

PERFORMANCE AUDIT IN PUBLIC SECTOR: PERSPECTIVE OF THE KENYA REVENUE AUTHORITY.

PRESENTATION AT THE ICPAK PUBLIC SECTOR
CONFERENCE

*THEME: “Emerging Frontiers for
Government, Risk, & Compliance in
Public Sector+”*

SCOPE

- INTRODUCTION.
- PERFORMANCE AUDIT - MEANING.
- ROLE OF PERFORMANCE AUDIT.
- KRA PERSPECTIVE.
- CHALLENGES.
- OPPORTUNITIES.

PERFORMANCE AUDIT

1.0 INTRODUCTION

- As the sole government revenue collection agency, KRA is aware of its important role in the public sector and service delivery to the Kenyan taxpayers.
- The central role can be achieved by implementing effective systems, structures, procedures and practices that enhances timely delivery of services that meet the expectations of the Kenyan taxpayers
- Performance audit comes in handy as a means to assess whether the systems or practices implemented lead to results that positively transform the welfare and general satisfaction of taxpayers.
- According to Auditor General's strategic plan 2012-2015, performance audit seeks to examine the economy, efficiency, effectiveness, environmental sustainability and equity of systems put in place by an entity.
- The authority has continued to establish and apply result based processes, capacity building and embraced change so as to achieve its strategic objectives under the 6th Corporate Plan.

PERFORMANCE AUDIT

2.0 MEANING AND SCOPE

- An independent and objective examination of a program, function, operation or the management systems of governmental entity
- It covers the full spectrum of public administration and therefore it is important that the skills and competencies of staff reflect this.
- PA is about audit on Value for Resources (money)
- It is a paradigm shift in Public Financial Management
- Performance Auditing works with the same concept of performance management used by program managers to plan, monitor and evaluate how public resources are used to achieve public policy objectives.
- Performance based Public Management- involves taking responsibility for the performance of the organization and being accountable for its results , thus the Managerial Accountability of public managers has become a crucial issue

Evolution in Public Management

BUREAUCRACY MODEL

The bureaucratic style, ineffective management

THE NEW PUBLIC MANAGEMENT


Market driven approach, effective management but social disappointments,

GOOD GOVERNANCE

New synthesis and maturity, aimed to reach sustainable growth and public sector efficiency, as well as citizens satisfaction and social welfare

PERFORMANCE DEVELOPMENT



GOAL	Law & Order	Performance	Social welfare
PERSEPECTIVE	State	Customers	Citizens, civil society
STEERING MODE	Hierarchy	Market, Competition	Networking, Partnerships
LANGUAGE	Judicial	Economic	Political
GOVERNMENT (State as sole actor)			GOVERNANCE (State is one actor amongst many)

PERFOMANCE AUDIT

3.0 AIMS OF PERFORMANCE AUDIT

- To ensure that the entities objectives are carried out in an economic, efficient and effective way
- Identify opportunity for improvement- provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations.
- Facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability
- Its away of to execute control and to obtain insight into the running and outcome of different government activities
- Improves organizational performance

AIMS OF PA CONTō

- Fraud prevention and detection
- Gaining public trust
- Report what is working and identify opportunities for improvement
- Promote continual improvements in quality, efficiency and effectiveness
- Hold employees and managers accountable
- Provide information to make business decisions

PERFORMANCE AUDIT

4.0 KRA'S KEY PERSPECTIVE ON PERFORMANCE AUDIT

- As a public institution, KRA recognizes that it operates in an environment which dictated by various external and internal socio-economic, legal and political factors which directly and indirectly affect its operations.
- The achievement of its objectives therefore will depend on how the authority enhances the internal strengths, exploits the existing opportunities and manages the weaknesses in its operations while controlling those factors that pose a threat to the achievement of its objectives.

KRA has in its 6th Corporate Plan focused on improving its taxpayer service delivery and has developed non financial objectives including

- i. Attaining 80% Customer satisfaction by 2018
- ii. Attaining compliance level of >65%
- iii. Attaining 100% online services
- iv. Revamped ICT strategy.

KRA PERSPECTIVE CONTÖ

i. Attaining 80% Customer satisfaction by 2018- this should be achieved through:

1. Simplification of tax processes
 - a) Registration . One stop shop . all processes at the Company Registrar .No manual processes
 - b) Filing . Online platform availed . all returns
 - c) Unified return for payroll taxes, PAYE, NHIF & NSSF ,one return used
 - d) Payment . No manual payment
 - e) Other applications(Tax Compliance Certificates , Waivers, Refunds, Exemptions etcö .) done online
 - f) Implementation of iTax/Simba/EGMSö to create operational efficiency
 - g) Twinning of Stamp Duty payment process with Capital Gains Tax

KRA PERSPECTIVE CONT

ii. Attain compliance level of >65%. This should be done through:

- “ Enhanced stakeholder support . . From county government officials, appointed public officials, accountants and Auditor General's office
- “ Focused taxpayer education
- “ Enhanced customer support through various touch points by coming up with support centres and KRA presence in Huduma centres etc.
- “ Improved compliance management for better efficiency . focus more on taxpayer facilitation other than on enforcement approach.
- “ Understanding the underlying cause of non- compliant behavior
- “ Adopt a friendly approach to taxpayer engagement- perception

KRA PERSPECTIVE CONTÕ

What has KRA done to improve Compliance in Public sector

- “ Creation of the Public Sector Division (PSD) to enhance compliance in Government Ministries, Departments, Parastatals, Counties, Commissions and all other government entities.
- “ The division supports Public Sector entities comply with PAYE, Withholding VAT, Withholding Income Tax obligations. Aim is to make it easier for the PS entities to comply with their tax obligations
- “ Other functions of the division include affording high level engagement, capacity building ,sensitization and enhanced facilitation of government entities

KRA PERSPECTIVE CONTÕ

iii. Attain 100% online services. This should be achieved through:

- “ Reviewed business processes
- “ Automating all processes to create operational efficiency
- “ Making operating systems simple enough to support users

iv. Automation and Digitization- The authority is leveraging on technology to achieve full electronic customer service and enhance operational efficiency(iTax linkage with IFMIS, NSSF and CBK)

- “ It aims to be a fully automated single collector.
- “ efficiency and service delivery in line with best practice, to achieve high customer satisfaction levels
- “ the authority is in the process of developing an ICT environment that will enable an integrated environment and enable it create external linkages with other government agencies and departments. The aim is to address the challenge of direct payments to CBK.

CHALLENGES

- Inadequate support to by external stakeholders could hinder the Authority's efforts to enhance tax compliance.
- Working in silos- no seamless integration of strategic plans of key strategic institutions
- Resistance to change-. Whereas the application of technology in the authority's processes has been rolled out and implemented with immense success, a challenge still remains of sections of taxpayers who still wants to sustain the old way of doing things.
- Budgetary constraints . programmes and activities may not be implemented on a timely manner, or not implemented at all.

CHALLENGES CONT

- Technological infrastructure-
- Rapid and accelerating economic change
- Increasing complexity of regulatory issues
- Calls for openness, transparency and citizen participation.

OPPORTUNITIES

- Leveraging on technology
- Revenue enhancements
- Third party data
- Infrastructural Developments (SGR, Roads)
- Devolution-Proper Financial Management

THANK YOU