



**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL AUDIT OFFICE**



**PERFORMANCE AUDIT REPORT ON THE MANAGEMENT OF  
INSPECTION OF IMPORTED GOODS IN TANZANIA**

**AS PERFORMED BY THE**

**TANZANIA BUREAU OF STANDARDS**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL OF THE UNITED REPUBLIC  
OF TANZANIA**

**MARCH 2014**



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



**AS PERFORMED BY THE**

**TANZANIA BUREAU OF STANDARDS**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL  
OF THE UNITED REPUBLIC OF TANZANIA**

**MARCH 2014**



**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL AUDIT OFFICE**



**Vision**

To be a centre of excellence in public sector auditing

**Mission**

To provide efficient audit services, in order to enhance accountability and value for money in the collection and usage of public resources

**Core Values**

In providing quality service, NAO shall be guided by the following Core Values:

**Objectivity**

To be an impartial entity, which offers services to our clients in an unbiased manner

We aim to have our own resources in order to maintain our independence and fair status

**Excellence**

We are striving to produce high quality audit services based on best practices

**Integrity**

To be a corrupt free organization that will observe and maintain high standards of ethical behaviour and the rule of law

**Peoples' Focus**

We focus on our stakeholders needs by building a culture of good customer care, and having a competent and motivated workforce

**Innovation**

To be a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization

**Best Resource Utilization**

To be an organization that values and uses public resources entrusted to us in an efficient, economic and effective manner

## PREFACE

The Public Audit Act No. 11 of 2008, Section 28 authorizes the Controller and Auditor General to carry out Performance Audit (Value-for-Money Audit) for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources in the MDAs, LGAs and Public Authorities and other Bodies which involves enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

I have the honour to submit to His Excellency the President of the United Republic of Tanzania, Dr. Jakaya Mrisho Kikwete and through him to the Parliament a Performance Audit Report on the Management of Inspection of Imported Goods in Tanzania, as conducted by the Tanzania Bureau of Standards.

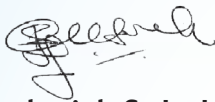
The report contains conclusions and recommendations that directly concern the Ministry of Industry and Trade (MoIT) and the Tanzania Bureau of Standards (TBS).

The Ministry of Industry and Trade (MoIT) and the Tanzania Bureau of Standards (TBS) have been given the opportunity to scrutinize the factual contents and comment on the draft report. I wish to acknowledge that the discussions with both of them have been very useful and constructive.

My office intends to carry out a follow-up at an appropriate time regarding actions taken by the audited entities in relation to the recommendations in this report.

In completion of the assignment, the office subjected the report to the critical reviews of the following experts namely, Prof. Apollinaria Elikana Pereka, Professor at Sokoine University of Agriculture (SUA) and Dr. Claude John Shara Masha, Retired Chief Standard Officer, Tanzania Bureau of Standards (TBS) who came up with useful inputs on improving the output of this report.

This report has been prepared by Ms. Ndyanao G. Mgweni - Team Leader, Mr. Andrew E. Kellei - Team Member under the supervision and guidance of Mr. George C. Haule - Assistant Auditor General and Ms. Wendy W. Masoy - Deputy Auditor General. I would like to thank my staff for their devotion and commitment in the preparation of this report. My thanks should also be extended to the audited entities for their fruitful interaction with my office.



**Ludovick S. L. Utouh**  
**Controller and Auditor General,**  
**United Republic of Tanzania**  
**March 2014**

## TABLE OF CONTENTS

PREFACE.....	iii
LIST OF TABLES AND FIGURES.....	ix
LIST OF ACRONYMS AND ABBREVIATIONS.....	xi
EXECUTIVE SUMMARY.....	xii
 CHAPTER ONE.....	 1
INTRODUCTION.....	1
1.1 Background.....	1
1.2 Justification for the Audit.....	1
1.3 Design of the Audit.....	2
1.3.1 Objective of the Audit.....	2
1.3.2 Scope of the Audit.....	2
1.3.3 Type of Inspections.....	3
1.3.4 Assessment Criteria.....	3
1.3.5 Methods Used for the Audit.....	4
1.4 Data Validation Process.....	4
1.5 Standards Used for the Audit.....	5
1.6 Structure of the Report.....	5
 CHAPTER TWO.....	 6
SYSTEM FOR MANAGING THE INSPECTION OF IMPORTED GOODS...	6

2.1	Statutory Mandate and Role of Tanzania Bureau of Standards...	6
2.2	Sources of Funding for the Tanzania Bureau of Standards...	7
2.3	Organization System for Inspection of Imported Goods.....	7
2.4	Processes for Inspection of Imported Goods.....	8
2.4.1	Planning for the Inspection of Imported Goods.....	10
2.4.2	Conducting the Inspection of Imported Goods.....	10
2.4.3	Reporting of Inspection Results of Imported Goods....	13
2.4.4	Application of Sanctions to the Defaulters.....	15
2.4.5	Monitoring, Evaluating and Reporting on the Inspection Performance.....	15
2.5	Cooperation with Other Government Departments.....	16
<b>CHAPTER THREE.....</b>		<b>17</b>
<b>FINDINGS.....</b>		<b>17</b>
3.1	Preamble.....	17
3.2	Planning for Inspections of Imported Goods.....	17
3.2.1	Planning tools for Inspection of Imported Goods.....	18
3.2.2	Adherence to the Planning Guidelines for Inspections..	20
3.2.3	Accuracy of the Inspections' Planning.....	23
3.2.4	Outcome of the Planning Process for Inspection.....	27
3.2.5	Problems and Challenges faced during the Planning of Inspections.....	28
3.2.6	Causes for the weak planning of the inspections.....	31
3.3	Inspections Process of Imported Goods.....	33



3.3.1	Types and Number of Inspections conducted.....	34
3.3.2	Quality of the Inspections of Imported Goods.....	41
3.3.3	Quality Assurance of Conducted Inspections.....	46
3.3.4	Budgeting for the Inspection Activities.....	46
3.3.5	Allocation of Resources for the Inspection Activities...	48
3.3.6	Organizing and Coordinating Inspection Activities.....	51
3.4	Reporting the Inspection Results.....	53
3.4.1	Reporting on the Inspections' Results.....	53
3.4.2	Outcome of the Inspection Results.....	54
3.4.3	Follow-up and monitoring of the Outcome of the Inspection Results.....	57
3.5	Monitoring, Evaluating and Reporting on the Inspections Performance.....	57
3.5.1	MoIT Role in Oversight the TBS Activities.....	58
3.5.2	Monitoring and Evaluation of Inspection Activities within TBS.....	59
3.5.3	Reporting on Performance of Inspections.....	61
3.6	Summary of Findings.....	62
<b>CHAPTER FOUR.....</b>		<b>63</b>
<b>CONCLUSIONS.....</b>		<b>63</b>
4.1	Overall Conclusion.....	63
4.2	Specific Conclusions.....	63
4.2.1	Planning and Management of inspection not satisfactory.....	63



4.2.2	Malfunctioning Monitoring and Evaluation Systems.....	64
4.2.3	Management factors contributed to the weak or non-inspection.....	64
<b>CHAPTER FIVE.....</b>		<b>66</b>
<b>RECOMMENDATIONS.....</b>		<b>66</b>
5.1	Preamble.....	66
5.2	Management of inspection of imported goods.....	66
5.3	Monitoring and Evaluation of the inspection activities.....	67
<b>REFERENCES.....</b>		<b>68</b>
<b>APPENDICES.....</b>		<b>70</b>
Appendix One: Audit Questions and Sub audit Questions.....		71
Appendix Two: Methods of Data Collection.....		72
Appendix Three: List of recommendations and TBS's response.....		77
Appendix Four: List of recommendations and MoIT's response.....		82

## LIST OF TABLES AND FIGURES

### LIST OF TABLES

<b>Table 2.1:</b>	Amount of Funds received between 2010/11 and 2012/13 Financial Years (in Billion of Tanzanian Shillings)	.....	8
<b>Table 2.2:</b>	Showing the Quantity of Imported Goods (tons) in Tanzania	.....	11
<b>Table 2.3:</b>	Summary of the Process for Importing and Inspecting Goods into Tanzania	.....	14
<b>Table 3.1:</b>	Inspection Schedules with missing relevant features (2010/11 - 2012/13)	.....	21
<b>Table 3.2:</b>	Presence of risk model for planning inspections for the individual entry points (2010/11 - 2012/13)	.....	23
<b>Table 3.3:</b>	Relationship between risks for being substandard and relative weight in inspections (2010/11 - 2012/13)	.....	25
<b>Table 3.4:</b>	Amount Budgeted for the Planning of Inspection activities (2010/11 up to 2012/13)	.....	30
<b>Table 3.5:</b>	Percentages of files handled per day by one inspector in ICDs	.....	38
<b>Table 3.6:</b>	Average delays in completing and releasing the results of the laboratory test	.....	40
<b>Table 3.7:</b>	Recorded number of implemented inspections recommendations on rejection from 2010/11 up to 2012/13	.....	44
<b>Table 3.8:</b>	Budget set aside for the last three financial years	.....	47
<b>Table 3.9:</b>	Ratio of Average Consignments in a year per Number of Inspectors	.....	48
<b>Table 3.10:</b>	Entry points without Inspectors and Average Consignments handled per annum (2010/11 - 2012/13)	.....	50
<b>Table 3.11:</b>	Type of sanctions and number of actions taken (2010/11 - 2012/13)	.....	55
<b>Table 3.12:</b>	Percentage to which certain type of sanctions applied (2012/13)	.....	56

**LIST OF FIGURES**

<b>Figure 2.1:</b> Showing the three stages that take place during inspection of imported goods	.....	10
<b>Figure 3.1:</b> Projected and actual inspections conducted (2010/11 - 2012/13)	.....	35
<b>Figure 3.2:</b> Projected and actual inspections conducted in four Entry points (2010/11 - 2012/13)	.....	36
<b>Figure 3.3:</b> Showing increasing number of complaints over imported substandard goods for the past three years	.....	43

## LIST OF ACRONYMS AND ABBREVIATIONS

<b>ASYCUDA</b>	Automated System for Custom Data
<b>CoC</b>	Certificate of Conformity
<b>DI</b>	Destination Inspection
<b>DQM</b>	Directorate of Quality Management
<b>EAC</b>	East African Community
<b>ICDs</b>	Inland Container Depots
<b>IEC</b>	International Electrotechnical Commission
<b>ISM</b>	Import Standardization Mark
<b>ISO</b>	International Organization for Standardization
<b>LGAs</b>	Local Government Authorities
<b>MDAs</b>	Ministries, Departments and Agencies
<b>MoIT</b>	Ministry of Industry and Trade
<b>MTEF</b>	Medium Term Expenditure Framework
<b>OGD</b>	Other Government Departments
<b>PAD</b>	Pre-Arrival Declaration
<b>PVoC</b>	Pre-Verification of Conformity
<b>RBI</b>	Risk-Based Inspection
<b>TBS</b>	Tanzania Bureau of Standards
<b>TCAS</b>	Tanzania Consumers Advocacy Society
<b>TITCS</b>	Tanzania Inland Terminal Container Service
<b>TRA</b>	Tanzania Revenue Authority

## EXECUTIVE SUMMARY

Testing of product samples for the purpose of determining acceptable quality is very important as it ensures the safety and health of consumers and environmental protection. In light of that, the Tanzania Bureau of Standards has been mandated to set standards and oversee the implementation of standards of goods in Tanzania for both imported and internally produced and/or manufactured.

Following the public outcry on increasing substandard goods in the country it has been necessary to audit the Tanzania Bureau of Standards (TBS) and the Ministry of Industry and Trade (MoIT) for the reliability of the inspections carried out. Similarly, it was also noted that various imports were not conforming to the requirements of the Tanzania Standards and were neither re-exported to their country of origin nor destroyed.

The overall objective of the audit was to assess whether the Tanzania Bureau of Standards (TBS) minimizes the introduction of substandard goods by in the market conducting adequate and periodical inspections of imported goods effectively.

The scope of the audit covered a period of three financial years i.e. 2010/11 to 2012/13 and it dwelt specifically on imported goods.

The conducted audit focused on the inspection of imported goods in the country with the aim of ascertaining whether Tanzania Bureau of Standards (TBS) is efficiently and effectively performing its role of controlling the influx of substandard goods into the Tanzanian market.

The audit covered issues such as planning, guiding, coordinating, prioritizing of activities, conducting, reporting results of inspection and monitoring and evaluation of the inspection results of imported goods and enforcement and conformity to the standards of goods.

NAOT used three main methods for data collections. Interviews and document reviews were done at the Ministry of Industry and Trade, Tanzania Bureau of Standards, Tanzania Revenue Authority, Tanzania

Consumers Association and at Academic Institutions including University of Dar es salaam and Sokoine University of Agriculture. Observations through a number of physical visits were made to four (4) entry points of Dar es Salaam Port, Namanga, Holili and Sirari Entry points and ten (10) Inland Container Depots (ICDs) which are serving the Dar es Salaam Port.

## Main Findings

From the reviews, interviews and physical visitation, the following were the main audit findings observed during the audit. A Full report on these findings is as described in Chapter Three of this report. Hereunder are a few key findings:

***Lack of planning for the inspection process:*** This was exhibited by lack of clear and well defined criteria, guidelines and measurable outcomes / indicators. Similarly, it was noted that planning tools were not addressing the crucial risk-based inspections.

Due to the inadequate planning and resources utilization, inspections were not efficiently and effectively done. This was exhibited by the increase in the substandard goods in the country as observed by the ISO General Secretary's comment and the general outcry from the public/consumers.

***Inadequately conducted inspections:*** In conducting inspections of imported goods risk based approach was not used in selecting imported goods for inspection, while huge variation between targeted and actual inspections, inadequate allocation of human resources compared to amount of imported goods, continuous importation of goods in unmanaged entry points and increasing number of substandard goods in the country were noted.

On the other hand, it was noted that there was inadequate resources in terms of finances and manpower to carry out the inspections efficiently, effectively and adequately. Sample testing and failure of getting proper documentation prior to the arrival of the goods to enable proper planning contributed to the inadequately conducted inspections of imported goods.



***Unsatisfactory Quality of inspection of imported goods:*** this is evidenced by the following: increasing number of complaints on substandard goods, weak tracking mechanism for goods with conditional releases, lack of quality assurance on accuracy of inspection of imported goods and lack of clear budget set for inspection activities. At the same time, it came to the attention of the audit team that TBS was not coordinating properly with other stakeholders such as TRA and Ports Authority in the process of planning and conducting its inspections of imported goods.

***Inadequate Reporting of Performance of Inspection of Imported Goods:*** this was exemplified by inadequate reporting from both TBS and the Ministry on performance of inspection and the fact that challenges and problems were not fully addressed hence no actions were being taken to improve the performance of the inspections.

***Inadequate Monitoring and Performance Evaluation of Inspection Activities:*** it was noted that MoIT and TBS were not conducting periodical monitoring and evaluation of performance of inspection of imported goods. Therefore, both the Ministry and TBS do not have clear strategies set for improving inspections of imported goods in Tanzania.

It was also noted that both the Ministry and TBS did not have in place performance indicators on the Bureau's performance on inspection activities

## **Main Conclusions**

The overall conclusion of this audit work is that the inspections were not adequately conducted since they were not properly planned, no clear targets were set, strategies for those inspections were not well defined and ultimately the overall goal to minimize substandard imported goods was not met. Failure to have the necessary parameters for guiding inspection activities made it difficult for TBS themselves to measure the effectiveness of its inspection activities.

Furthermore, the audit came up with three pertinent specific conclusions which are:



*First, inadequate management of inspection of the imported goods:* no due consideration of risk factors was taken into account during the planning of inspections of imported goods and there was a significant failure to prioritize goods to be inspected.

*Secondly, Failure of Planning, Monitoring and Evaluation* for the whole inspection process, compounded by failure to receive information on the goods prior to arrival at the entry points.

*Thirdly, ineffective reporting of the results of inspections* and poor implementation of the recommendations issued by inspectors.

## Recommendations Made

### *Recommendations to the Tanzania Bureau of Standards*

The Bureau should:

- 1) Investigate the viability of maintaining a database containing details about import goods risk assessments, the status thereof as well as interceptions arising from the inspections;
- 2) Prepare a strategy for imported goods that is based on the risk they pose. Inspections of imported goods that pose high-risk should be prioritized accordingly;
- 3) Institute measures to ensure consistent compliance with requirements of the law/regulations by the inspectorate throughout the import control system;
- 4) Analyze the correlation between inspections performed and inspectors available and introduce corrective actions where necessary;
- 5) Introduce tracking and monitoring measures to ensure that the inspections requested are performed within a reasonable time; and
- 6) Introduce measures to ensure that accurate and consistent data is retained and recorded by inspectors for performance appraisal purposes.

*Recommendations to the Ministry of Industry and Trade (MoIT)*

The MoIT should:

1. Develop a monitoring and evaluation systems that will allow tracking of progress towards the achievement of goals and objectives /impact of Inspection of imported goods in Tanzania by TBS;
2. Develop performance indicators for the inspection of imported goods carried out by TBS which are measurable both in short and long term; and
3. Develop a mechanism for managing data on standards of imported goods and sharing of that information with all government institutions mandated to approve importation of goods through all the entry points of the United Republic of Tanzania.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

For the development of the nation, testing of product samples for the purpose of determining product acceptable quality is very important as it will ensure the safety and health of consumers and environmental protection. In this regard, the Tanzania Bureau of Standards which is under the Ministry of Industry and Trade has been mandated to set standards and oversee the implementation of such standards for both imported and internally produced and/or manufactured goods in Tanzania.

Therefore, this report contains findings, conclusions and recommendations of a Performance Audit on the Management of Inspection of Imported Goods by the Tanzania Bureau of Standards.

#### 1.2 Justification for the Audit

The audit was motivated by the following factors:

- a) Public complaints and opinions on the existence of importation of substandard goods in the Tanzanian market<sup>1</sup>.
- b) Substandard goods comprise 30% of all traded goods in Tanzania<sup>2</sup>. This adversely affects both consumers and government in terms of health protection and revenue generation respectively.
- c) It was noted that various imports which were not conforming to the requirements of the standards of Tanzania Bureau of Standards were neither re-exported to their countries of origin nor destroyed<sup>3</sup>.

<sup>1</sup> Daily News Tanzania, Saturday, October 26th 2013 (Substandard goods flood Tanzania market)

<sup>2</sup> Study conducted by Confederation of Tanzania Industry (CTI) on *Review of Laws and Regulations relating to counterfeit and substandard goods in Tanzania* (2012)

<sup>3</sup> CAG's Management Audit Report of the Tanzania Bureau of Standards for the year ended 30<sup>th</sup> June, 2012

- d) Analysis conducted by Government Chemistry Laboratory Agency (GCLA) showed that percentage of substandard goods were 37.5%<sup>4</sup>.

### 1.3 Design of the Audit

#### 1.3.1 Objective of the Audit

The overall objective of the audit was to assess whether the Tanzania Bureau of Standards (TBS) minimizes substandard goods importation to the country by conducting adequate and periodical inspections of imported goods effectively.

The specific objectives of the audit were to:

- i. assess whether the management of inspection of imported goods is conducted by considering risk based approach;
- ii. assess whether the Ministry of Industry and Trade conduct monitoring and evaluation of the inspection activities on imported goods conducted by Tanzania Bureau of Standards; and
- iii. establish if there are weaknesses on the inspections of imported goods and find out the reasons for the existence of such weaknesses or non-inspection of imported goods by Tanzania Bureau of Standards in the entry points.

#### 1.3.2 Scope of the Audit

The audit examined the system for the management of the inspection of imported goods applied by the Tanzania Bureau of Standards in executing its statutory mandate as the overall overseer of the quality of goods imported to the country.

The audit focused on the inspection of imported goods in the country with the aim of ascertaining whether Tanzania Bureau of Standards (TBS) is efficiently and effectively performing its role of controlling the influx of substandard goods into the Tanzanian market.

Issues such as planning, guiding, coordinating, prioritizing of

<sup>4</sup> Economic and Social Research Foundation (ESRF). Effects of Counterfeit and substandard goods on the Tanzanian Economy. (2008).

activities, the carrying out of inspections, reporting results of inspection and monitoring and evaluation of the inspection results of imported goods were covered. Other issues included in the audit were enforcement and conformity to the standards of goods, enforcement of the law upon non- conformity to the standards e.g. sanctions etc. and sensitization campaigns to the general public with respect to the quality of imported goods.

Similarly, the focus of the audit was on routine inspections which are planned and carried-out every time imported consignments/cargo arrives at all entry points.

The main audited entity was the Tanzania Bureau of Standards (TBS) which is under the Ministry of Industry and Trade (MoIT).

The audit covered three financial years i.e. from 2010/11 up to 2012/13 in order to establish the trend of the performance over period of time. TBS had no Strategic Plan for year 2010/11. A five year Strategic Plan was put in place from year 2011/12, and pre-verification of conformity commenced then.

The audit work for this report was completed in February, 2014. The audit office conducted this audit for a period of 12-months.

### 1.3.3 Type of Inspections

The Tanzania Bureau of Standards carry out three types of inspections which includes:

- Inspections at the entry points;
- Market spot inspections; and
- Pre-verification of Conformity to standards.

The scope of this audit is mainly on the Inspections of imported goods at the entry points.

### 1.3.4 Assessment Criteria

In order to assess the performance of the Ministry of Industry and Trade and the Tanzania Bureau of Standards on the management of



inspection of imported goods, assessment criteria drawn from various sources were used. They were extracted from various sources such as legislations, regulations, policies, guidelines and the best practices for the Management of Standards for Inspections of Goods.

The assessment criteria were on: planning for inspection of imported goods, conducting inspection, reporting on the results of inspections, provision of sanctions to defaulters as well as monitoring and evaluation of inspection activities on imported goods.

*Details on the assessment criteria are provided in Chapter 3.*

### **1.3.5 Methods Used for the Audit**

Three main methods were used for data collections. These methods include: interviews, document reviews and observations through a number of physical visits made.

To ensure that the collected data provide a comprehensive picture of the situation in the entire country, data were collected from the Ministry of Industry and Trade, Tanzania Bureau of Standards, four (4) Entry points, ten (10) Inland Container Depots and the Tanzania Revenue Authority.

The selection of the Entry points and Inland Container Depots were based on the size of the port and depot used to import various goods, type of consignments imported, origin of the consignments and mode of transportation used.

*More detailed methods for data collection are provided in Appendix 2.*

## **1.4 Data Validation Process**

The Ministry of Industry and Trade and the Tanzania Bureau of Standards were given the opportunity to go through the draft report and comment on the figures and information being presented. They confirmed on the accuracy of the figures used and information being presented in the audit report.

Furthermore, the information was crosschecked and discussed with experts in the field of Management of Standards of Goods to ensure validation of the information obtained

## 1.5 Standards Used for the Audit

The audit was done in accordance with International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI).

These standards require that the audit is planned and performed in order to obtain sufficient and appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.

## 1.6 Structure of the Report

The report covers the following:

*Chapter one* provides the background of the audit, audit objective, scope, assessment criteria and methodology of the audit.

*Chapter Two* provides the detailed account of the system and processes for the management of inspection of imported goods in Tanzania, whereby the responsibilities of different key players in the inspection of imported goods are described.

*Chapter Three* presents the audit findings on the planning, conducting and reporting on the results of inspections of imported goods. Furthermore, it presents the audit findings on the extent of monitoring and evaluation of the inspection activities.

*Chapter Four* provides audit conclusions and *Chapter Five* outlines audit recommendations for implementation in order to improve the current situation.



## CHAPTER TWO

### SYSTEM FOR MANAGING THE INSPECTION OF IMPORTED GOODS

#### 2.1. Statutory Mandate and Role of Tanzania Bureau of Standards

Tanzania Bureau of Standards (TBS) is a parastatal organisation under the Ministry of Industry and Trade. It was established by the Parliament Act No. 3 of 1975 as the National Standard Institute and became operational on April, 1976. It was later renamed as Tanzania Bureau of Standards through an amendment to the Standards Act No. 1 of 1977.

The Act was later repealed by the Standard Act No. 2 of 2009 which aimed at giving TBS more powers to oversee the implementation of conformity to standards.

The main responsibilities of TBS as spelt-out in the Standard Act No. 2 of 2009 section 4(1) are as follows:

- i) to prepare, frame, modify, and amend national standards
- ii) to approve, register, and control the use of standard marks in accordance with provisions of the Standards Act.
- iii) to grant, suspend, vary, or cancel any license issued for the use of any standard mark.
- iv) to undertake measures for quality control of commodities, services, and environment of all descriptions and to promote standardization in industry and trade.
- v) to provide for inspection, sampling and testing of locally manufactured and imported commodities with a view to determining whether the commodities comply with standards relevant to those commodities.
- vi) to undertake pre-shipment verification of conformity (PVoC) to standards for imported goods.
- vii) to cooperate with regional and international organizations in all matters related to standardization and quality assurance and represent the country in such matters

Therefore, this audit is focusing on inspection of imported goods as one among the core businesses of TBS with regards to the management of the standards of goods in the country.

According to Section 8(1), of Standards Regulations, 2009, TBS should carry out two kinds of inspections: destination inspections which are carried out every time a consignments/cargo arrives at entry points without Certificate of Conformity (CoC), and surveillance/ad-hoc inspections which are carried out on ad-hoc basis to control the influx of sub standard goods in the market.

## 2.2 Strategic Goals and Objectives of Tanzania Bureau of Standards

According to the Tanzania Bureau of Standards 2011/12 - 2015/16 Corporate Plan, the following are its strategic objectives and strategies in relation to the management of the standards of goods:

Strategic Objectives
<ul style="list-style-type: none"> <li>i) Implementation of standards in industry and commerce through the existing certification scheme</li> <li>ii) Enhancing the effectiveness and efficiency of the TBS</li> <li>iii) Increase internally generated income rate from 15% in year 2010/2011 to annual rate of 20% for each year up to 2015/2016.</li> </ul>
Strategies
<ul style="list-style-type: none"> <li>i) Acquiring of land for establishment of zonal and border offices by June 2013.</li> <li>ii) Establishment of minilabs at entry points by 2013.</li> <li>iii) Create awareness to different stakeholders by holding different seminars and workshops to target groups.</li> <li>iv) Adhering to legal framework</li> <li>v) improving risk management</li> <li>vi) Planning and executing activities within the planned period and budget.</li> <li>vii) Apart from existing income generation, new revenues opportunities should be established.</li> <li>viii) Opening of new border offices to facilitate quality management system for incoming products.</li> </ul>

## 2.3 Sources of Funding for the Tanzania Bureau of Standards

The operations of Tanzania Bureau of Standards are financed by two main sources namely; annual grants (provided by the central government, donations from development partners to finance various

development projects), and internal generated revenues (fees charged to importers/defaulters and service charges and penalties imposed on offenders).

For the financial year 2012/13, the financing of TBS was as follows: (i) annual grants 30.8% (ii) fees 61.5% (iii) donations from development partners 7.7%.

The total amount of funds received by the Tanzania Bureau of Standards from all three main sources between 2010/11 and 2012/13 financial years is as shown in Table 2.1.

**Table 2.1: Amount of Funds received between 2010/11 and 2012/13 Financial Years (in Billion of Tanzanian Shillings)**

Source of Income	2010/11	2011/12	2012/13
Annual Grants	3.1	3.7	6.4
Fees	6.9	8.6	12.8
Donations	0	0	1.6
<b>Total Income</b>	<b>10.6</b>	<b>12.3</b>	<b>20.8</b>

*Source: TBS Statistical Progress analysis for 3 financial years*

In total, the Tanzania Bureau of Standards has 197 staff. Out of the total staff, 40 (equivalent to 20% of all employees) are working within the Directorate of Quality Management (DQM) which is charged with the duties of Quality Management of Goods, inspections being one of their activities. 28% (11 staff) of the staff within the DQM are Field Inspectors.

## 2.4 Organization System for Inspection of Imported Goods

System for management of inspection of imported goods consists of various stakeholders. Tanzania Bureau of Standards is the autonomous institution which is under the Ministry of Industry and Trade (MoIT). The Ministry has the role of overseeing the performance and activities of TBS. This can be done through performance monitoring and evaluation.

On the inspection of imported goods, TBS is also directly linked with Tanzania Revenue Authority which is responsible for collection of revenues arising from all imported goods. TRA has access to all imported goods and its presence is found in all entry points in Tanzania. It has the mandate to establish entry points whenever need arises. Imported goods that have already been verified by TBS should be uploaded to the TRA system in order for the release processes to continue.

Lastly, but most important, there are consumers who are the end users of the various imported products whether edible or non edible. These expect feedback on the quality of the various products expected to be consumed by them. TBS has the responsibility of making sure that there is enough awareness among consumers over standards and safety of various products that are consumed. One of the consumers advocacy group is the Tanzania Consumer Advocacy Society (TCAS) which deals with protection of consumer rights. TCAS assists in providing awareness of various issues to consumers, quality of products being among such issues.

### **Definition of the term ‘Goods’ as specified by the Standard Act No. 2 of 2009**

The term ‘Goods’ as specified in the preliminary provisions of the Standard Act 2009, means *“an article, product, or commodity, or a thing which is a subject of industry, trade, or business”*.

The following are the types of goods as specified by TBS:

- Regulated goods such as food products, building materials, electrical materials, consumables and other products which are of similar nature; Petroleum products (Wet cargo); and Motor vehicles and machinery.
- Non regulated goods - such as papers, prefabricated buildings, maize seeds, live animals, asparagus, coconuts, Vanilla, Chromium oxides and dioxides.

However, for the purpose of this audit, the audit team focused on regulated imported goods.

## 2.4 Processes for Inspection of Imported Goods

### 2.4.1 Planning for the Inspection of Imported Goods

According to ISO/IEC 17020:2012(E)-, *Requirements for the operation of various types of bodies performing inspection*, the Tanzania Bureau of Standards is required to plan for the inspection of imported goods. The inspection plan is required to cover the following: technical capacity, financial resources, inspection methods and procedures, facilities and equipment to be used during the inspections of imported goods.

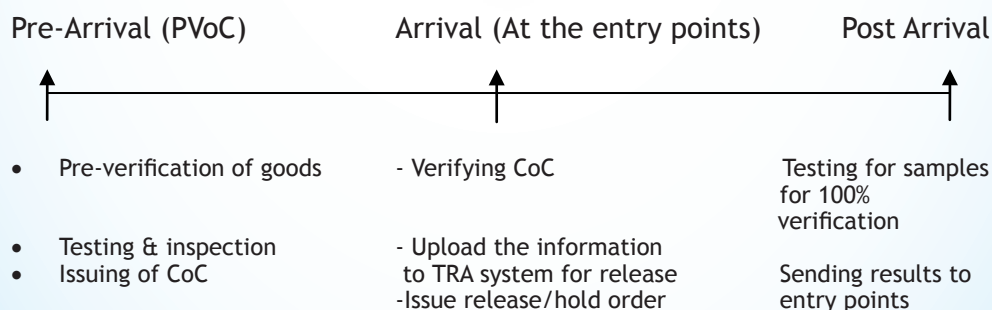
According to ISO/IEC 17020:1998(E)- on *Principles of Risk Analysis*, TBS should carry out risk assessment when planning for inspection. It should consider the following aspects:

- types of risks associated with inspection activity
- risk management measures before and after inspection of goods
- Post market-monitoring and evaluation as a measure of risk management.

### 2.4.2 Conducting the Inspection of Imported Goods

#### *Focus of the Audit*

The audit focused on the entire importation process which has three main stages; pre-arrival, arrival, and post arrival of the goods. This can be illustrated in the following diagram.



**Figure 2.1:** Showing the three stages that takes place during inspection of imported goods



Inspection of imported goods is done by using inspectors that are either TBS officials or any appointed public servant as per Standards Act No. 2 of 2009, section 23(1).

According to Standards Act No. 2 of 2009 section 4(1), imported goods should be inspected at every entry points before entering the Tanzanian market.

The Tanzania Bureau of Standards is present in six (6) out of thirty two (32) entry points namely; Dar es Salaam and Tanga Ports, Holili, Horohoro, Namanga and Sirari entry points that are used for importation of goods. All these entries are supposed to have at least two officers from TBS who conduct inspection of the imported goods intending to enter the country.

The following table shows the quantity of imported goods (in tons) that have been imported in the past three years through the above mentioned entry points.

**Table 2.2: Showing the Quantity of Imported Goods (tons) in Tanzania**

Entry points	Financial Year		
	2010/11	2011/12	2012/13
Dar es salaam Port	5,018,026	5,987,124	11,122,300
Tanga Port	345,896	315,207	243,616
Horohoro Border	75,003	85,301	97,283
Holili Border	53,007	51,594	27,524
Namanga Border	113,556	152,292	103,650
Sirari Border	164,940	126,759	83,458
<b>Total</b>	<b>5,770,488</b>	<b>6,718,277</b>	<b>11,677,832</b>

*Source: TRA database on the amount of imported goods*

### ***Documents used by inspectors at entry points***

During the inspection of imported goods, the inspectors check the following documents in order to verify whether imported goods are meeting the required quality:

- a) Pre-Assessed Pre-arrival Declaration (P-PAD) or Assessed Pre-arrival Declaration (A-PAD) which include final invoice and shipping documents (verification of invoice and container numbers)

- b) Packing list when multiple goods are included in one consignment
- c) Bill of Lading, Airway Bill, or Consignment Note
- d) Certificate of Conformity (CoC) which shows type of consignments/ products and invoice number.
- e) Import permit for the high risk products where restrictions apply on imported goods.

### ***Documents used for the inspection***

There are two main documents of inspections. The first document involves inspecting imported goods through verifying Certificate of Conformity (CoC), documents which provide proof of compliance to the required standards.

The second form is designated and used for goods that are to be tested for verification, the samples are taken to TBS Head Quarters for testing, and later the results are sent back to the respective entry point. If the test result show that the product has failed the required test, then the importer has to return the commodities to the country of origin or commodities have to be destroyed at importers own cost.

### ***Verification of Certificates for Regulated Goods***

The purpose of this procedure is to ensure that all Certificates of Conformity used in the release of consignments are genuine and accurate.

The Certificate of Conformity is issued by the companies which have been given the mandate by TBS to conduct physical verification, testing of the products, and documentary check to those who want to import goods to Tanzania. These companies are supposed to issue certificates only if goods are complying with the required standards through testing and inspection. This is done in the country of origin of the goods.

So, the inspection done by TBS officials is to verify the adequacy and authenticity of the Certificate of Conformity. In some instances, an importer can be provided with conditional release of the goods if the consignment does not have a Certificate of Conformity (CoC).



Where the imported goods are under conditional release, the importer should put the goods at his premises and samples will be taken for testing, which should take 3-5 days. If the results show that the goods comply with standards, then batch certificate is issued and the importer is allowed to start selling his products.

It is the responsibility of the Head of Import Inspection from TBS to implement and maintain this procedure.

### **2.4.3 Reporting on Inspection Results of Imported Goods**

After the samples have been tested, the test reports are appropriately assessed against specified requirements. If the test report meets the set standards, then a batch certificate is prepared, approved and signed and sent to TRA for the consignment to be released. The test report is attached to the respective file and taken back to the entry point for action.

If test results fail to meet the set standards, the Head of Inspection makes consultation with TBS management on whether to prepare a batch certificate with warning letter or to reject the consignment.

Table 2.3 provides the summary of the inspection processes before, during, and after arrival of imported goods

**Table 2.3: Summary of the Process for Importing and Inspecting Goods into Tanzania**

Stages	Responsibilities	
	Clients	Tanzania Bureau of Standards
Pre-arrival	<ul style="list-style-type: none"> <li>• Submit advance commercial information for risk assessment purposes (electronic) (air and marine only).</li> <li>• Submit declaration documents (paper, electronic, and other government entry permits) prior to the arrival of the shipment; most are submitted prior to arrival.</li> </ul>	<ul style="list-style-type: none"> <li>• Screen shipments—using electronic information, risk scores, and targets generated through automated systems—to identify threats to national security, public safety, and regulatory requirements.</li> <li>• Decide whether to reject a shipment or refer it to secondary examination.</li> </ul>
Primary inspection (at entry points)	<ul style="list-style-type: none"> <li>• Submit declaration documents (paper, electronic, other government entry permits)</li> <li>• Wait for the TBS's decision.</li> </ul>	<ul style="list-style-type: none"> <li>• Screen shipments, using declaration documents and targets in the computer system.</li> <li>• Decide whether to refuse entry, allow to proceed inland, release the shipment, or refer it to secondary examination.</li> </ul>
Secondary examination (at border facility or ICDs)	<ul style="list-style-type: none"> <li>• Wait for completion of examination.</li> </ul>	<ul style="list-style-type: none"> <li>• Examine the shipments for contraband, regulatory, and trade requirements.</li> <li>• Decide whether to release, refuse entry, or seize the shipment.</li> </ul>
Reporting on the results of inspection of goods	<ul style="list-style-type: none"> <li>• Submit assessment and reporting documents on goods.</li> <li>• In case of any default, make fine payments or destroy the imported goods</li> </ul>	<ul style="list-style-type: none"> <li>• Submit assessment and reporting documents on goods (Inspection report).</li> <li>• Propose punitive measure in case of any default</li> </ul>
Post-release verification	<ul style="list-style-type: none"> <li>• If required by the TBS, correct reporting errors and</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor that corrections are made.</li> </ul>

Source: *Import Inspection Manual, MoIT harmonized cargo clearance manual*

## 2.4.4 Application of Sanctions to the Defaulters

According to section 27 of the Standards Act No. 2 of 2009, Tanzania Bureau of Standards can sanction companies or individuals who default by importing goods which are not meeting the standards. The main types of sanctions include: imposition of penalties/fines which is ranging from TShs. 50 to 100 Million depending on the nature of default. However, the Director General is given powers to compound offences to the maximum of Tshs. 20m. This is provided in by section 30(1) of Standards Act No. 2 of 2009. Written warnings given to the defaulters with minor defaults, and prosecution, revocation of importation permit and seizure of goods.

## 2.4.5 Monitoring, Evaluating and Reporting on the Inspection Performance

The activities of inspecting the quality of the imported goods are supposed to be monitored quarterly, evaluated after a period of 3 to 5 years and Performance Reporting has to be done annually. This is as stated in the Strategic Plan of the Ministry of Industry and Trade (2011/12 - 2015/16) and the TBS's Corporate Plan (2011/12 - 2015/16).

The main indicators for the monitoring, evaluating and reporting on the performance of TBS on the inspection of imported goods are stated on the Strategic Plan of the Ministry of Industry and Trade (2011/12 - 2015/16) and the TBS's Corporate Plan (2011/12 - 2015/16).

However, the Ministry is currently working on indicators as part of review of the strategic plan where the following indicators related to Tanzania Bureau of standards are considered:

- Evidence of greater satisfaction with standards, this will be done through customer satisfaction survey;
- Use of One Stop Centre (OSC) for inspectors;
- Number of products tested and approved;
- Number of accredited laboratories;
- Number of TBS offices across Tanzania; and
- Number of certificates issued.

Furthermore, TBS should monitor and evaluate the implementation of inputs and targets to make sure that it delivers its strategic objectives. Monitoring methods include:

- a) Preparation of action plan which is measurable. This is used as a monitoring tool which should show all objectives and strategies of the Bureau;
- b) Routine data collection and analysis which involves evaluation of actual output against targets put in place;
- c) Supervision at all levels to effectively monitor the implementation of activities;
- d) Conducting annual surveys to monitor levels of service delivery; and
- e) Preparation of quarterly reports and to be consolidated to the main report which will be sent to the Board of Directors to assess the performance of TBS.

## 2.5 Cooperation with Other Government Departments

Importation of goods involves various stakeholders before goods are released. There are various government institutions which are involved in inspecting imported goods before a consignment is released. The Tanzania Bureau of Standards should cooperate with the following government institutions when discharging its mandate of inspecting the quality of goods: Tanzania Revenue Authority, National Environmental Management Council, Fair Competition Commission, Tanzania Foods and Drugs Authority, Government Chemistry Laboratory Agency (GCLA), Ministry of Agriculture on issues related to Agriculture, and the Ministry of Livestock and Fisheries Development, Local Government Authorities (LGAs), etc.

## CHAPTER THREE

### FINDINGS

#### 3.1 Preamble

This chapter presents the findings of the audit that addresses the audit objective and its three sub-objectives described in chapter one, covering the following:

- Planning for Inspections of Imported Goods;
- Conducting Inspections of Imported Goods; and
- Monitoring, Evaluating and Reporting on Performance of Inspections.

#### 3.2 Planning for Inspections of Imported Goods

This section covers findings on Planning for Inspections of Imported Goods. Issues covered include: planning tools, accuracy of inspections' planning, usage of reliable information on planning for inspections, problems and challenges faced during the planning of inspection activities.

The audit used the following criteria to provide answers to the issues regarding Planning for Inspections of Imported Goods:

TBS should plan the inspection in such a way that the inspections are conducted as per regulations;

The inspection is conducted to all high risk imported goods so as to determine their compliance; and

TBS should allocate resources for the inspection of standards of goods based on risk factors;

*Source: ISO/IEC 17020 (2012), (Section 7) Requirements for the operations of various types of bodies performing inspection.*



### 3.2.1 Planning tools for Inspection of Imported Goods

According to ISO 17020 (2012), TBS is supposed to have quality planning tools for the inspection of imported goods. The planning tools define coverage for inspections, prioritization of goods, and type of inspections to be conducted, risk management plans for risky inspection. Also, the set targets, strategies and indicators for achievements are shown in the planning tools.

The Tanzania Bureau of Standards has got a number of planning tools for the inspections of imported goods. These tools include manuals for: Import inspection procedure manual, list of products and their sample sizes, batch certification guidelines, list of compulsory products, and harmonized cargo clearance.

However, TBS has not adequately examined whether these tools have improved its ability to identify major risks or prevent the entry of substandard goods.

The audit found that the planning tools for the inspection of imported goods have a number of limitations. These include:

- Lack of guidance on how to plan for inspections, particularly different types of inspections conducted by TBS on imported goods;
- Lack of guidance on determining sample size for the inspection of imported goods at the entry points. The planning tools do not provide a clear sample to be taken in relation to the quantity imported;
- Lack of guidance on how inspectors should prioritize the inspections based on nature and type of imported goods;
- Does not provide a risk-based procedure to be followed by inspectors while conducting the inspections of imported goods
- Is silent on the standard format of reporting inspection activities; and
- Does not guide the inspectors on how they can coordinate the inspection work with other government departments which have got interest on the imported goods even though it is stipulated in the Standard Act No. 2 of 2009, Section 4(1)(j).



Furthermore, during the interviews, TBS inspectors at entry points commented that tools used for inspection have a number of weaknesses and therefore decided to rely on more traditional inspection methods.

### **Overall Strategy for inspecting imported goods at the entry points**

Through the interviews with the TBS officials and the review of the TBS Strategic Plan (2011/12 - 2015/16) revealed that TBS had three (3) Strategies relating to inspection of imported goods. These include:

- Contract only competent and committed firms for inspecting products and used motor vehicles worldwide;
- Facilitate acquiring of land for establishment of zonal and border offices by June, 2013; and
- Establish minilabs at entry points by 2013.

Based on auditors assessments, the last two strategies had not been implemented. TBS has not yet acquired land for zonal offices and had not yet established minilabs at entry points.

Furthermore it was noted that the above mentioned strategies did not address on how TBS would have adequate number of inspectors at entry points. Also strategies did not show how TBS controls goods that enter through unmanaged and unofficial borders, and did not show how TBS conducts risk based inspection through risk management plan.

The corporate plan needs improvement about the targets and methods to be used in inspection of imported goods in the country since the current one is silent.

The audit found that TBS did not communicate its objectives, targets to be reached and methodological approach to be followed by inspectors of imported goods, and the inspectors were not aware of the targets set.

But auditors revealed that lack of overall strategy for the inspections of goods made the inspection activity inadequate as there were no

well defined goals and objectives to be met.

However, TBS management commented that they have communicated to all staff such documents as Corporate plan, seminars and workshops, though the corporate plan is lacking the overall strategies for inspection of imported goods.

### 3.2.2 Adherence to the Planning Guidelines for Inspections

#### Low level of adherence to the existing planning tools for inspections

Despite the fact that, ISO 17020 requires bodies performing inspection to prepare inspection plan, but the level of adherence to TBS is low.

Review of the inspection plans as well as inspection reports showed that the inspectors do not develop inspection plans as prescribed or the few inspection plans prepared were missing relevant features.

The audit found that all entry points visited, were not regularly preparing the inspection plans. This implies that the inspections conducted in the entry points were made without prepared plans and hence deviating from what have been stated in the inspection manual.

Twenty seven (27) inspection schedules from 4 entry points, were reviewed and a number of gaps were noted. The gaps are as shown in Table 3.1:

**Table 3.1: Inspection Schedules with missing relevant features  
(2010/11 - 2012/13)**

Entry points	Number of inspection schedules reviewed	Inspection schedules with missing relevant features	Missing relevant features in the inspection schedules
DSM Port and its ICDs	27	27	Nature of goods, risk levels, objective and target set for the inspection
Sirari	0	-	Nature of goods, risk levels, objective and target set for the inspection
Holili	0	-	Nature of goods, risk levels, objective and target set for the inspection
Namanga	0	-	Nature of goods, risk levels, objective and target set for the inspection

*Source: Inspection Schedules for Financial Years 2010/11 - 2012/13*

Table 3.1 shows that the Directorate of Quality Management for the last three financial years (2010/11 up to 2012/13) prepared 27 inspection schedules for Dar es Salaam Port and none were prepared for the other 3 entry points visited.

The reviewed schedules only showed the allocation of staff at a particular month or week. It provided no other guidance to inspectors. Some crucial information that could have been part of the inspection schedule such as; nature and type of goods to be imported, risk level, objectives and targets were not included.

Further analysis for the reasons of not developing inspection plans revealed that:

- The TBS management did not communicate the requirement of developing inspection plans to the inspectors; and
- There was lack of clearly operational manual to guide inspectors on how the inspection plans could be developed.

Furthermore, it was noted that inspectors depended on the monthly schedules prepared by the Directorate of Quality Management. It has

been a norm for the inspectors to conduct inspections as a routine work, without any prepared plans.

The interviewed TBS's officials and inspectors from the visited entry points pointed out a number of consequences to the quality and coverage of the inspections of imported goods as a result of lack of specific plans or inadequate plans. These include:

- inadequate quality of the inspection performance; and
- reduced ability to determine performance of inspections which made it difficult to identify weaknesses which needed to be corrected for future improvements.

Management of TBS acknowledged that it is important for the available planning tools to be adhered to during the planning phase. Inspectors should make use of these tools in order to come up with feasible plans for execution of the inspection activity.

### **Gaps in the TBS's planning tools for inspections**

For the last three years, TBS has worked on improving its approach towards inspecting imported goods. Those efforts involved developing inspection manual specifically for the inspections of imported goods at the border.

The review of the Import inspection procedure manual of 2012, showed that this main tool for planning and carrying out the inspections of imported goods has a number of gaps which hinder adequate planning of risk-based inspections.

The manual is not providing any guidance on the following areas, which are noted as gaps:

- a risk assessment approach to determine which imported goods and importers represent the highest risk and should, therefore, be targeted for inspection;
- a sampling methodology intended to allow country-wide measurement of results of inspections; a standardized method for conducting inspections, which includes an information system to store the inspection results;
- a monitoring program to follow up with importers to ensure

that corrections are made, fines are paid and if need arise the substandard goods imported in the country are either destroyed or returned to the country of origin; and

- a quality assurance review to ensure that inspections are conducted properly and consistently.

### 3.2.3 Accuracy of the Inspections' Planning

#### Prioritizations of the inspections based on risk factors

The audit found that Tanzania Bureau of Standards does not have a risk-based model to determine the nature and type of inspection of the imported goods required. This is the case for all entry points and modes of travel.

Table 3.2 shows the entry points, nature and type of imported goods admitted through a particular port and presence of risk model for determining the nature and type of inspections to be conducted.

**Table 3.2: Presence of risk model for planning inspections for the individual entry points (2010/11 - 2012/13)**

Entry points	Nature and type of imported good commonly admitted	Presence of risk model for planning inspection
DSM Port	Electrical and Electronic products, iron sheets, fertilizers, engine oils & all motor vehicle oils, sanitary pads, diapers, juices, spare parts.	0
Sirari	Cleaning agents (laundry soaps and detergents), food products.	0
Holili	Motor vehicle spare parts, engine oils and other of similar nature, juices, fertilizers.	0
Namanga	Cleaning agents (laundry soaps and detergents), food products, sanitary pads, diapers, electronics, and fertilizers.	0

*Source: TBS's Register books for imported goods*



According to table 3.2, the four visited entry points were found to receive different types of goods. However, when further analysis was made to establish whether each of the Entry points categorized imported goods in terms of risk factors, the results showed that none of them had done that.

Therefore, the above table shows that there is no risk model for planning inspections despite the fact that inspectors acknowledged that they had knowledge on the type of goods which needed more attention than the other.

The interviews with Inspectors in four entry points visited, showed that the decision to choose imported goods for further examination upon arrival at a entry points is based on an assessment of risk indicators by TBS inspectors at the border.

Furthermore, the same officials pointed out that the overall rate of inspections is based mainly on the capacity of personnel and availability of equipment at the respective border or entry points.

However, audit noted that TBS had not linked its inspection of imported goods with the products which posed high risk of being sub-standard. Table 3.3 shows that in all four entry points visited by the audit team, the inspection plans did not plan for the inspection of those imported goods which were perceived to be of the high risk.

Table 3.3 shows 10 selected goods which were frequently imported into the country from different countries. Similarly, the same table shows the relationship between the risk they pose and efforts/weight in inspections.



**Table 3.3: Relationship between risks for being substandard and relative weight in inspections (2010/11 - 2012/13)**

Type of Imported Good	Perceive risk for being substandard	Planned for inspection	Relative priority in inspection
Engine oils, gear box oils & other oils for of similar natures	High	No	High
Spare parts	High	No	High
Sanitary pads	High	No	High
Diapers	High	No	High
Condoms	High	No	High
Electric and electronic appliances	High	No	High
Iron sheets	High	No	High
Cement	High	No	high
Soaps and detergents	High	No	Medium
Fertilizers	High	No	high

*Source: Register books for imported goods and Interviews with TBS's field inspectors*

Therefore, all imports which is in the list of compulsory products were treated in the same way by the inspectors. This also implied that all imported goods that were identified as high risk were not adequately inspected or referred for further inspection. They were actually inspected at entry points and then released.

The reasons provided by TBS for not prioritizing its inspections and have a targeted inspection towards the high risk imported goods were:

- Lack of risk-based plan which would help to identify the high risk goods and hence prioritize inspections;
- Failure to make use of importation data prior to their arrival. TBS did not seek for those importation information from TRA in order to make use of them for planning and prioritizing its inspections; and
- Insufficient knowledge on risk-based inspection among inspectors.

One major impact pointed out by Inspectors and consumers, for not prioritizing the inspections of different types of goods, mainly the risky ones is that a low percentage of high risk goods/consignments were inspected. They stated that all kinds of goods (low, medium and high risk) are given equal weight. Following that assertion, the likelihood of high risk goods being imported into the country (in terms of being of substandard) was high.

Furthermore, through interviews with Senior TBS officials, it was noted that TBS was in the process of drafting the risk management framework by the assistance of PVoC agents.

### **Usage of reliable information on planning the inspections**

According to the interviews with the TBS officials, it was noted that the Inspection tools used could not be useful unless the entire planning process is supported by adequate and reliable data on imports.

Review of the inspections plans and progress reports showed that inspections were planned without consulting necessary information and data on the imports. Most of the inspections were conducted without knowing what kind of goods were imported, dates of its arrival etc. TBS inspectors were consulting booking lists from ICD owners and used that as a basis for planning inspections. The booking list provides the information on name of importer and container number only.

Furthermore, follow-up on the matter revealed that inspectors showed up to their offices in the morning and ask TRA officials to give them the files of goods which ought to be cleared on that particular day. Then they review those files without any plans on how the inspections could be executed.

The reason given by TBS's officials for not making use of available information with the purpose of planning inspections of imported goods more effectively was that they do not have an access to the TRA information. But when asked to confirm whether they have tried to request that information from TRA a month or week before the arrival of a particular good, they commented that is not what they practice.

Inspectors from four visited entry points pointed out that lack of adequate and reliable importation information affect the performance of the inspection of the imported goods. This has effect on various areas such as the:

- coverage of the inspections - tend to be very low and not focused
- quality of inspections - type and nature of inspections is not defined prior to arrival of the goods and hence made it difficult to use appropriate inspection technique on this aspect, and
- usage of available resources, human and financial - the resources are not directed to the high risk products. Not having prior information of imported goods resulted into scattering the available resources even to goods which pose less risk of being substandard.

### 3.2.4 Outcome of the Planning Process for Inspection

According to the Inspection manual for the imported goods, the main output and outcome of the planning process is the inspection plans which provides clear guidance on the coverage of inspections, techniques to be employed by the inspectors, focus of inspections, adequate allocation of the resources and funds for the inspections.

However, the review of the developed inspection plans showed that they were not providing clear guidance on the coverage of inspections, techniques to be employed by the inspectors, focus of inspections, adequate allocation of the resources both inspectors and funds.

Furthermore, inspectors commented that those plans were not guiding them to identify various implementation challenges that were supposed to be encountered in order to come up with better propositions to improve the inspection activity.

It was noted also that the Directorate of Quality Management prepares inspections schedules for inspectors to follow while inspectors ought to prepare individual inspection plans.

However, the audit found that inspectors did not prepare any plans on how to conduct inspection activities. Neither did they

consider various factors such as nature of goods, risky goods, size of consignments, and number of inspectors by comparing areas to be inspected.

### **3.2.5 Problems and Challenges faced during the Planning of Inspections**

Interviews with TBS Inspectors, review of planning documents and inspection reports showed that the planning of inspection of imported goods is facing a number of practical problems and challenges.

The identified problems and challenges were:

- insufficient knowledge on risk-based planning;
- planning part of the inspection of imported goods is not prioritized - no time set aside for the planning of inspection work;
- no clear budget set aside for the planning of inspection activities; and
- Insufficient follow-up of planning activities.

The details of each of the identified problem and challenge are described below:

#### **Insufficient knowledge on risk-based planning**

During the interviews with 10 Inspectors from 4 entry points visited, the inspectors noted that they did not have adequate knowledge on risk-based planning. Therefore, they were planning inspections without considering risk factors and the plans were not focused. It was raised as one of the challenges which they are facing and made it hard for them to conduct thorough and focused inspections of the imported good.

The reason for the inadequacy of knowledge on risk-based planning was that they received no training on that area apart from the general inspection knowledge.

## Planning part of the inspection of imported goods is not prioritized

Another problem which was highlighted by the inspectors from the 4 visited entry points is the issue of the prioritization of the planning as part and parcel of the inspection process.

All 10 inspectors who were interviewed acknowledged that they do not spend much time on planning for the inspection. They only embarked directly to the inspections of imported goods using past experience.

According to the inspectors, this is attributed to by two main factors, namely:

- First, the details regarding the consignment of the imported goods to be inspected are not known by the inspectors until when the cargo arrives at the entry points. Hence no room for prior plans; and
- Secondly, little attention is given to the planning part. The focus of the management is to ensure that inspection has been conducted. Whether those inspections were effectively done is not looked into.

## No clear budget set aside for the planning of inspection activities

The review of the budget (Activity Based Budget - ABB) for the inspections of imported goods showed that planning is one of the inspections activities which are supposed to be budgeted for.

The review of the Annual Budgets of TBS for the financial years 2010/11 up to 2012/13 showed that the Directorate of Quality Management was budgeting for the inspection of imported goods.

The amount of money budgeted for the inspection of imported goods for the period from 2010/11 up to 2012/13 is shown in table 3.4.



**Table 3.4: Amount Budgeted for the Planning of Inspection activities (2010/11 up to 2012/13)**

Financial Year	Budgeted amount (Million TShs.)		Percentage Budgeted for Planning (%age)
	All inspection activities	Planning activities	
2010/11	62	0	0
2011/12	79	0	0
2012/13	205	0	0

*Source: TBS's Activity Based Budget for Financial Years 2010/11 up to 2012/13*

Table 3.4 shows that for three consecutive financial years, TBS was not budgeting for the planning part of the inspections of imported goods.

The interviews with officials from the Directorate of Quality Management commented that the reasons for not having a budget for the planning activities of the inspection of imported goods include:

- planning activities were not properly defined in terms of what kind of activities should be discharged during the planning phase and how it should be budgeted;
- budget ceilings set limit for the inspections of imported goods. In order to meet the ceiling, the budget was developed to address execution part of the inspections only; and
- Planning activities were also not prioritized. The emphasis was more on conducting the inspection.

### **Insufficient follow-up of planning activities**

Another problem and challenge pointed-out by TBS's officials which contribute to the inadequate planning of the inspections of imported goods was the appropriateness of the follow-up of planning activities.

Furthermore, through the reviewed Monitoring and Evaluation



Reports from TBS it was noted that the planning part of the inspection was not followed up. There is no stated indicator(s) in performance evaluation of inspection activities which assesses the adequacy of inspection planning.

TBS's inspectors and senior officials from the Directorate of Quality Management interviewed acknowledged that weaknesses in the current inspection manual as well as insufficient knowledge on planning and monitoring and evaluation contributed to this problem.

### 3.2.6 Causes for the weak planning of the inspections

A number of reasons were identified as the main contributory factors for the weak planning of the inspection of imported goods as performed by the TBS Inspectors. These factors include:

- failure of TBS to have access to information on goods to be imported in the country;
- lack of properly defined risk factors for the imported goods to be inspected; and
- lack of clear guidelines set for planning the inspection of imported goods.

The details of each of the contributory factors are detailed below:

#### ***Reliable information on imported goods was inaccessible***

The inspectors did not have access to accurate, complete and timely information or data on imports to allow them to systematically target those that posed the highest risk.

Through the interviews with the inspectors, it was noted that inspectors relied on their knowledge and experience, as well as on a range of other information, to select import consignments for inspection. Individual consignments were generally selected at random for inspection.

Therefore, it was not possible to ensure that the high-risk consignments would be inspected on a timely basis to ensure proactive detection

of substandard goods.

### **Lack of properly defined risk factors for the imported goods to be inspected**

The audit noted that the inspections of imported goods were performed without having clearly defined risk factors. This was attributed by the fact that the planning of inspections of imported goods was conducted without taking into account those risk factors.

During the audit through the interviews with TBS Inspectors and review of the inspections plans and manuals, it was noted that factors which were considered for the planning of inspection activities were not properly understood.

Factors such as:

- Amount of goods imported;
- Present inspection resources - namely inspectors and budget for the inspection work;
- Types of goods imported; and
- Nature of imported goods.

The failure to properly define the above mentioned factors resulted into difficulty in conducting systematic and risk-based inspections of imported goods.

### **Lack of clear guidelines set for planning the inspection of imported goods**

In the course of the audit, it was also noted that inspectors were conducting inspections of imported goods without having clear guidance on how the planning of inspections can be done.

The procedures for planning inspections of imported goods were not stated anywhere and it is the discretion of the inspector to see how best the inspection can be planned. Although the import inspection procedure manual requires the inspectors to plan for the individual inspections of the imported goods, the inspectors were not guided through this process.

On the other hand, the review of the presents planning tools for the inspection of imported goods and the interviews with TBS inspectors showed that the inspectors are not well guided on how they can determine the type of inspection based on the nature and type of goods, the sample size and the time for the inspection.

Furthermore, the format of the inspection plans to be developed is not clear, therefore there is no consistency in the format of the inspection plan.

### 3.3 Inspections Process of Imported Goods

This section covers findings related to the following aspects of the execution of inspection: types and number of inspections conducted, quality of the inspections, system for ensuring the quality of conducted inspections, budgeting for inspections and reporting on inspection results.

The audit uses the following criteria to provide answers to the issues regarding conducting the Inspections of Imported Goods:

TBS should ensure that inspections, sampling and testing of imported commodities are carried out to determine whether commodities comply with the required national and international standards (*Standards Act of 2009, Section 4 (1) k*)

ISO 17020 (2012), requires inspection body to have qualified personnel as inspectors, and should have necessary training, knowledge of the requirements to be carried out. The inspection body shall conduct monitoring, interviews, performance assessment, and shall maintain records involved in inspection activities.

TBS should sanction any person who violates or contravenes the Standard Act of 2009 (*Standards Act of 2009, Section 27 & 30*)

### 3.3.1 Types and Number of Inspections conducted

#### **Lack of consistency for the risk-based approach in selecting imported goods for inspection**

Inspecting imported goods is necessary to mitigate risk for importing substandard goods and verify compliance to the set standards. However, Destination Inspection of goods increases clients' costs and can delay marketing of their imports.

To minimize the movement of goods, TBS needs to process information promptly and use that information to select imported goods with a risk of non-compliance. Such a risk-based approach also requires TBS to conduct some random examinations.

The audit found that, TBS was not using a risk-based approach to select imported goods for inspection. Furthermore, the audit examined whether TBS treats all clients consistently, by assessing whether the frequency of inspections at each port reflects the risk posed by imported goods entering the country at that port. The audit found that inspections did not align with the any risk ratings that TBS assigned to each port.

The TBS stated that the factors considered when deciding the number of inspections to be conducted are not strictly risk-based. As a result, clients/importers may not be treated consistently and the intervention in the movement of goods is not minimized at some entry points.

Further discussion with TBS showed that it has recognized the need to improve its risk-based approach to inspections of imported goods in entry points.

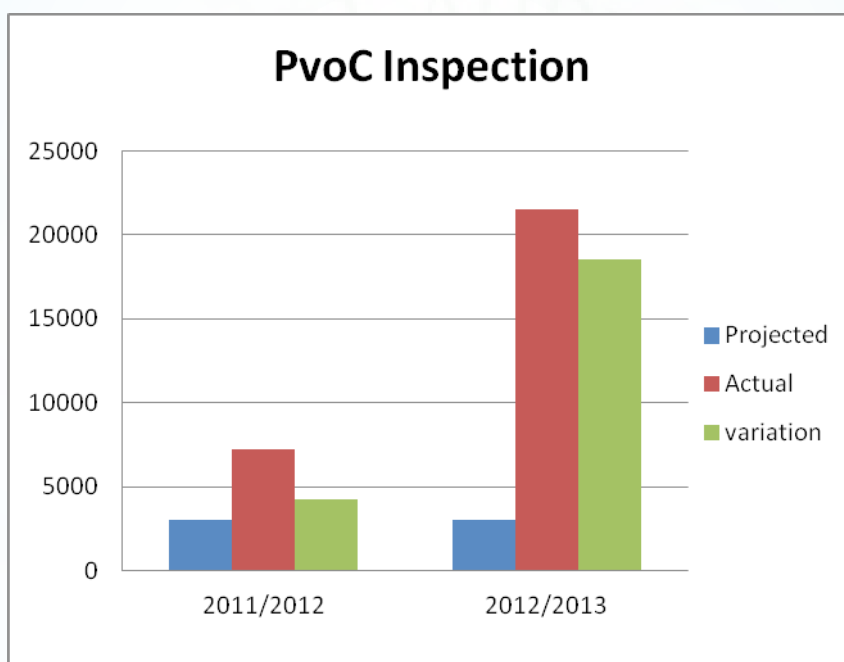
#### **Variation between actual and projected number of inspections**

Through the review of the TBS's Annual Reports for the three financial years i.e. from 2010/11 up to 2012/13, the audit noted huge variations between the projected and the actual number of inspections conducted by TBS.

The variations were noted in both kinds of inspections namely, PVoC and Destination inspections.

### ***PVoC Inspections***

The number of projected and actual inspections carried out for the period from 2011/12 to 2012/13 is shown in Figure 3.1. It can be observed that there was huge variation between the projected and actual inspections conducted.



**Figure 3.1:** *PVoC Projected and actual inspections conducted (2010/12 - 2012/13)*

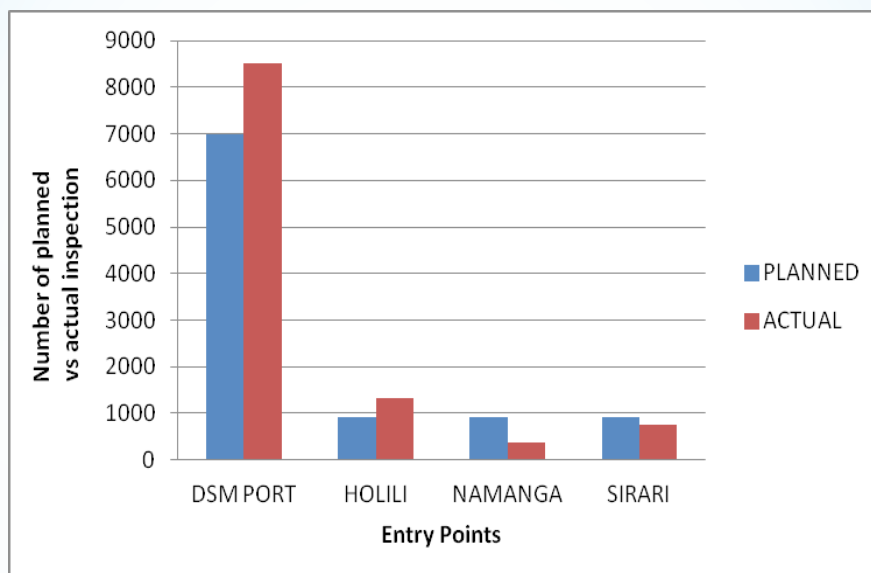
Based on the data presented in Figure 3.1 above, the PVoC inspection variation ranges from 241% up to 718% for the last two financial years and is increasing year after year. There was huge difference between planned and actual inspection.

Interviews with the TBS's Officials mainly from the Directorate of Quality Management pointed out that the variation signifies that the number of inspections projected was unrealistic and poor benchmarking.



## Destination Inspections

The number of projected and actual inspections carried out for the period from 2010/11 to 2012/13 is shown in Figure 3.2. It can be observed that there was a variation between the projected and actual inspections conducted.



**Figure 3.2:** Projected and actual inspections conducted in four entry points (2010/11 - 2012/13)

Based on the data presented in Figure 3.2 above, the average inspection variation was around 30% for the year 2012/13.

Interviews with the TBS Officials mainly from the Directorate of Quality Management pointed out that the variation shows that the number of inspections projected was not realistic and was missing the target by almost 30 percent.

The reasons for presence of such huge variations between the number of projected inspections and actual inspections were pointed to be:

- Failure to use reliable importation data which can be obtained from Tanzania Revenue Authority. This information could be sought from TRA and be used as the basis for projecting the number and the nature of inspection to be performed; and
- Failure to make use of previous experience. Despite the fact



that the estimates/projected inspection varied greatly with what was projected in the preceding year, yet, TBS kept on underestimating the number of inspections to be performed.

When TBS officials were asked on the effects of the huge variation between the projected and actual number of inspections, they commented that, it greatly affect the inspections coverage since resources (funding and personnel) are allocated based on the projected number of inspections.

They further informed that this also had an impact on the quality of the inspections itself since inspector is forced to speed up the process in order to avoid backlogs and delays. In that aspect the likelihood of compromising the quality becomes much higher.

### ***Inspectors were not aware of all consignments to be inspected***

Inspectors did not have access to integrated information on all regulated imports per entry points. The inspectors also did not have access to the imports as declared and recorded on the Customs and Excise System (ASYCUDA).

Due to lack of access to information on import consignments, inspectors relied on third parties (i.e. Tanzania Port Authority, Tanzania Revenue Authority, Importer/Clearing Agent, etc) for information of consignments of imported goods to be inspected.

At the entry points, it was found that for some of the high-risk types of products listed. Table below shows a list of the types of items that should have been inspected by the TBS inspectors. The inspectors interviewed indicated that these consignments had not been inspected due to the fact that the inspectors had not been aware of their importation.

### ***Insufficient coverage at Dar es Salaam Port and its ICDs***

The audit office established the extent of coverage of inspections carried-out by TBS's inspections. The analysis was based on the number of inspectors, the average standard files or consignments of imported goods that could be handled by one inspector per day and

the total number of consignments per day in a port or ICD.

A summary showing the percentage of files handled per day by one inspector against the average number of files/consignments received per day is illustrated in Table 3.5:

**Table 3.5: Percentages of files handled per day by one inspector in ICDs**

Inland Container Depots (ICDs)	Standard <sup>4</sup> number of files/consignments per inspector per day	Average number of files/consignments received per day	Number of inspectors	Percentage files handled per day (%)
AMI	30	77	1	39
TRH	30	49	1	61
JEFANG	30	51	1 <sup>5</sup>	40
PMM		4		
AZAM		20		
DICD	30	10	1 <sup>6</sup>	71
KICD		12		
AL-HUSHOOM		20		
TICTS	30	21	1	73
ONE STOP CENTRE (OSC)		20		

*Source: TBS's ICD booking lists - 2013/14*

Table 3.5 shows that in all 10 studied ICDs operating under the supervision of Dar es Salaam Port, the inspectors were not able to inspect all files or consignments of goods in their respective ICDs. On average, 39 to 73 percentages of files or consignments were handled per day.

At AMI Depot almost two-thirds of the files could not be adequately inspected per day by the TBS's Inspectors. Further analysis of the reasons for failing to inspect all files was established as follows:

- Few of the inspectors in ICDs compared to the number of files or consignments to be inspected per day. According to

4. The figure has been established through several interviews with TBS inspectors. The figure is a result of inspectors experience on the inspections of imported goods.

5. One inspector is moving in 3 different ICDs. They are covered by one inspector.

6. One inspector is moving in 3 different ICDs. They are covered by one inspector.

the inspectors, the maximum number of files that could be thoroughly checked, verified and conduct physical inspection is 30 files or consignments per day. Therefore, they noted that it is not practical for one inspector to conduct quality document verifications and physical inspections to 77 consignments;

- Lack of adequately developed risk-based plans for the inspections of imported goods. There was no clear focus of the inspection-work and all files; and
- Some inspectors lost working hours while moving from one ICD to another. This is common among the inspectors who were handling three different ICDs locations per day. Also, these movements made other consignments not be inspected once the inspector left to another ICD.

### ***Consignments were not inspected in good time***

Even though Dar es Salaam Port was 24 hours operational, inspectors were mainly employed to operate during normal working hours at entry points (harbour, ICDs and Border). Inspections were only performed after normal working hours and over weekends if prior arrangements had been requested by the importer/agent.

Due to the perishable nature of some of the consignments, it is imperative that they are inspected as swiftly as possible. However, as a result of the weak planning of inspections and lack of adequate information regarding the arrival date and time of imported goods, inspectors failed to inspect such goods and were released without inspectors' verification.

This has been the case for all goods arriving at the entry points towards the end of week-days. Those imported goods have to wait until Mondays of the following weeks for inspection.

### ***Delay in releasing results of the Inspection of Imported Goods***

In the course of inspections, inspectors may decide to refer some of the goods for further laboratory tests. So, the collected samples were sent to TBS Head Office, Dar es Salaam for those tests and results have to be communicated back to the Inspectors in the entry

points. The test results are used to grant an approval for releasing the goods from the port or keeping it for further action.

Table 3.6 shows the extent of delays in releasing the results of the laboratory tests.

**Table 3.6: Average delays in completing and releasing the results of the laboratory test**

Entry points	Standard time for laboratory testing of imported goods (Days)	Average time it takes to complete and release the test results (Days)	Average delays in completing and releasing the results of the laboratory test (Days)
Dar es salaam Port	3	6	3
Namanga	5	8	3
Sirari	5	8	3
Holili	5	8	3

*Source: Performance Report of Border Areas and Interviews with TBS's Inspectors*

Table 3.6 provides a summary of time it took to get the tests results. The average delay has been measured as a variation between the actual time it takes to send samples, testing and preparing test results and finally, sending back the test results to the concerned entry points and the standard time.

Furthermore, Table 3.6 shows that delays in releasing results of imported goods were common. All 4 entry points experienced a delay of 3 days whenever samples were sent for further laboratory tests to TBS Head Office. The standard duration for the processing of laboratory test are 3 days for samples collected from all entry points from Dar es Salaam Region and 5 days for those samples from entry points which are based on other regions in Tanzania.

The main reasons for the delay in releasing the results of the inspection of imported goods were:

- Inadequate capacity of the TBS laboratories;
- Inadequate means of transporting samples from border areas to the TBS laboratories; and

- Lack of mini laboratories at the zones/border areas which would serve the purpose of testing the samples hence minimize time wastage.

Further analysis of the consequences of these delays showed that:

- TBS and other government institutions which have the role of clearing import goods might be charged interests for delaying to do their work based on standard time; and
- Other government institutions might decide to release imported goods even without obtaining the results of the laboratory tests and in that case, if goods happen to fail the laboratory tests and the goods are already in the market then it puts at risk the health of the people and environment at large.

### 3.3.2 Quality of the Inspections of Imported Goods

According to ISO 9001: Clause 0.2; quality of inspection of imported goods is necessary to be observed and reviewed for improvements in similar future assignments.

The same document showed that the quality of inspections of imported goods can be measured by considering the following factors:

- Increase/decrease in number of substandard imported goods in the country
- Increase/decrease in number of complaints from the public/consumers regarding the quality of imported goods
- Number of implementation or non-implementation of the recommendations of inspectors
- Adequacy of tracking mechanisms for goods with conditional release

In that aspect, the audit office carried out the analysis of the quality of inspections of imported goods based on the above mentioned criteria. The analysis is as shown below:



***Increase/decrease in number of Substandard Imported Goods in the country***

The Tanzania Bureau of Standards together with other government and non-governmental stakeholders has been tracking whether incidences of substandard goods in the country are increasing or decreasing. This approach has been used among many others as a measure for the quality of the inspections done by TBS on the imported goods.

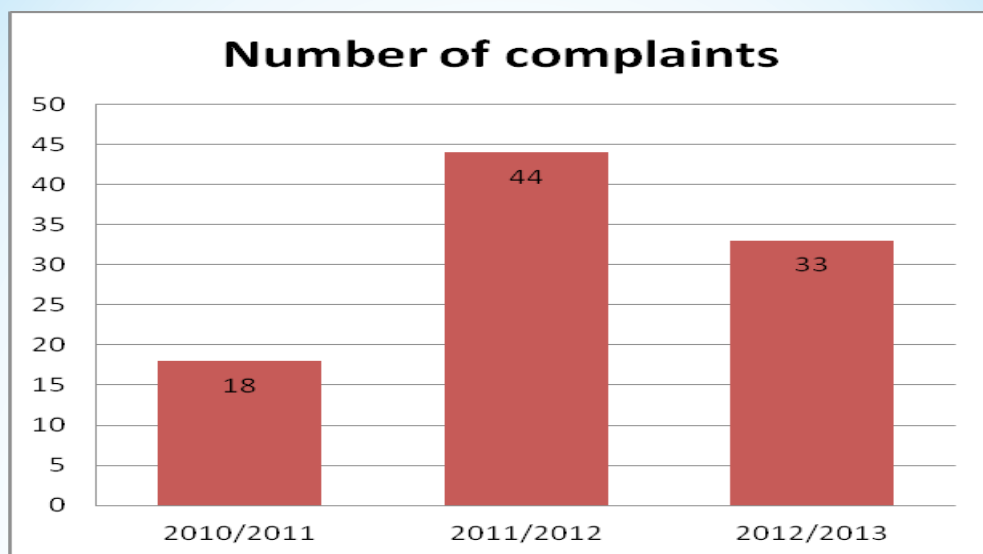
Further analysis of the recorded number of substandard goods in the country for the last three financial years i.e 2010/11 up to 2012/13 could not be made following the fact TBS could not furnish those data due to improper record keeping.

***Increase/decrease in number of complaints from the public regarding the quality of imported goods***

Another measure for the quality of the inspections carried out by TBS as stated in the TBS's Corporate Plan (2011/12 - 2015/16) is the increase or decrease in the number of public complaints regarding the quality of imported goods.

Therefore, TBS has been tracking, recording and analyzing all complains which were officially submitted to them by the public, private institutions etc.

The analysis of the complaints received for the last three years on the quality of imported goods are as shown in Figure 3.3. The Figure shows the number of complaints on the quality of imported goods in the last three years as compiled by the TBS's Public Affairs Unit. The main sources of the information were by tracking complaints through complaints letters and media.



*Figure 3.3: Showing increasing number of complaints over imported substandard goods for the past three years*

According to Figure 3.3, the number of complaints regarding the quality of inspections of imported goods has increased by 83% from 2010/11. The public was not satisfied mainly with the quality of Dry Cell Batteries, Tyres and tire tubes, Break fluid oil, Condoms and such selected items.

### ***Implementation of the recommendations of inspectors***

The level of implementation of the recommendations of inspections has been one of the important measures of assessing the quality of inspections. This is simply because destruction of substandard goods or returning them to the country of origin has been part and parcel of the inspection itself.

In that regard, TBS has been tracking down the level of implementation of the recommendations given to importers who defaulted.

Table 3.7 shows the percentages of implemented recommendations for the last three years.

**Table 3.7: Recorded number of implemented inspections recommendations on rejection from 2010/11 up to 2012/13**

	Financial Year		
	2010/11	2011/12	2012/13
Total number of recommendations issued <sup>7</sup>	14	7	13
Total number of recommendations implemented	8	3	5
Percentage number of recommendations implemented (%age)	57	42	39

*Source: Inspection Reports (2010/11 - 2012/13) prepared by the Directorate of Quality Management from TBS*

Based on the data in table 3.7, the level of implementation of inspection recommendations is decreasing year after year for the last three financial years.

This means that the number of goods which ought to have been either destroyed or returned to their countries of origin were allowed to get into the country. We can conclude from the above analysis that:

- The inspection conducted at the first instance was neither good enough nor thorough hence leaving room for an appeal to be launched by the importer and thereby providing an opportunity for goods to enter the market when importers win the appeal;
- Second, mechanism for ensuring that recommendations are implemented is weak and hence the importers can manage to sneak goods in the country without being caught; and
- Thirdly, other government institutions which were also supposed to back-up the implementations of those recommendations did not support their implementation. This is due to either poor or weak coordination done by TBS on ensuring that recommendations are implemented or those institutions placed their organizational interests first.

7. The recommendation in this case means either to destroy or return to the country of origin the substandard imported goods before they cross Tanzanian entry points.

### ***Adequacy of tracking mechanisms for goods with conditional release***

The review of the Inspection Manual for the imported goods showed that the existing mechanisms for tracking goods which have been given the status of conditional release provided loopholes for the importers to avoid its enforcement.

This is due to the fact that one of the condition is for TBS to conduct test results within a stipulated time before those goods are released and the test results has to be out within the stipulated time. This has been putting pressure on TBS and taking into account that test results have been faced with common delays.

Secondly, TBS is not providing an opportunity for its inspectors to do a follow-up or thorough check (re-inspection) on the consignments before they are released.

Thirdly, the custody of these goods are with the owner and there is no evidence showing that TBS has full control of what might happen and in that aspect the importer has got no incentive of going back to TBS to seek the test results before selling the goods.

It was also noted that the weak tracking mechanisms for goods with conditional release was also manifested by the following factors which were drawn from the TBS's Inspections Reports and confirmed through interviews with inspectors:

- Existence of inadequate mechanisms for controlling un-inspected goods; and
- Release of non- compulsory but un-inspected consignments

Based on the above four mentioned criteria for assessing the quality of the inspections of imported goods as discharged by the Tanzania Bureau of Standards, pointed out that the quality of inspections was not satisfactory.

## Factors for unsatisfactory quality of inspections of imported goods

- Lack of risk-based plans for conducting inspections;
- Existence of official and unofficial entry points which have got no regulatory officials;
- Inadequate coverage of inspections;
- Non focused inspections of imported goods; and
- Weak control systems on inspection and weak legal enforcement to defaulters.

### 3.3.3 Quality Assurance of Conducted Inspections

#### Lack of Quality Assurance of Inspections of Imported Goods

Country of origin, good/product specification, sensitivity of the imported goods considering health and safety factors are used to determine whether the imported good meets the country's set standards for the specific good. Inaccurate information from importers on any of these factors may result in an inaccurate assessment of the quality of the good.

To verify the accuracy and completeness of information provided by importers, TBS through its inspectors at the entry points selects samples of transactions and conducts compliance verifications, a kind of check that examines whether importers' records support their transactions.

### 3.3.4 Budgeting for the Inspection Activities

#### Funding for Inspection activities at TBS

Inspection of imported Goods as one of the Quality Management of Goods in the country, it is among the core activities of the Tanzania Bureau of Standards.



Table 3.8 shows the total amount budgeted for the inspection activities mainly for the imported goods.

The budget covered all activities in the inspections of imported goods. The activities include: planning, conducting, reporting, sanctioning and follow-up of the results of inspections.

**Table 3.8: Budget set aside for the last three financial years**

	Total Amount Budgeted <sup>8</sup> (in Million TShs.)		
	2010/11	2011/12	2012/13
Total Budget for DQM	242	462	819
Total Budget for Inspections of Imported Goods	62	79	205
Percentage budgeted for Inspections of Imported Goods (%)	26	17	25

*Source: TBS's Activity Based Budget for the Financial Years 2010/11 up to 2012/13*

According to table 3.8, it was noted that, there was improvement in the allocation of funds specifically for the inspections of imported goods.

But the interview with TBS Management and senior officers from the Directorate of Quality Management pointed out that the above budget set is adequate enough for its inspection activities.

Despite the fact that TBS management claimed to have enough funds, but further analysis of the budget for the inspection activities showed that, TBS was running short of a number of necessary items. Those items include minilabs at entry points, acquiring of lands for establishment of TBS zonal and border offices, lack of permission to hire inspectors .

<sup>8</sup> The budget includes development and recurrent expenditure.

### 3.3.5 Allocation of Resources for the Inspection Activities

#### Correlation between the Inspectors Available and the Average Consignments per Annum

The inspections of imported goods in the entry points are performed by Inspectors who are either stationed in the particular entry points or being mobile and serving more than one port or ICD.

Therefore, among many factors that were observed, the performance of inspections activities on the imported goods to the higher extent generally depends on the availability of and the good work done by the inspectors.

Following that assertion, the audit office assessed the correlation between the number of inspectors in each entry points and the average consignments handled per annum.

Table 3.9 shows the ratio of average consignments (in tons) handled per year to the number of inspectors.

**Table 3.9: Ratio of Average Consignments in a year per Number of Inspectors**

Entry points	Average Consignments per Annum (Tons)	Number of Inspectors	Ratio of average consignments in a year per number of Inspectors
Dar es salaam Port	7,380,000	5	1,476,000
Tanga Port	301,573	1	301,573
Namanga	123,166	1	123,166
Sirari	125,053	2	62,527
Holili	44,062	2	22,031
Horohoro	85,862	0 <sup>9</sup>	-

*Source: Auditor's site visit and TRA data*

The analysis of the ratio of average consignments per number of inspectors shown in table 3.9 portrays a picture of unequal distribution of inspectors in entry points.

<sup>9</sup> For the last two years, Horohoro Border was operating without having a TBS inspector to inspect the imported goods

Generally, all entry points have got an average of one to two inspectors with exception of one port, Horohoro Border which has got no inspector. This implies that all goods which were imported in the country through Horohoro Border were not inspected for the last two years i.e. from January, 2012 up to December, 2013 (the period at which the border was operating without having the inspector).

On the other hand, Sirari and Holili entry points were assigned two Inspectors each while Tanga Port and Namanga Border had only one inspector each. This is despite the fact that Tanga Port and Namanga Border handled large quantities of imported goods/consignments than the Sirari and Holili entry points.

For instance, the average consignments handled per annum at Tanga Port is seven times higher than what is handled at Holili Border.

For the case of Dar es Salaam Port, in average one inspector is supposed to inspect 1,476,000 tons of cargo per annum. This means that one inspector at Dar es salaam Port is handling consignments of imported goods which is 67 times higher than what is handled by one inspector at Holili Border.

### **Importation of Goods in Unmanaged Entry Points**

According to the officials from TRA, it was also noted that Tanzania has got other entry points located on various entry points. There are 9 entry points which are used for importation of goods and they have got no TBS inspector to verify for quality of the goods. Some of the main ones include Mtwara Port, Tunduma and Mutukula entry points.

Based on the interviews with both the TBS's Officials from the Directorate of Quality Management as well as TRA officials, it was noted that those three entry points were handling a large consignment of imported goods per year.

Table 3.10 shows the entry points which have no TBS office/inspector and average amount of imported goods in each Entry points:

**Table 3.10: Entry points without Inspectors and Average Consignments handled per annum (2010/11 - 2012/13)**

Entry points	Average Consignments per Annum (Tons)	Number of Inspectors
Mtwara Port	159,275	0
Tunduma	74,308	0
Mutukula	51,246	0
<b>Total</b>	<b>284,829</b>	<b>0</b>

*Source: Auditor's site visit and TRA data*

Table 3.10 shows that the three entry points of Mtwara, Tunduma and Mutukula were operating without having TBS Inspectors. The interview with TBS officials noted that TBS has got no offices in those three entry points despite the fact that through them 284,829 tons of imported goods were handled during the year 2010/11 - 2012/13.

Shortage of inspectors and funds for inspections of imported goods were cited by TBS as the main reasons for not having Inspectors in those three entry points.

On the other hand, when the auditors did an analysis of the amount of consignments handled in those entry points it was noted that Mtwara Port handles more than 3 times of the consignments than Holili Border which has got 2 inspectors. When compared with Sirari Border, Mtwara Port handled 34,000 tons more of the imported goods, yet it has not assigned a single inspector while Sirari Border has got two of them.

The same picture was depicted in other two entry points of Tunduma and Mutukula when compared to those which have got inspectors.

When exploring the factors considered by TBS when allocating inspectors, the TBS Management pointed out the following factors were the ones considered:

- Quantities of Imported Goods handled per year;
- Nature and Type of the Imported Goods; and
- Sensitivity of goods to the Health and Safety of the People.

Therefore, based on the above analysis, the rationale for the allocation of resources for the inspections in various entry points was not clearly stated.

### 3.3.6 Organizing and Coordinating Inspection Activities

#### **The coordination of service levels for inspections of imported goods with other government institutions**

Inspecting certain types of imported goods requires the expertise and participation of other government institutions. In order for TBS to minimize delays it needs to set and agree on “service level agreements” for inspection with other government institutions. The service level agreements will provide contractual agreements on how fast these institutions should provide their services in terms of timeframe and quality levels.

To determine whether it is clear what levels of service other government institutions should provide to TBS, we reviewed the Memorandum of Understanding (MoU) on the new custom clearance procedure between Tanzania Bureau of Standards, Tanzania Revenue Authority and other Government Institutions namely, Tanzania Food and Drugs Authority, Ministry of Agriculture Food Security and Cooperative, Ministry of Livestock and Fisheries Development, Tanzania Radiation Commission and Fair Competition Commission. The MoU provide details on areas where TBS may need to call on the services of other institutions.

The areas of services for the coordination of border control and the process flow to be sought from other government institutions include:

- 1) Standard identification of product and control requirement;
- 2) Communication of permits and certificates;
- 3) Control of permits and certificates;
- 4) Other government institutions requirement for verification;
- 5) Performance Monitoring; and
- 6) Information system requirements.

We found out that areas of services for the coordination of border control and the process flow were well defined for 6 main areas that have been mentioned above.



Further analysis was carried out to assess whether each area of services pointed out in the Memorandum of Understanding was properly implemented as planned. The interviewed officials from both TRA and TBS acknowledged that nothing indeed has been implemented on that aspect.

Two main reasons that were sighted included; lack of guidance on how the government institutions can put all those six areas into implementations. The service levels were not defined and hence it became difficult to implement. They also sighted the willingness of managements of various institutions to cooperate on this endeavor. Most of the institutions were shying away from implementing what was agreed and signed in October, 2011.

### **Imported Goods could be Released without an Approval from the TBS**

Similarly, it was noted that, other government institutions such as Tanzania Revenue Authority may authorize the release of imported goods without having an approval from TBS.

For example, it was noted that about 300 consignments were unlawfully released from April to June, 2013. These consignments were kept on hold by TBS because the consignments were not accompanied with the Certificates of Conformity (CoCs) and therefore were stopped at the ICDs awaiting for payments of penalties and thereafter Destination Inspection.

According to TBS officials, the act of other government institutions releasing consignments without being properly inspected to check whether they do comply with the national as well as international standards hampered the efforts of TBS to control substandard goods/ product entering the Tanzania market.

### **Tax exempted imports released without TBS Inspection**

Exemption from the tax is a facility provided for the benefit of either local factory operators, farmers, hospitals, faith-based and non-governmental organizations, special groups/vulnerable groups such

as disabled, Most vulnerable Children, elderly, women etc., in order to support them in their daily life.

According to TBS officials, there are goods which are exempted from taxes but they are ought to be subjected to destination inspection. Furthermore, it was also acknowledged that some goods which were exempted from paying taxes were also exempted from having CoC for quality to determine their compliance to the national and international standards.

The analysis of the audit team on this area showed that there are some incidences reported in the country showing that some goods which were brought in the country under the auspices of charity or assistance to some vulnerable groups and exempted from taxes were found to be of sub-standard.

Goods with permits from Confederation of Tanzania Industries (CTI) and Tanzania Investment Centre (TIC) are not subjected to destination inspection. But charitable goods which fall under compulsory list are subjected to destination inspection.

One example/report cited by TBS officials was of the male condoms which were found to be defective. This was following the random check made by TBS by testing some of the condoms. This is a good thing because it shows that TBS takes initiatives in controlling exempted but substandard goods.

### **3.4 Reporting the Inspection Results**

#### **3.4.1 Reporting on the Inspections' Results**

The audit found that the reason to refer individuals and shipments for further inspection is not fully communicated to those officers doing the secondary examination/inspections and even officials from TRA, and the results of the inspections are not always documented.

Without this information, Tanzania Bureau of Standards does not have the information it needs to determine whether it is appropriately matching the level of inspection activity to the level of risk.

### **There were no guidelines for the preparation and compiling monthly inspection reports**

There were no guidelines for the preparation and compiling of the monthly inspection reports. Monthly reports on import inspections were being prepared manually by the inspectors by summarizing all the import inspection documentation. These summaries were sent to head office on a monthly basis where the data was summarized.

Most of the monthly inspection reports when re-compiled were found to be incomplete or unreliable. Differences were identified between the supporting documentation, registers and information captured for the monthly inspection reports. For some of the monthly inspection reports, not all the supporting documentation could be provided.

Therefore, decisions were made by inspectors and management based on unreliable information, which does not promote efficient and effective control and monitoring.

### **3.4.2 Outcome of the Inspection Results**

#### **Levels of formal enforcement actions are relatively low**

The sanction system covers various steps including warnings, fines, destroying imported good - substandard prosecution, seizure/ surrender of goods and suspension or revocation of importation permit.

According to the TBS's Inspectors, incidences of substandard goods being detected during the inspections of imported goods were common. This means that some importers were violating the importation laws and set standards by bringing in the country goods of substandard quality.

The TBS's official returns on the actions taken against defaulters who failed to import goods which meet the required standards indicated that a number of sanctions had been implemented.

The degree to which the sanctions were applied is as shown in Table 3.11:

**Table 3.11: Type of sanctions and number of actions taken  
(2010/11 - 2012/13)**

Type of sanction	Number of actions taken		
	2010/11	2011/12	2012/13
Written Warnings	9	362	414
Improvement Notices	-	-	2
Formal Cautions	-	-	12
Prosecutions			
- <i>Convictions</i>	-	-	2
- <i>Acquitted</i>	-	-	2
- <i>Fined</i>	25	49	55
Prohibition Orders	-	-	2
Rejected orders	11	8	26
Seizures Goods	-		17

**Source:** TBS's - DQM Progress reports

The records of formal actions taken by TBS's inspectors showed clearly that TBS officers were using the full range of formal enforcement powers available, in respect of all categories and sizes of violations.

### **Appropriate balance in the use of different sanctions**

Since the Standard Act of 2009 requires TBS to apply all ranges of sanctions stipulated to defaulters depending on the severity of violation, the audit team carried-out the analysis to assess the extent to which TBS is striking an appropriate balance in the use of all ranges of sanctions.

Table 3.12 depicts the percentages to which different type of sanctions have been applied against the total actions taken for the year 2012/13.

**Table 3.12: Percentage to which certain type of sanctions applied (2012/13)**

Type of sanction	Percentage applied (%age)
Written Warnings	77.8
Improvement Notices	0.4
Formal Cautions	2.3
Prosecutions	11.1
Prohibition Orders	0.4
Rejection orders	4.9
Seizures of Goods	3.2

*Source: TBS's - Legal Office Records*

Table 3.12 shows that to a large extent, TBS has resorted into prosecutions rather than pursuing other types of sanctions. Further analysis of the outcome of the prosecuted cases pointed out that only 2 cases were convicted, and 55 fined.

The reasons for some of the prosecuted cases ruled against TBS were:

- cases were built over inadequate evidences in that aspect provided opportunity for the cases to be ruled in favour of defendants; and
- case hearings are many and takes too long, an average of more than a year before it is concluded and TBS resolved into settling the matter through fines.

It was further noted that TBS's inspectors were also authorized to take formal action when the imported goods contravene standards. Where such action had been taken, it could not be confirmed that TBS's inspectors from one entry points had considered the same criteria as others. This lack of consistency in applying the same actions provides room for substandard goods to be imported.

Similarly, it was apparent that a graduated approach to enforcement had not been adopted where informal means had proved unsuccessful



### 3.4.3 Follow-up and monitoring of the Outcome of the Inspection Results

#### Lack of Document Trail for Tracking and Tracing defaulters

One of the main elements of a substandard goods control strategy is the swift tracing of goods that have been identified to be of substandard. At the various entry points visited, we requested the inspection documentation and reports verifying whether TBS has made a follow-up of the actions taken on those imported goods that have been identified to be of substandard quality.

### 3.5 Monitoring, Evaluating and Reporting on the Inspections Performance

This section covers issues such as monitoring and evaluation of inspection activities done by both the Ministry of Industry and Trade and the Tanzania Bureau of Standards and reporting on performance of inspections.

The audit uses the following criteria to provide answers to the issues regarding Monitoring, Evaluation and reporting on performance of inspections of imported goods:

MolT should periodically monitor and evaluate the performance of trade support institutions e.g. TBS etc (*Strategic Plan, 2011/12 - 2015/16 of the MolT*)

TBS's Departments and Directorates are required to submit quarterly reports to consolidate the main report then to the Board of Directors against which performance will be measured (*Strategic Plan, 2011/12 - 2015/16 of the TBS*)

TBS should monitor and evaluate the implementation processes (inputs and activities), outputs and outcome to ensure efficiency and effectiveness in delivering the strategic objectives (*Strategic Plan, 2011/12 - 2015/16 of the TBS*)

### 3.5.1 MoIT Role in Oversight the TBS Activities

According to Strategic Plan, 2011/12 - 2015/16, the Ministry of Industry and Trade as the parent Ministry is required to conduct periodical monitoring and evaluation of the performance of the Tanzania Bureau of Standards.

#### *Monitoring of TBS's Inspection activities*

The review of the Strategic Plan (2011/12 - 2015/16) of the Ministry of Industry and Trade pointed out that the Ministry has not set performance indicators for assessing the TBS's performance on the inspection activities.

Following that weakness of not having monitoring indicators, during the interviews with the Ministry's officials it was noted that the Ministry has not carried out any monitoring activity on the performance of the Inspections of Imported Goods. It was reported that when it comes to assessing the performance of TBS, the Ministry assesses whether the funds have been utilized according to plan and whether the interventions were implemented accordingly.

Among reasons mentioned by MoIT's officials regarding their inadequacy to monitor and evaluate the performance of inspection activities carried-out by TBS include;

- (1) the MoIT has not prepared any guideline for guiding its staff to conduct monitoring and evaluation on the performance of inspection activities which are performed by its agencies; and
- (2) the existing monitoring indicators are of high level looking at the performance of the sector and now the process of developing lower level indicators is an ongoing activity.

Furthermore, the audit team noted that the Ministry has taken initiatives to preview and shortlist few of the indicators for baseline data collection and therein, the development of the indicators for TBS inspectors work would be made so as to enable them to monitor and evaluate impact of the inspection.

When assessing the consequences of not doing enough work on the area of monitoring and evaluation, the audit team observed that since the MoIT is not doing any monitoring then the ministry was:

- (1) lacking an ability to get to know and understand the observed challenges and problems faced by TBS officials as well as clients/importers of goods in the country; and
- (2) lack of reliable statistical data and other performance information which could be used as a basis for improving the performance of the Tanzania Bureau of Standards.

### **3.5.2 Monitoring and Evaluation of Inspection Activities within TBS**

#### *Internal Monitoring*

The Directorate of Quality Management has among its many duties on control of the quality of goods in the country, the task of monitoring the performance of the Inspection processes as well as that of inspectors.

Through the interviews with the officials from the Directorate of Quality Management as well as TBS Inspectors, it was noted that the Directorate had already appointed focal person for monitoring and evaluation on inspection of imported goods. But they have not developed monitoring tool and method to be used as per requirement from ISO/IEC guide 17020 (2012). Therefore there are no reports produced on inspection performance. Those monitoring procedures were expected to provide guidance related largely to the monitoring of goods inspections.

However, it was pointed out by TBS management, that the appointed focal person will be conducting monitoring and evaluation activities on inspection of imported goods.

On the other hand, the review of the Directorate's monitoring records and the file records of actions taken revealed that internal monitoring was being carried out but carried out without clearly defined performance indicators.

The monitoring records addressed general issues such as:

- Strategic objectives;
- Performance Corporate plans' annual targets;
- Target for a particular quarter; and
- Actual performance in a particular quarter

However, other performance issues which are crucial for effective inspections for the imported goods were not covered. Some of the issues not addressed in monitoring include:

- Presence of inspections plans;
- Level of inspections coverage;
- Number of recommendations issued and implemented;
- Follow-up on the defaulters;
- Completeness of the inspections i.e. timeliness and quality of the inspections by checking whether the inspections were done according to the laid down procedures; and
- Suggestions for future improvements.

Two main reasons for the less focused internal monitoring were identified. First, was the lack of well defined monitoring and performance indicators which addresses key performance milestones for inspection activities; Second, was the lack of properly instituted mechanisms for internal monitoring of inspection activities which could provide guidance on how monitoring of inspection activities would be performed.

Furthermore, it was noted through the interviews with TBS officials that it was hard to take corrective measure with the purpose of improving the performance of the inspection activities due to the inadequacy of having a well designed and implemented internal monitoring system on the inspection of goods.

Similarly, Inspectors' performance against the individual activity procedures was not subjected to routine internal and external

monitoring as part of the quality assurance system. There was no evidence that procedures and processes for the inspections of imported goods/enforcement was subjected to a range of further qualitative and quantitative monitoring measures in practice in order to test its effectiveness as well as check whether TBS is complying to international standards for the inspection of goods.

Management responded that, focal person was appointed to perform the task of internal monitoring and evaluation on performance of inspection of imported goods. It however responded that it is not adequately documented. But it will make follow up on the implementations of the reporting for improvement.

### **3.5.3 Reporting on Performance of Inspections**

#### **Unavailability of workload-effectiveness data**

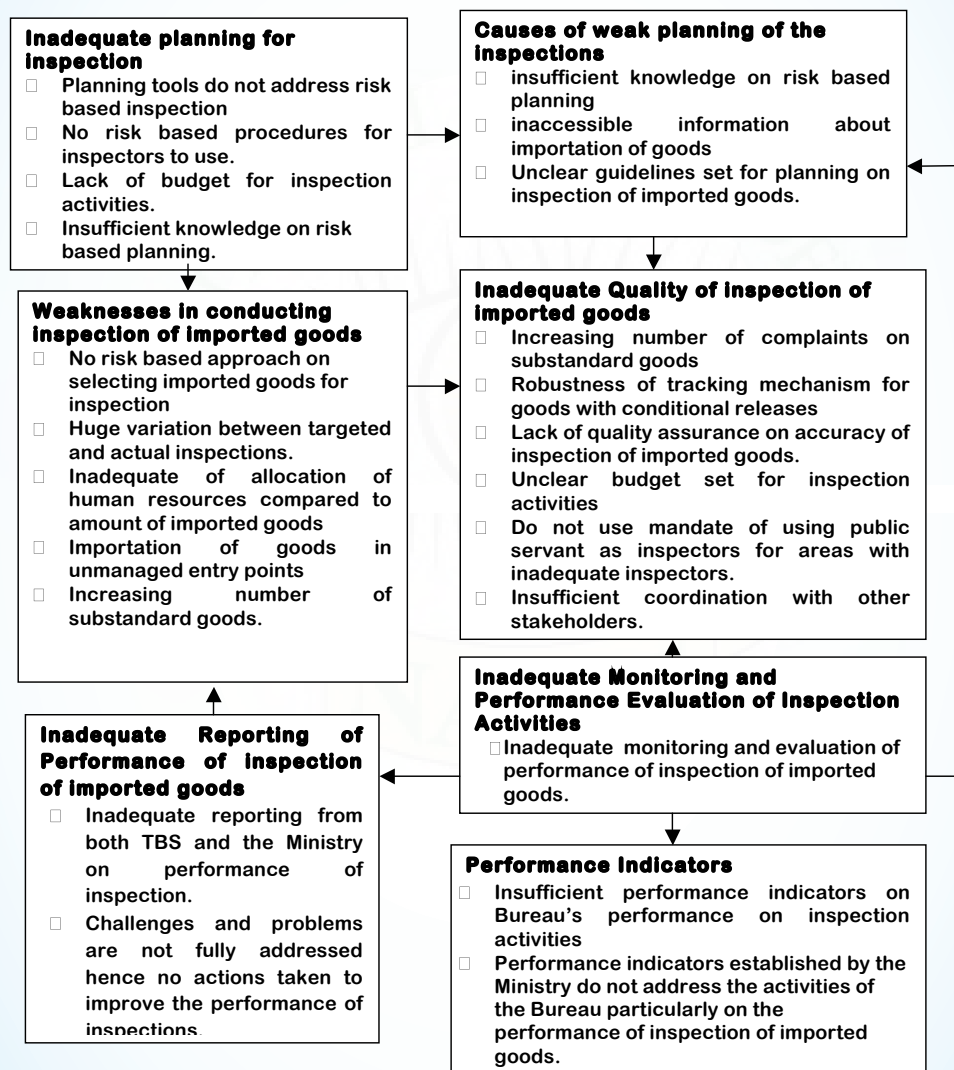
Due to the insufficient record keeping by the inspectors, data on workload effectiveness and inspections performed was not detailed, complete or retrievable. Therefore, the actual performance of inspectors could not be assessed effectively.



### 3.6 Summary of Findings

#### Relational Graph

The graph below summarizes the findings and the relationship between the seven categories of findings:



## CHAPTER FOUR

### CONCLUSIONS

#### 4.1 Overall Conclusion

The overall conclusion of this audit work is that the inspections were not adequately conducted since they were not properly planned, no clear targets were set, strategies for those inspections were not well defined and ultimately the overall goal to minimize substandard imported goods was not met. Failure to have the necessary parameters for guiding inspection activities made it difficult for TBS themselves to measure the effectiveness of its inspection activities.

#### 4.2 Specific Conclusions

##### 4.2.1 Planning and Management of inspection not satisfactorily done

The management of inspection of imported goods is not based on risk factors. All goods are given equal priority in inspection despite of the fact that some goods are more risky in terms of health and environment than others.

Non-consideration of risk factors during the inspection of goods (particularly when planning for inspections) has hampered the effectiveness of TBS. This is the case as the scarce resources allocated for inspection activities were allocated to goods of little priority.

It is currently estimated that TBS does not inspect all of the imported goods at the Tanzanian entry points. Although imports of TBS-regulated goods have almost doubled in the last 3 years from 6.3 million tons in 2010/11 to approximately 12.3 million tons in 2012/13 the rate of inspections has remained woefully low.

The gaps in protection from this inspection system are indeed alarming, particularly as imports in some commodities grow. Overall, Tanzania imports of goods from all countries have increased and

certain countries and commodities are showing exponentially greater increases.

One of the reasons which contributed to the inadequate inspections of imported goods is the absence of comprehensive action plans for the inspections. Action plans are the translation of the TBS desire for ensuring that quality of goods in the Tanzanian market met the specified standards. Management added that inadequate plans is directly linked to inadequate number of inspectors which makes the quality of inspection to have inadequate coverage.

Without action plans, TBS faces difficulties in planning for the inspection activities.

#### **4.2.2 Inadequate Monitoring and Evaluation Systems**

There is evidence that Monitoring and Evaluation System is in place, but it has been observed that the system is not working. The Ministry of Industry and Trade has a mechanism for monitoring TBS activities, a reporting system and a database of imported goods in Tanzania.

However, it has been observed that the system is not working and this is due to poor implementation strategies and inadequate use of available information to monitor the performance of inspection of imported goods.

It was also noted that, Monitoring and Evaluation system within TBS was not functioning well since the outcome of the inspection had not been used to improve performance.

#### **4.2.3 Management factors contributed to the weak or non-inspection**

A number of management factors which contributed to the weak or non inspection of imported goods were identified. These factors can be categorized into three categories namely; planning, execution and performance management of those inspections conducted in the Entry points.

*Planning factors:* Lack of adequate risk based management approach, failure to prepare inspections plans, planning without reliable information from other government institutions such TRA etc., weak guidelines, and insufficient knowledge among inspectors on risk-based planning are factors which contributed to weak inspection of imported goods at entry points.

*Execution factors:* these included the presence of few inspectors in different entry points. Some of them are serving up to three ICDs and therefore losing time while moving from one ICD to another. There is also weak system for ensuring the quality of conducted inspections and inadequate budget for the inspections. Weak coordination and organization of inspection activities which have to be done in collaboration with other government institutions on inspections to be effective. Most of defaulters can do away with set sanctions which ultimately may result into more default.

*Performance management factor:* there is a weak and unsystematic documentation of inspection results. Putting in place a systematic documentation system would not only facilitate the recording decisions, but would also serve as a foundation to measure performance and determine improvements needed for the inspection process.

Also due to the weak monitoring and evaluation of the inspection activities, there has been little effort in performance assessment, identification of challenges and proposing improvements to inspection activities.

Although, the above mentioned factors can be addressed by the Management of TBS, but not much effort has been taken to this effect.

## CHAPTER FIVE

### RECOMMENDATIONS

#### 5.1 Preamble

The audit findings and conclusion point out that there are weaknesses in the management of inspections of imported goods in the country. The weaknesses were noted on three main areas, namely: planning of inspections, conducting the inspections and Monitoring and Evaluation of inspections of imported goods.

This chapter therefore, contains recommendations to the Ministry of Industry and Trade and the Tanzania Bureau of Standards on what should be done to improve the situation.

The audit office believes that these recommendations need to be fully implemented for the inspections of imported goods to be managed properly so as to ensure the presence of the 3Es of Economy, Efficiency and Effectiveness in the use of the public resources.

#### 5.2 Management of inspection of imported goods

The Tanzania Bureau of Standards should:

- 1) Investigate the viability of maintaining a database containing details on import goods risk assessments, the status thereof as well as interceptions arising from inspections.
- 2) Prepare a strategy for imported goods that is based on the risk they pose. Inspections of imported goods that pose high-risk should be prioritized accordingly.
- 3) Institute measures to ensure consistent compliance with requirements by the inspectorate throughout the import control system.
- 4) Analyze the correlation between inspections performed and inspectors available and take corrective actions.



### 5.3 Monitoring and Evaluation of the inspection activities

The Tanzania Bureau of Standards should:

- 1) Introduce tracking and monitoring measures to ensure that the inspections requested are performed within a reasonable time.
- 2) The TBS should establish policies and Standard Operating Procedures for the reporting of inspections performed.
- 3) Review the consistency of its operations, service delivery and record-keeping procedures and institute policies and procedures to address any inconsistencies.
- 4) Introduce measures to ensure that accurate and consistent workload-effectiveness data is retained and recorded by inspectors for performance appraisal purposes.

The Ministry of Industry and Trade should:

- 1) Develop a monitoring and evaluation systems that will allow tracking of progress towards the achievement of goals and objectives / impact of Inspection of imported goods in Tanzania.
- 2) Develop Performance indicators for the inspection of imported goods which are measurable both in short and long term.
- 3) Develop a mechanism for managing data on standards of imported goods and sharing of that information with all government institutions mandated to approve importation of goods through entry points of the United Republic of Tanzania.
- 4) Coordinate the cooperation between the Ministry of Home Affairs through police Force and Tanzania Bureau of Standards in controlling importation of sub standard goods through illegal entry points.

## REFERENCES

1. Tanzania Bureau of Standards. “*Standards Act No. 2 of 2009*”. 28<sup>th</sup> January, 2009.
2. Tanzania Bureau of Standards. “*Import Inspection Procedural Manual*”. January, 2012.
3. Tanzania Bureau of Standards. “*Evaluation of Corporate Plan Objectives 2011/2012-2015/2016, Service Delivery and Income Generation*”. June, 2012 & June 2013.
4. United Republic of Tanzania. “*CAG Management Letter on the Financial Statements of Tanzania Bureau of Standards for the year ended 30<sup>th</sup> June, 2012*”. April 2013.
5. United Republic of Tanzania. “*Strategic Plan, 2011/ 12 - 2015/ 16*”. Ministry of Industry and Trade. January, 2012.
6. Tanzania Bureau of Standards. “*Corporate Plan for the Period 2011/12-2015/16*”. December, 2011.
7. Tanzania Bureau of Standards. “*Memorandum of Understanding (MoU) between Tanzania Revenue Authority and other Government Departments on the New Custom Clearance Procedures*”. Tanzania Revenue Authority. October, 2011.
8. United Republic of Tanzania. “*Harmonized Cargo Clearance Manual - A simple guide to clearance of cargo across Tanzania’s border*”. Ministry of Industry and Trade. July, 2013.
9. East African Community. “*Reports of the technical Management Board of the East African Standards Committee*”. East African Community Secretariat. June, 2012 & 2013.
10. Economic and Social Research Foundation (ESRF). “*Effect of Counterfeit are sub standard goods on the Tanzania economy; The Case of manufacturing sector*”. Confederation of Tanzania Industry. February 2008.

11. Tanzania Bureau of Standards. “*Progress Reports for years 2010/11, 2011/12, and 2012/13- Directorate of Quality Management*”. 2010/2011-2012-2013.





## APPENDICES

## Appendix One: Audit Questions and Sub audit Questions

**Audit question 1: Is the management of the inspection of standard of goods conducted by considering risk based situations**

Sub-question 1.1	Does the overall planning for the inspection of standard of goods address the risk of sub standard goods in the market?
Sub-question 1.2	Do the inspection guidelines clearly describe how risk based inspections and control of substandard of goods should be conducted?
Sub-question 1.3	Are the risky products (prone to be substandard) taken into accounts when resources for the inspection of standards of goods are allocated?
Sub-question 1.4	Are the inspections carried out when the risks are high for the substandard products?
Sub-question 1.5	Does the inspection prioritize the substandard products with high risk?
Sub-question 1.6	Are the inspections staff properly trained and equipped?
Sub-question 1.7	Is the public given priority to acquire knowledge on awareness on substandard goods?
Sub-question 1.8	Are the inspections properly monitored and evaluated (By TBS) as a basis for improvement?
Sub-question 1.9	Are the sanctions properly specified?
Sub-question 1.10	Does TBS have inspection follow-ups to determine whether recommendations provided are implemented?

**Audit Question 2: Does the Ministry of Industry and Trade conduct monitoring and evaluation on TBS?**

Sub-question 2.1	What are the issues identified during monitoring of the performance of TBS?
Sub-question 2.2	What actions have been taken by the Ministry to address the problems identified during monitoring for improvement?



## Appendix Two: Methods of Data Collection

The main elements of our fieldwork, which took place between August 2013 and December 2013, were

### Interviews

Interviews were conducted in order to confirm or clarify information from the documents reviewed, and to find clues to relevant information in cases where information in the formal documents was lacking or missing.

Officials from Tanzania Bureau of Standards (TBS), Ministry of Industry and Trade (MoIT), and Tanzania Revenue Authority (TRA) were interviewed in order to obtain overall knowledge on inspection of imported goods, the processes, coordination with other stakeholders on controlling of sub standard goods, monitoring and evaluation of the inspection activities, and challenges encountered.

The officials interviewed included:

#### Tanzania Bureau of Standards

- Director of Quality Management
- Acting Head of Import Section
- Acting Head of Certification Section
- Head of Electrical Laboratory
- Corporate and Public Affairs Officer
- Quality Assurance Officers
- Inspectors on the field
- Legal Officer
- Planning Officer

#### Tanzania Revenue Authority

- Deputy Commissioner (Risk Management and Custom Modernization)
- Wharf manager (Dar es Salaam Port)

#### Ministry of Industry and Trade

- Director of Trade Promotion and Marketing
- Director of Policy and Planning
- Assistant Director Research and Policy
- Assistant Director Monitoring and Evaluation

## Document Review

During the course of the audit various documents were reviewed in order to get various information regarding inspection of imported goods. It was also used to verify various information obtained through interviews and observations at entry points. The documents reviewed fell within the period of the audit (2010/2011 - 2012/2013)

The reviewed documents included:

- Standards Act No 2. of 2009;
- Policies and guidelines: Import Section Inspection Manual, Harmonised Cargo Clearance manual from MoIT, Product Certification Manual, Section Policy Manual, The Standard Regulations, 1998 (batch certification scheme for imports), ISO/IEC guidelines, 1998;
- Corporate and Strategic plans: TBS Corporate Plan (2011/2012-2015/2016) and Ministerial Strategic Plan (2011/2012-2015/2016);
- TBS performance reports from Directorate of Quality Management for three (3) years under review;
- Meeting minutes: TBS minutes of Board of Directors, Minutes at the entry points;
- Minutes of East African Standards Committee meeting, July 2013;
- Report of the meeting of Technical Management Board of the East African Standard Committee, February 2013; and
- International Standard (ISO/IEC 17020), General Criteria for the Operation of Various Types of Bodies performing inspection.

## Observations

The audit team also visited four (4) out of 32 legal entry points where goods are imported into the country. The intention of the visits was to observe how the inspection activities are conducted, control measures in prevention of substandard goods, and if any monitoring and evaluation is conducted for improvements. Also auditors visited Ten (10) Inland Container Depots (ICDs) for the purpose of verifying and observing inspection activities. 6 out of 10 visited ICDs where observed on how the activity of inspection of import of goods is done. These were AMI, TRH, TICTS, AZAM, PMM, and AL-HUSHOOM. The remaining 4 ICDs (ONE STOP CENTRE, KICD, DICD, JEFANG) were

just visited to see how inspection is conducted when an inspector is available, and when an inspector is not available.

### Selected methods and their purposes

Selected method	Purpose
1. Interviews	
<b>Tanzania Bureau of Standards</b>	
Director of Quality Management	She is responsible for the top decisions on matters Related to the Directorate. Matters related to inspection of imported goods falls under her Directorate.
Acting Head of Inspection for Imported goods.	He is responsible for coordinating and supervising all matters relating to the inspection of imported goods, wet cargo and motor vehicles.
Acting Head of Certification Section	Among other things, he is responsible for surveillance inspection team. Aim was to compare how surveillance inspection is done in the market and to know the difference between surveillance inspection of imported goods and surveillance inspection for locally manufactured goods.
Planning Officer	He is responsible for planning activities related to quality control, prepares the TBS's budget, and monitoring and evaluation of TBS activities.
5 Field Inspectors at Dar Port and at entry points (Holili, Sirari and Namanga).	They deal with inspection and physical verifications of the products and motor vehicles, and provide release/hold order for any product.
Legal Officer	Is responsible for all the legal matters of TBS, including amendments of the standard act, contracts with PVoC, and penalties to defaulters.
Head of Electrical section	He was the acting director of quality management. Team wanted to know the challenges he faced when he acted as director if they still exist and the plans to mitigate.
Three (3) Quality Assurance Officers.	They sometimes work as inspectors. They conduct surveillance inspections at the markets and at the ICDs.

Public Relations Officer	To get views on how much knowledge and awareness is given to the public on substandard goods.
<b>Ministry of Industry and Trade</b>	
Director of Trade, Promotion and Marketing	He is responsible for all government agencies and support organizations under the Ministry of Industry and Trade. TBS falls under the category of Business Support Organization which is under this directorate.
Director of Policy and Planning.	Responsible for monitoring evaluation of TBS and its activities.
Assistant Director Research and Policy.	To get views on how performance monitoring is done on the TBS's activities.
Assistant Director Monitoring and Evaluation	Responsible for monitoring evaluation of TBS and its activities.
<b>Tanzania Revenue Authority</b>	
Deputy Commissioner - Customs, Modernization, and Risk Management.	He is responsible for communication and facilitation of all government agencies on the issues of custom clearance procedures, networking and modernization.
Wharf Manager - Dar es Salaam Port.	He is responsible for all custom offices at the Port.  He was interviewed in order to get information on correspondence with other government organizations, particularly TBS, and also to get clarifications on letters from TBS written to TRA directed to him.
<b>2. Observations</b> Visits to 4 entry points by considering means of transportation of imported goods, quantity of the consignments, and its origin.	To gather primary data on the management of inspection of imported goods in order to get a broad picture of the situation.  To gather information on the issues related to inspection activities, coordination with other stakeholders during clearance of the consignments, and challenges faced.

<p><b>3. Document Review</b></p> <p>Review of documents from TBS, Ministry of Industry and Trade, and statistics from TRA. The documents reviewed were for 3 financial years (2010/11-2012/13), except for manuals, acts, and policies.</p>	<p>To clarify issues raised in interviews and getting a clear picture on inspection of goods, from planning, execution, coordinating, to monitoring and evaluation both from TBS and the ministry.</p>
---	--



### Appendix Three: List of recommendations and TBS's response

#### Overall Comment:

Given the size of our country with many entry points and the scarce resources available, we acknowledge that currently we are not able to cover and effectively control the quality of all imported goods. However, as more resources become available especially human resource, it will be possible to have specialization of activities, cover more entry points and hence increase efficiency and effectiveness of quality control of imports.

S/N	Recommendations	Response	Action taken
1.	Investigate the viability of maintaining a database containing details on import goods risk assessments, the status thereof as well as interceptions arising from inspections.	Agreed	<p>Currently products under compulsory list are treated as products with high risk. However, we are under the process of categorizing the risk; from very high risk to very low risk.</p> <p>Started collecting information on high risk goods. Requested PVoC partners to submit the risk based list used under PVoC so that we can harmonize and come up with TBS risk based list.</p>

S/N	Recommendations	Response	Action taken
2.	Prepare a strategy for imported goods that is based on the risk they pose. Inspections of imported goods that pose high-risk should be prioritized accordingly	Agreed	<p>Training on Risk management has been done to Managers and will be conducted to the rest of TBS staff.</p> <p>Already import inspection sampling is done based on the risk of the goods (those which are under compulsory list). However the process will be improved after categorization.</p>
3.	Institute measures to ensure consistent compliance with requirements by the inspectorate throughout the import control system.	Agreed	Will continue with awareness seminars about PVoC and standardization to importers.

S/N	Recommendations	Response	Action taken
4.	Analyze the correlation between inspections performed and inspectors available and take corrective actions where necessary.	Agreed	<p>Currently, 22 technical staff work in the import section (DSM and borders). Most of them work in the office and therefore inspections are carried out by officers from other Departments/Directorates as extra activity to them. In order to increase efficiency of import unit, we need at least 150 staff in import section.</p> <p>The management will recruit soon inspection technician who will work under contract, while awaiting for the employment permit from the Government. Interview for 20 inspection technician (Under contract) was carried out in February, 2014, expected to be recruited by April, 2014.</p>

S/N	Recommendations	Response	Action taken
5.	Introduce tracking and monitoring measures to ensure that the inspections requested are performed within a reasonable time.	Agreed	<p>Tracking and monitoring of inspections are done, however, we need to improve record keeping. Also it will be improved further through the QUALIMAS system.</p> <p>After getting more staff as requested, it is expected the inspection will cover a big area within Tanzania and test results will be coming out within 3 days (for samples collected within Dar es Salaam) and for borders we have plans to establish mini Laboratories so as to receive test results within 3 days.</p>
6.	The Bureau should establish the necessary policies and Standard Operating Procedures for the reporting of inspections performed.	Agreed	<p>Import inspection procedures are currently being reviewed.</p> <p>The format of reporting will also be harmonized.</p>

S/N	Recommendations	Response	Action taken
7.	Review the consistency of its operations, service delivery and record-keeping procedures and institute policies and procedures to address any inconsistencies	Agreed	With increased number of staff and reviewed procedures, the import section will maintain consistency of operations and reporting.
8.	Introduce measures to ensure that accurate and consistent workload-effectiveness data is retained and recorded by inspectors for performance appraisal purposes.	Agreed	With increased number of staff that is expected, the number of inspection overseer officers/supervisors will be increased for the purposes of monitoring and also reporting, record keeping and data analysis will be improved so as to enable performance appraisal



## Appendix Four: List of recommendations and MoIT's response

S/N	Recommendations	Response	Action taken
1.	The Ministry should develop a monitoring and evaluation systems that will allow tracking of progress towards the achievement of goals and objectives/impact of Inspection of imported goods in Tanzania.	<p>MIT management concurs with the recommendation for the development of monitoring and evaluation system which will allow tracking of progress towards the achievement of goals and objectives/impact of inspection of imported goods in Tanzania.</p> <p>MIT has its monitoring and evaluation system. The system provides for tracking of progress towards achievements of goals and objectives/impacts of activities carried by its Institutions.</p>	<p>Ministry Strategic Plan (2011/2012-2016/2017) in place.</p> <p>Development of higher level performance indicators at the level of the performance of the sector has been done.</p> <p>Development of a Long-Term outcome and immediate outcome indicators at the four Ministry's strategic areas has been completed.</p> <p>The Ministry will set up funds and engage a consultant who will develop a monitoring and evaluation system that will allow effective tracking of progress towards achievements of goals and objectives/impacts of initiatives carried out by its Institutions.</p>
2.	The Ministry should develop Performance indicators for the inspection of imported goods which are measurable both in short and long term.	<p>MIT management concurs with the recommendation.</p> <p>As per Ministry Mandate, the Ministry is supposed to monitor and evaluate the performance of its Institutions. This is reflected in the Ministry's Strategic Plan whereby performance indicators of the sector are indicated.</p> <p>However, these indicators are of high level (looking at the</p>	<p>Development of higher level performance indicators at the level of the performance of the sector has been done.</p> <p>Development of a Long term outcome and intermediate outcome indicators at the four Ministry's strategic areas has been completed.</p>

S/N	Recommendations	Response	Action taken
		performance of the sector). Development of the lower level performance indicators including inspection of imported goods done by TBS is in progress.	
3.	The Ministry should develop a mechanism for managing data on standards of imported goods and sharing of that information with all government institutions mandated to approve importation of goods through entry points of the United Republic of Tanzania.	<p>We concur with the Auditors recommendations.</p> <p>The Ministry through TBS will corroborate with other Government Institutions including TRA, TFDA, WMA, FCC, Atomic Energy Agency, Government Chemists, Ministry of Agriculture and LGAs to develop a system for data management on standards.</p> <p>This exercise will take into consideration of the current initiatives such as development of One Stop Border Posts, and operationalization of Single Window System</p>	<p>Ministry Strategic Plan (2011/2012-2016/2017) is in place.</p> <p>Development of Higher level performance indicators at the level of the performance of the sector has been done.</p> <p>Development of a Long term outcome and intermediate outcome indicators at the four Ministry's Strategic areas has been completed.</p> <p>The Ministry will set up funds and engage a Consultant who will develop a mechanism for managing data on the standards of imported goods and sharing of that information with all Government Institutions mandated to approve importation of goods through borders of the URT.</p>

**Controller & Auditor General**

National Audit Office  
Samora Avenue / Ohio Street  
P.O.Box 9080,  
Dar Es Salaam  
Tanzania

Telephone: +255 22 2115157/8

Fax: +255 22 2117527

E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)

Website: <http://www.nao.go.tz>