
From: Becker, John
Sent: Tuesday, 29 January 2013 16:04
To: Diment, David
Subject: Daily update - Auskey issue [DLM=FOR-OFFICIAL-USE-ONLY]
Importance: High

David,

Daily progress update for today.

Media and stakeholder approach

- Privacy Commissioner updated
- Appointment with Jenny Reid and Cameron Sorenson arranged for tomorrow (Jenny off today) to bring together
 - Broader media communication strategy
 - T/A strategy
 - Minister briefing (draft prepared)
- [FOIA s 37(c)] letter – John Box (SNC) preparing

Communication and Update process

- Overall briefing paper as at 25th January provided this morning
- 1st daily briefing update provided
- Arranged follow up with Todd Heather Thursday morning to establish a plan to investigate online access security

Other Actions

- Hook-up undertaken with John Box (SNC) and Chris Barlow (ITX). Will work with Cameron Sorenson tomorrow to contact [FOIA s 47G(1)(a)] agent again, via a senior ATO officer, [FOIA s 37(1)(a)]
- Further work underway to articulate the level of risk and options in managing should the [FOIA s 37(1)(a)]
- Key AC hook – up arranged tomorrow to commence project plan
- Process maps prepared for AUSkey process, will be worked through at Thursdays EL2 workshop
- Daily sweeps and analysis seems to be holding. Exploring further post event assurances to cover broader client base without stopping everything outside of the direct risk group.

regards

John Becker
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From: Becker, John
Sent: Thursday, 31 January 2013 18:59
To: Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravanello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny
Subject: FW: Daily update 31 Jan - Auskey issue [DLM=SENSITIVE]
Importance: High

Geoff and Bruce

By Monday we expect to have the daily updates consolidated into a spreadsheet so we can maintain a detailed record/log of our action. We would include for each action;

- Date initiated
- Who has been allocated the activity and when its expected to be complete
- Date completed
- Summary of activity (finding, impact, etc...). and any relevant attachments

Apologies for a fairly weighty update but there has been significant progress today.

Media and stakeholder approach

- A heads up has been provided to the Minister's office today by Jenny Reid via the Departmental Liaison Officer. Further detailed briefing is to be provided next week before the Tax Agent broadcast
- **The** Tax Agent broadcast is in preparation, early draft completed today (Jenny Reid) in conjunction with Cameron Sorensen and John Becker – Request for Tax Agents to check their AUSkeys through Credential Manager. **A** workshop is scheduled tomorrow at 12pm with Donna Lawrie (TPALs), Lynne Jones (CAS Outbound) and Heather McCafferty (CAS) to design our help desk and escalation point response in support, through a designated access number. Expect a final draft of the broadcast tomorrow for issue early next week.
- Met with Paul Malone (FP&I) His team will be provided with the daily update and a coordinated approach to any crossover issues will be undertaken.

Interim Mitigation strategy

- Key EL2 group met today and agreed a strategy to manage the risk until broader options are worked through. This will be tested and ratified by the AC group meeting Monday.
 - A process map for the incident including relationship picture is being drafted for confirmation before distribution.
 - Individual TFNs of agents affected have had their records compromised and associated improper AUSkeys cancelled. This should prevent additional AUSkeys issuing at this stage for these practices.
 - A tax agent broadcast is being developed to flush out any additional fraudulent AUSkeys that are already in place with agents, and encourage increased vigilance by the agent community themselves.
 - We will cease provision of TFN over the phone for tax agents. This seems to have been a major feature of the fraudulent AUSkeys. Initial consideration would indicate it unlikely that a tax agent would not know their TFN. In the small number of circumstances (if any) where an agent is genuinely querying

their TFN, we would provide contact back via a known safe phone number of the agent.

- Going forward, any AUSkey application for a new administrator AUSKey that does not [FOIA s 47E(d)]

[Redacted]

- Further work by the group has been flagged for next week once our above response is in place, to consolidate a 2nd tier response for suspect actions if any fraudsters do get through the process to get access. This includes our other risk analysis on [FOIA s 47E(d)] and potential sleeper issues with [FOIA s 47E(d)]. At this stage we have also confirmed that the fraudulent AUSkeys were not used to try and access other government agencies

Heather McCafferty (CAS) and Gary Read (SNC) are turning this into a documented process we propose to implement ASAP next week.

- [FOIA s 47G(1)(a)] Agent – Appointment arranged for 10am tomorrow, attended by Peter Holloway (TPALS Acting SES), and David Jordan (CAS). Peter has advised that the agent was cooperative in making the appointment and we have arranged [FOIA s 37(1)(a)]

[Redacted]

- Kathy Madigan (BSol) and Cathy Hankin (CAS) to commence the development of medium term mitigation options, through system and process improvements.
- Analysis continues and all areas have been requested to advise if they are facing resource or work pressures in providing enough focus on this issue. Additional support will be arranged where necessary, and for immediate assistance CAS will take over some of the BAU warehouse runs to allow OCKO, BRR and ITX analysts to continue to build risk insight to refine our mitigation focus.

regards

John Becker
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From: Becker, John
Sent: Friday, 1 February 2013 16:31
To: Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravanello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny
Subject: Daily update 1 Feb - Auskey issue [DLM=SENSITIVE]

Geoff and Bruce

Fairly brief update today as I am dashing for the airport shortly, but a couple of significant events

Media and stakeholder approach

- The Tax Agent broadcast is advancing, with the draft now including specific steps to check credentials. A workshop was held today and has designed a call back process that will provide two contact numbers, one for additional assistance in doing the credential check if required, and one for escalation of any unexpected AUSkeys uncovered. We are now incorporating this info into the broadcast. Tentative broadcast scheduled for 12.30 pm Tuesday.

Further AUSkey issue

- We have uncovered a second partner from [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- The other 8 agents have no activity and compromise indicators are in place.
- [FOIA s 37(1)(a)]
[REDACTED]
- Our mitigation is still holding as long as operatives do not override the compromise indicator in place. We will now sweep for this as well. In addition we still do daily sweeps to make sure no additional AUSkeys are being made for the affected agents.
- TPALs arranging direct communication with the affected agents.
- ITX are reviewing [FOIA s 47E(d)]
[REDACTED]
- We have also started an urgent broader analysis of related associates for each practice to ensure we have not had any broader exposure.

[FOIA s 37(1)(a)]
[REDACTED]

- [FOIA s 47G(1)(a)] Agent –Peter Holloway (TPALS Acting SES), and David Jordan (CAS) met with the agent this morning at 10am [FOIA s 37(1)(a)]
[REDACTED]
- Cameron Sorensen (TPALS) made contact with the fifth agent originally targeted (but no AUSKey issued). [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]

Next steps

- Key Assistant Commissioners are meeting Monday PM to consider progress to date and validate interim mitigation for immediate implementation.

regards

John Becker
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Galeotti, Julie

From: Becker, John
Sent: Monday, 4 February 2013 20:20
To: Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny; O'Halloran, James; King, Jane
Subject: Daily update 4 February 2013
Attachments: [FOIA s 37(1)(a)] action register.xls

Bruce and Geoff

I have attached a draft excel spreadsheet where I am now compiling a summary of the daily updates, and action items. This should build a single source for any future review of how this unfolded and the actions taken. Still very draft but expect to have it comprehensive by the end of this week

Another step forward in our progress today I think;

Media and stakeholder approach (Alice Atkins)

- Minister briefing finalised today and forwarded to Parliamentary Services
- Final draft of the Tax Agent Broadcast completed. Cheryl - Lea and I hope to catch up with you briefly before CDF in the morning for some further changes to simplify the instructions. It could reduce the number of help calls required in support. It is due to issue at 12pm. (Cameron Sorensen TPALS)
- Logistic support in place with CAS covering initial inbound calls in Hobart and Adelaide. Should volumes go much higher than predicted CS&S and TPALS will provide additional support (Heather McCafferty CAS)
- Phone numbers with fast keys will be provided to tax agents, and training and scripting has been developed and will be rolled out tomorrow AM (Lynne Jones CAS)
- Senate estimates brief has been prepared and endorsed (David Diment)

Interim strategy - Tax agents (Heather McCafferty CAS)

- Call centre process and scripting in place to stop providing TFN's for agents over the phone from tomorrow (Heather McCafferty CAS)
- Where agents advise a fraudulent AUSKey has been obtained, details will be forwarded to ERA for further action. ERA will contact the agent once the extent of the compromise has been confirmed with TPALS assistance. (Heather McCafferty CAS)
- Final draft of process flow has been prepared and tested with key stakeholders. Will be distributed tomorrow once updated figures around revenue loss have been confirmed with ITX. (Cathy Hankin CAS)
- Daily sweeps to identify risk cases are being continued. No new tax agent AUSKeys have issued since 1 February 2013. (Dom Stegeman – Symms BRR)

Interim strategy – Business portal (Gary Read SNC)

- Known risk cases have been compromised. [FOIA s 47E(d)]
[redacted] Options are being explored. (Brett Anderson EST)
- Options to combine risk analysis across the ATO are being explored to minimise risk. e.g [FOIA s 47E(d)]
[redacted] We hope this will filter the numbers to a manageable level. This could then reflect a manual intervention to quickly verify or cancel risk names and processes. (Andrew Rose BRR Chris Barlow ITX Andrew Watson MEI John Becker CAS)
- Short to medium term improvements being considered in a workshop in QLD tomorrow and Wednesday (Cathy Hankin and Cathy Madigan)



[FOIA s 37(1)(a)]
action re...

regards

John Becker

Assistant Commissioner

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Date	Summary
4-Feb-13	Media and stakeholder approach

Interim Mitigation Strategy - Tax agents

Interim Mitigation Strategy - Business portal

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Activity/Action	Responsibility
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[Redacted]

[Redacted]

[Redacted]

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Estimated completion date	Completion date
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[Redacted]

[Redacted]

[Redacted]

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Summary	Activity/Action	Responsibility
31-Jan-13		
Media and stakeholder approach		
Minister provided with briefing	The minister has been provided with a heads up by Jenny Reid via the Departmental Liaison Officer	Jenny Reid
Taxagent broadcast	A taxagent broadcast has been developed and is in draft form, 'Request for Tax Agents to check their AUSkeys through Credential Manager'. This is expected to be in final draft tomorrow (1/2/2013) for issue early next week.	Jenny Reid John Becker Cameron Sorensen
Escalation point and help desk response	A workshop has been scheduled tomorrow (1/2/2013) to design help desk and escalation point to manage response through a designated access number.	Donna Lawrie (TPALS) Lynne Jones (CAS Outbound) Heather McCafferty (CAS)
Fraud Prevention and Internal Investigation	Daily updates will be provided to Paul Malone and his team, and a coordinated approach to any crossover issues will be undertaken as per the discussion held with him today.	John Becker
Interim Mitigation Strategy		
Key EL2 meeting	Agreed a strategy to manage the risk until broader options are worked through. (outlined below) These will be tested and ratified by the Key AC meeting on Monday (4/2)	John Becker
Document process	Heather McCafferty (CAS) and Gary Read (SNC) to document process (outlined below) we propose to implement ASAP by next week.	Heather McCafferty Gary Read
	Develop process map A process map for the incident including a relationship picture is being drafted.	John Becker
	Compromise individual taxagent TFN's and improper Auskeys cancelled Tax officers have marked the tax agents TFN as compromised and any associated AUSkeys cancelled. No further AUSkeys are to be issued to these tax agents.	John Becker
	Taxagent broadcast Develop tax agent broadcast targetted at flushing out any additional fraudulent AUSkeys, and encourage increased vigilance by the agent community.	Jenny Reid John Becker Cameron Sorensen
	Cease provision of TFN's over the phone for taxagents No longer provide client TFNs over the phone to tax agents. In the small number of circumstances where the query is genuine, tax officers will provide contact via a known safe phone number of the agents.	John Becker

	<p>New AUSKey applications Any AUSKey applications for a new administrator [FOIA s 47E(d)] [REDACTED] This will be managed on a daily basis until system improvements can be made to close this aspect.</p>	John Becker
	<p>Further agreed work Key EL2s Further work by the group has been flagged for next week once our above response is in place, to consolidate a 2nd tier response for suspect actions if any fraudsters do get through the process to get access. This includes our other risk analysis on [FOIA s 47E(d)] [REDACTED], and potential sleeper issues with [FOIA s 47E(d)] [REDACTED]. At this stage we have also confirmed that the fraudulent AUSKeys were not used to try and access other government agencies</p>	John Becker
[FOIA s 47G(1)(a)] agent	<p>[FOIA s 47G(1)(a)] Agent – Appointment arranged for 10am tomorrow, attended by Peter Holloway (TPALS Acting SES), and David Jordan (CAS). Peter has advised that the agent was cooperative in making the appointment and [FOIA s 37(1)(a)] [REDACTED]</p>	John Becker
Medium Term Mitigation options	Commence the development of medium term mitigation options, through system and process improvements.	Kathy Madigan (BSol) Cathy Hankin (CAS)
Resourcing	Analysis continues and all areas have been requested to advise if they are facing resource or work pressures in providing enough focus on this issue. Additional support will be arranged where necessary, and for immediate assistance CAS will take over some of the BAU warehouse runs to allow OCKO, BRR and ITX analysts to continue to build risk insight to refine our mitigation focus.	John Becker
30-Jan-13		
Media and stakeholder approach		
Ombudsman updated	A discussion has occurred today with the Ombudsman to update them on the incident	Michael Monaghan
Thank you letter to [FOIA s 37] [REDACTED]	A draft letter was prepared for signoff by Bruce Quigley to thank [FOIA s 37(1)(a)] [REDACTED] for their initial identification and appreciation for their additional support as required.	John Box (SNC)

Met with Assistant Commissioner of Public Affairs in Corporate Relations	Preparation of the following; - Minister heads up for Geoff Leeper - Minister briefing for next week - tax agent strategy, including a bulletin with a dedicated response phone line - broader media communication strategy including scenario planning as understanding of extent of incident grows	Jenny Reid (CR) John Becker Cameron Sorensen
Communication and update process		
Meeting with EST	Discussion on the investigation and documenting of online access security risks and options relating to this issue with Todd Heather and Len Kleinman.	John Becker
Updating the Chief Operating Officer	Update provided to the Chief Operating Officer, Robert Ravello on his return from leave	David Diment John Becker
Other action		
Meeting with [FOIA s 47G(1)(a)] agent	Confirmation that a face to face meeting needed to occur with the agent from [FOIA s 47G(1)(a)], [FOIA s 37(1)(a)] Agreed TPALs director and David Jordan (CAS) to visit preferably Friday.	John Box Cameron Sorensen Chris Barlow John Becker
Key EL2 meeting	Meeting to be held tomorrow (31/1) to firm up a process map of the fraud and establish an interim mitigation. Process maps prepared for the AUSkey process will be worked through at this meeting.	John Becker
Key AC meeting	Meeting to be held Monday (4/2) to confirm mitigation plan both short and long term.	John Becker
Exploring further analysis	Daily sweeps and data analysis seems to be holding. Further risk factors are to be considered across 3 tiers - access, operation in the system and payment out.	John Becker
29-Jan-13		
Media and stakeholder approach		
Privacy Commissioner updated	The Privacy Commissioner has been updated	John Becker
Meeting arranged with Assistant Commissioner of Public Affairs in Corporate Relations	Meeting arranged to discuss, broader media communication strategy, tax agent strategy and a minister briefing. Jenny Reid and Cameron Sorensen.	John Becker
[FOIA s 37] Letter	John Box (SNC) preparing a draft letter to be sent to [FOIA s 37(1)(a)]	John Box
Communication and update process		
Briefing paper provided	Overall briefing paper as at 25th January was provided this morning.	John Becker
Daily briefing	The first daily briefing update was provided this morning	John Becker
Meeting with EST	Meeting arranged for Thursday morning with Todd Heather (EST) to establish a plan to investigate online access security	John Becker
Other action		

[FOIA s 47G(1)(a)] agent	Phone hookup with John Box and Chris Barlow to discuss the [FOIA s 47G(1)(a)] agent. Work with Cameron Sorensen tomorrow to contact [FOIA s 47G(1)(a)] agent again, via a senior ATO officer [FOIA s 37(1)(a)]	John Becker
Commence project plan	Key AC hookup arranged for tomorrow to commence the project plan	John Becker
Process maps developed	The process maps have been prepared for AUSkey process and will be worked through workshop on Thursday with EL2s.	John Becker
Exploring further analysis	Daily sweeps and data analysis seems to be holding. Exploring further post event assurances to cover broader client base without stopping everything outside of the direct risk group.	John Becker
23-Jan-13		
Out of session Account Integrity Steering Committee held - Action Items identified as;		
Form a workgroup	Workgroup to be convened at the Assistant Commissioner level for next week. The members put forward Greg Topping, Chris Barlow, John Box and Andrew Watson. Others to be released as required.	John Becker
Fifth Tax Agent to be advised	Contact to be made with the fifth tax agent to apprise them of the situation and to be vigilant	John Becker
Risk assessment and Mitigation strategy	Provide copies of these documents to Steve Vesperman to be used for updating 2nd Commissioners etc	Greg Williams
Briefing paper provided	Develop a paper to take to the 2nd Commissioners for Friday on the status of the issue	John Becker
Briefing paper for Minister	Develop a briefing paper for the Minister	John Becker
Appointment of Main contact	The members agreed the best person to serve as the main point of contact for this work would be the chairperson of their Business Management Group - John Becker	AISC members

Estimated completion c Completion date	
Completed	31-Jan-13
6/02/2013	
8/02/2013	
Completed	

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30/01/2013	30/01/2013
30/01/2013	30/01/2013

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31/01/2013	
4/02/2013	
29/01/2013	29/01/2013
29/01/2013	30/01/2013
30/01/2013	30/01/2013
29/01/2013	29/01/2013
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23/01/2013	23/01/2013
1/02/2013	1/02/2013
23/01/2013	23/01/2013

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From: Becker, John
To: Becker, John; Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravanello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny; O'Halloran, James; King, Jane; Reid, Jenny; Siebert, Michelle
Sent: Tue Feb 05 18:39:23 2013
Subject: Daily update 5 February 2013

Bruce and Geoff

Media and stakeholder approach (Jenny Reid CR)

- Tax Agent Broadcast issued from 12pm – included testing with an agent to ensure instructions worked adequately. Associations warned in advance. (Cameron Sorensen)
- Updates to Ombudsman and Privacy Commissioner, based on minister brief will be provided tomorrow. (Jason Lucchese and John Becker)
- Media responses prepared in case of any Media enquiries following the agent broadcast. None received today. (Alice Atkins CR)
- Final estimates brief prepared (John Becker)

Interim strategy - Tax agents (Heather McCafferty CAS)

- Tax Agent Broadcast - Promising start - As at 4:30pm Eastern we had received only 50 inbound calls, with 6 of these resulting in an escalation to Client Identity Assurance (CIA). Initial examination of these escalations indicates that they aren't fraudulent. (Heather McCafferty CAS)

- [FOIA s 37(1)(a)]

[REDACTED]

- [FOIA s 37(1)(a)]

[REDACTED] (Chris Barlow ITX)

Interim strategy – Business portal (Gary Read SNC)

- Met with key Assistant Commissioners yesterday afternoon to catch up everyone on context, confirm current strategy, and turn our mind to the business portal. (John Becker)
- Attended the Tax Crime Risk Committee today to brief them and flag a program of work to be developed. John Box tabled a draft framework for managing tax crime which will be shared with the DC's next week. I suggest we needed a similar framework for online fraud. (John Becker)
- Short to medium term improvements being considered in a workshop in QLD that will continue tomorrow (Cathy Hankin CAS and Kathy Madigan BSol)
- There are other reviews and investigations underway including a [FOIA s 47G(1)(a)] [REDACTED]. While supporting that process

with compromise response for around 800 clients, we are deliberately keeping it separate to [FOIA s 37(1)(a)], as bracket creep could overwhelm the current focus and resource investment. . (Heather McCafferty CAS)

- Process maps for suppression and compromise processes are underway to provide base options in managing these risks (Emma Cramey CAS)

regards

John Becker
Assistant Commissioner
Enterprise Register and Accounts
Client Account Services

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To: Becker, John; Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravanello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny; O'Halloran, James; King, Jane; Reid, Jenny; Siebert, Michelle
Sent: Wed Feb 06 18:05:55 2013
Subject: Daily update 6 February 2013

Bruce and Geoff

Media and stakeholder approach (Jenny Reid CR)

- Update to Privacy Commissioner issued today inclusive of the tax agent broadcast, Ombudsman brief will issue tomorrow (my fault, got back to Jason too late today). (Jason Lucchese CR and John Becker CAS)
- No Media requests received today.(Alice Atkins CR)
- Final adjustments to estimates brief prepared (John Becker)

Interim strategy - Tax agents (Heather McCafferty CAS)

- Tax Agent Broadcast – A light response overall - As at 4:30pm Eastern we had received only 107 inbound calls over the 2 days, with 7 of these resulting in an escalation to Client Identity Assurance (CIA). Examination of these escalations indicated that they aren't fraudulent. I think this gives some comfort around our current exposure, but may also raise an issue about whether all agents have checked sufficiently. [FOIA s 47E(d)]
[REDACTED] maybe backing up with some quality checks. (Heather McCafferty CAS and Cameron Sorensen TPALS)
- Analysis has been undertaken of cases where [FOIA s 47E(d)]
[REDACTED] This is a good indicator of fraud based on the analysis – not only for this instance as some other known frauds also surfaced through this analysis. We will now pursue this as a key risk indicator ahead of the 28 Feb due date. (Heather McCafferty)
- Siebel alert for tax agents is expected to deploy tomorrow which will further support our mitigation through taking away some of the manual process in the general queues, checking if a TFN request is coming on behalf of a tax agent. Scripting is being expanded to cover all inbound including MEI and TPALS operatives. (Brett Anderson and Heather McCafferty)

Account Integrity Steering Committee discussion this morning

Tax Agents Portal

No further unauthorised AUSkeys have been issued as far as we know.

- Mitigation is in place
- [FOIA s 37(1)(a)]
[REDACTED]

[FOIA s 37(1)(a)]

- Close of business yesterday, the tax agent broadcast has received 75 assistance requests and escalated 7 cases for further review. No fraud is suspected from these cases on initial examination.

Mitigation

- Compromise indicator is in place for tax agents affected and the 210 client details identified as accessed.
- Tax agent identification process is in place in the call areas and TFNs will not be provided over the phone but escalated to our Client identity Support Area. We do not expect many (any).
- Daily sweeps are underway to identify suspect AUSKey transactions ASAP to cancel the AUSKey.

The focus now is turning to documentation in support of this as an ongoing process, and further refining our analytics to give further surety that we are identifying risk cases.

Business Portal

Our focus will now ramp up on the broader aspect of the business portal. It does not open itself up to the same volume attack at once, as the tax agent portal [FOIA s 47E(d)]

- [FOIA s 47E(d)]
- [Redacted]
- [Redacted]

Personal observations, and requests for direction from the AISC

AUSKey

AUSKeys are an automated process and once you are through the process online you have an AUSKey. If you are a tax agent you can immediately start transacting through the tax agents portal, or for an individual through the Business Portal;

- [FOIA s 47E(d)]
- [Redacted]

[FOIA s 47E(d)]

Risk sign off

We have a fraud risk sign off for all our projects and system releases. I would observe some concerns at whether we have enough information and evidence to allow the appropriate people to make that call;

[FOIA s 47E(d)]

[FOIA s 47E(d)]

ATO Client view of risk

[FOIA s 47E(d)]

[FOIA s 47E(d)]

Individuals Portal

John B suggested he work with Greg Topping (AC MEI) and other key nominees to bring back a risk analysis of the release with the hindsight of our current issues.

Agreed with DC's to provide additional key nominees if they are outside the current AC group.

Other action flagged with the DCs

- Subsequent to the meeting I met with John Box (SNC) to work through how we might bring together the two governance bodies with an interest here, the AISC and the Tax Crime Steering Committee. There is a current focus on reducing the number of meetings we attend and a significant overlap in DC attendees between the two meetings. Rather than repeat updates and considerations we suggested we co-join the two meetings on the same day starting with the AISC then moving to the TCSC, with people joining or leaving if they are only members of one. John and I will bring together a proposal to make this happen.
- The current AC group I think becomes a working group to build the program of work emerging above. It currently consists of John Becker (CAS) John Box (SNC) Chris Barlow (ITX) Greg Topping (MEI) Andrew Watson (MEI) Brett Anderson (EST) Cameron Sorensen (TPALS), with Trisha Clarke (BRR) and Tasia Livaditis joining for the next meeting. We want to keep it fairly agile, and will need to add expertise for various sub workshops e.g. Johann Pretorius for the fraud risk discussion
- At this stage I am planning to hold a workshop for this group on 13th February to bring a program proposal to the formal AISC on 22nd February. I am suggesting we need an overarching Online Fraud Risk Framework that covers risk exposure, and mitigation, supported by a program of work.

regards

*John Becker
Assistant Commissioner
Enterprise Register and Accounts
Client Account Services*

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From: Becker, John
Sent: Thursday, 7 February 2013 16:54
To: Becker, John; Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravanello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny; O'Halloran, James; King, Jane; Reid, Jenny; Siebert, Michelle
Subject: Daily update 7 February 2013

Bruce and Geoff

Very brief update today, we have been taking a pause to consolidate the documentation of our progress to date, including stakeholder involvement and process map for the incident. It should be provided to you tomorrow. We have also commenced the planning for a discussion paper to be workshopped with the AC group, to present to the AISC. It will provide recommendations for a program of work moving forward.

Media and stakeholder approach (Jenny Reid CR)

- Updates to Inspector General and Ombudsman issued today (Michael Monaghan CR)
- No Media requests received today.(Alice Atkins CR)

Interim strategy - Tax agents (Heather McCafferty CAS)

- Tax Agent Broadcast – Phone calls have tailed off and no fraud cases have been detected. - As at 4:30pm Eastern we had received only **another 16 calls today**.(Heather McCafferty CAS and Cameron Sorensen TPALS)
- Siebel alert for tax agents is in place for 30,000 tax agents with the remainder being loaded tonight. Scripting has been expanded to cover all inbound including MEI and TPALS operatives. (Brett Anderson and Heather McCafferty)
- [FOIA s 47E(d)]

[REDACTED] We have not had any activities for a few days so should not present a significant risk.

- Attempts to contact the nine additional agents were made today with successful contact achieved for 7 agents. One is on leave and an appointment has been made for tomorrow for the remaining agent. They are all comfortable with our response, [FOIA s 37(1)(a)]

regards

John Becker
Assistant Commissioner
Enterprise Register and Accounts
Client Account Services

08 820 81348 [FOIA s 47F(1)]
john.becker@ato.gov.au
www.ato.gov.au

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ATO | Working for all Australians

Galeotti, Julie

From: Becker, John
Sent: Friday, 8 February 2013 18:13
To: Becker, John; Quigley, Bruce; Leeper, Geoff
Cc: Diment, David; Ravello, Robert; Field, Cheryl-Lea; Heather, Todd; Holland, Erin; Reid, Jenny; O'Halloran, James; King, Jane; Siebert, Michelle; Hamilton, Steven
Subject: Daily update 8 February 2013
Attachments: Correction to online media story [SEC=UNCLASSIFIED]

Bruce and Geoff

Media has dominated our attention today.

Media and stakeholder approach (Jenny Reid CR)

- Story published on the Sydney Morning Herald and Age websites. We have responded (Jenny Reid)



Correction to online media sto...

- Ombudsman, IGOT and Privacy Commissioner have been updated (Michael Monaghan)
- PM&C asked for a briefing (verbal) and were provided with our media response and draft estimates brief (they have their estimates on Monday) (Jenny Reid/John Becker)
- PM&C also asked that the Cyber Security Operations Centre be briefed. Even though this is identity theft underlying this, they suggested that we provide a brief on the standard template, given the publicity. This is underway (Steve Hamilton)
- Following the media story Vanguard who provides the validation service for Whole of Government with AUSkey called to ask if this meant AUSkey was vulnerable. They were advised that this is identity takeover rather than vulnerability in the system itself. - [FOIA s 47E(d)]
[REDACTED]
[REDACTED] This would likely need to be at a WoG level. (Andrew Rose BRR)
- Apologies but just haven't got to the high level overview and stakeholder picture. This will now be Monday. (John Becker)
- An update to the Commissioner estimates brief is underway to incorporate today's media development (John Becker)

Interim strategy - Tax agents (Heather McCafferty CAS)

- Tax Agent Broadcast – Only 17 calls today (13 after the media issue) We have updated scripting to cover this. No additional fraud uncovered. (Heather McCafferty CAS and Cameron Sorensen TPALS)
- Siebel alert for tax agents is in place for 30,000 tax agents with the remainder being loaded Sunday now.
- As highlighted yesterday, [FOIA s 47E(d)]
[REDACTED]

[REDACTED] We have not had any suspect activities for a few days on this issue so should not present a significant risk. As per the 4th dot point below however we have been picking up some individual business portal issues through these sweeps. While we won't find them until [FOIA s 47E(d)], that should still give us time to intervene in any refund attempts.

Identity issues beyond [FOIA s 37(1)(a)]

While we have this specific issue reasonably under control now, there are a lot of current and emerging issues that could fall under an identity crime framework. We are working with SNC, FP&C, TPALS, ME&I and ITX to stay coordinated across multiple fronts, but the compromise work area in CAS will start to be

placed under pressure;

- I am working with Paul Malone to stay connected with a significant undertaking he has on at the moment.
- [FOIA s 47G(1)(a)]
- [FOIA s 47G(1)(a)]
- The sweeps for [FOIA s 37(1)(a)] have also identified 21 other cases of suspected business portal fraud since 1 February. We are reviewing these but they do not appear to be related to our current case. We are also checking them across the other large scale issues above.

This will also form part of our recommendations moving forward.

regards

John Becker

Assistant Commissioner

Enterprise Register and Accounts

Client Account Services

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Australian Taxation Office

Galeotti, Julie

From: Reid, Jenny
Sent: Friday, 8 February 2013 13:44
To: Leeper, Geoff
Cc: Jordan, Chris; Becker, John; Hamilton, Steven; Sain, Jessica; Field, Cheryl-Lea; Holland, Erin; Ravello, Robert; Diment, David; O'Halloran, James; Heather, Todd; McAlister, John; Williams, Greg (SNC); Rose, Andrew; Monaghan, Michael; Atkins, Alice; Olesen, Neil; Sain, Jessica; Woolcock, Brendan; Hassan, Kamal; Reddy, Rachna; Horgan, Pieta; Lodwick, Michel; Cain, Megan
Subject: Correction to online media story [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
Attachments: CORRECTION TO SMH 2 online.doc

Hi Geoff

As you know Ben Grubb from SMH online published a story today that we felt needed an immediate and strong correction.

<http://www.smh.com.au/it-pro/security-it/criminals-breach-australian-tax-system-20130208-2e2kn.html>

The journalist had asked a few 'alarmist' questions and did not wait for our response even though we told him we would have something for him around midday. His story has been syndicated to all Fairfax online outlets and has prompted follow-up enquiries from ABC news radio, 2GB, 2UE and The Daily Telegraph. The journalist has also been tweeting drumming up support for his story.

As discussed please find attached the statement you have approved for use in response to the story.



CORRECTION TO
SMH 2 online.doc...

Tactics from here. We will:

- immediately post this as a comment directly underneath the story online.
- immediately distribute this to all media who have contacted us thus far.
- publish the statement to the website at 2.30pm and then tweet 'SMH gets it wrong. Read our statement' which will link to the statement.

Should the journalists get defensive on twitter this afternoon we will assess and deal with it as appropriate. For example, without playing the man we might consider a simple tweet 'This is not about security, but stolen identities. Be vigilant in protecting your personal information'. We will check in with you as things unfold.

Jenny

Jenny Reid
Assistant Commissioner | Public Affairs
Australian Taxation Office
P: (02) 6216 2073 | M: [FOIA s 47F(1)]

CORRECTION TO FAIRFAX STORY

It has been reported today that taxpayer information is at risk after criminals stole the identity of four tax agents. The report suggested that all Australian taxpayers' information was under threat. This is incorrect.

The identities of four tax agents were stolen and used to fraudulently obtain AUSkeys giving access to specialist tax agent online services (tax agent portal).

The ATO has contained the threat and cancelled the AUSkeys.

We are working with the affected tax agents to ensure their practices and information is secure.

Doing business online has benefits, but it also comes with risks. People looking to commit identity fraud constantly look for ways to profit so it is critical to remain vigilant regarding your personal information and online security.

Online fraud can be complex and multilayered. We are investigating the incident and working with relevant law enforcement agencies.

Background - what are AUSkeys?

AUSkeys are the secure, unique identifier agents can use to access the tax agent portal. In order to get an AUSkey, people need to pass stringent proof of identity procedures.

An AUSkey gives access to a tax agent's client list, it does not give access to the information of the broader taxpaying community.

In this case, the identity of four tax agents was stolen and this information was used to fraudulently obtain AUSkeys.

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Australian Taxation Office



Australian Government
Australian Taxation Office

EXECUTIVE SUMMARY

FILE REF: [FILE NO.]

TITLE:	Fraudulently obtaining AUSKey to access business/tax agent portals		
SPONSOR:	John Box SAC	BUSINESS LINE/ BRANCH:	SNC
AUTHOR:	Gary Read	AUTHOR PHONE:	x62732
ISSUE DATE:	18.01.2013	RESPONSE DATE:	[Date response due]

Purpose of paper

Advise on current fraud status and actions being undertaken.

Key Issues

- [FOIA s 37(1)(a)] now targeting the Tax Agent portal by targeting Tax Agents
- Identity crime used to [FOIA s 47E(d)] apply for an AUSKey online (ABR)
- Internal links assessed – no evidence to date. [FOIA s 37(1)(a)]
- [FOIA s 37(1)(a)]
- [FOIA s 37(1)(a)]

- Rapid Response Group (SNC, ITX, CAS, BSol, BRR, ICT, TPALS) coordinating ATO efforts to contain current fraud whilst understanding nature and extent of attack in order to develop preventative options – short and long term
- Fraudulent keys identified and cancelled for 4 of the agents – 5th agent no fraudulent key obtained however 4 failed attempts to do so detected
- Compromise indicators placed on TFN used to obtain fraudulent AUSkey – agents advised
- [FOIA s 37(1)(a)]
- Analysis in progress of what information was accessed in the portals via the fraudulently obtained keys, preliminary indications:
 - [FOIA s 37(1)(a)]
 - [FOIA s 37(1)(a)]
 - Advanced Analytics assessing incidences of [FOIA s 47E(d)]
- Account Integrity Steering Committee (AISC) to oversee development of preventative options – meeting Wed 23/01/2013

Background

Initial briefing to Second Commissioners attached.



Australian Government
Australian Taxation Office

EXECUTIVE SUMMARY

FILE REF: [FILE NO.]

TITLE:	Fraudulently obtaining AUSkey to access business/tax agent portals		
SPONSOR:	John Becker SAC	BUSINESS LINE/ BRANCH:	CAS
AUTHOR:	Gary Read	AUTHOR PHONE:	x62732
ISSUE DATE:	24.01.2013	RESPONSE DATE:	

Purpose of paper

Advise on current fraud status and actions being undertaken as at 25.01.2013

What we do know

- [FOIA s 37(1)(a)]
- Identity crime used to [FOIA s 47E(d)]
[redacted] apply for an AUSkey online
- [FOIA s 37(1)(a)]
- Five tax agents identities compromised – fraudulent AUSkey obtained for four agents
- The four agents have a client base of approximately 14,777
- [FOIA s 47E(d)]
- [FOIA s 47E(d)]
- As a minimum [FOIA s 37(1)(a)] has seen 210 ABN/TFN (from audit log)
- [FOIA s 37(1)(a)]

- Fraudulent BAS have been reported to the ATO by tax agents and also identified by the ATO – [FOIA s 37(1)(a)]
- [FOIA s 37(1)(a)]

What we do not know

- Total extent of the fraud
 - Total number of fraudulent AUSKeys still active
 - Total number of compromised identities
 - [FOIA s 37(1)(a)]
 - Total value of fraudulent refunds issued
- [FOIA s 37(1)(a)]
- Whether we have the capability to develop [FOIA s 47E(d)]
- Whether conditions of use of AUSKey are sufficiently robust in terms of user obligations for safe online practices (shared responsibility) and whether these conditions are sufficient to deny access should a risk exist

Key actions

- Focus on identifying fraudulent keys; reviewing current AUSKey population to identify potential high risk keys in circulation and monitoring new registrations
- 34 fraudulent AUSKeys cancelled
 - 4 keys relating to 4 Tax agents (Tax Agent Portal Access)
 - 30 keys relating to individual business entities (Business Portal Access)
- Compromise Indicators on 214 TFN identified from AUSKey audit logs and TFN related to compromised AUSKeys – for ICP, ITX have watch lists for legacy
- Additional attempts to obtain AUSKey for targeted agents – mitigation holding
- [FOIA s 37(1)(a)]
- [FOIA s 37(1)(a)]
- Analysis in progress of audit logs to determine
 - What information was accessed - TPALS reviewing to advise what the [FOIA s 37(1)(a)]
 - What changes were made to client records
 - Compromised agents have 14,777 clients

- ITX monitoring affected agents & [FOIA s 47E(d)]
- Advanced Analytics analysing incidences of [FOIA s 47E(d)] in portals in progress building on analysis by ITX/CAS
- BSol process mapping in progress
- ICT exploring AUSKey options
- AISC endorsed AC John Becker to lead this issue and integrate the ATO response, reporting through the AISC – line commitment to provide resources. Daily updates to be provided to 2nd Commissioners Geoff Leeper and Bruce Quigley, copied to the chairs of the AISC, Cheryl-Lea Field and Todd Heather.

Immediate actions planned

- Continue analysis to refine risk parameters to enhance detection/intervention
- Continue analysis of cancelled keys to determine extent of fraud
- Tuesday 29th January 2013;
 - Transition strategy meeting to consolidate and integrate all the work done to date - Chris Barlow (ITX), John Box (SNC), John Becker (CAS)
 - Work with Michael Monaghan's area to finalise ministerial briefing (draft attached)
 - Commence preparation of a draft communication strategy for affected taxpayers, tax agents and the broader community, including a contingency plan if this escalates quickly
- Wednesday 30th January 2013:
 - Key SES/EL2 hook up Chris Barlow (ITX), John Box (SNC), EST (Brett Anderson), Andrew Watson (MEI), Greg Topping (MEI), Cameron Sorenson (TPALS) plus critical EL2s. Initial briefing and action planning.
 - Progress communication strategy for draft consideration.
 - Meeting with Todd Heather to progress and external threat risk analysis.
 - Face to face update briefing for the 2nd Commissioners (suggested)
- Thursday 31st January 2013
 - Workshop of EL2s to bring together the immediate threat response into an documented ongoing strategy and start the review of BSol work mapping outputs.
- Monday 4th Feb
 - Workshop with ACs to finalise and embed the immediate response to manage this issue and start the preparation for a broader strategic response targeting the AISC on 22nd February.
 - Linked process - Subset of the AISC - DC rapid design workshop considering strategic use and integrity of the Tax File Number

INTERNAL

OFFICE MINUTE

11.01.2013

Sensitive

SEGMENT

FORMAT

ISSUE DATE

CLASSIFICATION



Australian Government

Australian Taxation Office

OFFICE MINUTE

FILE REF:

TO: Second Commissioner Compliance – Bruce Quigley
Second Commissioner EST & Operations – Geoff Leeper

COPIES TO: Chief Information Officer – Bill Gibson
Chief Operating Officer – Operations – Robert Ravanello
DC Client Account Services – David Diment
Chief Technology Officer - Todd Heather
DC Indirect Tax – James O'Halloran
DC Tax Practitioner and Lodgment Strategy – Cheryl-Lea Field
DC Business Reporting and Registration – Mark Jackson
DC Serious Non-Compliance – Greg Williams
DC ME&I – Erin Holland
AC Indirect Tax – Chris Barlow

FROM: Senior Assistant Commissioner John Box

BUSINESS LINE: SNC **SECTION:** Risk Strategy & Intelligence

CONTACT OFFICER: Gary Read **CONTACT PHONE:** 02 62162732

ISSUE DATE: 11 January 2013

RESPONSE DATE:

SUBJECT: Identity theft to obtain AUSkeys and administrative access to AUSkeys in order to undertake GST refund fraud

Purpose

To provide information on an apparent escalation of organised GST refund fraud activity, involving identity theft to fraudulently obtain and use AUSkeys, and compromising of Tax Agents' portal access and client lists.

Background

The ATO has a refund fraud strategy to improve the prevention, detection and response to refund fraud. There are seven outcomes with multiple activities across the ATO for 2012-13 supporting delivery of the key objectives:

Sensitive

PAGE 1 OF 3

- Sophisticated risk understanding
- Robust controls, systems and processes
- Focus on prevention initiatives
- Tax system is perceived as an unattractive target for dishonestly obtaining financial

The strategy was endorsed by the Tax Crime Steering Committee and has a specific focus of on organised networks (also known as syndicates).

The strategy also features a whole of ATO rapid response group framework which is convened when significant new frauds are detected as an assurance and coordination mechanism to deal with the fraud. This group consider the issue in a wider context and seek preventative responses to ensure the problem is not on-going.

GST Refund Frauds

In the last quarter of 2012 a number of GST frauds were identified with a common feature being the fraudulent use of an AUSKey on business taxpayers. The fraud methods varied however it is clear that identity crime facilitated the frauds.

AUSKey gives access to the business portal enabling the user to transact online. In the case of identity take over, this gives the fraudster access to a taxpayers' information which they then use to commit fraud.

[FOIA s 47E(d)]
[Redacted]

[Redacted]

[Redacted]

[Redacted]

New Development

[FOIA s 37(1)(a)]
[Redacted]

In relation to the recent intelligence the following is relevant:

- Fraudulently obtaining an AUSKey can expedite GST fraud as it enables access to taxpayer records on the portal [FOIA s 47E(d)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]
- [FOIA s 37(1)(a)]
[REDACTED]

Action

A rapid response group (RRG) involving SNC, ITX, TPALS, ABR (AUSkey), CAS, BRR and EST was held Thursday 10th January 2013 in order to analyse what we know and manage this threat with a primary focus on preventative actions.

A number of key issues were identified that require further clarification prior to consideration of preventative actions. These included confirming whether an initial administrator AUSKey holder needs to grant access to subsequent administrator key holders and determining in detail the process of adding a client to an agents' client list.

A sub-group has been formed to address the issues. The RRG will reconvene Monday 14th January 2013.

Compliance activity has also been initiated in ITX and SNC. A separate RRG will be held Friday 11th January 2013 to focus on coordination of efforts of dealing with the current known frauds.

Regular updates and briefings on this matter will be provided to you.

John Box
Senior Assistant Commissioner
Risk, Strategy & Intelligence
Serious Non-Compliance
X52344