the six closed recommendations were assessed by the ANAO as implemented in full, two were largely implemented, and one was assessed as partly implemented. The ATO completed all required closure statements, although endorsement was provided after the closure date for all recommendations, and evidence attached was not sufficient to provide assurance of implementation status without seeking documentation from additional sources. Evidence gathering and finalisation of the closure statements continued after the closure date for five recommendations, with two also identifying ongoing work. The ATO did not establish if the desired outcome of the recommendation had been achieved before closure of the recommendations.

Implementation of recommendations

4.50 The ANAO assessed the implementation status of the six selected recommendations from the Taxpayer Rights report at September 2024. The assessment approach used is set out in Table 4.5.

Table 4.5: Implementation status of recommendations — ANAO assessment categories^a

Category	Explanation
Not implemented	There is no supporting evidence that the agreed action has been undertaken, or the action taken does not address the intent of the recommendation as agreed.
Partly implemented	The action taken was less extensive than the recommendation agreed, as: <ul style="list-style-type: none"> it fell well short of the intent of the recommendation as agreed; or processes were initiated or implemented but outcomes not achieved.
Largely implemented	The action taken was less extensive than the recommendation as agreed as: <ul style="list-style-type: none"> it fell short of the intent of the recommendation as agreed; or processes were initiated or implemented and there is evidence there was also action taken to achieve the outcome.
Implemented	There is supporting evidence that the agreed action has been undertaken and the action met the intent of the recommendation as agreed.
Implementation ongoing	There is supporting evidence of ongoing action to implement the recommendation and the entity considers implementation as in progress or ongoing.

Note a: The ANAO assessed implementation status at September 2024.

Source: ANAO documentation.

4.51 Table 4.6 below shows the implementation status of the selected recommendations from the Taxpayer Rights report as provided in the ATO's documentation and as assessed by the ANAO. The full text of these recommendations is captured in Table 4.1.

Table 4.6: Implementation status of selected IGTO recommendations

Recommendation	Status recorded by ATO	ANAO assessment
Recommendation 1	Implemented	Largely implemented
Recommendation 2	Implemented	Implemented
Recommendation 3	Implemented	Partly implemented
Recommendation 4	Implemented	Implemented
Recommendation 5	Implemented	Implemented
Recommendation 6	Implemented	Largely implemented

Source: ANAO analysis of ATO documentation.

4.52 There were three instances where the ATO's status and the ANAO's assessment in Table 4.6 differed. These discrepancies are explained below.

Recommendation 1

4.53 The ATO assessed this recommendation as implemented. The ANAO assessed this recommendation as largely implemented.

4.54 Recommendation 1 was that:

the ATO plays a pro-active role in informing taxpayers of their rights to review, complain and appeal decisions and develop strategies to discharge this role, including by;

- a) updating the Taxpayers' Charter to include an express right to be informed of taxpayer rights to review, complain and appeal decisions and all relevant channels to do so; and
- b) requiring (encourages or instructs) its Officers to communicate clearly and completely (i.e. comprehensively) information to taxpayers of their rights to review, complain and appeal the relevant administrative decisions.

4.55 Recommendation 1a was considered during a wider review of the ATO Charter in progress at the time.⁵⁹ The ATO shared drafts of the Charter with the IGTO for feedback during the review process. The updated ATO Charter includes a commitment from the ATO to 'communicate and explain your rights, obligations and review options'. The Charter provides that if a client would like a decision reviewed the ATO 'will also outline your options including legal review rights and how to make a complaint.'

4.56 A link provided in the Charter regarding external review leads to guidance on appeal rights. This part of the Charter states 'If you disagree with our internal review, you can ask for an external review.' The ATO used the term 'external review' in the Charter as legislated rights of appeal 'form part of a range of external review options?'. Further details of available appeal rights, including the applicable legislative sections, are provided on the ATO's 'Our Charter — supporting legislation' webpage.⁶⁰

59 The Taxpayers' Charter was renamed as the 'ATO Charter' in June 2023.

Australian Taxation Office, *Our Charter*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/ato-charter/our-charter> [accessed 11 September 2024].

60 Australian Taxation Office, *Our Charter – supporting legislation*, ATO, 2024, available from <https://www.ato.gov.au/about-ato/commitments-and-reporting/ato-charter/our-charter-supporting-legislation> [accessed 30 October 2024].

4.57 To address Recommendation 1b, related to ‘requiring’ ATO officers to communicate taxpayer rights to review, complain and appeal, the ATO updated a suite of training materials. This included a mandatory induction module and a mandatory training course which is to be refreshed annually by ATO officers. These revised training materials contain instructions to ‘explain the internal and external review and complaint options to clients in a timely manner’ and include links to further information. No additional updates to ATO guidance and process documents were made in relation to this recommendation.

Recommendation 3

4.58 The ATO assessed this recommendation as implemented. The ANAO assessed this recommendation as partly implemented.

4.59 Recommendation 3 provides that:

the ATO improve its data capture and reporting to measure its performance against the rights that taxpayers have under the Taxpayers’ Charter. This should include:

- a) complete data in relation to compliance with the Taxpayers’ Charter in respect of all complaints;
- b) whether the ATO advised the taxpayer of their right to question and right to complain; and
- c) developing public reporting on this data to assure itself and the community how it is honouring the Taxpayers’ Charter.

4.60 The ATO added fields to the Siebel complaints templates for first contact resolution to capture the Charter right which led to a complaint, consistent with Recommendation 3a.

4.61 The ATO introduced additional questions to a survey⁶¹, asking if clients were advised verbally or in writing of their right to question or make a complaint regarding an outcome or advice received during an interaction with the ATO. Data was collected from these survey questions from July 2022 to June 2023, consistent with Recommendation 3b.

4.62 In June 2023 the ATO removed these survey questions as ‘concerns around accuracy of the data and whether this data meets the intent of the initial recommendation have come to light’.⁶² The survey questions received 2,018 responses while they were in use. Results from the survey are displayed in Table 4.7 below.

61 This survey was sent to approximately 15,000 ATO clients each month, including all clients who had a dispute or objection-related interaction with the ATO in the past month. It has an approximate response rate of two per cent.

62 An ATO decision paper noted clients completing this survey may have had multiple interactions with the ATO regarding different issues leading to a high proportion of ‘not applicable’ responses and:
The method of surveying clients on this question is not an accurate representation of whether taxpayers were indeed informed of their rights to complain, review or appeal. In fact, it is leaning more towards the taxpayers’ ability to recall and remember whether they were informed.

Table 4.7: Results of client survey questions produced for recommendation 3b from July 2022 to June 2023

During your interaction, were you advised verbally or in writing of your right to ...	Yes (%)	No (%)	Not applicable (%)
question the outcome or advice you received?	31	35	34
make a complaint regarding the outcome or advice you received?	20	46	34

Source: ATO documentation.

4.63 This data was not reported in the 2022–23 ATO Annual Report as initially planned in accordance with Recommendation 3c. The ATO decision paper regarding Recommendation 3b proposes measuring communication of the ATO Charter to produce future data for this deliverable. The ATO has taken no further action to progress this.

4.64 Reporting of ‘Charter rights associated with complaints lodged’ was included in the ATO Annual Report 2022–23, though reporting on whether the ATO informed taxpayers on their right to question and complain was not included, constituting partial implementation of Recommendation 3c.⁶³

Recommendation 6

4.65 The ATO assessed this recommendation as implemented. The ANAO assessed this recommendation as largely implemented.

4.66 Recommendation 6 provides that:

as part of its communication to taxpayers, the ATO should ensure that taxpayers are informed about:

- a) their right to lodge a complaint with the ATO (including a formal complaint with the ATO’s Complaints Unit), and encourage taxpayers to do so should they have any concerns or are dissatisfied with the ATO’s actions or decisions; and
- b) the availability of the IGTO’s services and how to engage with the IGTO where they have been unable to address their concerns through a complaint with the ATO.

4.67 The ATO agreed in principle to Recommendation 6a and advised in July 2024 that it ‘takes the same approach’ for recommendations agreed in principle as for those agreed in full.

4.68 Deliverables to address Recommendation 6a included ensuring information regarding the ATO complaints process was incorporated in updates to the ATO website undertaken to meet Recommendation 5, which was completed, and reordering a list of rights provided in the ATO Charter to make ‘respect your right to make a complaint’ more prominent. This list was not included in the updated version of the Charter, published in June 2023. These actions are insufficient to ensure that clients are informed of their right to lodge a complaint and encouraged to do so.

63 Australian Taxation Office, *Australian Taxation Office annual report 2022-23*, ATO, 2023, available from <https://www.transparency.gov.au/publications/treasury/australian-taxation-office/australian-taxation-office-annual-report-2022-23/part-7---appendixes/appendix-2%3A-taxpayers'-charter-%E2%80%93-our-performance> [accessed 11 September 2024].

4.69 In its reasons for Recommendation 6, the IGTO referred to survey results which found that rights to make a complaint were the least regularly communicated rights to clients. From a sample of 50 letter templates reviewed by the IGTO, only one letter informed clients about lodging a complaint. All other written templates analysed by the IGTO included general information about rights under the Charter. The ATO advised in October 2024 that it directs staff to include a statement about the Charter commitments in all letter and email correspondence. The ATO updated the wording of this statement regarding the Charter in 2023.⁶⁴ This requires clients to go to the Charter and seek out the section regarding rights to complain, rather than providing a direct reference to complaint options. The ATO has not added specific wording regarding complaint rights to its letters, advising the ANAO in October 2024 that review rights may not be available in all circumstances and ‘not all correspondence to clients would typically give rise to a complaint.’

4.70 Analysis of the top 10 letter templates by volume for 2023–24, indicates that two letter templates explicitly refer the recipient to their rights under the charter, while three items of correspondence contain a link to the charter. The ATO advised the ANAO in November 2024 that the top 10 letter templates covered 47,682,186 items of correspondence in 2023–24.

4.71 To inform clients about the availability of the IGTO’s services and how to engage with the IGTO, consistent with Recommendation 6b, the ATO included a link to information about the IGTO in search results on its website and added the IGTO’s contact details to the complaints hotline automated message. The option to contact the IGTO for an independent investigation if a client is not satisfied after making a complaint to the ATO is also set out in the Charter.

Closure of recommendations

4.72 Once a recommendation has been implemented, the responsible business line must provide a closure statement to ESU with evidence attached. ATO internal guidance states:

In order to close a recommendation, you need to provide evidence showing:

- the action has been implemented, the intent of the recommendation has been addressed and/or risk has been sufficiently mitigated
- the desired outcome has been achieved
- for reoccurring processes, the process has become embedded and is working effectively
- Deputy Commissioner endorsement of completion, including that the final actions were appropriate and any variations from the original implementation strategy were documented.

Endorsement of closure statements

4.73 The implementation plans for all six recommendations in the Taxpayer Rights report include a closure statement, and endorsements from the relevant assistant commissioner and deputy commissioner. Endorsement was provided after the reported closure date for all Taxpayer Rights report recommendations.

64 The updated wording to be provided in ATO correspondence to clients is ‘For information about our commitments to you and what we ask of you, go to ato.gov.au/atocharter’. Prior to 2023, ATO letters included the words, ‘For information about your rights and obligations go to ato.gov.au/taxpayerscharter.’

4.74 Table 4.8 below shows the closure and endorsement dates for the selected recommendations.

Table 4.8: Closure and endorsement dates of selected recommendations

Recommendation	ATO closure date	Date endorsed	Business days between closure and endorsement
Recommendation 1	26/06/2023	25/07/2023	22
Recommendation 2	19/07/2022	26/07/2022	6
Recommendation 3	30/06/2022	3/08/2022	25
Recommendation 4	27/06/2022	5/07/2022	7
Recommendation 5	31/03/2022	10/05/2022	26
Recommendation 6	29/06/2022	3/08/2022	26

Source: ANAO analysis of ATO documentation.

4.75 Internal ATO guidance requires evidence of Deputy Commissioner endorsement to be provided ‘in order to close a recommendation.’ The ATO advised in August 2024 that closure dates are determined by the responsible business line and are ‘usually the date that the recommendation is implemented, and all work has been completed.’ This closure date is provided on the document before endorsement as ‘timeframes for endorsement can be drawn out and don’t generally reflect when work on the recommendation was actually finalised.’ The ATO ‘do not collect correspondence or evidence of any decision making by the business area to determine closure dates for any recommendations’.

Evidence attached to closure statements

4.76 Evidence of implementation was attached to all six closure statements and primarily consisted of emails from ATO staff describing actions taken. Additional evidence collection for all recommendations was required for the ANAO to confirm if these implementation actions had been completed (see paragraph 4.51). In some instances, the same attachments were provided as evidence for the implementation of multiple recommendations. ATO evidence did not establish if the desired outcome of the recommendation had been achieved. Internal ATO correspondence gathering evidence and discussing the content to be included in closure statements occurred after the reported closure date for five of the six selected recommendations. The closure statements for Recommendations 1 and 3 indicate work related to their deliverables was ongoing at the time of closure.

4.77 The closure statement for Recommendation 1 provides updates to training products with links to the revised Charter are ‘in production and allocated to staff for progression.’ The closure statement for Recommendation 3, marked as closed on 30 June 2022, notes data collection in relation to Recommendation 3c is to commence on 1 July 2022 for publication in the 2022–23 ATO Annual Report. This statement includes no evidence of action taken towards this deliverable prior to the closure date. The ATO’s ESU reference manual states:

A recommendation for an ongoing activity (for example, include information in the annual report), should only be submitted as implemented when there is adequate evidence to support:

- the process has been undertaken at least once, and
- there is a documented, repeatable process embedded as business-as-usual.

Recommendation no. 4

4.78 The Australian Taxation Office gains sufficient assurance of implementation by closing recommendations only after providing:

- (a) the required senior executive endorsement; and
- (b) appropriate closure statement evidence, in accordance with its own guidance.

Australian Taxation Office response: *Agreed.*

ESU review of recommendation closure

4.79 ESU undertakes a closure review process for each recommendation to establish if evidence is sufficient to close the recommendation. This process was documented from March 2023 onwards, in a quarterly closure assurance report to be endorsed by the assistant commissioner of the External Engagement and Governance branch. Recommendation 1 was closed after March 2023 and was included in the relevant endorsed assurance report. ESU provided written feedback on the closure statements for two selected recommendations.

Communication of closure to the IGTO

4.80 The IGTO is informed about the closure of recommendations in quarterly reporting (see paragraph 4.36). The ATO advised the ANAO in July 2024 that the IGTO does not have a separate process to review implemented recommendations.



Dr Caralee McLiesh PSM
Auditor-General

Canberra ACT
21 February 2025

Appendices

Appendix 1 Entity response



Australian Government
Australian Taxation Office

Dr Caralee McLiesh PSM
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr McLiesh

Re: Auditor-General Proposed Audit Report on the Management of complaints by the Australian Taxation Office

Thank you for your email dated 13 January 2025 and for the opportunity to comment on the proposed audit report on the audit of the Management of complaints by the Australian Taxation Office (**the ATO**).

The ATO agrees with the four recommendations as presented in the proposed audit report.

I would like to thank the Australian National Audit Office team for the cooperative and professional manner they have adopted in working with us on this audit. I look forward to continuing the good working relationship developed in this audit.

Please find below the ATO summary response to the proposed audit report (Annexure 1) and the ATO response to recommendations attached (Annexure 2). If you require further information on this matter, please contact Assistant Commissioner Jane Temby on 02 6216 3957.

A handwritten signature in black ink, appearing to read 'JA Curtis'.

Yours sincerely

Jacqui Curtis
Chief Operating Officer
Australian Taxation Office

Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.
2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's corporate plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:
 - strengthening governance arrangements;
 - introducing or revising policies, strategies, guidelines or administrative processes; and
 - initiating reviews or investigations.
4. During the course of the audit, the ANAO did not observe changes in the Australian Taxation Office's approach to complaints handling.

Appendix 3 ATO complaint reporting and meetings that discuss complaints

Table A.1: Internal ATO reporting on complaints

Report	Audience	Business line responsible	Frequency
ATO Corporate (ATOC) Quarterly Insights	Complaint SES sponsors and EL2 Directors across all BSLs	ATOC Complaints Analytics	Quarterly
Individuals and Intermediaries (IAI) Risk and Strategy Tactical Intelligence Debriefs (3 reports, covering International, Investor portfolio, and Omitted income)	APS to EL2 staff	IAI	Quarterly (ceased August 2024)
Weekly Snapshot	APS to Deputy Commissioner	IAI	Weekly
Operational Reports	APS 6 to EL2	IAI	Weekly
Monthly Performance Report for Assistant Commissioner	Assistant Commissioner	IAI	Monthly (created August 2024)
Small Business (SMB) Operational Monthly Report	Assistant Commissioner	SMB	Monthly
Case Leadership Insights Report	Assistant Commissioner	SMB	'Generally prepared twice yearly'
Superannuation and Employer Obligations (SEO) Quarterly Report	SEO Executive	SEO	Quarterly
SEO Complaint, Ministerial, and IGTO Annual Report	SEO Executive	SEO	Annual
SEO Ministerial and IGTO Annual Report	SEO Executive	SEO	Annual
Objections and Review (OAR) Monthly Performance Report	OAR Executive	OAR	Monthly
Private Wealth (PW) Complaint Compliment Ministerial Report	PW Executive	PW	Quarterly
Fraud and Criminal Behaviours (FCB) Complaint Compliment Ministerial Report	FCB Executive	PW and FCB	Quarterly

Source: ANAO analysis of ATO documentation.

Table A.2: ATO complaint meeting bodies

Meeting	Attendees	Business line responsible	Frequency
ATO Corporate Quarterly Insights	Complaint SES sponsors and EL2 Directors across all BSLs	ATOC	Quarterly
Tax Time Nerve Centre	SES Bands 1–2 across the ATO	ATOC — Complaints Analytics	July–October, initially daily, reducing as tax time progresses
Tax Time Daily Intel Meeting	APS4 to EL2	Client Account Services Tax Time Readiness Team	July–October, daily, moving to bi-weekly as tax time progresses
ATO Complaints Tax Time Update	Complaints Network APS6 to EL2	ATOC — Complaints Analytics	Weekly from July to October
National Complaints Forum	Complaints EL1 to EL2 across BSLs	ATOC — Complaints Analytics	Quarterly
Second Commissioner SES1 AC and EL2 Monthly Meeting	EL2 to Second Commissioner	Frontline Operations Complaints	Monthly
Operational Meeting	EL2 to Assistant Commissioner	Frontline Operations Complaints	Weekly
Tax Practitioner Reported Issues Leadership Discussion	Various up to Assistant Commissioner	Tax practitioner client experience team	Fortnightly
Complaints Champion Network Meeting	APS4 to APS6	ATOC	Monthly
Biannual meeting ATO/Services Australia Complaints Handling Process	APS6 to EL1 staff from ATO and Services Australia	Services Australia	Biannual

Source: ANAO analysis of ATO documentation.