



**KENYA REVENUE
AUTHORITY**

ISO 9001:2008 CERTIFIED

ANTI- CORRUPTION POLICY

JANUARY 2015

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1.0 Background

KRA is a statutory body established on 1st July 1995 by an Act of Parliament, KRA Act Cap 469. Before KRA was formed, revenue collection functions of Government were distributed among four different departments viz VAT, Income Tax, Customs & Excise and Road Transport which operated independently. This resulted in the lack of coordination, inefficiency and low levels of accountability. The objective of forming KRA was to act as a central autonomous body for assessment and collection of revenue and enforcement of laws relating to revenue; and to enable evolution of a more modern, flexible, adaptable and integrated revenue collection agency.

Pursuant to Section 5 of the KRA Act, **the mandate of KRA is to assess, collect and account for all revenues in accordance with specific laws.** The Authority also advises on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws; guarding against entry and exit of prohibited goods and services as well as safeguarding territorial security and integrity; Trade facilitation and promotion of investment through effective administration of the tax laws relating to trade and investment and financing government operations.

In line with its mandate, KRA recognizes that all its areas of operation are potential risk areas with respect to corrupt practices. In this respect KRA has promulgated and Anti corruption policy aimed at promoting its core values of Integrity, professionalism and fairness.

2.0 Introduction

This is a policy aimed to provide guidance and direction to management, staff and other stakeholders on action to be taken on corruption issues in order to promote an ethical environment that discourages corruption. It outlines various strategies and establishes structures, systems, procedures and controls for prevention, detection, reporting and investigation of corruption.

3.0 Definition of Terms

3.1 Corruption

Means the offering, giving, soliciting or acceptance of an inducement or reward which may influence a person to act against the interests of the organization. The Anti-corruption and Economic Crimes Act, 2003 (ACECA) describes corruption as an offence under any of the provisions of sections 39 to 44, 46 to 47 of the same Act, including bribery, fraud, embezzlement or misappropriation of public funds, abuse of office, breach of trust or an offence involving dishonesty in connection with any tax, rate or impost levied under any Act or under any written law relating to elections of persons to public office.

3.2 Fraud

The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

3.3 Bribery

Section 39 of ACECA, 2003 defines bribery as;

- a) corruptly receiving or soliciting, or corruptly agreeing to receive or solicit, a benefit or
- b) corruptly giving or offering, or corruptly agreeing to give or offer, a benefit

3.4 Conflict of interest

Conflict of interest means an incompatibility between an individual's interests and those of the Authority. It arises from situations where you as an employee of the Authority has an interest that could potentially influence or be deemed to influence, the impartial and objective performance of your duties. Private interests include advantages to you or your family, close relatives, friends, and persons or organizations with whom you have business or political relations.

3.5 Abuse of office

Use of one's office to improperly confer a benefit on yourself or anyone else.

3.6 Unexplained assets

According to the ACECA 2003 “unexplained assets” means assets of a person-

- a) acquired at or around the time the person was reasonably suspected of corruption or economic crime; and
- b) whose value is disproportionate to his known sources of income at or around that time and for which there is no satisfactory explanation.

3.7 Tax evasion

It is deliberately misrepresenting the true state of a taxpayer’s affairs to the Authority to reduce tax liability and includes dishonest tax reporting, such as declaring less income, profits or gains than the amounts actually earned, or overstating deductions.

3.8 Whistleblower

A person who makes a disclosure or who tells the public or someone in authority about alleged dishonest or illegal activities occurring in the Authority. The alleged misconduct may be classified in many ways e.g violation of law, rules, regulation or direct threat to public interest such as fraud, unethical conduct and corruption.

4.0 Scope

This policy applies to all KRA staff whether on contract or permanent and pensionable terms of service, and stakeholders.

5.0 Policy statement

This policy document provides the anti-corruption framework within which the Authority shall operate. The responsibility of fighting corruption rests with the effort and commitment from management, staff, and stakeholders. Through commitment and teamwork, Top Management shall provide strong leadership in the implementation of the policy and shall deal with all cases on corruption fairly, objectively and decisively.

Managerial supervision is critical in proactive identification, detection, and response to integrity issues. Staff are expected to adhere to the KRA's code of conduct and be guided by the constitutional requirements on ethics and integrity.

Stakeholders shall be encouraged to desist from engaging in any corrupt practice and report all cases of corruption.

6.0 Policy objectives

The **objectives** of this policy are to:-

- i. ensure that management is aware of its responsibilities in regard to the fight against corruption in the Authority.
- ii. establish structures, systems, procedures and controls for prevention, detection, reporting, and investigation of corruption.
- iii. communicate to staff and stakeholders on the Authority's position regarding zero tolerance to corruption.
- iv. provide guidance and direction to employees and stakeholders on action to be taken where there is suspicion of any corrupt activity.
- v. provide mechanisms for protection of whistleblowers.
- vi. promote an ethical environment that discourages corruption.
- vii. provide mechanism for tracing and recovery of unexplained assets, undeclared and unpaid taxes arising from such assets.

7.0 Legal framework and administrative requirements

This policy will be premised on the following legal framework and administrative requirement.

- The Constitution of Kenya 2010;
- Leadership and Integrity Act, 2012;
- Ethics and Anti-Corruption Commission Act, 2011;
- Anti-Corruption & Economic Crimes Act, 2003;
- Public Officers Ethics Act, 2003;
- Public Procurement and Disposal Act, 2005 and Regulations;
- Proceeds of Crime & Anti-Money Laundering Act, 2009;
- Public Finance and Management Act, 2013;

- Public Audit Act, 2003;
- KRA Act, CAP 469;
- Witness Protection Act, 2006;
- VAT Act, Income Tax Act, EACCM Act and other revenue laws;
- United Nations Convention Against Corruption (UNCAC);
- African Union Convention on Preventing and Combating Corruption (AUCPC);
- United Nations Convention against Trans Organized Crimes (UNCTOC);
- KRA Code of Conduct;
- Conflict of interest policy; and
- Gift policy

8.0 Approaches and mechanisms to address corruption

8.1 Prevention

Corruption prevention seeks to expose organisational weaknesses (loopholes) and provide mitigation measures to the same. The Authority shall therefore proactively put in place preventive measures to identify and seal loopholes and limit opportunities that facilitate corruption. These shall include undertaking Corruption Risk Assessment in all functional areas, developing, implementing and monitoring Corruption Prevention Plans.

Further, the Authority will undertake Employee Suitability Assessment (vetting), Systems Examination and Enterprise Risk Management as per the guidelines to avert threats of corruption.

8.2 Education and awareness

To create awareness on corruption, the Authority shall sensitize all staff and stakeholders. Further, the Authority shall build capacity by training members of Corruption Prevention Committees (CPCs) and Integrity Assurance Officers (IAOs) to effectively spearhead the anti-corruption agenda.

8.3 Investigation and enforcement.

To combat corruption, the Authority shall proactively and reactively investigate cases of corruption by staff. Other measures to support investigation will

include intelligence gathering, integrity testing, and lifestyle audit as per the guidelines. Upon completion of investigation, if it is established that the staff contravened the code of conduct or related laws, a report shall be made with recommendations for disciplinary action, recovery of taxes and unexplained assets or where applicable for prosecution of the culprit.

All investigation reports shall be treated with utmost confidentiality.

8.4 Partnership and cooperation

The Authority shall foster partnerships and cooperation to encourage exchange of information on corruption with the Ethics and Anti-Corruption Commission (EACC) and other relevant agencies.

9.0 Structures to address corruption

This policy provides for the following structures to address corruption

9.1 KRA Board

For approval and ownership of the policy.

9.2 Apex Corruption Prevention Committee (Apex CPC)

The membership of this committee will be as follows:

- Commissioner General (Chair);
- All Commissioners;
- Deputy Commissioners in charge of Information & Technology (ICT), Internal Audit, Operations and Project Management, Legal and Board Services, Marketing & Communication, Human Resources;
- Chief Manager, Corporate Risk Management; and
- Deputy Commissioner, Ethics & Integrity Department (Secretary)

9.3 Ethics & Integrity Department

The Ethics & Integrity Department is established to oversee the prevention, detection, and investigation of unethical practices. The overall management, control and administration of the Ethics and Integrity Department is vested in the Deputy Commissioner who reports both administratively and functionally to the Commissioner General.

It prepares and submits quarterly progress reports to the EACC on implementation of the integrity programme.

9.4 Departmental and Regional Corruption Prevention Committees

9.4.1 Membership

The membership of these committees will be as follows:

- Commissioner/Head of Department/Regional Manager(Chair);
- Senior Managers (Members);
- Departmental/Regional IAO Chair (Member); and
- Integrity Assurance Officer (CPC secretary-elected and appointed).

N/B: some departments may be merged to form an inter-departmental CPC.

9.4.2 Mandate of the Corruption Prevention Committees (CPCs)

The roles of the Apex, Departmental and Regional Corruption Prevention Committees shall be:

- i. Meet quarterly to deliberate on anti-corruption and other integrity issues.
- ii. Setting priorities in the prevention of corruption within the Authority.
- iii. Integrating all corruption prevention initiatives.
- iv. Receiving and reviewing reports on all corruption prevention initiatives and making appropriate recommendations.
- v. Receiving and taking action on corruption reports made by staff and other stakeholders.
- vi. Spearheading anti-corruption campaigns within their departments or regions.
- vii. Monitoring and evaluating the impact of corruption prevention strategies.
- viii. Planning and coordinating corruption prevention strategies.
- ix. Conducting corruption risk assessments for respective departments or regions.

9.5 Integrity Assurance Officers Committee

9.5.1 The membership to the committee of the trained Integrity Assurance Officers who deal with Corruption Risk Assessment will be as follows:

- Elected and appointed Chair;
- Elected and appointed Secretary; and

➤ Trained Integrity Assurance Officers (members).

9.5.2 The roles of the Integrity Assurance Officers shall be:

- i. Carrying out corruption risk assessments.
- ii. Initiate actions in response to corruption risk assessments.
- iii. To prepare corruption prevention plans and implement them in line with KRA's Integrity Action Plan.
- iv. Co-ordinate and facilitate implementation of Corruption Prevention Programmes.
- v. Implement anti-corruption education and awareness programmes among stakeholders and fellow staff.
- vi. Act as technical advisors to management on matters relating to integrity.
- vii. Develop strategies that address corruption loopholes within operational areas.
- viii. Act as change agents on matters concerning integrity.

9.6 Audit Reviews

9.6.1 Internal Audit Reviews

The Internal Audit department (IAD) shall play a crucial role in detection and prevention of corruption. It shall assess the proposed amendments on the process reviews resulting from systems examination undertaken by the Ethics & Integrity Department (E&ID). In addition, by use of the enterprise risk management approach, it shall proactively unearth and prevent corruption risks by setting acceptable risk appetite levels.

The IAD will share all audit reports with the E&ID.

9.6.2 External Audit Reviews

Independent External Audit is statutory and is an essential safeguard of the stewardship of public property. The role is delivered through carrying out specific reviews that are designed to test the adequacy of the Authority's financial and other systems and arrangements for preventing and detecting fraud and corruption.

External Auditors are always alert to the possibility of fraud and irregularity and will act without due delay if grounds for suspicion come to their notice. The External Auditor has a responsibility to review the Authority's arrangements in respect to preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices.

9.7 Investigation and Enforcement Department

In cases where corruption investigation reveals an aspect of tax evasion or any other matter that requires criminal prosecution, the recommendation shall be made to the Investigation and Enforcement Department for appropriate action.

9.8 Disciplinary Committee

This committee shall handle all matters arising from corruption and or contravention of the KRA code of conduct.

10.0 Corruption Reporting Channels

The Authority shall provide adequate channels through which staff and stakeholders will report corruption such as;

- i. an anonymous electronic reporting system;
- ii. the complaints and information centre (CIC);
- iii. Authority's hotline;
- iv. the Authority's email address; and
- v. Individual visit to the Ethics and Integrity department or the Commissioner General's office or any KRA office.

Staff and stakeholders can also report corrupt activities externally to the EACC or other relevant agencies.

All reports shall be handled and treated with utmost confidentiality.

11.0 Protection of whistle blowers

The Authority shall endeavour to provide mechanisms to ensure that the information provided and the identity of persons reporting corruption is protected with utmost confidentiality.

Whistleblowers may make allegations internally (to other people within the Authority) or externally (to regulators, law enforcement agencies, media or concerned groups).

12.0 Publicity and communication

The Authority shall through its available means of communication publicise the anti-corruption message of Zero tolerance to corruption to all staff and stakeholders.

13.0 Implementation of the Policy

The management is responsible for implementation of this policy. However, the Ethics and Integrity Department shall provide the oversight role.

14.0 Review

This policy document shall be reviewed at such intervals as the management may determine. The review shall be in line with the existing anticorruption legislation.

15.0 Effective date

This policy is effective from this 23rd day of FEBRUARY 2015

Issued this 23rd day of FEBRUARY 2015.



John K. Njiraini, MBS
COMMISSIONER GENERAL