

REPORT OF THE
MANAGEMENT AND
FUNCTIONAL REVIEW OF
THE NATIONAL REVENUE
AUTHORITY

Public Sector Reform Unit

May 2010

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LIST OF ABBREVIATIONS

<i>AHRM</i>	<i>Administration and Human Resource Management</i>
<i>ACC</i>	<i>Anti- Corruption Commission</i>
<i>CG</i>	<i>Commissioner General</i>
<i>CS</i>	<i>Corporate Secretariat</i>
<i>CED</i>	<i>Customs & Excise Department</i>
<i>DfID</i>	<i>Department for International Development</i>
<i>DTD</i>	<i>Domestic Tax Department</i>
<i>EDMU</i>	<i>Evaluation and Debt Management Unit</i>
<i>FAD</i>	<i>Fiscal Affairs Division</i>
<i>GST</i>	<i>Goods and Services Tax</i>
<i>GDO</i>	<i>Gold and Diamond Office</i>
<i>ID</i>	<i>Immigration Department</i>
<i>IT/IS</i>	<i>Information Technology/ Information Systems</i>
<i>ITD</i>	<i>Income Tax Department</i>
<i>ICA</i>	<i>Internal Controls & Audit</i>
<i>IMF</i>	<i>International Monetary Fund</i>
<i>LTO</i>	<i>Large Taxpayers Office</i>
<i>MFR</i>	<i>Management and Functional Review</i>
<i>MOESS</i>	<i>Ministry of Employment and Social Security</i>
<i>MoFED</i>	<i>Ministry of Finance and Economic Development</i>
<i>MLCPE</i>	<i>Ministry of Lands, Country Planning and the Environment</i>
<i>MFMR</i>	<i>Ministry of Fisheries and Marine Resources</i>
<i>MMRPA</i>	<i>Ministry of Mineral Resources and Political Affairs</i>
<i>MPO</i>	<i>Modernization Programme Office</i>
<i>MRP</i>	<i>Monitoring Research & Planning</i>
<i>MRU</i>	<i>Mano River Union</i>
<i>MWHI</i>	<i>Ministry of Works, Housing and Infrastructure</i>
<i>NPA</i>	<i>National Power Authority</i>
<i>NRS</i>	<i>National Registration Secretariat</i>
<i>NRA</i>	<i>National Revenue Authority</i>
<i>NATCOM</i>	<i>National Telecommunications Commission</i>
<i>NTR</i>	<i>Non Tax Revenue</i>
<i>OARG</i>	<i>Office of the Administrator and Registrar- General</i>
<i>PSSD</i>	<i>Preventive Services & Special Duties</i>
<i>PLA</i>	<i>Policy and Legal Affairs</i>
<i>PATE</i>	<i>Public Affairs and Tax Education</i>
<i>PSRU</i>	<i>Public Sector Reform Unit</i>
<i>RPP</i>	<i>Returns Payment and Processing</i>
<i>SLLC</i>	<i>Sierra Leone Law Courts</i>
<i>SLMA</i>	<i>Sierra Leone Maritime Administration</i>
<i>SMTPO</i>	<i>Small and Medium Tax Payers Office</i>
<i>SOUR</i>	<i>Statement of Use and Requirements</i>
<i>TAS</i>	<i>Tax Administration System</i>
<i>TPS</i>	<i>Taxpayer Services</i>

SUMMARY OF RECOMMENDATIONS

A full summary of the recommendations on strengthening the NRA's own internal administrative apparatus is presented below, and includes the following priorities;

- Strengthening the Senior Management team through creation of a Change Management Team, and cooperative Board-Management relationships.
- Revising/ clarifying the functions of departments.
- Review of the existing staff inventory and staffing arrangements to fulfil the functions of the departments.
- Strengthening HRM functions and revamping records and information management.

NRA BOARD

- 1. That steps be taken to confirm the senior management staff currently serving in an acting capacity.**
- 2. Whenever the post of Commissioner General becomes vacant, the Board of Directors participates fully in the initial recruitment process and submits a recommendation to the President.**
- 3. The Board should play a pro-active role in managing the NRA as provided for in the NRA Act 2002.**

HEADQUARTERS MANAGEMENT

- 4. That a Change Management Team, comprising the Commissioner-General, Deputy Commissioner-General, Commissioners and Directors, is established at the NRA without delay.**

INCOME TAX DEPARTMENT

- 5. Implement the structural changes necessary for the creation of DTD especially those strategic and policy functions to be located at HQ level.**
- 6. Develop a staffing needs for ITD reflecting the additional staff envisaged within the Modernization Plan.**
- 7. Develop a training plan that incorporates the skills needs of ITD including assessment, collections, audit, and programme management for staff, including those at supervisory level.**

8. **Develop effective work processes such as use of databases, records management system, and communications system.**
9. **AHRM to provide logistical support including office equipment and vehicles to ITD, including district offices.**
10. **Ensure that the IT innovations at ITD are replicated at district offices to ensure coherence and efficiency.**
11. **Develop operating manuals to facilitate proper assessment, audits, and dispute resolution.**

PREVENTIVE SERVICES AND SPECIAL DUTIES

12. **That the Preventive Service Unit and other frontline clearing operational units are supported by an Intelligence Unit with staff that possess specialised skills.**
13. **That permanent NRA office/housing facilities at border and other designated stations are constructed and that consideration be given to the payment of remote area allowances to staff at those posts.**

NON TAX REVENUE DEPARTMENT

14. **AHRM deploys a HR officer to NTR to ensure effective human resource development.**
15. **Additional postings of qualified accountants, economists, financial analysts, and related staff are made to the NTR to supplement its activities in Freetown and in the provinces.**
16. **NTR technical staff undergo training in collection and reconciliation processes.**
17. **Top management of NTR facilitates development of an annual work plan for the Department that incorporates all its MDA clients and indicates all activities including monitoring trips in Freetown and the provinces.**
18. **Finance and AHRM departments provide the necessary logistics and support to NTR to facilitate their work as part of the NRA.**
19. **Immediate establishment of a full-time Commissioner for NTR.**

20. The creation of a permanent Consultative Group that meets at least bi-monthly comprising representatives from NTR and all relevant MDAs to discuss issues and challenges that arise.
21. The development of technical manuals on the work processes of NTR.
22. The Principal Collector ensures that NTR employs proper accounting procedures, subject to audit checks.

GOOD AND SERVICES TAX DEPARTMENT

23. Government, NRA and other stakeholders pursue action in automating businesses that are mandated by law to pay GST through the purchase of cash machines.

ADMINISTRATION AND HUMAN RESOURCE MANAGEMENT DEPARTMENT

24. We recommend that NRA seek the services of experts to design a records management system for the Authority.
25. Undertake a comprehensive staff/personnel competency audit.
26. Development of an efficient structure at AHRM that incorporates its functions of personnel management, logistics, maintenance, training, records management, and estate management.
27. Development of an organogram for each department and for the entire NRA that incorporates those structures approved in the Modernization Plan.
28. Development of a comprehensive and updated staffing database for the entire NRA to assist in manpower planning.
29. Development of a training needs assessment for each department of NRA.
30. Development of a training policy and plan for each department of NRA.
31. Assist each department in preparation of job descriptions for each staff.
32. Development of a scheme of service for NRA.

- 33. Development of administrative policies on recruitment, promotion, transfers, and retirement to be collated into a personnel management manual.**
- 34. Development of a performance management system that augments productivity and accountability.**
- 35. Develop an asset register for NRA inclusive of vehicles, machinery, and equipment.**
- 36. Development of logistics plans for the use of vehicles and equipment to headquarter and regional offices.**
- 37. Further develop the Procurement Policy to enhance transparency, data security and accountability.**
- 38. Finalize the development of an Estates Management Plan.**
- 39. Develop a Pay Policy reflective of various categories of employees.**
- 40. Consider contracting-out some services, e.g., those provided by cleaners, messengers, so that NRA concentrates on core activities.**

MONITORING, RESEARCH AND PLANNING DEPARTMENT

- 41. We recommend that the functions of MRP be extended to explicitly include the following:**
 - Assist in the development of institutional strategic plans and departmental work plans**
 - Monitor the activities of the various Departments as indicated in their work plans**
- 42. We recommend that the MRP and AHRM develop a clear description of the functions of MRP as distinct from those of the ICA and PLA.**
- 43. We recommend that the MRP and AHRM develop a training plan for monitoring and evaluation.**
- 44. We also recommend that at least 5 additional staff with qualifications in institutional development, public administration, policy analysis, and monitoring and evaluation are recruited into the MRP department.**

45. We recommend that Statistics -related units in NRA, especially those in the revenue collection departments, be placed under MRP to ensure they receive the relevant training and to foster better coordination in data collection, analysis, and reporting.
46. We recommend that the MRP be provided with adequate logistical support to perform its duties.
47. We recommend that the MRP develops an M&E Plan (indicating funding requirements) to inform budget allocations of the NRA.

MODERNIZATION PROGRAMME OFFICE

48. We recommend immediate recruitment of at least ten permanent qualified technical staff in the areas of economics, policy analysis, institutional development, tax administration, programme and financial management, and monitoring and evaluation, as well as administrative support staff for the MPO.
49. We recommend that the MPO develops a paper on strategies and modalities for optimum implementation of the Modernization Plan taking into cognizance the challenges and constraints.
50. To enhance coordination and implementation, we recommend that the MPO organizes a planning meeting/session for management structures including the Steering Committee, Programme Boards, Project Boards, and all senior management of NRA to develop strategies for effective implementation of the Modernization Plan

INFORMATION AND COMMUNICATION TECHNOLOGY

51. Recommend that an ICT Policy and an ICT Plan be developed that takes cognizance of the Authority's current challenges and provides for future expansion as may be appropriate.

PUBLIC AFFAIRS AND TAX EDUCATION DEPARTMENT

52. Recommend that immediate consideration be given to the creation of Public Relations Office/Communications Department within the NRA.

FINANCE DEPARTMENT

- 53. The deployment of staff with accounting competencies to the Finance Department and to the outposts.**
- 54. That the Director of Finance develops an Accounting process with detailed guidelines for the smooth running of the Finance Directorate.**
- 55. The development of a Training Plan for Accounting/Finance Officers.**
- 56. The development of a scheme of service/job description and opportunities for staff of the Finance Department.**
- 57. That a functioning Procurement Committee comprising the Director of Finance be established with powers of reviewing and recommending contracts to the Board for Approval.**
- 58. That the Authority utilizes the National Public Procurement Authority Act for the procurement of all goods and services as provided for by the Act.**
- 59. The Banking procedures for payment of all revenue to Banks should be reviewed so that revenue collected is paid directly to nearest Commercial Bank to the point of revenue collection.**
- 60. All account receipt book ledgers at headquarters should have a corresponding ledger with cashiers/finance officers so that the authenticity of receipt books is verified and payments made receipted.**

POLICY AND LEGAL AFFAIRS

- 61. That PLA remains part of the Board Secretariat until its workload expands to warrant it to be a stand alone department.**

1.0 INTRODUCTION

1.01 At the request of the Board of Directors of the National Revenue Authority (NRA) in October 2009, the Public Sector Reform Unit (PSRU) undertook a Management and Functional Review (MFR) of the NRA. The objective of the study was primarily to benchmark the organizational culture, streamline staff and review the work practices with the view to improving systems, performance and general efficiency of the NRA.

1.02 In preparing the Concept Paper for the review exercise to commence, PSRU solicited the following from the Management of the NRA:

- A comprehensive staff list indicating Date of Birth, Date of First Appointment, Date of Current Appointment, Qualifications and Duty Station e. g regional headquarters, border or headquarters.
- All Management reports relating to the institutional structure and /functions
- A copy of the current organogram of NRA
- Any other documentation on NRA
- Identify one officer who will be attached to the team.

The Concept Paper outlines the processes of the review, objectives, methodology, commencement date, work plans, timelines and expected outputs. The MFR process initially involves analysis of the management structures and processes, and development of recommendations to address gaps. These recommendations are sufficiently broad that they provide strategic guidance and allow for modifications during implementation to fit the institution. Once the final report has been developed, the process then moves on to the development of a time-bound implementation plan. For a relatively large and complex institution such as the NRA, this process should be informed by the Strategic Plan, which gives some indication of the annual budget. As has occurred in the past with other institutions, the PSRU expects the NRA to utilise the MFR report as part of its overall restructuring strategy and to implement the recommendations within this overall long-term context. Once the implementation plan has been developed, the NRA will then commence with implementation with the aim of achieving a lean and productive work force and efficient work processes.

1.03 The review commenced on 1st December 2009 by examining the structures, systems and processes utilized by NRA. The exercise was guided by the belief that the ultimate purpose of improving the internal structures, processes and functions of any institution is to maximize service delivery to clients. As a revenue-collection agency, the NRA has a large clientele with diverse needs and expectations.

- 1.04 Initial discussions were held on the Concept Paper with the Commissioner General and a number of his colleagues, prior to the start of the review. Subsequent meetings were also held with key NRA post holders, at which some staff within the NRA were identified as critical for interviewing for the purposes of the review. Qualitative (conducting interviews, administering questionnaire, literature review, and focus group meetings) techniques were employed in the collection of data.
- 1.05 Assistant Commissioners, Directors and staff were interviewed (See **Annex 2** for list of persons contacted) at the regional, border, Lungi International Airport and other outposts. The Chairman and some Board members were also interviewed. The review also included administering questionnaire (**Annex 1**) to NRA staff that were selected at random.
- 1.06 In addition to interviews, meetings and answers to the questionnaire, information was collected on NRA operational policies and practices, manpower data, as well as relevant reports and documents. The details of documents reviewed are recorded at **Annex 3**.
- 1.07 During the first week of the review the Commissioner General, in an Internal Memorandum, informed and solicited the cooperation of all staff during the review exercise. While this was considered a useful starting point, it turned out to be counter-productive, as it made a good number of staff apprehensive and hostile to the exercise, thinking it was an exercise intended to recommend and weed-out excess/unproductive labour. Part of the Memorandum that generated this uncertainty reads:

".....the Authority is aware that there are still dead woods in the Authority who must be weeded out.

"To this end, the Authority is embarking on a Management and Functional Review with a view to restructuring the Authority so as to determine the optimum number of staff needed for its effective operations, improve its internal processes, structures and its service delivery. An inevitable outcome of the review is the re-profiling and realigning of jobs/duties. At the end of the exercise, those functions that are no longer considered strategic to the Authority would be rendered redundant and staff that does not make the grade by their performances would have their relationship with the Authority severed in accordance with the Authority's Terms and conditions of service".

- 1.08 Barely two weeks during the review, the Commissioner-General was asked to proceed on leave pending the results of an Anti- Corruption Commission investigation on NRA.
- 1.09 The “removal” of the Commissioner-General provided sufficient grounds for some staff to evade the team and/or refuse to provide information to assist the PSRU during this exercise. That notwithstanding, the team had sufficient support from the Board of Directors, Acting Commissioner General and some members of staff during this exercise, for which PSRU is grateful.

2.0 RESPONSIBILITY

Although this report was commissioned by the NRA Board, the Board bears no responsibility for its recommendations and/or the views expressed therein. The PSRU takes responsibility for the views and findings of its team.

3.0 ACKNOWLEDGEMENTS

We wish to express our appreciation for the support and assistance provided during the study by the Commissioner General, the Deputy Commissioner General, Commissioners, Assistant Commissioners, Directors, and Collectors who cooperated with PSRU in conducting this review. We wish to pay particular tribute to Mrs. Mina O. Horace, for the efficient way she coordinated the fieldtrips and our meetings, and her patience in dealing with our enquiries. We are also grateful to the outstations staff, as well as to Messrs Bilal Kargbo, Corporate Secretary, and A. O. Kamara, Deputy Director AHRM, who provided every support and assistance that facilitated the exercise.

4.0 OVERVIEW OF CURRENT ARRANGEMENTS

4.01 THE NRA MANDATE

4.02 The National Revenue Authority Act 2002 provides a clear elucidation of the mandate of the institution. The introductory paragraph states that the NRA is the “central body (*responsible*) for the assessment and collection of national revenue, to provide for the administration and enforcement of specified laws, to make consequential amendments to certain laws relating to revenue and to provide for other related matters”. This mandate has been reflected in the mission and vision statements provided by the NRA.

The vision statement, which we perceive to be in order, is as follows:

‘Equitable, fair, simple and transparent tax system administered in an effective, efficient and friendly way and which contributes to national development’

The contents of the mission statement are reflective of the goals of the NRA, but we have restructured it to read as a succinct sentence:

‘To maximize revenue collection and promote economic growth and poverty reduction in Sierra Leone, by formulating and implementing effective tax administration policies and procedures, and collaborating with Ministries, departments, agencies and other institutions.’

4.03 THE NRA BOARD

4.04 The National Revenue Authority (NRA) Act, 2002 established the National Revenue Authority. Section 5 (1) of the NRA Act 2002 provides for a Board of Directors to “have control and supervision of the Authority”. According to the Act, the Board is also responsible for:

- determining the grading, remuneration, recruitment, promotion and training of staff;
- the establishment and administer codes of conduct;
- generally the determination and formulation policy for the Authority, but in particular the administrative, human resource and operational policies and procedures;
- setting targets and standards, including quality and operational output measures for revenue collection.

- 4.05 We examined each function of the Board as prescribed by the Act and found out that even though they are in order and lay the foundation for an exemplary institution, most of the functions of the Board have not been adequately addressed. Administrative processes have not been monitored and, as a result, there have been lapses over the years. Upward mobility is slow. For instance, promotion of staff at the levels below Directors has been stagnant for a considerable period of time, presenting an organogram that is bloated at the base, with too many officers having unclear and sometimes conflicting nomenclature and rank. This situation permeates the entire organizational structure of the NRA. The Authority has no Schemes of Service, and therefore, reward in terms of promotion and succession plans do not exist. In addition, a relatively high percentage of senior level staff are in an acting capacity. This has tended to create a situation wherein these decision-makers believe they have limited ownership and authority. It has also served to perpetuate the 'yes-man' syndrome in the Authority wherein staff believe their upward mobility depends on their being liked by the Commissioner-General. Because the Board plays a major role in recruitment and firing, **we therefore recommend that steps be taken to assess their performance and confirm the senior management staff currently serving in an acting capacity.**
- 4.06 The appointment/recruitment and deployment of staff are alleged to be arbitrarily done by the Commissioner General – without reference to the Board and/or the supervising Heads of Department. There are clear instances of new recruits lacking the basic skills for jobs they perform, and where graduates with requisite qualifications are supervised by unqualified and clearly incompetent persons. This is not only de-motivating, but also, it impacts negatively on the performance of the Authority. Every effort must be made to rectify these anomalies.
- 4.07 The relationship between the Board of Directors and the Commissioner General (the Chief Executive Officer) is fractured, with unproductive consequences for the management and performance of the NRA. Part IV, Section 19, et seq., clearly establish a functional relationship between the Board and the Commissioner-General, who is subject to the general supervision and control of the Board, as well as the role of the Board in making such appointments as Deputy Commissioner General, Secretary to the Board, Commissioners/Deputy Commissioners, an Internal Auditor, and officers of similar grades. This is hardly the case, as the Board alleges that the Commissioner-General bypasses these statutory provisions. Part of the reason for this frosty relationship is allegedly due to the fact that the Commissioner General was appointed without reference to the Board. While the appointment of the Commissioner-General is the prerogative of the President, it is important that whenever the position of Commissioner-General is advertised, the Board participates in the short listing and / or interviewing process. By this way, and *ab initio*, a relationship is established between the Board and the CEO. It is therefore, **recommended that whenever the post of Commissioner General becomes vacant, the Board of Directors participates fully in the initial recruitment process and submits a recommendation to the President.**

4.08 Due to the “apprehensive” relationship between the Board and the Commissioner-General, information on the management of the NRA is hardly shared, hampering informed decision making and the effective superintendence of the NRA. For instance, while Section 18 (2) (d) the NRA Act 2002 makes provision for an Internal Audit Department (IAD), the Board realized very late that the Authority had no functioning Internal Audit Department and requested for the establishment of the IAD in November 2009. It is one of the responsibilities of the Board to appoint an Internal Auditor, among others as provided for in Section 22 (1) of the NRA Act 2002. It is **recommended that the Board should play a pro-active role in managing the NRA as provided for in the NRA Act 2002.**

5.0 NRA HEADQUARTERS MANAGEMENT

5.01 The Commissioner General is the Chief Executive Officer of the National Revenue Authority, and is responsible for the day-to-day management. Based at the Headquarters, he is supported by the Deputy Commissioner General, Commissioners and Directors heading the following specialized Directorates:

5.02 Revenue Collection Departments

- Income Tax Department (ITD)
- Customs & Excise (C&E)
- Non Tax Revenue (NTR)
- Preventive Services & Special Duties(PSSD)
- Goods and Services Tax (GST)
- Gold and Diamond Office (GDO)

5.03 Supporting Departments

- Administration & Human Resource Management (AHRM)
- Monitoring Research & Planning (IMRP)
- Internal Controls & Audit (ICA)
- Modernization Programme Office(MPO)
- Corporate Secretariat (CS)
- Policy and Legal Affairs (PLA)
- Information Technology/ Information Systems IT/IS

5.04 The headquarters office is located at Bathurst Street with heads of supporting units and the Corporate Secretariat. The office space is not adequate and additional offices can be found at Wellington and Percival Streets.

5.05 The Customs and Excise Department is located at the Customs House in Cline Town and the Income Tax Department is located at Wellington Street. The scattered location of offices does not enhance effective information sharing and collaboration between management and the immediate supporting Directorates. Apparently, there is a seeming disconnect between headquarters and the Directorates, and therefore, rather than performing its corporate functions of revenue collection, it concentrates on providing support services. There is need for greater integration and collaboration between the Commissioner General and his supporting staff, including the Heads of Department. While the idea of creating a National Revenue Authority is commendable, much integration has not taken place between the revenue institutions. In addition to having an Organogram that enforces this much needed integration, there is also compelling evidence indicating that a Change Management Team be put in place to ensure that top managers together with their supporting staff are unified in maximizing efficiency at the NRA. It is therefore **recommended that a Change Management Team, comprising the Commissioner-General, Deputy Commissioner-General, Commissioners and Directors, etc., is established at the NRA without delay.** Even with the current diverse locations of the Departments within the NRA, this will bridge the disconnect between the various departments and management.

5.06 The present structure is bloated with too many, and apparently irrelevant, divisions that do not relate to each other or add value to the Authority. There is need for these divisions to be streamlined – and right-sized, as well. For example, the Tax Base for NRA is yet to be developed, and there is no justification of having five Legal Officers in the Authority when no action requiring their expertise has arisen since NRA was created. While we recognize the relevance of such an office within the Authority, we are of the view that, given the history of the NRA so far, there is an over-supply of Legal Officers in the Authority. When the tax base would have been expanded it may be necessary to appoint a Commissioner for Legal Affairs. The remit of the new Department will then cover issues like Litigation, Policy Rulings, Appeals, etc. Other departments are similarly over-staffed. **It is therefore important that the Authority is right-sized to enhance efficiency and effectiveness.**

5.07 Records and Information Management at NRA

We note that apart from the Corporate Secretariat that can readily produce reports, documentation and records keeping / records management at headquarters and other offices within NRA are severely limited. There are too many memos being produced daily with no corresponding files to monitor their origins.

NRA future gains can additionally be envisaged if the Authority takes on board a Records and Information Management Project, to implement the best practices in records and information management.

As discussed under the AHRM below, the NRA should consider revamping its records keeping practices through designing and developing strategies for managing unstructured information/records, in order to strengthen its existing records management systems and to pave the way for managing electronic records in the future.

6.0 REVENUE COLLECTION DEPARTMENTS

6.01 INCOME TAX DEPARTMENT (ITD)

The ITD is responsible for the collection of taxes on all classes of income including personal income and corporate income, a 5 percent (5%) withholding tax on payments to contractors in a variety of industries, income on rent (10 percent (10%) for corporate and less for individuals), foreign travel ticket tax of 10 percent (10%) of ticket value, and payroll tax, which aims to encourage local employment. Before the advent of GST, the Department also administered the entertainment and restaurant taxes. Currently, these taxes have been integrated into the seven that make up the Goods and Services Tax.

6.02 Structures and Systems

The ITD has total staff strength of about 136 for both Freetown and provincial operations. There are three Tax Districts, TD1 and TD2 for the Western Area, and TD 3 for the provinces. The Departments have two primary revenue divisions: the Large Taxpayers Office (LTO) and the Small and Medium Tax Payers Office (SMTO). Both of these are sub-divided into various functional units including the Returns Payment and Processing (RPP), Taxpayer Services (TPS), and Audit. There is also an Evaluation and Debt Management Unit (EDMU), which services both divisions.

6.03 The **Large Taxpayers Office**, which has had several transformations, is one of the innovations in improving revenue collection and it deals primarily with those earning an income upwards of Le600m. In addition, the unit also deals with banks, cellular phone companies, mining companies, and construction companies that might be below this threshold.

6.04 With the advent of GST, a sizeable portion of the taxes covered by ITD have been hived-off. At the time of this review, the ITD was in the process of launching the GST as well as fast-tracking implementation of the relevant activities from the Modernization Plan. A lot of the changes to be made at NRA under this programme will affect the operations and structure of the ITD; in fact, the LTO is one such innovation from the programme. There are plans to create separate units dealing with medium as well as small/micro taxpayers.

6.05 The Modernization Programme includes several recommendations aimed at increasing efficiency in ITD to develop an Integrated Tax Administration System (ITAS). The most important of these include:

- Merging of ITD, GST, and NTR into a Domestic Tax Department (DTD) headed by a Commissioner of Domestic Tax.

- Use of a single taxpayer identification number (TIN) for use across the NRA

6.06 Those related to the strategic management of the department include,

- Establish the following assistant commissioner-led functions at HQ: taxpayer services and collection enforcement; returns, payment, and accounting; audit (and investigations); and tax administration policy and appeals
- Establish both the LTO and MTO as full service offices with four main tax administration areas: taxpayer services and education, filing and registration; returns, payments, and accounting; enforced collection, and audit, investigations and objections (appeals)
- Establish a strong capacity in tax administration policy at DTD headquarters, especially those related to monitoring and research
- Integrate DTD HQ from the start, to be headed by a Commissioner

6.07 Over the years the ITD has improved its operations incorporating substantial improvements in automation and taxpayer services. The result has been an increase in revenue collection from its 2004 level. Most recently, the structural and process changes made to facilitate the introduction of the GST have provided the Department the opportunity for self-assessment.

6.08 As with the other revenue collection departments, the ITD has challenges that continue to affect revenue collection. Previous internal and external audit reports and the Modernization Plan speak at length on the inefficiencies resulting from improper assessment procedures and improper record keeping, both of which result in incomplete/inaccurate taxpayer files and loss of revenue and inadequate staff. Our assessment of ITD records management and collection procedures in the Provinces point to the prevalence of these problems; files are not secured and, in most cases, are incomplete; there are no systems in place to guide collection times and procedures such as timetables, staff roles and verification. Visits are made to businesses in an uncoordinated manner based on availability of vehicles and staff.

6.09 One of the biggest problems in ITD is with personnel management. From our interviews we learned that the EDMU only has four permanent staff assisted by three temporary staff. Considering that this is the unit responsible for debt management for the entire NRA, this is an inadequate number. Provincial operations are particularly hampered by the lack of staff; and staff transfers are not reflective of needs. In Makeni for instance, a small staff of seven is responsible for the entire Northern Province. The bulk of the work in this region is related to conducting standard assessment of petty traders on a periodic basis. Because of the large size of the region, and the fact that small traders are not stationary but rather rove from place to place, the small staff has found it difficult to collect revenue.

6.10 As with other Departments, the status of temporary staff in ITD must be addressed. Since the function of personnel management is addressed at

Headquarters without a comprehensive manpower plan, staff deployed to regional offices include a sizeable percentage of temporary staff, which fill whatever gap the office might have, regardless of their qualifications and/or experience. As such, we found temporary staff serving as collectors and cashiers. In some cases where temporary staff do have the relevant qualifications, they have not been confirmed. The observation from the IMF 2006 Report that the same staff perform assessment and collection services in the district offices, stems from this absence of human resource planning. There is need for the Administrative Officer assigned to ITD to coordinate with AHRM at Headquarters to ensure proper personnel planning.

- 6.11 There is an urgent need for training in assessment and collection procedures to address the deficiencies in the processes. We learned that auditors in ITD received training some time ago, but that these individuals were transferred to GST, leaving a vacuum. The Modernization Plan puts an emphasis on training, but this is heavily dependent on proper planning and management support, which has not been exhibited so far. **If at all the plans envisaged for transforming the ITD into a productive tax unit are to be successful, there must be a concerted effort to not only re-organize the Department to emphasize collection enforcement, auditing, punishments for noncompliance, and dispute resolution, but also to develop the strategic policy and taxpayer components.**
- 6.12 Staff in the districts and in Freetown are not familiar with the process for setting revenue targets. While it is in line with international practice that the MoFED sets revenue targets, we contend that this must be done in consultation with NRA. To inform this process, the NRA must first and foremost conduct an internal analysis of the strengths and weaknesses, as well as the opportunities and threats of its revenue collection processes. The staff of ITD must be part of these discussions, to proffer advice on their specific regions.
- 6.13 Plans to develop a modern tax system in Sierra Leone wherein taxpayers calculate their own tax assessments and pay accordingly will depend on availability of correct information and education as well as strict penalties for noncompliance. The problems foreseen with the introduction of the GST are a prime indication of this. ITD should be able to educate the taxpayers. They must also be well versed in the technical aspects of their work and be able to perform audits and verifications should the need arise. In the absence of these high levels of professionalism, the ITD will not be able to perform its role and will more than likely lose the confidence of the taxpayers.
- 6.14 Strategic management needs to be strengthened within ITD. The proposed integration of both the ITD and NTR into a DTD envisages this strategic function to be carried out by a Commissioner of DTD who will be located at Headquarters. In addition, a monitoring and design unit for DTD, possibly headed by a Deputy Commissioner, will be developed within the Policy and Legal Affairs Department at Headquarters. The monitoring and design unit of DTD will be expected to play the central role in developing tax policy,

monitoring and analysing revenue performance, and liaising with MoFED officials on development of revenue targets. Specifically these duties include:

- Monitor revenue collection for all taxes
- Provide senior management with accurate reports on the collection of taxes on a monthly basis or even more frequently
- Monitor revenue performance in comparison with the annual forecast
- Analyze variations from forecasted amounts and any anomalous revenue performance
- Liaise with MoFED officials on development of revenue targets
- Develop a revenue analysis capability
- Collect data and maintain historical databases of tax collections at the national level
- Provide all statistical needs of the revenue authority and in support of the MoFED and all other users.

6.15 The above detailed listing of the functions of the IMF- proposed monitoring and design unit at DTD has been provided to facilitate discussions on the structure of a productive NRA. While there is an undisputed need for a unit working on policy, planning and research providing accurate statistical data and conducting economic analysis in relation to income tax administration, the IMF proposal must be considered carefully. There is already a Monitoring, Research and Planning Department (MRP) within NRA, which has been performing these research, monitoring and analysis functions, but is not considered in the IMF proposal. This Department has built the capacity for this type of work and is a vital entity within the organization.

6.16 In contrast the PLA, which the report proposes to house the new research unit, has not played a significant role within NRA, whether because of the lack of guidance or because of limited capacity, and does not have the mandate to perform these functions; a reasonable solution will be to place the monitoring and design unit of DTD within the MRP rather than the PLA. What fits within the PLA is the proposed International Affairs unit which is to focus on issues of negotiation and implementation under bi-lateral tax and customs conventions, and matters relating to international tax, such as treaties. Another area wherein the PLA can work in concert with ITD is in ensuring that defaulters are held accountable. Even though the income tax law provides for legal action against defaulters, and specifies the need for tax appeals and a tax rulings system, this capacity has not been developed in NRA and defaulters are not held to task. Either the legal unit of the DTD will have to be placed within the PLA, or legal officers within the PLA will have to perform this role. This latter option is in line with the recommendations made in MRP Annual Report of 2009.

6.17 Under this section, we proffer the following recommendations:

- 1. Implement the structural changes necessary for the creation of DTD especially those strategic and policy functions to be located at HQ level**
- 2. Develop a staffing needs for ITD reflecting the additional staff envisaged within the Modernization Plan**
- 3. Develop a training plan that incorporates the skills needs of ITD including assessment, collections, audit, and programme management for staff, including those at supervisory level.**
- 4. Develop effective work processes such as use of databases, records management system, and communications system**
- 5. AHRM to provide logistical support including office equipment and vehicles to ITD, including those at district offices**
- 6. Ensure that the IT innovations at ITD are replicated at district offices to ensure coherence and efficiency**
- 7. Develop operating manuals to facilitate proper assessment, audits, and dispute resolution.**

7.0 CUSTOMS AND EXCISE DEPARTMENT (CED)

7.01 OVERVIEW OF PRESENT ARRANGEMENTS

7.02 The Customs and Excise Department (CED) of the National Revenue Authority contributes to the attainment of the Authority's objectives by maximizing the collection of all revenues due on import duties, excise and sales tax; facilitate trade by providing reliable statistical data for improved policy formulation and protecting society from harmful importations. It is the desire of the Department to provide a responsive and efficient service to stakeholders and the general public. The Department works to ensure that all legally charged revenues are paid through effective administration of the relevant legislations in order to facilitate both national and international trade such that local and foreign investment is facilitated.

7.03 Apart from its fiscal responsibilities, the Customs and Excise Department is also responsible for the following:

- Enforcement of Customs legislations and other relevant laws;
- Facilitation of legitimate trade;
- Protection of society from illegal entry and exit of prohibited goods/materials;
- Compilation of trade statistics for economic planning;
- Take all actions necessary to identify and combat evasion of duties and to combat fraud in its many forms;
- Ensure efficiency and effectiveness of the customs services department through enhanced management controls, training, increased accountability and the expansion of computerization to all border revenue generating areas through the newly introduced ASYCUDA project

7.04 Notwithstanding the administrative improvements and efforts in pursuing its primary responsibility of revenue mobilization for sustained economic growth, there are still challenges – administrative and operational - to be addressed. The performance of the core functions and responsibility of the CED vis-à-vis tax and customs regimes remain relatively sluggish. Revenue collection remains extremely challenging.

7.05 It is interesting to note that in February 2004, the Ministry of Finance sought the assistance of the Fiscal Affairs Division (FAD) of the International Monetary Fund for a review of progress in reform of revenue administration in Sierra Leone. Inherent weaknesses and challenges that faced revenue mobilization were clearly pointed out and various recommendations proffered for implementation. Although efforts are being made by CED to implement the recommendations of the Mission, CED operational activities, systems and

procedures, have been largely uncoordinated and reactive rather than focused on pursuing the achievement of a specific overarching customs strategy.

7.06 In light of this, we have identified a number of these administrative, operational and strategic issues that need urgent attention, namely:

- Leadership/management role and style of the Commissioner General in carrying out the organization's objectives of revenue mobilization
- Relationship between the Commissioner General and senior officials at the Customs Department – this ought to improve
- Lack of delegation and role clarity between the Commissioner General and CED on the one hand, and Headquarter staff and Customs operational units on the other hand
- Lack of a proper communication mechanism between the Commissioner General and CED staff
- Poor reporting mechanism of collectors in out stations
- Arbitrary recruitment and postings of officials to work at the Customs Department without reference to the Commissioner or respective Heads of Department
- The relationship between mainstream Customs officials and the Preventive Services and Special Duties
- Inadequate funding to carry out the operations of CED
- Poor financial reporting systems
- Ineffective and inefficient management of border posts across the country
- Lack of permanent intelligence officers to provide timely and accurate information for effective revenue generation
- Time consuming clearance systems and procedures despite the introduction of a computerized system (ASYCUDA)
- Improper valuation mechanisms
- Lack of pre-clearance policy and practice
- Lack of post-clearance audit controls and systems
- Improper cargo management

7.07 Structure and Systems

The current structure of the Customs and Excise Department provides for an efficient management team. The Commissioner is the head of the department; and is assisted by the Deputy Commissioner; Assistant Commissioner of Operations; Assistant Commissioner of Preventive Services and Special Duties; Assistant Commissioner of Excise and Sales Tax; Principal Collector, Preventive Services and Special Duties (PSSD); Principal Collector (Outstations); Principal Collector (Long Room); Principal Collector (Outdoor); Principal Collector (Excise and Sales Tax); Principal Collector (Finance, Budget and Account); Senior Collector (PSSD); Senior Collector (Finance, Budget and Account); Collector (Finance, Budget and Account) and Collector (PSSD).

- 7.08 The Commissioner and Assistant Commissioners (AC) of various units must co-exist in achieving the Organization's overall objectives. In practice however, the relationship between the CED and the PSSD have not been effectively clarified except for the fact that the AC, PSSD provides regular briefings to the Commissioner of CED. Similarly the functions, roles and responsibilities of the AC of PSSD and staff under his purview need to be clarified as it is expected that operational and human resource management and other related matters should be within the competence and supervision of the AC of PSSD.
- 7.09 In effect, there seems to be little coordination and consultation between the Commissioner and the Assistant Commissioner of PSSD. For instance, it was observed that the PSSD reports on its activities to the Commissioner General of NRA bypassing the Commissioner of CED. It is difficult to believe, as alleged, that indeed the Board of Directors authorised the Assistant Commissioner of PSSD to report its operations and administrative activities to the Commissioner-General. The veracity of this allegation was not ascertained, but NRA Policy Framework, 2006-2008 outlines plans to move the Preventive Services from CED to the direct supervision and control of the Commissioner-General's office at NRA headquarters. It is necessary that the benefits of this proposal be carefully considered. Until the plan is operational, we consider it improper for a subordinate officer to bypass supervising officers and report directly to the Chief Executive on administrative and operational matters.
- 7.10 We also observed that the PSSD is not benchmarked in terms of performance target and that PSSD has a "free hand" to set its own targets. Giving authority to PSSD to value and collect revenue, and at the same time work to combat smuggling and reducing evasion of tax payment is like being a 'referee' and a 'player' at the same time. The potential for revenue slippages and the tendency of branding the organization as being corrupt will continue to feature prominently in assessments of the operations of NRA. The issue of the PSSD is dealt with in a subsequent section of this report.
- 7.11 The authority of the Commissioner of CED in terms of administrative procedures and practices needs to be properly clarified and reviewed to take on board its roles and responsibilities. The organizational arrangement of NRA mandates the Commissioner of CED to deploy staff within the department. The Review Team noted that postings and transfers were arbitrarily done by the Commissioner-General without consultation with the Commissioner of CED. It is alleged that information on movement of Customs officials by the Commissioner-General is communicated to the Commissioner through the Department's Notice Board. This is a major anomaly that should be addressed, in order to ensure that the Commissioner has functional superintendence over staff within his department. The breakdown in communication and, by extension, relationship between the Commissioner and a cross-section of staff in his department, was clearly evident. Also, it was noted that outstation collectors report to the Commissioner-General since their postings are unilaterally carried out by the Commissioner-General.

without consulting the head of CED. Such operational and administrative arrangements do not provide for efficiency.

7.12 NRA HEADQUARTERS ROLE IN CUSTOM'S ADMINISTRATION

The crucial role of Headquarter functions in a domestic tax administration cannot be underestimated. Contemporary customs administrations provide a clear distinction between the roles and responsibilities, as well as relations, of headquarters and operational units. The former are responsible for issuing out policy direction, advice and resources for the smooth operations of the Customs Department so that they can deliver the organization's overall objectives of revenue collection. In order to perform this responsibility, it should be incumbent on headquarters to develop appropriate training policy, establish performance standards and clearly monitor and evaluate performance of the operational units against the standards set, develop uniform procedures, provide adequate financial resources for operational activities, incentives and the necessary equipment to enhance productivity.

7.13 The Review Team observed that the majority of the Customs officials do not benefit from training facilities, although there is a Training Policy for the Authority. In cases where training opportunities are provided, it is alleged to be highly discriminatory and unfairly selective. In essence, training is provided not on the basis of needs and merit but at the discretion of the Commissioner-General, and performance standards at the Customs Department are difficult to monitor and evaluate.

7.14 A good number of outstation collectors do not benefit from regular supply of uniforms and are not provided over-time allowances although they are required to work beyond the normal working hours due to unscheduled activities.

7.15 On the issue of finance, the department is grossly under-resourced. There is no denial the operational unit of the NRA should be self-sustaining and self-resourceful since it collects three percent (3%) income tax withholding on behalf of the Income Tax Department. Sixty percent (60%) of NRA revenues come from the Customs department but it only receives Le550,000.00 as monthly imprest from headquarters. It was reported the determination of imprests for departments/units was a unilateral decision by the Commissioner-General. It important to note that before then, the monthly imprest for the Department was Le10m to carry out its operational activities. This has to be revisited by management.

7.16 MANAGEMENT OF CUSTOMS BORDER POSTS

The management of NRA in consultation with stakeholders provided necessary information on the setting-up of Customs border posts in order to avert

leakages and combat smuggling. The CED established its offices in the following locations: Susans Bay, Lungi, Kambia, Bo/Gbangbatoke, Zimmi, Kabala, Yumkella, Kono, Koindu, MRU, Buedu and Dare Salam. Such effort is in consonance with NRA policy to decentralize services equitably and effectively and serving clients from their nearest work premises.

7.17 However, according to both customs and major trade bodies, it is widely believed that smuggling and revenue evasion are increasing, even with the creation of these outposts. There are still numerous unmanned and unofficial crossing points, many of which are controlled by the police, with limited capacity to effectively patrol these crossing-points. Similar concerns were raised in the IMF 2006 Report on "**STRENGTHENING REVENUE ADMINISTRATION AND PREPARATIONS FOR THE VAT**".

7.18 The inadequate staffs at official customs border posts are unable to counter smuggling and evasion of tax by business people. For instance, in the Kono district in Eastern Sierra Leone, only one PSSD staff is charged with the responsibility for the entire district. A similar case was apparent at the Bo/Gbangbatoke customs post, where PSSD officials resident in Bo Town are charged with the responsibilities to monitor and control smuggling of goods and other harmful items in both the Southern and Eastern parts of the country. Given its terms of reference, the PSSD should be sufficiently capacitated in terms of provision of logistics/equipment, training, incentives, etc., to manage the outposts, as well as the Western Area.

8.0 PREVENTIVE SERVICES AND SPECIAL DUTIES (PSSD)

8.01 Structure and Systems

The Preventive Services and Special Duties is one of the operational wings of the Customs Department charged with the responsibility to combat smuggling across the diverse land border crossings with neighbouring countries. It was set up in 2003, when the NRA was created. Prior to that, however, there was an Anti-Smuggling Task Force attached to the Customs Department.

8.02 There are twenty-two staff members in the Preventive Services Department. The unit is headed by an Assistant Commissioner, who is assisted by a Principal Collector, and a long list of collectors (Senior Collector, Collector, Assistant Collectors, Collection Assistants and Junior Collection Assistants). The review team was informed that personnel in PSSD are largely ex-service men and women. The unit performs the under-mentioned functions:

- Designing and implementing strategies for the control of smuggling
- Preventing the inflow of prohibited goods and ensure that the importation of restricted goods satisfy all legal requirements
- Conducting land and sea patrols and embarking on surveillance missions
- Inspection and monitoring of factories, warehouses, as well as permit and duty free issues

8.03 Personnel of the Preventive Services work alongside mainstream customs officials at the various border posts. The mandate and responsibilities of Customs officials and PSSD personnel remains to be clearly defined since both customs officials and PSSD personnel perform similar functions such as valuation of goods/materials and issuance of NRA receipts for revenue generation.

8.04 PSSD personnel at Border Posts report their activities to the Head of PSSD (Assistant Commissioner), who in turn (as noted previously) reports directly to the Commissioner General without the knowledge of the immediate supervisor, i.e., the Commissioner of Customs. This arrangement came in operation from a Board decision contained a Policy Document, "NRA POLICY FRAMEWORK 2006-2008", which recommends that the Preventive Services should be under the direct supervision of the CG and not the CED.

8.05 Although the issue of recruitment, postings and transfers will be dealt with separately in this report, it is however important to note that 30% of staff recently employed into PSSD structure was at the instance of the Commissioner General's office.

8.06 The role and responsibility of the Customs Department and PSSD needs to be clarified and reviewed to take on board the overall technical and operational objectives on the one hand, and the goal of the organization on the other hand, since the customs department contributes 60% to the overall revenue generated by NRA.

8.07 The International Monetary Fund Fiscal Affairs Department Report 2006 addresses some of the management and operational lapses that exist in the Customs Department.

8.08 CHALLENGES FACED BY THE PSSD

i. LACK OF AN INTELLIGENCE UNIT TO AUGMENT CUSTOMS OPERATIONS

The Preventive Service is grossly incapacitated both in terms of human resources and funding. The intelligence capacity is poorly developed, and given the porous nature of our border, slippages are reported to be on the increase, with the corresponding loss of revenue. The unit depends on reports and tips from neighbourhood youths. The twenty-two personnel in the preventive unit are largely unskilled, ill-equipped and under-funded to provide effective and efficient national control. With its current staff complement, PSSD can hardly fulfil its mandate. It is therefore important, and we accordingly **recommend that the Preventive Service unit and other frontline clearing operational units are supported by an Intelligence unit with staff that possess specialised skills.**

ii. LACK OF ADEQUATE EQUIPMENT AND INCENTIVES

Associated with limited human resource capacity and under-funding is the acute shortage of essential equipment and incentives to enhance the efficiency of the PSSD in combating smuggling and evasion of taxes at the border and other designated posts. It is important to note that the PSSD accounted for 5% of the overall revenue generated by the Customs department through their outstations posts.

In addition to lack of logistics such as communication gadgets, vehicles, motor-bikes, etc., it was observed that staff in outstations are not provided with proper accommodation. In a few cases visited, some staff reside in temporary makeshift houses, with no furniture. With no "remote area" allowances, the potential of these staff being co-opted into unlawful and corrupt practices cannot be understated, particularly when they are at liberty to apply arbitrary methods of valuation and subsequent collection of revenue for the NRA or for their personal enrichment. In line with this development, we **recommend that permanent NRA office/housing facilities at border and other designated stations are constructed and that**

consideration be given to the payment of remote area allowances to staff at those posts.

9.0 NON TAX REVENUE DEPARTMENT (NTR)

9.01 The Non Tax Revenue (NTR) Department of the NRA is primarily responsible for collecting revenue from Ministries, Departments and Agencies (MDAs). Formed in 2005 the Department collects revenue in the form of fees and fines from various MDAs including Ministry of Lands, Country Planning and the Environment; Ministry of Marine Resources and Fisheries; Ministry of Employment and Social Security; Ministry of Works, Housing and Infrastructure; Office of the Administrator and Registrar- General; Sierra Leone Law Courts; Immigration Department; National Registration Secretariat; and Pharmacy Board, amongst others. With a total staff size of 37, NTR deploys tax officers to each MDA it collects revenue from, including those in the Provinces. The Department currently has staff stationed in four districts, Bo, Kenema, Makeni, and Kono, as well as Lungi Airport. The types of fees and fines collected vary depending on the scope of work of the MDA. For instance in the case of the Law Courts, NTR collectors receive court fines issued by Magistrates and Judges; in the case of the Ministry of Lands, Country Planning and the Environment, they collect fees on government leases, survey costs, etc. Regional operations are a replication of those at the centre. For instance, in Bo Town, the NTR officer located at the Ministry of Mineral Resources and Political Affairs collects fees for artisanal mining and fines levied by Mines Officers.

9.02 Structure and Systems

The organogram for the Department depicts a hierarchical structure headed by a Commissioner moving downwards to a Principal Collector, Monitoring Officer/ Collector, Collector Supervisors for each of the four zones, and Collectors. As with the other revenue collecting Departments, NTR continues to use the 'collector' staffing nomenclature, as opposed to functional titles. While we concede that this might be a reasonable practice, there must be clear job descriptions for each level of collectors starting with the principal collector down to the junior collection assistant. The most recent staff list indicates that the permanent staff of 29 are supplemented by 5 temporary staff and 3 interns. The current staff size of NTR is inadequate for the range of work it is expected to cover. We observed that the Provincial Supervisor also serves as the Monitoring Officer for the entire Department in addition to supervising the five provincial operations. One result of the lack of staff has been that supervision is weak at the top, leading to a casual attitude towards collection and accounts reconciliation. Optimally, the Department should deploy an average of three officers to large MDAs, and two at district offices. The Law Courts in Freetown are especially busy and as such may require an increase of NTR officers. This issue of additional staff becomes even more relevant when taking into account the creation of new functions and units such as establishment of an Enforcement/ Debt Management unit, and development of an Accounts audit system for MDAs under the Modernization Programme.

- 9.03 Another challenge with the staff structure is the absence of a substantive Commissioner. According to records, the current Commissioner serves in an acting capacity while also serving as the full-time Director of the Modernization Programme. **With a revenue target set between Le59b - Le72b for the past three years, it is necessary that the NTR have a substantive Commissioner to oversee its activities and provide strategic guidance as it embarks on comprehensive systems and processes overhaul under the Modernization Programme.** The position is also essential to ensure effective coordination at Headquarters level. It came to our attention that the current acting Commissioner was formerly the full-time Commissioner for NTR before the advent of the Modernization Department, and his qualifications indicate expertise in tax administration and management
- 9.04 HR management in the Department is hindered by the absence of a dedicated officer relating to the central HR authority at the Administration and Human Resource Management Department (AHRM). Recruitment and deployment are done at Headquarters from the Office of the Commissioner-General; notwithstanding the ineffectiveness of this system, which does not allow the Commissioner of NTR authority over his staff, and reduces his ability to align the staffing and resource needs, it is clear that the NTR needs a Human Resource Officer to assist in development of staffing plans and to liaise with AHRM on related matters.
- 9.05 Administrative procedures have presented a similar challenge, because of the delays in the procurement and distribution networks. The Department lacks essential equipment and logistics. Computers for staff in Freetown are inadequate and those in the provinces are not in use, for a variety of reasons ranging from lack of fuel for generators to lack of know-how. During the review it came to our attention that the Provincial Supervisor made a request for travelling support to provincial offices some time ago, but has yet to receive approval for this purpose. Another example of the inefficiency of having to rely on the Headquarter support to departments for logistical support is that the generator in the NTR offices in Freetown is in need of maintenance, but senior management had to wait for the request to travel upwards through a long line of officers before final approval by the Director of AHRM. The Department is not consulted in budget development and feels sidelined at the expense of the other two operational departments.
- 9.06 The work of the NTR is guided by several pieces of legislation including the NRA Act 2002, and the various Finance Acts up to 2009. These legislations give it the legal authority to collect revenue from MDAs on behalf of the Government of Sierra Leone for the Consolidated Fund. However, this authority is limited as certain MDAs, namely, the Civil Aviation Authority, Sierra Leone Maritime Administration, Pharmacy Board and Telecommunications Commission have been allowed to retain fifty percent of fees collected. NTR

reports that no revenue was received from the Ministry of Fisheries and Marine Resources for the period 2009. Similarly, revenue from NATCOM for 2009 is not reflective of the royalties owed by the telecom companies operating in the country. While these MDAs have the right to create "Escrow Accounts" and withhold a percentage of their revenue, it is also their responsibility to deposit the right percentage to the Consolidated Fund. In addition, the NTR reports that their authority to collect revenue has been challenged in a number of MDAs some of which now employ other tactics to circumvent the NRA. It is important that the lines of communication remain open between these two parties and that any challenges and issues are discussed and resolved. Even though they already meet on an ad hoc basis, we believe that a permanent forum for addressing challenges and best practices must be established.

9.07 One of the biggest challenges faced by NTR is the lack of efficient work processes. The Department lacks complete records on its clients, and databases for different categories of tax payers (MDAs) have not been developed to augment the paper files, which are admittedly in a poor state. One of the effects of this inefficiency is that the Department is not able to track all transactions with MDAs, enabling the latter to circumvent the NRA. In as much as it is the responsibility of the senior management at NTR to ensure that proper recordkeeping and accounting processes are used, there has been very little guidance on this issue from the respective headquarter offices, and these are systemic problems affecting all operations of NRA. The inefficiencies of the IT, Finance and Administrative departments affect the work processes and productivity levels of the technical departments, including NTR.

9.08 Accordingly, we recommend that:

- 1. AHRM deploys a HR officer to NTR to ensure effective human resource development.**
- 2. Additional postings of qualified accountants, economists, financial analysts, and related staff are made to the NTR to supplement its activities in Freetown and in the provinces.**
- 3. NTR technical staff undergo training in collection and reconciliation processes.**
- 4. Top management of NTR facilitates development of an annual work plan for the Department that incorporates all its MDA clients and indicates all activities including monitoring trips in Freetown and the provinces.**
- 5. Finance and AHRM departments provide the necessary logistics and support to NTR to facilitate their work as part of the NRA.**
- 6. Immediate establishment of a full-time Commissioner for NTR.**
- 7. The creation of a permanent Consultative Group that meets at least bi-monthly comprising representatives from NTR and all relevant MDAs to discuss issues and challenges that arise.**
- 8. The development of technical manuals on the work processes of NTR**
- 9. The Principal Collector ensures that NTR employ proper accounting procedures, subject to audit checks.**

10.0 GOODS AND SERVICES TAX DEPARTMENT (GST)

10.01 OVERVIEW OF PRESENT ARRANGEMENTS

The Goods and Services Tax Department is a department for revenue collection that is being implemented by the National Revenue Authority as part of the Government's plan to modernise and streamline the taxation system in the country. The introduction of GST enables seven existing taxes to be replaced with a single tax system. Prior to the commencement of GST in January, 2010 the following various taxes were levied by different departments in the NRA:

- Import Sales Tax
- Domestic Sales Tax
- Entertainment Tax
- Restaurant and Food Tax,
- Hotel Accommodation Tax
- Messages Tax
- Professional Services Tax

10.02 In effect, the Goods and Services Tax is a modern form of sales tax levied on the domestic consumption of imported and locally produced goods and/or services, paid as a percentage of their value at the time they are imported, sold, exchanged, or delivered.

10.03 Although the prices of imported and locally produced goods/services might increase by fifteen percent (15%) others will be reduced or remain at the exact prices prior the introduction of GST. Certain essential items such as rice, piped borne water, fuel, educational materials, medical services and selected pharmaceutical supplies, will not be taxed in order to ensure that the people of Sierra Leone are not severely affected by the introduction of the GST.

10.04 It is interesting to note that the Goods and Services Tax was borne out of the recommendations made by the Fiscal Affairs Department of the International Monetary Fund (2006) which called for a fundamental change in the tax administration system of NRA. Hence, it is an integral part of the modernization of the ITD. The success of GST depends to a large extent on the development of new, innovative ways of conducting business, improvement in management structures and skills enhancement.

10.05 The GST is a self-assessment tax system whereby registered businesses with NRA whose turn-over is at least Le200m are expected to collect revenue on domestic sales to their customers on goods and services included in the GST Act 2009. At regular intervals, the registered businesses will have to pay the money they have collected to the National Revenue Authority but they should be able to deduct the GST they have paid on the legitimate business expenses

they have incurred in the course of making taxable supplies to their customers.

The new tax system is a novelty to most Sierra Leoneans including the general business community and civil society organizations. It is however anticipated that the GST will usher in immense advantages, despite the pessimism expressed by the general public. The previous indirect tax systems will give way to a direct form of taxation whereby cost and time spent on administration by the Government, NRA and businesses will be drastically reduced. Businesses that are registered with GST will automatically deal with a single tax agent or (GST) department rather than having to bear the costs of transacting tax business with the various tax departments at NRA. In addition to revamping revenue, GST is reported to have the following advantages:

- Registered businesses will be provided with the opportunity to reclaim the tax they have incurred on their business expenses, something that was impossible under the previous tax administrative system.
- The GST will enable businesses to pass on savings accrued from sales to their customers. Albeit businesses who are in the habit of cheating the Government and the people of this country through tax evasion will find the new tax system much more difficult to evade
- Honest tax payers will not have to contribute more than is necessary as a result of poor legislations and administrative inefficiencies.
- The new tax system will expand the tax base by accruing adequate revenue for public expenditure on essential goods/services and the overall development programme of the Government
- It is a more stable revenue source than any other tax system, since it depends only on how much people consumed.
- It is less affected by economic cycles and the shock effect of global events, such as fluctuation in oil prices, foreign wars, acts of terrorism and many more unfavourable events
- Because of its transparent nature, the consumer is at liberty to know exactly how much tax is being paid and which businesses are authorized to charge the tax
- Unlike corporation and personal income taxes, GST does not tax investments and savings, since the new tax system is only payable on personal income when it spent on goods and services, rather than when it is earned
- It will give the opportunity for new methods, systems and procedures to be developed and tested without the constraint of trying to introduce such notable innovation in an existing outdated environment
- It will also provide the leverage for the new tax to be in without the distraction of ongoing reform and modernization activity within other areas of the tax administration. Experience elsewhere has shown that GST implementation can provide the impetus for radical improvement in compliance and enforcement capability across the amalgamated tax regime.

10.06 Structure and Systems

The organizational structure of the Goods and Services Tax Department is yet to be confirmed. Currently, the Assistant Commissioner is the head of the department, and is assisted by Principal Collectors at both Head office and operational offices across the country. The Assistant Commissioner who is a trained and qualified Accountant provides strategic direction and management of the Goods and Services Tax administration unit. He reports to the Commissioner, ITD and Deputy Commissioner-General. The Head office managers and field staff of the GST department are charged with the responsibility of processing tax policies, tax interpretations, debt management policy and audit policy. Like many other departments in NRA, there are severe human capacity challenges in the GST Department. However, we were informed that with support from UK DfID, some efforts are being made to capacitate the Unit as part of the ongoing tax administrative reform programme at NRA.

- 10.07 The implementation of the Goods and Services Tax will be further constrained by the fact that registered businesses under the GST Act and regulations do not have the necessary cash machines and other automated mechanisms to issue out receipts; most businesses rely on the manual issuance of receipts to customers who most times do not request receipts after transactions. In order to facilitate the process, we **recommend that the Government, NRA and other stakeholders pursue action in automating businesses that are mandated by law to pay GST through the purchase of cash machines.**

11.0 SUPPORTING DEPARTMENTS AND AGENCIES

11.01 ADMINISTRATION AND HUMAN RESOURCE MANAGEMENT (AHRM)

The AHRM is responsible for facilitating effective institutional and human resource capacity within the NRA. More specifically, the department aligns the personnel capacity to the operations of the organization by ensuring that each unit has the appropriate number and level of staff. It also ensures that the rights and responsibilities of both the Authority and its personnel are abided by. Policies and procedures on staff welfare are developed by the AHRM. The AHRM also ensures the efficient utilisation of NRA assets. This responsibility over logistics includes assignment and maintenance of vehicles, machinery, and office equipment.

11.02 Structure and Systems

The importance of human resource and administrative functions within an organization such as NRA which employs a large number of people and has diverse functional and geographical operations cannot be overstated. The NRA is one of the most important institutions in Sierra Leone and its people and resources must be well managed if it is to achieve its objectives of expanding the tax base and revenue collection. Yet, the AHRM remains challenged by lack of capacity, resulting in inefficiency of the department.

11.03 According to its staffing list, the AHRM Department has a total of 129 staff. Of these only 12 are technical staff, working on issues relating to personnel management, administration and procurement. The rest are drivers, messengers, and cleaners deployed to other departments. The organogram for the department is obviously outdated, as it does not reflect what currently obtains. The organogram makes mention of a Training Unit, and by all evidence this is no longer in place. The position of the Deputy Director, Administration, is also not reflected in the organogram. In addition, there is no clear role definition between administration and personnel management, and this is reflected in the disordered systems and processes observed in the department. A proposed structure for AHRM is included for consideration in **Annex 8**.

11.04 One of the major challenges faced by the AHRM is the lack of qualified personnel. There are only six officers in the senior rank, and all of these have at least a Bachelors degree and professional certificates related to their functions, with three possessing Masters Degrees. What are lacking are the complementary skills in the staff below this senior level. The Department is in

dire need of qualified and well-trained Administrative officers at the Middle level spread across the various units including human resource, logistics, procurement, and training. Not only is there a need for qualified HR staff attached to each of the revenue collection departments, there must be a pool of administrative officers responding to the needs of staff in all the support departments, including the Commissioner-General's Office.

- 11.05 As a result of the limited capacity in this Department, there are huge gaps in the systems and processes within NRA. Policies relating to recruitment, promotion, training, transfers, retirement, record keeping, vehicle assignment, etc., are the responsibility of this Department. In most cases, these policies have not been developed and, if they have, as in the case of the Internship and the Award Scheme policies, they have not yet received Board approval or need to be reviewed and updated. Even more disturbing is the fact that those in place relating to recruitment, promotion, transfers, and performance management, are not being adhered to. From our interviews with staff both in Freetown and the provinces, these procedures are conducted in an arbitrary manner and are based on patronage and personal relationships with senior officials. Beginning in 2008, it is alleged that recruitment, promotions and transfers were done by the Commissioner-General, with very little involvement or monitoring by AHRM. The reasons for this change in procedures are beyond the scope of this review; however, the impact on capacity and morale of NRA employees has been devastating. One of the more obvious effects has been the disincentive for staff in the AHRM to perform. During interviews, staff made it very clear that their functions were being performed within the office of the Commissioner General and as such they have not been empowered to make decisions befitting their posts. Further investigations indicated that staff were indeed recruited by the Commissioner-General's Office in 2008 and 2009 and deployed to various Departments without consulting the respective Directors or Commissioners.
- 11.06 NRA records indicate that the total permanent staff size was 495 in the beginning of 2008 and later increased to 570 by 2009, 74 of which are said to be temporary staff and 24 interns. A majority of the temporary staff serve in a technical capacity within revenue collection and in support departments. The fact that some receive salaries equivalent to permanent and better qualified staff has been highlighted as one of the main reasons for the low staff morale.
- 11.07 Temporary staff serve as collectors and cashiers in most of the outstations without the requisite qualifications and skills. Requests for additional staff for the severely incapacitated outstations have been met by deploying temporary staff rather than permanent staff. To compound this problem, the Review Team were informed that the recruitment and deployment have been conducted arbitrarily by the Commissioner-General. Another problem with the temporary staff is the fact that a good number of these temporary workers, who possess the relevant qualifications and have been with NRA since 2008, have not been absorbed into the organization. Some NRA staff have explained

this delay by maintaining that these temporary staff are on probation. Again, this is contradictory to both NRA policy as well as international HR practice which place the ideal probationary period at 6 months.

11.08 Clarification must also be provided in the conditions of service for Interns. The team was informed that Interns at NRA are paid, and that this is contrary to what occurred several years ago. It seems as with other practices in the organization, a decision was taken without any reference to policies and best practice. We observed that some Interns are paid at par with permanent staff, and believe that this practice must be discouraged. Interns can receive a stipend, but must not receive the same incentives as full-time staff.

11.09 The Modernization Plan calls for a comprehensive personnel audit; this exercise must be conducted expeditiously as there is an obvious need to right-size the NRA. As a result of the want for manpower planning, some departments such as the Customs and Excise in Freetown are bloated, while others such as outstations and support departments are in urgent need of additional staff. As indicated in the Commissioner-General's memo at the advent of this review, management are in agreeance with rationalizing the staff. From our observations, this process will have to be conducted strategically to ensure that the NRA retains the right staff. Rather than a broad-brush retrenchment of 'non-essential' staff, the process should be informed by the personnel audit and the restructuring of departments from the Modernization plan. A logical progression of the rationalization process will occur as follows, though most of these steps will have to be done concurrently;

- i. Retirement of staff over 60
- ii. Finalization of departmental structure and functions
- iii. Development of staffing needs for each department
- iv. Personnel skills audit
- v. Assignment of staff into departments
- vi. Identification of border-line staff for re-training
- vii. Retrenchment of superfluous staff

It must be noted that the NRA should develop a retrenchment strategy inclusive of retrenchment packages from the very onset of the exercise.

11.10 An assessment of the Staff Profile for NRA points to certain issues, some of which can be addressed now;

- The immediate retirement of all staff that have reached the legal retirement age of 60.
- There is a need to modify the nomenclature of some positions to enhance clarity and productivity. The team believes that the NRA should review the logicity of having six (6) 'collector' levels in the revenue collection departments, and consider merging the two lowest levels into 'Asst. collector'. That notwithstanding, we proffer several changes that can be made for immediate impact;

- Maintenance unit: rather than having Asst. Motorbike Mechanic and Motorbike Mechanic Asst, there should be two levels namely, Mechanics and Assistant Mechanics. This will apply to all categories of Mechanics, whether for vehicles or generators and other equipment.
- All Secretaries working within the various departments must be administrative staff, and should not be classified as 'collectors'. This point also applies to those officers serving as 'cashiers/ collectors', especially in the Provinces.

11.11 Professional development within NRA has not been prioritized, and staff perceive the training selection process to be based on personal relationships. There is a Training Policy, but this needs to be further developed to reflect the diverse needs and options for NRA. Only a small percentage of NRA staff have benefited from local and international training and, as such, capacity remains low in both technical tax and customs administration and in management and policy analysis. It is essential that both old and new staff in operational departments are exposed to periodic training in modern taxation and customs administration. One of the innovations considered in the NRA was that of a 'Total tax person', which aimed to provide staff with training in all operational areas of tax and customs administration, to enable them to appreciate the basic features of revenue administration and the challenges posed by an integrated system. This was deemed to be necessary in light of the integration of both Customs and Income Tax into one Authority, as well as to foster learning. Professional development and training are central to this concept; activities included in the concept paper include an induction period for new employees of no less than two weeks in each operational area, followed by an examination prior to confirmation.

11.12 Certainly, there is a need to develop a well-rounded revenue officer with general knowledge of all operations in addition to their specialized skills in a particular area. However, the initiative seems to have died an early death, as with most other ideas that call for extensive planning and coordination. The absence of a functioning Training Unit within AHRM which, according to the Concept Paper, is to administer the programme is indicative of the limited progress in developing this initiative.

11.13 Records Management – NRA conducts and transacts its businesses mostly on paper. About 95% of communication and evidence of any transaction is held on paper records, and these form a valuable resource for the operation of NRA and also as an evidence base for investigations and audit. However, we observed that Records management within NRA is inefficient and chaotic. There is no unit within AHRM responsible for records management, and this is reflected in the difficulties with gaining access to information. Most senior officers have a filing system within their office, but the quality of these depends on the personal attitudes of the individual towards information. The team noticed early on that with the exception of Board papers and high level reports, there are no reference numbers on letters and documents circulated

within the organization. There are too many memos being produced daily with no corresponding files to indicate and monitor their origins.

The team was informed that a general depository/library had been established in the Commissioner-General's Office, but that this was not properly maintained. The AHRM does not possess a central library of policies and procedures that could serve as a point of reference. Records and data should be sacred in a revenue collecting agency and the absence of a records system, more than any other, speaks to the catastrophic level of poor management and planning at NRA. It should be recalled that during the early stages of this review, the Commissioner-General proceeded on leave as a result of an on-going investigation by the Anti-Corruption Commission (ACC). One of the issues raised during the ACC investigation is the lack of verifiable records.

11.14 Improper record keeping has had a negative impact on operations; often, records of revenue transactions, including receipts, cannot be accounted for. This half-hearted attitude towards proper record-keeping and security was observed both at outstations and at headquarters, where staff had to scramble for information we requested. Outstations receive little or no guidance from Freetown as to how to maintain receipts and personnel files. We observed that in many offices files are not secured, but are strewn on top of discarded cabinets and tables.

11.15 **NRA future gains can be envisaged if the Authority takes on board a Records and Information Management Project, to implement the best practices in records and information management.**

11.16 As the first stage in such a project, there should be a records survey. The focus in this phase is on the collection of background information about NRA and its records. This information will be used to develop a portrait of records and information management at NRA, and for developing suitable performance indicators in order to evaluate the achievements of the project.

Secondly, the NRA should consider revamping its records keeping practices through designing and developing strategies for managing unstructured information/records, in order to strengthen its existing records management systems and to pave the way for managing electronic records in the future.

The process will involve:

Identifying records – to determine relevance and to ensure that all records that provide evidence of NRA's activities, communications and transactions are captured

Storing and managing records - in such a way that the records, whether paper or electronic, are sufficiently accessible and are safeguarded and protected over time against unauthorised access, environmental damage and technological obsolescence.

Circulating records – retrieving, tracking the record while it is away from the file room, and then returning the record; providing complete audit trails of access to and use of records, whether paper or electronic.

Designing and applying retention schedules

Electronic Records Management – Transfer from manual to electronic form of management; this may involve both scanning of paper records and the appropriate management of records that are created electronically; electronic document and records management or content management systems will need to be considered. The recommended approach would be to prepare a Statement of User Requirements (SOUR) that captures NRA's needs. Different software solutions would then be evaluated to determine which best meets NRA's requirements and complies with international standards for records and information management.

Training and change management – successful implementation will depend on a well planned programme of training and awareness-raising to ensure NRA staff are able to use and comply with new systems and procedures.

11.17 Assets Management - Management of assets within NRA must be coordinated by a designated Unit within the AHRM to ensure their efficient use. Almost every department, including AHRM itself, complained about the lack of equipment, vehicles and supply of fuel to facilitate their work. Provincial offices have especially been subjected to these delays (and most often non-availability) in supply. Problems with supplies include lack of fuel; lack of computers and printers, and other essential office equipment and stationery; and no telephone services. Even more problematic is the deployment of vehicles in NRA; staff at Provincial offices report that they are not considered in vehicle allocation. We observed that all Provincial offices we visited lacked vehicles; in a lot of them, even the motorbikes were not in working order. We were informed that having reported this to AHRM, they were asked to wait for the bikes to be repaired in Freetown. AHRM confirm even though minor repairs can be done locally, after a certain threshold, repairs are done in Freetown. However, this has been easier said than done, and many offices all over the country have unused vehicles waiting to be repaired. This is most unfortunate, especially in the case of the PSSD staff whose work has been compromised as a result. The staff structure for the AHRM indicates a maintenance unit, but clearly, the department has been unable to cope with management of logistics. **It stands to reason that the NRA should have a unit dedicated to transport issues and maintenance of vehicles and that liaises with ITD, NTR and CED/PSSD.** For the purposes of

coherence, maintenance of electronic equipment should be done within the IT department.

11.18 Procurement Process - The procurement process within NRA has received a lot of attention, and allegations of lack of transparency in the process and corruption have been levied at NRA. According to the 'Procurement Policies and Procedures' the Authority has a Procurement Committee performing the following functions:

- Verify and approve procurement plans
- Review and approve draft bidding documents
- Review and approve evaluation reports and recommendations for the award of contracts
- Reject unsuccessful bids

11.19 Membership of the Committee is nominated by the CG and currently includes the Commissioner of CED, Directors of Legal Affairs, Corporate Secretariat, Finance, and AHRM; Deputy Directors of MRP and ITD; and the Ag. Senior Procurement Officer. The Procurement Policy provides some guidance on the process, but it needs to be further developed beyond the membership of the various committees and the shopping procedures to include procedures for awarding contracts that enhance accountability and transparency. One of the observations made in NRA audit reports is that the Procurement unit within AHRM does not maintain copies of documents. This, if true, compromises the process, and is in violation of the National Procurement Act 2004. The NRA Status Audit Report from 5th June 2009 provides evidence of procurement violations. Whether or not the allegations of violations are true, what is certain is that the Department needs to develop a comprehensive Procurement Policy and should ensure that the Procurement Unit is capable of enforcing this policy.

11.20 One of the emerging problems in NRA is that of estate management. The organization continues to rent numerous facilities all over the country. Not only is this not cost-effective, but it has also been difficult to manage. In Kenema, we learned that the staff were facing eviction; and in Port Loko the PPSD and Customs officers have had to construct thatch huts to work from and live in. Upkeep of facilities has been lax, and most are not befitting the NRA. There is a plan to construct an office for NRA at Tower Hill, and we would like to see NRA own its facilities throughout the country. To facilitate the management of these facilities, Estate management should be included in the functions of AHRM.

11.21 Recommendations

- 1. Facilitate a comprehensive staff competency audit.**
- 2. Development of an efficient structure at AHRM that incorporates its functions of personnel management, logistics, maintenance, training, records management, and estate management.**

3. **Development of an organogram for each department and for the entire NRA that incorporates those structures approved in the Modernization Plan**
4. **Development of a comprehensive and updated staffing database for the entire NRA to assist in manpower planning**
5. **Development of a training needs for each department of NRA**
6. **Development of a training policy and plan for each department of NRA**
7. **Assist each department in preparation of job descriptions for each staff**
8. **Development of a scheme of service for NRA**
9. **Development of administrative policies on recruitment, promotion, transfers, and retirement to be collated into a personnel management manual**
10. **Development of a performance management system that augments productivity and accountability.**
11. **Develop an asset register for NRA inclusive of vehicles, machinery, and equipment**
12. **Development of logistics plans for the use of vehicles and equipment to headquarter and regional offices.**
13. **Further develop the Procurement Policy to enhance transparency, data security and accountability.**
14. **Finalize the development of an Estates Management Plan,**
15. **Develop a Pay Policy reflective of various categories of employees**
16. **Consider contracting-out some services, e.g., those provided by cleaners, messengers, so that NRA concentrates on core activities**
17. **We recommend that NRA seek the services of a professional group to design a records management system for the Authority.**

12.0 MONITORING, RESEARCH AND PLANNING DEPARTMENT (MRP)

12.01 The MRP Department is responsible for conducting research on tax administration and revenue collection and to monitor the systems and processes of revenue collection departments in NRA.

Specific responsibilities include:

1. Conducting research to enhance domestic revenue collection
 - i. Conducting research as approved by the Board
 - ii. Forecast/ project medium term domestic revenue based on the projection of the country's economic activities for consultations with Ministry of Finance and Economic Development, IMP, African Development Bank, and other partners.
 - iii. Review and provide policy recommendations on tax administration and policy changes
2. Monitoring revenue collection departments

- i. Monitoring revenue collection process and record keeping of these departments
 - ii. Monitoring of outstation revenue collection points nationwide
 - iii. Monitoring of clearing procedures (processes and physical examination) at Customs and Excise Departments (CED)
 - iv. Monitoring of arrears payments at CED, ITD, and NTR.
 - v. Monitoring of duty free concessions and advise Management on duty free accordingly
 - vi. Monitoring of permit/payment plans for importers
 - vii. Monitoring of different taxes
 - viii. Monitoring of all factory operations and their contribution to domestic revenue collection in Freetown and its immediate environs
 - ix. Monitoring auction exercises at Elizabeth II Quay
 - x. Monitor the activities of all departments in NRA
- 3.** Process duty free concession applications and other related documents on duty free and advise based on regulations
 - i. Prepare weekly, monthly, quarterly and yearly duty free analysis
 - ii. Represent the NRA in duty free related meetings
 - iii. Provide general database on duty free concessions
 - iv. Monitor key duty free beneficiaries nationwide
 - 4.** Collect, collate and update tax and non tax revenue database
 - 5.** Prepare revenue and the general economic performance reports for NRA
 - 6.** Provide data/ information on domestic revenue and economic performance to local and international partners, including GoSL.
 - 7.** Monitor and evaluate bilateral and multilateral agreements of GoSL relating to taxes and customs duties

12.02 Basically, the MRP's primary focus is on the operations of the revenue collection departments. While this focus is in itself fitting, considering the type of institution, there is need for a more holistic monitoring approach that delves into the activities and challenges of the support departments. This is not to say that MRP does not understand the significance of the support departments in NRA; the annual reports include an assessment of activities, outcomes and challenges for each. However, it is clear that the area of focus has not been the impact on revenue collection. One reason for this maybe because there is an Internal Audit and Controls (IAC) Department, as well as a Policy and Legal Affairs Department (PLA), and a distinction has not been made between all three units. To avoid duplication between the MRP and IAC in particular, some clarification must be provided as to their role within the NRA.

12.03 From our understanding of the subject, it is helpful to think of auditing and monitoring as part of a continuum, providing related but different kinds of information about compliance, accountability, impact and results. The difference is that while monitoring provides the continuous information on

activities, outputs and outcomes to track performance, auditing conducts similar assessments to ascertain compliance with requirements. In short, the former seeks answers to descriptive and cause-and-effect questions, while the latter seeks answers to normative questions of what is *versus* what should be. Within the NRA, MRP should therefore extend their focus to the outcomes and impact of policies and programmes. In practice, this department will have to concentrate on policy analysis, especially since there is no indication of this function being effectively performed by the PLA department, which has tended to focus on the legal aspect of NRA policies and operations. Fortunately, the restructuring of departments under the Modernization Plan incorporates a possible solution.

12.04 During this review, it quickly became apparent that NRA needs a comprehensive **Strategic Plan** that explicitly makes the connection between effective management and revenue collection. Work is on-going on a three year (3) Strategic Plan but the process has been slow. As a result of the dominance of revenue collection issues, administrative systems and processes have been relegated as afterthoughts, and a fire-fighting approach is being used to address challenges that crop up. Inherent problems in such a big institution can be addressed with effective planning and monitoring.

12.05 Within the NRA the MRP is in a position to ensure that policies, strategies and plans are in place to address not only the technical issues of taxation systems and processes, but also the management of the financial, human, and logistical resources. Even though the general consensus within the organization is that this task should continue to be performed within the Commissioner-General's Office, we see it as a participatory process that requires some expertise. As with many other functions, strategic planning can be conceived and overseen at the highest level of the Commissioner-General, but needs to be developed with inputs from professionals. If at all the NRA is to reach optimum levels of productivity, it must implement good management practices, including delegation of functions and duties, and active consultations. We understand that the MRP already has a heavy work load but we consider it absolutely necessary that it takes the lead role in developing the overall Strategic Plan and supports the other departments in preparing their related annual work plans.

12.06 **Structures and Systems**

Current staff levels of MRP stand at fifteen, including technical staff of a Director, Deputy Director, Principal Economist, 2 Senior Economists and 7 Economists. The technical staff possess relevant qualifications in Economics, Management, and International Development, but there is a need for them to acquire training in monitoring and evaluation which has become a specialised discipline.

12.07 Even though the MRP has a cadre of qualified staff, they are hampered by the want for credible data. The department finds it challenging to retrieve data from the operational departments and in most cases has to do extensive cross-checks and verification to address anomalies. Some of the processes utilised in ITD, CED, and NTR are inefficient and the absence of data management systems compounds the issue. Both ITD and CED have a Statistics Unit, but these have not been able to capture accurate data or forward them to MRP on a timely basis, and the Department has had to undertake the imputing functions to ensure accuracy. This double role has overtaxed the MRP and there is a need for this deficiency in both ITD and CED to be addressed. As with all other operations in NRA there is a need for functional linkages and clarification of roles and responsibilities.

12.08 Recommendations

- 1. We recommend that the functions of MRP be extended to explicitly include the following:**
 - **Assist in the development of institutional strategic plans and departmental work plans**
 - **Monitor the activities of the various Departments as indicated in their work plans**
- 2. We recommend that the MRP and AHRM develop a clear description of the functions of MRP as distinct from those of the ICA and PLA.**
- 3. We recommend that the MRP and AHRM develop a training plan for monitoring and evaluation.**
- 4. We also recommend that at least 5 additional staff with qualifications in institutional development, public administration, policy analysis, and monitoring and evaluation are recruited into the MRP department.**
- 5. We recommend that Statistics -related units in NRA, especially those in the revenue collection departments, be placed under MRP to ensure they receive the relevant training and to foster better coordination in data collection, analysis, and reporting.**
- 6. We recommend that the MRP be provided with adequate logistical support to perform its duties.**
- 7. We recommend that the MRP develops an M&E Plan (indicating funding requirements) to inform budget allocations of the NRA.**

13.0 MODERNIZATION PROGRAMME OFFICE (MPO)

The Modernization Programme Office is primarily tasked with overseeing the NRA Modernization Plan which is a comprehensive strategy for improving tax

and customs administration with a view to expanding the revenue base for Sierra Leone. The plan itself incorporates five strategic programmes and their related projects. They are as follows:

- 1.** Integrated Revenue Management
 - i. Customs Modernization
 - ii. Domestic Taxes Modernization
 - iii. GST Implementation
 - iv. Nontax Revenue Administration
 - v. Taxpayer Identification Number
 - vi. Integrated Revenue Information System

- 2.** Taxpayer education and information
 - i. Taxpayer education
 - ii. Website development
 - iii. Intranet development
 - iv. Taxpayers advice centre

- 3.** HR and Institutional Development
 - i. Competency –Skills audit
 - ii. HR Integrated Management Information System
 - iii. Training and Staff IT literacy development

- 4.** Infrastructure
 - i. IT infrastructure
 - ii. Estates management

- 5.** Strategic Management
 - i. Strategic management

13.01 The MPO is expected to facilitate the implementation of all of these specific projects and provide administrative and management support. This involves not only coordinating the implementation of each activity, but also monitoring progress and challenges and serving as a reference point for the NRA management, Board, and partners.

13.02 Its specific duties as highlighted in the Modernization Plan are to:

- i. Provide the Secretariat to the Modernization Steering Committee
- ii. Develop NRA's Strategy and Modernization Plan in response to changing internal and external environment
- iii. Coordinate, oversee and guide the delivery of the Modernization Plan through the Programme and Project Boards and the Programme and Project Managers and maintain oversight of the modernization budget and costs
- iv. Monitoring overall progress of the Modernization Plan, identify and assess potential problems and strategic issues, propose exchanges in

- overall priorities and to brief Programme Boards and Steering Committee
- v. Monitor and review the Modernization governance arrangements and to make recommendations for their improvement where necessary to ensure smooth running of Programmes and Projects
- vi. Ensure that all NRA staff are aware of and understand NRA's strategic direction and the Modernization Plan and their role in achieving NRA's aims and objectives
- vii. Co-ordinate, on behalf of NRA, all interaction with the donor community in relation to the Modernization Plan, including negotiating donor support , agreeing to terms of reference for and the use of external advisers, reviewing and agreeing on inputs and updating log frames as necessary
- viii. Ensure that the GoSL, the citizens of Sierra Leone and the international donor community are aware of and understand NRA's strategic direction and the Modernization Plan

13.03 Structures and Systems

In light of the duties listed above, and the significance of the Modernization Plan, which is to be implemented over a five year period from 2008 -2012, the MPO is in urgent need for capacity-building. According to NRA records the department has a staff strength of four including the Director who is also the Acting Commissioner for Non Tax Revenue Department. At the time of this review, the Director was on leave and the Senior Modernization Officer was on study leave. Only one temporary officer was available to provide the team with information. Clearly, this is a non-functioning Department, which is surprising given that it has been in existence for some time. The Modernization Plan provides for an extensive management structure with the MPO in the centre. However, given the severe lack of staff in MPO there is no way to ascertain whether these structures are active.

- 13.04 The progress reports prepared by the MPO lack critical information about the status of implementation and constraints. The reports indicate that over ninety percent of activities have been completed and paint a very positive picture of IT restructuring and management which are at the heart of the Modernization Plan. Given the fact that this review team was unable to verify the monitoring processes, the inadequacies of the MPO and the challenges at NRA, we hesitate to concur with the positive assessment of the Modernization Plan.
- 13.05 As the facilitators of the programme, it is crucial that the MPO team analyze the plan to ensure its relevance and viability. After assessing the Modernization Plan, we have made the following observations, which relate to the management structure of the Plan:
 - i. Too many overlapping structures - along with the high-level Steering Committee and Programme Boards, there are also Programme Managers, Senior Responsible Officers, Project Boards and Project

Managers. The hierarchy needs to be flattened to avoid duplicity of functions and to ensure effective coordination

- ii. Sequencing of activities - because each project is so heavily dependent on capacity building, it is important that the staffing assessment/human resource planning, institutional restructuring (development of departmental capacity, development of administrative and management policies) are undertaken before or alongside full-scale implementation of the Modernization Plan. Considering the limited resources and timing considerations, there is a risk of continuing the same fire-fighting approach or sidelining these essential institutional issues if both are implemented simultaneously.

13.06 Recommendations

1. **We recommend immediate recruitment of at least ten permanent qualified technical staff in the areas of economics, policy analysis, institutional development, tax administration, programme and financial management, and monitoring and evaluation, as well as administrative support staff for the MPO.**
2. **We recommend that the MPO develops a paper on strategies and modalities for optimum implementation of the Modernization Plan taking into cognizance the challenges and constraints.**
3. **To enhance coordination and implementation, we recommend that the MPO organizes a planning session for management structures including the Steering Committee, Programme Boards, Project Boards, and all senior management of NRA to develop strategies for effective implementation of the Modernization Plan**

14.0 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT Department provides advice to the Authority on all matters relating to Information and Communication Technology. The Department assists in providing meaningful, accurate and timely information to help management achieve corporate goals.

- 14.01 As noted above, the activities of the National Revenue Authority (NRA) span the whole of Sierra Leone with offices in all the regions of the Country responsible for operations ranging from Income Tax, Customs & Excise, and Non Tax Revenue to the recently introduced Goods and Services Tax (GST)

- 14.02 In Freetown, the NRA operates from eight (8) major NRA locations - Head Office, Customs including the Port, GDO, Income Tax Head Office, Tax Districts I, II & III, Gladvic House (ICT, Internal Controls and Audit, Monitoring and Research Planning), GST House (next door to Gladvic) and the Non Tax Revenue Department (also most Government departments and Ministries). There are 4 border post and 5 Provincial offices for all revenue collection operations.
- 14.03 Much has been written on the capacity or lack thereof of Departments within the NRA. As observed in this report, all departments need urgent capacity building support. It is however important to emphasize the need for enhanced communication between and within all departments and unit. It was disturbing to observe during this review that in the provinces, the HF/VHF radio sets used to communicate especially with the outposts and border patrol teams are unworkable making it difficult at times for the patrol teams mostly constituted by PSSD personnel to link up.
- 14.04 Furthermore, internet connectivity is limited only to some Freetown offices. Given the mandate and spread of the NRA, internet and intranet facilities must be available to every single unit, particularly with the introduction of the ASYCUDA++. Connecting all NRA locations will help in reducing the costs of outstation staff having to always travel to Freetown to submit reports and make requests.
- 14.05 The ICT Department is in urgent need of qualified professionals capable of manning the units indicated in the structure in **Annex 9**. It is important that the ICT Department take the lead in maintenance of equipment. For this purpose the Department must develop a roving IT team for Freetown and the District offices. The Department must also be capable of training NRA staff on the use of IT equipment essential to their functions. IT development is an integral part of the Modernization Programme at NRA, and the Department must be well-placed to undertake this new role.
- 14.06 We therefore **recommend that an ICT Policy and an ICT Plan be developed that takes cognizance of the Authority's current challenges and provides for future expansion as may be appropriate.**

15.0 PUBLIC AFFAIRS AND TAX EDUCATION DEPARTMENT (PATE)

The Public Affairs and Tax Education Department was set up when the National Authority was established in 2002 and is responsible for both internal and external communication of the authority. The rationale for creating the PATE was to bridge the gap between the Customs and Income Tax

departments (hitherto, two separate departments) and to effectively communicate with all stakeholders following the creation of the NRA. Rather than pursuing the objectives of the NRA, individual members in PATE who hitherto belonged to separate departments pursued the individual departmental objectives, which were no longer relevant. This therefore hampered the department's efforts to sufficiently educate officials of the authority to see themselves as one body and speak with one voice. This was part of the internal problems NRA was confronted with; where officials regarded themselves as exclusively belonging to separate entities within the NRA. In effect, the NRA does not have a functioning unit responsible for public relations.

- 15.01 In an attempt to give NRA a new face, moves were made during the drafting of the Modernization Programme to revive PATE. A **Communication Strategy** was drafted for the supposed reconstituted PATE to be used to enhance NRA integration and activities. The Communication Strategy suggests that the name Public Affairs and Tax Education Department be changed to a Corporate Communications Unit to be headed by a person not below the rank of Deputy Commissioner. The creation of this unit is certainly overdue, as it would have played a key role in sufficiently educating and sensitizing the public prior to the implementation of the GST. We therefore **recommend that immediate consideration be given to the creation of Public Affairs and Tax Education Department within the NRA.**

16.0 FINANCE DEPARTMENT

The Finance Department is headed by a Finance Director who is in charge of all financial transactions of the Authority. For a revenue authority that deals with the collection of Government resources, the support in the chain of command to the Director of Finance is limited. At the commencement of this review, we observed that there were no Cashiers/Finance officers or staff directly responsible to the Finance Department at the outposts. Collectors and Assistant Collectors attached to various other Departments were performing the role of Cashiers/Finance officers. While we observe that at our instance, some action has been initiated in posting Cashiers/Finance Officers, we would encourage management to ensure that staff posted have undergone the necessary training to be effective.

- 16.01 In order to maximize efficiency within the Finance Department, **we recommend:**

The deployment of staff with accounting competencies to the Finance Department and to the outposts

That the Director of Finance develops an Accounting process with detailed guidelines for the smooth running of the Finance Directorate.

The development of a Training Plan for Accounting/Finance Officers

The development of a scheme of service/job description and opportunities for staff of the Finance Department

- 16.02 In a related matter, the Director of Finance alleged that he is not normally aware of contracts and commitments entered into by the Authority until the time of payment. The fact that NRA has no proper Accounting system partly contributes to this allegation. This is a serious anomaly, especially in light of the fact that the AHRM claims to have a Procurement Unit supporting a Procurement Committee of which the Director of Finance is listed as a member. In light of this irregularity, we therefore **recommend**:

That a functioning Procurement Committee inclusive of the Director of Finance be established with powers of reviewing and recommending contracts to the Board for Approval.

That the Authority utilizes the National Public Procurement Authority Act for the procurement of all goods and services as provided for by the Act.

- 16.03 We note the unsecured way revenue is being transferred from field stations to the consolidated fund. The policy for payment of revenue to commercial Banks has to be improved and updated. For example the PSSD officer in Kono District travels to Freetown from Kono to pay revenue at the Bank of Sierra Leone, and the PSSD officers in Port Loko travel to pay revenue to the office in Gbalamuya. In each case we observed the revenue they travel with was in excess of Le20m at a time. Apart from the insecurity and risk associated with these movements, we observed for instance that in the case of Gbalamuya, the accepting officer does not give an authenticated receipt for the cash but a hand written note saying that the amount was received. It is inconceivable that a revenue collection Authority can employ such outdated and high-risk methods in the transfer and receipt of revenue. We have no doubt in our mind that if as recommended, appropriate measures are instituted, revenue collection would go far beyond the ceilings set by the MoFED. As a matter of fact, we are of the view that these ceilings are on the low side and breed complacency and fraudulent conversion of Revenue. As a matter of priority, **we recommend that**:

The Banking procedures for payment of all revenue to Banks should be reviewed so that revenue collected is paid directly to nearest Commercial Bank to the point of revenue collection

All account receipt book ledgers at headquarters should have a corresponding ledger with cashiers/finance officers so that the authenticity of receipt books is verified and payments made received.

- 16.04 On a related matter, we note that an attempt was made to install financial software for use by the Finance department. We were informed that the software was procured but has not been used as the supplier failed to install and train staff on its use. It was reported that the contract was agreed and payments made, but the supplier has reneged. It is important that this contract is investigated to ensure compliance.
- 16.05 Given the importance and role of financial management in any institution, not least the NRA, we have proposed an organizational structure for the Finance Department of the Authority in **Annex 11**.

17.0 INTERNAL CONTROLS AND AUDIT DEPARTMENT (ICA)

While the NRA Act makes provision for an Internal Audit, none was in post for eighteen months from May 2008 to November 2009. The Board should take responsibility for this lapse, because Section 22(1) of the NRA Act 2002 states that, "The Board shall appoint Commissioners... an internal auditor...". Therefore, as recommended elsewhere above, the Board should be pro-active in performing its functions as stipulated in the Act.

- 17.01 The new Internal Audit Department was put in place in November 2009 on the request of the Board. Work has started by investigating the last audit reports and designing a strategic plan for 2009/2010 fiscal year. The present Audit team is composed of eight officers as opposed to fifteen that existed in the last Audit department. Although new, we are optimistic that the leadership of the Audit team has the competencies required to do the work. However this department has been neglected in the past, and would need additional manpower and equipment/logistics as may be appropriate to enhance performance. In terms of the supervisory management structure, we have made recommendations as indicated in **Annex 12**.
- 17.02 The importance of the internal audit function cannot be overemphasized as it is the backbone of the efficiency, standards, effectiveness and probity of the institution. We note lapses in the following controls: -
- Procurement of Accountable Documents
 - Receipts of Accountable Documents
 - Returns on Accountable Documents
 - Unreconciled accounts (Bank entry / Ledge entries)

- Shortage of trained Store keepers
 - Absence of a functioning Stores unit
 - A Procurement unit that does not use the Government Procurement Act
- 17.03 We note that receipts were issued from one department to the other on a piece of paper and stamped with a collectors stamp. This is not an accounting document and it lays the foundation for fraud and does not comply with the Ethics of Public Sector Management. As a Revenue Authority, we believe the NRA should demonstrate the highest Ethical standards, particularly with respect to fiscal prudence and organizational culture. It is both desirable and urgent that a Code of Conduct is developed by the AHRM of NRA to guide the entire work force on the minimum standard of acceptable behaviour required of staff.

18.0 POLICY AND LEGAL AFFAIRS

The Policy and Legal Affairs Department is responsible for proffering legal opinions/advice and the interpretation of all revenue laws, legal documents, regulations and other enabling legislations relating to the operations of the National Revenue Authority and its agencies and submit such opinions and interpretations to the department concerned, the Commissioner-General, Deputy Commissioner-General, Commissioners/Directors and to the Board of Directors as and when necessary. The formulation and development of policies for the effective and efficient operations of the Authority falls within the ambit of the department, though the Department does not collaborate with the Monitoring, Research and Planning department of NRA in terms of initiating and evaluating such policy issues that have to do with the smooth running of the institution as a whole.

- 18.01 The Policy and Legal Affairs Department was part of the previous Board Secretariat and Legal Affairs Department. Series of studies conducted by external actors such as the IMF recommended a separation of the unit from the Board Secretariat. However, considering the limited volume of work load, we find it difficult to recommend PLA to be a whole department on its own. We have argued above that when the tax base is expanded and issues such as Litigation, Policy Rulings, Appeals, etc., are addressed, it may be necessary to have the PLA as a full department within the NRA. We understand that these changes will occur if the development of the Domestic Tax Department and its supporting Headquarter units is implemented as planned. **For now, we recommend that PLA remains part of the Board Secretariat.**

18.02 Structures and Systems

The current structure of the Policy and Legal Affairs department provides for a Director who reports to the Commissioner-General. The Director is being assisted by four other officials who are trained in law and one investigator whose responsibility is to investigate tax fraud issues. There are principal Legal Officers attached to the Customs and Excise Department and the Goods and Services Department respectively.

The Department performs the under-mentioned functions:

- Investigate cases referred to the department and submits report to the appropriate authority
- Initiate and facilitate the enactment of tax laws
- Liaise with the office of the Director of Public Prosecutions in the prosecution of tax offences as stated in sections 154 and 162 of the Income Tax Act 2000
- Responsible for the drafting of regulations, administrative instructions, directives, legal notices and contracts
- Responsible for reviewing the revenue laws and advising the NRA as to the areas needing reform

18.03 Despite the crucial role envisaged for the Policy and Legal Affairs Department, it was reported that it has not undertaken any legal/court action against tax defaulters. The Review Team observed that the Income Tax Department whose responsibility it is to forward to the Policy and Legal Affairs department or the relevant authority has not forwarded a list of tax defaulters to the department since the inception of NRA.

19.0 CORPORATE SECRETARIAT

Section 21 (1) and (2) of the National Revenue Act 2002 makes provision for the appointment of the Secretary to the Board by the Board, and the responsibility attached to the post. These responsibilities includes: -

- Administration of the day-to-day affairs of the Board under the general supervision of the Commissioner-General.
- Arranging the business of the Board, including meetings and the records of such meetings.
- Performing such other duties as the Board may direct.

19.01 We observed that the Corporate Secretariat is at the heart of governance at the NRA. However, there are certain administrative anomalies associated with the performance of the Secretariat. For instance, before the Board Directives are issued by the Corporate Secretary to Heads of Department, they must be approved and signed by the Commissioner-General. Also, it was observed that, in a way, the Agenda for Board Meetings have to be approved

by the Commissioner-General before discussion. **There is need to strengthen and capacitate the Corporate Secretariat.**

Annex 1- QUESTIONNAIRE

MANAGEMENT AND FUNCTIONAL REVIEWS OF MDAs

QUESTIONNAIRE

The purpose of this questionnaire is to determine the nature of the overall strategy and structure of the ministry / department/ division/ agency/ unit to enable the MFR team to identify key issues and determine the approach to further research and interview. Please complete questions as thoroughly as possible. A member of the team will be available to answer questions and assist as necessary. Call 076-209873/076-737216/033-451810/033-443213; Please use additional paper to provide answers if necessary.

(Name of contact

INSTITUTION:.....

NAME OF POST HOLDER:

DEPT/ DIV/ AGENCY/ UNIT:

JOB TITLE:.....

LOCATION:

DATE: TEL (MOB/ LAND):

Please answer the following questions as comprehensively as possible. If there is insufficient space to answer fully any question, please record your name and relevant additional comments on page 4 or on a separate sheet of paper and attach it with you name and number.

SECTION A: LEGAL FRAMEWORK, MANDATE, MISSION AND VISION

1. Please provide a copy of the legal instrument or any document(s) relevant to the formation of your ministry/department/agency

2. Please state the following clearly (in writing) in relation to the ministry

Mandate:

Mission:

Vision:

3. If you are an agency, department, division or unit, provide your specific mandate/purpose as it relates to the achievement of the Ministry's overall mandate (Add additional sheets if necessary)

SECTION B: FUNCTIONS

4. Please list the main functions of the ministry/ department/ division/ agency/ unit for which you are responsible. These are the key activities that are undertaken which deliver the mandate. (Add additional sheets if necessary)

To improve efficiency and effectiveness, which of functions recorded at 4 above could be:

Expanded _____
Outsourced _____
Decentralised _____
Privatised _____
Commercialised _____
Stopped _____

6. a. How is work organised, distributed, coordinated and monitored?

6.b. Describe your work processes and procedures

7 Please state any operational problem(s) encountered in carrying out these functions.

8 How could procedures, processes and systems be improved to deal with these problems and improve efficiency and effectiveness in the performance of duties and service delivery?

9. Which are the other ministries/ departments/ divisions/ agencies/ units with which you collaborate in the performance of functions? What, if any, difficulties do you experience (including overlaps or duplications of effort).

10. State any functions which are planned for decentralisation?

11. What donor funded programmes or projects are you responsible for? (Add additional sheets if necessary)

Donor	Programme/Project	Role	Budget

SECTION C: ORGANISATION/ OPERATIONAL STRUCTURE

12. Please provide us with an organisational structure (diagram that presents lines of authority and reporting) for your ministry / agency / department / division / unit.

13. Do you/or the ministry/division operate from more than one office? Yes _____ No _____
Where are they located?

14. Will any of the offices be affected by decentralisation? How?

SECTION D: STAFFING

15.a. Please provide information on which staff are to be affected by decentralisation.

15.b. Please state any factors/interventions which would lead to staff reduction or redeployment.

SECTION E: COMMUNICATION

16. What are the modes / methods of communication between your ministry/ department/ division/ agency/ unit and the following:

Staff: _____

Departments:

Provincial _____ offices:

Public: _____

Other _____ MDAs:

17. How does the public communicate their interest and/or concerns to your ministry / department / agency / division / unit?

18. How can communications be improved to increase customer service and satisfaction and be more effective:

Internally _____

With _____ other _____ MDAs

With _____ the _____ public

SECTION F: EQUIPMENT

19. Please provide the list and status of equipment considered essential for the effective delivery of your mandate? (Add additional sheets if necessary).

Essential Equipment		Current Condition			Number Needed
Type	Available	Good	Needs Service	Obsolete	

Please provide a justification for the additional requirements. (How will service delivery be affected or improved?)

ADDITIONAL STAFFING INFORMATION

Table 1. Please complete for staff under your command *(by grade)

NO. OF STAFF in	STATUS	

Min/ Dept/ Div Agency/ Unit	PERMANENT	TEMPORARY	CASUAL	NO. OF VACANCIES

If there is any additional information which you would like to draw to the Review Team's attention please make a note here or discuss it with the Review Team directly during the research and interview phase.

Thank you very much for your cooperation

Annex 2: LIST OF PEOPLE CONSULTED

BOARD OF DIRECTORS NRA

Mr. Charles Campbell, Chairman, Board of Directors
Mr. Sambadeen Sesay, Governor, Bank of Sierra Leone

NATIONAL REVENUE AUTHORITY

Mr. Allieu Sesay, Commissioner-General, National Revenue Authority
Haja Kallah Kamara, Deputy Commissioner-General, NRA
Mr. Bilal Kargbo, Corporate Secretary

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Mrs Avril Cummings, Deputy Financial Secretary

ADMINISTRATION AND HUMAN RESOURCE MANAGEMENT DEPARTMENT

Mr. Alimamy A.O. Kamara, Deputy Director, AHRM
Mr. Saa M.M. Tenefoe, Acting Deputy Director, AHRM
Mrs. Mina Horace, Human Resource Officer, AHRM

POLICY AND LEGAL AFFAIRS DEPARTMENT

Mr. Abdulai H.Charm, Director, Policy and Legal Affairs

FINANCE DEPARTMENT

Mr. Abdulai Conteh, Director of Finance

MODERNIZATION PROGRAMME OFFICE

Mr. Brima Rogers

MONITORING, RESEARCH AND PLANNING DEPARTMENT

Mr. A. Santos Kamara, Director, MRP
Mr. Samuel Gibao, Deputy Director, MRP
Mr. James F. Sandy, Principal Economist

INFORMATION, COMMUNICATION AND TECHNOLOGY DEPARTMENT

Mr. Gerald H.P. Ganda, Director, Information, Communication and Technology

INTERNAL CONTROLS AND AUDIT DEPARTMENT

Mr. Philip Koroma, Deputy Director, Internal Controls and Audit
Mr. John Conteh, Senior Auditor
Mr. Augustus E. Thorpe, Audit Supervisor
Mr. Abdulai Alpha Kargbo, Auditor
Mr. John B. Sesay, Auditor

CUSTOMS AND EXCISE DEPARTMENT

Mr. Mohamed S. Bamba, Commissioner, Customs and Excise

Mr. Abu Bakarr Finnoh, Deputy Commissioner, Customs and Excise
 Mr. Alimamy Sheriff Kamara, Assistant Commissioner of Customs Operation
 Mr. Sahid Conteh, Principal Collector, Customs and Excise
 Mr. Micheal K. Yomba, Collector, Customs and Excise (Lungi)
 Mr. Patrick M. Saffa, Collector, Customs and Excise (Lungi)
 Ms. Regina A. Palmer, Collector, Customs and Excise (Lungi)
 Mr. Mohamed M. Kaikai, Assistant Collector, Customs and Excise (Lungi)
 Mr. Jonathan D. Kamara, Collection Assistant, Customs and Excise Department (Lungi)
 Mr. Edward P. Garber, Collection Assistant, Customs and Excise Department (Lungi)
 Mr. Mohamed S. Kamara, Junior Collection Assistant, Customs and Excise (Lungi)
 Mr. Jonathan Cole, Collection Assitant, Customs and Excise Department (Lungi)
 Mr. Alpha Dumbuya, Support Staff, Customs and Excise Department (Lungi)
 Ms. Victoria Robbin-Mason, Collection Assistant, Customs and Excise (Lungi)
 Mr. Kolleh Conteh, Assistant Collector, Customs and Excise (Lungi)
 Mr. David Campbell, Collection Assistant, Customs and Excise (Lungi)
 Mr. Patrick Syl Kongo, Assistant Collector, Customs and Excise (Lungi)
 Mr. Alhassan Kamara, Collector, Customs and Excise (Gbalamuya)
 Mr. Sahr P. Lahai, Collector, Customs and Excise (Gbalamuya)
 Mr. Philip Lappia, Collector, Customs and Excise (Mano River Union Bridge)
 Mr. John B. Kuyateh, Assistant Collector, Customs and Excise (Mano River Bridge)
 Mr. James T. Cole, Collection Assistant, Customs and Excise (Mano River Bridge)
 Mr. Vandy Mustapha, Collection Assistant (Zimmi)
 Mr. Sheka M. Kamara, Support Staff (Zimmi)
 Mr. Mohamed Mansaray, Support Staff (Zimmi)
 Mr. Joseph Nallo, Driver, Customs and Excise (Kenema)
 Mr. Aruna Kowa, Driver, Customs and Excise (Kenema)
 Mr. Abu Bakarr Kamara, Assistant Collector (Portloko)
 Mr. Abdul Sesay, Assistant Collector (PortLoko)
 Mr. Humoroh Conteh, Collection Assistant (PortLoko)
 Mr. Alfa M.A. Koroma, Assistant Collector, Customs and Excise (Bo)
 Mr. Alikali N. Sesay, Ag. Collector, Customs and Excise
 Ms. Milicent Amara, Junior Collection Assistant, Customs and Excise (Bo)

PREVENTIVE SERVICES AND SPECIAL DUTIES

Mr. Michael Conteh, Assistant Commissioner, PSSD
 Retired Colonel Thomas Momodu, Senior Collector, (Lungi)
 Mr. Ernest Harding, Collection Assistant, PSSD (Lungi)
 Ms. Agnes Martin, Intelligent Officer, PSSD (Lungi)
 Mr. Amodu O. Kamara, Collection Assistant, (Mano River Bridge)
 Mr. A.F. Thoronka, Support Staff, (Mano River Bridge)
 Mr. Leslie Peter Crosby, Collection Assistant, (West Patrol Team)
 Mr. Thomas Sahr Kallay, Collection Assisatnt, (North/West Patrol Team)
 Mr. Amadu Jawara, Collection Assistant, (Kailahun)
 Mr. Leonard Tucker, Assistant Collector, (Kailahun)
 Mr. Augustine N. Kortu, Support Staff, (Kailahun)
 Mr. Foday Daramy, Collection Assistant, (Kono)

Mr. Micheal Johnny, Intelligent Officer (Zimmi)
Mr. Mustapha Brima, Intelligent Officer (PortLoko)
Mr. Amidu Turay, Support Staff (PortLoko)
Mr. David Hughes, Support Staff (PortLoko)
Mr. Sheku Bangura, Driver (PortLoko)
Mr. Sahr Johnny, Collection Assistant, PSSD (Bo)
Mr. Alfred Jabati, Collection Assistant, PSSD (Bo)
Mr. Peter A. Tarawalie, Collection Assistant, PSSD (Bo)
Mr. Sulaiman Sheriff, Collection Assistant, Messenger (Bo)
Mr. Bobor Kallon, Collection Assistant, Driver (Bo)
Mr. Alhassan Conteh, Collection Assistant, PSSD (Bo)
Mr. Mohamed Kamara, Driver, PSSD

INCOME TAX DEPARTMENT

Mr. Ibrahim S. Kamara, Ag. Commissioner, Income Tax Department
Mr. S.E. Clemens, Deputy Commissioner, Income Tax
Mr. David A. Lansana, Asst. Commissioner, LTO
Mr. Sheku A. Kebe, Principal Collector, Income Tax (Makeni)
Mr. Idrissa Fornah, Collector, Income Tax (Makeni)
Mr. Sahr Bundu Momoh, Collector, Income Tax (Makeni)
Mr. Amara Swaray, Assistant Collector, Income Tax (Makeni)
Mr. Alimamy Pawah Kanu, Support Staff, Income Tax Department (Makeni)
Mr. Peter M. Sinnah, Principal Collector, Income Tax (Kenema)
Mr. Patrick M. Williams, Senior Collector, Income Tax (Kenema)
Mr. Patrick B. Konneh, Collector, Income Tax (Kenema)
Mr. Santigie Kargbo, Driver, Income Tax Department (Kenema)
Mr. Vamba Musa Lukulay, Temporary Staff, Income Tax (Kenema)
Mr. Kellie M. Maval, Junior Collection Assistant, Income Tax Dept (Kenema)
Mr. Brima S. Konneh, Temporary Staff (Kenema)
Mr. Joseph L.B. Ambulai, Senior Collector, Income Tax (BO)
Mr. Saa M.S. Jumu, Senior Collector, Income Tax (Bo)
Mr. Bai T. Kargbo, Collector, Income Tax (Bo)
Mr. Charles Caulker, Cashier, Income Tax Department (Bo)
Mr. Sahr Sulanoh, Junior Collection Assistant, Income Tax Department (Bo)
Mr. James P. Yankuba, Junior Collection Assistant, Income Tax Department (Bo)
Mrs. Etta Mustapha, Collection Assistant, Income Tax Department (Bo)
Mr. Alhassan K. Bangura, Property Investigating Officer, Income Tax Department (Bo)
Mr. Chernor S. Bah, Property Investigating Officer (Bo)
Mr. Micheal M. Braima, Assistant Collector, Income Tax Department (Bo)

GOODS AND SERVICES TAX DEPARTMENT

Mr. Alfred I. Akibo-Betts, Assistant Commissioner, Goods and Services Tax Dept

NON-TAX DEPARTMENT

Mr. John H. Moseray, Principal Collector
Ms. Amie Bayoh, Collector
Mr. Sorie Gindeh Kamara, Assistant Collector (Kenema)

CROWN AGENT CONSULTANT FOR NRA

Mr. Charlie Jenkins, Project Team Leader, Crown Agents

ACCOUNTANT-GENERAL'S OFFICE

Mr. Kebe Koroma, Accountant-General
Mr. Richard Williams, Deputy Accountant-General
Mr. Raymond Koker, Assistant Accountant-General

AUDIT SERVICE

Mrs. Ceasar, Auditor-General
Mrs. Laura Taylor-Pratt, Deputy Auditor-General
Mr. Vidal Paul-Coker, Deputy Auditor-General

CHAMBER OF COMMERCE

Mrs. Ayodeyi Daisy Scott-Boyle, Secretary

STAKEHOLDERS AND CIVIL SOCIETY ORGANIZATIONS

ENCISS

Mrs Jemilatu Massalay, Governance Coordinator, ENCISS
Mr. Joseph Bash Kamara, Youth Development Officer
A.R. Pratt, ENCISS

FOURAH BAY COLLEGE, UNIVERSITY OF SIERRA LEONE

Dr. Habib Sesay, Senior Lecturer, Department of Political Science, FBC

IMPORTERS ASSOCIATION

Mr. Alpha Tanu Jalloh, President

SLYEO

Mr. Charles Lahai, Executive Director, SLYEO

YAPAD

Mr. Bockarie Ensah, National Coordinator, YAPAD

SWEISSY JEWELLERS ASSOCIATION

Mr. Bernard Bangura, Public Relations Officer, Sweissy Jewellers

SIERRA LEONE LABOUR CONGRESS

Mr. James A. Mahoi, Executive Member, SLLC
Mr. Edward Gbondo, General Secretary, SLUPTTE
Mr. F. K. Morray, General Secretary
Mr. D.A. Amadi, Deputy Secretary General

Mr. D.A. Strasser, President
Mr. Dennis M. Gbondo, Deputy General-Secretary
Mr. Andrew T. Kanu, Deputy General Secretary
Mr. David N'dauema, Assistant Organiser
Mr. Emmanuel Pratt, General Secretary

NAFSL

Mr. Hassan Mansaray, National Organizing Secretary, NAFSL

UIC/PTA

Mr. Alex A. Conteh, Public Relations Officer, UIC/PTA

CONCORD TIMES NEWSPAPER

Mr. Ben S. Turay, Concord Times Newspaper, Reporter

CCYE

Mr. Magnus J.K. Alpha, Project Officer, CCYE

COUNCIL OF CHURCHES IN SIERRA LEONE

Mr. Mariatu Grace Yokie, Acting Accounts Officer, CCSL

NETWORK MOVEMENT FOR JUSTICE AND DEVELOPMENT

Mr. Quintus S. Konneh, Project Animator, NMJD

CSAP-SL

Mr. Saa Mathias Bendu, Programme Manager, CSAP-SL

AMNET

Ms. Theresa Kamara, Deputy Youth Officer, AMNET
Mr. Paul S. Turay, Youth Development Unit Officer

AWARENESS TIMES NEWSPAPER

Bintu A. Sesay (Ms)

SPECTATOR NEWSPAPER

Mr. Issac Williams

UNIVERSAL RADIO

Mr. Gibril Sesay

INVESTIGATOR NEWSPAPER

Jennifer Moore (Ms.)

GRS/GT

Mr. Unisa Kanu

FORUM FOR AFRICAN WOMEN EDUCATIONALIST

Ms. Mabinty Kamara, Liason/Education, FAWE

CIVIL SOCIETY ALTERNATIVE PROCESS

Ms. Monica Frazer, Secretary/Gender Officer

NATIONAL CHAIRPERSON WOMENS'S FORUM

Ms. Rosaline MCarthy, National Chairperson

TORCHLIGHT NEWSPAPER

Ms. Kuria Mansaray, Reporter

CSM-SL

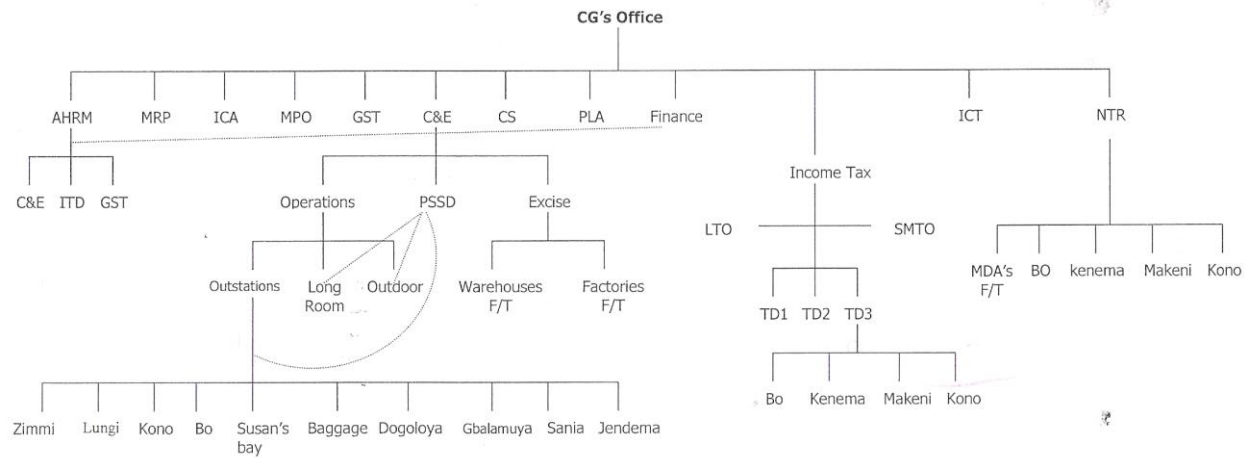
Mr. Joseph Kanu

Annex 3: LIST OF DOCUMENTS REVIEWED

National Revenue Authority Act 2002
The Finance Act 2007, 2008, 2009
The Fisheries (Management and Development) (Amendment) Act 2007
The Goods and Services Tax Act 2009
NRA Staff Nomenclature and Job Descriptions
NRA Staff Profile 2009
NRA Staff Verification 2008
Internal Controls and Audit Strategic Audit Plan 2009/2010
Monthly Status Report on the Modernisation Programme, May 2008
Third Quarter Progress Report on Modernisation Programme, 2008
First Quarter Progress Report on NRA Modernisation Programme, 2009
Monitoring, Research and Planning Description, Departmental Job Description
Proposals for Accelerating Revenue Administration Reforms, Board Paper No. 61
NRA Staff Performance Appraisal Form, Appendix 1 & 2
NRA Performance and Capability Policies and Procedures
Induction and Total Tax Person Programme
NRA Recruitment Policy
NRA Pool Vehicle Policy
NRA Training and Capacity Building Plan for 2007-2009
NRA Procurement Policies and Procedures
Policy for Filling Job Vacancies
NRA Training Policy
MRP Annual Report 2008
NRA Strategy 2007-2009
NRA Modernisation Programme 2008-2012
NRA Status Audit Report, June 2009
IMF Aide-Memoire on Implementing A Domestic Taxes Department November 2008
IMF Strengthening Revenue Administration and Preparations for the VAT February 2006
PKF Audit of Expenditure of Financial Grants to the NRA 2009
Response of CG to PKF Audit Report, November 2009

ANNEX 4A- CURRENT ORGANOGRAM OF NRA

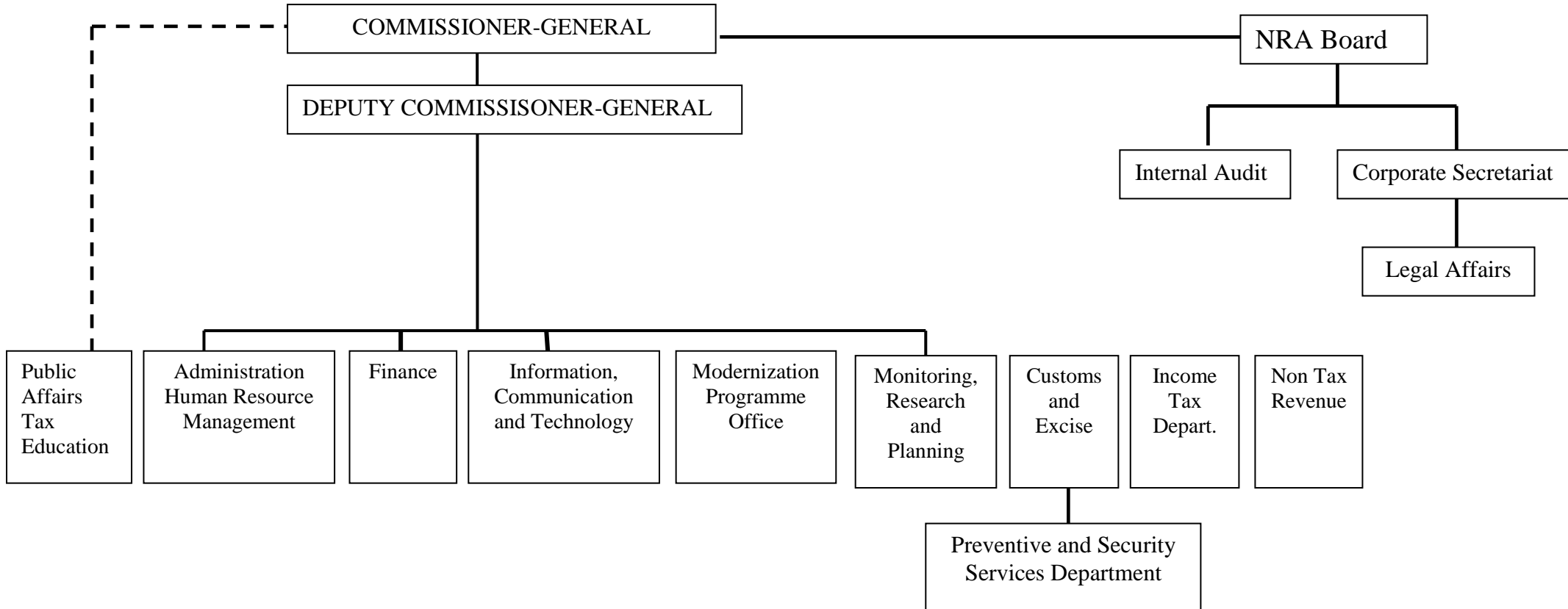
ORGANOGRAM OF NRA INCLUDING LOCAL/REGIONAL OFFICES



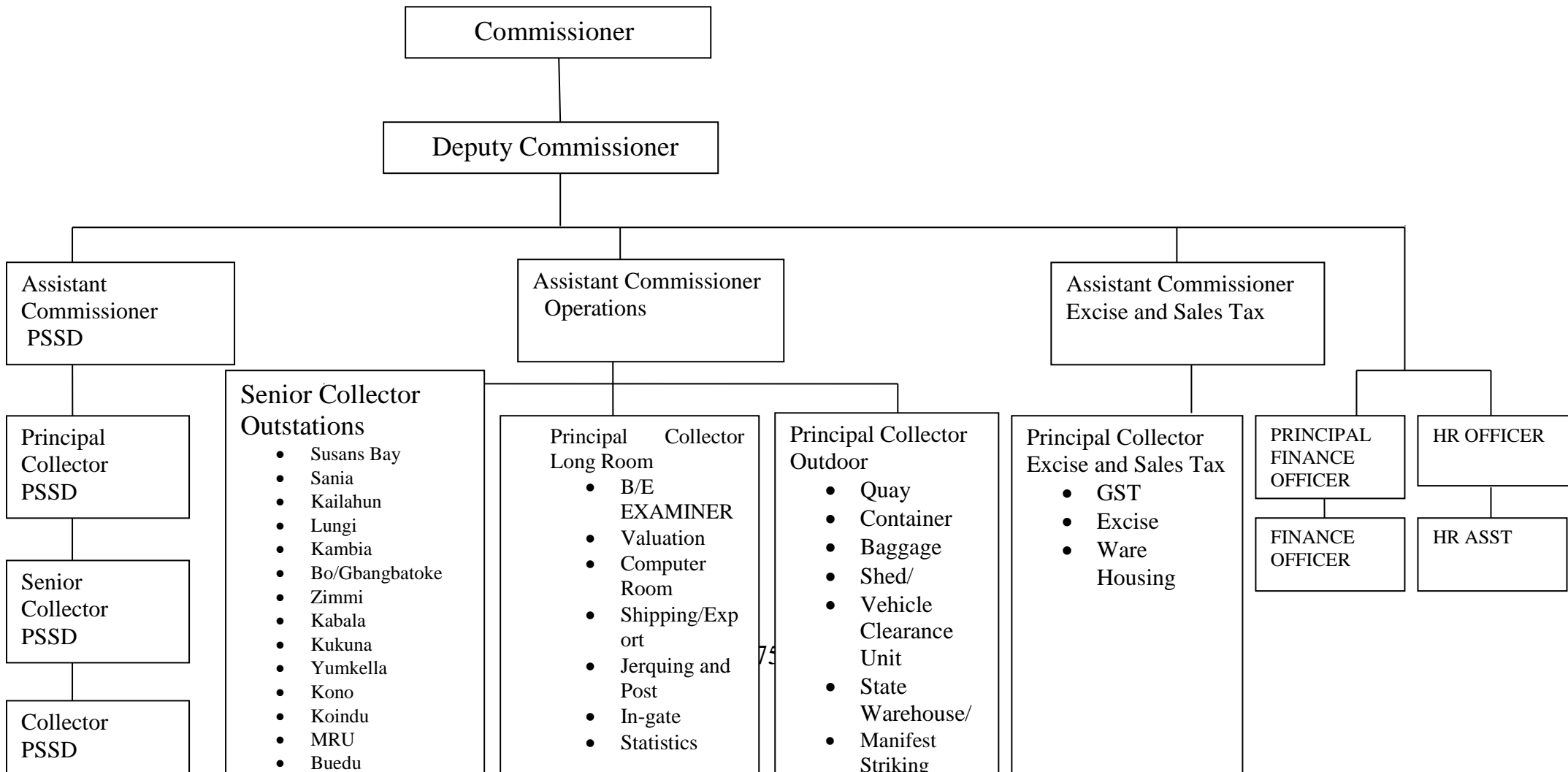
Note:

CG	Commissioner General	PSSD	Preventive Services & Special Duties
AHRM	Administration & Human Resource Management	IT/IS	Information Technology/ Information Systems
MRP	Monitoring Research & Planning	NTR	Not Tax Revenue
ICA	Internal Controls & Audit	LTO	Large Tax Payer Office
MPO	Modernization Programme Office	SMTO	Small & Medium Tax Payer Office
C&E	Customs & Excise	F/T	Freetown
CS	Corporate Secretariat	MDA's	Ministries, Department & Agencies
PLA	Policy & Legal Affairs		

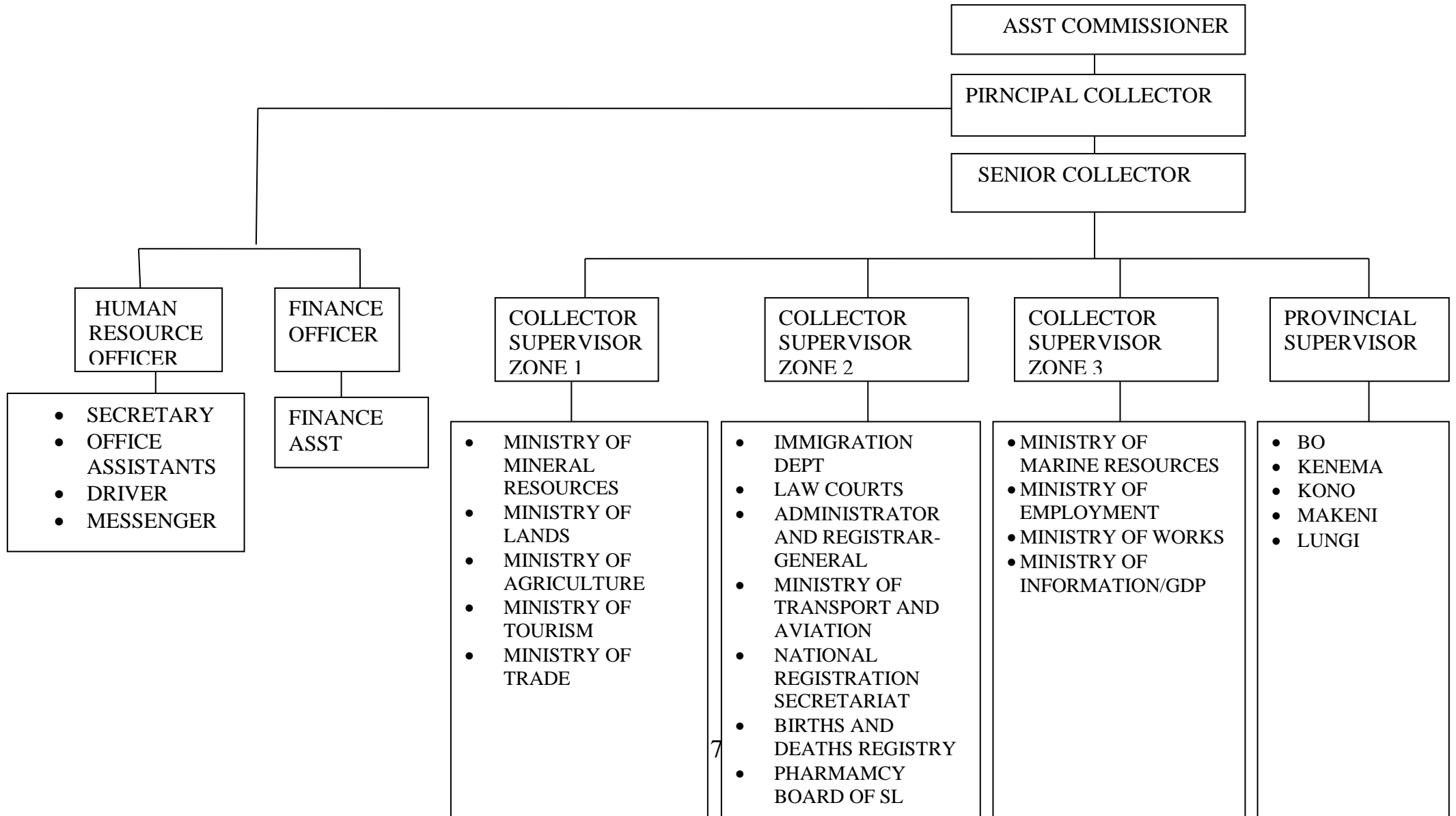
ANNEX 4B – PROPOSED ORGANISATIONAL STRUCTURE OF NRA



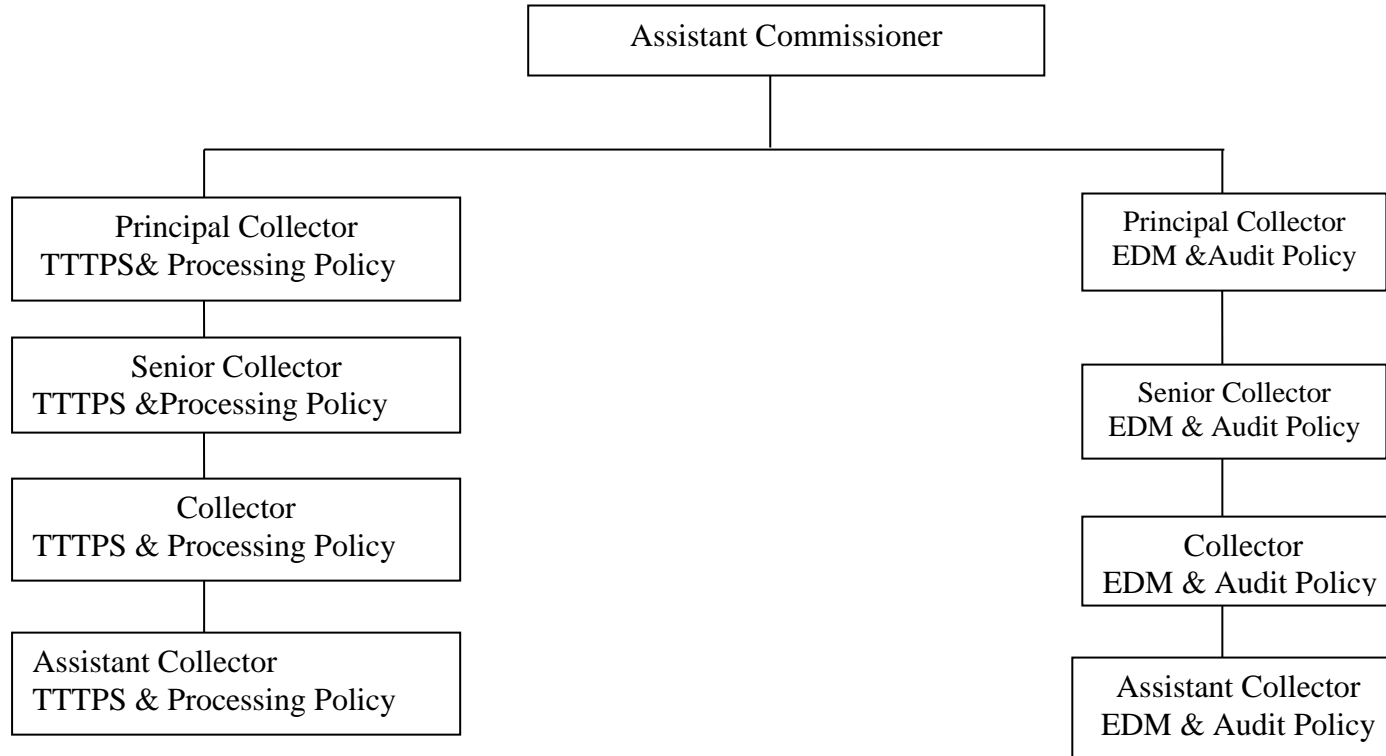
ANNEX 5 – PROPOSED STRUCTURE FOR CUSTOMS AND EXCISE DEPARTMENT



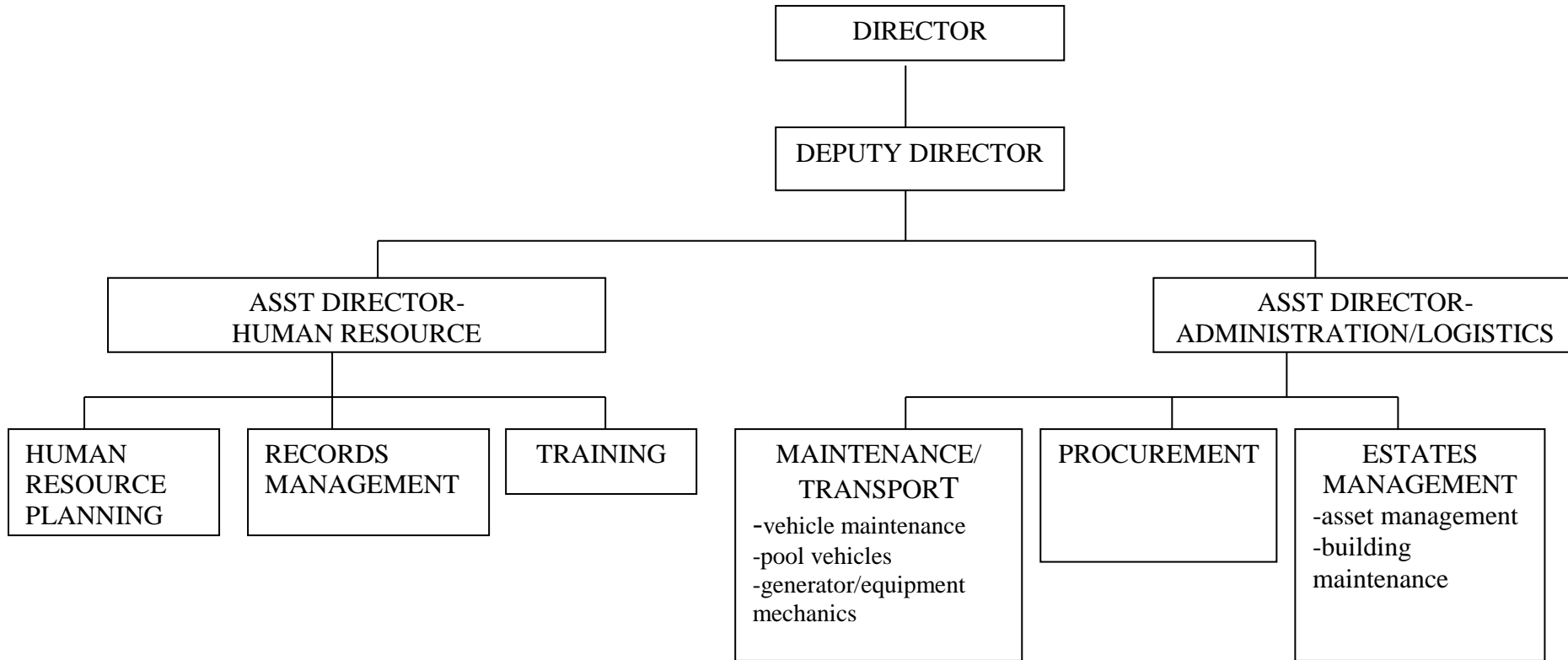
ANNEX 6 – PROPOSED STRUCTURE FOR NON-TAX REVENUE DEPARTMENT



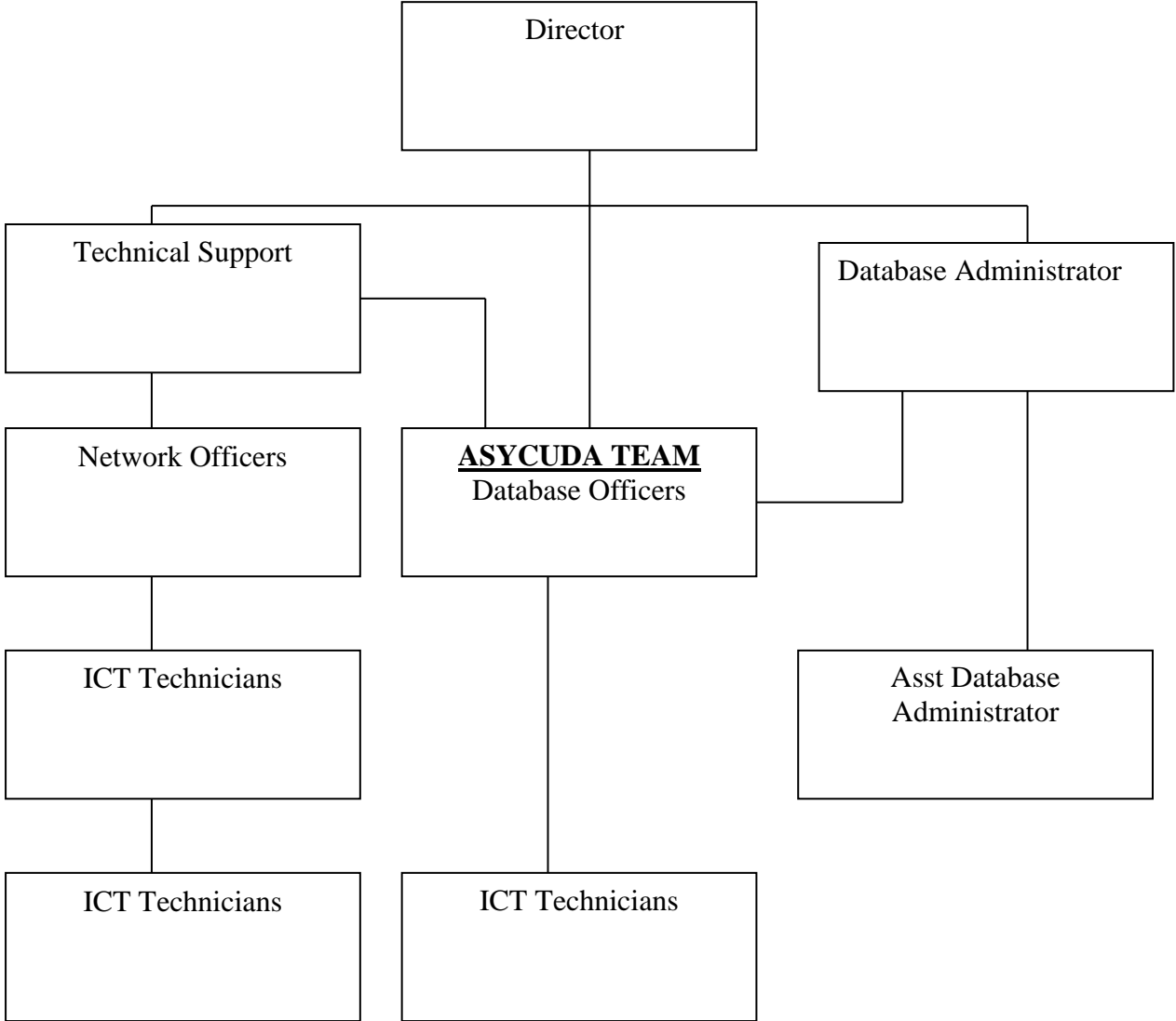
ANNEX 7: PROPOSED STRUCTURE FOR GOODS AND SERVICES TAX DEPARTMENT



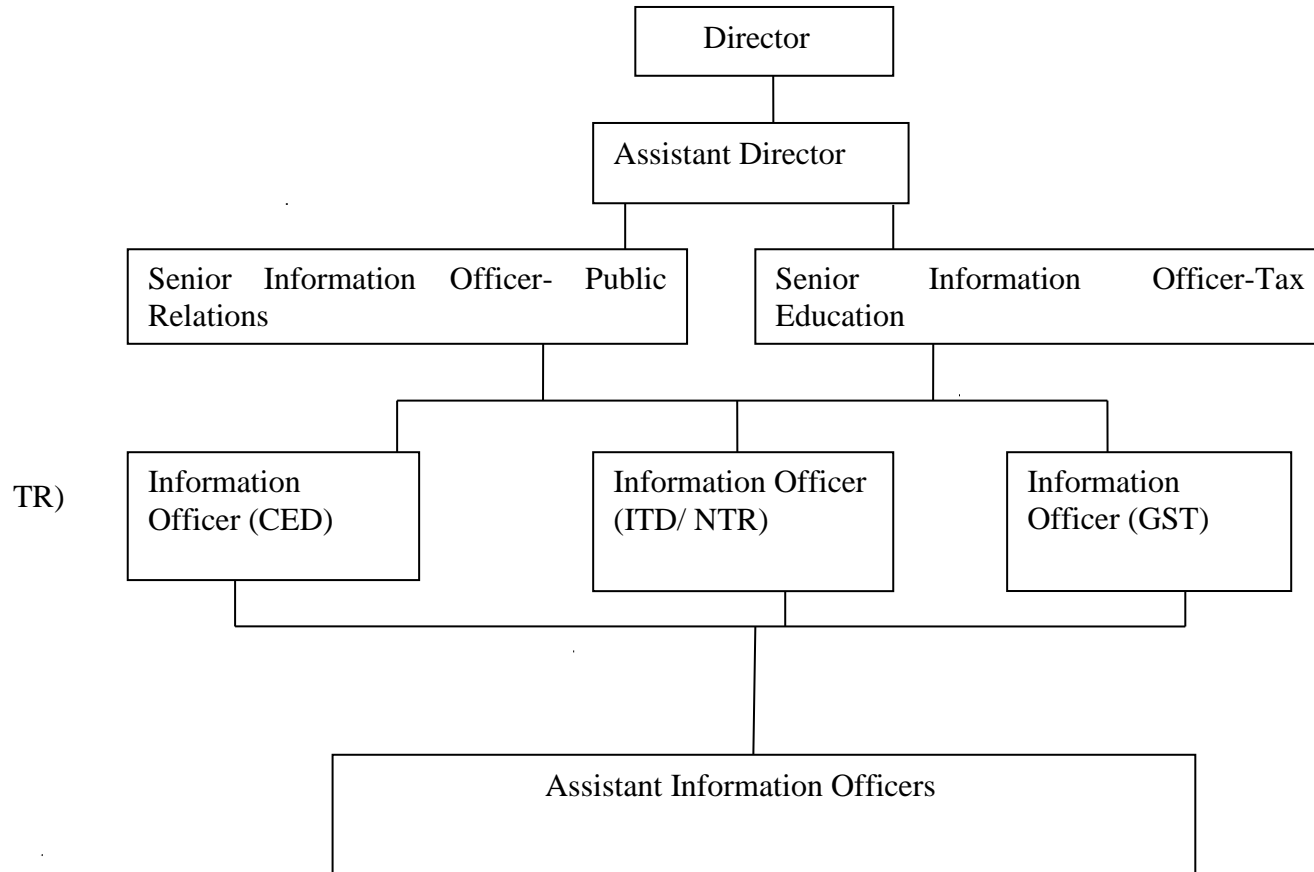
ANNEX 8 – PROPOSED STRUCTURE FOR ADMINISTRATION AND HUMAN RESOURCE MANAGEMENT DEPARTMENT



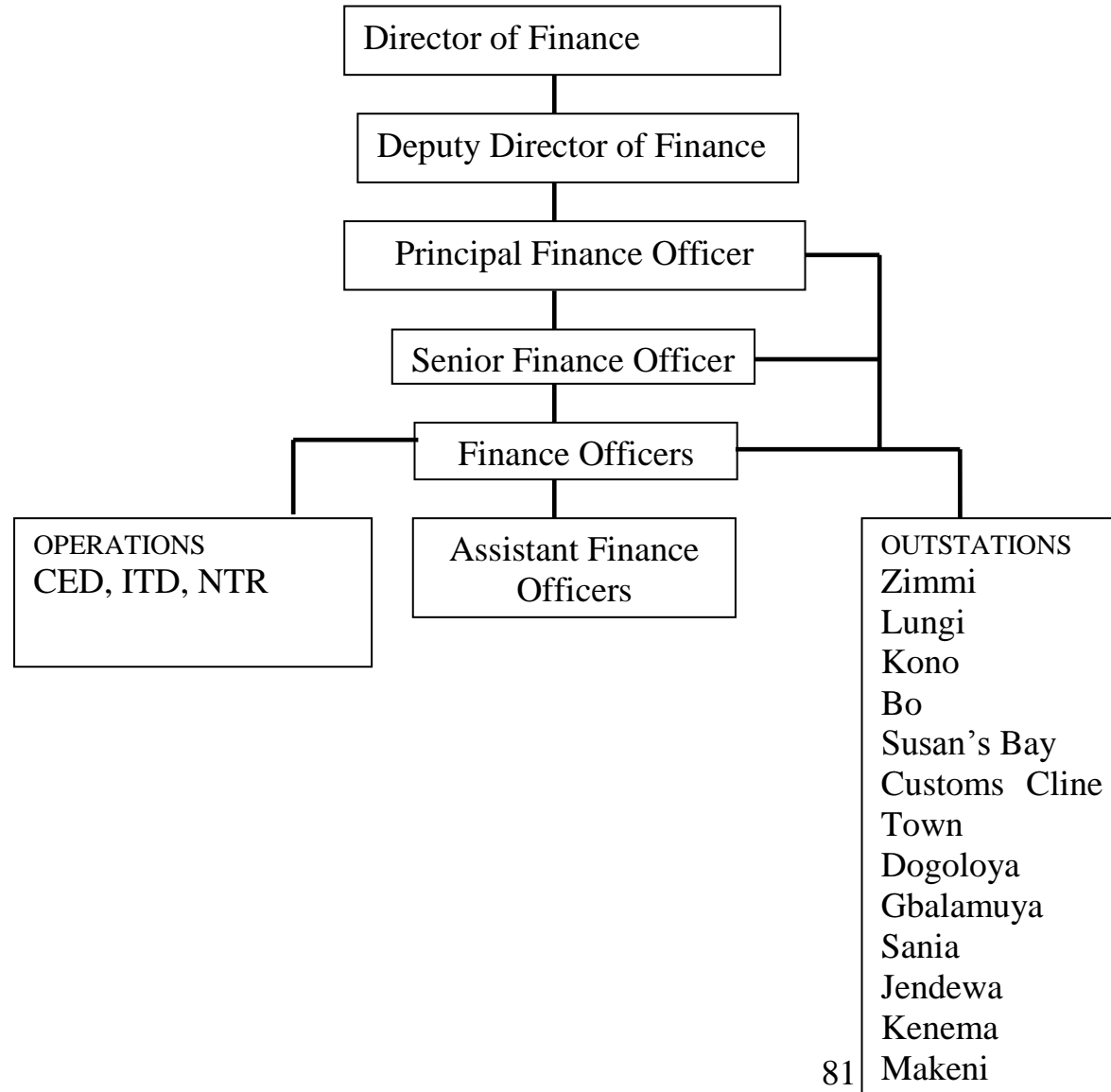
ANNEX 9 - PROPOSED STRUCTURE FOR INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT



ANNEX 10 - PROPOSED STRUCTURE FOR PUBLIC AFFAIRS AND TAX EDUCATION DEPARTMENT



ANNEX 11 - PROPOSED STRUCTURE FOR FINANCE DEPARTMENT



ANNEX 12 - PROPOSED STRUCTURE FOR INTERNAL CONTROLS AND AUDIT

