DOT Gazette

Change Management



M MUNIR QURESHI
DG(DOT)(DT)

Change in a large, complex organization, like the FBR, can be normal, 'evolutionary' change, over a relatively protracted timeframe, or can be deliberate, 'forced' change, artificially contrived, with the clear objective of achieving certain specific ends in a relatively limited time span.

Since 2000 the present government has been seized with the exceedingly difficult task of revamping and restructuring Tax Administration in Pakistan. The $ 150 million Tax Administration Reform Program (T.A.R.P) launched with World Bank facilitation in 2002 as a sequel to the indepth appraisal made by the Shahid Hussein expert Committee set up in 2000, is scheduled to achieve fruition in 2009 _ the so called 'year of arrival.' It remains to be seen whether the objectives will be fully achieved. However, given the daunting constraints, it would be a significant achievement even if the major objectives are largely achieved.

One of the most important problems confronting tax administration in Pakistan is 'managing change' in a way that FBR personnel at all levels are able to adjust to the demands of the new administrative structures being created based on functional specialization coupled with universal self assessment. Among the most dramatic changes wrought by TARP is the decisive decision to do away with the routine departmental interaction with taxpayers. This is probably the most significant development of the restructuring program. And a development that was not at all easy to accept for the great majority of FBR personnel.

Regular departmental interaction with taxpayers gave FBR functionaries their legendary 'clout.' The threat of saddling a taxpayer with huge monetary liability was enough to instill fear and awe of the taxman in the mind of the most hardened of businessmen. Tax personnel reveled in the authority that close contact with taxpayers gave them. And misuse of this authority became the basis of much corruption in the department. What is more, it institutionalized inefficiency because endemic departmental corruption inevitably mean't bad assessments of income.

One would expect that once the decision was taken to do away with the ubiquitous Department/Taxpayer interface, positive change would follow as a matter of course, all corruption would vanish and efficiency replace inefficiency. Reality however is rarely that simple and direct. In actual fact, the changes were accepted by most FBR personnel (officers as well as support staff) grudgingly and many tried actively to impede and obstruct their implementation and it required all the determination, ingenuity and steely resolve that top FBR executives _ like the redoubtable FBR Chairman Abdullah Yousaf_ could muster to get TARP going.

The reasons for such seemingly unjustified resistance to the positive changes sought through implementation of TARP are not difficult to fathom. The fact is that mental 'inertia' is a much more common trait in most human beings than one would like to believe. Many people prefer to continue to remain in their present state rather than have to deal with a largely unknown 'changed state' even though the change is cited as a stepping stone to progress, efficiency and prosperity.

Change_ especially dramatic, decisive change_ is often viewed with skepticism, fear and trepidation. Fear of the unknown is deeply ingrained in the human psyche and can only be overcome with conscious, intelligent effort. It is this conscious, well directed effort to coax FBR personnel to break with the past and willingly accept new realities based on new norms and values that is at the heart of 'Change

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FBR PAKISTAN

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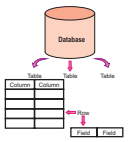

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EDITORIAL

October and autumn are synonymous are to each other in Pakistan. The gentler October sunrays and the mild breeze provide a soothing healing for the man kind having endured long torturous summer months. This year October had a special relevance in addition to being the harbinger of changing season, as the holy month of Ramazan and Eid-ul-Fitar both fell in this month.

At DOT the training of the 34th Specialized Training Program continued in full swing and the first mid term examination of the 34th STP took place before the Eid holidays. It is hoped that probationary officers fared well in the exams mindful of the practical challenges ahead. The Eid break provided the necessary respite to the probationary officers before the commencement of the 2nd and final term at the Directorate. On the first day of return from Eid holidays, a tea party was arranged for the probationary officers in the Old Mess.

The second phase of the IBA, Karachi led Capacity Building Program for officers in BS 17-19 also commenced from 22-27th October at our campus. This module captioned "Management /Team Building and Leadership Skills Module "is the 2nd and last training module organized in collaboration with Centre for Executive Education, IBA, and Karachi. A total of 49 officers both from Income Tax and Sales Tax participated in the first batch of Capacity Building. Program. The second batch of this training commenced from the 29th October and shall continue till 3rd November.

The Director General, Mr. M. Munir Qureshi represented our Directorate at a three days "Change Management Workshop "organized in Islamabad and presided over by the Chairman FBR Mr. M. Abdullah Yusuf from 22-24th October.

Relational Database Model

The relational data base model represented a landmark in the history of database modeling, as it allowed files to be related to each other by means of a common field. In order to relate any two files to be related to each other by means of common filed. In order to relate any two files, they simply need to have a common field, which makes the model extremely flexible.

Formally introduced by Dr. E.F. Codd in 1970, the relational model provides a simple, yet rigorously defined, concept of how users perceive data. The relational model represents data in the form of two dimension tables. Each table represents some real-world person, place, things, or event about which information is collated. A relational database is a collection of two dimensional tables.

A basic understanding of the relational model is necessary to effectively use rational data base software such as Oracle, Microsoft SQL Server, or even personal database system such as Access or Fox, which are based on the relational model.

Relational tables have six properties:

1. Values are atomic.
2. Column values are of the same kind.
3. Each row is unique.
4. The sequence of columns is insignificant.
5. The sequence of rows is insignificant.
6. Each column must have a unique name.

A relationship is an association between two or more tables. Relationships are expressed in the data values of the primary and foreign keys. A primary key is a column or columns in a table whose values uniquely identify each row in a table.

A foreign key is a column or columns whose values are the same as the primary key of another table. You can think of a foreign key as a copy of primary key from another relational table.

Keys are fundamental to the concept of relational databases because they enable tables in the database to be related with each other. Navigation around a relational data base depends on the ability of the primary key to unambiguously identify specific rows of a table.

DATA INTEGRITY

This means, in part, that you can correctly and consistently navigate and manipulate the tables in the database. There are two basic rules to ensure data integrity, entity integrity, and, referential integrity.

The entity integrity rules states that the value of the primary key can never be a null value [a null value is one that has no value and is not the same as a blank].

The referential integrity rules states that if a relational table has a foreign key, then every value of the foreign key must either be null or match the value in the relational table in which that foreign key is a primary key.

DATA MANIPULATION

Relational tables are sets. The rows of the tables can be considered as elements of the set. Operations that can be performed on sets can be done on relational tables.

The eight relational operations are:

Union;
Difference;
Intersection;
Product;
Projection;
Selection;
Join; and
Division.

Normalization is a design technique that is widely used as a guide in designing relational database. Normalization is essentially a two step process which puts data into tabular form by removing repeating groups and then removes duplicated data from the relational tables.

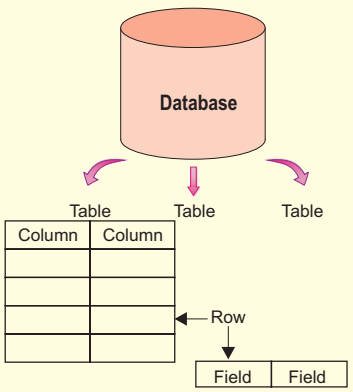
After having a basic understanding of relational database modeling let's have a look at some of the applications that are designed using relational database modeling concepts.

Oracle Database 10g Express Edition.

This is a no-frills edition of the proven Oracle Database product. It can be installed on any machine, supports up to 4 GB of user data, runs on a single process or and uses a maximum of 1 GB memory.

Main features

Available for 32-bet Linux and Windows;



The Anatomy of a Database

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May be installed on a multiple CPU server, but only executes on one processor in any server;
May be installed on a server with any amount of memory, but will only use up to 1 GB RAM of memory.

FACTbroker:

FACTbroker's data-centric approach powered by the XML driven framework has lent the product to position itself in the forefront in the arena of business intelligence reporting.

Main features:

- Reliance on existing RDBMS knowledge;
Seamless integration with existing security infrastructure;
uthorization driven user interface, and;
Intuitive, yet powerful Control Centre for SML configuration

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Kdb database platform:

Kdb is a high-performance relational database platform for 32-bit architectures.

Main features

Relational database optimized for fast search;
Unlimited data capacity at main-memory speeds;
Times series analysis built in;
Billions of records analyzed in seconds, and;
32-bit architecture runs on Solaris, Linux and Windows.

NRG Global DbVisualiser:

This is a cross-platform database tool for all major relational databases. DbVisualiser enables simultaneous connections to many different databases through JDBC drivers.

Main features

Browse database structure;
View detailed characteristics of database objects;
Edit table data graphically;
Executive arbitrary SQL statements or SQL scripts, and;
Reverse engineer primary/foreign key mappings graphically.

Point Base Embedded:

This is a full-featured and zero administration Java relational database that enables software vendors to accelerate development cycles and reduce time to market.

Main features

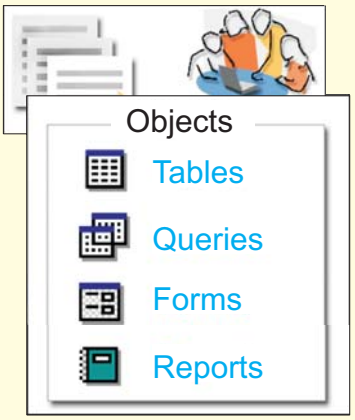
Delivers cross-platform portability, a small footprint and comprehensive security;
Offers a low cost, high results solution to effective storage of metadata, application-specific data or out-of-box tutorials and demonstration materials, and;
It can be integrated directly within your application making it completely transparent to the end-user.

Pervasive Postages:

This is a validated and supported distribution of Postgre SQL, the world's most advanced open source database.

Main features

Often support, updates, and value added tools in a subscription model, as well as professional services for migration and training, and;
Pervasive's backing, support and services provide the assurance that enterprises need to confidently put open source to work.



VistaDB:

This is an alternative to Microsoft Jet/Access, MSDE, and Xbase for building robust small to midsize .NET database applications.

Main features

First real alternative for professional programmers that rely on the Microsoft Jet engine and Access databases to store and mange data, and;
VistaDB is a true RDBMS specifically designed for .NET to give developers a robust, high-speed embedded database solution with minimal overhead.

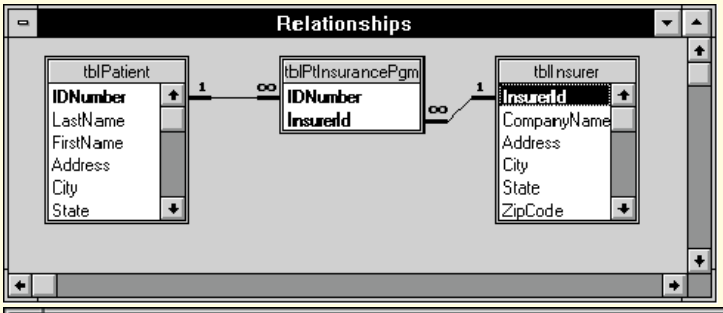
Solid FlowEngine:

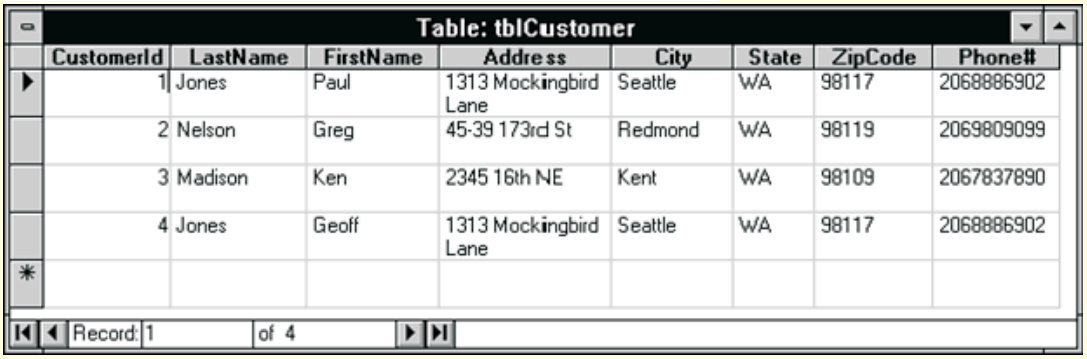
This uniquely combines two enabling technologies.

Relational data management, and;
Advanced, bi-directional multi-point synchronization.

It fuses these two elements into an embeddable distributed data management platform the Solid Flowengine. Solid FlowEngine provides an underlying foundation for high performance distributed applications built to meet stringent carrier-grade requirements.

Sahar Majid
[Sci-tech World]





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Management' within FBR.

Human beings are more prone to accept change when the benefits of change sought to be implemented are made clear in a simple, easily comprehensible manner and also widely publicized. It is also important that these benefits be perceived as significant and directly relatable to a marked improvement in the human condition of the affected players.

In Pakistan, financial compensation at twice the basic salary for selected, meritorious FBR personnel is at the heart of the IJP (Internal Job Posting) process. It is probably the single most important factor in motivating FBR personnel to accept the changes sought to be implemented through TARP. While this has undoubtedly boosted morale the fact remains that FBR salary scales are still way below what the private sector has to offer in comparable positions, especially in the case of officers.'

The major change with regard to the manner in which work gets done in the Direct Tax Department is the reorganization on the basis of functional specialization. Essentially, what this means is that whereas in the old field formations of the then CBR where jurisdiction was based on the (contiguous) 'territory' assigned to each 'circle', the office of the Income Tax Officer (ITO) was where all aspects of work related to the levy and collection of income tax got done _ viz requisition of the Income Tax return, summons for case 'hearing,' proceedings incidental to the determination of Total Income, levy of due tax, collection of the tax levied, determination and issuance of refunds of tax, penalties for default, conduct of local enquiries, conduct of external 'survey,' generation of periodic reports including reports sent to appellate authorities etc etc , in the changed environment of the reorganized FBR, field formations deal with a particular, specialized area of work. Thus the (exclusive) determination of total income takes place in the 'Audit' charge. Collection of tax levied- including levy of penalties to enforce collection- ONLY takes place in the 'enforcement' charge. Similarly, issuance of refunds of excess tax collected ONLY takes place in the Enforcement charge. All aspects related to interaction with appellate authorities only gets done in the Legal charge.

So far as jurisdiction is concerned, there is now no concept of contiguous 'territory.' The ACIT (BS 17 18) equivalent to the ITO- may now be assigned any case by the Commissioner of Income Tax pertaining to any part of the Region.

And ofcourse universal self assessment now means that MOST Returns of Income are bound to be accepted 'as filed.' Previously, most Returns were subjected to Normal Law Scrutiny which mean't that there was a steady procession of taxpayers to the Income Tax Officers' office.

This drastic reorganization of the Direct Tax Deptt is nothing short of a 'sea change' and the net result of this is that the individual officer charged exclusively with assessment of income, or collection of tax / issuance of refund or some other specific area of work has only nominal interaction with the taxpayer population and the



great majority of this population have no interaction whatsoever with any officer or official as their Returns are accepted 'in toto' the moment they are submitted. The very act of submission of the Return too is soon to undergo a dramatic change as evermore Returns are filed 'electronically.'

For the individual ACIT, all this entails a drastic reduction in his 'authority.' Actually, 'clout' would be a better expression. And this dramatic diminution of 'clout' has traumatized many an officer who joins Government Service because of the sense of personal importance that such Service conveys.

This is where Change Management assumes enormous significance.

Those individuals of the FBR workforce who find it difficult to reconcile with the changed realities of the post TARP era, need expert counseling to convince them through reasoned argument that the changes sought to be implemented through reorganization and restructuring are for the better for the entire FBR workforce and also for revenue collection. They need to be told of similar changes made in other jurisdictions worldwide that have brought about dramatic improvements in workforce efficiency. And they need to be counseled on the dynamics of mindset change and the connection between such change and positive attitudes that produce results and overcome obstacles.

FBR personnel also need to be counseled on the efficacy of teamwork vis a vis individual enterprise. Effective Teamwork harnesses focused effort and releases synergy that magnifies the effort put in by individual team members. However it is important to know that an ce of



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effective team is not a simple collection of individuals. A good team will have a Leader who understands the potential of the individual team members and who is able to unite them in achieving a common goal. The composition of the team is also significant. There has to be a harmonious balance of requisite skills pertinent to the objective that the team seeks to achieve.

Change Management also seeks specifically to identify the obstacles to change. These obstacles may be abstract such as negative mental attitudes or something tangible like physical infrastructure involving the efficient use of Information Technology.

The Federal Board of Revenue is fully seized with the necessity of instilling a sense of purpose in FBR personnel without which the achievement of TARP objectives will be put in jeopardy. FBR has not hesitated to seek outside expert assistance to implement an effective Change Management program. M/s Gordon Gullan (T & D Adviser) and Alan Gilmour (HRM Adviser) are two such foreign (U.K) specialists engaged by FBR and from Oct 22 to 24, 2007 they conducted a Change Management Workshop at NIBAF, Islamabad, in which FBR Board- in- Council Members and DG's DOT (Direct Taxes & Customs) participated. In three days of intensive focused effort the Workshop participants were organized into three teams that concentrated their effort in identifying the obstacles to change sought to be implemented through the Tax Administration Reform program. The teams further made specific recommendations to overcome the obstacles identified by them.

There was consensus among the participants that the efficient use of Information Technology has the potential of generating enough momentum to FBR's TARP effort to overcome the negative effects of the many obstacles that were in the way. Rather than try and 're-invent the wheel' needless to say, a futile exercise- there was consensus that world wide 'Best Practices' in the field of Information and Communications Technology (ICT), be identified and adopted by FBR.



Mr Abdullah Yousaf, Chairman FBR who, along with Mr Usman Khalid Mirza, Member, Direct Taxes, came to participate in the Workshop straight from a hectic tour of Latin America, drew attention to the remarkable progress made by Chile in the use of ICT in Tax Administration. Coupled with doing away completely, literally in a single dramatic move, all exemptions from income tax hitherto clad in the garb of so called fiscal incentives, the efficient use of technology has made it possible for an extremely lean workforce of a few thousands only to deal with a taxpayer population more than twice the size of Pakistan's, which, given the huge differences in the total population of the two countries, translates into a very impressive tax base indeed. Concomitantly, the tax to gdp ratio has also registered a significant surge. Mr Abdullah Yousaf further emphasized that the imaginative use of ICT in Chile, in which local software developers played a major part, had made it possible for Tax Administration to closely monitor transactions of all kinds that had a bearing on government tax revenues and the resultant documentation of the economy had made it extremely difficult for potential taxpayers to evade due tax or understate due tax liability in the Returns filed. Chile was thus an excellent role model for Pakistan and the best practices there could be usefully emulated by Pakistan in it's own effort to modernize tax administration.

Chile's experience in modernizing it's tax administration as narrated forcefully by

Mr Abdullah Yousaf has very important lessons for Pakistan and FBR would do well to take immediate notice of how critical ICT is to lift tax administration on to a new, significantly higher, threshold of performance.

The participants also agreed that monitoring of TARP needed to be significantly improved so that the various projects could be implemented synchronously. The use of Timelines (GANTT Charts) to ensure efficient monitoring of project implementation was strongly recommended. It was also recommended that Benchmarking be used to judge and evaluate performance in different areas.

FBR Member (Administration), Maj Gen ® Muhammad Yaseen , drew the participants attention to the pressing need to use Training Needs analysis to design effective training programs at the 2DOTS.

Mr Muhammad Talha, FBR's Member HRM, practically demonstrated how a good team leader could effectively mobilize team resources and come up with innovative solutions to complex problems. 'Team-B' led by him was cited as the best of the three teams participating in the Workshop.

Finally, towards the end of the Workshop sessions, M/s Gullan and Gilmour impressed on the participants the pressing need to evolve atypical approaches to problem resolution. ['Out of Box' thinking and 'Lateral Thinking'].

All in all, an extremely useful learning session indeed! Gordon Gullan and Alan Gilmour deserve full credit for the inspired thinking that is clearly reflected in the very well structured design of the Workshop.

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Capacity Building Program on Management / Leadership Skills

Organized By Centre for Executive Education, IBA, Karachi 22-27th October

The HRM, Wing , Central Board of Revenue, has initiated a series of training and development programmes aimed at fulfilling the training requirements of the in- service officers in the post reforms phase of CBR. In addition to the regular Capacity Building Programs organized by the Directorate Generals of Training & Research (both Direct as well as Indirect Taxes), the HRM, Wing has signed memorandums of understandings with the two premier Business Schools of Pakistan namely Lahore University of Management Sciences(LUMS) and Institute of Business Administration , (IBA) , Karachi for imparting training to its officers. The purpose of above programmes is to better equip the CBR work force in a post reform environment based upon automation and transparency. While LUMS will handle the training of senior officers in grade 20-21, IBA, Karachi shall be responsible for the training of officers in grade 17-19 of Income Tax as well as of the Customs, Sales Tax & Excise Groups of CBR.

The first phase of IBA , Karachi related Capacity Building Programme commenced at our Directorate from June this year. The first module comprised of topics such as Computer skills, Presentation& Communication skills. Through a series of seven separate training programmes , a total of 269 officers of both Income Tax as well as Customs groups were exposed to concepts such as listening skills , presentation skills etc. Our Directorate provided all the necessary infrastructural and logistic support for this phase of the Training. In addition, a part of computer related training module of this programme was conducted by the DOT faculty.

The second and the final phase of the IBA, Karachi related Capacity Building Programme has commenced from 22-27th October at our Directorate. The six days module is captioned

"Management / Team Building and Leadership Skills." The topics of study include Change Management in Government Sector, Motivating for Performance, Organizational Vision & Culture, Conflict Management etc.

Eminent speaker, federal minister and Chairman National Commission for Government Reforms (CNGR) Dr. Ishrat Hussain addressed the participants of the course on the second day. He highlighted the background, scope and objectives of NCGR . The global challenges of effective and responsive governance have imposed an imperative task upon the bureaucracy. Government must respond to the challenges ahead for the uplift of the common man. The proposed reforms are thus necessary for making the Pakistani Civil Service responsive to the needs of the times. Dr. Ishrat then highlighted the priority areas of reforms along with the proposed strategy for the way forward. His lecture was followed by a lively Q & A session.

It is hoped that the officers of CBR have derived maximum benefit from the two modules of the IBA, related Capacity Building Program and shall practically utilize the training in the coming implementation phase of the reform agenda of CBR.







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A course on Organizational Development and Change Management

Dr. Yasmin Fatima
Deputy Director

A course on **Organizational Development (OD) & Change Management (CM)** arranged by Establishment Division, Management Services Wing at Secretariat Training Institute, Islamabad from 3rd to 8th September, 2007.

Out of 133 candidates about 38 were selected by the Establishment Division. The Course was designed for the Public sector officers of BS-19 & above. But I was amongst the few young officers who were selected for the course. At the end of the course I & an officer from Air Force were declared as the **"Potential talent in future for their Organizations".**

Topic of the course was very relevant with the growing importance of Reform & Privatization in the Public Sector of Pakistan. Hence, The Director General of the institute Mr. Muhammad Shahid Siddiqui has professionally designed, managed & supervised the course in a manner to optimize its utility. Organizational Development & Change Management were inculcated in the mind of the participants through interactive sessions, revision/ recapitulation sessions of the previous day proceedings, case studies & group exercises in the form of group discussion & presentations. The course was inaugurated by Zafar Ahmad Khan, Chairman Pakistan International Airlines Corporation (PIAC) & Sheikh Naseer-ul-Haq, Additional Secretary Establishment Division.

The Training course comprise Six modules, In **first module** an overview of OD& CM, Challenges & Opportunities during transformation from Public to Private Sector & Gender Diversity in the Organization were discussed by some of the distinguished Speakers like Zafar Ahmad Khan, Chairman (PIAC), Mr. Akram Durrani, Executive Director Karachi Electric Supply Corporation & Dr. Syed Tauqir Hussain Shah, International Labor Organization, Islamabad.

Second Module of the course emphasized on Global aspects of OD & CM, future challenges & Issues in the OD & CM through group presentations. Presentations were evaluated by the panel of experts Mr. Yasin Tahir, Director General IPO & Sahibzada Naveed Jan, Director Human Resources National Database and Registration Authority (NADRA) valuable observations/suggestions were given by the experts as well as by the participants.

Third module was related to Organizational Planning, External Internal Issues, Change management strategies/Planning organizational development interventions and Tools. This was ably handled by Mr. Naeem-ul-Haq, Member National Reconstruction Bureau, (NRB), Prof Dr. Anees Ahmed, Vice chancellor RIPHAH University, Islamabad & Mr. Zafar Aziz Osmani, Senior Executive Vice President/ Group executive Human Resources & Organizational Development Habib Bank Limited.

Fourth module was about OD through Skill enhancement by Sahibzada Naveed Jan, Director HRM, NADRA and Role of HRM in OD & CM by Kusro. P. Malik, Professor CASE University.

Dr. Ishrat Hussain Chairman, National Commission for Government Reforms despite his hard pressed commitment had taken out some time to discuss OD challenges in Public Sector of Pakistan. Many bold but apt questions were asked by the participants of the course regarding reform processes in different Public sector organizations in Pakistan.

In **Fifth Module** two success stories each from the Public & Private Sector was narrated by Muhammad Talha, Member HRM, Federal Board of Revenue & Mr. Zouhair Khaliq CEO, Mobilink Pakistan Limited. It is a matter of pride for FBR to act as the Role-model for the other aspirants of Reform, Organizational Development & Change Management in Public Sector.

In the **Sixth & last Module** two case studies were discussed vigorously by Mr. Ahsan Kamal, Director HRM, State Bank of Pakistan Karachi & Dr. Mirza Abrar Baig SEVP & Head HR National Bank of Pakistan, followed by certificate distribution ceremony.

The crux of the training can described as under:

"Organizations are like natural persons they grow & mature in healthy environment (organizational culture). Fall sick or even die in unhealthy environment".

The remedy for the sick & stunted organization is to bring about transformational change (Institutional & systematic) rather than transactional (personality dependant & ephemeral). For the Organizational Development, change should also be managed appropriately & simultaneously. Mountain of Patience is required by the top brass of the organization in the transitional phase of change to combat resistance to change, mind set & status quo. Change should be brought about in a very methodical, well planned manner by employing professionals of relevant fields.

For an effective reform process i.e Organizational Development & Change Management, strong leadership is integral. Leaders ensure consistency & continuity of Policies and maintenance of the pace of change. Mr. Zafar Ahmad Khan, Chairman Pakistan International Airlines Corporation (PIAC) was of the view, **"Leadership should not be brought in but evolved from within the Organization".**



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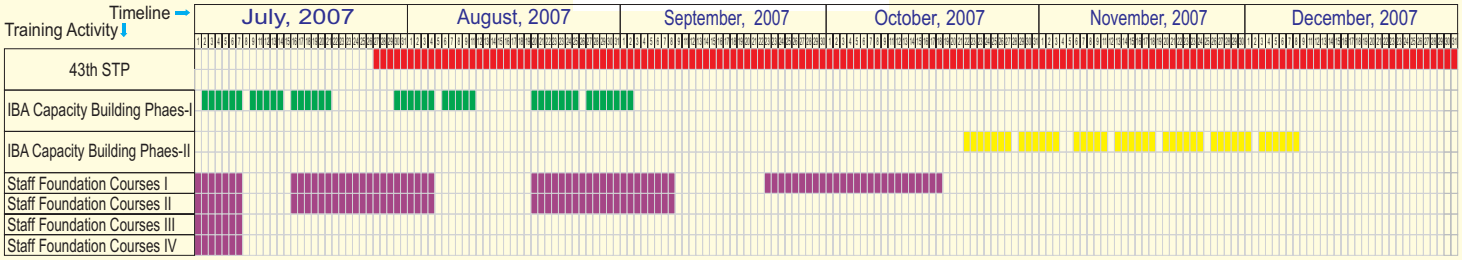
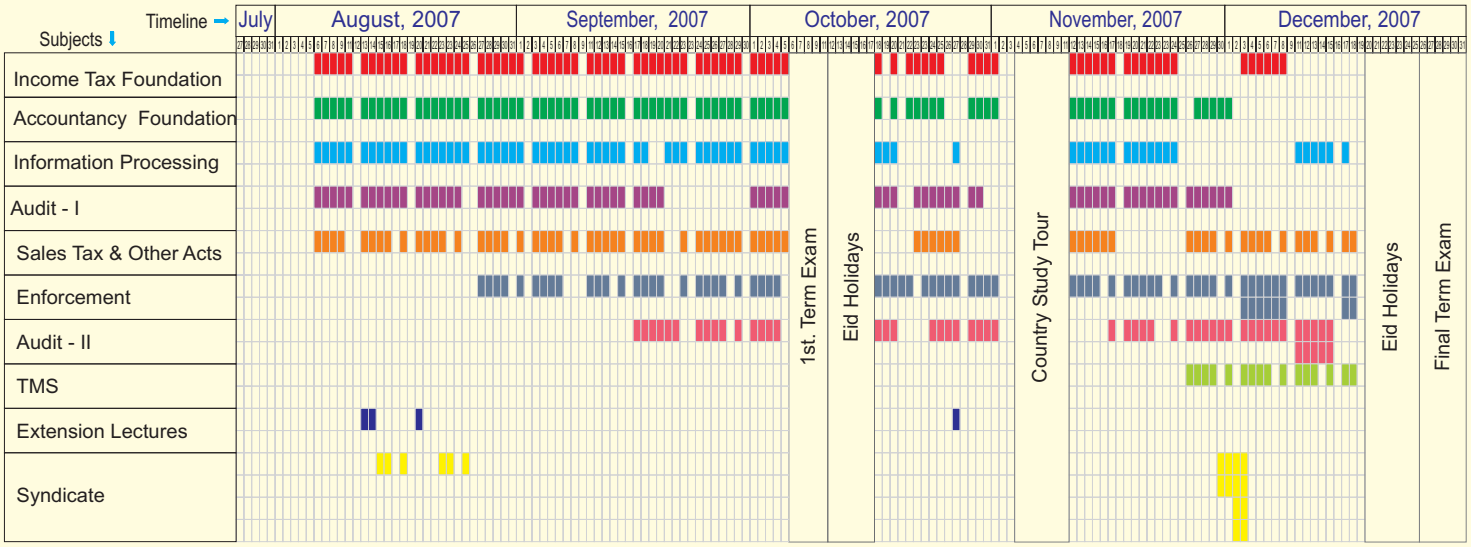
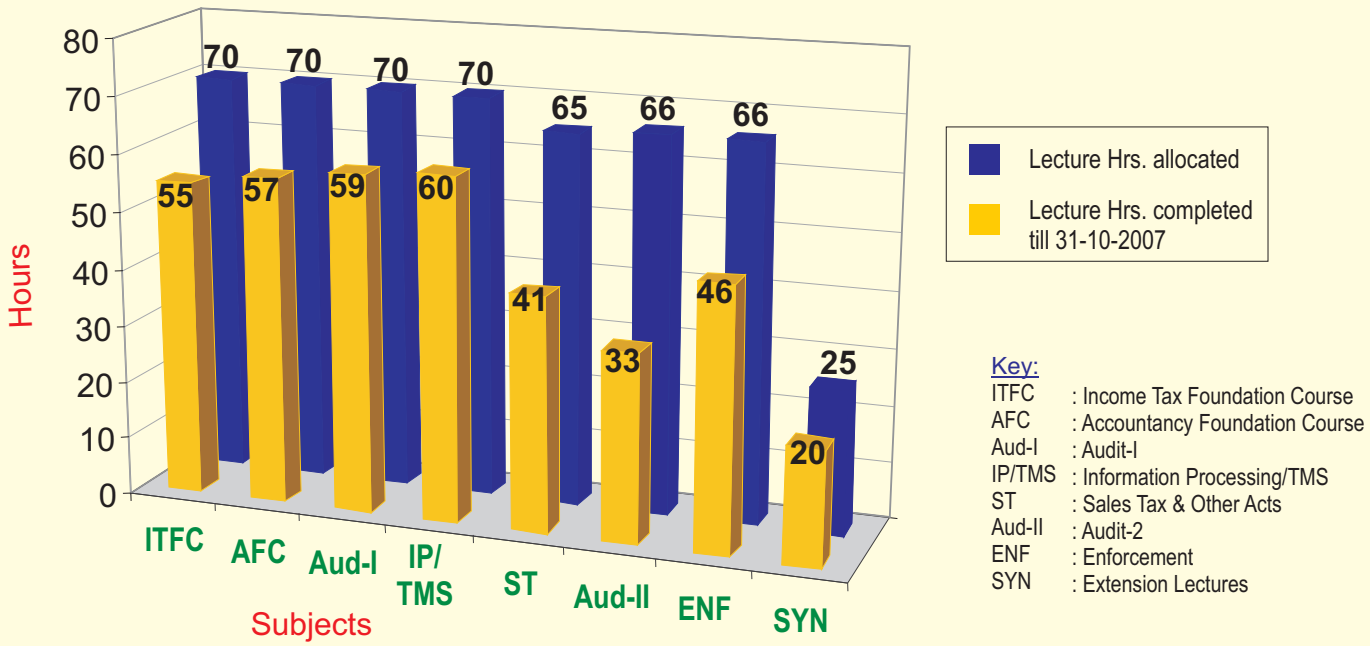
Training Activities at DOT (Hqs), Lahore. July - Dec 2007.



34th STP Training Schedule



DOT(DT)- 34th STP



Key:

ITFC	: Income Tax Foundation Course
AFC	: Accountancy Foundation Course
Aud-I	: Audit-I
IP/TMS	: Information Processing/TMS
ST	: Sales Tax & Other Acts
Aud-II	: Audit-2
ENF	: Enforcement
SYN	: Extension Lectures