Punjab Revenue Authority

Planning and Design Considerations

An Overview

Provincial Taxes

Punjab Government Efficiency Improvement Programme

May 2012

FINAL REPORT

Highly Commended
British Expertise
International Awards 2009-10

Contract Reference No. PGEIP TA Loan 2386-PAK

Crown Agents Reference No. T27111

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BoR	Board of Revenue
BPR	Business Process Reengineering
CSR	Civil Service Reform
E&TD	Excise and Taxation Department
FD	Finance Department
GoPb	Government of Punjab
GST	General Sales Tax on Services
HRD	Human Resource Development
HRM	Human Resource Management
ICT	Information and Communications Technology
KPI	Key Performance Indicator
MIS	Management Information System
MVT	Motor Vehicle Tax
P&DD	Planning and Development Department
PFM	Public Financial Management
PGEIP	Punjab Government Efficiency Improvement Programme
PITB	Punjab Information Technology Board
PKR	Pakistani Rupees
PRA	Punjab Revenue Authority
PRAL	*Pakistan* Revenue Automation (Pvt) Ltd
PRMP	Punjab Resource Management Programme
PT	Professional Tax
SRB	Sindh Revenue Board
UIPT	Urban Immoveable Property Tax
UPS	Uninterruptable Power Supply
ToR	Terms of Reference

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Executive Summary

Executive Summary

Introduction

The purpose of this report is to –

- Identify the planning and design considerations for a new revenue authority and outline the strategic options for the transition of taxes to the Punjab Revenue Authority and the options for the residual services left in the Excise and Taxation Department.
- Develop a strategy identifying the systems and processes that need to be put in place to ensure effective and efficient processing of the taxes administered by the Punjab Revenue Authority.
- Develop a project management plan for the Punjab Revenue Authority implementation: map out the phases, outline the sequencing and dependencies of activities needed to complete each phase, and set outputs and timelines.

In the context of the above the Crown Agents are responsible for the delivery of the following outputs in accordance with the `terms of `reference:

- Draft and final report identifying the planning and design considerations for a Punjab Revenue Authority.
- A Gantt chart representing the Punjab Revenue Authority implementation plan.
- A framework on which an IT strategy could be developed.

This report has been prepared, therefore, to provide an overview and highlight the principal issues that need to be considered and addressed when designing, setting up and implementing a major policy decision such as the creation of the Punjab Revenue Authority.

The Crown Agents express their thanks to Mr. Iftikhar Qutab, Project Director, PRA, Mr. Aamir Z. Chaudry, Director General (IT), PITB and Mr. Faisal Rashid, Deputy Secretary (Resources), Finance Department for the help and advice that they provided in the preparation of this report.

The Punjab Revenue Authority

Weaknesses and inefficiencies in the current tax administration combined with the transfer of GST on Services collection to the Province from the federal government provides the key impetus for the move to centralise, modernise and strengthen administration of taxes in the Punjab by setting up a single tax administration authority.

The new authority will be known as the Punjab Revenue Authority (PRA) and will come in to effect on 1st July 2012. A Project Director, Mr. Iftikhar Qutab, has been appointed and he will take up office on 1st July 2012.

The PRA that will, eventually, become responsible for collecting all of the Punjab taxes, which in the current year amount to some Rs.89bn.

In implementing the PRA we would offer a word of caution – It is our understanding that all the taxes administered by the Excise and Taxation Department and the Board of Revenue will be transferred to the PRA, however, it is our view that there must not be a headlong rush in to transferring all the current taxes to the new Authority until all the appropriate ICT systems, staff and processes are in place otherwise all the inherent problems in the current departments will be brought forward in to the new Authority.

Principal Conclusions and Recommendations

- The Punjab Revenue Authority's capacity to improve tax collection will be tied to the political and bureaucratic commitment to the language and spirit of its implementing legislation. Hence, having coherent legislative provisions will lend strength and credibility to the revenue authority and, are an important complement to the reviews of personnel, systems and resource allocation that will have to accompany administrative reforms.
- Ideally legislation should *follow* the policy decisions, not *lead* them. It is imperative to develop a comprehensive policy framework - reflecting all the policy decisions - that can serve to inform and guide the development of the enabling legislation.
- The policy process did not take place prior to the drafting of the draft legislation. It is important, therefore, that the key tax policy and management policy choices, as indicated in this report, are taken at an early stage of the creation of the PRA.
- It is critical that a clear and early decision is made as to what taxes will become the responsibility of the PRA and a phased take on and implementation of those taxes from the legacy departments.
- Based on international experience there is a strong precedent for separating the pure tax collection activities from the licensing / enforcement activities and creating a smaller, more specialised department to concentrate on these activities, for example, Motor Vehicle Taxation.
- The Punjab Government will need to consider what degree of autonomy it will allow the new Authority in relation to financial policies, budget flexibility, human resources and operational autonomy.

- The implementation of the PRA is a significant and substantial project and cannot be managed as a marginal activity or on a part-time basis. The complexities inherent in an initiative of this nature dictate the need for a formal project management approach.
- A formal project must be established and formal project planning methodologies should be used to design, implement and monitor the PRA. This will involve modern project management techniques—including setting priorities, timeframes, and deliverables. (An example timetable is set out at Appendix G).
- The factors that need to be in place to ensure success for the revenue authority can be summarised as follows:
    - Strong political support at the highest level.
    - A clear vision.
    - Senior management commitment and determination.
    - The development of a sound policy framework.
    - The development of an IT strategy and systems.
    - The provision of adequate resources.
    - A pro-active communications strategy, involving the parliament, the public, taxpayers, employees, and other stakeholders.
    - A strong project management approach for implementation.
- For change to be accepted and real progress made, the entire initiative needs to be infused with a sense of urgency. The Project Director and the senior staff must create a sense of urgency by establishing a public deadline for implementation and by highlighting the myriad of issues that the PRA will help to solve.
- It is essential to establish the Governance Framework at an early stage, as this will drive the culture of the PRA. There is a need to establish and clarify the role of the Chairman and the Advisory Council.
- The Advisory Council (as determined by the PRA draft legislation) has a mix of very senior officials and private sector representatives with, at least in theory, a good mix of skills and experience, however, we do have one concern about this committee in that because of the relatively frequent changes of Secretary within each department and possible changes in the private sector people there may be a problem of providing continuity over the life of the project.

- it is essential, whilst members of the Advisory Council may change, that the Chairman and the senior management should stay in post during the life of the project – otherwise continuity will be lost.
- It is essential that the PRA works within an accountability regime and the reporting arrangement should be made clear from the beginning.
- Experience in other countries has shown that successful implementation of a revenue authority can take anywhere from 12 to 18 months, or longer – even when suitable IT systems, human resources policies and trained staff are in place. This is not the case in the Punjab and so the timescale to ensure a successful launch of taxes transferred from the current tax departments must be 2 to 5 years to allow time to develop and put in place the appropriate systems.
- The timescale for GST is shorter because of the possible availability of an existing IT system but if the PRA is to develop its own system we would estimate that this will take at least 18 months from PC-1 to implementation.
- The current organisational trend in revenue authorities around the world is towards functional organisational structures because they provide clearly defined responsibility areas for the core deliverables and key support activities of the authorities. An example of a functional structure is proved in figure 8.
- In developing an organisational structure it is essential to recognise that this is a new venture and it is critical that the Chairman is provided with adequate resources, both human and financial, to ensure that the implementation of the Department runs smoothly.
- Clearly the Heads of the various sections in the various sections should receive adequate remuneration at grades 19 and 20 (and above that for the Chairman) but we would also recommend consideration be given to the payment of an allowance in addition to the standard civil service grades in order to ensure that the right candidates are attracted to apply for what will be a very difficult job - together with the usual enhancement e.g. vehicles, accommodation etc. provided to senior staff.
- Payment of attractive salary packages will assist in staff retention and help to avoid the current situation of senior staff only being in position for relatively short periods of time. Stability is an important factor in developing experience, knowledge and professionalism.
- This same principal should apply to the Regional / Field offices as they are developed and staffed.

- It is important from the very early days of setting up the PRA that a simple and straightforward vision, mission statement and core values are developed for the new organisation.
- If the PRA is to achieve its objectives it will have to invest heavily in its people, creating an organisation of skilled professionals committed to delivering excellence. It will have to have a commitment to training, personal development and skill development and to developing a Training and Development Strategy that is tied to its corporate strategy. It is recommended that a Human Resource Development Cell be included in the organisational structure.
- It is not the function of this paper to identify the policy areas that should be reviewed and, in any event, these have been well documented in a number of previous reports. However, we agree with the conclusions in those reports that there is a critical need to examine and develop concept papers on all tax policy areas in order to ensure that maximum revenues, commensurate with ability to pay, are raised.
- The PRA must develop key management policies in the areas of Human Resources, Finance, Information Technology, Common Services, Internal Audit, Strategic Planning, Legal Affairs, Risk Management, Email management, Internet Usage, Disaster Recovery and Security of Data.
- The PRA must be customer centric and put the customers needs at the forefront of the development of their businesses processes and system.
- The PRA must develop a communications strategy, i.e. a 'knowledge management' tool that aims to improve the way the PRA shares and applies knowledge to serve the needs of its stakeholders by providing the vision, channels, skills and tools for managing knowledge throughout the PRA.
- Information and communications technology is critical for the efficient operation of a Punjab Revenue Authority and the delivery of the services it will provide to citizens and taxpayers. A PRA ICT strategy will develop a 'vision' for ICT and enable the building of a common infrastructure underpinned by a set of common standards. The new Department needs to ensure that the development and implementation of a strategy and the development of systems is a key priority in the setting up of the new Authority.
- Information technology underpins modern revenue administration and the move to a revenue authority is both a challenge to ensure effective implementation and an ideal opportunity to develop and introduce 'fit for purpose' systems.

- A *major component and key element to the success* of the modernisation of the various taxes and improved collection is the development of modern ICT systems. These must be developed in an integrated manner and in accordance with the predetermined IT strategy.
- If the PRA is to manage the GST efficiently, and given the inherent issues identified in this report with the FBR and Sindh systems, it is recommended that the PRA develop its own software for GST and set up a project group to review the options available, prepare a user specification and develop an action plan.
- Also, if UIPT is to be one of the first taxes administered by the PRA it is critical that a project group is set up with a mix of domain skills and IT knowledge to: -
    - Review the business processes
    - Develop a full specification of user requirements
    - Draw up an action plan and timetable.
    - Review the present policies and law in relation to UIPT.

In our opinion this is a three to five year project and the collection of UIPT should not be undertaken by the PRA until business processes have been determined and a full IT infrastructure is in place.

- In addition to the core business systems the PRA will require ICT systems for Financial Management, Cash Management, MIS, Human Resources, Electronic Document Management and Office systems.
- It is important the Internet becomes an integral part of the running of the PRA as it could become the first or second point of access for taxpayers and a key means of communication within the PRA particularly because of the geographical size of the Punjab.
- A key element for interfacing with the public is the development of an internet presence. There should be a public area available as the core part of the website that provides a clean and consistent interface. The website must be available in both Urdu and English and provide facilities for people with disabilities to enable them to navigate through the site.
- An email strategy should be developed that prevents the use of private email addresses being used by employees. Emails must be based on or reflect the company presence name e.g. *myname@pra.punjab.gov.pk*
- There is a shortage of capacity within the power supply network, this in conjunction with other issues means that all buildings face power outages PRA buildings must be supplied with a generator with the appropriate

capacity and maintenance contract and an Uninterruptable Power Supply (UPS) is required to ensure that the computer system and network continue to run whilst the power supply is switched over from the main grid to the generator.

- It is unlikely that the PRA will wish to take on all of the E&T or BOR employees so as the Punjab Government has a no redundancy policy it is inevitable that some degree of redeployment will be required. A strategy must be developed to deal with those staff that will not be transferred.

Reform Expectations

The PRA is not a goal in itself - the real objective is improved revenue administration, and that means reform and modernisation. In this context, PRA implementation needs to be seen as a component of a broader reform plan to modernise revenue administration and IT systems. This broader plan will have many other critical components – identified in this report - such as: improvements in tax operations; organisational structure; modernisation; information technology and integrity and transparency.

A revenue authority is not a substitute for reform but rather a platform for revenue administration reform and modernisation to take place, based on the development of a solid reform plan for the PRA. However, we must exercise a few words of caution: -

- The PRA model alone does not lead to improved effectiveness and taxpayer compliance—its establishment must be coupled with a serious commitment and a plan for reform
- Before considering any particular governance model, the PRA should clearly identify and articulate problems and deficiencies with the present Governance arrangements in the existing Departments and consider strategies for reform and modernisation based on international best practice. Only then should a full assessment be made of the extent to which the PRA governance model might satisfy the problems and reform strategies identified.
- Whatever the governance model, it must be recognised that political commitment is of the utmost importance in establishing and sustaining a professional and effective revenue administration.
- Establishing a Revenue Authority should not be viewed as a panacea—creating the PRA will be expensive, will take a long time, and may not actually improve revenue administration effectiveness but with the right mix of technology, training, resources and a stable and committed management

including political commitment there is every possibility that revenue will be improved.

Finally, and in spite of the reservations set out above, we believe that with this initiative the Government of Punjab has the opportunity to create a revenue authority that will not only modernise and improve tax collection but also set a model for government to citizen relationships for the next ten years, breaking the stranglehold of inefficiency that has beset tax collection in the Punjab and laying the foundation for a new compact between society and government.

Section One: Implementation of a Punjab Revenue Authority

1. The Implementation of a Punjab Revenue Authority

1.1 Introduction

The Minister of Finance announced in the budget statement in November 2012 that it was the intention of the Government of the Punjab to set up a Punjab Revenue Authority (PRA). This followed the announcement by the Federal Government that the Sales Tax on Services was to be transferred to the Provincial Government. This announcement was not preceded by any form of policy discussion, or the development of a concept / options / consultation paper or a vision, as to what the Provincial Government wanted to achieve with the new Authority.

It is clear, however, that there is general agreement that the current collection arrangements for most of the taxes was seen as ineffective resulting in low collection levels. This view is supported by a number of independent consultancy reports[1] that identified low collection rates and the reasons for those including –

- Inefficient administrative systems
- Lack of enforcement
- Lack of IT systems
- Inadequate resources and staff with little or no appropriate training
- High levels of tax evasion
- Lack of a management culture

Existing weaknesses, duplications and inefficiencies inherent in the current tax administration combined with the transfer of GST on Services collection to the Province provides the key impetus for the move to centralise, modernise and strengthen tax administration by setting up a single tax administration authority.

The Punjab Revenue Authority's capacity to improve tax collection will be tied to the political and bureaucratic commitment to the language and spirit of its implementing legislation. Hence, having coherent legislative provisions will lend strength and credibility to the revenue authority and, are an important complement to the reviews of personnel, systems and resource allocation that will have to accompany administrative reforms.

[1] Ferguson Report 2006 / GHK / PRMP Report 2009 and IRRV / World Bank Reports 2010

This report has been prepared to provide an overview and highlight the principal issues that need to be considered and addressed when designing, setting up and implementing a major policy decision such as the creation of the Punjab Revenue Authority - that will become responsible for collecting some PKR 89bn.

1.2 Reflecting the Policy Choices

Ideally legislation should *follow* the policy decisions, not *lead* them. It is imperative to develop a comprehensive policy framework - reflecting all the policy decisions - that can serve to inform and guide the development of the enabling legislation.

The policy framework should be the basic document from which all other documents or requirements are developed. This includes briefing notes for the political leadership, internal and external communications strategies, consultation strategies, and of course the legislation itself. The policy framework will be the single most important item for the legislative drafting team.

This stage does not appear to have taken place prior to the drafting of the draft legislation – which was essentially developed from the Sindh legislation. It is important, therefore, that policy choices as indicated in this document and those identified by the Chairman of the PRA are made at an early stage of the creation of the PRA such as:

- Tax rates structures including treatment of input tax, output tax, zero-rating etc.
- Treatment of imports and exports of services
- Inter tax adjustments between Federal and Provincial sales taxes
- Treatment of international transport
- Exemptions
- PRA resources – staff, finance, accommodation etc.
- PRA structures
- Defining the autonomy of the PRA

It is essential that full and detailed consideration of all issues relevant to the legislation is undertaken as the legislation forms the keystone of the whole tax collection process.

It is essential that a well-balanced, qualified and dedicated project management team is put in place and an implementation plan / timetable (an example timetable is set out at Appendix G) determined that will enable a smooth transfer of the taxes from the existing Departments.

In implementing the PRA we would offer a word of caution – It is our understanding that all the taxes administered by the Excise and Taxation Department and the Board of Revenue will be transferred to the PRA, however, it is our view that there must not be a headlong rush in to transferring all the current taxes to the new Authority until all the appropriate ICT systems, staff and processes are in place otherwise all the inherent problems in the current departments will be brought forward in to the new Authority.

It is understood that it took the Sindh Government up to 9 months to set up the Sindh Revue Board just to collect GST on Services initially using the FBR software.

1.3 Taxes Administered by the Provincial Government

Tax collection in the Province is undertaken by the Board of Revenue (Agricultural income tax, Land Revenue) and the Excise and Taxation Department (UIPT, MVT, PT etc.) both of which have been the subject of a number of reports highlighting the shortcomings of the Departments particularly in relation to a lack of computerisation, inefficient manual systems, lack of training, dispersed management control and rent seeking behaviour.

The following taxes are the principal sources of revenue for the Provincial Government –

Figure 1: Income from the various taxes

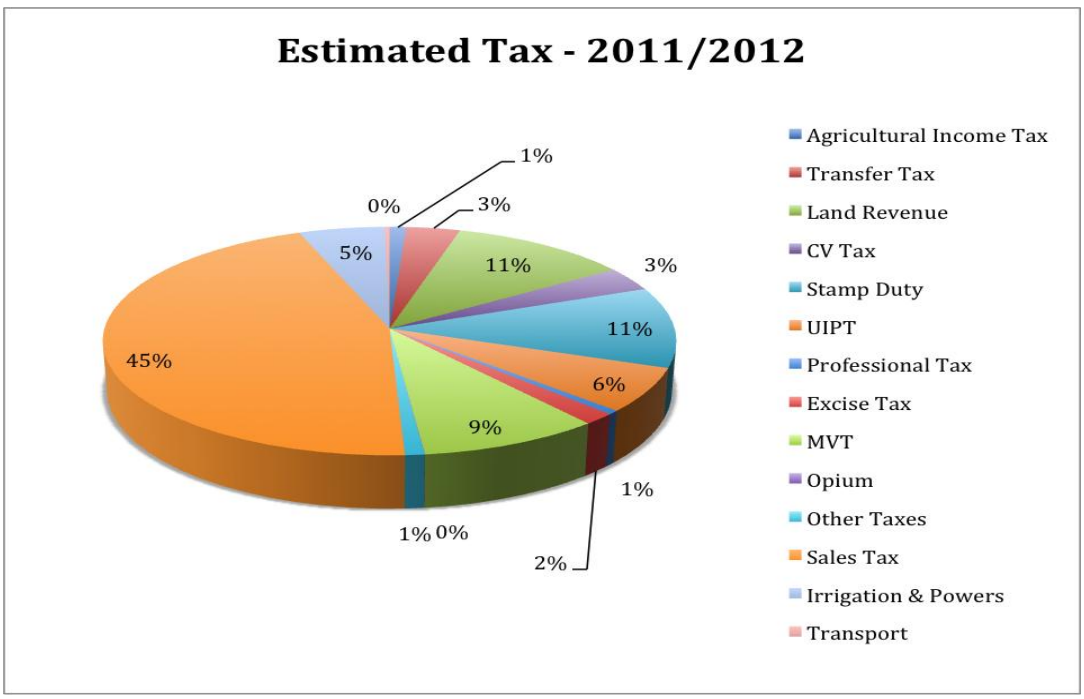
TAX SOURCE	2010/11 Actual PKR bn	2011-12 Estimated Income PKR bn
SALES TAX*	33,987.607	39,909.401
STAMP DUTY	9,171.847	10,107.990
LAND REVENUE	8,282.721	9,968.039
MVT	5,861.783	8,182.367
URBAN IMMOVEABLE PROPERTY TAX	3,220.410	5,580.000
IRRIGATION & POWERS	361.660	4,752.050
CV TAX	289.882	3,000.000
TRANSFER TAX	2,680.947	2,975.334
EXCISE TAX	1,219.066	1,440.000

AGRICULTURAL INCOME TAX	717.212	927.189
OTHER	737.345	872.600
PROFESSIONAL TAX	397.213	510.000
TRANSPORT	448.733	276.559
OPIUM	1.455	15.773
TOTAL	67,377.881	88,517.302

*In 2000 a Provincial Sales Tax was levied at the rate of 15 per cent on services (as opposed to goods). This tax, which is levied on the value of services provided, was imposed in the Province of Punjab through the Punjab Sales Tax Ordinance 2000 but by virtue of special provisions contained in this Ordinance, collection and payment of the tax was assigned to the Federal sales tax system and the Province is allocated its share of the tax collected.

The relative share of above taxes for 2011/12 is represented in the following chart -

Figure 2: Relative share of taxes – 2011/2012



The Sales Tax on Services is currently being collected by the Federal Government and is clearly the most significant source of revenue to the Provincial Government. It is believed, based on the experience in the Sindh, that income from the sales tax will increase once the Provincial Government starts

direct collections - in the Medium Term Financial Framework 2012 - 2015 the revenue from GST is projected to grow to PKR 137,751 bn by 2015.

It is intended that this tax will be the first tax to be collected by the new Revenue Authority. It is essential, therefore, that the infrastructure to support registration, collection and enforcement is put in place in a timely manner but not at the expense of ensuring that the processes that are put in pace are effective and efficient.

1.4 Conditions for Success and Sustainability

There is little point in proceeding with the establishment of a Punjab Revenue Authority if conditions for its success and sustainability into the future are not present. The factors that need to be in place to ensure success for the revenue authority can be summarised as follows:

- Strong political support at the highest level.
- Independent, autonomous and free from external interference.
- A clear vision.
- Senior management commitment and determination.
- The development of a sound policy framework.
- The development of an IT strategy and systems.
- The provision of adequate resources.
- A pro-active communications strategy, involving the parliament, the public, taxpayers, employees, and other stakeholders.
- A strong project management approach for implementation.

It must be understood that the PRA is essentially only a platform; it provides the opportunity - a pillar - to support a full revenue administration reform and modernisation program, which should proceed at the same time. Without reform and modernisation of the various taxes there will only be a continuation of the existing situation.

Section Two: Reasons for Setting Up a Revenue Authority

2. Reasons for Setting Up a Revenue Authority

2.1 Punjab Revenue Authority

Given the inherent inefficiencies and corruption that are prevalent in the current tax collection systems it has been decided that all taxes will be transferred to the PRA over a period of time. At the time of writing this report no firm decisions have been made about the order or the timescales in which the taxes will be transferred except that Sales Tax on Services will be the first tax to be administered by PRA followed by the UIPT.

Interestingly the creation of this Revenue Authority will almost be a 'first' (Sindh has already set up the Sindh Revenue Board) in that whilst there has been a trend internationally over the past two decades to set up central tax collection authorities they almost entirely have been created to collect Income taxes, VAT and custom and excise taxes – i.e. national taxes rather than local / provincial taxes as will be the case with PRA.

2.2 Key Objectives

In moving away from the status quo and to undertake a radical change as is proposed means that there has to be a number of key objectives that will justify the upheaval in terms of costs and resources that are required to make this happen. The critical key drivers for the Government of the Punjab to keep in mind are to –

- Significantly improve the efficiency of tax collection by the use of technology and well trained staff.
- Significantly improve the level of revenues collected.
- Significantly improve the service delivered to customers.
- Support a culture of employee satisfaction, high motivation and self-sufficiency.
- Rigorously and impartially apply legal punishments when wrongdoers are identified.
- To become a provider of quality management information.
- Deliver a sustainable reduction in operating expenses by delivering economies of scale and supporting efficiency reviews.
- Develop a reputation within the Provincial Government for excellence of service provision.

The problems and challenges facing revenue / tax administration in the Punjab are well documented and provide a strong argument for change and for doing

something radical. The experience of inefficient and low levels of collection is not unique to the Punjab and has been experienced in other parts of the world as can be seen from the results of the research undertaken by the IMF. (See following paragraph).

2.3 IMF Research

An IMF research paper[2] presented a summary table ranking the reasons that a number of countries themselves cited in their decision to implement a revenue authority and these findings are set out in Table 3 below:

Figure 3: Reasons for Implementing a Revenue Authority

Rank		Reason
1		Low effectiveness of tax administration and poor levels of compliance
2		Need for a catalyst to launch broader revenue administration reform (*modernised operations, improved automation, integrated and function-based structures, and so on).*
3		Impediments caused by poor civil service human resources policies *(recruitment, remuneration, promotion, training, discipline).*
4		Poor communication and data exchange among the existing revenue departments.
5		Desire to create “islands of excellence” within the public sector.
6		Perceptions of political/ministerial interference.
7		High levels of corruption.

There can be little doubt that many of the reasons given above apply equally to the current Punjab tax collection regime and lead to the conclusion that there is a strong case for change.

2.4 Impact on Corruption

In previous reports the rent-seeking behaviour of some staff in the existing departments has been highlighted as an issue and clearly one of the objectives of the PRA must be to minimise this behaviour. However, evidence from other

[2] Kidd, Crandall. IMF Working Paper. Revenue Authorities: Issues and Problems in Evaluating their Success and Failure. May 2006

countries suggests that it is a difficult issue to eradicate.

Over the past 20 years, several African countries have undertaken comprehensive reforms of their tax administrations to increase revenue and curb corruption. A review[3] was undertaken in 2003 to examine the experience in the fight against corruption in the Tanzania Revenue Authority (TRA).

Two lessons of broad relevance are highlighted –

- Firstly, even with relatively high wages and good working conditions, corruption may continue to thrive. In a situation where there is high demand for corrupt services, it is unrealistic to provide tax officers with pay rates that can compensate for the amount gained through bribery. Without extensive and effective monitoring, wage increases may produce not only a highly paid, but also a highly corrupt tax administration.
- Secondly, hiring and firing procedures may lead to more corruption. Corrupt tax officers often operate in networks, which also include external actors. These corruption networks seem to have been strengthened because many of those fired were recruited to the private sector as 'tax experts'. This partly explains why the positive process experienced in the initial phase of the new revenue authority was later reversed.

The approach to minimising this behaviour must lie not only in improving the working conditions of staff i.e. salary, resources, office accommodation and employment practices but also in developing IT systems that do not rely on manual intervention in the collection and enforcement process but also on separation of duties and systems of internal check so that, for example, the officer who assesses a property for UIPT is not also the same officer who collects and enforces the debt. It is also essential when corruption is identified that appropriate sanctions are taken against the perpetrators, as this will set an example to others that dishonesty will not be tolerated.

Similarly, there must be parallel initiatives to improve citizen and corporate tax compliance. These should seek to lower transaction costs and times in order to make it easier for taxpayers to be honest rather than corrupt.

[3] Fighting Fiscal Corruption: Lessons From The Tanzania Revenue Authority, Odd-Helge Fjeldstad 2003

Section Three: Change Management

3. Change Management

There are a number of key steps that are fundamental to any change management process. These include:

3.1 Creating a sense of urgency

For change to be accepted and real progress made, the entire initiative needs to be infused with a sense of urgency. If staff do not accept the underlying reasons for the change or come to believe that it will never happen, there is no sense of urgency to drive the project forward.

The Project Director and the senior staff must create a sense of urgency by establishing a public deadline for implementation and by highlighting the myriad of issues that the PRA will help to solve e.g. the need for more efficient tax collection and a reduction in tax avoidance and evasion.

Without a sense of urgency, change efforts can drag on for years. Those leading the project have to inspire people to move and make overall objectives real and relevant.

3.2 Forming an Oversight Committee

Having an oversight committee is important as the members can act as senior advisors and they can provide monitoring and evaluation of the progress of the project and they can also provide support and can become strong advocates for the impending change. It is imperative to get the right people in place with the right commitment and the right mix of skills at the right levels of seniority.

The Government has determined that the oversight (advisory) committee for this significant project will be –

- Chief Secretary, (Chairman)
- Secretary Finance, (Convener / Secretary)
- Secretary, Excise and Taxation
- Secretary, Law and Parliamentary Affairs
- Secretary, Regulations (S&GD)
- Member (Taxes, Board of Revenue)

There is no doubt that this is a mix of very senior officials with, at least in theory, a good mix of skills and experience given the nature of their positions. However, we do have one concern about this committee in that because of the relatively

frequent changes of Secretary within each department there may be a problem of providing continuity over the life of the project.

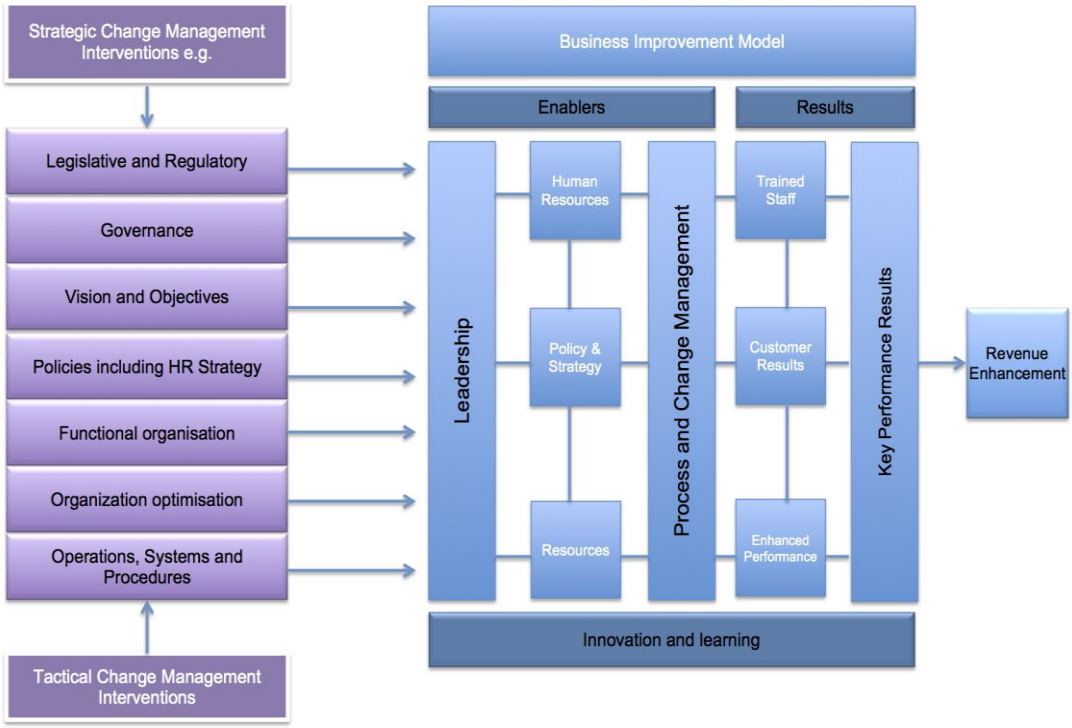
The move to a fully operational Revenue Authority that administers all the taxes will take a number of years to achieve and requires government support at the highest levels to ensure that the change process is completed smoothly.

It also requires continuity of management and In the Punjab environment this may be difficult to achieve in practice. Over the period of the project there may be several changes in management and hence the possibility of a change in direction - to mitigate against this risk it is essential, whilst members of the Advisory Council may change, that the Chairman and the senior management should stay in post during the life of the project – otherwise continuity will be lost.

3.3 Strategic Management Framework

It is only by the adoption of a structured and planned approach to the change management process together with identification of the key drivers and enablers that a successful project will be implemented and the principal objective of enhanced revenue collection will be achieved: -

Figure 4: Strategic Management Framework



(Based on EFQM Excellence Model)

All the interventions mentioned in the above framework are covered in this report.

Section Four: Scope and Governance of the PRA

4. Scope and Governance of the Punjab Revenue Authority

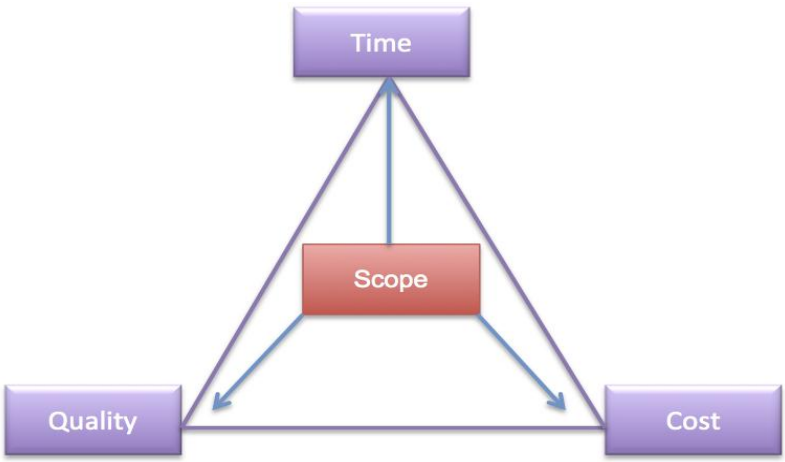
4.1 Scope

It is critical that a clear and early decision is made as to what taxes will become the responsibility of the PRA and a phased take on and implementation of those taxes from the legacy departments.

It also needs to be determined if the PRA will become responsible for 'non-tax revenues' such as income from motor vehicle registration, entertainment licences, opium sales etc. as these are essentially licensing and enforcement activities.

Determining the scope is essential as it will impact on the time to implement the PRA, as well as the cost and if not undertaken in a phased and adequate timescale will impact on the quality of the effectiveness of the new Authority.

Figure 5: Scope Implications



Based on international experience there is a strong precedent for separating the pure tax collection activities from the licensing / enforcement activities and creating a smaller, more specialised department to concentrate on these activities.

4.2 Degree of autonomy

In setting up the PRA the Punjab Government needs to consider what degree of autonomy it will allow the new Authority. There are a number of possibilities that need to be assessed:

- ***Legal form and status*** - from an agency relatively close to a normal government organisation, to a corporate body with considerable

independence.

- ***Funding -*** from normal funding via parliamentary appropriations to direct retention of a percentage of collected revenues.
- ***Budget flexibility*** - from limited flexibility to the complete flexibility of a one-line budget.
- ***Financial policies*** - such as accounting, asset ownership and management, procurement - from a situation where the PRA is subject to standard civil service laws and regulations, or as determined by "corporate body" status (i.e. not part of the government's accounting entity).
- ***Human resources -*** from being within the civil service control framework, to being outside it.
- ***Operational autonomy*** - from a situation where the minister has day-to-day authority to one where there is no involvement on the part of the minister in operational decisions.

Revenue administration must be efficient and effective, on the one hand, and fair and impartial on the other and to achieve these objectives, the PRA administration has to have sufficient autonomy to exercise its powers and responsibilities set out in the revenue laws. It should be noted that these powers are amongst the most pervasive that any law or statute provides and as a result, there has to be limits to autonomy and to the extent that the administration of these laws can be distanced from government.

The 2008 OECD tax administration survey[4] provides useful information on the issue of autonomy. This survey contains data for 43 countries - 30 OECD and 13 non OECD. Of these 43 tax administrations, 19 are described as single or multiple directorates within the ministry of finance, and 24 as a unified semi-autonomous body (with or without a Board). Against this background, the survey identifies powers (autonomy) of the respective administrations in the following areas:

- ***Organisation and planning*** - Responsibility for internal organisational structure, including the size and geographical location of operational offices (some exceptions), and the authority to formulate and implement strategic and operational plans.
- ***Budget management*** - Discretion to allocate/reallocate budgeted funds across administrative functions to meet emerging/changed priorities.

[4] Tax Administration in OECD and Selected Non-OECD Countries: Comparative Information Series (2008)

- ***Performance standards*** - Discretion to set its own administrative performance standards (e.g. for taxpayer service delivery).
- ***Human resources*** - The ability to set academic / technical qualification standards for categories of recruits, and to recruit and dismiss staff, the ability to establish and operate staff training / development programs; and the ability to negotiate staff remuneration levels (often in accordance with broader public sector-wide policies and arrangements).

In general, revenue administrations now have many powers that were probably not delegated to them a decade or two ago; hence, autonomy has increased in all areas. However, with these increases in authority/autonomy come commensurate increases in accountability, including requirements related to transparency and oversight

4.3 Governance framework

An essential element of any public organisation is the Governance Framework, as this will drive the culture and the key decisions and the timeliness of those decisions. A number of issues need to be considered -

- ***Role of the Chairman*** - *from a coordinating role only, to full responsibility for revenue operations with all vested powers from revenue laws.*
- ***Role of the Board*** - *from no board at all to one with just advisory powers to fully empowered in legislation to take management and operational decisions.*
- ***Role of the Minister of Finance*** - *from direct supervision of the authority by the minister, to a more limited role such as appointment of the board or Chairman only and limited broad strategic and tax policy directive powers.*

The draft legislation for the establishment of the Punjab Revenue Authority (PRA) provides that a Management Board of not less than four members, the senior one of which will be appointed Chairman, will govern the PRA.

The Board will be overseen by an Advisory Council comprising –

1. Minister for Finance;
2. Chief Secretary, Punjab;
3. Chairman of the Punjab Revenue Authority;
4. Secretary Finance Department; and
5. Four private members to be nominated by Government from amongst the eminent economists / tax experts / bankers / chartered accountant /

representatives of chambers of commerce / academia / researchers / civil society etc.

6. Any other member co-opted by the Authority.

The very composition of this Advisory Council comprising very senior officials and a Government Minister together with the ability to co-opt external expertise should, providing it meets on a regular basis, provide a strong background for ensuring the accountability of the PRA in relation to its efficiency of operation and tax collection performance. It will also be a strong advocate and in a position to ensure that the PRA gets the appropriate resources to ensure its efficient operation.

The PRA legislation provides that the Advisory Council shall act as an advisory body and can suggest guidelines with regard to the policy, planning, reforms, budget and any such other matter referred to it by the Authority.

We would suggest that the Advisory Council in its governance capacity should follow the following principles: -

- Governance should be pragmatic, streamlined and be capable of achieving fast and effective resolution of issues.
- Transparent and open.
- Strong emphasis on customer involvement.
- Independent expertise should be co-opted to the Council.

The governance arrangements must support:

- Effective and efficient performance management.
- Flexibility to meet business needs.
- Exercise of control at the right points; and
- Ability to sustain common standard processes that improve performance.

4.4 Accountability.

It is essential that the PRA works within an ‘accountability regime’ and this should be made clear from the beginning: -

- ***Reporting to the government and parliament*** - from being part of normal general provincial government reporting, to the need to follow special requirements specified in legislation. The nature of the reporting relationship with the Advisory Council needs to be determined and established from the beginning.
- ***External audit*** - from being the Provincial Government Auditor to the PRA or its board selecting the external auditor as it sees fit. □

Section 5: Time Frame for Implementation

5. Time Frame for Implementation

5.1 Time Frame - Considerations

Experience in other countries has shown that successful implementation of a revenue authority can take anywhere from 12 to 18 months, or longer – **even when suitable IT systems**, **human resources policies and trained staff are in place**. This is not the case in the Punjab, particularly in relation to IT systems, as has been identified in previous consultancy reports and so the timescale to ensure a successful launch of taxes transferred from the current tax departments must be 2 to 5 years to allow time to develop and put in place the appropriate systems.

The timescale for implementing the GST will be less than this since the PRA will, at least initially, be able to use the IT system that was developed by the Federal Government (for further comment see below) but time will still be needed to determine the organisational structures, the office network, staff recruitment and training and supporting administrative systems and processes. An outline implementation timetable is set out below –

Figure 6: Outline timetable for transfer of taxes

	Year 1[1]	Year 2	Year 3	Year 4	Year 5	Year 6
Sales Tax	Implement & develop local systems					
CV Tax		Implement				
Professional Tax[2]		Implement				
Hotel Tax		Implement				
MVT	Project	Implement				
Agricultural Income tax		Set up project	Implement			
UIPT	Project Research Develop blueprint User specification Digitise	Continue to Digitise base data Acquire systems Develop, Test etc.	Continue to digitise base data Develop business processes, structures etc.	Data migration and cleansing Set up structures	Implement	

	database					
Stamp Duty		Set up project				Implement
Land Revenue		Set up project				Implement
Transfer Tax		Set up project				Implement

Notes:

1. *The year refers to the financial year – 1st July to 30th June*
2. *In this report we recommend that Professional Tax is taken off the statute books and effectively absorbed by GST – see paragraph below on Professional Tax.*

Implementation on a large scale as is proposed requires a dedicated project team, (or even a number of teams) competent officials assigned on a full-time basis, liaison with many areas of government (e.g. justice regarding the legislative agenda of government and priority given to PRA enabling legislation, the civil service agency regarding staff and transition, the finance department regarding resources, the legacy departments regarding staff, records etc.) as well as professional advice that may not be available in country.

5.2 The Taxes

The timetable for the transfer of the taxes to the PRA will depend very much on their current levels of efficiency and their state of readiness particularly in relation to IT systems. Set out below is a brief analysis of each of the taxes -

5.3 GST Software Systems

The FBR System

The efficient collection of GST is reliant on an effective, functioning software system. Currently GST is collected through on line registration and the completion of monthly returns by taxpayers with payment through the National Bank.

The initial concept for the PRA is to use the FBR system from 1st July 2012 to get the Provincial collection up and running. Whilst the reasons why the Provincial Government wish to commence collections as soon as possible we would, however, exercise a word of caution about too much haste.

Although the FRB sales tax system is available there are number of considerations that should be looked at before making a making a decision for adoption.

- Is the system suitable to meet the needs of the PRA?
- What is the functionality of the system?
- Does the system meet all the information needs of the PRA?

The FBR system (Mahasil) basically consists of four modules: -

- The Registration system (Regsys) – which provides for the on line registration of businesses for GST and for the amendment of existing details. Regsys also includes 'Taxsys' which provides global management information.
- Sales Tax Monitoring Analysis and Reporting System (SMART), which provides detailed management information in relation the tax history of individual taxpayers.
- Sales tax Automated Refund and Repository System (STARR), which is the automated refund system and allows taxpayers to claim refunds on line. This system aligns with the central database.
- E-Filing System, which allows for monthly filing of GST returns and the production of a challan for payment via the National Bank.

Overall the system appears to be fit for purpose but whilst each module is relatively well developed there is not full integration between the modules and there is no IT audit system in place although there are plans to develop one. In addition, we were informed that

- There are issues surrounding the coding of the system, which results in 'crashes' - basically on a monthly basis at the time when taxpayers file their returns on-line.
- The MIS is unreliable in relation to the accuracy of data produced.

The Sindh System

In the initial stages of implementation the SRB considered it necessary that to have a technical associate to help it run through the first year at least to assist in conceiving, developing and eventually implementing the systems and procedures of the proposed tax regime.

The SRB advertised for expert technical support and following a detailed scrutiny and analysis of the tenders the work was awarded to PRAL, which is the IT wing of the FBR. The choice of SRB was based on the following:

- PRAL was already running and maintaining the System on GST Services at the Federal level within FBR and it was considered easier and cost effective to hire its services initially.
- PRAL had access to the database of all potential taxpayers - which would eventually revert and become the Provincial taxpayers.
- The professional staff involved within the FBR and SRB had a history of working with each other.
- Finally, PRAL was the lowest tenderer in terms of SPPRA rules.

The SRB's objective in developing its own software in-house was to minimise the contact between the taxpayer and tax officer through the use of state-of-art IT and the decision was made not to continue with the FBR system. In order to ensure this facilitation the following arrangements were developed within a period of three months and made functional: -

- Helpline - Contact Centre
- E-Mail Support
- Self Service Portal
- Easy Tax Payments at authorized branches of NBP

Automation has enabled SRB to carryout the following online:

- *Registration*

  SRB registers the persons by use of their National Tax Number (NTN) issued by Federal Board of Revenue by adding a prefix of "S" to be the SSTN (Sindh Sales Tax Number).

  New taxpayers can register by either applying online at the e-SRB Portal or by submitting a paper application form SST-01 (forms can be downloaded from SRB or e-SRB website) however it is essential that all persons liable to be registered under the Sindh Sales Tax on Services Act 2011 are NTN holders.

- *E-Enrolment*

  Registered Persons e-Enrol at e-SRB Portal and obtain a User ID, a Password and a PIN code for e-Filing returns and tax payments.

Existing taxpayers e-enrolled at the e-FBR Portal can also transfer their Registration particulars, by giving their consent at the FBR Portal, for swift e-Enrolment at SRB.

- *Tax Payments*

  The Sindh Sales Tax is payable at designated branches of the National Bank of Pakistan and a list of all such branches is displayed on SRB and e-SRB websites.

  Taxpayers that already have a bank account in NBP can pay the sales taxes on services electronically without going to the bank while those who want to pay at the bank counter may obtain the Payment Slip Identification (PSI D) from the e-SRB Portal and present it with the tax payment due at the NBP bank counter. SRB Facilitation officers also help taxpayers at NBP branches in preparing and paying the tax payment.

- *E-Filing of Sales Tax Return*

  The tax due is payable by the 15th of each month, and e-filing of tax returns must be made by the 18th of the month. All registered persons are required to e-File the monthly return even if there is no economic activity during the month and a "NIL" return must be submitted.

- *E-Folder*

  SRB has created an e-Folder for each registered taxpayer and all information about each individual taxpayer is stored electronically within their folder. The information includes details about payments and e-filed returns. This e-Folder is accessible to the taxpayer as well the respective tax officer. This results in there being no need to resend copies of documents to the tax officers, which is very common under the paper based systems.

The SRB consider that the initiative of the Government of Sindh in establishing the Board for collection of GST on services and other provincial taxes through on-line computer based applications has proved to be a very successful initiative that has resulted in generating additional financial resources for the people of Sindh.

In order to achieve this improvement the SRB considers that only an on-line system providing a direct interface between the taxpayer and the tax authority will improve revenue collection within the province and also applying the same principle of on-line automation to all other taxes.

The SRB believes that what they have done is easily replicable in other Provinces and would result in a transparent and accountable tax collection system.

PRA use of SBR System

The SRB (and by extension the Sindh Government) are prepared to share the GST software and support subject to a satisfactory agreement being reached.

The cost of implementing the software for the PRA will depend on the scope and volume of work to be undertaken and the level of customisation that is required by the PRA.

The PRA's options in relation to a choice of GST software are set out in the section on *'Information Technology - Systems'* together with our recommendations.

5.4 UIPT Software System

As stated above, there is NO UIPT computer software - with the exception of some office software – word processing, spreadsheets etc. and the project that is taking place in Sialkot. Previous reports[5] have identified the critical need for the computerisation of UIPT collection with a potential increase in income but to date little has been done to achieve that objective.

If UIPT is to be collected by the PRA then it is essential that a fully resourced project be set up immediately to properly plan the take on a phased basis and specify a fully integrated property tax system. Previous reports have covered this issue in detail so we do not intend to repeat what has already been said. It is our view that it will take 3 to 5 years (see the World Bank report) to plan, specify, acquire, undertake data migration and implement a new property tax system.

If UIPT is simply transferred in its present state then all the currently identified problems including low collection levels will be transferred with it.

5.5 Motor Vehicle Taxation System

The Excise and Taxation Department has developed a comprehensive system for the recording and management of vehicle registrations, post registration and token tax. The principal weakness with the system is that there are no automated payment modules and payment is still reliant on post offices most of which are not computerised and this leads to issues surrounding enforcement, which is reliant on police vehicle checks.

[5] World Bank 2010 (IRRV) and GHK 2009 Reports

The system appears to be fit for purpose but if MVT is taken in to the PRA then a project should be set up to develop automated payments and open up payment through the banks.

5.6 Professional Tax

There is no IT system in place and if this tax is retained then a system would have to be developed.

The Professional Tax is principally a tax on rendering of certain services in the province, however, in concept this tax is substantially different from the Sales Tax on Services, which is a consumption tax. Professional tax is not a tax imposed on the value of services but is levied at a fixed sum irrespective of the value of services rendered

Though different in concept, there is no good reason for two separate taxes on persons rendering service - one being a tax on the value of services and other being a levy on the status as a professional.

The value of the professional tax only accounts for less than 1% of total revenues and previous reports[6] have identified –

- That the tax suffers from a lack of dedicated resources to undertake the work and is one of the major reasons why enforcement is not pursued.
- Political interference creates problems when it comes to enforcement.
- Groups of potential taxpayers e.g. lawyers simply refuse to pay and there is no political will to enforce payment.
- Taxes similar to the professional tax are levied by the Cantonment Boards and by the local governments leading to confusion amongst taxpayers and leaving staff in a position where they are reluctant to enforce payment if the tax has been paid to another level of Government.

It is our recommendation that the professional tax be abolished and merged with the GST - tax on services should principally be levied on the value of those services.

5.7 Board of Revenue

There are no computer systems in place for the collection of Stamp Duty, Registration Fee or Mutation Fee. The Department is heavily reliant on out-

[6] Fiscal and Financial Management Reforms Report on E&T, GHK Report 2009

dated, inefficient manual systems.[7] Though BOR and the Revenue departments in the districts are equipped with computers these tend to be used for word processing purposes or storing data. Information is collected and processed for historical purposes rather than using the information to make strategic decisions. That said the computer literacy level of staff is very low or non-existent.

Very few, if any, formal structures have been established for collecting, processing or managing day-to-day information within the Department. Most information flow is processed through informal mechanisms and channels. Each section of the BOR is an island of information, collecting, processing and producing information, rarely is this information shared between the sections. At present there is no formal corporate communication strategy in the BOR. It is observed that a very strong manual culture is prevalent in the BOR and the support staff prefer to use typewriters instead of computers.

However, the BOR is undertaking an ambitious program to develop a Land Records Management and Information System (LRMIS) for the rural areas. The purpose of the project is to establish an efficient, accountable, equitable and secure system the objectives of which are to –

- To Increase Security of Titles
- To decrease transaction costs
- Improved access to Revenue records
- Establishment of a citizen responsive service system for maintenance of records
- Improve the service for vulnerable groups

The plans include provision for the development of customer service centres. If successful this will revolutionise the way in which the Department works and will significantly improve the customer experience.

Overall, though the BOR has a long way to go before it can be perceived as an efficient Department and a comprehensive programme of computerisation, training and development is required,

[7] Fiscal and Financial Management Reforms Report on BOR 2009 (GHK)

Section Six: Organisational Structure

6. Organisational Structure

6.1 Principles

Any organisation of more than a handful of employees needs to be segmented to facilitate its operations and management. There are a number of bases for segmenting an organisation, including:

- **Type of activity** - the nature of the activity and the special skills and knowledge required to carry them out. Grouping tax collectors, for example, in the same work group as IT analysts or design engineers would not be an effective arrangement.
- **Operational v. Compliance activity** - particularly in revenue authorities it is importance to ensure that there is a clear organisational boundary between those who are carrying out the work of the organisation, and those who are enforcing compliance with the rules and procedures.
- **Frequency of activity** - the speed with which action takes place or decisions are needed. Some activities work on an annual cycle while others require reactions on a daily, or even minute-by-minute schedule.
- **Geographical spread** - effective management requires regular contact between management and workforce. If the workforce is spread over a large area, some segmentation by location may be required.
- **Span of control** - the number of employees an individual manager can manage. It is generally accepted good practice that an individual manager's span of control should not exceed 7 to 8 subordinates. Where large numbers of employees are involved, it may be necessary to introduce additional supervisory levels to ensure effective oversight of the workforce.

The current organisational trend in revenue authorities around the world is towards a functional organisational structure. The structural segmentation of the PRA should, therefore, be led by the first of the above approaches with the second and third also being applied. Further segmentation by geographical spread and span of control issues would be applied at a secondary level.

6.2 Other Considerations

Other organisational considerations when designing the PRA organogram will include:

- Clearly defined responsibility areas for the core deliverables and key support activities of the PRA.

- Structural separation between those responsible for the design of programs and policies (and to ensure their consistent application throughout the organisation and the province) and field operations (to ensure necessary attention is given to design and strategic issues, and to permit operational staff to focus fully on casework).
- Minimisation of internal fraud through the reduction in levels of contact between taxpayers and staff, and the separation of responsibilities and authorities for disparate activities.

6.3 Functional structure

A feature of modern functional revenue organisations is that each discrete function is organised into a Head Office policy and standards unit leading a series of operational field units. Typically the Head Office unit will be responsible for:

- Strategic and operational planning on a provincial level;
- The development of provincial programs;
- The provision of technical advice and guidance to operational field units;
- The establishment of resource levels, performance targets and measurement systems; and
- The monitoring and evaluation of field operations.

Sometimes the operational workloads in certain field locations do not justify a full-time employee. In this case, consideration will be given to an employee performing several functional field roles and thus will have a functional reporting line to more than one Head Office unit. At present in the Punjab Public Service this is a relatively new concept, but one which needs to become more common.

However, it is most important that any PRA employees working in field locations report through the PRA chain of command and not through the District administration. The current Departments of Excise and Taxation and Board of Revenue are subject to a Dual Subordination management structure and this leads to a dysfunctional departments.[8]

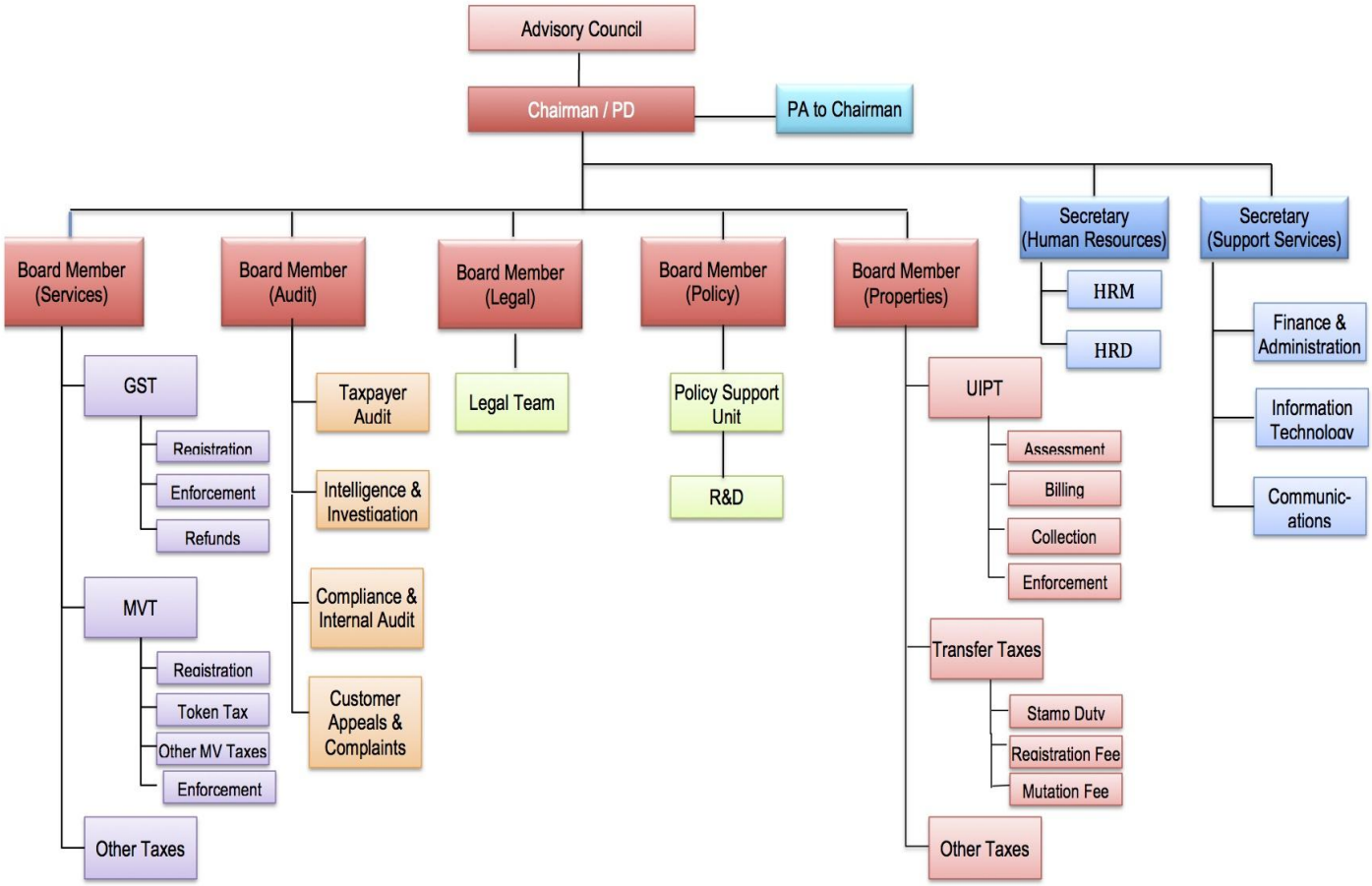
In addition, there will be central units for activities such as information technology, human resources / training, administrative support and legal. These units will support all of the operational functions and will have small field

[8] Fiscal and Financial Management Reforms Reports on BOR & E&TD, 2009 (GHK)

formations of their own in order to deliver support to line managers in the field.

A functional structure such as the one set out below would enable the PRA to develop specialised skills in relation to each of the functional areas and would provide staff with clear and unambiguous roles. It would also provide a clear management structure and assist in the development of internal control procedures.

Figure 8: Example Organogram for a Revenue Authority



Organising the Authority on functional lines and developing separate units for discrete areas such as Registration, valuation, billing and collection, enforcement and customer services will enable: -

- Improved specialisation in each of the functional areas.
- Provide for a separation of duties so that <u>no one person</u> can have a role in say valuation <u>and</u> billing <u>and</u> collection. This structure, together with modern IT, will reduce the opportunities for rent seeking behaviour and will provide a system of internal checks and balances.
- Enable a customer focus culture to be developed.

- Reduce any confusion amongst staff about competing priorities.

6.4 Staffing levels

Whilst it is strictly not the remit of this report to recommend staffing and remuneration levels it is essential to recognise that this is a new venture and it is critical that the Chairman is provided with adequate resources, both human and financial, to ensure that the implementation and running of the Department runs smoothly.

Clearly the Heads of the various sections, identified in the above organogram, should receive adequate remuneration at grades 19 and 20 (and above that for the Chairman) but we would also recommend consideration be given to the payment of an allowance in addition to the standard civil service grades in order to ensure that the right candidates are attracted to apply for what will be a very difficult job - together with the usual enhancement e.g. vehicles, accommodation etc. provided to senior staff. In the event of non-performance these enhancements could be removed.

Attractive salary packages are a step towards combatting corruption and will assist in staff retention and help to avoid the current situation of senior staff only being in position for relatively short periods of time. Stability is an important factor in developing experience, knowledge and professionalism.

This same principal should apply to the Regional / Field offices as they are developed and staffed.

6.5 Selection of Senior Staff

It is crucial that the right people are appointed to the senior positions i.e. Board Members, Secretaries and the Deputy Secretaries for the effective implementation of the PRA.

The key requirements needed from each of the positions together with the special qualifications, traits, characteristics and experience required of candidates to fulfil any of the particular positions should be developed, prioritised and documented and a formal job description written.

As appointments are likely to be made from within the civil service a careful selection process must be undertaken so that only those prospective candidates that match the job requirements specification are selected for interview. Effective matching will lead to effective selection.

Gathering information about the candidate

The starting point is the job application form. The application form should be designed to pick information about the potential candidates. This gives an indicator of what kind of person is seeking employment with the PRA. The information should include personal bio data, education status, previous work record and income. Also an indication from the candidate whether he or she has ever been involved in a criminal activity should be required. Other sources of information are previous appraisals that have been undertaken by the prospective candidate.

Interviews

Screening or preliminary interviews should be held and used to eliminate those candidates who do not meet the minimum eligibility criteria. The skills, professional knowledge and competencies of the candidate are examined during the preliminary interview and only those that fully meet the criteria are taken forward to a second interview.

During the screening interview, candidates should also be tested on integrity issues. For example to demonstrate how they would handle a matter that challenges their integrity. Candidates who demonstrate a previous scenario of how they handled an integrity dilemma would score higher on integrity.

The second interview should be based on objective criteria and include appropriate tests such as - aptitude, intelligence, reasoning, personality, etc. These tests are used to objectively assess the potential candidate's suitability for the particular jobs..

After the Interview:

A verification exercise should be conducted to confirm the accuracy of the information provided by the candidates at point of application. This is done for only those that pass the interview but prior to appointment.

By following an objective based selection process there is a strong likelihood that the right persons will be appointed to these important positions.

6.6 Integrity Testing

Given the reputation for corruption that exists in some parts of the public sector in the Punjab consideration should be given to the introduction of integrity testing by the PRA (If admissible under the current law) across all employees.

Integrity Testing is an investigative tool designed to provide an organisation with

a robust means to maintain integrity and public confidence. It is related to the investigation of allegations of corruption, malpractice and other unacceptable behaviour by employees. Testing extends to include any person associated with any of the above malpractices, in any capacity, regardless of whether or not those persons are employed by the organisation or have any legitimate association with the organisation. It aims to provide an equitable, consistent and proportionate response to such allegations.

The objectives of integrity testing are to:

- Determine whether or not a particular officer is likely to engage in corrupt practices
- Increase the actual and perceived risk to corrupt officials that they may be detected, thereby deterring corrupt behaviour and encouraging officials to report instances when they are offered bribes
- Identify officials who are working in areas exposed to corruption as being honest and trustworthy, and therefore likely to be suitable for promotion and assignment to sensitive areas. For this reason it is essential that any regime of integrity testing include random elements and not rest solely on suspicion

The Integrity Test consists of the creation of an 'artificial' situation replicating the normal day-to-day situations that officers experience, during which the integrity of the officers involved will be tested. The officer will be presented with an opportunity to commit a misdemeanor or partake in corruption without realizing that they are being closely monitored.

The idea behind the secretive integrity testing is to establish an 'aura of omnipresence' of the Authority's vigilance so that officers could reasonably believe that any interaction with a member of the public (including potential corruptors) could be a test by the Authority.

There are two types of Integrity tests:

- *Targeted Integrity Tests* – These are conducted against specific officers or a group of officers where information is available that point to problematic behaviour. Targeted Integrity tests will only be deployed as a result of specific intelligence or information;
- *Random Integrity Tests* – These are not conducted against specific officers. The random factor is that the Authority does not know exactly which officers will be tested. These tests are conducted at a particular place and any of the officers on duty could undergo the test.

Integrity tests can range from simple one-off engagements to more sophisticated operations that take place over time.

The consequences of failing a test depend on the matters at hand or the incidence outcome and can lead to internal disciplinary steps or training if Regulations were not followed. Criminal acts picked up during integrity tests should be prosecuted in the courts.

Staff must know that Integrity Testing is likely to be performed at regular intervals. The fact that Officers know that the tests are taking place will encourage them to report cases of bribe givers approaching them, as they will not know which are genuine and which are 'tests'.

Clearly this type of testing is controversial and before being introduced all of the ramifications should be discussed and identified.

6.7 Training

If the PRA is to achieve its objectives it will have to invest heavily in its people, creating an organisation of skilled professionals committed to delivering excellence. It will have to have a commitment to training, personal development and skills development.

As noted elsewhere, the PRA will need to develop a corporate business strategy that is firmly rooted in the stated vision and mission statements and is focused on measurable targets and a clear action plan. But to succeed, this corporate strategy must be backed up by a Training & Development (T&D) Strategy that supports the PRA's mission and objectives by preparing and developing the workforce, individually and collectively, with the necessary skills and knowledge to meet these objectives.

The T&D strategy must aspire to organise the PRA's training and development activities into a coherent set of actions that will measurably impact on the PRA's strategic objectives. In particular this strategy must seek to progress the strategic objectives relating to employment. These are:

- To employ well trained, highly motivated professionals, appropriately rewarded
- To identify capabilities and capacity required for effective tax management, collection and enforcement.
- To develop and implement clearly stated policies on –
  - Pre-induction training/qualification requirements
  - Induction programme for new recruits

- Management training
- Financial management
- Tax collection and enforcement
- Continuing Professional Education (CPE)
- IT training

HR Development (HRD) should be seen, along with HR Administration, in the context of an overall approach to HR Management (HRM). The T&D strategy will be an important component of a fully integrated HR function that plans and administers all aspects of Human Resource Management including: resourcing, development, performance management, remuneration, job grading and employee welfare.

The HRD strategy should be comprised of four distinct elements -

1. **Institutional** – the setup of an HRD cell, training facilities and associated budget line in the chart of accounts that will formalise the status of HRD.

2. **Operational** – the implementation of a structured development programme comprising induction, refresher, technical and management training and a full orientation programme for new staff.

3. **Supporting elements** – including training needs assessment, monitoring and evaluation and collaboration with local and international centres of excellence.

4. **Future elements** – including the training of junior staff and the development of job descriptions, person specifications and performance standards.

Figure 9: T&D Strategy Overview

It is recommended that a Human Resources Cell be established, under the responsibility of a Secretary level officer that will take the lead on human resource management, training and development within the PRA.

Section Seven: Key Policies

7. Key Policies

7.1 Taxation Policy

It is not the function of this paper to identify the policy areas that should be reviewed and, in any event, these have been well documented in a number of previous reports. However, we agree with the conclusions in those reports that there is a critical need to examine all policy areas in order to maximise the economic impact of taxation and to ensure that maximum revenues, commensurate with ability to pay, are raised.

GST on Services

No concept paper has been developed in relation to the GST exploring the impact that various tax rates would have on the economy. An important principle that needs to be considered is the impact that tax rates will have on economic activity and how they can be used to promote growth, reduce compliance costs and increase the tax to GDP ratio.

It is recommended that an early review of tax policy should take place to look at the options available: –

- Impact of various tax rates on the level of economic activity.
- Whether there should be more than a single rate determined by the type of service provided.
- The removal of unnecessary exemptions
- Widening of the tax base by looking at those categories of taxpayers who are either exempt or fail to pay.
- Consider whether tax rates can be used to reduce litigation and to creating an atmosphere that encourages voluntary tax compliance.

Interestingly, sales taxes are often seen as good tax systems for economic growth, savings, and investment. Economists at the Organisation for Economic Co-operation and Development studied the effects of various types of taxes on the economic growth of developed nations within the OECD and found that sales taxes are one of the least harmful taxes for growth[9] -

> *"So, overall, these arguments provide strong support for the view that a move in the balance of taxation towards taxes on consumption would*

[9] Consumption Taxes – The Way of the Future, A Policy Brief from the OECD

be likely to improve economic efficiency and increase growth."

Given the potential for growth in revenues from the GST on Services it essential to involve stakeholders in the policy development and decision making process.

Other Taxes

In relation to the Board of Revenue and the Excise and Taxation Department previous consultancy reports[10] have identified that the development of tax policy is basically an ad hoc process within the departments and there is no consistent and systematic approach to policy development or to research and development. The result is that there is no in depth consideration of proposals that are made and no consistent collection of data on which to base decisions.

The lack of policy development capacity and the lack of cooperation with the Finance Department on tax policy issues subsequently result in few, if any, well-designed, assessed and actioned proposals.

It is recommended that there should be a full policy review undertaken (as identified in previous reports) in relation to coverage of the taxes, the tax bases, tax rates, exemptions, reliefs and allowances, for example, the following policy areas in UIPT could be reviewed: -

- Further consideration be given to the draft law on property tax that was prepared in 2008 – if adopted this will have the effect of widening the tax base to include **up to** five million properties.
- A revaluation of all properties using current market.
- A study undertaken to consider whether rental values is still an appropriate tax base as compared to capital values.
- Those areas that are classified as rural but are urban in nature be reclassified (we note some work has been undertaken in this area).
- TMA's that still have not declared as rating areas be required to do so.
- A review of the reliefs and exemptions is undertaken with a view to reducing them.
- The differential between self-occupied properties and rented properties be eliminated or at least reduced;
- Indexation of tax rates is introduced.

[10] Fiscal and Financial Management Reforms, E&T Department, GHK 2009

There is considerable potential, particularly with UIPT to increase the level of revenues if a full policy review is undertaken and the tax is aligned with international practices in property taxes.

7.2 Key Management Policies

Most key management policies are centrally controlled by S&GAD and encapsulated in the Esta-code. This gives government departments little room to modify their management policies and procedures. The draft PRA Act makes brief reference to HR policies, but the exact degree of freedom that the PRA will enjoy is far from clear at this stage. Experience with the 2007 FBR Act indicates that there can be a significant difference between the levels of freedom that appear to be available and that which can actually be acted upon.

It is, therefore, essential that the Board and senior management of the PRA have a very clear understanding of their scope for modification of management and HR policies and procedures.

The following represents a basic inventory of policies that will need to be developed, subject to empowerment by the PRA Act: -

a) **Human resources**
    a. Recruitment policy and procedures
    b. Job Grading structure
    c. Pay and bonus structure
    d. Promotions and Transfers
    e. Training and Development Strategy
    f. Staff Welfare Policy
    g. Grievance procedure
    h. Disciplinary code
    i. Employee asset declaration policy
    j. Conditions of employment
    k. Pensions
    l. Employee travel and accommodation allowances (TA/DAs)

b) **Finance**
    a. Accounting
    b. Budgeting
    c. Cash management

d. Financial planning

c) Information Technology

a. Security including a back up policy

b. Data protection

c. Internet protocol (example policy set out at Appendix C)

d. Email usage protocol (see example policy set out at Appendix D)

d) **Common services**

a. Security

b. Asset management

c. Real property and accommodation

d. Telecommunications

e. Procurement

e) **Internal Audit**

f) **Strategic Planning**

g) **Legal Affairs**

h) **Risk Management**

7.3 Disaster Recovery Policy

In addition to the above the PRA as well as having a defined back up policy, it is important to create and maintain a disaster recovery policy. This policy must be a comprehensive document that provides sufficient detail in the event of some form of major problem disrupting the running of a part or the whole of the business; it will provide a clearly defined set of steps to allow the rapid deployment of an interim service that minimises the downtime of the business.

An example of an event that causes such disruption may be a fire at one location that means the building is not usable for one or more days.

7.4 Data Protection Principles

The migration from a paper based to a computer based systems (e.g. UIPT) will lead over time to more information being collected, stored and more easily and widely accessed by the Punjab government, staff and ultimately customers.

To build a level of confidence that the information is not being misused, it is important to put in place certain rules or principles on how this information is gathered, used and accessed.

A series of common principles can be derived by looking at examples of legislation commonly available around the world that provide core principles relating to the use and protection of personal data. These principles can be summarised as: -

1. Personal data shall be processed fairly and lawfully.
2. Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.
3. Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
4. Personal data shall be accurate and, where necessary, kept up to date.
5. Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.
6. Personal data shall be processed in accordance with the rights of data subjects.
7. Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.
8. Personal data shall not be transferred to a country or territory outside of Pakistan unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

7.5 Application of International Standards

In conjunction with the data protection principles it is essential that a common set of practices be adopted in relation to information handling and security. The International Standards Organisation has a number of established standards that can be implemented partly or wholly within the Punjab Government: -

- ISO 9001 Quality Management Systems - Requirements
- ISO 27001 Information technology - Security techniques - Information security management systems—Requirements
- ISO 27002 Information technology - Security techniques - Code of practice for information security management.

These standards cover a wide range of information technology concerns – from physical security (e.g. physical access to the office, computer systems and backups); data and computer security to issues relating to the movement of data off site and disposal of material (e.g. shredding printouts).

As an example, ISO 27002 provides a checklist of best practice recommendations on information security management for individuals / organisations who are responsible for initiating, implementing or maintaining information security management systems.

This standard considers three areas: -

- **The preservation of confidentiality** - ensuring that information is accessible only to those authorised to have access
- **Integrity** - safeguarding the accuracy and completeness of information and processing methods; and
- **Availability** - ensuring that authorised users have access to information and associated assets when required

And as such, it contains the following twelve main sections to act as a checklist against which the organisation is measured (where appropriate) -

- *Risk assessment*
- *Security Policy* – management direction
- *Organisation of information security* – governance of information security
- *Asset management* – inventory and classification of information assets
- *Human resources security* - security aspects for employees joining, moving and leaving and organisation.
- *Physical and environmental security* – protection of the computer facilities
- *Communication and operations management* – management of technical security controls in systems and networks.
- *Access control* – restriction of access rights to networks, systems, applications, functions and data.
- *Information systems acquisition, development and maintenance* – building security into applications.
- *Information security incident management* – anticipating and responding appropriately to information security breaches.
- *Business continuity management* - protecting, maintaining and recovering business-critical processes and systems.

- *Compliance* – ensuring conformance with information security policies, standards, laws and regulations.

It is recommended that the Punjab Revenue Authority implements a minimum of the standards listed above.

7.6 Green / Recycling / Disposal Policy

With an increased use of computer equipment and the increasing emphasis on "Green Policies" within the Punjab Government there needs to be a policy relating to recycling and 'green' issues.

Obtaining industry figures for the expected life of various pieces of equipment is difficult, in that manufacturers are reticent to produce that information as it may give a commercial edge to their competitors. Instead, the components are rated with figures relating to the mean time before failure. These figures can only act as an indication as they were in some cases extrapolated from tests or achieved in laboratory conditions.

Anecdotal evidence from the industry and experience has provided the following averages for the lifetime of certain types of equipment: -

- Critical Servers (high use) – 3 years.
- Servers (non-critical, low use) – 4 years.
- PCs – 4 years.
- Printers (High volume) – 1 to 2 years.
- Printers (low volume) – 3 to 5 years.

There must be a rolling programme in place to identify equipment that is reaching the end of its life expectancy to allow it to be replaced. When the equipment is due for replacement and in conjunction with this there must be a policy in place to dispose of that equipment.

This may involve: -

- Selling the equipment to a third party.
- Giving the equipment to a specialist company for disposal.
- Giving the equipment to a charity.
- Redeploying working equipment in schools, libraries or other body that may make use of it.

With any disposal policy, due consideration must be given to the data stored on the hard disks of the computers being disposed of and to ensure that they are securely erased so that no one outside of the organisation can retrieve the

information. This is particularly the case with the sensitive data will be held within the EPRA records.

With the installation of a significant number of computers and supporting equipment users must be encouraged to shut down their computers at the end of the day. In addition, toner cartridges from printers can be (in many cases) returned to the manufacturer for recycling.

Section Eight: Project Management

8. Project Management

8.1 The Establishment of a PMU

The implementation of the PRA is a significant and substantial project and cannot be managed as a marginal activity or on a part-time basis. The complexities inherent in an initiative of this nature dictate the need for a formal project management approach

The implementation of a Punjab Revenue Authority is a major exercise that will impact on every aspect of the organisation and culture of the existing departments. It involves the creation of a completely new organisation, the staffing of that organisation by whatever means are decided, the development of new policies, rules and procedures—all the while ensuring that there is no risk to revenue collection or the operational programs of the new organisation.

This is no small initiative and cannot be approached in a haphazard fashion. Organisations that have had a successful launch have found that a detailed project management approach is critical to their success. Harvey MacKay said, *"Failures don't plan to fail; they fail to plan."*

A formal project must be established and formal project planning methodologies should be used to design, implement and monitor the PRA. This will involve modern project management techniques—including setting priorities, timeframes, and deliverables. There should be formal project governance, with a steering committee, project manager, staff resources, supported by appropriate technical assistance.

Figure 10: Programme Management

It would be advisable to implement this project in a phased manner so that the

various taxes can be transferred to the PRA and adequately monitored in a controlled environment. A phased implementation would also ensure that the PRA does not exceed its absorptive capacities as the various taxes are implemented.

8.2 Critical success factors

Government Commitment

Implementation of a change as significant as this requires government support at the highest levels to ensure that the change process is completed smoothly. In the Punjab environment, although an Advisory Council has been included in the draft legislation, this may be difficult to achieve in practice, since the full implementation of the PRA will require several years for completion. Over this period there may be several changes in management and hence the possibility of a change in direction - to mitigate against this risk it is, therefore necessary, that the Chairman and the senior management stay in post during the life of the project – otherwise continuity will be lost.

Inter-Departmental cooperation

If a successful implementation is to be achieved there has to be cooperation between the PRA and the current tax collecting departments to ensure a smooth transition of the taxes. Project preparation and implementation is complex when done in a multi-departmental environment. Forming a steering committee and working groups with representatives from all major stakeholders would ensure that all participant departments' needs are taken into account during the systems design.

In terms of developing new systems for the PRA it would be helpful to have officers from the legacy departments as part of the project team to act as domain experts – but these staff would need to very carefully selected to ensure that only those with an interest in change and have the appropriate skills, knowledge and experience are selected.

Organisational capacity and technical skills

A reform project of this nature will require resources and skills that may not be immediately available to the senior management. The numbers of project management and technical staff and multiple skill levels required to set up the new department and associated systems are considerable. To ensure sustainability the project may need to supplement any identified existing skills and provide for financing and hiring of project implementation specialists, ICT specialists, tax management specialists, property tax experts and other

technical skills as required.

Government may need to review salary scales of staff in key areas to retain them within the civil service and to explore other modes of employment and avenues for hiring staff. For example, hiring staff from the private sector for specific assignments and outsourcing the technical maintenance and operation of some systems should be considered. In any case, an ongoing policy of training will need to be adopted to ensure that the right mix of skills is available when the PRA becomes operational.

Management of change

Implementation of a network of computer-based systems to support tax administration processes requires an understanding not only of the business processes and information requirements, but also of the social, cultural, and political environment of the organisation[11]. It has been argued that computer-based systems are social systems in which technology is only one element. The organisational arrangements required to ensure a "social fit" therefore take on increasing importance.

Implementation of new systems is intimately connected with and normally has a direct impact on the way people do their day-to-day work. It is imperative that appropriate change management procedures are instituted in addition to formal training programs to ensure that staff feel comfortable in their new work environment and in particular do not feel insecure because of misplaced fears of job redundancy, etc.

In view of the efficiencies in transaction processing made possible by automated systems, the numbers of staff required to process routine transactions may decrease as compared to the number of staff currently engaged in BOR and E&TD, generating fears of what will happen to them. With the Punjab policy of no redundancy a parallel program of retraining and re-deployment of excess staff will be required.

Automated tax management systems will incorporate built in controls and will apply these controls uniformly across all transactions. This will add transparency and thus accountability to the PRA’s operations. In fact, installation of the new systems can provide the systemic underpinning for, and give a major boost to, anti-corruption efforts. However, for these very reasons such projects can encounter resistance during project implementation. This is another reason why this project needs a sponsor at the highest levels who can overcome the social

[11] Walsham, Symons, and Waema, 1988)

and political constraints and steer the project through its initial stages.

8.3 Elements of successful project delivery

In addition to the above factors being critical to success there are a number of key elements to successful project and programme delivery of an effective and operational PRA:

1. ***Strategy*** – The Department needs to develop an agreed vision, then a blueprint for the intended operating scenario with a roadmap for carefully advancing all stakeholders through the change programme. In other words it needs to know when and what it wants to achieve.
2. ***Organisation*** – The Department having developed its vision of what it wants to achieve and set out this vision through a blueprint / action plan of what has to be delivered over a period of time it must support this vision for change through the development of a dedicated programme change management unit
3. ***Process*** – The programme unit must define and refine a unified approach to identifying, prioritising, planning, authorising, executing, controlling and implementing programmes, projects and other work packages *in the context of business as usual.*
4. ***People*** – The Department must understand the capabilities of the staff and map a path to increasing performance levels and maturity.
5. ***Technology*** – Modern ICT has a key role to play in the modernisation of the Department and it is essential to implement common tools to assist staff to carry out common functions and processes in a standard and consistent manner throughout the Department.
6. **Risk Analysis -** Need to identify the perceived risks, quantify and make plans to eliminate them and make contingency plans to reduce the effects of those risks that cannot be avoided.

The government needs to take a clear position on establishing the project, its governance, and providing authority and resources to those in charge.

Section Nine: Creating and communicating a vision

9. Creating and communicating a vision

9.1 Vision and Mission Statement

It is important from the very early days of setting up the PRA that a simple and straightforward vision, mission statement and core values are developed for the new organisation. In fact, this can be an immediate task for the Advisory Council, the Project Director and the Board once they are in place. The statements should describe the future state for the PRA and be somewhat idealistic, examples are given below: -

Vision

"The PRA will maximise tax collection for the benefit of all citizens and we will be an organisation that is recognised for its professionalism, integrity, fairness and efficiency"

Mission Statement

To maximise revenue for the provincial government, and the people of the Punjab, in a transparent, fair, effective and efficient manner. We will achieve this through:

- *Professional, equitable, transparent and customer centric services.*
- *Promotion of a voluntary tax compliance culture.*
- *The application of modern technology.*
- *A well trained, disciplined and highly motivated staff.*

Core Values

The core values that will guide the PRA are: -

- *Integrity, fairness and transparency in our service delivery.*
- *Teamwork, innovation and professionalism.*

The objective must be for the PRA to become an administration that is at once efficient, flexible and equitable in dealing with customers and effective in bringing in revenues and investing in work against tax avoidance, evasion and fraud.

9.2 Identifying Key Outcomes

In addition to the development of a vision of what it wants to achieve the PRA should be committed to at least delivering the following key outcomes:

- A robust tax base and improved collection.

- More easily accessible and responsive services through the use of technology and well trained staff.
- Greater co-operation and sharing of best practice through the use of agreed indicators and benchmarks.
- Improved accountability and transparency at all levels throughout the Authority;
- Better management of customer service delivery, specification of requirements and expectations.
- Continuous improvement in service delivery.
- Better management information; and
- Seen by other provincial government departments as an exemplar collection operation.

9.3 Customer Centric Services – Customer Charter

In many countries, the provision of local and national government services are becoming more customer-centric, providing customer charters that make available indicators as to the types and quality of service that each user of the service can expect to receive.

This process of providing a customer charter is linked to the vision as are the publication of performance indicators, which can be seen as the visible expression of meeting the vision.

The following is an example of a customer charter[12] taken from HMRC in the UK: -

What you can expect from us	Your obligations
1. Respect you	1. Be honest
2. Help and support you to get things right	2. Respect our staff
3. Treat you as honest	3. Take care to get things right
4. Treat you even handedly	
5. Be professional and act with integrity	

[12] http://www.hmrc.gov.uk/charter

6. Tackle people who break the rules and challenge those who bend the rules	
7. Protect your information and respect your privacy	
8. Accept that someone can represent you	
9. Do all we can to keep the cost of dealing with us as low as possible	

A further example of a more comprehensive Customer Charter is shown below:

Our role
To provide you with quality services which are fair, efficient and deliver benefits for the people of the Punjab.
Our service focus
We will: • Be courteous and professional
• Aim to answer your telephone calls within one minute
• Aim to answer correspondence within 10 working days, and ensure our correspondence is clear and concise
• Help you understand and meet your obligations
• Clearly explain our decisions and your rights in relation to those decisions.
• Aim to make it cheaper and easier for you to comply with your obligations
• Consult and listen to feedback from you and other stakeholders, and
• Be responsive to individual, cultural and special needs.
Fairness and equity
We will: • Treat you fairly and reasonably
• Treat you as being honest unless you act otherwise

• Apply the law consistently, having regard to your circumstances as far as the law allows
• Behave with integrity and honesty
• Act impartially
• Respect your privacy and only use or disclose your information in accordance with the law, and
• Comply with our obligations under the Constitution to respect Human Rights.
Conduct of investigations
We will, where appropriate: • Give you reasonable notice before conducting an investigation
• Advise you of the scope and nature of an investigation
• Give you the opportunity to have a representative present during an investigation, and
• Advise you in writing about the results of an investigation without undue delay.
Objection and appeal
We will: • Ensure your objections are considered by a person independent of the original decision maker
• Finalise 80 per cent of objections within xx days of receiving all necessary information
• Explain your rights of review and appeal and tell you about the time limits, and
• Where appropriate, use alternative ways to resolve disputes.
Our expectations of you
We expect you to: • Be honest, cooperative, and courteous

• Keep all records required by law and allow us reasonable access to them
• Respond promptly to requests for information or documentation, and understand that our decisions may be delayed if this information is not provided
• Lodge documents, statements and returns on time
• Pay the full amount of tax you are legally required to pay, when it is due
• Only apply for grants, concessions and exemptions to which you are entitled
• Advise us if your circumstances change and keep us informed of your current details in case we need to contact you, and
• Understand that if you do not meet your obligations, penalties and interest may be imposed

Section Ten: Communication and Transparency

10. Communication and Transparency

10.1 Communication Strategy

Communications will play a crucial role in whether the implementation of the revenue authority is perceived as a success; and whether that perception is shared by internal stakeholders - the government, the Assembly and staff of the concerned organisations and external stakeholders - taxpayers and the general public. To this end it is important that core communications messages are developed and that these messages are elaborated and used consistently by any official speaking about the PRA and its implementation.

The PRA by its very nature will hold substantial volumes of personal and sensitive data about individual taxpayers and at the same time as the PRA adopts a communication and transparency strategy it should also ensure that its customers' data is held securely.

The PRA should develop a communications strategy, i.e. a 'knowledge management' tool that aims to improve the way the PRA shares and applies knowledge to serve the needs of its stakeholders by providing the vision, channels, skills and tools for managing knowledge throughout the PRA. It should be committed to transparency and to -

- Consulting with stakeholders in a two way process.
- Publishing data by default wherever possible.
- Publishing data in line with internationally recognised Public Data Principles.
- Making transparency a key part of our everyday activities.
- Making datasets available for re-use, and in a re-usable format where reasonable and practical.
- Keeping data held under review, so as to examine and improve the amount and frequency of data released into the public domain
- Linking and releasing all datasets on to an appropriate government website.

By publishing data on PRA expenditure, performance, governance etc. transparency will improve accountability.

10.2 Communicating with Stakeholders

Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve accepted outcomes. It is

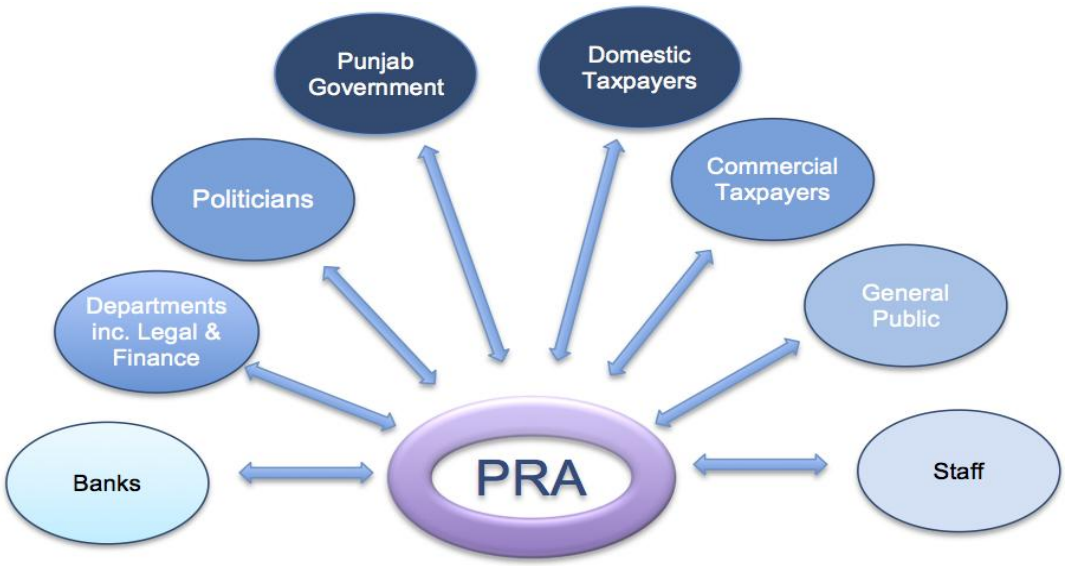
now also recognised as a fundamental accountability mechanism, since it obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance.

Communication is a two way process and it is not all about the PRA deciding what it will communicate to stakeholders it is also about developing a strategy that incorporates listening to stakeholders. Effective stakeholder engagement relies on a commitment to engage and communicate openly and honestly with stakeholders.

Stakeholders are defined[13] "as any individual, community, group or organisation with an interest in the outcomes of a programme/ project, either as a result of being affected by it positively or negatively, or by being able to influence it in a positive or negative way."

Communicating with and involving key stakeholders in the development of the PRA is essential if appropriate and acceptable policies and processes are to be adopted and if the changes are to be managed effectively. Key stakeholders include Taxpayers, the Punjab Government, Key Departments, Staff and Managers as well as politicians and the general public as indicated below: -

Figure 11: PRA Stakeholders



International practice suggests that communication is a key tool of managing change successfully and if this holds true then the PRA should -

[13] Communications Strategy L&DD, Crown Agents 2012

- Communicate, consult, explain, answer questions and involve as many stakeholders as possible.
- Use a variety of methods of communication.
- Keep telling stakeholders what is happening (even if nothing much has moved on)
- Quickly put straight the rumours that inevitably spread faster than any of the more formal methods that may be employed

There are two areas that stakeholders often complain about in relation to the communication process -

1. **Inconsistency in communication**. Basically if you say you are going to keep stakeholders updated, then do so. In fact go one step further and agree with them upfront how often they want to be updated, and through what channels. Then there can be no misunderstandings.

2. **Not being listened to**. This happens when the updating is more to tick a box than to get feedback or engage stakeholders in the conversation:

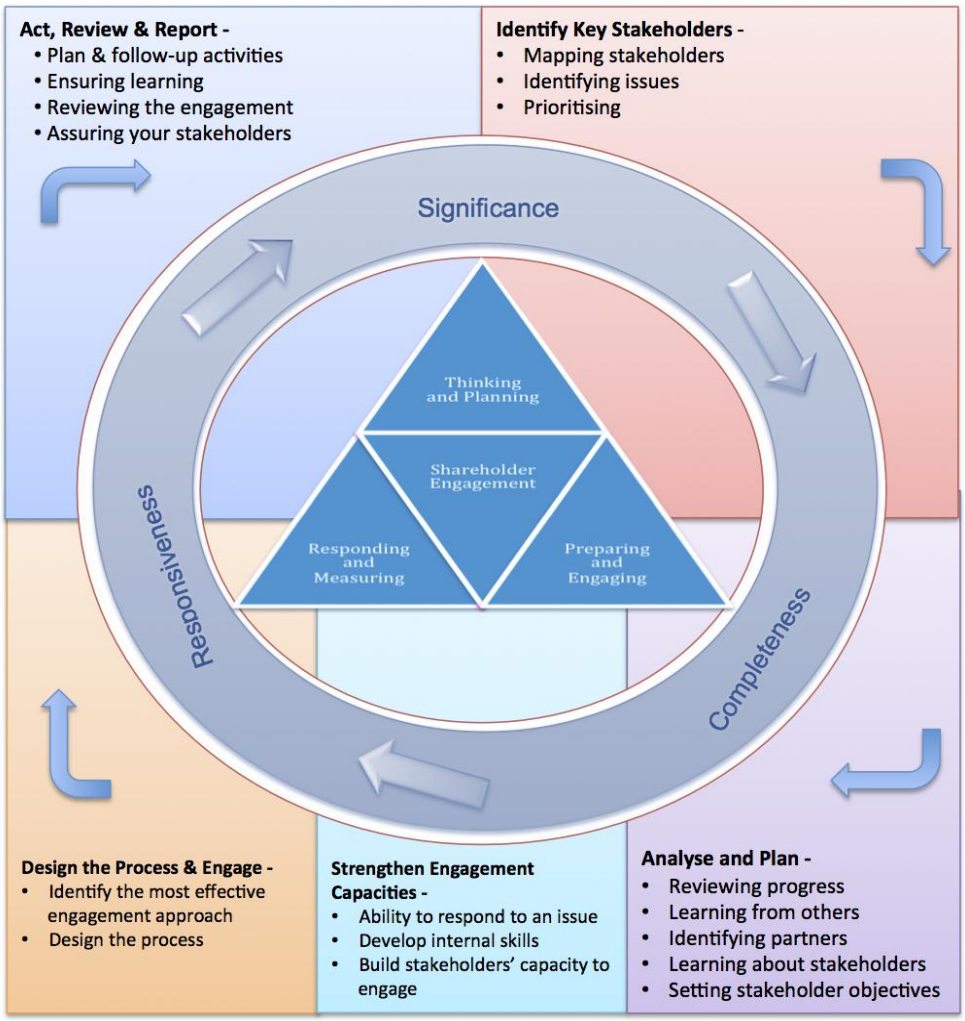
   - Always keep the lines open both ways for feedback
   - Do not leave stakeholder engagement so late that they have no opportunity to contribute because the solution has already been agreed.
   - Do not pretend to want stakeholder feedback and then do nothing with it, and
   - Equally frustrating for stakeholders, don't forget that when you take their feedback, you need to let them know how it was used. Close the feedback loop.

Quality stakeholder engagement must -

- Clearly define the scope
- Have an agreed decision making process
- Focus on issues material to the organization and / or its stakeholders
- Create opportunities for dialogue
- Be integral to organisational governance
- Be transparent
- Have a process appropriate to the stakeholders engaged

The stakeholder engagement process is summarised in the following diagram: -

Figure 12: Stakeholder Engagement Model



Note: Adapted from Stakeholder Engagement Standard AA1000SES (Institute of Social and Ethical Accountability 2005)

It is recommended that the PRA develops a communications strategy and in doing so takes account of the following key principles:

Strategic principles

- **Significance** - deal with issues of significance to stakeholders and the PRA.
- **Completeness** - understand the concerns, views, needs and expectations of stakeholders.
- **Responsiveness** - respond coherently and appropriately.

Operational principles

- **Communication** - open and effective communication means listening as

well as talking.

- **Transparency** - clear and agreed information and feedback processes.
- **Collaboration** - work to seek mutually beneficial outcomes where feasible.
- **Inclusiveness** - recognise, understand and involve stakeholders in the process.
- **Integrity** - conduct engagement in a way that fosters mutual respect and trust.

Section Eleven: Information Technology - Strategy

11. Information Technology - Strategy

11.1 IT Strategy

A critical IT related issue when implementing the PRA is the development of a longer-term strategy for IT. Again previous consultancy reports [14] have identified that there are significant weaknesses in the IT strategies for the existing departments and these should not become a barrier to progress in moving forward with the revenue authority.

Information and communications technology is critical for the effective and efficient operation of a Punjab Revenue Authority and the delivery of the services it will provide to citizens and taxpayers.

Without well-designed and well-functioning IT systems, the benefits of improving tax collection will remain elusive. It is important that the design and implementation of the IT systems start without delay.

Investing in modern IT systems offers key benefits to the PRA by enabling:

- Introduction of efficient and effective billing, collection and enforcement procedures.
- The release of savings by increasing staff productivity and efficiency.
- Access to online transactional services, which makes life simpler and more convenient for citizens, taxpayers and businesses.
- Channels to collaborate and share information with citizens, taxpayers, businesses and other Government Departments, which will, in turn, enable the innovation of new online tools and services.

A PRA ICT strategy will develop a 'vision' for ICT and enable the building of a common infrastructure underpinned by a set of common standards. The new Department needs to ensure that the development and implementation of a strategy and the development of systems is a key priority in the setting of the new Authority.

The PRA needs to provide a technology environment that is flexible and usable across a wide delivery network. Opening up the delivery channels of the PRA will require that systems be shared with a range of stakeholders and agencies, while ensuring the security of personal data.

[14] PGIEP business Process Re-Engineering in E&TD and L&DD, Crown Agents 2011

11.2 Objectives

An IT strategy i.e. a vision should aim at supporting the following objectives-

- Centralised database within PRA.
- Browser based User Interface supporting: -
  - Internet
  - Intranet
  - Extranet
- A Taxpayer friendly portal for on line transactions.
- Electronic Fund Transfer.
- Risk Assessment.
- Targeted Audits.
- Data Warehouse.
- Document imaging and indexing.
- Total integration within the PRA.
- Integration with external databases.

An example of an IT strategy is shown at Appendix B and a description of the systems supporting that strategy is shown in the next section.

11.3 Required Conditions

It must be understood, however, that whilst ICT can provide the underlying technologies change can only be achieved if the PRA also has in place: -

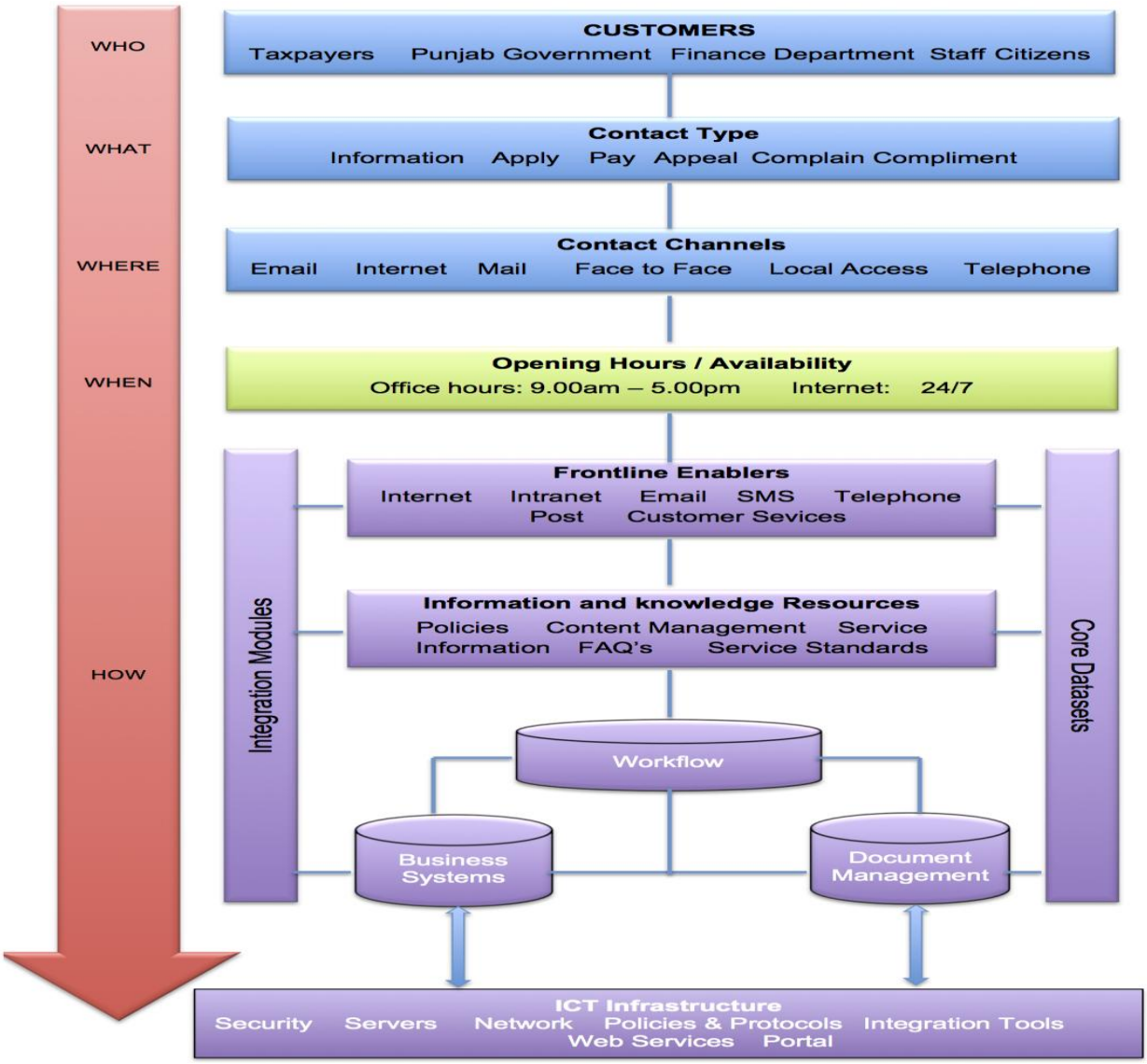
- **Clear Leadership** – able to articulate a vision and ensure a readiness for change
- **Innovation** – identifying, designing and implementing new processes, new ways of working and potentially new services
- **Capacity** - ensuring capacity for change is available in terms of resources and skills
- **Effective project management and governance arrangements** – including designated project sponsors, managers and teams, the use of an accepted Project Management methodology with clear reporting lines and accountabilities defined, for example Prince2.

11.4 Customer Service Delivery

As stated previously ICT is merely a tool, albeit an important one for the delivery of effective and efficient services to the PRA's stakeholders whether they are

internal – staff, politicians, the Government or external – taxpayers and citizens. How the delivery of an effective tax service is represented in the following diagram: -

Figure 13: Delivering an Integrated Customer Service



Section 12: Information Technology - Systems

12. Information Technology - Systems

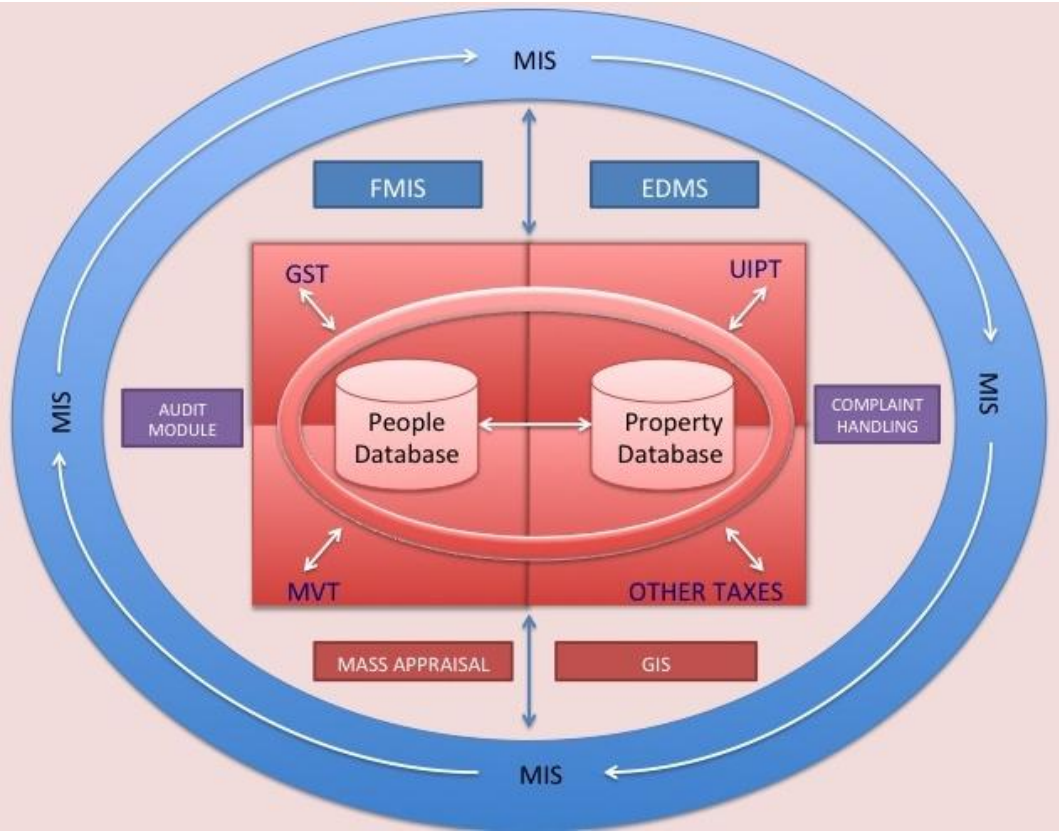
12.1 Need for Modern IT Systems

Information technology underpins modern revenue administration and the move to a revenue authority is both a challenge to ensure effective implementation and an ideal opportunity to develop and introduce 'fit for purpose' systems. A ***major component and key element to the success*** of the modernisation of the various taxes and improved collection is the development of modern ICT systems. These must be developed in accordance with the predetermined IT strategy.

Given the relative size of the Punjab and the number of potential taxpayers in each category of tax it is essential that realistic timetables be developed for the procurement, acquisition, data migration, implementation of the taxes etc.

In addition to specialised software systems for tax assessment, billing, collection and enforcement the PRA will require IT systems to support new management responsibilities i.e. human resources, finance and budgeting. Systems are needed that can respond to the policies set down by the Board.

Figure 14: Overview of Software Systems



Tax Administration Systems

This core group of systems will be required by PRA for the processes associated with formulating tax and tariff policies and the subsequent efficient billing, collection and enforcement of taxes. A number of separate systems are involved in this group: for example, those supporting the administration and collection of the Sales Tax on Services, the UIPT, Professional Tax, and those supporting the collection of various types of non - tax revenues, such as stamp duties (if a decision is made to transfer taxes from BOR).

Software Choices

A number of critical decisions will have to be made about the acquisition of systems for each of the taxes. Only the FBR or the Sindh Revenue Board have systems in place for GST and within Excise and Taxation there is a Motor Vehicle Taxation System. At the time of writing this report there is a pilot project for computerisation of UIPT in Sialkot taking place but in reality this is only the computerisation of manual records with a view to producing challans. It is many years away from being a fully-fledged and integrated property tax system and in any event no specification has been developed with this in mind.

If the PRA is to manage the taxes efficiently, and given the inherent issues with the FBR and Sindh systems, it will need to develop its own software for each of the taxes on a planned and phased basis.

However, if it is to take on, in the short term, the GST then there is clearly not enough time to develop software. This leaves the PRA with essentially three options: -

1. Use the FBR system on a remote access basis just as the Regional Offices do within FBR with each PRA employee having log and access rights in accordance with their responsibilities. The issues with this option relate to Punjab information being held by the FBR and lack of access to detailed management information and the dependency on the FBR to maintain the system.
2. Literally obtain a copy of the software and the data sets for the Punjab and install it locally as a stand-alone system. Agreement would have to be reached with the Federal Government on the terms and conditions of acquiring the FBR software. Operating as a stand-alone system would ensure that all management information was the property of the PRA.

   The PRA would have to consider all the issues surrounding support and maintenance of, and enhancements to, the system and whether these

would be done in house or have an agreement with the FBR to provide any necessary support.

3. Assess the suitability of the Sindh GST system and determine if it fit for purpose. If it is then negotiations could take place to discuss the terms and conditions for the acquisition of their software.

In the medium term a decision will need to be made as to whether to go ahead and develop a bespoke system for the GST and it is recommended that a project group be set up with a combination of domain experts and IT experts to review, in detail, the options available and develop recommendation and an action plan.

If the PRA decide to develop their own system it is essential that the following steps be taken –

- Develop a concept / vision
- Review the business processes
- Undertake a detailed discovery and design stage
- Prepare a User Requirements Specification
- Software development
- Comprehensive testing at each stage of the development.
- Rollout and Change Management.

In addition, if UIPT is to be one of the first taxes administered by the PRA it is critical that a project group is set up with a mix of domain skills and IT knowledge to: -

- Review the business processes
- Develop a full specification of user requirements – drawing on international assistance - as no expertise is currently available within the Departments.
- Draw up an action plan and timetable.
- Review the present policies and law in relation to UIPT.

We would add that at the present time we are not aware of anyone who has the requisite knowledge or experience within the existing departments to develop a user specification for an integrated property tax system. Current staff have little IT experience and have had no exposure to systems developed in other countries. It is our recommendation that at an appropriate time a study tour be organised to at least two countries to see other property tax systems and what they are capable of in a fully integrated structure. We would recommend a study

tour to UK / Northern Ireland and Jordan. The reason for these countries is that they have both in recent years developed new property tax systems that are fully operational.

In our opinion this is a three to five year project and the collection of UIPT should not be undertaken by the PRA until business processes have been determined and a full IT infrastructure is in place. Detailed information on the issues involved in the implementation of a new UIPT system can be found in the IRRV/World Bank report of 2010.[15]

Financial and Accounting Systems

A Financial Management Information System is required for budget planning, preparation, execution, reporting and maintenance of budget appropriations, spending authority, sources of financing, budget transfer, and supplementary allocations. They also record commitments and actual expenditure against original estimates.

The current system that is in place will need to be integrated with the tax management and Management Information System.

The Cash Management System

This system will assist the PRA to maintain an up-to-date picture of the income received from individual taxpayers and will be fully linked to the banks to receive automated payments with electronic posting to individual taxpayer accounts. The system will also show total cash collected, which will enable identifying the Government's liquidity position and cash requirements.

Management information Systems

The PRA will be required to manage, measure and report on its performance. It will need to have a suite of management information systems to support strategic and business planning, modern performance reporting and program monitoring.

Complaints Handling System

Allowing customers complaints to be linked to their property and the history of the correspondence made available to a member of staff to allow them to review, progress and when appropriate close the complaint.

[15] Property Tax Decentralisation Report, IRRV / World Bank 2010

Audit Systems

These systems will assist the internal and external audit agencies in their functions. To perform the audit function, they need access to the databases maintained by the other systems modules.

It should be noted that the auditor's needs do not differ from those of management and should not impose an additional burden on project resources. Essentially external auditing needs to centre on a financial audit trail and the retention of audit trail information; adequate internal controls; and a flexible data extraction and down- loading utility.

Office systems

Office software for word-processing, spreadsheets etc. is essential to the smooth running of any office.

Human Resources Systems

A HRMIS is essential to ensure correct and meaningful information on all aspects of Human Resources Management at all times in the PRA. A well-organised information system will enable and facilitate HR planning and training needs assessments, operate transfers effectively, improve exchange of information between the centre and within the PRA. It will hold information on staff such as position, classification, staff complement, recruitment, promotion, pay, leave, overtime, allowances, discipline, pensions, etc.

HRMIS for PRA needs to cover the following 7 functional modules:

1. ***Personal records module with automation of common HR procedures -*** that encompasses a database on organisation structure and positions, a database on personal records and computers
2. **Common HR processes**. The Organisation structure is set-up using a hierarchal scheme with unlimited number of levels. The employee's personal record data includes, but will not limited to: personal data, employee's files, work history, employee's formal education and skills, employment status, job attendance records, leave, job evaluation, performance appraisal, expenses and allowances, alternative work arrangements, probation time, training undertaken etc. This module also needs to encompass the generation of different kinds of certificates and reports needed in daily HRM operations.
3. ***Appraisal system -*** that facilitates decision making about individual employees in relation to training and promotion and assists in the setting of personal objectives and provides objective feedback.

4. ***HR intelligence module -*** that accommodates HR management reporting requests and HR business intelligence requests.

5. ***Training module -*** that facilitates management of training processes including planning (training needed, available and delivered), budgeting, participation, evaluation etc.

6. ***Recruitment module -*** that automates recruitment procedures such as vacancy announcements, appointments, applications, generation of lists of candidates interview, testing (public exam, professional exam – written, professional exam – interview), producing test results and appointments.

7. ***Exam module*** - that encompasses processes of management of questions for public exam, automation of actual examination, immediate calculation and registration of exam results

Electronic Document Management Systems (EDMS)

Where large volumes of paper are handled, as can be the case in tax collection, and have to be filed and maintained serious consideration should be given to the development or acquisition of a document management system.

Electronic document management is essentially the control of documents and/or images of documents through their lifecycle; including how and when documents are captured, tagged (adding metadata, which is information about the documents to allow that document to be accessed by a user), made available, backed up and deleted. (Further information is given in Appendix E).

Mass Appraisal System

In relation to UIPT specifically many countries that operate property tax systems now use mass appraisal technology in the valuation of properties. Mass appraisal can have different connotations, but has been defined by legislation in Alberta, Canada as being “the process of preparing assessments for a group of properties, as of a given date, using standard methods, common data and allowing for statistical testing” (McClung, 2000).

Many countries have moved from single parcel appraisals, whereby each property is inspected and valued individually, to Mass Appraisal methodology. While single parcel appraisals are credited for producing accurate valuations, they are manpower, cost and time intensive and often result in out-of-date and incomplete valuation rolls.

Mass appraisal requires the development of robust regression models that can be employed to estimate value given inputs for the various property-specific and neighbourhood characteristics. The application of mass appraisal requires a

good understanding of econometric modeling and the ability to cope with misspecifications of the regression model.

There are now a large number of countries that have adopted mass valuation techniques and, these include the United States, Canada, Denmark, Sweden, Chile, Indonesia, Estonia, and United Kingdom (in fact the largest mass appraisal exercise was undertaken in Northern Ireland in 2007).

It should be noted that mass appraisal cannot increase valuation precision / accuracy, but potentially can inject more consistency into the valuation process and is also likely to make complete property revaluations, that are required on a regular basis, attainable more quickly and cheaply.[16]

Mass appraisal technology is not essential for an effective and accurate property tax base provided the current valuation methodology is handled efficiently and with sufficient checks and balances to ensure accuracy and free from being manipulated. The development of a mass appraisal system should be not seen as a high priority by the PRA.

Graphical Information System (GIS)

GIS can be a useful tool in identifying properties subject to UIPT and for providing public information about properties and so links can be developed to a GIS system. The Urban Unit, Planning and Development Department of the Punjab Government has developed its own GIS application - a system called IRIS[17].

This system is being used to record a number of different systems including: - Electricity, Water and sewage, Properties and whilst development is ongoing the GIS application is functioning and is capable of being a useful tool particularly in relation to property identification. It is currently being used in Sialkot as part of a project to computerise the PT-1 and PT-8 registers with a view to producing the challans.

GIS is not a necessary tool for use with UIPT and should not be seen as a priority in relation to the development of other essential systems but in the longer term when satisfactory tax administration systems have been developed then this can be a useful add on.

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[16] Franzsen, R., Johnstone, D., Johnstone, T. and McCluskey, W. (2002), Report on the Evaluation of the Rating Valuation Consultancy Services in Dar es Salaam and Eight Project Towns, Sponsored by Ministry of Regional Administration and Local Government (Tanzania), The World Bank, Public works and Government Services Canada and The Royal Institution of Surveyors Foundation.

[17] It is noted that there are systems available in other countries that are called IRIS. The naming of the Punjab Government GIS system is coincidental and there are no links to existing systems.

Section Three: Technology – Other

13. Technology – Other

13.1 Intranet

An integral part of medium to large organisations in the public and the private sector is the organisational intranet. It provides a centralised resource for staff to gain access to various key systems, departmental information, training, reference material, procedure manuals, support and standard templates.

It is recommended that the PRA implement an Intranet and slowly build up the resources available on it. The intranet front page will be the homepage for every member of staff when starting their web browser. It will also allow staff to quickly start the core systems from the home page. There should be a notification area that will inform users of any important messages that need to be sent out to staff.

Key elements of an Intranet will include:

- Access to on line training
- Access to all relevant legislation and interpretation notes and guidance
- Information devolved down to the individual departments and offices.
- Access to shared workspaces, information stores, documents, and applications such as blogs.
- Users should be able to interact with content such as lists and document libraries.

13.2 Internet

A key element of the communication process is the development of an internet presence. There should be a public area available as the core part of the website that provides a clean and consistent interface. The website must be available in both Urdu and English and provide facilities for people with disabilities to enable them to navigate through the site.

It is unclear as to the percentage of members of the public that have high speed access (two Megabits per second and above) to the internet; however it is expected that the numbers in the major cities and larger towns will be relatively low in comparison to other countries and the numbers outside of the major conurbations will be very small. Any web presence will have to take into account the average speeds available to the users of the site.

The website must allow quick and easy transit to the relevant sections that the user wants to go to and as such a three click rule should be applied i.e. it will take no more than three clicks\selections from the website homepage to get to

the information that the user is looking for. All relevant forms and information will be made available for download and where applicable, application forms and requests for contact will be possible from the site along with the ability for taxpayers to make electronic payments.

It is important that non-essential information is not presented (unless required by law) – such as network diagrams and details of the connection between departmental buildings as these have little meaning to taxpayers and may provide substantial information to hackers.

Whilst the Internet is intended primarily for taxpayers staff will need to be provided with access and in which case they should be required to adhere to the PRA's rules on acceptable use.

An example of an 'Acceptable Use Policy' is attached at Appendix C).

13.3 Domain name and Email registration

It is important that the Internet becomes an integral part of the running of the PRA as it could become the first or second point of access for taxpayers and a key means of communication within the PRA particularly because of the geographical size of the Punjab.

In implementing an email strategy the Department is recommended to consider the following issues -

- An appropriate domain name must be selected, for the Department. This domain name must be relevant to purpose and as simple as is possible. There is a tendency for Government employees to use personal email addresses such as Yahoo or Gmail – this practice must not be allowed in the PRA, as it would leave the PRA vulnerable when employees leave and retain the email as a personal address.
- Once an appropriate domain name has been chosen, it is recommended that all relevant variations on that domain name be registered as well. This will mean that if a customer mistypes the PRA World Wide Web address, they will still gain access to your main site. It is also recommended that commonly used variations on the top level domain (i.e. '.com', '.org', '.pk') are also registered.
- All sub-sites should be connected to the main domain name.
- Emails must be based on or reflect the company presence name e.g. *myname@pra.punjab.gov.pk*

By ensuring that the PRA has a consistent Internet naming policy and that emails also follow that naming convention; a taxpayer / customer will be more confident about using the website or communicating via email with the Authority. It also gives a sense of a basic level of professionalism.

It is essential to note that both users and customers, even though they are certain of who they are communicating with, are not encouraged to send sensitive information to and from a website or via email without some form of encryption being used.

All emails sent from the PRA should contain a standard footer with an appropriate disclaimer for the department and the country (i.e. meaning that it must comply with any local laws and regulations). An example clause is: -

> *'This email is intended for use of the person identified in the body of the email. The contents of the email are confidential and if it has been sent to the wrong person, please do not read the email, delete the email immediately and notify the sender.'*

An example of an acceptable use policy for email usage is attached at Appendix D.

13.4 Minimum System Specification Document

It is important to ensure that the computer equipment and peripherals purchased by the Authority maintain a minimum specification to allow them to be capable of running the applications deployed within the business.

A baseline specification document is required, detailing the minimum requirements of the applications in use within the PRA. This document must be updated each year. Even though it may be referred to as a 'minimum specification' it should not be considered a definitive requirement for all computers and peripherals purchased at any given point. There must be consideration given to the life of the item purchased (for example a computer may be deployed for between three and five years and is expected to be capable of running the applications in use within the department during that time. A server will have a life expectancy of around three years before being considered for replacement).

This document specifies a baseline for the equipment to be purchased and allows for a purchasing policy to be adopted and deals negotiated with the relevant hardware/software suppliers. This document will need to be developed in conjunction with PITB.

13.5 IT Applications Development

In order to minimise the proliferation of the number of different applications using various technologies that will be developed by or on behalf of the PRA department; the Punjab Government must develop a common approach to development (through the PITB).

This approach will specify the development platform for those systems. This specification can be at a fairly high level, but would necessarily state which core technologies will be used (e.g. a single database platform – MS SQL Server, Oracle, MySQL).

For bespoke systems, these standards must be adhered to. For off the shelf applications, this cannot be a driving factor – whereas functionality will be. Where two packages are functionally matched…the one that is more aligned to the standard would be adopted.

The knock on effect of adopting this approach will be to reduce the support requirement and the requisite skill base. This policy is particularly important to ensure that a PRA IT Support Unit follows the policies of the Provincial Government.

13.6 Approach to Core Business Applications

The Role of PITB

PITB has already made investments in a Data centre and entered Enterprise Agreements with major software vendors such as Microsoft for the benefit of the Departments of Government of Punjab. The PITB will need to make further investment in the Data Centre by adding more capacity for hosting the PRA website.

The only investment needed on part of the PRA will be to purchase the hardware and request the PITB for assistance in installation or provision of licensed CD's to the PRA's ICT Unit so the software can be installed.

The PRA will just have to identify the user names and official email addresses to be configured using an address such as *myname@pra.punjab.gov.pk (see section on email above)*

PITB will play a pivotal role, by providing advice and in ensuring that the PRA is setup and fully functional – with respect to the above pieces of the jigsaw.

Also, PITB will play an important role in providing a quick start to PRA regarding its IT initiatives in the sense that PRA will not have to invest in setting up a Data

Centre of its own, nor will it have to buy servers or employ a full time data centre management team or system engineers.

The need for Application administrators will still be there but as far as the servers and its management is concerned, PRA can simply lease storage space, processing power and bandwidth from PITB in accordance with a defined service level agreement that guarantees minimum levels of service, for example - 99.99% availability, 100 % guaranteed recovery of data in case of server failures, a minimum restore/recovery time in case of primary site failure etc.

This would mean that PRA would not have to plan for its own disaster recovery site but will, of course, have to review and agree the DR plans which PITB has put in place to gain a level of comfort about the suitability of those plans.

This would greatly decrease start up and administration costs and as soon as the core business applications are chosen, they can be deployed in the PITB data centre.

In the early days during the development of GST the PRA may need to rely on PRAL for some of these services since they will host the GST system initially and a decision will need to be made about the long term hosting of these services.

Section 14: ICT Related Administrative Issues

14. ICT Related Administrative Issues

14.1 Audit of Hardware and Software

It is recommended that a centralised electronic register of all equipment is maintained and kept up to date. Performing regular audits is essential and a replacement programme for hardware and software can be adopted to ensure that equipment is kept up to date, relevant and fit for purpose.

All equipment must be vetted by the PITB / approved by the ICT support unit within PRA for safety and ensure that it is fit for purpose. All equipment must be clearly tagged with PRA markings; in addition serial numbers for all pieces of equipment shall be held (PC's, monitors, printers) together with the specification of each piece of equipment (memory and hard disk capacities).

14.2 Electricity Supply

There is a shortage of capacity within the power supply network, this in conjunction with other issues means that all buildings face either power outages or brown-outs (characterised by a short term reduction in the power supply that causes the lights to flicker). There are a considerable number of outages experienced during a typical day and where the PRA is heavily reliant on technology this has the ability to seriously disrupt 'business as usual.'

The simple solution is to provide a generator with the appropriate capacity and maintenance contract. In addition to the generator, an Uninterruptable Power Supply (UPS) is required to ensure that the computer system and network continue to run whilst the power supply is switched over from the main grid to the generator.

In addition the power supply cabling in and around any office used by the PRA needs to be fit for purpose. We have visited many Government offices and we have often noticed that cabling in and around those offices district appeared to be chaotic and potentially prone to failure due to the manner in which it has been installed.

It is clear in order to implement a computer system in the ***PRA*** that ***there is a requirement for a reliable power supply*** and as such a continued programme of installation, maintenance and upgrading is needed with regards to the supply of a generator with the appropriate capacity and maintenance contract and an Uninterruptable Power Supply (UPS) is required to ensure that the computer system and network continue to run whilst the power supply is switched over from the main grid to the generator.

14.3 User Groups

When the various systems are up and running and the project groups have been disbanded it is recommended that an internal User Group be set up that will allow key users (experts) to meet at defined regular periods to discuss the systems and to ensure that bugs are identified; that the applications are kept up to date and relevant. Changes to be captured through this process are: -

- Changes in the law that need reflecting in the applications that are needed to perform an individual task (needs to be identified in a timely manner and will require someone involved with implementing that legislation to be a member of the user group).
- User experiences that identify better ways of working.
- Issues in the systems that need resolving.
- User defined enhancements.

It is essential that representatives of the developers (whether internal or external) attend the meeting and have a commitment to providing ongoing development support for the systems. There also needs to be a commitment to a schedule for release of updates.

Section 15: The Workforce

15. The Workforce

15.1 Implications for Existing Employees

It is unlikely that the PRA will wish to take on all of the E&T or BOR employees so with the Punjab Government's policy of no redundancy then it is inevitable that redeployment plans will need to be drawn up so the approach to staffing the PRA will be a major and highly sensitive issue.

Once the PRA has decided what activities it will take over and how it needs to be structured, it will be possible to assess the number and types of employees it will need. Transfer from E&T and BOR will source some of these activities, others may be found from other departments and the balance will need to be recruited and trained.

This leaves the question of what happens to the employees left in the legacy departments. Depending on the activities to be left with the two departments a certain number of employees may be retained in their old jobs. But some will inevitably be surplus to requirements.

The options for dealing with any surplus staff are, in practice, fairly limited.

- *Early retirement* - surplus employees within, say, five years of their 60th birthdays may be offered early retirement. However this is often an unpopular option and is not taken up to the full extent possible unless the option is made compulsory. Additionally, the cost of buying out the remaining service and pension rights will be expensive.
- *Transfer to another Department* - most other departments are already over-staffed in their own right and, therefore, unwilling to take on another department's surplus.
- *Set up a new business* - for example, when the Egypt Customs Authority downsized, it created a document archiving business to store and look after its old documents. Another example was where a courier service was established. Surplus employees thus had the dignity of a job, while the parent departments were getting a service they needed.
- *Training / funding for self-employment* - In some cases funding may be offered for retraining and/or to set an individual up in a small business. This option can work for a small number of redundant staff, but becomes too costly if there are many employees to deal with.
- *Gardening leave* - this involves sending employees home but continuing to pay their basic salary until they either reach retirement age or find other employment. While this is often the most economic approach, there can

be serious difficulties in managing the attitudes, and hence the performance, of those retained in employment.

- *Surplus pool* - several attempts have been made in recent years, both at Federal and Provisional levels, to set up surplus pools to which redundant public service staff may be transferred while awaiting transfer to a job in another department. None of these has proved to be particularly successful in finding appointments for redundant staff, not least because most other Departments or Ministries are already over-staffed. Also, experience has been that transfer to a surplus pool will usually trigger some form of litigation by the person(s) transferred.

There are other, increasingly creative, possibilities but the cost per person re-assigned rapidly becomes prohibitive if more than s few employees are involved.

In practice downsizing an organisation will usually require a mix of several of the above options, but the exact mix will depend on the outcome of the Government's deliberations on what the PRA's remit is.

This is a wide range of possibilities and the transition is likely to generate both anxiety and concern among many existing employees.

15.2 Consultation with Employees

What must be emphasised though is the importance of consultation and communication with staff. Without full and timely consultation, employee concerns become exaggerated, unfounded rumours develop and perception whether founded or not becomes reality.

Employees will want to know as soon as possible their options, the time available before they will be required to make any decision, and the nature of any benefit to which they might be entitled. It will also be important that employee records are up-to-date so that employees can make informed decisions based on accurate records of years of service, etc.

Employees will also want information on a variety of issues, such as what happens to their sick leave, their pensions, etc. In addition, employees will want to know if they did move to the PRA, would they be eligible to compete for available positions within the public service at large as any other public servant or would they be treated as if they were candidates from outside of government.

Section 16: The Legacy Departments - Critical Decisions

16. The Legacy Departments - Critical Decisions

Although not a decision for the PRA, nor an element of the TOR for this report, nevertheless a critical element of the overall process of setting up the new Authority is to determine what will happen to the legacy Departments in terms of: -

- **Determining what responsibilities**, if any, will remain with the existing Departments.
- **Governance and authority** – who will be responsible for overseeing the partial close down of the legacy departments.
- **What regulatory requirements are affected** – what are the legal barriers to overcome?
- **Identifying existing contracts** for transfer to PRA.
- **Preparing an inventory** of all legal actions (objections, appeals, legal actions etc.) for transfer to RA.
- **Updating all employee files** for accuracy as basis for transfer or redundancy calculations.
- **Developing an inventory of assets** that will be retained in the legacy department or transferred to the PRA.
- **Undertake staff meetings / workshops** so all staff understand the options available to them.
- **Developing a communication strategy** for taxpayers, licence holders and stakeholders.
- **Cost** – What are the costs related specifically to partial closure?

Section 17: Success Factors - Summary

17. Success Factors - Summary

The above sections set out, in outline, the various areas that need to be considered for a successful implementation of the PRA and can be summarised under the following headings -

- **Political support** - a strong commitment to reform, clear decisions about its direction and the provision of the necessary resources.
- **Vision** – need to know its scope and what it wants.
- **Stable leadership** - both from the Advisory Council, the Board and from the Chairman.
- **Formal modernisation program** - with an appropriate project management structure.
- **Modern project governance** - with a management framework, project steering committee, dedicated work teams and close monitoring by senior management.
- **Effective communications** - with all stakeholders, including major business associations.
- **Modern IT systems**.- developed over a period of time to ensure fitness for purpose.
- **Comprehensive human resource and training strategies**.

The mission of the PRA must be to create a tax administration that is more efficient, flexible and effective than its predecessors by using a customer-centric approach to transform the way it delivers services, manages contact and conducts interventions.

Appendix A: Implementation Check List

1. GOVERNANCE	
Policy Framework	
➢ Set up steering committee	
➢ Review all internal / external advice and reports	
➢ Determine which taxes will transfer to PRA	
➢ Develop concept paper on taxation policy choices	
➢ Present concept paper to steering committee	
➢ Develop framework based on steering committee input	
➢ Obtain ministerial approval for policy framework and amend, if necessary.	
Legislation	
➢ Develop preliminary draft	
➢ Develop draft legislative explanation to accompany tabling of legislation	
➢ Obtain steering committee approval of legislative draft and explanation	
➢ Develop final legislation with MOJ	
➢ Submit final legislation and obtain approval	
➢ Table in Parliament and issue communiqué	
Appointment of Board and Chairman	
➢ Develop profiles for positions of Chairman and Board members	
➢ Make compensation decision	
➢ Determine selection criteria	
➢ Determine selection process e.g. nomination, government selection	
➢ Conduct nomination process	
➢ Review nominations/conduct interviews with potential candidates	
➢ Make selection decisions and appoint candidates to positions	
➢ Announce appointments	
➢ Develop orientation session for new appointments	
Project Management	

➢ Determine Terms of Reference for Project Management Unit	
➢ Select Project Manager	
➢ Determine resource requirements and appoint remainder of team	
➢ Assign project team responsibilities	
➢ Determine and set up working parties	
➢ Develop Action Plan	
➢ Develop reporting mechanism for steering committee / Advisory Council and Minister and determine frequency	
➢ Identify methodology for internal/external communications and frequency	
➢ Hold first steering committee / Advisory Council meeting	
➢ Issue communications	
Creating the Vision	
➢ Create the Vision	
➢ Develop the mission and values	
➢ Design the key outcomes	
➢ Develop the 'branding' of the PRA	
➢ Determine operating principles	
2. INSTITUTIONAL AND OPERATIONAL	
➢ Develop key management policies	
➢ Determine taxes to be transferred and time scales	
➢ Assess work processes and structures	
➢ Develop high level organisational structure and costing	
➢ Obtain approval for high level structure and costs	
➢ Develop organisation structure for Sales Tax component	
➢ Develop project team structure for UIPT component	
➢ Develop organisation structure for common services component	
➢ Obtain approval for complete organisation	
Accountability statements and job descriptions	
➢ Develop accountability statements and job descriptions for senior	

management positions	
➢ Develop accountability statements and job descriptions for middle management positions	
➢ Develop accountability statements and job descriptions for remaining positions	
Statements of qualification and selection profiles	
➢ Develop for senior management positions	
➢ Develop for middle management positions	
➢ Develop for remaining positions	
Develop initial budget	
➢ Develop the budgetary requirements for PRA	
➢ Present budget for approval	
Appointment of staff	
➢ Develop policies and procedures for transfers and new staffing	
➢ Develop policies in relation to those staff that will not be transferred to PRA	
➢ Develop and conduct briefing sessions for all employees	
➢ □□the case of transfers: ▪ Determine employee preference where applicable ▪ Match all transfer options to position in PRA ▪ Inform employee of transfer	
➢ □□the case of new staffing: ▪ Determine positions in RA that require new staffing ▪ Identify staffing strategy e.g. begin with executive positions ▪ Conduct interviews and make offers of employment	
➢ In the case of staffing not transferred: ▪ Identify the staff and reasons ▪ Inform staff of what will happen to them – retirement/redundancy/central pool	
Staff training	
➢ Develop statement on commitment to training/continuing professional development	

➢ Assess the need for a training unit	
➢ Determine appropriate qualifications for staff at all levels	
➢ Identify training providers	
➢ Arrange courses with providers	
➢ Arrange in-house courses	
Management and staff training for Day One readiness	
➢ Develop leadership training for employees from supervisor level and above	
➢ Develop orientation programs for managers and staff	
➢ Ensure all employees made aware of Board's policies	
3. DEVELOP AND DETERMINE POLICIES FOR BOARD APPROVAL	
Human Resources	
➢ **Determine and agree where PRA will be allowed to make changes to HR policy and practices such as:**	
○ Job Grading	
○ Compensation	
○ Recruitment	
○ Promotions and Transfers	
○ Redress	
○ Discipline	
○ Conditions of Employment	
○ Pensions	
○ Training and Development	
○ Employee travel	
Finance and common services	
➢ Accounting	
➢ Budgeting	
➢ Cash Management	
➢ Security	
➢ Asset Management	

➢ Accommodation	
➢ Telecommunications	
➢ Procurement	
➢ *Internal Audit*	
➢ *Strategic planning*	
➢ *Legal*	
➢ *Risk Management*	
4. INFORMATION TECHNOLOGY	
ICT – Determine IT Strategy / Policies	
➢ Core Business Software	
➢ Hardware	
➢ Networks	
➢ Internet / Intranet	
➢ Electronic communication	
➢ Data management	
➢ Office systems	
Specify Core Business Systems	
➢ Determine User Requirements Specification for Sales Tax	
➢ Discuss software transfer arrangements with Federal Government	
➢ Determine timetable	
➢ Determine User Requirements Specification for UIPT	
➢ Determine if bespoke system to be developed or package to be acquired	
➢ Secure funding	
➢ Prepare appropriate procurement process	
Electronic Document Management System	
➢ Prepare the appropriate specifications	
➢ Secure funding	
➢ Consider policy on historic data	

➢ Prepare tenders for development elements	
➢ Prepare tenders for equipment ➢ Advertise ➢ Tender evaluation	
➢ Implementation plan	
Office Systems	
➢ Assess requirements	
➢ Secure funding	
➢ Prepare specifications	
➢ Prepare Tenders	
➢ Advertise	
➢ Tender evaluation	
➢ Implementation plan	
Developing GIS &Links with Business Systems	
➢ Identify changes to GIS	
➢ Development of Changes	
➢ Implementation of Changes	
5. ADMINISTRATION OF SALES TAX	
➢ Develop procedures	
➢ Ensure there is adequate separation of duties	
➢ Develop an enforcement programme	
➢ Develop written procedure manuals	
➢ Develop and implement staff awareness and communication strategies	
6. ADMINISTRATION OF UIPT	
➢ Develop procedures for assessment / billing / collection / enforcement	
➢ Ensure there is adequate separation of duties / internal check	
➢ Review the administration of existing reliefs	
➢ Develop an annual enforcement programme	
➢ Develop written procedure manuals	

7. COMMUNICATIONS	
➢ Identify key external and internal stakeholders	
➢ Develop strategies for each group	
➢ Develop overall communications plan	
➢ Schedule of opportunities and events that target each group	
➢ Identify key spokespersons for the new RA	
➢ Develop communications modules for internal and external communications	
➢ Conduct communications training for all senior managers	
➢ Develop communications to staff at various points through implementation	
➢ Develop bi-monthly communications to staff	
8. CONSULTATION	
➢ Identify key groups for consultation	
➢ Develop consultation strategy	
➢ Consider options re timing of consultation i.e. should begin during policy choice process	
➢ Conduct consultations with specific groups	
9. WIND-UP OF EXISTING DEPARTMENTS	
➢ Determine what responsibilities will remain with the existing Departments	
➢ Identify existing contracts for transfer to PRA	
➢ Prepare inventory of all legal actions (objections, appeals, legal actions etc.) for transfer to RA	
➢ Update all employee files for accuracy as basis for transfer or redundancy calculations	
➢ Develop inventory of assets	
➢ Conduct workshops to ensure all understand the move to PRA and the benefits gained	
➢ Seek to engage employees through engagement	

Appendix B: Example of an ICT Strategy

INTRODUCTION AND OBJECTIVES

Introduction

This strategy details how we can apply and develop Information and Communication Technology (ICT) in the PRA to support the delivery of our objectives and priorities, enable change and drive forward improvement.

This strategy is not a technical ICT Strategy. It is an ICT Strategy for the organisation and it will require commitment and co-operation from all officers to deliver what is an ambitious programme for the next few years whilst we establish the PRA as the premier tax collection Authority in the Punjab.

Information and communications technology (ICT) is critical for the effective operation of Punjab Revenue Authority and the delivery of the services it provides to citizens and taxpayers. It is one of the key enablers for the PRA to provide the facilities that are essential to successfully respond to the challenges facing the Authority over the coming years.

It is essential that investment in technology is based upon sound business decisions that result in cost effective solutions being implemented to support PRA services. However, ICT is '*part of the solution*' rather than the solution itself. The relationship between people, ICT and other resources continues to be at the heart of efficiency and modernisation and we need to anticipate the growing expectations of our customers to ensure we deliver what they need, when they need it.

Taxpayers will demand efficient and effective public services. However, their expectations in the way those services are delivered is changing and will continue to do so. Knowledge of our customer needs, knowing **who** they are and delivering **what** they want, **when** they want is the key to success. However, the current economic climate means there will be an ever-increasing demand to continually create efficiencies in the way in the PRA works and to protect the future of our services. This means the Authority must embrace smarter working opportunities.

Investing in modern IT systems potentially offers key benefits to the PRA by enabling:

- A more efficient use of human resources
- Access to online transactional services, which makes life simpler and more convenient for citizens, taxpayers and businesses.

- Channels to collaborate and share information with citizens, taxpayers, businesses and other Government Departments, which will, in turn, enable the innovation of new online tools and services.

ICT is a fundamental tool that every modern Government needs - it can release savings by increasing public sector productivity and efficiency. The savings are critical in order to reduce the structural deficit and continue to fund front-line services.

The PRA ICT strategy will enable the building of a common infrastructure underpinned by a set of common standards. The new Department needs to work to accelerate implementation of the strategy as part of its drive to keep costs down and improve current capabilities and improve tax collection levels.

The PRA needs to provide a technology environment that is flexible and usable across a wide delivery network. Opening up the delivery channels of the PRA will require that systems be shared with a new range of stakeholders and agencies, while ensuring the security of personal data.

Objectives of the PRA

The critical drivers and business objectives of the PRA are to: -

- Significantly improve the efficiency of tax collection by the use of technology and well trained staff.
- Significantly improve the level of revenues collected.
- Significantly improve the service delivered to customers.
- Support a culture of employee satisfaction, high motivation and self-sufficiency.
- Become a provider of quality management information.
- Deliver a sustainable reduction in operating expenses by delivering economies of scale and supporting efficiency reviews.
- Develop a reputation within the Provincial Government for excellence of service provision.

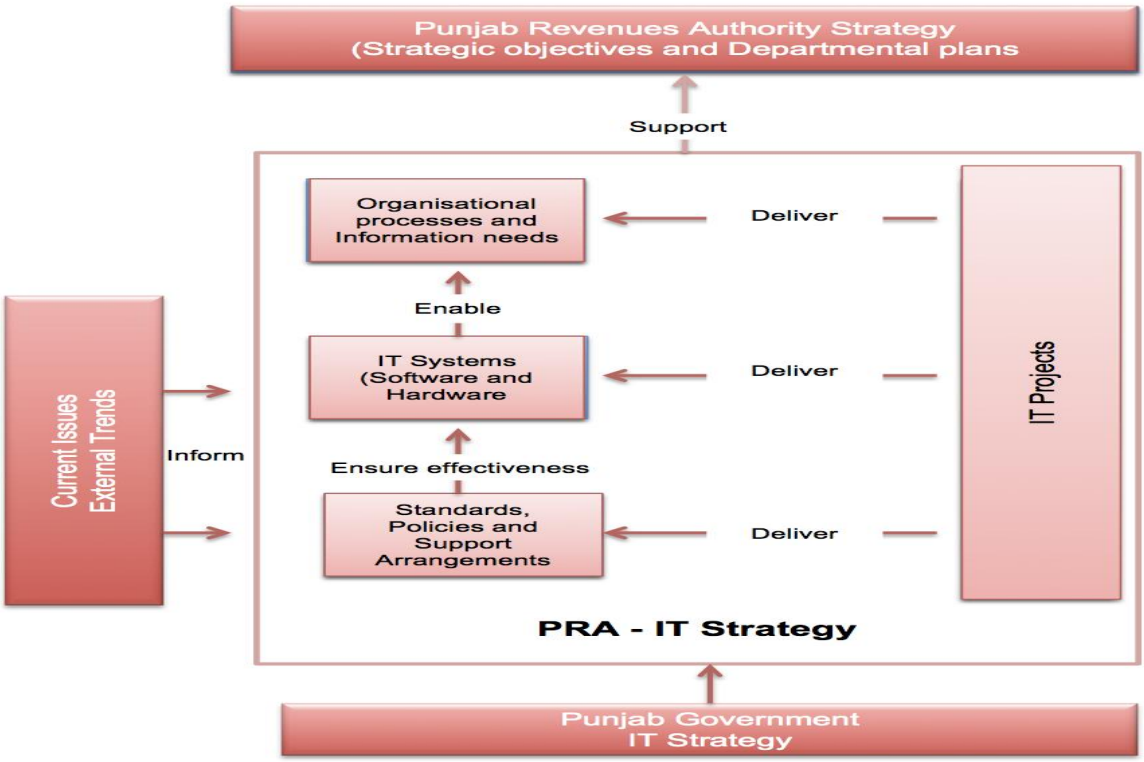
Alignment of Strategy and Objectives

The ICT Strategy is simply a high level expression of what the PRA wishes to achieve through the use of technology and describes how ICT will be leveraged to achieve the business objectives of the PRA. The strategy will be supported by an ICT plan which sets out in detail the systems, the hardware, the networks

and the support services that will be required to meet the PRA's strategic ICT Strategy.

The IT Strategy needs to be aligned with the business strategy of the PRA and should support the achievement of the objectives for which the new entity is being setup.

Figure 15: ICT Strategy



KEY THEMES

Underpinning the strategy are a number of core themes. These themes demonstrate the common linkages across services and, from a corporate perspective, will inform the development of the overall detailed ICT plan: -

Vision

For the use of ICT to support the PRA's objectives and goals.

Maintaining reliable services

Delivery of the PRA's services is reliant on technology to meet the increasing requirements of our customers. It is essential that we maintain an efficient and resilient ICT service in order to provide the facilities our customers are demanding.

Taking our people with us

The full potential of our ICT investment can only be realised if people are properly trained in its effective use. Training will focus on maximising the efficient use of technology and ensuring our workforce has the necessary skills to make best use of the tools available to them.

In addition to training our workforce, this theme also encompasses our customers by ensuring that alternate service channels are well promoted to encourage the take-up of cheaper interaction methods (e.g. such as Moodle - open source) to create in-house training material

Anytime, Anywhere – 24/7

Following trends within the private sector, our customers now expect to be able to interact with us outside of normal working hours.

This necessitates development of our web-based services and the promotion of new online services as they become available. There are also financial benefits that can be realised if we move our customers away from the more expensive interaction methods of face to face and telephone and encourage the take up of web-services as an alternative service channel.

Collect information once and manage it effectively

It is important that we strive to achieve this goal both for the sake of our customers, who find it frustrating to keep providing the same information, but also for the efficient management of our data resources. We need to continue to look for ways of capturing, managing and sharing information to ensure we achieve the most efficient use of our information.

Integrate our systems

We need to join up our services and systems so that information can be stored and retrieved from a single source or, if necessary, passed seamlessly from one system to another where the business case demonstrates efficiencies.

For example, integrating an e-form with a back-office system should be undertaken in the case of high volume transactions, where the costs of managing the ‘lack of integration’ outweigh the cost of integration.

Value for Money

The current economic climate means that it is more vital than ever to make the most of our resources. This includes: -

- Matching capacity against demand, e.g. server and Internet bandwidth.
- Look to focus investment in those areas where we can see the greatest potential for return.
- Exploit existing resources and licence agreements.
- Look to adapt our working practices to match off-the-shelf systems, rather than pay for the development and ongoing specialist support of costly bespoke applications.
- Invest in solutions that have the best whole-of-life cost of ownership.
- Where appropriate set up joint-purchasing arrangements e.g. with PITB. The benefits of this are:
  - Reduced cost of procurement, deployment and ongoing support.
  - Promotion of joined-up working between services.
  - Fewer interfaces are generally required;
  - Often because the systems utilise the same common database(s).
  - The cost of supplier management is reduced.
  - The cost of training users is also reduced as the same look-and-feel and terminology tends to be used across all systems from a given supplier.

Simplicity

Complex and overly sophisticated systems nearly always lead to added cost, either through the additional implementation overheads, or through the ongoing management. By keeping things simple, costs are reduced and management becomes more effective. The PRA will, wherever possible, to implement appropriate, readily available, tried and tested, supportable systems.

Smarter Working

Smarter Working is a theme that brings together a number of requirements and projects designed to make us more efficient. For example: -

- Make better use of technology;
- Question why we do things;
- Changing the way we do things;
- Share resources;
- Up-skilling our workforce.

ICT PRINCIPLES

ICT development will be based on the following principles: -

- **We will have a single comprehensive ICT Architecture for the PRA**

  A single comprehensive ICT Architecture will help contain and drive down the cost of ICT while helping to ease integration and the flow of information.

- **We will standardise the arrangements through which we interface with any other public sector network.**

- **We will support the business objectives of the Authority**

  By continuing to develop the ICT Architecture that will be proactively managed by the IT section.

- **We will ensure that all procurements are benchmarked** against the PRA ICT Architecture and any deviation from the architecture will be properly justified and documented.

- **We will ensure that the implementation of this Strategy takes cognisance of the Punjab Government ICT Strategy** to ensure that where possible the NICS can benefit from implementation of the latter.

- **We will examine how the system development capability across the PRA might be optimised to deliver common software solutions.**

- **We will only use solutions that are fit for purpose**

  Our ICT systems and solutions will be rigorously tested to ensure that they are capable of supporting the business, including being flexible enough to support the business as it changes. Reliability, resilience, functionality, ease of use and security will be key considerations for all new ICT systems.

- **We will optimise the use of existing licensing agreements and other assets.**

  For example, Use of the Microsoft Enterprise Agreement that is managed centrally by PITB. Other opportunities for managing licence costs will be identified to ensure that our investment in any existing licence assets is fully exploited. Licences will be properly documented and reused when and where feasible.

- **ICT systems will be secure and will comply with any relevant Information Assurance policies and regulations**

  Ensuring that the data entrusted to us is properly secured and managed is of primary importance. We will develop our governance and capabilities in the area of Information Assurance in line with best practice.

- **We will provide ICT systems, solutions and services to improve interaction with and service to the Taxpayers and citizens of the Punjab.**

  Systems used to interact with the Taxpayer / Citizen will be responsive, resilient and easy to use for both staff and citizens. We will deliver a range of integrated ICT systems and solutions that will help to streamline how we conduct business with our Citizens.

  We will continue with the consolidation of the NICS web presence and examine opportunities to migrate many citizens to well designed, easy to use, standards based web services. We will further explore the potential of interactive digital television as a means of delivery services to citizens.

- **We will help streamline business processes**

  By ensuring that our ICT systems and solutions are capable of interoperating by adopting common and open standards.

  We will help to streamline business processes by ensuring that our systems can integrate and interoperate, thus helping to improve the flow of information.

- **We will strive to standardise application development** and adopt a modular approach to system development. We will provide advice and guidance to inform the transformation of business processes.

- **We will minimise the carbon footprint of our ICT**

  ICT will make a contribution to helping the Punjab Government reduce its carbon footprint. Means of power reduction will be pursued, strategies for the use of Multi Function Printing (MFP) devices will be investigated along with improvements in communications technologies such as voice and web access to help taxpayers deliver reductions in travel while improving overall communication and business flexibility.

- **We will manage information as a corporate asset**

  Like any asset, information must be valued, secured and leveraged to the benefit of the business. We will deliver systems and tools to allow staff to derive insight and knowledge from our information assets. We will develop an Information Management Architecture as part of an overall PRA Enterprise Architecture.

INFORMATION PRINCIPLES

Information is at the heart of all the operations of the PRA and is needed to inform policy development and make evidence based decisions, as well as to ensure accountability to the Punjab Government and the public. At an

operational level, information can be used to drive efficiency and service improvement - enhancing service delivery, whilst at the same time reducing waste and improving value for money.

Managing information effectively and appropriately is essential to the delivery of secure, seamless and efficient operational services. It provides the basis for informed decision-making and the platform upon which performance can be measured. Modern, knowledge-based service delivery underpinned by effective information architecture and open standards will support government to build more transparent, trusted and efficient information exchange processes.

The management of information will be based on the following principles[18]-

Principle 1 - Information is a Valued Asset

- There will be a declaration from the PRA to establish the importance of information to the business
- The approach is defined for consistently identifying, categorising and cataloguing Information Assets and their usage
- A framework for assessing and recording the value of information assets is established

Principle 2 - Information is Managed

- A framework for managing information through the different stages of its lifecycle will be established
- The approach to digital continuity will be defined
- A framework for information risk assessment and risk management will be established
- The approach to ensuring legal and regulatory compliance will be defined
- The approach to Information Governance will be defined
- A skills framework and / or maturity model is established to develop organisational capabilities and culture for information management

Principle 3 - Information is Fit for Purpose

[18] Based on Information Principles – Public Sector, HM Government, UK

- An approach is defined to determining the right quality of information to meet its purpose
- A consistent approach is established to describing, recording, and communicating information quality
- Processes and governance are established to monitor and assure information quality
- An approach is defined to recording the relationship between information and its supporting technology platform and format

Principle 4 - Information is Standardised and Linkable

- There is a commitment to Open Standards
- Corporate standards will be established for the organisation
- A framework for linking information will be established
- A pragmatic approach for migrating to standardised, linkable data will be established

Principle 5 - Information is Re-used

- Opportunities to proactively offer re-use opportunities will be identified
- Mechanisms will be established to understand and, where possible, overcome the constraints on re-use
- An approach will be established for promoting information that can be reused
- An approach will be established to discovering information that can be reused
- The approach to managing Reference / Master data will be established

Principle 6 - Public Information is Published

- A framework will be place for responding to legal obligations regarding public access to information
- Going beyond the legal obligations, a framework will be in place for proactively categorising information in terms of its relevance and suitability for publication
- Channels and processes for publishing information will be established
- A pragmatic migration approach for publishing data will be established

Principle 7 - Citizens and Businesses Can Access Information About Themselves

- A framework is in place for responding to legal obligations regarding citizens' access to information about themselves and how it has been used
- Going beyond the legal obligations, opportunities are identified to proactively make information about citizens available to them by default
- The approach to discovering information about a person is established
- A pragmatic migration approach is established for enabling citizens' to access information about themselves

There is increasingly a drive towards using information to transform public services through transparency and openness, thus enabling innovation and empowering individuals to choose and influence services

Based on the above principles we will ensure that the datasets government collects are open and accessible in order to support individuals to make informed choices about the services we provide. There is however also potential for significant harm to result from information being exposed or misused. It therefore needs to be protected from loss, unauthorised access, and inappropriate use.

We need to look at finding ways of delivering services which meet the needs of the taxpayers / citizens whilst taking proportionate and measured steps to manage the risk of deliberate or negligent action which might lead to the compromise of personal information.

Web Site

The development of the PRA's Web site is of critical importance to the success of the Authority and its ability to collect GST and other taxes and to provide information to taxpayers / citizens. This will be the mechanism by which the PRA will retain the ability to provide 24/7 services

It is widely acknowledged that the overall cost of conducting transactions with customers is certainly cheaper by far if conducted as a self-service function via the Web site.

Our customers are already getting used to doing business over the Web as access to computers continues to grow. In order to take advantage of this growth and to encourage greater take up, we should commit to a continual process of development of the PRA Website. This will ensure that the site not

only meets the needs and expectations of our customers but is also capable of delivering the savings and efficiencies

We need to ensure that the online service offering is both appropriate and easy to use if we are to attract and retain web site customers.

Telephony

We will plan to implement an IP telephony solution that will support agile working practices and improve customer access. The implementation of IP Telephony will enable the following facilities:-

- Presence awareness, the ability to route calls to members of staff wherever they are, office based, mobile or even working from home.
- Integrate all communications in one place, ability to deliver voicemail and text messages directly into email work area.
- Ability to integrate applications with voice services.
- Provide more options in terms of resilience thus strengthening voice business continuity services.

Electronic Document & Records Management (EDRM)

Access to electronic data rather than hardcopy paper records is a high priority project for PRA. The use of an EDRM system within the PRA is considered to be an essential element of our future strategy. The benefits arising from EDRM include:

- Customer facing staff have easy and direct access to the information they need to deliver a complete service;
- Holding information electronically means that paper originals can be either archived in low cost off-site facilities or where appropriate destroyed, reducing the need for high cost filing space in our offices;
- Significant areas of office space can then be freed up.

Security

The security of our systems and information is paramount in ensuring that we are delivering our services in a safe and effective way without compromising the confidence of our customers and security of our data and systems.

Our customers quite rightly have high expectations of our ability to protect their personal and often sensitive information. The global threats arising from cyber crime, which include unauthorised access, data loss, virus attacks and Malware,

are becoming greater and more commonplace. In order to protect the PRA, it is essential that we invest in and implement a comprehensive range of essential tools necessary to mitigate these risks wherever possible.

ICT Security encompasses a range of measures that include -

- Laptop Encryption
- USB Media encryption and device lockdown
- Desktop standardisation
- Effective backup and restore capabilities
- Effective Disaster Recovery procedures
- Password complexity standards for network access
- Web and Email filtering
- Anti-Virus
- Dual factor authentication
- Improved process management
- Protective Monitoring
- Intrusion detection
- User education and risk awareness
- ICT Health Check and Vulnerability Scanning
- Ongoing review of security policies
- Effective security event reporting and response procedures

This strategy is committed to introducing and keeping under review these protective measures to maintain and improve the integrity of our services.

We will endeavour to develop the security management system in accordance with ISO/IEC 27001, which requires that management: -

- Systematically examine the Authority's information security risks, taking account of the threats, vulnerabilities and impacts.
- Design and implement a coherent and comprehensive suite of information security controls and/or other forms of risk treatment (such as risk avoidance or risk transfer) to address those risks that are deemed unacceptable; and

- Adopt an overarching management process to ensure that the information security controls continue to meet the organisation's information security needs on an ongoing basis.

Short Message Service (SMS Text Messaging)

SMS text messaging is another method of interaction between the PRA and its customers and with the growth off mobile telephony in Pakistan it is a tool that we should explore and utilise. There is global and national growth in expectation that communications will be delivered using mobile telephony and hand-held devices. It is a further opportunity to engage with our customers via a low cost means of communication.

Backup Strategy

With the dependence on IT systems within the PRA the amount of data that will be required in those systems will increase in what appears to be an exponential manner. The data that will be stored on the systems will include text-based documents; data stored in databases such as the core business systems and GIS systems; scanned documents and pictures.

A PRA policy will be established and it will be made clear to all members of staff that no data will be stored on the local hard drive of the individual machines provided to a member of staff. Instead, there will be a network drive (or a series of network drives) with a defined structure onto which data can be saved.

The IT department will be responsible for a defined backup policy that lists what drives / locations they are responsible for backing up. This document will also describe the frequency of back-ups and onto what type of media the data is backed up.

All backups are to be run out of main business hours so as to not impact on daily schedule. If a user stores data on their local PC, they have to be made aware that it is not to be business critical information and that they will be responsible for backing up that data.

Where data is stored at remote locations and it is not possible to store the information centrally – the departmental backup policy will be applied to that location and a designated individual with sufficient IT training will be made responsible for implementing it.

ICT Plan

The PRA will meet the requirements of this strategy by developing a series of operating policies, business software and the appropriate infrastructure in terms

of hardware, networks and communications that will be fit for purpose and provide efficient and effective ICT solutions to meet the service and business needs of the PRA

The following is a list of the areas that will be developed in detail in order to give effect to the strategy: -

POLICIES

- IT Applications development policy
- Software procurement policy
- Software replacement policy
- IT security policy
    - Hardware
    - Software
    - Data management
- User creation policy
    - User policies
    - Hardware requests
    - Email account request
    - Application access request
- Out of hours processing policy
- Records Management Policy
    - Document Management System
- System documentation and user manuals
- Internet usage policy
- Intranet usage policy
- Mobile phone usage policy
- VOIP policy
- Data protection policy
- Hardware
    - Hardware procurement policy
    - Hardware replacement policy
    - On going maintenance

    - Green / recycling / disposal policy
- Risk Management Policy
    - A change management/issue log/roll-out plan - this would detail how changes are going to be made to the software application, how often and how it will be deployed to users to minimise risk

NETWORKS AND COMMUNICATIONS

- Architecture
    - Wired
    - Wireless
    - Mobile networks
- Internet
- Intranet
- Electricity supply
    - Supporting infrastructure – Generators / UPS

DATA

- Authorisation
- Integrity
- Security

HARDWARE REQUIREMENTS

- Servers
- Desktops
- Laptops
- Storage Equipment
- Network Equipment

SOFTWARE

- Core Business Applications - Off-the Shelf / Bespoke Development
    - Sales Tax
    - UIPT
    - Mass Appraisal
    - Financial Management Information System
    - HR Management Information System

    - Document Management System
    - Audit Software
- Development of user specifications
- Operating systems
- Office Software
- Communications software
- Links with GIS
- Anti-virus
- Training software and assessment programmes.
- Systems reviews
- User groups

SECURITY

- Standards

    ISO27001
- Off-site back ups and data storage
- Disaster recovery plan
- Business Continuity plan
- Training

TECHNICAL SUPPORT

- Help Desk
- In-house
- Central Punjab IT
- External

MONITORING

- Hardware
- Software
- Human Resources
- Data
- Networks

AUDIT

- External Auditors
- Internal IT Audits

BUDGETS

- Regular Budgets
    - Staff Costs
- Non-Staff Costs
    - Licenses & renewals
    - On-going Warranties
    - Communications costs
    - Support contracts
    - Human resource costs
    - Travelling
- Capital expenditure
    - Equipment
    - Software Developments
    - Software Implementation
    - Software Licenses

TRAINING

- User Training
    - Hardware
    - Software
        - Office systems
        - Core business systems
    - Data protection

Technology Standards

There are a growing number of standards and recognised best practice surrounding the deployment and use of ICT technologies and services. Whilst many of these are not statutory, adoption offers opportunities in terms of integration, rationalisation and standardisation; which will result in to greater consolidation and most effective deployment of resources.

Meeting Legal and Statutory Obligations

The increasing use of technology particularly email will result in us having to manage increasing quantities of data about individuals. We have to ensure that we use this data in a lawful manner.

We must be mindful and comply with related legislation and ensure our policies and the technologies we use assist us in doing so.

Governance Arrangements

The efficient use of ICT is one of the most cost effective means that the PRA can use to meet the challenges that face us. It is critical that the management of our systems and infrastructure and the investment in technology is based upon sound business decisions that result in cost effective solutions being implemented to support our services.

This will ensure that investment in technology continues to be timely and appropriate and is made in systems and solutions that:

- Support the overall corporate objectives and deliver on corporate priorities,
- Achieve value for money
- Generate a return on investment
- Maintain essential PRA services

The PRA IT Section must retain the skills, capacity and expertise to provide the necessary challenge process, designed to question new proposals, identify savings and efficiencies and, more importantly, make sure that those savings are delivered by the deadline targets identified within the business case. It has never been more important than now to cut out waste and capitalise on every opportunity to reduce costs whilst preserving efficiency.

Conclusions

ICT is a key function, both for the smooth running of day-to-day tax collection and interaction with taxpayers, and also as an enabler to effect step changes in the way the PRA provides services to those taxpayers.

Existing and emerging technologies and services must be constantly reviewed and researched in order to identify those that may deliver efficiencies and benefits to both internal and external customers. They must also be marketed and opportunities identified with managers for their implementation.

We must constantly review our relationship with our customers (internal and external) asking for and responding to feedback in order to deliver improvements to the services we deliver. We must endeavour to be responsive

to the changing needs of our customers and indeed recognise that emerging technologies will offer new opportunities to a more wide-ranging customer base.

In order for our customers to realise the efficiencies and benefits available to them through the use of technology and for us to understand their needs more effectively we must:

- **Market the service effectively** – demonstrate new technologies and develop an effective marketing strategy.
- **Engage effectively with our customers** – ensure that we know who our customers are, what they want, when they want it.
- **Listen to our customers and react** - through customer satisfaction surveys, helpdesk feedback, website take up surveys and feedback.
- **Promote and support the use of the PRA Website and Intranet** as key channels of communication and service delivery with our customers. □

As the service becomes more successful at engaging with its customers, demands and expectations are likely to increase. We must ensure that IT capacity is constantly reviewed and monitored to ensure will be able to meet these increased demands and expectations.

Appendix C: Internet Acceptable Use Policy – Example

Internet Acceptable Use Policy

The following paragraphs represent an Internet acceptable usage policy (and can be applied to the intranet with minor amendments). There are components of this policy that can be found in policies in use within various organisations throughout the world and may follow standard wording that are intended to comply with legal requirements within certain areas (e.g. the European Union area).

Computer Network and Internet Usage Policy

This Policy applies to employees granted network and Internet access. When accessing the Internet, employees must behave appropriately and lawfully. Employees are granted access to the network and Internet on the understanding that they full comply with this policy and agree to be bound by it. All questions about this policy are to be addressed to your manager, security manager or Network Administrator.

If you or anyone you allow to access your account (itself a violation of this Policy) violates this Policy, all access rights provided will be rescinded immediately. In addition, you may be subject to disciplinary action, up to and including termination.

Personal Responsibility

By accepting your account password and related information, and accessing the PRA's network and/or Internet system, you agree to adhere to this Policy. You also agree to report any network or Internet misuse to your manager.

Permitted Use

Network and Internet access extends throughout the term of your employment provided you do not violate the PRA's computer network and Internet usage policies.

Please be aware that the PRA reserves the right to suspend or terminate access at any time for technical reasons, policy violations and/or any other unspecified reasons.

Purpose of Internet Access

The PRA provides access to the network and Internet for the sole purpose of conducting business. If you are unsure whether an activity constitutes appropriate business use, consult your manager.

Netiquette

Employees must adhere to the rules of Internet and/or network etiquette, or *"Netiquette"*. In other words, you must be polite, adhere to the organisation's electronic writing and content guidelines, and use the network and Internet appropriately and legally. The PRA will determine what software, data, communications, and other content and activity are permitted or prohibited, as outlined below.

Banned Activity

The following activities are in contravention of the PRA's computer network and Internet usage Policies:

- Using, transmitting, receiving, or seeking inappropriate, offensive, vulgar, suggestive, obscene, abusive, sectarian, harassing, belligerent, threatening, defamatory (harming another person's reputation by lies) or misleading language or materials.
- Revealing personal information, such as the home address, telephone number, or Social Security number of another person or you.
- Making ethnic, sexual-preference, or gender-related slurs or jokes.

Examples:

- Downloading or transmitting copyrighted materials without permission from the copyright holder. Employees should assume all materials are protected under copyright laws — unless explicit permission to use the materials is granted.
- Using another employee's password to trick recipients into believing someone other than you is communicating or accessing the Network or Internet.
- Uploading a virus, harmful component, or corrupted data.
- Causing any damage to the computer network and/or computer equipment (either physically or downloading, running and/or use of software and/or related data).
- Using software that is not licensed or approved by the <entity>.
- Jeopardizing the security of access, the network, or other Internet networks by disclosing or sharing passwords and/or impersonating others.
- Accessing or attempting to access controversial or offensive materials. Network and Internet access may expose employees to illegal,

defamatory, inaccurate, or offensive materials. Employees must avoid these sites. If you know of employees who are visiting offensive or harmful sites, report that use to the PRA's management.

- Engaging in commercial activity. Employees may not sell or buy anything over the Internet. Employees may not solicit or advertise the sale of any goods or services. Employees may not divulge private information—including credit card numbers and Social Security numbers—about themselves or others.
- Wasting the PRA's computer resources (e.g. Printer paper and/or toner).
- Inappropriate use of the network resources; Do not send electronic chain letters; e-mail nonessential readers; e-mail to group lists unless it is appropriate; send organisation-wide e-mails without your supervisor's permission.
- Encouraging associates to view, download, or search for materials, files, information, software, or other offensive, defamatory, misleading, infringing, or illegal content.

Acknowledgement

<The user is asked to acknowledge that they understand the policies as outlined above>

<Signature Block>

Appendix D: Email Acceptable Use Policy - Example

Email Acceptable Use Policy

The following paragraphs represent an email acceptable usage policy. There are components of this policy that can be found in policies in use within various organisations throughout the world and may follow standard wording that are intended to comply with legal requirements within certain areas (e.g. the European Union area).

Email Policy

The Punjab Revenue Authority provides employees with electronic communications tools, including an Email System. This written Email Policy, which governs employees' use of the PRA's email system, applies to email use at the PRA's headquarters and Regional offices, as well as any other place that is deemed to be an employee's place of work. The PRA's email rules and policies apply to full-time employees, part-time employees, independent contractors, interns, consultants, suppliers, clients, agency staff and other third parties. Any employee who violates the PRA's email rules and policies is subject to disciplinary action, up to and including dismissal.

Email Access

The PRA allows email access for business purposes. Employees are prohibited from using personal email software or web based email service (Hotmail, etc.) for business or personal communications at the office.

Personal Email Use

In exceptional circumstances, employees may seek permission from their manager to use email to communicate with spouses, children, domestic partners, and other family members. Employees' personal use of email is limited to lunch breaks and work breaks only. Employees may not use email during otherwise productive business hours.

Employees are prohibited from using email to operate a business, conduct an external job search, solicit money for personal gain, campaign for political causes or candidates, or promote or solicit funds for a religious or other personal cause.

Email Privacy

E-mail messages created and transmitted on PRA computers are the property of the PRA. The PRA reserves the right to monitor all email transmitted via the

PRA computer system. Employees have no reasonable expectation of privacy when it comes to business and personal use of the PRA's email system.

Monitoring, Inspection and Storage of Emails

At any time and without notice any and all usage of email, and any and all files, information, software, and other content created, sent, received, downloaded, uploaded, accessed, or stored in connection with employee usage. The PRA reserves the right to disclose email text and images to regulators, the courts, law enforcement, and other third parties without the employee's consent.

Offensive, Harassing, Discriminatory Use

Employees are prohibited from using email to engage in activities or transmit content that is harassing, discriminatory, menacing, threatening, obscene, defamatory, or in any way objectionable or offensive. The employee is subject to disciplinary action if they are found to be engaging in any of these acts.

Restrictions of Use

Employees are prohibited from using the organisation's email system to: -

- Send, receive, solicit, print, copy, or reply to text or images that disparage others based on their race, religion, color, sex, sexual orientation, national origin, veteran status, disability, ancestry, or age.
- Send, receive, solicit, print, copy, or reply to jokes (text or images) based on sex, sexual orientation, race, age, religion, national origin, veteran status, ancestry, or disability.
- Send, receive, solicit, print, copy, or reply to messages that are disparaging or defamatory.
- Spread gossip, rumors, and innuendos about employees, clients, citizens, suppliers, or other outside parties.
- Send, receive, solicit, print, copy, or reply to sexually oriented messages or images.
- Send, receive, solicit, print, copy, or reply to messages or images that contain foul, obscene, off-color, or adult-oriented language.
- Send, receive, solicit, print, copy, or reply to messages or images that are intended to alarm others, embarrass the PRA, negatively impact employee productivity, or harm employee morale.
- Send any non-work related content or be seen to engage in any non-business related activity.

Confidential, Proprietary, and Personal Information Must Be Protected

Unless authorised to do so, employees are prohibited from using email to transmit confidential information to outside parties. Employees may not access, send, receive, solicit, print, copy, or reply to confidential or proprietary information about the PRA, employees, citizens, clients, suppliers, and other business associates. Confidential information includes but is not limited to citizen's lists, taxpayer information, taxpayer records, credit card numbers, ID numbers, employee performance reviews, salary details, trade secrets, passwords, and information that could embarrass the PRA and employees were it to be made public.

Business Record Retention

E-mail messages are written business records, and are subject to the PRA's written and consistently applied rules and policies for retaining and deleting business records. See the PRA's business record retention policy for more information.

Compliance

The Employee recognises that they have to comply with the laws as laid down in statute within the country that they are working and any local variations within the area where the office is situated. The law under which the organisation operates within a locality will take precedence over the policies laid down in this document.

Violations

These guidelines are intended to provide PRA employees with general examples of acceptable and unacceptable use of the PRA's email system. A violation of this policy may result in disciplinary action up to and including termination.

Instant Messaging Software

All forms of instant messaging are expressly forbidden including, but not limited to, application software (e.g. Skype and Google messaging etc.), apps (e.g. chat widgets) and web based services (e.g. Twitter, Facebook etc.). No exception is to be allowed.

Acknowledgement

<The user is asked to acknowledge that they understand the policies as outlined above>

Appendix E: EDMS Considerations

An electronic document management system makes paper based documents available to users in an electronic format – be that in an editable format (e.g. Microsoft Word document) or a non-editable format (e.g. a picture or PDF).

A well-designed document management system will be capable of supporting rigid workflows that provide for capture of the documents, retention, use and deletion. It will also allow an ad-hoc approach to document capture and use. In addition, the implemented system will tightly integrate with both an organisation's existing document types and its systems.

A document management system will also have a mechanism for controlling who can gain access to the individual documents; controlling aspects such as who can read, edit and delete them. In addition, it will control how that document can be shared (e.g. can it be emailed). The system should also integrate into existing systems such as Microsoft Office and be capable of integrating into other common interfaces – such as web browsers and email applications.

When assessing an EDMS the following points are to be considered: -

- The software has to be easy to use.
- Will the system fit in with the PRA's work practices? Or does a system require new methods of working and impact on existing systems.
- Is the DMS available for your systems (e.g. Microsoft Windows or Linux) and does it integrate into your applications software (e.g. Microsoft Office, email system, web browsers, SharePoint etc.).
- Is the EDMS available in a suitable format i.e. an application on your network or over the internet as a Software Service.
- Does the EDMS provide sufficient control and security that the PRA requires?
- Are the documents held in an encrypted repository or are they held in an open, non-secure format?
- What hardware does the EDMS support for capturing documents - does it allow for high volume, automated capture and small single page documents?
- Do you require a rigid document workflow; a more flexible method; or a combination of both? In reality, most organisations will need a rigid

workflow for the initial capture of documents, but will migrate to a more flexible approach for day-to-day operations.

- Does the EDMS allow for full auditing of a document's lifecycle?
- Does the EDMS have built in version control; allowing the user to go back to previous versions of the document (i.e. before changes were made to the document).
- With document management being a long-term commitment; will the application provider be around for the whole of the expected lifetime of the system. What protection can be provided? For example is the source code available? Is the company willing to use an escrow service? Are you tied into proprietary software and file formats or is there a migration path available to other products?
- Can remote users access the documents over a Virtual Private Network (VPN) or other technology?
- What facilities are provided by the DMS for backing up the document repository?

One consideration that has to be made is what happens to the documents that have been scanned. It is recommended that the documents are cleaned and restored as much as is possible before the scanning process to reduce the amount of post scan processing that is required. Once they have been scanned, it is recommended that the documents are stored in a centralised library in controlled conditions so that they are available for future use.

We would propose that the PRA acquires a dedicated document management system to be implemented and made available to all the district offices (if any) in the Punjab.

A decision needs to be made as to whether a project needs to be initiated to catalogue all the historic data stored in paper based registers in the various offices around the Province and for those historic records to be brought to a centralised location; prepared for scanning; scanned and stored within the system. These documents then need to be put into a centralised library in a controlled environment (i.e. temperature and humidity) so that they may be referred back to at a future date.

The alternative is to scan only from the start date of implementation of the DMS with the historic paper records being held for easy access when required.

Appendix F: Action Plan and Timeline

sr.no.	Project Area	2012				2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1.0	**GOVERNANCE**																				
1.1	**Policy Framework**																				
	Set up & report to Steering Group																				
	Review all internal / external reports																				
	Decide which taxes will transfer to PRA																				
	Concept paper on tax policy options																				
	Obtain approval on policy options																				
	Finalise policy framework																				
	Review policy																				
	Obtain ministerial approval																				
	Set up Advisory Council																				
	Set up reporting procedures/timetable																				
1.2	**Legislation**																				
	Develop preliminary draft																				
	Develop draft legislative explanation																				
	Obtain steering committee approval																				
	Develop final legislation with MOJ																				
	Submit final legislation																				
	Discuss timing for tabling in Assembly																				
	Table in Assembly and issue publish																				
	Implement legislation																				
1.3	**Appointment of Board and Chairman**																				
	Develop profiles for Chairman / Board																				
	Make compensation decision																				
	Determine selection criteria/process																				
	Undertake nomination process																				
	Hold interviews / appoint candidates																				
	Orientation for new appointments																				
1.4	**Vision/Operational Principles**																				
	Create and instill the Vision																				
	Develop the mission and values																				
	Design the key outcomes																				
	Develop the 'branding' of the PRA																				
	Determine operating principles																				
	Determine key management policies																				
	Reinforcement of principles/policies																				
1.5	**Communication & Transparency**																				
	Develop communication strategy																				
	Communicate with stakeholders																				
	Project Management																				
	Determine terms of reference for PMU																				
	Select Project Manager																				
	Determine & appoint resources																				
	Assign project team responsibilities																				

sr.no.	Project Area	2012				2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Determine and set up working parties																				
	Develop Action Plan																				
	Review Action Plan																				
	Develop reporting mechanism																				
	Report to Advisory Council																				
	Issue communications																				
	PMU operational																				
2.0	**INSTITUTIONAL AND OPERATIONAL**																				
2.1	**Institutional**																				
	Decide taxes to be transferred/time scales																				
	Assess work processes and structures																				
	Design organisational structure																				
	Design organisational structure for GST																				
	Implement GST structure																				
	Design outline structure for other taxes																				
	Impelement as determined																				
2.2	**Develop initial budget**																				
	Develop budgetary requirements																				
	Present budget for approval																				
2.3	**Job descriptions**																				
	Develop JDs for senior management																				
	Develop JDs for middle management																				
	Develop JDs for remaining positions																				
	Keep under review																				
2.4	**Qualification and selection profiles**																				
	Develop for senior management																				
	Develop for middle management																				
	Develop for remaining positions																				
2.5	**Appointment of staff**																				
	Develop policies and procedures																				
	Develop staffing strategy																				
	Determine initial staff numbers																				
	Interview and appoint staff																				
	Briefing sessions for all staff																				
2.6	**Non Transferred staff**																				
	Develop options																				
	Identify staff & reasons																				
	Hold workshops for staff																				
	Inform staff of options																				
2.7	**Staff training**																				
	Develop training / CPD statement																				
	Determine qualification requirements																				
	Identify training providers																				
	Deliver courses with providers																				

sr.no.	Project Area	2012				2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Deliver in-house courses																				
2.8	**Day One readiness**																				
	Develop leadership training																				
	Develop orientation programs																				
	All employees made aware of policies																				
3.0	**KEY MANAGEMENT POLICIES**																				
3.1	***Human Resources - Determine and changes to HR policy and practices such as:***																				
	Job Gradings																				
	Compensation																				
	Recruitment																				
	Promotions and Transfers																				
	Redress																				
	Discipline																				
	Conditions of Employment																				
	Pensions																				
	Training and Development																				
	Employee travel																				
	Application of HR policies																				
3.2	***Finance and common services***																				
	Accounting																				
	Budgeting																				
	Cash Management																				
	Security																				
	Asset Management																				
	Accommodation																				
	Telecommunications																				
	Procurement																				
	Internal Audit																				
	Strategic planning																				
	Legal																				
	Risk Management																				
4.3	**4.0 INFORMATION TECHNOLOGY**																				
	ICT – Determine IT Strategy																				
	Core Business Software																				
	Hardware																				
	Networks																				
	Internet / Intranet																				
	Data management																				
	Office systems																				
4.4	***Specify Core Business Systems***																				
	Determine User Requirements Specification for Sales Tax																				
	Determine use of FBR software																				
	Compare SRB & FBR Software																				

sr.no.	Project Area	2012				2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Decision- GST software development																				
4.5	***If developing own GST software -***																				
	Develop specification																				
	Prepare tender																				
	Advertise tender																				
	Tender evaluation																				
	Develop and implement GST system																				
4.6	***Development of UIPT software***																				
	Develop User Requirements Spec.																				
	Decide if bespoke or package system																				
	Secure funding																				
	Procurement process																				
	Develop UIPT software																				
	Migrate data and implement software																				
4.7	***EDMS***																				
	Secure funding																				
	Consider policy on historic data																				
	Prepare the user specification																				
	Prepare tender																				
	Advertise tender																				
	Tender evaluation																				
	Develop and Implement																				
4.8	**Office Systems**																				
	Secure funding																				
	Assess requirements																				
	Liaise with PITB																				
	Acquire office systems																				
	Implement																				
5.0	**ADMINISTRATION OF GENERAL SALES TAX - Develop procedures for:**																				
	Registration																				
	Enforcement																				
	Appeals																				
	Refunds																				
	Develop/maintain procedure manuals																				
	Implement procedures																				
6.0	**ADMINISTRATION OF UIPT - Develop procdures for:**																				
	Assessment of properties																				
	Billing and collection																				
	Enforcement																				
	Develop annual enforcement plan																				
	Develop written procedure manuals																				
	Implement procedures																				
7.0	**COMMUNICATIONS**																				
	Develop communication strategy																				

sr.no.	Project Area	2012				2013				2014				2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Identify key spokespersons for the PRA																				
	Identify external/internal stakeholders																				
	Develop strategies for each group																				
	Identify opportunities to target groups																				
	Communications training for managers																				
	Bi-monthly communications to staff																				
8.0	**CONSULTATION**																				
	Develop consultation strategy																				
	Identify key groups for consultation																				
	Develop strategies for each group																				
	Hold consultations with specific groups																				
9.0	**WIND-UP OF EXISTING DEPARTMENTS**																				
	Determine taxes that will remain																				
	Identify contracts for transfer to PRA																				
	Prepare inventory of all legal actions																				
	Develop inventory of assets																				