

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

March 17, 2011

**REVENUE MEMORANDUM ORDER NO. 14-2011**

**Subject:** Establishment of a Computer Assisted Audit Tools & Techniques System (CAATTS) Laboratory

**To:** All Revenue Officers, Employees and Other Concerned

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**I. Objectives**

This Revenue Memorandum Order is issued for the following objectives:

1. To mobilize a composite CAATTS Team directly under the Office of the Commissioner in relation to the on-going conglomerate investigation project.
2. To create a CAATTS Laboratory Room manned by computer audit experts that will enable the efficient and expedient process of completing an audit in an environment where taxpayers are mandated to submit records and documents in electronic form by providing independent data analysis or interrogation on taxpayer's electronic data or information.
3. To provide Revenue Officers with uniform procedures in the conglomerate audit project of 2009 as implemented by RMO 36-2010.
4. To provide Revenue Officers with minimum standard procedures for data analysis, calculation using CAATTS application.
5. To enhance audit capabilities and technical skills of tax auditors under a computerized accounting system environment.
6. To increase revenue collection through efficient third party verification within the conglomerate project.
7. To integrate available data gathered from the conglomerate project which may form a database that can be utilized for other projects such as Industry Audit and benchmarking Program.

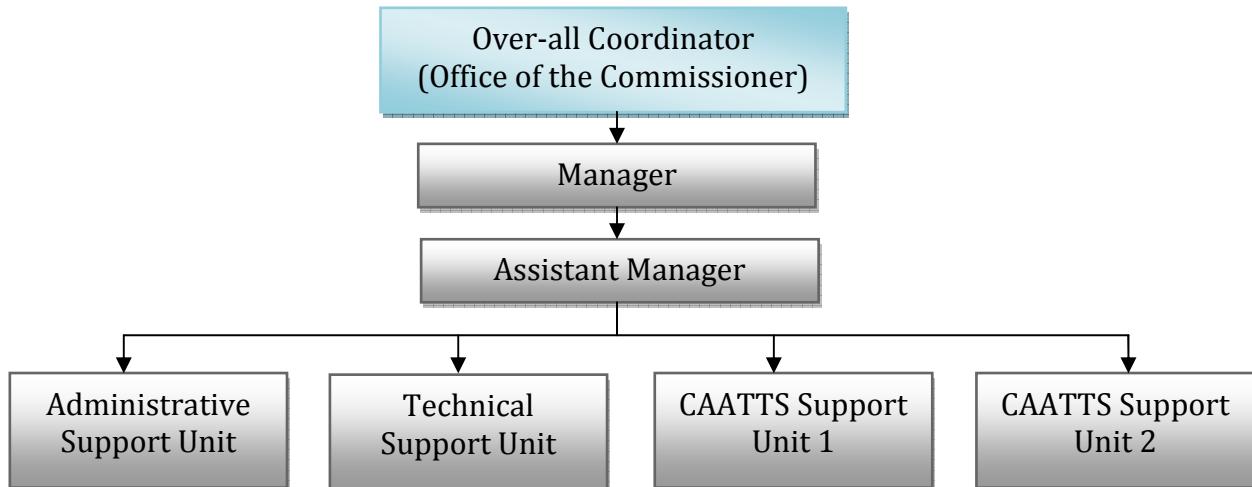
**II. Organization and Functions of CAATTS Laboratory**

**A. The CAATTS Laboratory**

A CAATTS Laboratory is hereby created at Room 403, fourth floor of the BIR National Office Building. The Laboratory shall be a highly secured-area where only authorized personnel can have access.

It shall be headed by a Part-time Manager and a Full-time Assistant Manager together with a full-time Data Mart Administrator. The CAATTS Laboratory shall also be manned by full-time Administrative Support staffs and some Technical Support staffs and CAATTS Senior and Junior Experts who will work thereat on a scheduled rotation basis. Also, an Over-all Coordinator will be designated from the Office of the Commissioner.

Below is the CAATTS Laboratory Structure:



An RSO for these purpose shall be released by the Commissioner to specifically identify the key personnel who will man the CAATTS Laboratory.

## B. Functions and Responsibility of the Members of the CAATTS Laboratory Team

### **Over-all Coordinator**

- Appointed by the Commissioner from the Office of the Commissioner
- Act as the point person coordinator of the CAATTS Laboratory to the Commissioner
- Coordinate and monitor the observance of policy direction in the implementation of the CAATTS Laboratory
- Ensure that utilization of the CAATTS Laboratory is in sync with the policies and programs of the Commissioner
- Coordinate with the concerned offices for the logistic needs of the CAATTS Laboratory Room

### **Manager**

- Part-time manager
- Oversee the operation of the CAATTS Laboratory
- Implement standardized and predetermined audit procedures using audit software/tool

- Ensure that the Revenue Officers who will use the facility are properly trained and assisted by CAATTS Senior and Junior Experts
- Ensure that the information requirements for the conduct of the audit are available and accessible
- Conduct seminar / training / refresher to all LA-designated Revenue Officers involved in the conglomerate investigation focused on defined procedures to avoid duplication of work and confusion on audit roles and responsibilities

### **Assistant Manager**

- Full-time manager
- Assist the manager in the day to day operations of the CAATTS Laboratory
- Manage the administrative requirements of the CAATTS Laboratory
- Supervise the permanent support staff to be assigned at the CAATTS Laboratory
- Supervise the work rotation, workloads and work responsibilities of all the CAATTS Support Teams

### **Members of the Technical Support Unit**

#### **Data Mart Administrator**

- Full-time data administrator
- Handle the systems administration requirements of the CAATTS Laboratory
- Act as the point person authorized to download requested files from the data mart supported by appropriate data request form
- Responsible in the handling of data files of taxpayers covered by a special project, or regular audit activity assigned to a particular Service/Division
- Manage the movement of data files into their respective sub-file folders and group in its conglomerate/taxpayer folder and finally to CAATTS Laboratory laptop station for data analysis and interrogation

#### **Technical Support Staff**

- On-call
- Handles the security and network needs of the CAATTS Laboratory
- Devise a mandatory user log / work log system to record all data analysis/data interrogation conducted at the CAATTS Laboratory including access made on the CAATTS Laboratory Data Mart
- Ensures that the technical requirements of the CAATTS Laboratory are addressed
- Resolve/elevate, if necessary, all technical issues encountered

### **Members of the Administrative Support Unit**

- Full-time staff
- Manage the training schedule to be conducted in the facility
- Manage the schedule of Revenue Officers who are the CAATTS Senior and Junior Experts who will man the CAATTS Laboratory on rotation basis
- Record/maintain audit related issuances

### **Members of the CAATTS Support Unit**

- Full-time staff but working on a rotation basis  
Includes Senior CAATTS Experts (original ACL/Advance ACL trained experts) and Junior CAATTS Users (Revenue Officers - Assessment who have undergone basic ACL Training) assigned at any LT Audit Divisions, LT District Offices and the National Investigation Division
- Identify available/missing files of an identified conglomerate/taxpayer
- Conduct a standardized and predetermined audit process using audit software/tools
- Assists and aid Revenue Officers in their case workload through the use of the CAATTS Laboratory
- Perform "no contact" data interrogation and data analysis

## **C. The CAATTS Data Mart**

The CAATTS Laboratory will be equipped with a Data Mart which shall contain information electronically submitted by the taxpayers such as:

1. Summary List of Sales (SLS)
2. Summary List of Purchases (SLP)
3. Monthly Alphalist of Payees (MAP)
4. Summary Alphalist of Withholding Agents of Income Payments Subject to Tax (SAWT)
5. Alphalist of Payees subjected to Final Withholding Tax (Reported under BIR Form 2306)
6. BIR Form 1604CF including all its schedules
7. Summary List of Importations
8. BIR Form 1604E including all its schedules

These information can be obtained upon request to the CAATTS Data Mart Administrator using the CAATTS Data Request / Action Form (**Annex "A"**) which must be completely filled-up by the requesting Revenue Officer who must be the Lead Revenue Officer or Group Supervisor designated and assigned to work on the LA.

Request to upload all other electronic files (e.g. e-books of accounts) maintained by the taxpayer upon the adoption of a Computerized Accounting System (CAS) may also be done by proper accomplishment of CAATTs Request to Upload Taxpayer Data Form (**Annex "A-1"**).

### **III. No-Contact Data Analysis/Data Interrogation**

All Letters of Authority (LAs) covering any conglomerate audit should undergo data analysis/data interrogation procedure to be performed by the CAATTs experts. This may also include Letter of Authority issued by the Commissioner where data analysis/data interrogation may be useful as maybe directed by the Commissioner.

The role of the CAATTs Support Unit is purely limited to assisting the LA-designated Revenue Officers in terms of data analysis/data interrogation. The CAATTs Support Unit shall assist the LA-designated Revenue Officers in identifying missing/un-submitted data files needed to commence a data analysis/data interrogation. Non-submission by the taxpayers of the needed audit electronic data files should be dealt with using the provisions of RMO 12-2009.

Data analysis/data interrogation should be performed **within five (5) working days from the determination/submission of complete data files** to the CAATTs Support Team.

The lead Revenue Officer and/or the Group Supervisor of the case may join the CAATTs Expert in the CAATTs Laboratory in performing the data analysis/data interrogation.

Data analysis/data interrogation shall cover the following basic commands:

- |                      |                    |
|----------------------|--------------------|
| 1. Gap Command       | 6. Relate Command  |
| 2. Duplicate Command | 7. Age Command     |
| 3. Summarize Command | 8. Extract Command |
| 4. Classify Command  | 9. Export Command  |
| 5. Join Command      |                    |

The Project Guide & Computer Audit Manual for Conglomerates shall be used as guideline for this purpose.

Data analysis/data interrogation results shall be submitted / transmitted by the CAATTs experts **within ten (10) working days from commencement of data analysis/data interrogation** for consolidation with the audit findings derived by the LA-designated Revenue Officers from other audit techniques and methods.

Result of data analysis/data interrogation obtained and done at the CAATTs Laboratory shall always form part of the audit report of the LA-

designated Revenue Officers together with the original routed and signed copy of the Data Request / Action Form.

A separate result log of every data analysis/data interrogation (processed files) shall be uploaded to the Data Mart Server by the CAATT Expert and shall be emailed as well to the Requesting Revenue Officer, copy furnished the Group Supervisor.

As a security pre-caution, only one (1) laptop in the CAATTS Laboratory shall be given internet access to download patches while all the laptops shall be networked for KBOX monitoring. Download function or authority from the CAATTS Data Mart shall be available only to the CAATTS Data Mart Administrator and data extracted from the BIR FTP Server shall be "read-only".

All data analysis are required to be done only within the CAATTS Laboratory by CAATTS Support Unit members. CAATTS Laptops with pre-loaded ACL and audit software tools are not allowed to be taken out of the CAATTS Laboratory. Likewise, personal or other BIR issued laptops/desktop not assigned at the CAATTS Laboratory cannot be brought inside the CAATTS Laboratory.

Please refer to **Annex "B"** attached in this Order showing the entire process flow of data transmission for guidance.

#### **IV. On-site Computer Audit of Taxpayer's Computerized Accounting System (CAS)**

As a general rule, the members of the CAATTS Support Unit are not authorized and are not allowed to conduct field audit on cases they are tasked to do data analysis/data interrogation except on their own audit cases where they are named as Revenue Officers of the case in an issued Letter of Authority.

On-site computer audit of taxpayer's CAS shall be performed by the LA-designated Revenue Officers, however, assistance may be sought from the members of the CAATTS Support Unit, upon written request by LA-designated Revenue Officers through their respective Assistant Commissioner.

Result of the on-site computer audit of taxpayer's CAS shall always form part of the audit report of the LA-designated Revenue Officers.

#### **V. CAATTS Audit Procedures for the Conglomerates Audit of 2009**

The CAATTS Support Unit shall prepare in a separate Revenue Audit Memorandum Order (RAMO) a CAATTS Audit Procedures for the Conglomerate Audit of 2009.

## **VI. Reporting Requirements**

All Revenue Officers conducting audit / investigation of taxpayers under the conglomerate audit project are required to accomplish and comply with all the reporting requirements under existing Audit Manual including the Manual on CAATTS Audit Procedures for the Conglomerates Audit of 2009 (for conglomerate audit).

## **VII. Effectivity**

This Order shall take effect immediately.

(Original Signed)  
**KIM S. JACINTO-HENARES**  
Commissioner of Internal Revenue