



WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES

# Integrity Development Guide

2007

**Self-Assessment  
For  
Revenue Authorities**

## 1. LEADERSHIP AND COMMITMENT

The prime responsibility for corruption prevention must rest with the Chief executive of Tax and Customs administration and the executive management team. The need for high levels of integrity must be stressed and commitment to the fight against corruption maintained over the long term. Executive managers and supervisors should adopt a strong leadership role and accept an appropriate level of responsibility and accountability for maintaining high levels of integrity in all aspects of Revenue work. Executive managers should demonstrate a clear and unequivocal focus on integrity and be seen to set an example that is consistent with both the letter and spirit of the Code of Conduct.

There needs to be a firm commitment at the highest political level to maintaining a high standard of integrity throughout the civil service and particularly in Tax and Customs. This is particularly important in a society where corruption is a widespread ‘systemic’ problem, and does not just involve individual cases. This is necessary to provide the leadership and commitment to maintain an integrity program within the organization.

It is important that the government is aware of the steps that Tax and Customs is taking and receives regular updates on progress. This can be achieved through publications, briefings, verifiable performance indicators and also indirectly through the media.

Effective integrity programs also require a high level of management support and leadership. It is important that there are clearly defined supervision and decision-making structures and obligations. Staff at all levels must accept an appropriate degree of responsibility and accountability.

Senior management should lead by example. If their behaviour is not seen as consistent with the provisions or “spirit” of the Code of Conduct, then anti-corruption strategies are almost certain to be unsuccessful.

Few corrupt practices can be conducted for any length of time without the collusion, or at least knowledge, of others. To encourage the maintenance of appropriate supervision practices and peer pressure mechanisms, administrations could consider widening the concept of responsibility for corrupt behaviour to include supervisors and members of the wider work team. For example, a system of accountability could be introduced to make supervisors at least partly answerable for their subordinates’ misdeeds. Staff at all levels should be encouraged to identify and report breaches of integrity, including within their own work team.

**CHECKLIST**

1. Does the Government actively promote the maintenance of a high level of integrity within the civil service and/or Customs specifically?
2. Is there bipartisan support for the integrity program in Tax and Customs administration?
3. Are politicians aware of the organization's integrity efforts?
4. Is the public aware of the organization's integrity efforts?
5. Is the Minister responsible for Tax and Customs administration held accountable for the integrity performance of the organization?
6. Does the Tax and Customs administration receive adequate resources to allow it to fulfill its functions effectively and efficiently?
7. Are strategies in place to increase or maintain political support for integrity in Tax and Customs administration?
  - If so, are they effective?
  - Can they be improved?
8. Do the CEO and the Senior Management Team actively promote integrity with external stakeholders?
9. Do the CEO and the Senior Management Team provide visible and proactive leadership and demonstrate an active commitment to the integrity program?
10. Do the CEO and the Senior Management Team lead by example?
11. Do the CEO and the Senior Management Team deal firmly with allegations of corruption?
12. Is there a strategy in place to address the issue of integrity among the Senior Management Team?
13. Is there a system in place to assist managers to identify staff that, by virtue of temporary personal circumstances, may be vulnerable to corruption and malpractice?
14. Are managers held responsible and competent to undertake this task?
15. In selection for management positions, is appropriate consideration given to the personal integrity of the officer?
16. Does the selection process take account of their commitment to and ability to implement the administration's anti-corruption policies?
17. Do managers work with staff to identify any weaknesses and vulnerabilities in relation to processes and procedures?
18. Do internal management training programs adequately address management responsibilities for corruption prevention and detection?
19. Do supervisors take a strong leadership role for promoting integrity and leading by example?
  - Is this a requirement of their role and are they held accountable?
20. Are supervisors held accountable for corrupt practices and malpractice engaged in by staff under their supervision?
21. Are members of a work team held accountable for corrupt practices engaged in by other members of the work team?

22. Have all new and existing projects, policies and initiatives been examined to take into account integrity risks?

23. Are integrity issues dealt with fairly and promptly by managers?

### **Possible Good Practice Examples**

- Demonstrated linkage between integrity standards and promotion to managerial positions.
- Responsibilities for maintaining and promoting integrity are included in senior management job/role descriptions.
- Performance management/appraisal system includes a focus on managers' commitment to the integrity program.
- Periodic surveys to assess staff and stakeholder perceptions of level of leadership and commitment by Senior Management.
- Tax and Customs leadership/participation in wider public sector anti corruption/integrity initiatives.
- Managerial decisions are consistent with the organizational values, communicated to officials and open to review and scrutiny.
- Safeguarding integrity is included in the administration's vision, mission and value statements.

## 2. REGULATORY FRAMEWORK

Tax and Customs laws, regulations, administrative guidelines and procedures should be harmonised and simplified to the greatest extent possible so that Tax and Customs administration formalities can proceed without undue burden. This process involves the adoption of internationally agreed conventions, standards and other instruments. Practices should be reviewed and redeveloped to eliminate red tape and reduce unnecessary duplication. Tax and duty rates should be moderated where possible and exemptions to standard rules be minimized. Systems and procedures should be in accordance with the internationally agreed Conventions and standards, and generally accepted accounting principles.

Complex regulations, procedures or administrative guidelines allow corrupt practices to develop and flourish. The elimination of 'red tape' includes cumbersome processes that may involve duplication in effort or unnecessary processing procedures.

Possible strategies to minimize regulation include the adoption of internationally agreed standards including the:

- e.g. Documents generated by Commonwealth Association of Tax Administrators (CATA);
- Generally Accepted Accounting Principles (GAAP);
- HS Tariff Convention;
- WTO Valuation Agreement;
- ATA Carnet Convention/Istanbul Convention;
- WTO Intellectual Property (TRIPS) Agreement; and
- WCO Revised Kyoto Convention on the Harmonization and Simplification of Customs procedures.

Barriers to the free flow of trade and tax compliance such as non-tariff regulations including quotas; tax rates, tax bands, licenses and permits should be reduced to the minimum extent possible. The rationalization of these barriers is a matter that often extends beyond the policy responsibility of the Tax and Customs administration. In this respect, Tax and Customs administration should maintain a close relationship with other responsible agencies, for example through regular inter-departmental liaison processes.

A key initiative is the adoption of risk management principles to ensure that trade, travel and tax compliance risks are assessed to identify and investigate integrity risks within the organization.

## CHECKLIST

1. Have national standards for tax compliance been established and published?
2. Are national record keeping standards established and published?
3. For Customs, have the principles that underpin the Revised WCO Kyoto Convention been implemented? If not, is its implementation and ratification of the Convention a high priority and scheduled for introduction in the near future?
4. For Customs, have other internationally agreed standards such as the HS Tariff Convention, the WTO Valuation Agreement, the ATA Carnet Convention/Istanbul Convention and the WTO Intellectual Property (TRIPS) Agreement been implemented or are they scheduled for implementation?
5. Are systems and procedures periodically reviewed and/or re-engineered to eliminate red tape and avoid duplication?
  - If so are the staff that perform the functions or procedures involved in the review process?
6. Does the organization have a formal system to implement a 'continuous improvement' strategy?
7. When systems and procedures are being reviewed is attention paid to eliminating the corruption-inducing combination of monopoly power, official discretion and minimal accountability?
8. Are steps being taken to eliminate or reduce non-tariff barriers (such as quotas, tax rates, tax bands, licenses, permits etc)?
9. Is there regular Tax and Customs administration representation at Government Departmental consultative meetings on the review of tariff and non-tariff barriers to trade and tax compliance?
10. Are exemptions, concessions, regulations, procedures and legislation, transparent and communicated to stakeholders?
11. Are changes based on periodic review and introduced in a transparent manner?
12. Are stakeholders consulted on whether legislative provisions and procedures are workable and understandable?
13. Is the authority to approve exemptions limited and strictly controlled?
14. Are appropriate risk management policies and practices in place to identify high-risk traders and taxpayers and allow the speedy clearance and assessment of low risk ones?
15. Are risk management systems and procedures in place and reviewed periodically?
16. Is the application of any administrative penalty system simple and straightforward and is it applied in a consistent manner?
17. Is there an independent appeals system?
18. Is risk management supported by automated systems?
19. Is there close liaison and co-operation with other border agencies to ensure that policies and procedures are co-ordinated effectively and that opportunities to reduce or eliminate red tape are explored?
20. Are systems and procedures reviewed in order to achieve efficiency and effective service delivery?

### **Possible Good Practice Examples**

- Process for analyzing the efficacy and compatibility of legislation against international standards and commitments.
- Formal process for periodic review of systems and procedures.
- Implementation of appropriate international instruments, agreements and standards.
  
- Client and staff surveys (covering issues such as degree of 'red tape', understanding of legislation).
- Publicly available documents which describe expected standards of performance.
- Use of 'one stop shops' for Tax and Customs formalities;
- Participation in international benchmarking initiatives.
- Consistent application of legislative provisions.
- Formal process for periodic review and rationalization of exemptions.
- Formal process for the application of risk management.
- Application of the Time Release study methodology.
- Regular review of the Taxpayer Charter Standards
- Regular Audit of processes and systems.

### 3. TRANSPARENCY

The administrations' clients are entitled to expect a high degree of certainty and predictability in their dealings with the administrations. Tax and Customs laws, regulations, procedures and administrative guidelines should be made public, easily accessible and applied in a uniform and consistent manner. The basis upon which discretionary powers can be exercised should be clearly defined. Appeal and administrative review mechanisms should be established to provide a mechanism for clients to challenge or seek review of decisions, rulings and other administrative actions. Client service charters or performance standards which set out the level of service to be expected by clients should be established by the administrations.

Transparency is a key issue for all Tax and Customs administrations. Increasing accountability and maintaining an open and honest relationship with clients and stakeholders is crucial to maintaining public trust and confidence in the performance of their functions.

Any deviations from laws, regulations and discretionary power should be justified and documented for later review. There should be a capacity for administrative, independent (appellate bodies) and judicial reviews. In developing or implementing appeal or review mechanisms an appropriate balance should be struck between the need to make the process inexpensive, timely and accessible and the need to ensure it is not used inappropriately for frivolous appeals.

Client service charters are a way of increasing accountability and demonstrating Tax and Customs administrations' commitment to providing quality service to clients. Service standards should be high, customer-focused, realistic and fully supported by the organization's systems, policies and procedures.

A high level of transparency is not an easy task but it is vital to the development of a comprehensive integrity programme.

**CHECKLIST**

1. Are clients provided with sufficient accurate, consistent, accessible and user-friendly information to allow them to meet their obligations?
2. Are mechanisms in place to report new initiatives, decisions, or changes in legislative requirements and procedures that may impact upon clients (Client Notices etc.)?
3. Are clients informed of their rights when dealing with Tax and Customs administrations?
4. Is this information easily accessible?
5. Are there Customer Help Desks/Call Centres, Hotlines and Complaint Desks, Industry Consultative Committees, displays and signage for information dissemination?
6. Is there use of electronic media for dissemination of Tax and Customs information to clients?
7. Are clients consulted to determine their information requirements and preferred media?
8. Are there mechanisms in place to interact with the media?
9. Are instances of non-compliance with Tax and Customs procedures analyzed to determine if the cause is a lack of adequate communication from the administrations?
10. Is there a system for monitoring consistency between different offices, provinces or regions concerning decisions, procedures and information provided?
11. Prior to declaration have simple processes or systems for Tax procedures been established in order to provide clients with a degree of certainty and predictability?
12. For Customs, have simple processes or systems for seeking tariff classification and valuation rulings prior to importation been established in order to provide clients with a degree of certainty and predictability?
13. Are these easily accessible (is there a library or database of previous decisions?)
14. Is the basis or criteria upon which Tax and Customs officials exercise discretionary power clearly defined and publicly available and, where appropriate, have the reasons for decisions been conveyed to those affected?
15. When a Tax or Customs official has exercised discretionary power, are the grounds upon which the decision was made, required to be documented clearly and retained for later review?
16. Have appropriate review and appeal mechanisms been implemented to allow clients the opportunity to seek review or challenge Tax and Customs decisions?
17. Is there independent adjudication, if required?
18. If so, are the procedures published and promoted?
19. Is there an independent external appeal mechanism in addition to internal mechanisms?
20. Have service charters been developed which clearly state the level of service clients should expect? If so, are service standards realistic and able to be supported by the organization's systems and resources?
21. Are service charters available to the public? Are they displayed in public areas such as Tax stations and offices, airports, cargo inspection areas and Customs Houses? Are they accessible through print and electronic media and web?
22. Are staff aware of the standards contained in service charters and are those holding service positions provided with training in client service?

23. Have mechanisms been developed and implemented which monitor and evaluate the organization's performance against established standards?
24. Are the results of Tax and Customs administrations' performance made publicly available (i.e. Internet, annual report)?
25. Are all fees and charges levied published in order to allow taxpayers and traders to calculate more accurately the costs involved in complying with Tax and Customs requirements?
26. Are there appropriate controls over procurement process and procedures for the administrations?

### **Possible Good Practice Examples**

- Client and staff surveys.
- Service charters.
- Innovative approaches to information dissemination, such as use of media and Internet.
- Training in client service for relevant staff.
- Formal and informal consultative mechanisms.
- Publication of the grounds upon which Tax or Customs decisions are made.
- Existence of effective and accessible internal/external appeal and review mechanisms.
- Formal procedures for seeking advanced rulings on tax, tariff and valuation, etc.
- Compliments/complaints tracking and analysis system, which ensures that any complaints are examined and dealt with promptly.
- An audit trail is kept to facilitate monitoring of the official's exercise of discretion.

#### 4. AUTOMATION

Automation or computerization of Tax and Customs functions can improve efficiency and effectiveness and remove many opportunities for corruption. Automation can also increase the level of accountability and provide an audit trail for later monitoring and review of administrative decisions and the official's exercise of discretion. Where possible, automated systems should be configured in such a way as to minimize the opportunity for the official's inappropriate exercise of discretion, face to face contact between Tax and Customs personnel and clients and the physical handling and transfer of funds. Where applicable, the configuration should also allow for generation of security alert messages for exceptional operations in the system.

Tax and Customs administrations must respond to changing trade and business practices that are increasingly involving the use of electronic commerce. The automated service delivery of Tax and Customs functions improves efficiencies within the organization and the trading and business community and provides a mechanism to reduce the opportunity for corrupt behaviour.

Tax and Customs administrations must adopt a comprehensive approach that is fully supported by sufficient resources and training.

Information and Communication Technology systems should complement processes that cannot be automated such as the physical examination of cargo, financial statements and records. In this respect, the design of computerized systems should ensure that the most vulnerable points in the manual system are not replicated and that the new system does not simply shift the point of corruption to a part of the process that is not being automated (for example for Customs, by insisting on the maintenance of paper-based systems which duplicate or parallel the automated one or by shifting the point of collection of illicit fees from the duty assessment phase to the cargo examination phase).

Automated systems can be vulnerable to attack and manipulation from inside and outside the organization. Where external consultants or contractors are involved it is important to ensure appropriate security checks are undertaken and appropriate supervision and accountability systems are established. Where sensitive information is stored on automated systems a suitable audit trail needs to be established to protect the information and identify any officials who may access information for private or inappropriate purposes.

**CHECKLIST**

1. Have your automated systems been designed with elimination of corruption in mind? For example, have all opportunities to reduce the risk of corruption been considered?
2. Is there adequate separation of tasks between those officials associated with identifying risk and those officials involved in subsequent Tax and Customs procedures such as cargo inspection and revenue collection?
3. Has a comprehensive risk assessment or review been conducted to assess the corruption risk posed by your automated systems?
4. Has the opportunity for unnecessary day-to-day or face-to-face contact between officials and clients been reduced?
5. Has the system been designed to minimize the input of data by Tax or Customs officials and to limit the routine requirement for physical presentation of documents to Tax or Customs administration?
6. Are appropriate security and firewall provisions in place to protect the systems from external misuse?
7. Are there mechanisms and processes in place to ensure that the system is not vulnerable to staff with relevant system knowledge?
8. Is the number of officials with access to the system's programming limited and controlled?
9. Is access to secure information strictly controlled, monitored, and regularly audited to ensure that information is not being viewed, manipulated or downloaded for inappropriate or private purposes?
10. Are staff aware of the need to maintain privacy when dealing with confidential information?
11. When automated systems have been introduced, has appropriate attention been paid to increasing official supervision and accountability at those points in the process that cannot be automated (for example, cargo examination)?
12. Have automated payment systems been established which eliminate or limit the physical handling and transfer of funds between Tax/Customs officials and clients?
13. If external consultants and contractors are involved in the provision or support of computer systems, have they been subject to security checks, and have supervision and accountability systems been established to monitor the system's performance?
14. Does the administration have an on-line action plan supported by an IT security strategy addressing the risks associated with on-line electronic trading?
15. For Customs are standardized data requirements as defined in the WCO Customs data model applied?
16. Are there appropriate operating procedures to support the use of electronic trading?
17. Is the use of on-line trading supported by self-assessment and audit-based controls?
18. Is there a programme of developing partnerships with stakeholders with the aim of increasing voluntary compliance with electronic commerce requirements?
19. Is there a mechanism to promote and adopt the use of advanced technology for increasing effectiveness and efficiency of the administrations?
20. Is there a policy statement on information security?
21. Does it adequately cover:

## – Self-Assessment for Revenue Authorities

- critical information security assets?
- the importance placed on the information security by Management & the Board?
- identified and specific information security risk for users , managers, CEO and the Board?
- control mechanisms established to address the risks?
- monitoring & feedback procedures?

**Possible Good Practice Examples**

- Automated payment or funds transfer system.
- Automated systems that minimize opportunities for inappropriate officer discretion.
- Minimal day-to-day or face-to-face contact between administrations' officials and clients.
- Good housekeeping – including, appropriate security protocols and periodic reviews of system vulnerability.
- Sound in-built audit capability, including aspects such as user access monitoring.
- Automated system in line with accepted standards.
- Internal and external audit includes automated systems.

## 5. REFORM AND MODERNIZATION

Corruption typically occurs in situations where outdated and inefficient practices are employed and where clients have an incentive to attempt to avoid slow or burdensome procedures by offering bribes and paying facilitation fees. Tax and Customs administrations should reform and modernize their systems and procedures to eliminate any perceived advantages that might be obtained through circumventing official requirements. Such reform and modernization initiatives should be comprehensive in nature and focus on all aspects of Tax and Customs operations, performance and Human Resource Management.

Reform and modernization of Tax and Customs administration should be based on a comprehensive diagnosis of needs and be tailored to the individual circumstances and aspirations of the administration concerned.

A sound reform and modernization program should:

- focus on simplifying and harmonizing systems and procedures;
- be comprehensive in nature and address all Customs roles and responsibilities;
- involve all key stakeholders;
- focus on developing local ownership;
- be sustainable in the longer term;
- be sufficiently resourced to ensure effective implementation;
- include a HR Strategy; and
- include an Integrity development programme.

The key theme is that Tax and Customs administrations should be regarded by governments as an important national asset and a tool for economic development, revenue collection, community protection and national security.

Reform and modernization initiatives are vital to the development of integrity as they improve the overall efficiency, effectiveness and responsiveness of Customs administrations. As a result, the incentive to circumvent correct procedures is minimized. Implementation of the revised Kyoto Convention is a key instrument for achieving improvements and ensuring that the reform program delivers the desired results.

## **CHECKLIST**

1. Is the administration's reform and modernization process based on a comprehensive diagnosis of the administration's capacity needs?
2. Is the reform and modernization program comprehensive in nature and does it address all the key functional areas of Tax and Customs?
3. Have sufficient human and financial resources been allocated to the reform and modernization program?
4. Do staff within the administration have access to expert advice and assistance necessary to ensure effective implementation of reform and modernization initiatives?
5. Has attention been paid to ensuring the active involvement of key stakeholders, including the private sector and other government agencies?
6. Has relevant industry and public been consulted well in advance of reform?
7. Do staff have a strong sense of ownership and are they committed to the reform and modernization program?
8. Has the reform and modernization program focused specifically on improving integrity?
9. Are your administrative controls designed to deter corruption and foster integrity?
10. Has job design and redesign focused on eliminating the corruption-inducing factors of monopoly power, officer discretion and low levels of control or accountability?
11. Have other government agencies been consulted and areas of common activity simplified?
12. Has the reform and modernization process included an external review of the changes?
13. Has reform and modernization included an internal and external audit to ensure that the reform is cost-effective and efficient?
14. Are performance indicators being set for all Tax and Customs processes?
15. Have you developed a process review mechanism that will ensure cyclical improvement?
16. Do Tax and Customs staff participate in the reform and modernization of their processes?
17. Have Tax and Customs processes been benchmarked with other administrations?
18. Does the reform and modernization program focus on the adoption of agreed national and international standards and instruments?
19. Have you increased possibilities for electronic data submission?
20. Have you identified compliant traders and taxpayers so you can fast track their documents and declarations to enable targeting of risk traders and taxpayers?
21. Have you considered the post-release collection of duties or collection of taxes additional assessment?

## **Possible Good Practice Examples**

- Reform and modernization is well supported by key stakeholders and the administration's senior management.
- Management and implementation of the program is co-ordinated effectively.
- The reform and modernization development and implementation process is sufficiently resourced, with roles and responsibilities clearly defined.

- Appropriate result-focussed performance standards and indicators have been established and regularly monitored.

## 6. AUDIT AND INVESTIGATION

The prevention and control of corruption in Tax and Customs administrations can be assisted by the implementation of a range of appropriate monitoring and control mechanisms such as internal check programs, internal and external auditing and investigation and prosecution regimes. Such regimes should strike a reasonable balance between positive strategies to encourage high levels of integrity and repressive strategies designed to identify incidences of corruption and to discipline or prosecute those personnel involved. Tax and Customs personnel, clients and the general public should be encouraged to report corrupt, unethical or illegal activity and when such information is provided it should be investigated in a prompt and thorough manner and sources should be protected. Where large scale or complex investigations are warranted or in administrations where corruption is widespread there should also be recourse to independent anti-corruption agencies.

Mechanisms to detect and prevent corruption are a primary element of any corruption prevention strategy. Internal and external audits can review processes and procedures with the aim of focussing on areas that have a high risk associated with their function. Audits also provide an independent opinion regarding the efficiency and effectiveness of Tax and Customs procedures and controls. The audit process should include check programs, random sampling and on-the-spot checks.

To prevent collusion between Tax/Customs officials and clients and to avoid clients anticipating Tax and Customs administrations' actions, a task force comprising staff from different work areas may be set up to conduct unannounced special inspections or checks at various high risk posts, sections, functions and operations at irregular intervals. In order for this to be successful, staff must be made aware of the positive nature of the program and understand the role performed by members of the special task force. On-the-spot inspections should be conducted frequently enough to provide a real deterrent to corrupt behaviour.

The organization must have the necessary resources to follow up any information provided. This may require an internal audit and/or or investigation capability with sufficient independence and autonomy to allow it to undertake its investigations. People selected for such work must be given appropriate training and management support and be free of any integrity-related suspicions.

There should be mechanisms in place to encourage staff and stakeholders to report corrupt practices, including confidentiality provisions. For example, there should be a channel for staff to report corrupt practices directly to the most senior level that bypasses their immediate supervisors. Alternatively, staff may report directly to an independent anti-corruption authority.

## CHECKLIST

1. Have effective and efficient internal audit and internal investigation units and programs been established and appropriately resourced?
2. Are the role and functions of such units promoted and supported within the organization, including procedures for reporting instances of alleged corruption?
3. Are the people selected to perform such functions at arms length from the officials they are investigating?
4. Are they sufficiently trained and have appropriate powers of investigation?
5. Is the audit program sufficient to ensure regular review of high-risk work areas and functions?
6. Is data obtained from audits and investigations analyzed to identify trends, vulnerabilities, and opportunities for improvement?
7. Is the general control environment conducive to maintaining high levels of integrity (internal controls, audit trails, reporting relationships, level of staff competence, delegations etc.)?
8. To what extent do major activities carry an inherent risk of corruption (dealing in cash, approving applications, licenses, permits etc.)?
9. What systems have been put in place to identify and manage these risks?
10. Are the systems effective?
11. Does the audit function ensure that effective and comprehensive internal controls are in place to prevent corruption?
12. Are inspections and examinations subject to regular internal audit, peer review, and/or independent review?
13. Are the results of audits reported and regularly followed up for review?
14. Have special task forces been established to conduct unannounced inspections at high-risk posts, sections, functions and operations?
15. Are staff aware of the positive role of the special task forces?
16. Are records kept of all high-risk decisions made by officials for later review and audit?
17. Where large-scale corruption is suspected or alleged, is there access to an independent anti-corruption investigation authority?
18. Are clients, the general public and third parties such as banking institutions actively encouraged to report instances of corruption or attempted corruption?
19. Are staff aware of the channels they should follow to report instances of corruption?
20. Can staff report instances of corrupt activities in a way that bypasses their immediate supervisor or work area, for example directly to an internal audit or investigation unit?
21. Are guarantees/commitments granted to clients, third parties and staff that any information provided will be treated confidentially?
22. Are these guarantees/commitments kept?
23. Are allegations of corruption followed up?
24. Does the audit and investigation function include education and other preventative strategies?

25. Are actions taken as a result of audit and investigation?
26. Are these actions communicated to staff?
27. Are sufficient resources available to ensure allegations are fully investigated?

### **Possible Good Practice Examples**

- Formalized organization strategy to address risk management is in place.
- Strategic audit plans are established at target areas of highest risk.
- Capacity to investigate allegations made against Tax and Customs officials.
- Staff allocated to audit and investigation functions are suitably qualified.
- Appropriate degree of independence for audit and investigation staff.
- The administration is subject to external audit and on a regular basis.
- Access to external investigation when appropriate.
- Audit and investigation staff have a role in education and other preventative strategies.

## 7. CODE OF CONDUCT

A key element of any effective integrity program is the development, issue and acceptance of a comprehensive code of conduct, which sets out in very practical and unambiguous terms the behaviour, expected of all Tax and Customs personnel. Penalties for non-compliance should be articulated in the code, calibrated to correspond to the seriousness of the violation and supported by appropriate administrative and legislative provisions. Cases of corruption which have been detected and dealt with should be well publicised to ensure staff are aware of the commitment of the organisation to deal with integrity issues.

A Code of Conduct describes the standards of behaviour and conduct required of employees to ensure that the integrity and good reputation of The Revenue Administration is maintained. The WCO has prepared a Model Code of Ethics and Conduct that describes the key elements required.

An effective code of conduct must:

- Describe in very practical and clear terms the standards of behaviour expected of all Tax and Customs officials; and
- Provide a guide to solving ethical issues for those working in Customs and those who have dealings with administration officials.
- Include an independent appeals system

The Code should be regularly reinforced to staff. Management must lead by example and take appropriate action when staff fall short of the required standards.

The penalty system associated with breaches of the Code must be sufficient to provide a real disincentive to engaging in corrupt behaviour. Penalties should be calibrated to correspond to the seriousness of the violation and can include restitutions, fines, demotion, suspension and dismissal for serious offences, and less obvious penalties such as peer pressure, restrictions, transfers, reduction in autonomy or discretionary power, loss in professional status and negative publicity.

Appropriate conditions of employment, remuneration, and administrative and legislative provisions must support the practical implementation of the Code and be sufficient to provide a positive incentive.

If a general civil service code exists, care should be taken to ensure the Tax and Customs code is complementary but does not replace the general code.

## CHECKLIST

1. Does your organization have a formal Code of Conduct?
2. Was your organization's Code developed in consultation with clients, other government agencies and staff at all levels?
3. Does the Code provide a range of practical examples and guidance for dealing with ethical issues that is relevant to the different types of work carried out by staff in Tax and Customs?
4. Are staff required to sign a provision indicating that they have read and understood the Code, and accept its provisions, obligations and responsibilities?
5. Are new and existing staff given training in the application of the Code?
6. Is the Code readily accessible to all staff and periodically promoted within the organization?
7. Does senior management promote the Code with their staff and lead by example?
8. Do supervisors and managers take appropriate action when staff fall short of required standards?
9. Is the Code promoted to clients, especially in relation to acceptance of gifts and tokens, and appropriate relations with stakeholders?
10. Are there appropriate sanctions for non-compliance with the Code?
11. Does the Code describe management and staff responsibilities in respect to the collection, storage, maintenance and dissemination of information obtained in the course of duty?
12. Does the Code include provisions related to the acceptance of gifts, rewards, hospitality and discounts?
13. Are staff required to declare their investments, assets, indebtedness and possible conflicts of interest?
14. Are staff required to declare any financial problems or hardships they might be facing?
15. Are appropriate mechanisms in place to provide financial support to officials facing temporary hardship in order to ensure that they are not tempted to engage in corrupt practices to overcome financial problems?
16. Do effective disciplinary measures exist in Revenue administration or public sector legislation?
17. Are there appropriate mechanisms for staff to report suspected breaches of the Code?
18. Are there documented procedures in place to investigate alleged or suspected breaches of the Code?
19. Are breaches of the Code fully investigated and the results made available?
20. Has the introduction of a limited amnesty been considered as an element of the integrity strategy?
21. Do members of the senior management team lead by example and model behaviour that is consistent with the spirit of the Code of Conduct?
22. Does the Code describe the values of the administration in a practical way?
23. Is there an independent appeals system for staff accused of breaches of the Code of Conduct and is it publicized?
24. Is the Code of Conduct subject to regular review?

25. Does the Code of Conduct provide for a reward system?

26. Does the Code of Conduct apply to all staff including Chief Executive Officer?

### **Possible Good Practice Examples**

- Effective communication strategy and internal/external promotion of the Code.
- Staff consultation and participation in the development of the Code.
- Code is periodically reviewed and updated.
- Staff are required to read, understand and endorse the Code.
- Induction training includes coverage of the values of the organization and the content of the Code.
- Prompt action taken to redress any breaches of the Code.

## 8. HUMAN RESOURCE MANAGEMENT

The implementation of sound human resource management policies and procedures plays a major role in the fight against corruption. Human resource management practises which have proved useful in controlling or eliminating corruption in Revenue administrations, include:

- Providing sufficient salary, other remuneration and conditions to ensure officials are able to maintain a decent standard of living
- Recruiting and retaining personnel who have and are likely to maintain high standards of integrity
- Ensuring staff selection and promotion procedures provide equality of opportunity, are free of bias or favouritism and based on the principle of merit
- Ensuring that decisions on the deployment, rotation and relocation of staff take account of the need to remove opportunities for officials to hold vulnerable positions for long periods of time
- Providing adequate training and professional development to Tax and Customs personnel upon recruitment and throughout their careers to continually promote and reinforce the importance of maintaining high ethical and professional standards
- Implementing appropriate performance appraisal and management systems, which reinforce sound practices and which foster high levels of personal and professional integrity

A key element in any effective integrity strategy or programme is managing the personal integrity of staff. People management is just as important as the reform of systems and procedures. Human resource policies should not only be aimed at recruiting the right people, but also improve staff skills, and provide a quality work environment which recognizes and supports the work efforts of staff. Just as a high standard of work performance and integrity is expected from staff, staff expects a high level of integrity in the administration and implementation of associated HR policies and procedures which underpin the work environment.

### 8.1. REMUNERATION AND CONDITIONS

Appropriate conditions of employment and in particular remuneration that can sustain a reasonable standard of living is extremely important. Indeed, severe penalties applied to breaches of a Code of Conduct are more likely to be accepted in circumstances where the difficult working environment and required levels of integrity are recognized in the base level of remuneration.

The issue of appropriate pay or remuneration is, however, an extremely difficult one for Tax and Customs administrations. Official remuneration can never be at a level that will prevent all corrupt behaviour. However, pay levels need to be sufficient to ensure officials are not tempted to accept low paying government positions on the assumption that they can supplement their income with illegal commissions.

Remuneration may in certain circumstances include social benefits such as health care, housing, and/or incentive payments. The latter can be used to reward specific individuals and behaviours that reduce or control corruption. For example, performance evaluation/appraisal schemes can be employed which provide incentives for model behaviour. Staff can be rewarded for identifying methods by which corruption can occur and for suggesting improved control mechanisms. Non-monetary rewards such as transfer, training, travel, praise, and publicity can also be used to encourage positive behaviour.

Staff who receive sufficient remuneration to afford them a reasonable standard of living still need to be monitored to ensure they do not get into serious indebtedness. Staff facing serious debt problems may be more vulnerable to corruption. When staff are identified as facing severe financial difficulties they should receive counselling and close supervision, and where appropriate, transferred away from high-risk areas.

## **CHECKLIST**

1. Do staff receive sufficient remuneration to maintain a reasonable standard of living?
2. Are remuneration levels for Tax and Customs officials comparable to similar public/private sector positions?
3. Is the government aware of the important role that conditions of service, and in particular, adequate remuneration, plays in maintaining high standards of integrity?
4. Do remuneration levels for Tax and Customs officials take into account the opportunity presented by Tax and Customs work to supplement income through illegal commissions?
5. Are mechanisms available to identify signs of serious indebtedness of staff?
6. Is there a reward system and is it fairly administered? If so,
7. Does the reward system share the benefits widely amongst all staff that demonstrate appropriate ethical standards?
8. Does it encourage the development and maintenance of high standards of work performance, or does it only recognize a small number of those officials who work in a particular area where seizures and prosecutions are commonplace?

## **8.2. RECRUITMENT, SELECTION AND PROMOTION**

Recruitment and staff selection procedures should focus on selecting staff on the basis of integrity as well as academic, professional and/or technical competence. Recruitment and selection must take into account the characteristics of honesty, dependability, and high standards of personal behaviour.

Staff selection and promotion should be based on merit. The process should be objective and immune from interference. Each recruitment or promotion committee should be composed of independent members selected from different work areas of the organization. This arrangement can minimize the chance of nepotism and corruption.

Examining previous employment records and/or relying on guarantees of honesty should be taken into account when screening potential staff. It may be necessary to use outside expertise to examine and suggest improvements to internal selection processes and procedures. This policy is particularly important for positions where the exercise of discretion is unavoidable and supervision is difficult.

## CHECKLIST

1. Are selection criteria published and strictly adhered to for all Tax and Customs vacancies?
2. Do the selection criteria focus on high ethical standards as well as job specific knowledge and technical competence?
3. Is the appointment and selection process based on merit or does it help to know someone in the administration?
4. Are all staff fully aware of the selection process and are results communicated promptly?
5. Are selection committees selected to ensure they are impartial?
6. Are members of selection committees chosen on the basis that they come from different work areas?
7. What external checks are performed on new recruits (for example background and police checks, previous employment records, references)?
8. Are references and qualifications always checked?
9. To what extent are conflicts of interest tolerated?
10. Are officials allowed to engage in secondary employment, and if so, do they have to obtain approval to do so?
11. Are officials nominating for promotion assessed on merit and their willingness to accept an appropriate level of responsibility for corruption prevention and promotion of integrity?
12. Is acceptance of the Code of Conduct a prerequisite for employment?
13. Are staff required to declare secondary employment?

### 8.3. DEPLOYMENT, ROTATION AND RELOCATION

Removing opportunities for staff to hold vulnerable positions for long periods of time is an important integrity measure. To ensure staff do not develop close and inappropriate relationships with clients, staff rotation or mobility schemes can be introduced which force staff to move position at regular intervals.

Decisions on posting of officials should be based on established objective criteria and the basis for posting decisions recorded. Staff that have remained in posts for a long period of time or have held positions that are more vulnerable to corruption should be rotated.

Job segregation can be limited so that a number of officials are able to discharge the same discretionary functions to ensure clients do not have to deal with one official, who by virtue of their discretionary power, can charge an illicit fee for the discharge of their official functions.

Attention should be paid to the design of jobs to ensure that individual officials are unable to exercise discretionary power without reference to other officials. For example, in keeping with accepted accounting practice, officials should not be able to both initiate and certify payments.

In cases where audits, examinations or inspections need to be undertaken, allocation to individual officials may be made on a random rather than on a commodity, industry or geographical basis. The conduct of audits, examinations or inspections can also be subject to regular peer and independent review.

## CHECKLIST

1. Are staff prevented from holding vulnerable positions for long periods of time?
2. Are staff expected to transfer or rotate at regular intervals?
3. Are rotation guidelines clear and is rotation/mobility a clearly understood condition of service?
4. Has consideration been given to a separate rotation scheme for technical positions?
5. Is the rotation policy enforced and subject to independent review?
6. Are there established mechanisms in place to oversee the rotation of staff at regular intervals? Is this process free of bias or favouritism?
7. Does the working environment foster the development of an inappropriate relationship between staff and clients?
  - If so, what mechanisms are in place to ensure suitable control, accountability and supervision of staff working in such environments?
8. At point of interaction with the public such as audit visits, service points, passenger and cargo control points, are there mechanisms in place to prevent prior knowledge that particular officials will perform particular functions at certain times?
9. Are functions segregated in areas that are vulnerable to corruption? For example is it possible for an individual official to initiate, check and authorize payments?
10. Are audit visits, cases, examinations and inspections allocated on a random basis, rather than on a commodity, industry or geographical basis?
11. If so, are they subject to regular independent review?

### 8.4. TRAINING AND PROFESSIONAL DEVELOPMENT

Education and training, both informal and formal, play a major role in the fight against corruption in two ways. Firstly, they provide staff with appropriate professional development, thus increasing their technical competence and reducing their reliance on informal on-the-job training.

Secondly, they provide regular opportunities for the organization to reinforce the integrity/anti-corruption message. This is particularly appropriate when an organization has in place a formal Code of Conduct. Training should focus on the standards of behaviour expected of all staff and the mechanisms available to report breaches of the Code. A sense of group or shared responsibility should be fostered wherever possible.

While on-the-job training is very important, care needs to be taken to ensure it is both positive and structured and does not inadvertently reinforce certain inappropriate practices that have developed over time.

To maintain the credibility of the informal and formal training that is provided, it is essential that the content of the training accurately reflect what is happening on the job.

## CHECKLIST

1. Does the administration conduct regular Training Needs Assessments?

## – Self-Assessment for Revenue Authorities

2. Does the administration provide formal vocational training and structured on-the-job training for staff covering both general and specialist skills?
3. Does all formal training cover and reinforce the integrity/anti-corruption message and focus on the standards of behaviour expected of all officials? Are new recruits specifically given introductory training regarding integrity principles/Code of Conduct in the organization?
4. Are new recruits specifically given introductory training regarding integrity principles/Code of Conduct in the organization?
5. Is the on-the-job training structured and positive and does it reinforce the integrity policies of the administration?
6. Is there a program of succession planning to ensure that the administration does not become over-reliant on a few key individuals?
7. Is the effectiveness of training periodically evaluated?
8. Are responsibilities and accountabilities for corruption prevention and detection clearly identified and understood by all staff?
9. Do these responsibilities include identifying and correcting any behaviour that falls below expected standards?
10. Does the performance management/appraisal system identify development needs and reinforce integrity principles?
11. Are local operating practices consistent with the content of formal training programs?

#### 8.5. PERFORMANCE MANAGEMENT/APPRAISAL

A performance appraisal and management system concerns the day-to-day management of people and their performance. Performance appraisal is a process where managers can assess the performance of staff, identify developmental opportunities, recognise and reward staff for good work, and contribute to the achievement of an organization's goals.

Performance appraisal can also provide incentives for model behaviour by reinforcing the desired workforce characteristics and conduct. Regular appraisal encourages staff to take responsibility for maintaining high levels of personal and professional integrity.

For example, an item that requires staff to demonstrate high standards of integrity can form part of the performance process. This may encourage staff to engage in opportunities to reduce or control corruption, and reward those who have been able to identify methods by which corruption can occur and for suggesting improved control mechanisms.

The performance appraisal process should be linked to a comparable reward system. This may include salary advancement, as well as non-monetary rewards such as transfer, training, travel, praise, and publicity to further encourage positive behaviour. Such rewards may recognize immediate good performance, however the appraisal system should be designed with the aim of optimizing staff performance in the long term.

Performance appraisal should be undertaken on a regular basis. Management should be accountable for the performance of their staff and actively manage performance issues.

#### CHECKLIST

1. Does the administration have specific written job descriptions?
2. Does the administration set individual performance targets?
3. Does the administration have a performance appraisal system in place?
4. If so, is the system fairly administered and regularly monitored and reviewed?
5. Are performance appraisals undertaken on a regular basis?
6. Is there a reward system linked to the performance appraisal system? If so:
7. Does the reward system share the benefits widely amongst all staff that demonstrate appropriate ethical standards?
8. Does it encourage the development and maintenance of high standards of work performance, or does it only recognize a small number of those officials who work in a particular areas?
9. Does the performance appraisal system link performance to the administration's Code of Conduct?
10. Is demonstrating a high level of personal and professional integrity specifically included in the performance appraisal process?
11. Do staff have the opportunity to challenge their performance assessment if they disagree with any aspect of their appraisal?
12. Are managers required to take an active role in managing the performance of staff?

## 8.6. DISCIPLINE AND GRIEVANCE HANDLING

A comprehensive, fair and open disciplinary system is an essential element of any Human Resource Management strategy to deal with integrity issues.

The system should provide the basis on which all internal enquiries into breaches of the code of conduct should be conducted. It should, therefore, include the procedures to be followed, the roles of the various department involved, and the rights of the individuals under investigation.

Where a Governmental system exists this should be fully reflected in the internal system. In drawing up the procedures it should be ensured that the appropriate elements of the national legislation on investigation and prosecution are included.

A core element of any effective system is the inclusion of a procedure which enables an individual to appeal the initial decision of any disciplinary inquiry. The inclusion of such a system not only provides safeguards for both the individual and the administration but also indicates the confidence of the organisation that the procedures are legally correct, fair and equitable. Normally an appeal should be initially heard within the organisation by a group of individuals with no interest in the case, but the system must allow for independent external review.

The system and the outcomes of completed cases should be widely publicised to ensure that staff are aware of the procedures and to reinforce the importance of the code of conduct.

In addition to a disciplinary system the administration should consider the introduction of a grievance system to allow staff to bring to the attention of management any issues of unfairness within the administration, such as favouritism, abuse of position, or inequality of treatment.

Grievance systems should be simple and ensure that follow up enquiries are speedily completed and published. Like the discipline system the procedures need to be publicised and there needs to be an independent review process. It is, however, necessary to ensure that there are penalties for those who make unsubstantiated or malicious claims if the system is not to fall into disrepute through abuse.

## **CHECKLIST**

1. Is there a governmental system for handling discipline matters?
2. Does your administration conform to the governmental system?
3. Does your administration have a formal disciplinary system?
4. Is it widely publicized?
5. Does the system allow for staff to be represented at disciplinary hearings?
6. Are staff suspended when under investigation for serious disciplinary matters?
7. Have staff under investigation access to legal support?
8. Is there an internal appeals system for staff dissatisfied with the outcomes of disciplinary hearings?
9. Is there an independent external appeals system for staff dissatisfied with the outcomes of disciplinary hearings?
10. Does your administration have a system for dealing with staff grievances?
11. Is the system widely publicized?
12. Is the system used?
13. Are the results of complaints widely circulated?
14. Is the grievance system independently monitored or verified?

## **Possible Good Practice Examples**

- An overall human resource management strategy in place.
- Process for recruitment, promotion and deployment is apolitical, objective, merit-based and consistently applied across the administration.
- An independent, fair, transparent and accessible selection appeals process.
- Potential staff are vetted during the recruitment process.
- Ongoing periodic security vetting for existing staff.

– Self-Assessment for Revenue Authorities

- Recruitment processes are subject to internal audit.
- Requirement to report potential conflicts of interest and relevant changes in personal circumstances (for example, secondary employment, new sources of income).
- Acceptance of Code of Conduct is a prerequisite for employment.
- A formal, centralized training system is in place.

## 9. MORALE AND ORGANIZATIONAL CULTURE

Corruption is most likely to occur in Tax and Customs administrations where morale or 'esprit de corps' is low and the personnel do not have pride in the reputation of their respective administrations. The personnel are more likely to act with integrity when morale is high, where human resource management practices are fair and where there are reasonable opportunities for career development and progression. The personnel should be actively involved in the anti-corruption program and be encouraged to accept an appropriate level of responsibility for the integrity of their administrations.

Before organizational change can occur it is firstly necessary to understand the culture and practices that currently exist within the administration and determine the most appropriate methods for achieving real and sustained improvement. The extent of the changes necessary must be based on the administration's current situation and its capacity to appropriately support and embrace the necessary culture change.

Staff and staff associations should be actively involved in this process. For example, special project teams can be set up in each office to identify high-risk areas and suggest changes to existing systems and work practices.

Changes in attitude and organizational culture are extremely difficult to achieve, particularly when corruption is widespread or endemic. Without change, however, even if those guilty of corrupt behaviour are replaced, corruption may occur with their replacements. Changing and improving organizational culture is vital in breaking this vicious cycle so that staff have pride and loyalty in their administrations.

## CHECKLIST

1. Does senior management lead by example and demonstrate their commitment to integrity and fairness through their behaviour?
2. Is senior management decision-making open and transparent?
3. Are staff encouraged, recognized, acknowledged or rewarded for identifying methods by which corruption can occur and for suggesting improved control mechanisms?
4. Are special project teams used to develop integrity strategies for their work areas?
5. Do all staff have the opportunity to contribute?
6. Are activities undertaken to measure levels of morale, such as staff surveys to gather feedback and provide suggestions?
7. Are the survey results communicated openly and acted on?
8. Are mechanisms available in which staff can raise, discuss and resolve any cultural and/or moral issues which impact on the administration's anti-corruption efforts?
9. Are meetings and staff journals used to communicate
  - the expected standards of behaviour?
  - instances of meritorious behaviour?
  - exposure of those found to be involved in corruption?
10. Does the administration's systems and culture recognize and respect the rights of staff and the need for fairness in all human resource management matters?
11. Are staff recognized or rewarded for performance that demonstrates the highest levels of integrity?
12. Are internal communication mechanisms used to discuss integrity and ethical issues?
13. Are cases of corruption discussed openly?
14. Is prompt action taken against those who fail to meet integrity standards?
15. Is effective legislation in place that protects staff that report breaches of integrity?
16. To what extent are staff at all levels encouraged to identify and report breaches of integrity?
17. Are staff that come forward to report corrupt practices rewarded or victimized?
18. Are there sufficient penalties to deter corrupt and any other inappropriate behaviour?
19. Does the Administration encourage adequate social programmes?

## Possible Good Practice Examples

- Staff and client satisfaction surveys.
- Effective staff and management consultative practices.
- Special project teams tasked with integrity improvements.
- Performance Management and Discipline framework.

– Self-Assessment for Revenue Authorities

- Systems for monitoring and reviewing morale indicators such as staff attrition and absenteeism rates.
- Client awareness of integrity initiatives in Tax and Customs administrations.
- Administrative practices based on procedural fairness and equity.
- Prompt action when breaches of integrity occur.
- Willingness to make public the results of corruption-related investigations.
- Willingness to undertake self-assessment and other international integrity activities.
- Staff participation in integrity-related initiatives.
- Reputation of Tax and Customs administrations as a good employer.
- Effective 'whistle blower' procedures in place.

## 10. RELATIONSHIP WITH THE PRIVATE SECTOR

Customs administrations should foster an open, transparent and productive relationship with the private sector. Client groups should be encouraged to accept an appropriate level of responsibility and accountability for integrity problems and the identification and implementation of practical solutions. The establishment of Memoranda of Understanding between Tax and Customs administrations, industry and public bodies can be useful in this regard. Likewise, the development of codes of conduct for the private sector and general public, which clearly set out standards of professional behaviour, can be useful. Penalties for engaging in corrupt behaviour must be sufficient to deter client groups from paying bribes or facilitation fees to obtain preferential treatment.

It is important to focus attention on the central role that client groups play in controlling corruption. After all, many forms of administrative corruption require the active involvement of external partners. This fact is acknowledged in the International Chambers of Commerce Rules of Conduct, the Lima Declaration, the UN Declaration Against Corruption and Bribery in International Commercial Transactions, the UN Convention against Corruption, the Pacific Basin Economic Council Statement on Standards and the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Performance standards and/or client service charters may provide a useful starting point and a practical monitoring mechanism. When undergoing a major integrity program it may be useful to have feedback through client surveys on their perceptions of the administrations quality and operating effectiveness. This may be in addition to the quantity and timeliness standards that are measured under a client service charter.

Liaison committees can provide an important vehicle for Customs administrations to clearly communicate the standards of behaviour expected of clients. It may be appropriate to establish a joint administration/client anti-corruption task force to identify practical solutions and identify corrupt officials. Co-operative mechanisms can be established with industry groups, to encourage the provision of information to identify unusual or suspicious activity related to illegal activities such as drug trafficking and money laundering.

Clients, the general public and third parties such as banking institutions and trade associations can provide potential sources of information about an organization's most vulnerable points, or indeed, about actual instances of corruption. Providing guarantees of anonymity can facilitate the provision of information, as can setting up a hotline and a complaints and compliments system. Information received needs to be thoroughly investigated, and it should be clearly apparent that the administration has responded effectively.

A comprehensive communication strategy could include setting up Customer Information Centres and hotlines to provide information on all processes and procedures, information leaflets/Official notices, as well as promoting the achievements of Tax and Customs administrations via the media. These initiatives need to be well publicized and easily accessible.

## CHECKLIST

1. Have all relevant stakeholders and clients been identified and their support and co-operation obtained?
2. Do client groups accept a share of responsibility for both the problem and the solution?
3. Have appropriate consultative mechanisms been established to facilitate communication and co-operation between Tax and Customs administrations and client groups?
4. Have major client groups been involved in the development of your administration's anti-corruption strategies?
5. Have formal co-operative arrangements been established with industry bodies incorporating aspects such as the knowledge of Tax and Customs procedures, information exchange and two-way training?
6. Has the development of codes of conduct for the private sector, which clearly set out standards of professional behaviour, been established?
7. When corrupt practices are detected involving members of client groups are the clients penalized for engaging in such behaviour? Are the penalties imposed sufficient to deter future violations?
8. Do legal provisions appropriately recognize all parties involved in corrupt practices or do they only cover the Tax and Customs officials involved?
9. Are clients, the general public and third parties such as banking institutions actively encouraged to report instances of corruption or attempted corruption?
10. Are mechanisms in place to report instances of corruption, such as through hotlines or a complaints and compliments system?
  - Are these mechanisms regularly promoted to stakeholders?
11. What guarantees/commitments are provided to clients and third parties that any information provided will be treated confidentially?
  - Are these commitments kept?
12. Are mechanisms in place to investigate information provided to Tax and Customs administrations from third parties?
13. Do clients accept their share of responsibility for maintaining a corruption free environment?
14. Is there a client communication strategy to not only provide information to clients, but also promote the achievements of Tax and Customs administrations?
15. Is there a Code of Conduct for the administration and are the stakeholders aware of it?

## Possible Good Practice Examples

- Conduct of client surveys, and publication of outcomes
- Formal co-operative agreements in place
- Practical consultative mechanisms in place
- Joint Tax and Customs – Business or Public task forces to address integrity issues
- Development and promotion of a system for reporting allegations of corruption

– Self-Assessment for Revenue Authorities

- Business partnership and outreach arrangements and programs
  - Sound screening process for licensed clients
  - Self regulating industry associations (Code of Conduct, sanctions, penalties for inappropriate behaviour)
-