National Audit Office
NAO

HM Revenue & Customs

The Compliance and Enforcement Programme

Detailed methodology

Detailed Methodology

1   This document provides a detailed description of the methodology we used for our report, *HM Revenue & Customs: The Compliance and Enforcement Programme* (HC 1588, Session 2010-2012). A summarised methodology is available in Appendix One of the main report.

2   The report examines the value for money of HMRC's Compliance and Enforcement Programme (the Programme). The report examines the Programme's and Department's objectives; the Programme's achievements; HMRC's management of the Programme including costs and benefits to date; and whether the outputs are improving HMRC's capability to undertake compliance and enforcement work.

3   The report is part of a wider programme of audit we conduct on HMRC. This programme includes our annual audit of HMRC's accounts and examination of its systems for assessing and collecting taxes, value for money studies, and other Department or cross-government work. In devising our programme we have regard to the NAO's three strategic themes of cost-effective service delivery, financial management and informed government. In undertaking this study, we took account of this broader programme of work, including recent reports on Managing Investigations, Core skills in HMRC and HMRC's PaceSetter programme to improve business operations. This report also follows up our report *HM Revenue & Customs Transformation Programme* (HC 930, 2007-08).

4   The main elements of our methodology are set out below:

●   document review and secondary analysis of data;

●   analysis of management information;

●   semi-structured interviews;

●   site visits;

●   project review; and

●   financial and qualitative data analysis.

The main elements of our fieldwork took place between April and July 2011.

Document review and secondary analysis of data

5   We reviewed a range of documents provided by the Department to establish the history and objectives of the Compliance and Enforcement Programme; its costs and achievements; the governance and programme management arrangements in place; and, the roll out and implementation of the Programme. We also utilised internal audit and Office of Government Commerce (OGC) reports on the Programme and its projects.

6   Key documents included:

- The Compliance and Enforcement Programme business case, blueprint and vision documents.

- Minutes of the Programme and senior management boards', the Programme management information; the minutes of the benefits technical group and other Programme monitoring documents.

- Project documentation including business cases, implementation plans and post implementation reviews.

- Benefits realisation management plans and cost data.

- Office of Government Commerce (OGC) Gateway Reviews of the Programme and its projects.

- NAO reports: *HM Revenue & Customs' transformation programme* (HC 930, 2007-08); and Managing civil tax Investigations (HC 677, 2010-11).

Analysis of management information

7   We analysed the management information supplied to decision makers and reviewed the minutes of the board meetings to understand how the Programme changed over time, the pressures the Programme had to deal with and how the Programme governance arrangements worked. We examined project delivery and, timetable slippage; and, the cost, benefits and risk information supplied to the boards. We confined this analysis to the last three years of the Programme's life which was the main focus of our report.

Semi-structured interviews with Department staff

8 We conducted a number of face-to-face interviews with Departmental staff to inform our understanding of the Programme, sub- Programme's, and specific projects. Data from the interviews was captured, analysed and triangulated to complement the document review and audit reports from internal and external sources. The main people we interviewed include:

- the Programme and Sub- Programme Managers;

- the Programme's central team responsible for managing the Programme, its costs and its benefits;

- Project Managers; and

- Business Change Managers and those involved in rolling out the products.

Site visits

9 We visited offices in the Enforcement and Compliance business area and interviewed groups of staff to see how the tools the Programme produced were being used. We visited offices in Newcastle, Leeds and Manchester and interviewed a mix of managers, super users and frontline staff about their experiences. The majority of these staff had experienced the new tools for at least six months. We spoke to staff from the Compliance Centres, Risk and Intelligence Service, Small and Medium Enterprises, Individuals and Public Bodies, and Large and Complex.

Project review

10 We picked a purposive sample of six of the Programme's projects to look at in more detail. The sample was picked to, provide us with coverage of the different sub-Programmes, give us a mix of ICT and non- ICT projects, give us coverage of the higher cost and benefit projects and to put more emphasis on the last three years of the five year Programme. The sample projects were:

- Connect;

- Caseflow;

- New Penalties;

- Compliance Re-engineering;

- Helping Businesses Get it Right; and

- Pacesetter Developing Capability.

11 For the sample projects we interviewed project managers, obtained project documentation and reviewed post implementation reviews as discussed in the other sections. The site visits also provided coverage in this area. We also utilised work that was carried out for the report *Pacesetter: HMRC's programme to improve business operation*s (HC 1280, Session 2010-2012).

12 Two of the projects Connect and Caseflow are ICT projects. We engaged KPMG ICT consultants to carry out work on these projects to inform our understanding of the ICT aspects. This work involved a workshop with HMRC and ASPIRE ICT professionals, interviews with key ICT personnel and a document review of ICT specifications.

Financial analysis and qualitative data analysis

13 We analysed project cost information to establish the full cost of the Programme and where the money had been spent. We reviewed the Programme's arrangements to monitor cost and the provisions made for future costs incurred by the Programme. The estimate of the cost of training 16,500 members of staff utilised work carried out for the report *Core skills at HM Revenue & Customs* (HC 1595, Session 2010-2012).

14 We reviewed the evidence basis for the largest benefit claims and reviewed HMRC's process of monitoring and reporting benefits information. We reviewed the Compliance and Enforcement benefits model and the Departments process for getting assurance on these figures.