Name of organization: *Canada Revenue Agency (CRA)*
Nature of business: *Administers tax laws for the Governemnt of Canada, as well social and economic benefit and incentive programs delivered through the tax system.*
Sector: *Public sector*
Business process description: *The audit of a taxpayer's tax return process*

Organization:

The Canada Revenue Agency (CRA) is one of the largest public sector employers in Canada with over 42,000 employees; approximately 10,000 in the National headquarters in Ottawa, as well and 32,000 among the 51 local tax services offices (TSO) located in every province.

CRA's organizational goals and objectives are to, "administer tax, benefits, and related programs, and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians".[1]

CRA faces many challenges experienced in other large organizations:

- Client services: Keeping up with increasing technological and social changes, while providing the highest quality of client services on a timely and efficient basis.
- Privacy concerns: The popularity to file Income tax (personal and business), as well as HST returns online has raised Canadians concerns with the CRA protecting their personal information.

Business Process:

The business process being considered is the audit process. This process occurs in the following divisions as follows:

1) Business Intelligence (BI) begins the process by screening potential audit files for high-risk tax issues and the taxpayer's filing history.
2) Audit division then receives the file and selects an auditor to address the identified issues. The audit will interview the taxpayer and/or their representatives, as well as review books and records to determine if any reassessments are warranted.
3) Audit Quality Review (AQR) will review the completed audit to determine if the audit quality standards have been met, as well as ensure the taxpayer was treated fairly.

The objective is to increase the timeliness of completing the audit, while meeting the audit quality standards and treating the taxpayer fairly. Delays encountered during the audit are costly to the taxpayer, as penalty and interest charges are levied from the date the tax return was received. For instance, every stage of the audit relies on antiquated processes i.e. meeting a team leader to obtain a written signature, contacting a taxpayer with letters sent in the mail, using older computer software packages that have limitations on analyzing large volumes of data. The main issues with improving the audit process involve the privacy concerns mentioned above, as well as educating an older tax population and workforce that may be resistant to change.

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[1] https://www.canada.ca/en/revenue-agency/corporate/about-canada-revenue-agency-cra/canada-revenue-agency-ministerial-transition-documents-november-2015/section-3-introduction-canada-revenue-agency-cra-1.html

Audit Process BPMN Model:
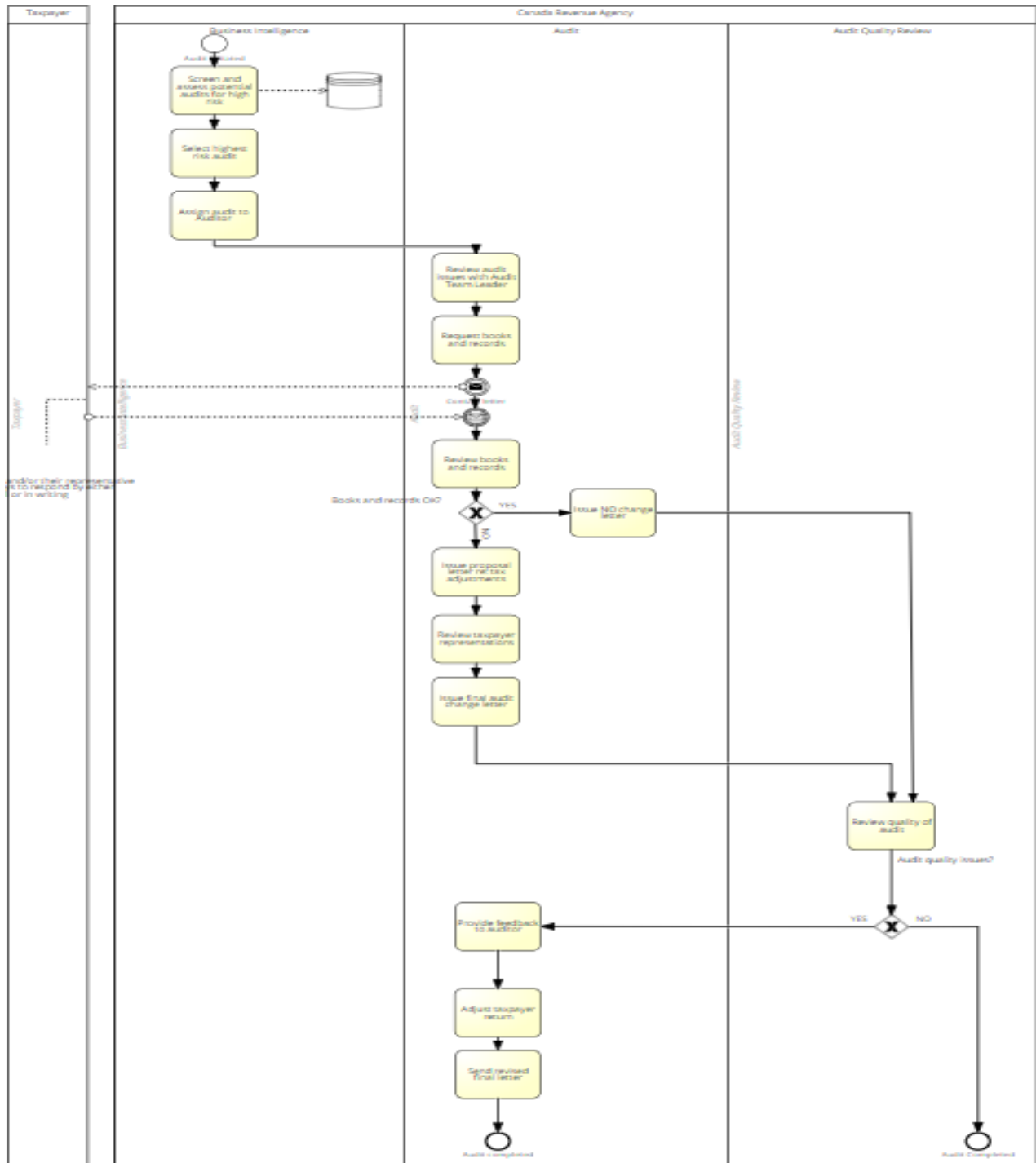
* Professor: Can you please review the attached audit process JPEG for a clearer visual ... thank you.

<u>Suitability:</u>

This organization is a good choice where information systems will have a potential impact on improving the timeliness and quality of the audit process. Technology has transformed the speed and manner in which data is exchanged. CRA has been slow to adapt with these transformations due to the size and bureaucratic red tape of making changes. As an Agency funded by the Canadian taxpayers, investments on improving information systems require the support of Senior Management, as well as employees who are resilient with change.

The following initial ideas can be implemented as follows:

I. Automation: Provide auditors with portable scanners to scan taxpayer documents instead of bringing them back to the Tax Service Office to photocopy, send documents via electronic communication, conduct initial taxpayer meetings over teleconferences, and obtain team leader approval via digital signatures with a record of all approvals to be stored in a secure database.
II. Innovation: The Agency needs to create an environment where new and innovative ideas are encouraged and supported. Allowing a co-op students and/or new employees to participate in innovation meetings, will encourage new perspectives that will help to improve how service is provided to Canadians.
III. Transformation: Change the structure of audit teams from having auditors with similar skill sets and experiences, to new diverse teams of auditors from different sections, levels and experiences. This will improve the quality of dealing with complex tax issues, as senior auditors can provide mentoring. Mentoring should be recognized in performance reviews as a positive impact helping to develop a more knowledgeable and skilled workforce.

<u>Accessibility:</u> Audit team leader and section manager, Business Intelligence and Quality Review Ontario Region Director