



Australian Government



# INFORMATION FOR TAX PRACTITIONERS

## QUALITY MANAGEMENT SYSTEMS

### Overview

You must:

- establish and maintain a system of quality management in relation to the provision of tax agent or BAS services, designed to provide you with reasonable confidence that you are complying with the [Code of Professional Conduct \(Code\)](#)
- document and enforce the policies and procedures of your system of quality management.

### What is a quality management system?

The Tax Practitioners Board (TPB) considers a quality management system may include policies and procedures relating to:

- governance and leadership
- monitoring of performance
- adherence to the Code
- client engagement
- proper keeping of records
- protecting confidentiality of information
- management of conflicts of interest
- recruitment, training and management of employees.

### What extent of internal controls are required?

The extent of internal controls required will differ significantly based on the size of your practice, the level of engagement, and the complexity of both the services provided and the clients' tax affairs.

#### Large firms

If your practice is a large firm providing broad ranging services to a wide client base, you would be expected to use extensive internal controls – these may include:

- file management systems with access controls
- robust quality assurance processes and systems
- independent internal control reviews
- use of information barriers, authorisation and risk management processes to manage potential conflicts of interest
- regular training of new and existing staff on their obligations under the *Tax Agent Services Act 2009*
- documented staff reporting lines and responsibilities to ensure duties are effectively segregated.

#### Small to medium sized firms and sole practitioners

In comparison, if your practice is a small to medium sized firm or you are a sole practitioner, you may use less extensive and more practical internal controls – these may include:

- physical controls over filing cabinets
- a process for verifying the identity of a client and conducting proof of identity checks
- conducting a conflict of interest check prior to engaging or re-engaging a client
- regularly updating software to ensure information remains secure and confidential.

You must exercise your professional judgment in determining the appropriate extent of internal controls for your circumstances.

### Further information

- Section 40 of the [Tax Agent Services \(Code of Professional Conduct\) Determination 2024](#)
- [TPB\(I\) 48/2024 Supervision, competency and quality management under the Tax Agent Services Act 2009](#)
- [The Code Determination – Background and context](#)