PERFORMANCE SCORECARD for 2004 2005 (as per 2004 - 2007 Strategic Plan)

SARS
At Your Service

1. Administration

Measurable Objective: To provide strategic leadership, administrative and management support services to SARS and to ensure measurable efficiency of SARS operations

Initiatives	Issue	Delivery	Page No.
Redefine and provide the appropriate capacity and capabilities for our administration systems	Insufficient definition of cost drivers and relationship between budgets and plans.	The successful implementation of SAP for own accounting enabled a greater understanding of cost drivers and bridge the gap between strategic planning and budgeting.	44
		Enhancement of the collections administration process with the first phase of e-filing go	25/26
Introduce a corporate relations component to support an outward taxpayer focus.	Ad-hoc and fragmented approach in establishing relationships and partnerships with stakeholders	Instituted a proactive stakeholder relations management programme to reinforce commitment and encourage a positive relationship with our stakeholders. Created an institutional framework with stakeholders through accords and other agreements to effective	34

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Initiatives	Issue	Delivery	Page No.
Enhance the existing governance processes and committees for greater accountability and coherence.	Governance structures needed strengthening in line with revised legislation e.g. PFMA, King report and National Treasury regulations+A1	The following specialist committees were constituted: Human Resources Specialist Committee This committee was established as per the SARS Act to advise: • the Minister on matters concerning the terms and conditions of employment of any class of employees in the management structure of SARS, as agreed between the Minister and the Commissioner; and • the Commissioner on any matters concerning the terms and conditions of employment of all employees of SARS, other than employees contemplated above.	94
		Audit Committee The Audit Committee consists of four non-executive members and oversees SARS's internal control systems, audit programmes and the enterprise-wide risk management process and reviews the financial reporting systems.	94
		The Executive Committee The Executive Committee (Exco) is chaired by the Commissioner, who is also the Chief Executive Officer (CEO). Exco is constituted to provide the governance and oversight role of SARS as well as provide the strategic advice to the Commissioner. Exco has the following two main sub-committees: • Management Committee (Manco), which meets monthly to manage and track performance against business • Operations Committee (Opsco), which meets weekly, monthly and quarterly to ensure execution of operation	93
		SARS Ethics Office The establishment of the SARS Ethics Office incorporates the Internal Corruption Unit and the Integrity Unit. The three components play a functional role in stabilising the internal environment, and in transforming the organisation by managing the strategic change process of making ethical and moral behaviour a fundamental component of corporate culture.	100

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Initiatives	Issue	Delivery	Page No.
Increase internal audit capability	Governance structures needed strengthening in line with revised legislation e.g. PFMA, King report and National Treasury regulations+A1	New Management team appointed. Effective reporting disciplines and quality control processes implemented. Training was undertaken per the formal training plan which included technical in-house training as well as Covey leadership training.	97
Increase communications capacity		SARS Communications has increased it's capacity to deliver through the incorporation of media relations, internal communications and marketing. These functions have been successfully integrated into a team that has delivered consistently high levels of quality media coverage, improved co-ordination of internal communications channels and successful marketing campaigns. In recognition of communications excellence, SARS Communications was awarded all the national awards at the 2004 Government Communicator of the Year Awards.	34

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2. Operational Management

Measurable Objective: Significant emphasis will be placed on ensuring an effective and robust processing engine so as to free resources in the future for redeployment to service / education and enforcement areas

Initiatives	Issue	Delivery	Page No.
Improve current Customs declaration to cater for growth in imports and exports	Customs processes were manual and inefficient resulting in backlogs	In addition to the client accreditation system, a pilot programme was initiated during August 2004, to enhance trade facilitation to Road Hauliers or Removers of Goods in Bond. Benefits of this programme include: real time Customs electronic declarations and clearances, electronic VAT acquittals, green line treatment at border posts, and general improvements in processing times.	28
Address operational and enforcement needs, specifically scanner deployment and the CSI.	Post 9/11, security at borders and ports of entry needed to be upgraded.	SARS formally adopted the USA-initiated Container Security Initiative (CSI) in Durban on 2 December 2003. Five USA customs staff are stationed at Durban harbour for a two year duty period from December 2004. 686 Containers were targeted for CSI purposes, 550 were examined, 165 were short-shipped, and 136 were declined. The CSI project is being executed in accordance with the PPP Project Life Cycle as published in the Treasury's Manual for PPP's and already achieved the Treasury Approval 1 and -2A approval milestones. Essentially, this was for delivering the Feasibility Study, Bid Documents as well as a draft PPP Agreement. Subsequently, SARS issued a Request for Tender in March 2005 with a closing date of 31 May 2005. Five bids were received and SARS is in the process of evaluation. It is foreseen that the first scanner will be implemented in 2006, assuming the successful tender- and contract negotiation process, linked to all the necessary approvals.	53

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3. Trade Administration and Border Control

Measurable Objective: As the primary border protection agency, the Customs Division will provide an integrated border service to facilitate trade administration and border control efficiency

Initiatives	Issue	Delivery	Page No.
Adoption of the Single Administration Document.	Reduce beauracracy in the facilitation of trade with neighbouring countries	On 1 August 2004 the pilot Single Administration Document (SAD) between South Africa, Botswana, and Namibia was extended to the remaining SACU countries and the Beira and Dar es Salaam Corridor countries.	55

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4. Service

Measurable Objective: Implementation of a "citizen relationship management" philosophy that will allow for a better understanding of the South African taxpaying and trading communities

Initiatives	Issue	Delivery	Page No.
Implement a Tax Payer Charter	No tax payer charter existed that informed the taxpayer as regards righrs, expectations, obligations and service levels	The draft taxpayer charter has been published for internal preparation and adoption prior to being communicated in a final form as a public document. The charter provides the basis for an improved taxpayer and trader experience and supports the development of an enhanced compliance culture.	26
Simplify processes and technologies to reduce the compliance burden of SME's	Legislation and associated processes do not specifially address the needs and requirements of the Small Business sector	A Small Business project has been established to deal with all aspects associated to this segment including: Reducing the cost of compliance and the administrative burden by developing channels that are aligned to their needs, relevant to their line of business, suiting their size, location and position in the broader South African economy, and; Enhancing service delivery and optimising the administration of SMEs from SARS perspective by providing a more effective and economical service and reducing the cost and complication of registering, processing and account management. This will enable SMEs to spend more time in their businesses increasing contribution to GDP	2/89
Encourage Client Accreditation and improve client participation in Customs e-business offerings.	Clients accredited - no electronic processes	Second phase of exports paperless was implemented on 1 August 2004. This phase allows accredited clients to submit their F178's and a hard copy of DA550's, once a month. WCO, UCR and F178 information are now mandatory information. The positive uptake in Electronic Document Interchange has resulted in benefits relating to both improved quality and less paper handling.	28

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5. Taxpayer Education

Measurable Objective: Inculcate the behaviour that will sustain voluntary compliance by building an attitude of willing tax payments

Initiatives	Issue	Delivery	Page No.
Shape tax payer behaviour and morality through education and engagement programmes - formal and informal	Insufficient understanding of the educational needs of the different sectors of taxpayer population	In progress - draft education strategy developed, currently under review.	34/57
Increasing citizen awareness and understanding regarding taxpaying		In progress - education programme to be implemented across the country.	34/57
Engaging in nation building programmes to increase confidence in government		In Progress - education and awareness campaigns to to be implemented to reach out to the public	34/57
Engaging in tax base broadening aimed at including economic participants in the second economy		Community tax helpers strategy developed, currently under review. SARS started a "walk-about" initiative which focusses on gaining better understanding of the taxpayers' needs and behaviour within the area of their operation and the business environment within which the small business is operating.	2
Improving the overall perception of SARS and building integrity in the tax system.		Implemented outreach and education programmes across the country. SARS has undertaken a necessary route to reposition itself in the broader National government strategy to improve service delivery and contribute towards building a viable sustainable country's economy for all those who live and do business in South Africa.	34/35

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6. Enforcement

Measurable Objective: To build compliance through enforcement activities, shape taxpayer behaviour through deterrence action and to enforce compliance with the Legislation and payment of Revenues due by those who do not comply voluntarily.

Initiatives	Issue	Delivery	Page No.
Improve refunds management	Deficiencies in the process needed to be addressed to ensure more cost effective management	A 99,05% of performance against a set target of completing 90% of refunds within defined time limits was achieved.	109
Provide focussed enforcement interventions - improve hit rate, and secure additional revenue	Enforcement activities (and associated resources) need to be undertaken on a risk based mangement	An improved case selection methodology is being reviewed with the emphasis on risk based management. Improved audit hit rate on risk profile cases from 52% to 56% Introduced a 40/60 split of audit resources to ensure adequate maintenance of the existing tax base and audit activities. Collected R4,1 billion more than previous year Within Customs, intervention programmes have been implemented, excise controls have been enhanced in targetted industries (Spirits and Fuel), and visible compliance campaigns have been conducted.	60-67

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7. Large Business Centre

Measurable Objective: Build productive relationships with stakeholders based on the principles of reliability, mutual trust within the high yield revenue sector

Initiatives	Issue	Delivery	Page No.
Processes in support of the LBC strategy	Establishment of an integrated, end-to-end service for the Large Business segment	All sectors have been activated The implementation of the LBC regional offices commenced with the establishment of Kwazulu Natal(Durban) and Western Cape (Cape Town) offices .	37 38

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8. Legal

Measurable Objective: To assist in the development of Tax Policy and to formulate and maintain an appropriate Tax Framework for South Africa, and to ensure effective application of the law for revenue and customs administration

Initiatives	Issue	Delivery	Page No.
Reportable arrangements	Legislation requires continual review and appropriate amendment to cater for current and future requirements	Reportable arrangements legislation was introduced to detect such arrangements in advance. Guidelines introduced during the year under review included, inter alia, the reportable arrangement and securitisation guides	73
Registration of tax practitioners		In progress - First phase: all tax practitioners to register with SARS by 30 June 2005	
Technology to enable Dispute Resolution		The use of ADR has increased by 54 cases compared to the previous year, an increase of 40%. The number of cases settled has increased by 64%. To facilitate an acceptabel service level, supporting technogical systems for the development of the DR system, have now reached a design phase.	59/72
Measure and improve Customs compliance with Revised Kyoto Convention		In progress	

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9. People Development

Measurable Objective: To ensure that SARS source, retain and enhance the right people, skills, competency and capability to support the SARS strategy

Initiatives	Issue	Delivery	Page No.
Develop appropriate skills for systems and process delivery	Develop a better undersatnding of the skills, competencies and job families needed to match operational and strategic organisational requirements.	Competency profiles - 17% complete, project initiated and 4 job families profiled.	76-78
Provide functional and technically competent, knowledgeable employees		Project on competency profiling for critical and leadership positions commenced - this to facilitate competencies for job-person match. Assessment batteries are being reviewed to be replaced by more relevant products. Recruitment policy is being reviewed and an induction programme has been developed	76-78

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10. Technology

Measurable Objective: To provide improvements within the core business and supporting divisions to ensure optimal and efficient use of ICT related infrastructure

Initiatives	Issue	Delivery	Page No.
Stabilise and maintain all current business applications	Need to ensure continuous and efficient provision of technology services	Activities were undertaken to improve operational service delivery e.g: provision of secure and encrypted network links; establishment of a disaster recovery site; improved network security in terms of new firewalls and a secure environment for the desktop environment	44

11. Transformation

Measurable Objective: To complete the implementation of Siyakha 1 and refine the current change model to include the enhanced strategic orientation (Siyakha 2 / SARS Transformation) in conceptual, design and development terms

Initiatives	Issue	Delivery	Page No.
Transforming SARS: Complete implementation of Siyakha 1 – Process and People	Conclusion of the Siyakha transformation programme	Completion of the Western Cape implementation, commencement of the Siyakha transformation process in Gauteng, Eastern Cape and the Free State, with a due date for completion of the Siyakha Programme on track for the end of August 2005	85
Transforming Trade Administration and Border Control:			
Re-engineered processes in support of new Customs business model	Current processes were inadequate in terms of meeting stakeholder requirements and providing acceptable service levels	Customs Business Solution Phase I - Completed November 2004. Zeerust Customs Clearance Centre - Completed October 2004. Cape Phase 2 - Completed May 2004. Passenger Processing System - Completed December 2004. Transforming Excise Phase I - Completed September 2004. The Customs Operations System (COS) - Completed March 2005. Control Of Foreign Registered Vehicles Used In The Republic - Completed May 2004. Refund reference guide for BLNS ports of entry (External) - Completed June 2004. Refunds reference guide for industry - Completed June 2004. F178 acceptance (Internal) - Completed June 2004. F178 acceptance (External) - Completed July 2004. Blue Print for One Stop Border Posts - Completed September 2004. Policy on Credit card payments - Completed February 2005. Procedure for environmental levy (External) - Completed March 2005. Revenue Focus Team - Completed April 2004. Revenue Statistics for BLNS Countries - Completed August 2004. Request for business plan change - Completed April 2004. Business Case Template - Completed May 2004. Procedure for management meetings - Completed May 2004. Procedures for the collection of environmental levy (Internal) - Completed June 2004.	87
Implement an integrated border management strategy at the border – both commercial and traveller services.	Current service offering is fragmented.	Customs Strategy - Completed October 2004. Customs Stakeholder Strategy - Completed October 2004. Operational Strategy for Border Control - Completed November 2004. Operational Strategy for Trade Administration - Completed November 2004.	52

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Initiatives	Issue	Delivery	Page No.
Transforming People:			
Capacity development and Recruitment	Skills development, capacity and competency require to be aligned to current and future organisational requirements.	40 Graduates appointed Recruitment totals to the Graduate Training Programme Aim - to create/increase a talent pool	79
Management and Leadership development		Four programmes have been secured, candidates will be selected and placed on the following programmes: Executive management programme - 15 Senior management programme - 25 Middle management programme - 30 Junior management programme - 60 Expected roll out - end of last quarter 2005	77
Performance and development management system (PDMS)		PMDS has been implemented within the organisation as follows: **Grades 8 and 9:** - PMDS One-on-Ones - 2005/6 Perf. Agreements	43
Employment Equity		Progress against the Employment Equity plan is on target.	79
Employee well-being programme and HIV-AIDS		The Wellness-at-Work programme continues to be well supported and programmes aimed at de-stigmatizing HIV-AIDS are underwa.	81

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Initiatives	Issue	Delivery	Page No.
Transforming Service:			
Single Registration system	Integration of processes to reduce beauracracy and facilitate client service.	Project manager appointed, systems and methodology analysis in progress.	
Transforming Legal			
Tax Administration Bill	Legislation requires continual review and appropriate amendment to cater for current and future requirements	Draft released internally for comment.	

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