

11 Integrity incorporated in strategy and daily processes *The Netherlands Tax and Customs Administration*

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About the Netherlands Tax and Customs Administration

Every country needs money to be able to function: for education, security, infrastructure, health care et cetera. As part of the Dutch Ministry of Finance, the Netherlands Tax and Customs Administration (NTCA) is responsible for collecting taxes and social insurance premiums. The Tax and Customs Administration¹ also pays out benefits, monitors imports, exports and transit of goods and protects society against fraud and the risks of goods, such as (counterfeit) medicines and drugs.

Over 10 million Dutch residents regularly have dealings with the Tax and Customs Administration. The aim of the NTCA is to collect as much of the due taxes as it can, efficiently and fairly. The focus here is on maintaining and strengthening the willingness of citizens and companies to comply with their statutory obligations. With modern communications, up-to-date information and smart linking of existing systems, the NTCA wants to give them the treatment that they deserve: equal, fast, unbiased and respectful. Deliberate failure to comply with rules will result in firm action.

Europe is changing, the Netherlands is changing and the Tax and Customs Administration is changing. In order to respond to the demands of modern society, how the NTCA works will also be changing in the coming years. In preparation, the State Secretary for Finance sent a Tax and Customs Administration Investment Agenda to Parliament in mid-2015. This focuses on modern communications with citizens and companies (*digital where possible and personal where essential*) and smart use of data for better monitoring. The new approach will generate higher tax revenues for a structural reduction in the costs.

To perform these tasks, the NTCA has varied and professional staff (SAP BI-Center Tax and Customs Administration, 30 June 2015). In mid-2015, it had 29,688 employees: 34 percent women and 66 percent men. The average age of the staff is 50.9. The average number of years of service is 25.9.

Integrity is the basis for the performance of the Tax and Customs Administration

The Tax and Customs Administration operates at the heart of society. Everyone has business with the NTCA at some point. Everything the administration does (or fails to do) is observed with a critical eye. We have an open society in which transparency is becoming a key feature. How citizens and businesses view the NTCA largely determines their willingness to comply with the (fiscal) obligations. Any incidents which cast doubt on the integrity of the NTCA and/or its employees can negatively affect that willingness. This is why an integrity policy and its management are so important and must be continually addressed.

Citizens and companies must have trust in the Tax and Customs Administration. To achieve this, the integrity of the service must be raised above any form of doubt. The main requirements set the NTCA for the conduct of its own employees are consistent with the three basic values of credibility, responsibility and carefulness.

The basic values and the code of conduct

Discussions about integrity conducted within the organisation often concern what is and what is not permissible. A standard that offers support is always sought here. All civil servants must conduct themselves *as befits a good civil servant*. But what is good and what is fitting?² The Tax and Customs Administration has developed the answer to this question in terms of three basic values: credibility, responsibility and carefulness. The values are described and explained in the code of conduct and provide a guide for the actions of the NTCA. The code of conduct makes clear what the NTCA stands for.³ The values are developed in practical examples. These are intended to give people pause for thought and to encourage discussions. The code of conduct does not provide a ready-made answer to every question.

Credibility

The Tax and Customs Administration takes its mandate seriously. Agreements are met, not only with people outside the NTCA, but also between colleagues. Credibility calls for exemplary behaviour, independence and avoidance of (any appearance of) conflicts of interest.

Responsibility

The Tax and Customs Administration and its employees deal responsibly with the powers assigned to them and are willing to account for their actions. They say what they do and do what they say. Employees also call each other to account. They let it be known if they do not understand each other's behaviour or decisions. They are reliable, accessible and transparent.

Carefulness

The Tax and Customs Administration and its employees treat everyone with respect and take expectations, rights and interests into account. This does not mean that they always have to please everyone, but it does mean that the different interests are carefully considered in each case in order to reach a good decision.

Integrity: in discussion

Rules, codes and agreements are important and essential. Nevertheless, integrity does not only concern the correct application of codes and rules. Acting with integrity says everything about how people think, which choices they make and what their own views and values are. The NTCA considers it particularly important to conduct discussions on this. It is no longer a question of what is right or wrong, but far more one of 'what should be done in this situation' and 'why?'

The employees of the Tax and Customs Administration regularly face difficult choices and dilemmas which do not always have ready-made answers and solutions. For them, integrity means continually testing their own standards in terms of those of the NTCA: what does the NTCA stand for and what does this demand of me? A safe environment in which employees can openly and respectfully share their views is important. These discussions strengthen awareness which then becomes visible in the day-to-day behaviour.

The Tax and Customs Administration is an inclusive organisation. Differences in origin, gender, sexuality et cetera are valued. Everyone is unique and welcome. Optimal use is made of a diversity of talents. Inclusiveness is all about treating each other in a careful, credible and responsible way. This makes mutual respect for individual characteristics the norm.

Who does what?

The employees of the Tax and Customs Administration are in a unique position to demonstrate what the NTCA stands for. 'Integrity is for all of us.' Everyone bears their own responsibility for this. Integrity is a part of everyone's professional actions. This awareness is present and is growing within the service.

Within the Tax and Customs Administration, specific responsibilities have been assigned for the development, application and monitoring of the integrity policy. The officers responsible work together as an internal integrity network and complement each other.

Tax and Customs Administration Administrative Body

In the Tax and Customs Administration Administrative Body (with the Dutch acronym BOBD), service-wide matters are discussed at senior level on a monthly basis. As part of the organisational policy, integrity policy is regularly on the agenda for these meetings. Each year, policy choices are made within the BOBD and the results are published (see paragraph 6.3). Every two years, the BOBD conducts an internal survey of the effectiveness of the policy and its application (see paragraph 6.7). One of the members of the BOBD has integrity as a field of policy in his portfolio and is accountable for this theme within the BOBD. It is important that this administrative body takes responsibility for and conveys integrity. Attention from senior management is essential!

Directors and team leaders

Directors and team leaders manage the daily operations within their own business units and this includes integrity issues. Focus on integrity is therefore part of every manager's day-to-day work. They have a duty to set an example in this regard. The theme of integrity is regularly addressed in management meetings, work meetings and appraisal interviews.

Integrity coordinators

Within each business unit, an integrity coordinator has been appointed to act as the primary advisor for the director and team leaders in that unit. The integrity coordinator advises and supports the implementation of the integrity policy. He or she is familiar with the business unit and can therefore identify local needs and requirements, such as the adjustment of procedures, necessary training and the required explanations. The integrity coordinator serves as the link between the Integrity Knowledge Group and his or her business unit.

Integrity Knowledge Group

The Integrity Knowledge Group consists of ten employees with a national task in the field of integrity. This concerns the task fields of policy, labour law tasks, communications, education/training, research, compliance officer and national confidential integrity counsellor. The Integrity Knowledge Group advises the Tax and Customs Administration Administrative Body on policy choices. The Integrity Knowledge Group also represents the NTCA in interdepartmental meetings on integrity, including the Interdepartmental Integrity Management Platform (IPIM) and the group of departmental integrity coordinators.

The members of the Integrity Knowledge Group work closely with the integrity coordinators. Policy and implementation are thus carefully coordinated. Supporting products are produced together. Advice for the Tax and Customs Administration Administrative Body is discussed with the integrity coordinators in advance. Within this alliance, there is scope for intervision and professionalisation.

Confidential integrity counsellors

If an employee faces a dilemma and is unable or unwilling to discuss this with a colleague or manager, he or she can talk to a confidential integrity counsellor. Each business unit has at least one confidential integrity counsellor who provides advice and help employees deal with dilemmas.

Group Works Council

The chairman of the Integrity Knowledge Group has regular informal talks with representatives from the Group Works Council (COR). The COR members are involved in making plans and products. This involvement promotes the quality of the products and the speed of the process. The

talks are open, respecting everyone's responsibilities. On request, the chairman of the Integrity Knowledge Group is invited to provide an explanation or presentation during a plenary meeting of the COR.

The integrity policy

The responsibility of each individual employee is central to the integrity policy of the Tax and Customs Administration. It acts as a mirror, as it were, in which everyone can check their own conduct.

Responsibility to taxpayers and other external parties

The Tax and Customs Administration wants employees to treat citizens and entrepreneurs with due care, professionally and with respect. A neutral and independent attitude is also required. This means that employees are polite, listen carefully and remain calm.

- The NTCA requires extreme caution with regard to the acceptance of gifts and services. Accepting gifts can create the impression that employees are allowing themselves to be influenced. Employees may only accept gifts with a maximum value of € 50;
- If an employee does business with an external party and has a personal relationship with them, this could create the appearance of a conflict of interest. In such cases, the employee must contact his or her manager in advance;
- Trading in securities with insider knowledge is a criminal offence. Even more stringent rules apply to the employees of the NTCA, because it possesses a great deal of price-sensitive information. Positions associated with such risks are identified. The employees concerned are designated as insiders and are subject to the Tax and Customs Administration Insider Trading Regulations;
- Employees of the NTCA have access to confidential and personal data. This information may never be used for their own benefit. In fact, such information may only be used for the purpose for which it was obtained. The Tax and Customs Administration attaches considerable importance to its employees' duty of confidentiality. This duty remains in effect when employees leave the NTCA.

Responsibility to the employee's own organisation

Employees have a responsibility to their own organisation. This also means that they must treat the business assets and reputation of the Tax and Customs Administration with carefulness.

- Employees may perform ancillary activities in their free time. They are not entirely free in their choice of which activities may be performed. For example, ancillary activities are not permitted if they could lead to (the appearance of) a conflict of interest or damage the reputation of the Tax and Customs Administration;
- Employees are expected to treat business assets (laptops, telephones, iPads et cetera) with due care;
- The Tax and Customs Administration supports the use of social media. However, texts, photos et cetera may not harm the reputation of the NTCA or embarrass it. Sensitive information on the NTCA, taxpayers and alliance partners may never be shared on social media.

Mutual responsibility

How employees treat each other is important, as this partly determines the working atmosphere and the effectiveness of the Tax and Customs Administration.

- The Tax and Customs Administration is an inclusive organisation. Everyone is unique. This includes differences in origin, faith, political preferences, gender, sexuality, et cetera. These differences may never lead to preferential treatment, disadvantaging or ignoring employees or to bullying;
- Colleagues support each other with difficult assignments and show an interest in each other;
- Employees and managers are aware of the effect of their own behaviour on their colleagues. Example is better than precept.
- Employees are open to questions and feedback. They make clear agreements and call each other to account if necessary.

Violation of integrity

Like other organisations and companies, the Tax and Customs Administration, as a large government organisation, faces breaches of integrity. These may include improper use of business assets, undesirable conduct or non-compliance with internal rules. The most common breaches at the Tax and Customs Administration are listed below.

Review of the most common breaches:

- 1 Misconduct in private life (including undesirable contacts, abuse of drugs and alcohol, garnishment of wages, failure to comply with fiscal obligations);

- 2 Improper use of business assets and/or breaking internal rules (including with regard to sick leave and time registration);
- 3 Financial violations (theft and fraud);
- 4 Abuse of position and conflict of interests (ancillary activities, bribery, gifts);
- 5 Undesirable conduct;
- 6 Leaking/misuse of information (violations of the duty of confidentiality, viewing files for private purposes).

There are also breaches of integrity that the Tax and Customs Administration may face as a specific organisation.

Dealing with confidential information

In connection with its specific tasks, the Tax and Customs Administration has access to a great deal of confidential information relating to citizens and companies. They must be able to rely on their information being secure with the NTCA. For that reason, stringent action is taken within the NTCA if employees use or view confidential information for purposes that are not relevant to the work of the Tax and Customs Administration.

Compliance with fiscal obligations

With a view to the reputation and credibility of the service, the Tax and Customs Administration requires its own employees to strictly comply with their own fiscal obligations. This means, for example, that employees must file their tax returns in the correct manner. Failure to do so is regarded as a breach of integrity.

Integrity permanently on the agenda

The theme of ‘integrity’ is more current than ever. Public expectations of politicians, administrators, the government and thus the Tax and Customs Administration have risen. Social media have made the world around us far more transparent. Conduct lacking in integrity (both at work and in private situations) is no longer accepted from anyone. One only has to open a newspaper to see this. The NTCA is also openly monitored and assessed by the outside world. This fact necessitates continual attention to the theme of ‘integrity’. This does not take place automatically.

How does the Tax and Customs Administration embed and secure integrity within its operating policy and how can integrity be kept high on

the agenda? The NTCA has learned the following lessons through practical experience.

Ensure that policy, regulations and procedures are well organised

Policy, rules, codes and procedures establish the frameworks for acting with integrity. They apply to everyone: no one is exempt. They are the basis and the compass for day-to-day actions. The Tax and Customs Administration has built up a meticulous system. Rules and procedures are included in the code of conduct, brochures and on the NTCA website. Every year, the rules and procedures are assessed and if necessary, adapted to meet new requirements, new agreements and developments.

Assign responsibilities and identify the resulting tasks, then connect these within an internal integrity network

The responsibilities and tasks of the Tax and Customs Administration Administrative Body, directors and team leaders, the integrity coordinators, the Integrity Knowledge Group, confidential integrity counsellors and the Group Works Council are listed in paragraph 3.

Every year, create focus and show what has been achieved

Every year, the Integrity Knowledge Group and the integrity coordinators jointly draw up an annual plan. Taking account of the changing society and developments within the NTCA, appropriate actions are established for the planning period. The plan is adopted by the Tax and Customs Administration Administrative Body (BOBD) and discussed with the Group Works Council (COR). The plan is then published via our digital newspaper (*Beeldkrant*). Every manager and every employee can read the plan.

At the end of each year, the Integrity Knowledge Group draws up an annual report to which each business unit contributes. After being presented to the BOBD and COR, this report is also published via the digital newspaper. Anyone can read the report.

Contents of annual plan and annual report:

- the necessary adjustments to rules and procedures;
- the joint activities of the integrity network;
- the activities in the field of training, education and communication;
- the way in which the integrity policy is monitored;
- the way in which the integrity policy is enforced.

Make the theme recognisable: connect integrity to the work

We regularly hear from managers and employees: ‘We find it difficult to talk about integrity. What should we discuss?’ The policy plan of the Tax and Customs Administration was recently screened with regard to the application of the basic values. It was established that the plans of the NTCA can only be implemented with careful, responsible and credible employees.

On that basis, we encourage managers and employees to discuss how they can make the basic values (even more clearly) visible in their work:

- Via internal contacts: how they treat each other as colleagues;
- Do we always not only say what we do, but also do what we say? Do we help each other and share knowledge? Are we honest and open and do we call each other to account?
- Via external contacts: how they treat private citizens, companies and alliance partners;
- Do we treat powers awarded with care? Do we fulfil agreements reached? Does every citizen and entrepreneur receive equal, unbiased and respectful treatment?
- In the design and implementation of processes: how they organise and perform the work. Are our processes consistent with public requirements and modern expectations? Are the risks defined within the work processes and sufficiently covered? Have we built in control points at the right places in our processes and do we conduct correct and timely checks at these points?
- In steering: how the work and the employees are steered;
- As managers, do we deal with agreements reached with our employees with due care? As managers, do we set an example and are we credible to our employees, and what form does this take?

Communicate clearly and provide explanations

Policy, rules, procedures and their application require explanations: not just once, but on a regular basis. The NTCA has an extensive intranet site for this purpose and various brochures have been produced:

- A Tax and Customs Administration with integrity: our basic values and code of conduct;
- Tax and Customs Administration Integrity Investigations Protocol;
- Communication in the case of breaches of integrity;
- Dealing with breaches of integrity.

A publication regularly appears via the digital NTCA newspaper. These publications always relate to topics of current interest. Every two years, an Integrity Day is organised, at which a representative selection of the staff (more than 200 participants) meets and discusses various integrity themes. Forum discussions are also organised, for example on the theme of ‘exemplary management behaviour’.

Make integrity a fixed value in training and education courses

Within the Tax and Customs Administration, integrity is a fixed value in the available training and education courses for both new employees and professionals with a long service record. Besides knowledge of integrity, the main focus of every course is how to deal with moral dilemmas. The training material can be applied digitally and flexibly. A digital library is available with theoretical material, practical exercises, films, presentations et cetera.

Every new employee is required to follow the integrity module as part of the induction programme. Human Resource Management (HRM) employees can follow a specific HRM module. Managers receive courses and modules tailored to the target group (including moral opinion-forming).

The digital integrity programme ‘Response and Insight’ is widely used. Participants are shown films covering familiar working situations. In each situation, four different types of response are shown. The participant is required to choose the most effective response. The personal score is then compared with the score of a reference group. The programme can be followed individually and as part of a team. The programme supports discussions on integrity and is aimed at increasing awareness.

Regularly monitor the application and effect of the policy

The Tax and Customs Administration regularly asks itself: Are we doing the right things and are we doing them right? Are we on track? Are adjustments needed? Every two years, the NTCA organises an integrity monitor among a representative group of employees. Questions are asked on the following aspects: cooperation, fair treatment, honest attitude towards work, exemplary management, integrity policy, rules and procedures.

The outcome is presented within the Tax and Customs Administration Administrative Body and the Group Works Council. Each business unit

then produces its own improvement plan. The plans are coordinated at an intervision meeting with the integrity coordinators.

Results of integrity monitor 2015:

- The Tax and Customs Administration is an organisation with integrity; slight progress in relation to 2013 is visible;
- Cooperation is good and solid within all business units;
- Employees perceive better moral awareness and compliance with rules;
- The conduct of managers in setting an example could be improved;
- Employees are more familiar with 'what' (rules) and less familiar with 'how' (procedures).

Enforce agreed rules and procedures

Besides formulating policy, regulations and procedures, enforcing them is also important. The Tax and Customs Administration has developed a uniform registration system in which (alleged) breaches of integrity are recorded, along with the related reports, processes and decisions. An up-to-date review of reports and the current status of each case are available at any time.

The NTCA has chosen to describe all aspects that could be raised in an integrity investigation in a document: the Tax and Customs Administration Integrity Investigations Protocol. This protocol improves the clarity and due care in the conduct of an investigation. This is in the interest of the NTCA and of the employee concerned. The protocol promotes equal treatment of cases of this kind.

Reflection

The Tax and Customs Administration has given high priority to integrity for many years. Much has already been developed and published and there has been training and education on this subject. Nevertheless, we are not there yet. Public and political requirements remain subject to change. The design and organisation of the work continually requires adjustment. This all has a direct impact on the integrity policy to be pursued. One thing is certain: integrity will continue to demand our attention. Our work is never done!

What is going well?

- There is structural attention to integrity within the Tax and Customs Administration Administrative Body;
- The operations of the Integrity Knowledge Group, the performance of the integrity coordinators and the joining of the two groups in an enthusiastic and effective alliance;
- Annual update of the integrity policy;
- Every year, we draw up an annual plan and annual report: focus on planning and implementation;
- Linking the work with integrity and vice versa: integrity is part of the business!
- Application of the insider trading regulations: implementation and supervision of compliance with the regulations;
- Integrity as a fixed value within the induction programme for new employees;
- Composition of various brochures and publications;
- The organisation of integrity days;
- Regular monitoring of the integrity policy and its perceptions and application by employees;
- Mandatory use of the uniform registration system in the event of (suspected) breaches of integrity;
- Mandatory use of a uniform working method/protocol for investigations into (suspected) breaches of integrity.

What can be improved?

- Integrity is everyone's responsibility. This discussion can be deepened further. What does this responsibility involve and how does that affect me? Thinking and talking about this together and learning from each other;
- Integrity is not yet a standard subject during management and team meetings or in appraisal interviews;
- The content of the integrity policy is not always quickly available;
- The procedures to be followed are not always clear;
- Communication in cases of breaches of integrity could be improved;
- The quality of the performance of integrity investigations could be improved;
- Managers have low scores for their role in setting an example;
- More attention to risk analyses.

Ambitions for the coming years

- Show even more clearly how we can deal with dilemmas in a positive and simple manner;
- Work on the role of management in setting an example;
- Integrating integrity into the management and meeting cycle;
- Continue to promote a conscious and professional approach to work;
- Develop an even more accessible code of conduct for all employees and managers, highlighting integrity;
- Study the existing and further professionalisation of employees involved in integrity investigations;
- Study effective ways to deploy integrity investigators;
- Structural performance of risk analyses;
- More and more effective cooperation within Central Government.

Notes

- 1 The Tax and Customs Administration has eleven business units. Customs and the Fiscal Intelligence and Investigation Service (FIOD) are part of the NTCA, as business units.
- 2 The literal translation of ‘fitting’ is ‘proper, appropriate, becoming, decent, civilized’.
- 3 The brochure Een integere Belastingdienst (A Tax and Customs Administration with integrity) can be downloaded via www.werken.belastingdienst.nl/arbeidsvoorwaarden.